

# 2022 INTEGRATED ANNUAL REPORT



WE SHAPE  
**THE FUTURE**

GLOBAL ACCESS, REGIONAL FOCUS

ÇALIK HOLDING MAINTAINS ITS DEEPLY ROOTED DEVELOPMENT WITH ITS STRONG BRAND, QUALITY PRODUCTS AND SERVICES ACROSS A WIDE REGION.

POSSESSING THE SKILLS TO ACT IN COOPERATION WITH DIFFERENT CULTURES IN DIFFERENT REGIONS OF THE WORLD SINCE ITS FOUNDATION, ÇALIK HOLDING CONTINUOUSLY EXPANDS ITS GLOBAL AREA OF INFLUENCE WITH INNOVATIVE SOLUTIONS.

ÇALIK HOLDING PLAYS A PIONEERING ROLE IN ENERGY, CONSTRUCTION, TEXTILE, FINANCE AND MINING SECTORS IN WHICH IT OPERATES, AND PROVIDES ADDED VALUE FOR THE COUNTRY’S ECONOMY.

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THE 2022 INTEGRATED ANNUAL REPORT SETS OUT ÇALIK HOLDING’S ABILITY TO CREATE LONG-TERM VALUE IN A MULTIFACETED AND GLOBAL PERSPECTIVE.

SCOPE OF THE REPORT

The integrated annual report addresses Çalik Holding’s economic, environmental and social performance for the period 1 January 2022-31 December 2022 with a holistic approach. The report covers the activities of Çalik Holding.

The report sets out Çalik Holding’s corporate strategy, foresight and goals for the future, and its ability to create long-term value in a multifaceted and integrated perspective.

The Çalik Holding integrated annual report is prepared in compliance with the International Integrated Reporting Framework recommended by International Integrated Reporting Council (IIRC) and “In accordance with” option of GRI Standards published by GRI. Content of the report is compiled in accordance with the content determination methods described in GRI Standards, mainly with materiality analysis. Performance indicators are presented mainly in the context of “GRI Standards” disclosures.

The report contains detailed information regarding Çalik Holding’s governance understanding, sustainability approach, interaction with its stakeholders, material issues and the economic, social and environmental value it generates. In the report, the Holding’s activities are covered within the framework of six different capital items in parallel with the classification of capital items proposed by the IIRC. Furthermore, within the scope of the United Nations Sustainable Development Goals (SDGs), elements directly or indirectly contributed by Çalik Holding have been identified and reflected in the report.

The financial indicators in the report are derived from the data disclosed in Çalik Holding’s independently audited financial statements.

PERIOD OF THE REPORT

This report covers the period from 1 January 2022 to 31 December 2022, unless otherwise stated.

The data contained in this report constitutes a benchmark for the integrated annual reports that Çalik Holding will publish in the coming periods.

REPORTING CYCLE

Çalik Holding publishes its integrated annual report on an annual basis. The Holding plans to report its activities annually in the following years.

FEEDBACK

Any opinions and suggestions may be sent to Çalik Holding’s info@calik.com e-mail address.

THE ÇALIK HOLDING INTEGRATED ANNUAL REPORT IS PREPARED IN COMPLIANCE WITH THE INTERNATIONAL INTEGRATED REPORTING FRAMEWORK RECOMMENDED BY INTERNATIONAL INTEGRATED REPORTING COUNCIL (IIRC) AND “IN ACCORDANCE WITH” OPTION OF GRI STANDARDS PUBLISHED BY GRI.



MESSAGE FROM THE CHAIRMAN

**MOVING FORWARD TO THE FUTURE WITH ITS “PRODUCTIVE AND PROFITABLE GROWTH-FOCUSED” STRATEGY ON ITS STRONG AND DURABLE CORPORATE FOUNDATIONS, ÇALIK HOLDING PRODUCED A HEALTHY AND SUSTAINABLE PERFORMANCE IN LINE WITH ITS GOALS IN 2022.**



**ESTEEMED STAKEHOLDERS,**

We still feel the deep pain from the devastating earthquakes, centered on Kahramanmaraş, which struck in February 2023 and dealt a devastating blow to our country, affecting 11 of our provinces. Providing economic development and jobs to the region, Çalik Group mobilized all of its resources immediately after the earthquake.

Through the crisis coordination center which we established within the Holding, Çalik Group and Ahmet Çalik Foundation stood by our citizens in the region, delivering an aid package of over TL 200 million in the immediate aftermath of the earthquake. We have worked night and day to heal their wounds and we will continue to do so. In the coming period, we will focus on permanent solutions and continue to strive for a stronger future.

**A STRONG AND HEALTHY PERFORMANCE IN 2022**

During the post-epidemic opening-up process in 2022, we witnessed many global and local economic developments. Our country achieved a high growth rate

of 5.6% in 2022, exceeding expectations and standing out as the third fastest growing economy in the G-20. While the high levels of inflation in the global economy and geopolitical headwinds are expected to have some impact on our country, the Turkish economy is expected to maintain its position among the world’s high-growth countries in 2023.

Çalik Holding demonstrated a strong and healthy performance in 2022 with the contribution of our subsidiaries with their pioneering and exemplary work in our sectors. Çalik Holding’s total assets had grown to USD 11.3 billion by the end of 2022 with its equity increasing to USD 2.47 billion, its consolidated turnover increasing to USD 2.58 billion and its consolidated profit to USD 861 million. Our group has not only continued to succeed in the present but also to plan for the future in the medium and long term, pressing ahead with investments and initiatives that will strengthen its ability to generate added value. We will continue to create value in our country and the regions in which we operate

with our strong financial strength, wide supply chain, pioneering practices in environmental, social and corporate governance, and our effective risk management policies.

**OUR CORPORATE STRATEGY GUIDES US**

Pursuing a strategy of operational excellence, high customer satisfaction, globalization, contribution to society and full compliance with ethical values, the Çalik Group is focused on seizing opportunities, managing risks, moving forward with a growth-oriented road map and generating shareable value.

We develop innovative business models within the framework of our ongoing activities in various regions of the world, and we progress by achieving sustainable growth in our business areas. In addition to the value we offer our employees and our human resources-oriented management approach, all of our investments, projects and business methods reflect our environmental, social and governance goals. Environmental protection and respect for the environment stand out as two determining factors in the economic and commercial activities of all our Group subsidiaries, a principle we committed to by signing the United Nations Global Compact in 2022.

**WE WILL PROTECT OUR VALUES IN 2023**

As Çalik Holding, we will focus on sustainable profitability, efficiency and saving, and seek to seize opportunities for optimization at every stage of our activities. Our group will strengthen its steps to improve its presence in export and domestic markets with a balanced approach. We will continue to increase customer satisfaction, improve quality in every possible field, improve the total

value we offer to our employees, who are the architects of our sustainability, and uphold occupational health and safety as a fundamental goal.

Çalik Holding strives to contribute to our country’s reputation and carries out work that will add value to human life in all its activities. We show the greatest of respect to the culture and values of every country we operate in. We are delighted to touch the lives of millions of people in Turkey and around the world with our strategic investments in the energy, construction, textile, finance and mining sectors in 30 countries, our workforce of more than 15,000 competent employees, and our extensive product and service portfolio, and we are pleased to offer our products and services with a strong value proposition.

In this our Group’s first integrated annual report, on behalf of myself and our Board of Directors, I would like to take this opportunity to thank all our local and foreign stakeholders, our suppliers, investors and strategic business partners and in particular, our employees who have contributed to our performance with their dedication in our growth journey.

Kind Regards,

**AHMET ÇALIK**  
CHAIRMAN

**IN ADDITION TO THE VALUE WE ATTACH TO OUR EMPLOYEES AND OUR HUMAN RESOURCE-FOCUSED MANAGEMENT APPROACH, WE REFLECT OUR ENVIRONMENTAL, SOCIAL AND GOVERNANCE TARGETS IN ALL OUR INVESTMENTS, PROJECTS AND METHODS OF DOING BUSINESS.**



## CV OF THE CHAIRMAN

### Ahmet ÇALIK

Ahmet Çalık, one of the important business leaders of Turkey and the nearby geography, is the Chairman of Çalık Holding, which is currently operating in the energy, construction, mining, finance and textile sectors.

As a member of a family operating in the field of textiles since 1930, Ahmet Çalık started his personal initiatives in this field in 1981 and established a denim factory in 1987, which is one of the largest industrial investment in Eastern Anatolia. Mr. Çalık, who started his commercial ventures abroad in Central Asia following the independence of the Turkic Republics in the 1990s, has made investments in all sectors in which the Holding operates with the goal of sustainable growth.

Acting with the aim of producing added value in the countries he operates, Ahmet Çalık established Çalık Holding in 1997 to unite all Group companies under a single roof. The Holding operates in five main sectors in 30 countries with 15 thousand

employees. Çalık Holding is the first Turkish company to become a member of the Japanese Business Federation Keidanren.

Focusing on projects that benefit people and society with its visionary investments, Ahmet Çalık prioritizes diversity, sustainability and resilience while investing in all sectors and geographies. At the same time, he acts with the principle of equality for all cultures, beliefs, ethnicities and genders and adopts a business approach that respects the environment and supports social responsibility projects.

In order to promote scientific research, educational studies, intellectual activities that will enable young people, scientists and entrepreneurs to participate in technology development processes in education, science and social fields, and to contribute to the development of the entrepreneurship ecosystem, Ahmet Çalık established the Ahmet Çalık Foundation in 2022.

### FIELDS OF OPERATION

- Energy
- Construction
- Mining
- Finance
- Textile

### SIGNIFICANT INVESTMENTS

- Çalık Tekstil, 1981
- Calik Denim, 1987
- Gap Pazarlama, 1994
- Gap İnşaat, 1996
- Çalık Holding, 1997
- Çalık Enerji, 1998
- Aktif Bank, 1999
- BKT, 2006
- ALBtelecom, 2007-2022
- Lidya Mines, 2010
- Yeşilirmak Elektrik Dağıtım A.Ş. (YEDAŞ), 2010
- Yeşilirmak Elektrik Perakende Satış A.Ş. (YEPAŞ), 2012
- Kosova Elektrik Dağıtım (KEDS), 2013
- Aras Elektrik Dağıtım A.Ş. (Aras EDAŞ), 2013
- Aras Elektrik Perakende Satış A.Ş. (Aras EPSAŞ), 2013
- Çalık Petrol, 2017
- BKT Kosovo, 2017

### AWARDS AND HONORS

- Order of State of Turkmenistan - 1997
- Mahdumkulu Award of Turkmenistan - 1997
- Order of Merit of the Turkish Republic - 1999
- Order of Merit of the Republic of Turkey Ministry of Foreign Affairs - 2002
- Order of Merit of the Grand National Assembly of Turkey - 2006
- USA Ellis Island Medal of Honor - 2014
- Honorary Ph.D. from Albania Tiran University - 2014
- Honorary Ph.D. from Matsumoto Dental University, Japan - 2014
- Turkmenistan “Garaşsyz, Baky, Bitarap Turkmenistan” Medal - 2015
- Honorary Ph.D. from Kindai University, Japan - 2016
- Order of State of Japan (Order of the Rising Sun, Gold Rays with Neck Ribbon) - 2019
- Honorary Ph.D. from Malatya Turgut Özal University - 2020
- Order of the Knight of the Flag of Albania - 2022

### SOME OF THE SOCIAL RESPONSIBILITY PROJECTS

- Ahmet Çalık Foundation
- Mahmut Çalık Education Complex
- Malatya Hasan Çalık Hospital
- Ankara Oncology Hospital
- Restoration of Atatürk Mansion (Walking Mansion), Yalova
- Renovations at Istanbul Technical University (ITU)-Civil Engineering Faculty-Geomatics Department
- Renovation of ITU Mining Faculty-Precious Metals Laboratory
- Renovation of Boğaziçi University-Faculty of Engineering-Hydraulic Laboratory
- Malatya Textiles Museum
- Malatya Diniye Çalık Primary School
- Malatya Education Foundation Student Scholarships

FIELDS OF OPERATION

FOUNDED IN 1981  
WITH A BROAD  
VISION, ÇALIK  
HOLDING TODAY  
CONDUCTS ITS  
ACTIVITIES IN  
FIVE SECTORS AS A  
RESPECTED PLAYER  
IN NATIONAL AND  
INTERNATIONAL  
MARKETS.

ENERGY

Çalik Group provides services with its subsidiaries operating in the energy sector, in the fields of EPC Power Systems, Electricity Generation, Electricity and Natural Gas Distribution, Electricity Retail Sales, Oil and Gas.

One of the biggest players in the international energy market, Çalik Group has gradually expanded its activities, especially in the Middle East and Africa, and leads the sector with the range of projects it has implemented.

TL 22,755 million  
NET SALES

TL 15,055 million  
SHAREHOLDERS' EQUITY

Energy



Construction



CONSTRUCTION

Gap İnşaat, Çalik Group's subsidiary operating in the construction sector, is active in the contracting and real estate fields in Turkey and abroad. The company has developed infrastructure and substructure projects in various fields, including healthcare and industrial facilities.

Gap İnşaat plays an important role in building a sustainable future with its global-scale projects which the company carries out in many countries of the world, especially in Turkey, Turkmenistan, Iraq, Qatar and Saudi Arabia.

TL 3,186 million  
NET SALES

TL 6,256 million  
SHAREHOLDERS' EQUITY

Textiles



TEXTILES

Çalik Group carries out its activities in the textile sector through its subsidiaries, Çalik Denim and Gap Pazarlama. Çalik Denim, Çalik Holding's first industrial investment, is one of the world's leading premium manufacturers of denim fabric. Gap Pazarlama operates as a supply company for projects carried out in Turkey and international markets in factories managed by Çalik Group.

Çalik Group's textile companies continue to gradually strengthen their position in the Turkish and world textile industry with their wide product range and strong supply network.

ÇALIK DENIM

TL 3,692 million  
NET SALES

TL 1,493 million  
SHAREHOLDERS' EQUITY

GAP PAZARLAMA

TL 1,352 million  
NET SALES

TL 1,254 million  
SHAREHOLDERS' EQUITY

ÇALIK HOLDING  
COMMANDS A STRONG  
POSITION IN TURKEY  
AND IN THE WORLD  
WITH ITS STRATEGIC  
INVESTMENTS  
IN THE ENERGY,  
CONSTRUCTION,  
TEXTILE, FINANCE  
AND MINING  
SECTORS IN 30  
COUNTRIES, WITH  
15,000 COMPETENT  
EMPLOYEES AND AN  
EXTENSIVE PRODUCT  
AND SERVICE  
PORTFOLIO.

FINANCE

Çalik Group has achieved significant success in the finance sector with its subsidiaries located in Turkey and nearby regions.

Aktif Bank, which operates as the largest financial technologies ecosystem with a banking license in Turkey, Banka Kombetare Tregtare (BKT Albania), one of the most established banks in Albania and BKT Kosova, the fastest growing bank in Kosovo's banking sector are rapidly progressing towards growth with the support of the Group's deeply rooted experience and innovative vision.

TL 153,021 million  
TOTAL ASSETS

TL 16,942 million  
SHAREHOLDERS' EQUITY

MINING

Çalik Group realized the first major international collaboration in the Turkish mining sector, and established Lidya Mines to search for metals and mineral products and invest in mining companies.

Lidya Mines, which aims to become the most valuable mining company in Eurasia with the high standard of activities it carries out in Turkey and the region also continues its project evaluation activities in the African continent.

TL 9,777 million  
TOTAL ASSETS

TL 8,573 million  
SHAREHOLDERS' EQUITY

Finance



Mining

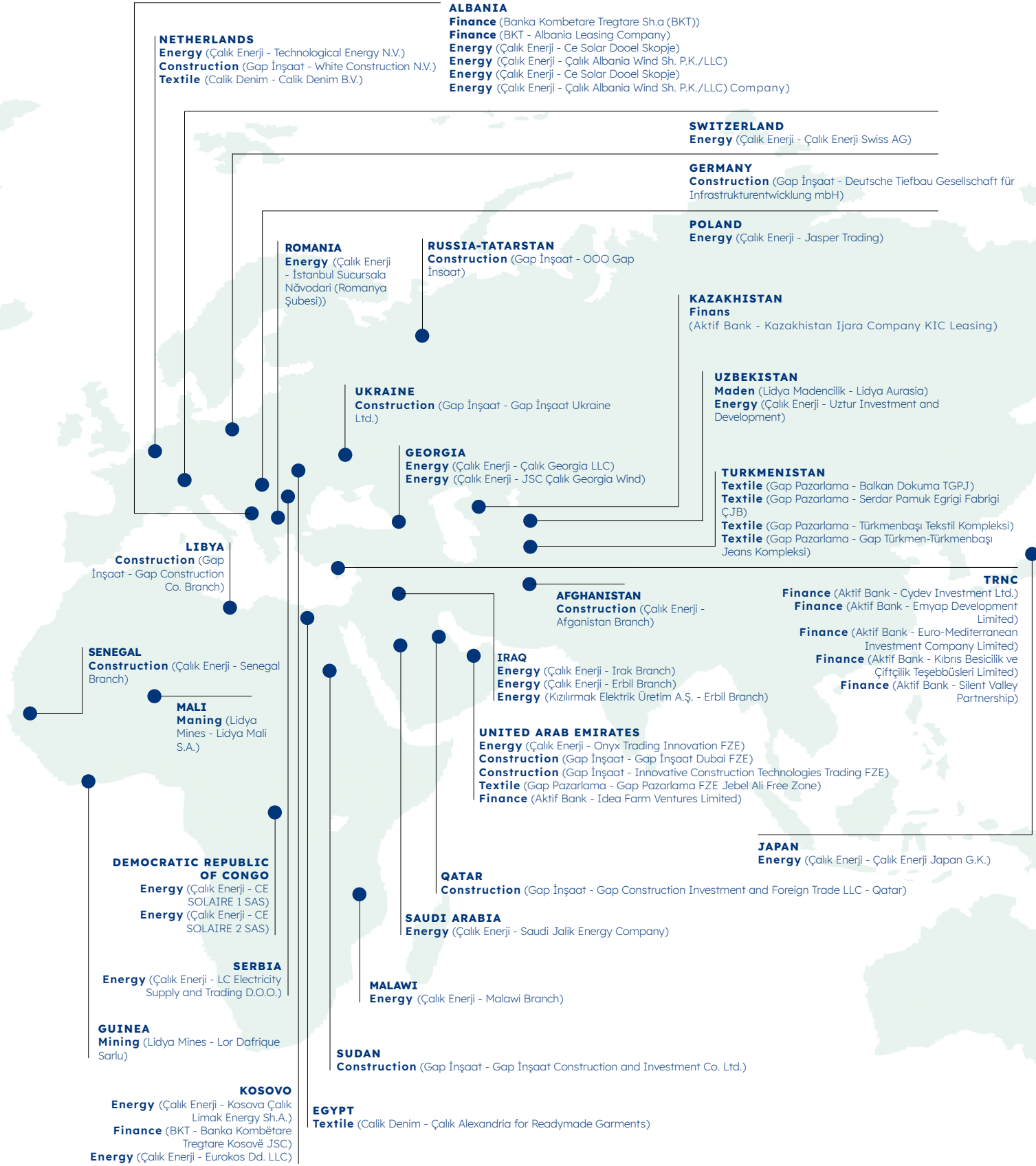




# REGIONS OF ACTIVITY

## A CULTURE OF WORKING, COMPETING AND ESTABLISHING STRATEGIC PARTNERSHIPS INTERNATIONALLY

Since its establishment, Çalık Holding’s pioneering identity, forward-looking long-term vision, solid financial structure and diversified business models have galvanized the Company’s position as a respected and reliable business partner, not only in the national market but also in the international arena.



## VISION, MISSION AND VALUES

### OUR VISION

To grow four-fold on four continents by our 44th anniversary in 2025, adding value to every life we touch in each of our areas of operation with reliable teams empowered by our innovative, entrepreneurial spirit.

### OUR MISSION

To contribute to rising standards of living by using our talents and energy to develop solutions that add value to people's lives in every region in which we operate.

## VALUES

### Fairness

We are a family acting with a sense of right and justice both at work and in our principles.

### People-Oriented

We devote all our energy to improving people's lives. Our priority is always the development and happiness not only of our employees and customers but of all the people touched by the value we generate.

### Reputation

Our good reputation comes before everything else.

### Work from the Heart

No matter what, we work wholeheartedly for our Group, our goals and the projects that we believe will add value to people's lives.

### Innovation

We continuously develop and improve our solutions and business models and identify what will differentiate us.

### Agility

We have the flexibility and speed to meet every challenge.

### Sustainability

We value long-term, continuous success and respect the environment.



## ABOUT ÇALIK HOLDING

**ÇALIK HOLDING CREATES VALUE FOR ALL OF ITS STAKEHOLDERS AND CONFIDENTLY MOVES FORWARD WITH ITS BUSINESS MODEL IN LINE WITH ITS VISION, MISSION AND STRATEGIES UNDER THE GUIDANCE OF ITS MODERN MANAGEMENT APPROACH, KNOWLEDGE AND EXPERIENCE.**

### **PIONEERING PROJECTS THAT CREATE LASTING VALUE**

#### **WORLD CLASS GOODS AND SERVICES THROUGH ITS ACTIVITIES CARRIED OUT IN FIVE SECTORS**

Çalik Holding was established in 1997 to gather the companies within the Çalik Group under a single management roof. Maintaining its consistent growth performance since then, Çalik Holding now operates in 30 countries in five different sectors, including energy, construction, mining, finance and textiles, with a workforce of 15,000 employees.

Çalik Holding's main purpose and obligation is to coordinate the financial and administrative functions of all companies operating under its umbrella, to direct their investments, to establish standards in the fields of operation and cost, to determine corporate strategies and policies and to roll them out and implement them in Group companies.

With its headquarters in Istanbul, Çalik Holding's subsidiaries offer world-class goods and services with high added value to a wide customer base, ranging from multinational companies to individuals.

The components of Çalik Holding's corporate strategy include operational excellence, high customer satisfaction, globalization, contribution to society and full compliance with ethical values.

#### **EQUITY, BUSINESS AND SOLUTION PARTNERSHIPS WITH LARGE AND WIDELY RENOWNED COMPANIES**

Obtaining the majority of its income from international projects and investments, as a part of its international operations, Çalik Holding has equity partnerships with large-scale and well-known public companies such as the Mitsubishi Corporation, SECOM, SSR Mining and

Sand Storm, and has long-term business and solution partnerships with General Electric, Honeywell and Siemens. The Holding also works in close cooperation with major global financial institutions and export credit institutions such as EULER HERMES and UKEF. Çalik Holding was the first Turkish company to become a member of the Japanese Business Federation Keidanren.

Çalik Holding, which became a signatory to the United Nations Global Compact (UN Global Compact) in 2022, prioritizes diversity, sustainability and durability in all of the sectors and regions in which it operates, and acts with the principle of equal treatment for all cultures, beliefs, ethnicities and genders and adopts a business approach that respects the environment.

#### **INVESTMENTS, PROJECTS AND METHODS OF DOING BUSINESS THAT REFLECT ECONOMIC, ENVIRONMENTAL AND SOCIAL SUSTAINABILITY GOALS**

With its reputation, well known reliability and long-term collaborations with international companies through its ongoing activities in various regions of the world, Çalik Holding develops innovative business models and moves forward by achieving sustainable growth in its business areas. With the value it attaches to human resources and its employee-oriented management approach, Çalik Holding reflects its economic, environmental and social sustainability targets into all its investments, projects and business methods.

Acting with the principle of creating permanent value in every region it operates in, Çalik Holding implements pioneering projects for society and the business world with its business processes, services and products developed with its approach to sustainability.

**ÇALIK HOLDING REFLECTS ITS ECONOMIC, ENVIRONMENTAL AND SOCIAL SUSTAINABILITY GOALS TO ALL OF ITS INVESTMENTS, PROJECTS AND BUSINESS METHODS WITH THE VALUE IT ATTACHES TO HUMAN RESOURCES AND ITS EMPLOYEE-FOCUSED MANAGEMENT APPROACH.**



# MILESTONES

## TEXTILE INDUSTRY ACTIVITIES DATING BACK TO THE 1930s

- 1930**
  - As a member of the Çalik Family, which pursues activities in the textile sector since 1930s, Ahmet Çalik carried out his first business initiatives in the textile industry in the 1980s.
- 1981**
  - Having realized his first personal venture in 1981, Ahmet Çalik continued his breakthroughs in the textile sector throughout the 1980s.
- 1987**
  - In 1987, Ahmet Çalik founded Çalik Denim, one of the world's largest denim fabric manufacturers.
- 1993**
  - The Group started its activities to establish the first denim factory in Turkmenistan.

## THE FIRST DENIM FACTORY IN CENTRAL ASIA

- 1994**
  - Gap Pazarlama was founded to expand the Group's market share in the international textile trade.
- 1995**
  - The Group started its operations in Ashgabat, Turkmenistan to establish its first denim factory in Central Asia.
- 1996**
  - Initially set up to construct Çalik Group's textile factories, Gap İnşaat was restructured and started its business development activities.
- 1997**
  - Çalik Holding was established and all Group subsidiaries were reorganized under one roof.
- 1998**
  - Çalik Enerji was established.

## ESTABLISHMENT OF ÇALIK ENERGY

- 1999**
  - The Holding entered the financial services industry.
  - Çalik Bank was established.
- 2004**
  - Bursagaz, the natural gas distribution company of the city of Bursa, was acquired by Çalik Enerji through a privatization tender.
- 2006**
  - Çalik Holding acquired a 60% stake in Banka Kombetare Tregtare (BKT), one of Albania's two biggest banks.
- 2007**
  - Çalik Holding acquired ALBtelecom, Albania's largest fixed-line operator and internet service provider, by winning the privatization tender.
  - Çalik Enerji acquired Kayserigaz, a natural gas distribution company operating in Kayseri province.

## RESTRUCTURING IN BANKING UNDER THE NAME OF AKTIF BANK

- 2008**
  - In line with its growth strategy and restructuring initiative, Çalik Enerji sold off majority shares in Bursagaz and Kayserigaz to the Germany-based international energy company EWE.
  - The Group's financial services subsidiary was restructured and renamed Aktif Bank.
- 2009**
  - Çalik Holding entered the mining sector via a joint venture with the Canada-based Anatolia Minerals, a Toronto Stock Exchange-listed concern.
  - Çalik Holding became the sole owner of Banka Kombetare Tregtare (BKT) by purchasing the remaining 40% stake from the EBRD and IFC.
  - Çalik Enerji won the privatization tender for Yeşilirmak Electricity Distribution, which undertakes the distribution of electricity to the Turkish provinces of Samsun, Amasya, Çorum, Ordu, and Sinop.

## ESTABLISHMENT OF ÇALIK COTTON

- 2010**
  - The Holding's mining sector subsidiary was restructured under the name Lidya Mines.
  - The handover procedure of Yeşilirmak Electric Distribution Company (YEDAŞ) was completed and the Company was incorporated into Çalik Enerji.
- 2011**
  - Çalik Cotton was established.
- 2012**
  - Lidya Mines increased its stake in Anagold from 5% to 20%.
  - A geological survey commenced in June in the Polimetal Mining's sites.
- 2013**
  - Çalik Holding, in partnership with Kiler Holding, acquired Aras Electricity Distribution, which distributes electricity to seven provinces in Eastern Anatolia.
  - E-Kent became the Central System Integrator by winning the e-ticket tender of the Turkish Football Federation (TFF).
  - Çalik Holding exited from ATV-Sabah Commercial and Economic Entity (Turkuvaz Medya).
  - Lidya Mines raised its stake in Polimetal Mining, a joint venture with Alacer Gold, from 50% to 80%.

## NEW WORLD'S SILK ROAD PROJECT

- 2014**
  - Çalik Enerji's 1,250 MW Al Khairat Power Plant project was awarded the "World's Best Project" in the industry category by "Engineering News Record."
  - Çalik Enerji entered the African market with the 550 MW Al Khoums Power Plant project in Libya.
  - The foundation of the Turkmenbashi International Sea Port Project, a logistics center in the Caspian Region, called the Silk Road Project of the new world, for which Gap İnşaat undertakes the Engineering, Procurement and Installation (EPC) works, was laid.
  - Foundations were laid for the Garaboğaz Fertilizer Factory, to be built by a consortium between Gap İnşaat and Japanese Mitsubishi Corporation.



MILESTONES

MORE THAN 20 YEARS OF COLLABORATION WITH THE MITSUBISHI CORPORATION

2015

- Çalık Enerji completed and delivered the Gardabani Natural Gas Combined Cycle Power Plant and carried out the operation of the facility, thereby venturing into the area of power plant operation.
- After more than 20 years of close collaboration in constructing industrial facilities dating back to the early 1990s, Mitsubishi Corporation and Çalık Holding entered into a full partnership agreement. Mitsubishi Corporation acquired a 4.48% stake in Çalık Enerji.

2016

- Çalık Enerji began production at the South Çalıktepe-1 oil field located in the Southeastern Anatolia region.
- The 40 MW Demircili and 32 MW Sarpıncık Wind Power Plants in İzmir started their operations.

THE FIRST AGREEMENT SIGNED FOR A MOBILE POWER PLANT IN THE MIDDLE EAST

- The construction of the Morphology, Neurology, Dangerous Infections Center and the Public Health Center, which are among Gap İnşaat's EPC works, were completed and opened in Turkmenistan.
- The physical separation of YEDAŞ and YEPAŞ, both of which have been engaging in electricity distribution and retail sales in the same service areas, was completed in 2016.

2017

- In cooperation with Çalık Enerji and Mitsubishi Corporation, the construction agreement for the 18 MW Tedzani-4 Hydroelectric Power Plant, which will be the first HEPP in Sub-Saharan Africa, was signed.
- Aden Fast-Track Mobile Power Plant, the first mobile power plant contract in the Middle East and the first project in Yemen, commenced operations.
- Gap İnşaat opened the Endocrinology Hospital, which serves as an Endocrinology and Surgery Center housed in two buildings in Ashgabat, Turkmenistan.
- BKT Kosovo was established.

THE TAP 500 PROJECT - ÇALIK'S MOST IMPORTANT ENERGY PROJECT IN ASIA

2018

- Completed in 2018, Mary-3 Combined Cycle Power Plant, the largest combined cycle power plant in the world, was launched in Turkmenistan in the same year.
- The most important energy project in Asia, the TAP 500 Project was carried out and the funding, engineering, construction, and maintenance-repair of the project were undertaken.
- In 2018, the opening ceremony was held for the Turkmenbashi International Seaport Project, which is the largest port of the Caspian Sea and the most important logistics center on the historical Silk Road. Turkmenbashi Seaport Project was recognized as the "Best Global Airport/Seaport Project" by ENR

ESTABLISHMENT OF THE SECOM AKTIF SECURITY SOLUTIONS COMPANY

2019

- Çalık Enerji started Tedzani Hydroelectric Power Plant Capacity Increase Project (Tedsani-4) in Malawi.
- Gap İnşaat initiated activities in the Gulf Region with Qatar following its operations in Central Asia.
- In order to create a common development culture in the business world, Çalık Energy and Çalık Denim became signatories of the Global Compact, which recommends universal principles.
- Secom Aktif Güvenlik Çözümleri company was established in partnership with Secom, the electronic security industry market leader in Japan.

2020

- The Romanian Power Plant Project, the first EPC construction work undertaken by Çalık Enerji in Europe, started together with Senegal's largest and first combined cycle power plant project.
- Gap İnşaat opened and delivered the Burn Treatment Center and Cosmetology Center built in Ashgabat, the capital of Turkmenistan.
- Çalık Denim implemented the Dyepro technology, which enables dyeing without using water.
- Lidya Mines completed all permits for the Polimetall Balıkesir Gold Mine Project and started construction works.

MEMBERSHIP OF "BUSINESS WORLD AND SUSTAINABLE DEVELOPMENT ASSOCIATION"

2021

- In addition to the geographies in which it currently operates, Çalık Holding has started to exhibit a significant presence in Africa in the energy, mining, contracting, and finance industries, and to successfully realize projects in countries such as Senegal, Congo, Angola, Guinea, Malawi, Sudan, and Mauritania.
- Çalık Holding became a member of the "Business Council for Sustainable Development" (BCSD Turkey), which carries out works in 5 focus areas within the framework of the UN Sustainable Development Goals to increase the awareness and impact of the business world on sustainable development in Turkey.
- An infrastructure for money transfers between Azerbaijan and Turkey has started to be provided under the agreement signed between the first local, global money transfer and payment platform UPT, PTT, Azerpost (Azerbaijan Post Office), and Aktif Bank.
- Çalık Holding, which carries out works adding value to people and the world with its sustainable investment strategy, published its first Sustainability Report with the title of "Pioneering Ideas, Sustainable Investments" including the works of 2020 and before.

A SIGNATORY OF THE UNITED NATIONS GLOBAL COMPACT

2022

- Çalık Holding completed the transfer of ALBtelecom, an Albanian telecom company, to 4iG, Hungary's leading IT-Telecommunications company, in 2022. As part of the sale transaction, Çalık Group became a strategic partner of 4iG.
- Çalık Holding became a signatory of the United Nations Global Compact, the world's largest corporate sustainability initiative and leadership platform.
- The Ahmet Çalık Foundation was established in 2022 to encourage scientific research, educational study and intellectual activities that will enable young people, scientists and entrepreneurs to participate in the development of technology in the fields education, science, health, social and culture, and to contribute to the development of the entrepreneurship ecosystem.
- Çalık Enerji successfully completed the first phase of the Baiji Refinery Rehabilitation project in Iraq, which is its first project in the petrochemical and refinery sector.

## A QUICK LOOK AT 2022



**THE ANTALYA DIPLOMACY FORUM, OF WHICH ÇALIK HOLDING WAS THE PLATINUM SPONSOR, WAS HELD WITH THE PARTICIPATION OF SENIOR REPRESENTATIVES, OPINION LEADERS AND BUSINESS REPRESENTATIVES FROM 75 COUNTRIES.**

### MARCH 2022

#### TRANSFER OF THE ALBTELECOM COMPANY

Çalik Holding completed the transfer of ALBtelecom, a telecom company in Albania, to 4iG, a leading IT-Telecommunications company in Hungary, in 2022. As part of the transaction, Çalik Group became a strategic partner in 4iG.

#### ÇALIK HOLDING BECOMES A PLATINUM SPONSOR OF THE ANTALYA DIPLOMACY FORUM

The Antalya Diplomatic Forum (ADF), in which Çalik Holding is the platinum sponsor, was held between 11-13 March with the participation of 17 heads of state and government, 80 ministers, 39 international organization representatives, high-level representatives, opinion leaders and business representatives from 75 countries. The opening speech of the "Asia Again" panel at the forum was made by the Chairman of the Board of Directors of Çalik Holding, Ahmet Çalik, on behalf of DEİK.

### APRIL 2022

#### ÇALIK DENIM SHINES A LIGHT ON THE FUTURE OF THE INDUSTRY WITH "EVER EVOLVING TALKS"

Inspired by Çalik Denim's Ever Evolving motto, the "Ever Evolving Talks by Çalik Denim" event was held in Amsterdam for the third time. Key figures from the denim and fashion world attended the event as speakers. The event hosted approximately 400 participants from different sectors with a wide array of topics discussed such as Web 3.0, the Metaverse and NFT, post-pandemic consumer behavior, brands' approach to Generation Z and the future of retail and e-commerce.

### JUNE 2022

#### AHMET ÇALIK GIVEN THE ORDER OF THE FLAG OF THE KNIGHT IN ALBANIA

Ahmet Çalik, the Chairman of the Board of Directors of Çalik Holding, was awarded the Order of the Knight of the Flag in recognition of Çalik Holding's investments in Albania.

#### UNITED NATIONS CONSCIOUS FASHION & LIFESTYLE NETWORK 2022

Members of the platform's advisory committee, global press and leading figures from the fashion industry gathered at the United Nations Conscious Fashion & Lifestyle Network meeting held at the United Nations (UN) New York Headquarters on 2 June 2022. Çalik Denim was the only global denim partner which attended and supported this meeting.

### SEPTEMBER 2022

#### ÇALIK GROUP CONSTRUCTION COMPANIES RECOGNISED FOR THEIR INTERNATIONAL SUCCESSES

Çalik Enerji ranked 117<sup>th</sup> in the "World's Top 250 International Contractors List" published by Engineering News Record (ENR), one of the international construction industry publications, on the basis of turnover, rising 40 places compared to last year, while Gap İnşaat became the 168<sup>th</sup> largest contracting company in the world.

### NOVEMBER 2022

#### ÇALIK HOLDING BECOMES SIGNATORY TO THE UN GLOBAL COMPACT

Commanding a leading place in society and the business world with its business processes, services and products developed with its approach to sustainability, Çalik Holding became a signatory to the United Nations Global Compact, the world's largest corporate sustainability initiative and leadership platform. With this membership, Çalik Holding joined a network representing more than 17,000 companies of different sizes from various sectors in more than 160 countries from around the world.

**ÇALIK HOLDING BECAME A SIGNATORY TO THE UNITED NATIONS GLOBAL COMPACT, THE WORLD'S LARGEST CORPORATE SUSTAINABILITY INITIATIVE AND LEADERSHIP PLATFORM.**





# MAIN INDICATORS

WITH SUSTAINABILITY AS ONE OF THE BASIC ELEMENTS OF ITS ACTIVITIES, ÇALIK HOLDING HAS INTEGRATED SUSTAINABILITY INTO ITS STRATEGY AND MANAGEMENT MECHANISMS.

IN THIS SCOPE, ÇALIK HOLDING FOCUSES ON THE IMPACT OF ITS PRODUCTS AND SERVICES ON THE ENVIRONMENT AND SOCIETY WITHIN THE FRAMEWORK OF ITS ESG (ENVIRONMENTAL, SOCIAL, GOVERNANCE) APPROACH, THE OPPORTUNITIES PRESENTED FROM THE TRANSFORMATION TO A LOW CARBON, CLEANER AND GREENER WORLD, INCREASES THE DURABILITY OF THE SUPPLY CHAIN, AND WORKS INTENSIVELY TO EQUALLY EMPOWER ITS EMPLOYEES AND OTHER STAKEHOLDERS.

## SUMMARY FINANCIAL INDICATORS



STRATEGY AND PORTFOLIO MANAGEMENT PRINCIPLES

TO PRODUCE SHAREABLE ADDED VALUE

Çalık Holding’s strategic goal is to be a leading participant in the business lines which it operates in and to generate shareable added value with the activities it carries out.

SUSTAINABLE GROWTH TARGET

Çalık Holding aims to achieve sustainable growth by standing out as a strong player in its focused business fields with its deeply rooted corporate structure, rich corporate culture, highly qualified human resources, pioneering initiatives, its innovative approaches and its correct strategies.

GLOBAL COMPACT MEMBERSHIP AND SUPPORT FOR SDGs

Çalık Holding, which uses technologies that prioritize sustainability in the Holding and Group companies and establishes sustainable working and production processes through its R&D activities, accepts the United Nations Sustainable Development Goals (SDGs) as a guide. Çalık Holding became a signatory of the United Nations Global Compact in 2022.

AN APPROACH THAT VALUES PEOPLE

Çalık Holding guides the companies in its portfolio to maintain their activities with a culture that is innovative, compatible with sustainability principles, is centered on customer satisfaction, compatible with ethical rules and Holding values, is always developing itself and operates with a perspective offering a good working environment for its employees.

TOPICS THAT DIFFERENTIATE

ENERGY

- Undertakes investments in renewable energy and supports efforts to tackle climate change in our country and the world.
- Supports growth in developing countries and works to improve quality of life by building energy production facilities for these countries in Africa, the Middle East and Central Asia.
- Supports activities to solve the problems that people face in its countries of operation, working to promote their social and economic development.
- Focuses on customer satisfaction, working with a sustainable business model and adding value to its stakeholders.

TEXTILES

- Works with global giants, with sustainability being a part of its business model and strategy.
- Plans its business processes with a sustainability approach.
- Implements sustainable supply chain policies, performing audits to support the development of its suppliers.
- Diversifies the geographical distribution of its suppliers to reach sustainable resources.
- Develops new products compatible with its sustainability approach.
- Produces recyclable products and produces designs with such fabrics.

FINANCE

- Prioritizes renewable energy financing.
- Evaluates the governance structures and the economic, environmental and social impacts of institutions in the credit evaluation processes.
- Having identified inclusive financing as a priority area, reaches different socio-economic groups in this area through a dealer network and collaborations, helping people meet their needs and increase their quality of life.
- Develops and makes digital solutions available through its subsidiaries, thus providing the opportunity to carry out financial transactions at low cost.

CONSTRUCTION

- Creates value by providing effective solutions to its stakeholders with its expertise in housing, production facilities, port and health.
- Offers turn-key solutions at production facilities, ports and health facilities, working with business partners who are leaders in their fields.
- While constructing facilities, provides training for the personnel who will operate these facilities and provides scholarships so they can receive education in Turkey or, where necessary, in the relevant country abroad.
- Supports the development of countries both through the facilities it establishes and with the support it has provided in education.
- Carries out work in accordance with the sustainability approach in housing projects and executes these activities by obtaining international valid certificates.
- Completes its projects on time and to the desired quality, always placing customer satisfaction at the core of its strategy, To date, it has collected the payments for each project in accordance with the designated payment plan.

MINING

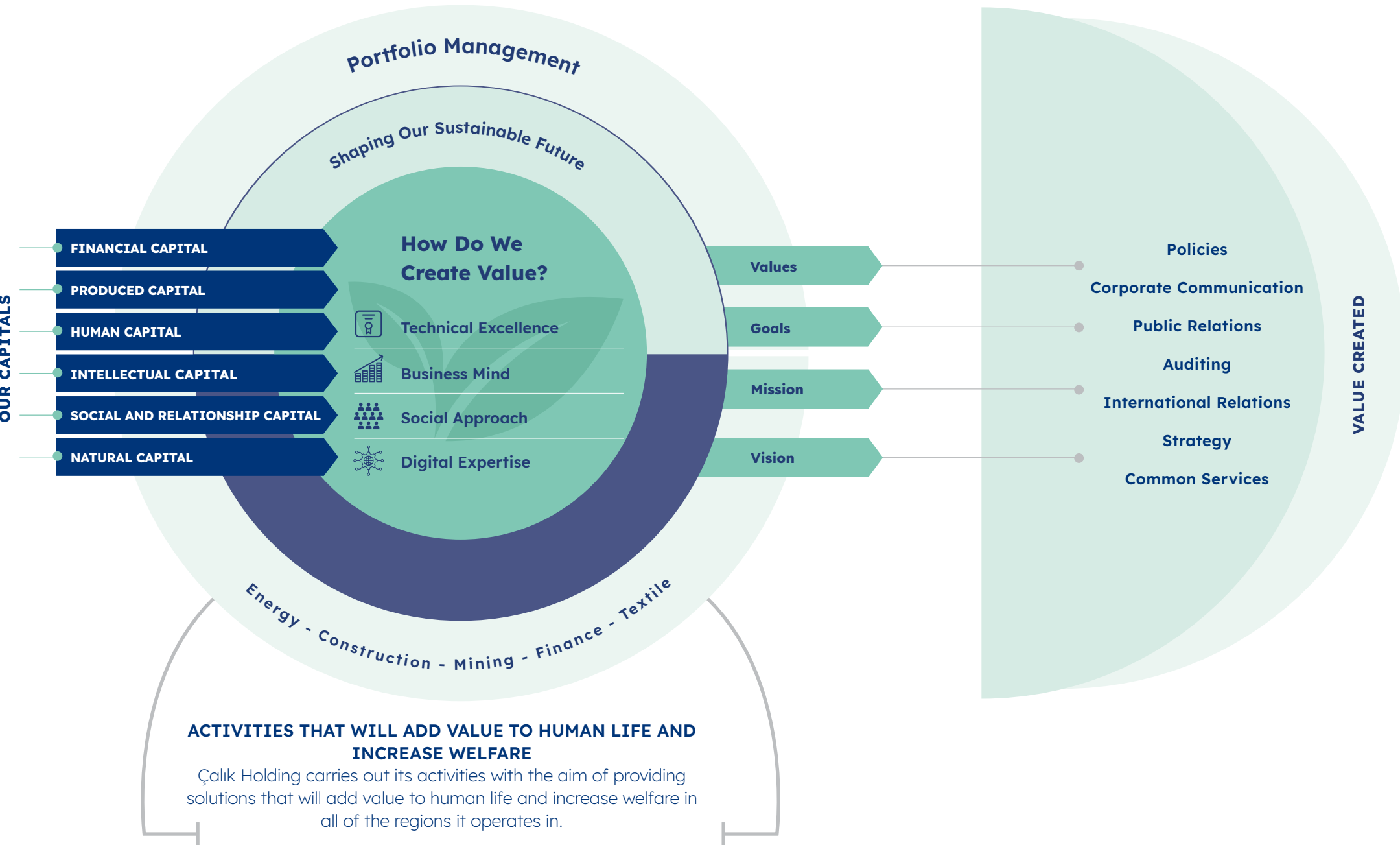
- Puts sustainable mining at the core of its strategy.
- Structures its business processes in accordance with the highest environmental and social standards.
- Carries out its activities with strong interaction with stakeholders.
- Establishes partnerships with key global players with its successful business model, working approach and sustainable business principles.



VALUE CREATION MODEL

GUIDING THE COMPANIES IN ITS PORTFOLIO

Çalık Holding works to maintain the activities of the companies in its portfolio with a culture which is innovative, compatible with sustainability principles, centered on customer satisfaction and which is compatible with ethical rules and the Holding's values while always developing itself and seeking to provide a good working environment for its employees.



BUSINESS MODEL

ÇALIK HOLDING CARRIES OUT ITS ACTIVITIES WITH THE AIM OF GENERATING SOLUTIONS THAT WILL ADD VALUE TO HUMAN LIFE AND INCREASE WELFARE IN ALL OF THE REGIONS IT OPERATES IN.

A FOCUS ON SUSTAINABILITY WITH A GOAL OF PRODUCING SHAREABLE VALUE

**ACTIVITIES THAT WILL ADD VALUE TO HUMAN LIFE AND WHICH WILL INCREASE WELFARE**  
Çalik Holding carries out its activities with the aim of generating solutions that will add value to human life and increase welfare in all of the regions it operates in. With activities in five different fields and a presence in 30 countries, the Group companies offer employment to 15,000 people.

With its activities, Çalik Holding contributes to the development of different regions and to increasing the welfare and quality of life of the people living in those regions.

**GUIDANCE AND DIRECTION**  
Çalik Holding meticulously manages risks and focuses on new opportunities and new horizons in line with the business model it has developed, and which is supported by its proactive approach and deeply-rooted corporate experience, knowledge and values, enabling it to internalize change takes confident steps towards the future in its activities in different fields.

Çalik Holding's main function is to guide and direct the group. In this context, necessary policies are established and rules and values regarding business approaches and processes are determined. The prepared policies, values and rules are shared with Group companies, systematic and interactive activities are carried out and training is provided within the scope of rolling out activities throughout the Group.

**The Holding's Board of Directors and Senior Management** make decisions related to the formation and management of the subsidiary portfolio. The same team plays a guiding role in harmonizing the strategies of Group companies in accordance with the Holding's expectations. The Holding works as the party performing these services in areas where joint execution is deemed to create synergy.

One of the main functions of the Holding's **Audit Department** is to support and correct the effective functioning of the determined values and rules by examining the business processes of both the Holding and the Group companies and to play a guiding role in necessary issues.

**The Central Purchasing Department** within the Holding generates value by standardizing procurement processes, increasing bargaining power, ensuring efficiency and creating purchasing policies from a single source.

**The Human Resources Department**, structured within the Holding, helps to create a common approach and culture within the institution by developing policies and methods recommended to be implemented throughout the Group.

It plays an important role in appointing managers and the senior management of Group companies by evaluating the talent pool of Group companies and contributes to the goal of developing management levels internally. The Holding's Human Resources also prepares the Group's policies and approaches in respect to recruiting talent to the Holding.

**The Corporate Communications Department** carries out the communication of the strategies determined by the Holding's management and ensures that the group's communication activities progress with a common vision.

Within the scope of international communication activities, the department creates synergy and efficiency by bringing Group companies from different sectors together under a single roof.

Çalik Holding assumes the roles of guiding, initiating and providing support to existing and new relationships with international bodies, both on its own behalf and for Group companies.

The success of this strategy and business approach can be noted in the long-term business partnerships which the Group has developed with some of the world's leading companies, as well as in requests for the establishment of new relationships.

Another important area in which the Holding acts as a guide is public relations, with the Holding determining the main approaches in this area. Group companies are directly responsible for the public relations related to their field of activity and request support from the Holding when necessary.

Çalik Holding plays a leading role in representing the Group to the public and establishing high-level relations.

ÇALIK HOLDING ASSUMES THE ROLES OF GUIDING, INITIATING AND PROVIDING SUPPORT TO EXISTING AND NEW RELATIONSHIPS WITH INTERNATIONAL BODIES, BOTH ON ITS OWN BEHALF AND FOR GROUP COMPANIES.





## ÇALIK GROUP AND THE SUSTAINABILITY DEVELOPMENT GOALS (SDGs)

THE AGREEMENT ENTITLED “TRANSFORMING OUR WORLD: THE 2030 SUSTAINABLE DEVELOPMENT AGENDA”, CONSISTING OF 17 SUSTAINABLE DEVELOPMENT GOALS AND SUB-TARGETS WAS ACCEPTED BY 193 MEMBERS OF THE UNITED NATIONS ON 25 SEPTEMBER 2015.



The aim of the goals is to find solutions to the root causes of poverty and to ensure development for everyone as a universal need. The global consensus around the SDGs is an important milestone to guide the world towards a more inclusive and sustainable growth path.

Çalık Holding, which closely follows the recent developments on both a global and national scale and became a signatory of the UN Global Compact and a member of the Turkey Network in 2022, has updated its sustainability agenda to internalize the Sustainable Development Goals. The Group's activities support and contribute to the SDGs.

### Çalık Holding defined;

(5) Gender Equality,  
(7) Accessible Clean Energy,  
(8) Decent Work Conditions and Economic Growth,  
(9) Industry, Innovation and Infrastructure,  
(10) Reducing Inequality,  
(11) Sustainable Cities and Communities,  
(12) Responsible Production and Consumption,  
(13) Climate Action,  
(16) Peace, Justice and Strong Institutions,  
(17) Partnerships for the Goals  
as the SDGs to which it directly contributes. These ten prioritized SDGs are linked to Çalık Holding's strategy and point out the areas where the Company provides concrete contributions in line with its sustainability goals.

## MANAGEMENT SYSTEMS AND CERTIFICATES AT THE ÇALIK GROUP

### CONTINUOUS IMPROVEMENT AND AUDITING IN MANAGEMENT SYSTEMS

#### NEW AND CONTEMPORARY SYSTEMS THAT CONSIDER OPTIMUM USE OF RESOURCES

Çalık Holding and the Group companies manage their activities in accordance with their corporate strategies, national and international laws and legislation and the needs and expectations of their stakeholders. Compliance with regulations on quality, the environment and occupational health and safety are meticulously monitored in the companies within the Holding, with relevant system installations and certification activities undertaken and continuous improvement and inspection activities carried out.

In order to ensure the continuity of their management systems, which also include customer focus, Çalık Holding Group companies carry out regular re-certification audits for the relevant standards and carry out periodic accreditation studies for each new period.

Çalık Holding acts with the aim of becoming a leading global brand and providing unconditional customer satisfaction, and continues to design and implement new and contemporary systems that target the optimal use of resources.

The management systems applied and the certificates held by Çalık Holding Group companies are listed in the relevant sections of the report on a sectoral basis.

ÇALIK HOLDING FOLLOWS CONTEMPORARY PRACTICES IN ITS BUSINESS PROCESSES AND, IN THIS RESPECT, PLACES PRIORITY ON THE QUALITY, PEOPLE AND ENVIRONMENTAL ELEMENTS WHILE UNDERTAKING ITS INVESTMENTS.



ANALYSIS OF MATERIAL ISSUES AND THE MATERIALITY MATRIX

GLOBAL TRENDS, RISKS AND OPPORTUNITIES AS WELL AS CURRENT ISSUES AND DEVELOPMENTS SPECIFIC TO THE BUSINESS FIELDS IN WHICH ÇALIK HOLDING OPERATES WERE TAKEN INTO CONSIDERATION IN DETERMINING THE TOPICS THAT FORM THE BASIS OF THE MATERIALITY ANALYSIS.

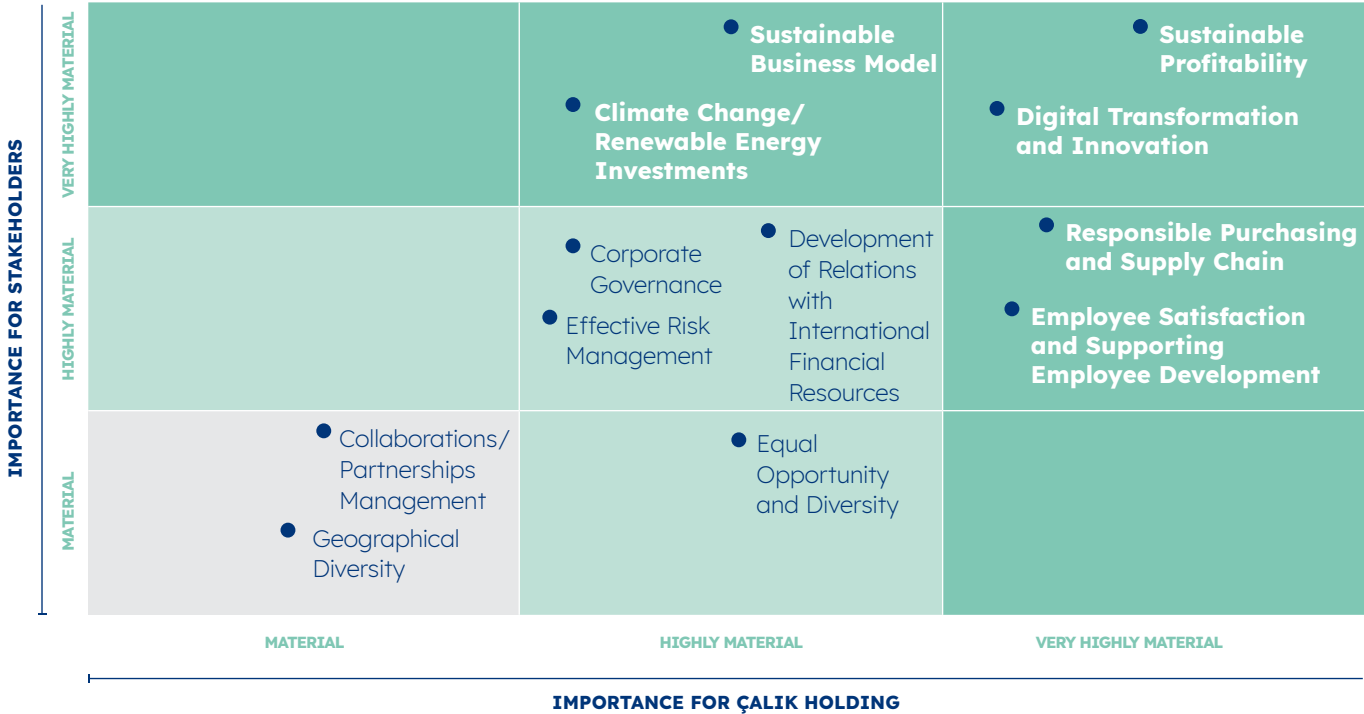
MATERIAL ISSUES DEFINED ACCORDING TO STAKEHOLDER NEEDS

**PRIORITY DETERMINATION PROCESS ASSOCIATED WITH THE KEY ISSUES IN THE SUSTAINABILITY APPROACH**  
The Çalık Holding 2022 Integrated Annual Report was based on the prioritization study that forms the basis of the 2021 Sustainability Report. The analysis study was developed on the basis of stakeholder opinions and the sustainability strategies and priorities set out by Çalık Holding’s Board of Directors.

The opinions of the stakeholders were sought in the study. Each manager linked and relayed the work in their area of responsibility with core topics in the sustainability approach and prioritized them by defining the materiality topics. Taking into account the priorities defined within the group companies, the stakeholder perspective was included in the study.

MATERIAL ISSUES
Sustainable Profitability
Digital Transformation and Innovation
Responsible Purchasing and Supply Chain
Employee Satisfaction and Supporting Employee Development
Sustainable Business Model
Climate Change/Renewable Energy Investments
Development of Relations with International Financial Resources
Corporate Governance
Effective Risk Management
Equal Opportunity and Diversity
Collaborations/Partnerships Management
Geographical Diversity

MATERIALITY MATRIX



MATERIAL ISSUES	WHY IS IT IMPORTANT?	HOW DO WE MANAGE IT?
<b>Sustainable Profitability</b>	Sustainable profitability is vital for the continuity of an institution. If the institution is not profitable, it cannot maintain its activities. An institution unable to maintain its activities cannot generate value for its stakeholders.	Çalık Group implements a growth strategy where sustainable costs are kept under control. Investing primarily in digital channels, the Group develops applications that will bring ease to the lives of customers and improve processes. For example, Aktif Bank improves its service network and profitability by adopting subsidiary and dealership approaches instead of physical branches and by constantly monitoring and improving the quality of service offered in these places.
<b>Digital Transformation and Innovation</b>	Business processes are increasingly being moved to a digital environment. Digitalization is important to adapt to change, improve the ability to make quick decisions, to keep costs under control and to develop the ability to generate value for different stakeholders, and thus to grow and increase profitability.	Each of the Group companies conducts work on digitalization. By commissioning many digital applications, especially in the field of finance, it paves the way in this field and increases its competitiveness. The Holding’s IT Department provides support to the planning of the activities in this field, the establishment and the operation of systems for both the Holding and the Group companies.
<b>Corporate Governance</b>	Corporate Governance ensures that the institution reaches decisions based on the right perspective and with a systematic approach. Good governance improves the quality of decisions in the institution and helps ensure that decisions are evaluated from different perspectives by supporting data-based, participatory decision-making.	The Board of Directors attaches importance to diversity. The Board of Directors consists of people with experience in their business fields. Authority is shared between the Board of Directors and the management.



ANALYSIS OF MATERIAL ISSUES AND THE MATERIALITY MATRIX

MATERIAL ISSUES	WHY IS IT IMPORTANT?	HOW DO WE MANAGE IT?
Effective Risk Management	Organizations can only survive as long as they manage their risks effectively. During the process of identifying risks, it is vital to consider non-financial risks as well as financial risks, since non-financial risks bring financial consequences over time.	Çalık Holding Group companies carry out the work on managing the risks in their fields of activity under the supervision of the Boards of Directors. The Holding issues recommendations on how to manage risks by evaluating risks from a higher level within the scope of its business portfolio. These recommendations are conveyed through the Board of Directors covering areas that are useful both in guiding portfolio-related actions and in taking action for the Group companies.
Sustainable Business Model	Working with a sustainable business model is no longer a choice. In order to understand and manage their risks, organizations need to create business models and strategies by taking financial and non-financial issues into account. It should be realized that the main goals of organizations are to add value to themselves, their stakeholders and the societies in which they exist.	Sustainability has a significant place in Çalık Holding's corporate values, given that it has a significant impact on the activities of the Group companies. Accordingly, Group companies work to harmonize their business models with the sustainability
Collaborations/ Partnerships Management	Collaborations and partnerships are vital to expand activities, strengthen the quality of work done and to grow.	Çalık Holding and Çalık Group companies are always considered as trusted partners. Collaborations and partnerships with global giants have been continuing for a long time, with the Holding and Group companies constantly entering new collaborations and partnerships.
Climate Change/Renewable Energy Investments	Climate change is one of the most important problems in the world and is important for all fields of activity. The Group companies have the opportunity to contribute to efforts to tackle climate change by planning their activities correctly, directing their investments to the right areas and shaping their business models based on this perspective.	Çalık Holding attaches importance to the issue of climate change and supports the efforts of its Group companies in this direction. Çalık Enerji invests in renewable energy, while Aktif Bank extends renewable energy loans and Gap Pazarlama and Çalık Denim are seeking to mitigate the environmental impacts in their supply chains.

MATERIAL ISSUES	WHY IS IT IMPORTANT?	HOW DO WE MANAGE IT?
Geographical Diversity	Geographical diversity is important both in terms of reaching the right markets and being able to secure supply from sustainable sources.	Group companies operating especially in the textile sector procure their supplies from different regions, thus diversifying their procurements from sustainable resources.
Employee Satisfaction and Supporting Employee Development	Employees are the most valuable resource for companies. In today's world, having competent human resources and attracting and retaining talent play a vital role in the success of an institution. Intangible assets are of tremendous importance in determining the value of a company. Human capital is one of these components.	Çalık Group is aware that its employees are its most important assets. The Group attaches importance to the development of human resources, ensuring a good working environment, and operating an effective performance management system, thus aiming to increase employee satisfaction and loyalty.
Responsible Purchasing and Supply Chain	The development of the supply chain is important both in terms of managing the risks of the organization and creating value for stakeholders.	Purchases other than textile companies and banks are made by the central purchasing department within the Holding. This department works both on supplier selection and their development. Tender transactions are carried out in an electronic environment. Textile companies are especially sensitive when it comes to sustainable supply, given their customers' requirements in this area. The Holding's approaches are applied in bank purchase transactions.
Development of Relations with International Financial Resources	Access to finance is critical for the sustainability of companies. The supply of resources both domestically and abroad is important in terms of risk management, cost and maturity management.	The Group is in contact with foreign financial institutions. When necessary, resources are obtained through negotiations with the relevant institutions.
Equal Opportunity and Diversity	Equal opportunity and diversity are crucial in accessing the pool of skills in the entire society and attracting talent. Equal opportunity helps people feel secure about themselves and their careers, while increasing employee satisfaction and loyalty.	Çalık Group's ethical values stipulate that all employees should be treated equally and that no one should face any discrimination. The Holding Audit Group conducts audits regarding the implementation of this policy.

STAKEHOLDER COMMUNICATION

STAKEHOLDERS	COMMUNICATION TOPIC	COMMUNICATION METHOD	COMMUNICATION FREQUENCY
Shareholders	Evaluation and approval of the corporate strategy, providing information on the extent that business processes and activities have been carried out in accordance with the strategy, values and ethical rules, and opinions on issues where support has been requested.	Board of Directors meeting, Annual General Meeting, reporting	Board of Directors meetings, when necessary
Holding Departments	Establishing project-based, informative contact with departments in a coordinated manner	Meetings, phone calls and digital channels	Several times a month
Employees	Human Resources related processes, internal communication activities, announcements	One-to-one interviews, meetings, phone calls, digital channels, internal communication platform	Everyday
Potential Employees	Acquisition of new talent within the framework of the institution's needs	Announcements, social media, meeting invitations, interviews	When necessary
Collaborations/ Partnerships	Discussions with business partners regarding existing and new projects	Visits, meetings, phone calls, digital channels, project teams	According to project requirements
Public Authorities	Reporting obligations stipulated in laws and regulations, exchange of information and ideas, opinion meetings	Visits, meetings, conferences, telephone calls, digital channels	When necessary
Non-Governmental Organizations	The activities carried out together with NGOs such as the Turkish Red Crescent, the Educational Volunteers Foundation of Turkey (TEGV), Foundation for Children with Leukaemia (LÖSEV) and Foundation for the Support of Women's Work (KEDV)	Event based communication	According to project requirements
International Finance Organizations	Access to financial resources, project financing	Visits, meetings, phone calls, digital channels	When necessary
Media/Press	Providing information about the group, business and social projects, discussions and interviews	Visits, meetings, telephone calls, digital channels, press conferences, interviews, press releases	Regular communication
Advertising Agencies	Planning work regarding the promotion of the Group	Visits, meetings, phone calls, digital channels	Regular communication
Suppliers	Realization of procurement processes, training, guidance, audit activities, tender processes	Visits, meetings, tenders, audit visits, training and development activities	Regular communication

INTERNATIONAL BUSINESS PARTNERS

INTERNATIONAL STRATEGIC COOPERATION

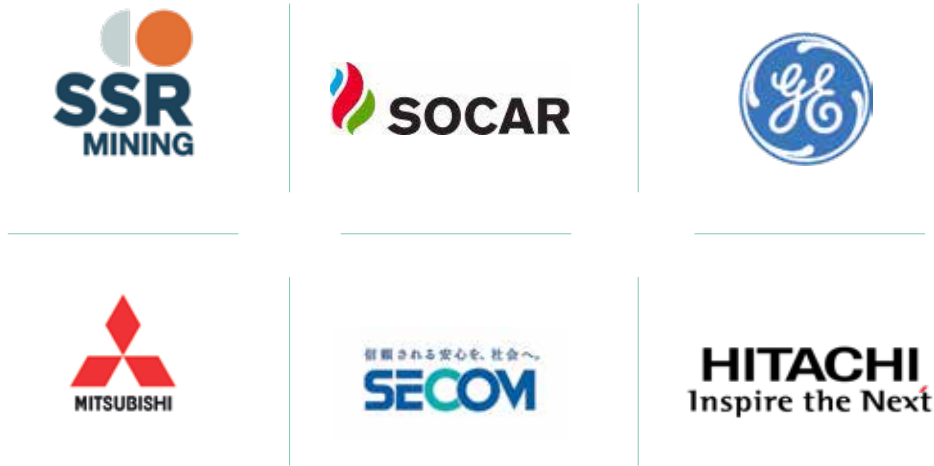
The long-term business partnerships built by Çalık Holding over time and based on mutual trust play a role in Group companies offering their products and services with the highest standards.

Receiving the majority of its operational income from a diversified international project and investment portfolio, Çalık Holding's international activities include equity partnerships with large-scale companies whose shares are traded on international stock exchanges, such as Mitsubishi Corporation, SECOM, SSR Mining and Sand Storm. The Holding also has long-standing business and solution partnerships with General Electric, Honeywell and Siemens.

The Holding also works in close cooperation with major international financial institutions and export credit agencies such as JBIC, JICA, EULER HERMES and UKEF.

THE LONG-TERM BUSINESS PARTNERSHIPS BUILT BY ÇALIK HOLDING OVER TIME AND BASED ON MUTUAL TRUST PLAY A ROLE IN GROUP COMPANIES OFFERING THEIR PRODUCTS AND SERVICES WITH THE HIGHEST STANDARDS.

SOME OF THE BUSINESS PARTNERS OF THE GROUP





## NATIONAL AND INTERNATIONAL MEMBERSHIPS

### ORGANIZATIONS OF WHICH ÇALIK HOLDING IS A MEMBER

UN Global Compact  
 Foreign Economic Relations Board (DEİK)  
 Turkey-U.S. Business Council (TAİK)  
 Turkish Industry & Business Association (TÜSİAD)  
 KEIDANREN (Japan Business Federation)  
 Türkiye Exporters Assembly (TİM)  
 Electricity Distribution Services Association (ELDER)  
 İstanbul Chamber of Commerce (İTO)  
 İstanbul Chamber of Industry (İSO)  
 The Union of Chambers and Commodity Exchanges of Türkiye (TOBB)  
 Ankara Chamber of Commerce (ATO)  
 İstanbul Textile and Raw Materials Exporters Association (İTHİB)  
 İstanbul Textile and Apparel Exporters Association (İTKİB)  
 Independent Industrialists' and Businessmen's Association (MÜSİAD)  
 Turkish Contractors Association (TMB)  
 Turkish Clothing Manufacturers' Association (TGSD)  
 Business and Sustainable Development Council (BCSD Türkiye)  
 Turkish Marine Environment Protection Association/TURMEPA  
 The Banks Association of Türkiye (TBB)  
 Supply Chain Management Association (TEDAR)  
 Turkish Capital Markets Association (TCMA)  
 Ethics & Reputation Society (TEİD)  
 The Turkish Employers' Association of Construction Industries (İNTES)

## CUSTOMER SATISFACTION

### GIVING PRIORITY AND IMPORTANCE ON CUSTOMER SATISFACTION

#### SUSTAINABLE AND SHAREABLE VALUE GENERATION

Çalık Holding and its Group companies consider the creation of sustainable and shareable value for all of their stakeholders as one of their main goals.

Çalık Group aims to offer the highest quality and ensure the highest level of customer satisfaction with the support of its identity as an innovator in all sectors and markets where it operates.

The continuity of the Group's activities and the sustainability of its profitability are essential to the creation of sustainable value. The Group's sustainability is vital for its shareholders, employees and customers as well as the local people and public authorities in the regions it operates.

The organization's continuity and sustainable profitability can be achieved by ensuring customer satisfaction by completing orders received on time, in accordance with the determined and expected

standards with a fair and ethical approach, smoothly and within the planned costs.

Group companies regularly evaluate the expectations, complaints and opinions of customers. The processes undergo improvement to ensure customer satisfaction.

Another key factor in project management is that projects are carried out in close communication with stakeholders in regard to environmental and social issues. This approach ensures that the work is completed on time as expected, and that beneficial results are obtained for all our stakeholders.

One of the most important components in increasing customer satisfaction involves producing quick solutions for customer requests and complaints. To this end, the Group companies established monitoring and solution mechanisms to listen to and resolve customer complaints.

ÇALIK GROUP AIMS TO ACHIEVE THE HIGHEST QUALITY IN ALL SECTORS AND MARKETS WHERE IT IS ACTIVE, AND TARGETS CUSTOMER SATISFACTION WITH THE SUPPORT OF ITS IDENTITY AS AN INNOVATOR.



SUPPLIER RELATIONS

ÇALIK HOLDING MONITORS AND ENCOURAGES ITS SUPPLIERS' COMPLIANCE WITH INTERNATIONALLY RECOGNIZED LEGAL, SOCIAL, ETHICAL AND ENVIRONMENTAL STANDARDS AND PRINCIPLES.

SUPPLIER RELATIONS BASED ON MUTUAL TRUST AND RESPECT

A KEY ELEMENT OF THE VALUE CHAIN

Çalik Holding attaches importance and priority to managing the processes with its suppliers in a fast, reliable, traceable and measurable manner. Çalik Holding and its Group companies are focused on demonstrating a responsible purchasing approach in terms of sustainability.

The Group selects its suppliers from among individuals and organizations that share Çalik Group's values and adopt the same level of ethical standards, and establishes a permanent, sustainable relationship with its suppliers.

Çalik Holding has a supplier pool structured in light of evaluation and approval processes. This process, referred to as the Supplier Lifecycle, is carried out online through the SAP's SLC module.

Suppliers whose applications are approved after the preliminary examination are asked to upload information and documentation to the Supplier Portal. The information and documentation which is uploaded to the system is then examined in detail. At the end of this review, a visit will be conducted to the applicant supplier if deemed necessary, with the findings explicitly reported for the review of internal stakeholders. This visit is carried out to evaluate the activities of the relevant organization on site and gain an understanding of their working conditions and approaches.

During the visit, potential suppliers receive a score according to their answers to the questionnaire drawn up

in line with the Group's procedures. This list, which contains questions related to sustainability, measures the technical and commercial status of the supplier, as well as many environmental, economic and social parameters. Provided the score of the candidate supplier is sufficient, the company will be included in the approved supplier list.

The action plans prepared for institutions determined to be in need of improvement are requested online on the supplier lifecycle portal, and the improvements are followed through necessary contact and visits within the scope of this action plan. Provided the expected level is reached as a result of the improvements implemented by the supplier, the relevant supplier will be included in the approved supplier list.

CLOSE MONITORING OF SUPPLIER PERFORMANCES

Procurement processes and tender management are carried out online through the Supplier Relationship Management module (SRM) in the SAPs. This module, supported by the Electronic Tender system, ensures sustainable spending and transparency in purchasing. The institution which won the tender is closely monitored and inspected to ensure that it performs the service and delivers the materials to the desired quality and standards. Corrections are requested in the event of any non-compliance or deficiency.

The performance of suppliers is carefully monitored and evaluated at regular intervals. Areas requiring improvement in connection with any deficiencies identified during these audits are reported to the responsible party through the Regulatory, Preventive and Remedial Activities report and suppliers are asked to set out corrective action plans for

correction. These are closely monitored and necessary audits are carried out. The institution is expected to ensure compliance with the supply standards of Çalik Holding and Group companies. If the audit conducted after the completion of the action plan finds that the conditions are met, the institution may remain on the approved supplier list.

OPTIMIZATION AND PURCHASING EFFICIENCY

With the application of joint category procurement management, purchasing efficiency and optimization are improved upon by consolidating the purchases of Çalik Holding and Group

companies in the purchase categories determined each year. Within the scope of the same cycle, we also contribute to reducing carbon emissions by ensuring optimization in transportation of materials and equipment.

Çalik Holding and its Group companies expect the organizations included in the supplier list to operate in a manner that respects human rights and the environment and which is sensitive to occupational health and safety, and to provide their employees appropriate and decent working conditions.

ÇALIK HOLDING AND ITS GROUP COMPANIES EXPECT THE ORGANIZATIONS INCLUDED IN THE SUPPLIER LIST TO OPERATE IN A MANNER THAT RESPECTS HUMAN RIGHTS AND THE ENVIRONMENT AND WHICH IS SENSITIVE TO OCCUPATIONAL HEALTH AND SAFETY, AND TO PROVIDE THEIR EMPLOYEES APPROPRIATE AND DECENT WORKING CONDITIONS.





## OVERVIEW OF THE ENERGY SECTOR IN 2022

**WHILE TAX CONCESSIONS WERE EXTENDED TO ENERGY COMPANIES AND GOVERNMENT SUPPORT PROVIDED TO CONSUMERS IN COUNTRIES WHICH STARTED TO DRAFT NEW REGULATIONS FOR THEIR ENERGY POLICIES, THE EUROPEAN UNION ANNOUNCED INTERVENTION TOOLS UNDER THE TITLE OF THE “ENERGY PRICES TOOLBOX”.**

### NEW REGULATION OF ENERGY POLICIES

#### INTERVENTIONS IN THE FREE MARKET IN RESPONSE TO SURGING COMMODITY AND ENERGY PRICES AROUND THE WORLD

Ongoing geopolitical conflicts, global warming and exchange rate volatility precipitated increases in commodity and energy prices in 2022, requiring governments to intervene in free markets in many countries. While tax concessions were extended to energy companies and government support provided to consumers in countries which started to draft new regulations for their energy policies, the European Union announced intervention tools under the title of the “Energy Prices Toolbox”.

The European Union (EU) has floated the possibility of postponing bill payments for consumers, tax cuts and extending state aid to industries on a country-by-country basis, and aims to accelerate the realization of energy projects and efficiency-increasing projects in the medium term. Another EU decision was to support consumers on their own electricity generation.

The most visible intervention took place in Australia in June 2022, where the day-ahead electricity market was halted and all power plants were brought under state control to operate at full capacity in order to prevent power cuts. A single tariff was proposed to cover the costs of these power plants, and power plant investors objected to the principle of different facilities operating with the same fee.

#### REGULATIONS FOR THE NEEDS AND DEMANDS OF THE SECTOR IN TURKEY

With the Decision number 10888 dated 30 March 2022, a resource-based support mechanism was put in place support consumer and/or high-cost production for a period of 6 months starting from 1 April 2022. In this context, the Maximum Settlement Price (MSP) parameter determined by EMRA has started to be applied with the aim of contributing to the supply security of power plants unable to generate electricity due to the increase in resource costs.

**THE MAXIMUM SETTLEMENT PRICE (MSP) PARAMETER DETERMINED BY EMRA HAS STARTED TO BE APPLIED WITH THE AIM OF CONTRIBUTING TO THE SUPPLY SECURITY OF POWER PLANTS UNABLE TO GENERATE ELECTRICITY DUE TO THE INCREASE IN RESOURCE COSTS.**

Rising commodity and energy prices





OVERVIEW OF THE ENERGY SECTOR IN 2022

THE MAXIMUM SETTLEMENT PRICE (MSP) PARAMETER DETERMINED BY EMRA HAS STARTED TO BE APPLIED WITH THE AIM OF CONTRIBUTING TO THE SUPPLY SECURITY OF POWER PLANTS UNABLE TO GENERATE ELECTRICITY DUE TO THE INCREASE IN RESOURCE COSTS.

Within the scope of this application, the amounts that the power plants, which are classified based on the resource they are using, will give or receive as the Support Fee will be determined by the MSP parameter, which is differentiated on a source-basis. If the MSP determined for power plants such as wind farms or hydro-electric power plants is lower than the Market Clearing Price (MCP) in the relevant month, the producer will pay a Support Fee, while if the MSP determined for power plants with high operating costs, such as those running on imported coal or natural gas, is higher than the MCP in that month, the producer shall receive a share of the Support Fee.

The duration of the MSP application was extended for a further six months in line

with EMRA board decision numbered 11254 dated 29 September 2022. The imported coal MSP and/or domestic coal MSP formula is expected to be updated in the second quarter of 2023, with the MSP application potentially remaining in place until the end of 2023.

Energy prices, which stood at TL 1,345/MWh in January 2022, increased continuously throughout the year and averaged TL 3,850/MWh during the year, to stand at TL 4,800/MWh at the end of December.

The Market Clearing Price for December 2022 had increased by 269% when compared to December 2021 and was 216% higher than in January 2022, reaching TL 3,724/MWh.

THE ANNUAL AND MONTHLY CHANGES IN MARKET CLEARING PRICE

(TL)	2022	2021	2020	2019	2018	2017
January	1,178	297	314	223	182	181
February	1,404	286	298	257	175	172
March	1,670	311	245	256	158	145
April	1,830	312	181	187	193	145
May	1,763	360	203	196	179	152
June	2,340	402	291	221	185	148
July	2,330	518	296	304	208	175
August	3,066	557	298	298	298	173
September	3,850	520	308	297	327	178
October	3,470	669	318	291	317	164
November	3,438	831	295	297	291	174
December	3,724	1,008	293	291	257	155
Average	2,505	506	278	260	231	163

THE MINISTRY OF ENERGY AND NATURAL RESOURCES HELD MEETINGS TO EVALUATE THE NEEDS AND DEMANDS OF THE SECTOR IN 2022 WITH THE PARTICIPATION OF EMRA AND ELECTRICITY DISTRIBUTION COMPANIES AND STAKEHOLDERS.

TL 4,800/MWh

Energy prices, which stood at TL 1,345/MWh in January 2022, increased continuously throughout the year and averaged TL 3,850/MWh during the year, to stand at TL 4,800 /MWh at the end of December.



The Ministry of Energy and Natural Resources started to organize meetings in 2022 with the participation of EMRA and Electricity Distribution Companies and stakeholders, where the needs and demands of the sector are evaluated.

In these meetings, the Ministry placed particular emphasis on the need for EDC's to demonstrate sensitivity and minimize complaints in order to ensure maximum consumer satisfaction. In the first six months of 2023, before general network investments, the decision was taken to focus on the installation of an agricultural connection line (the amendment to the Connection and System Usage Regulation in the Official Gazette dated 8 September) and consumers' needs for connection lines.

TL 3,724/MWh

The Market Clearing Price for December 2022 had increased by 269% when compared to December 2021 and was 216% higher than in January 2022, reaching TL 3,724/MWh.



## OVERVIEW OF THE ENERGY SECTOR IN 2022

## ENERGY CONSUMPTION PER CONSUMER IN TURKEY DECREASED BY 2.03% IN THE FIRST 11 MONTHS OF 2022 WHEN COMPARED TO 2021.

# 52%

SATISFACTION RATE

In the EDC Satisfaction Survey, the 11-month average satisfaction rate stood at 52%.

The decision was taken that the period available to lodge objections through the Mobile Lighting Notification Application would be one day, and would only apply once, after EDC's have fixed the failure.

Ukraine based shortage of the generators that must be supplied by EDC's within the scope of the Electricity Distribution System Regulation, and accordingly it was decided that TEDAŞ would provide the necessary supply support.

For 2022;

- The general physical investment realization rate of EDC's was 76%.
- The overall planned maintenance realization rate of EDC's was 85.9%.
- Of the 175,000 planned fixtures (including orders, delivery and installation), 69,075 (39%) were realized. (EMRA approval dated 24 December 2022)

The EDC Satisfaction Survey conducted by the Ministry, with the participation of 51,000 people, produced the following results:

- For November 2022, the overall satisfaction rate throughout Turkey

stood at 54.5%, with the call center attaining an overall satisfaction rate of 72.3%.

- The area to command the highest level of satisfaction was metering (accrual and technical), while was the area with the lowest rate of satisfaction was compensation of user losses.
- The 11-month average satisfaction score was 52%.

During the first 11 months of 2022, which was marked by a surge in inflation in Turkey, energy consumption per consumer decreased by 2.03% compared to 2021.

(Source: EMRA Monthly Sector Report)

The energy crisis experienced in the early part of 2022 and the impact of other parameters necessitated an increase in energy prices. In order to reduce the negative impacts of these increases later in the year, a process of gradual price rises was initiated for the residential and commercial subscriber groups, with the decision to cut the rate of VAT levied on electricity provided to the residential and agricultural irrigation subscriber groups from 18% to 8%.

## OUTLOOK FOR THE GLOBAL AND LOCAL ENERGY MARKET FOR 2023

With no end in sight for the war between Russia and Ukraine in short term, which was one of the main causes of the global energy crisis, the uncertainty in the global economy and volatility in commodity prices is expected to continue for some time.

The problems facing Europe related to natural gas supply during the war have led the countries in this region to turn to alternative resources such as nuclear power, renewables and coal. Natural Gas prices are now expected to maintain their decline due to the restrictions and embargoes imposed by Europe on the price of Russian gas in 2023, with many countries expected to allow a short-term relaxation in their net zero emission targets.

With European countries turning to LNG as an alternative to Russian gas, countries such as Algeria, Nigeria and Qatar have come under pressure to ramp up their production and LNG capacities, while countries such as Turkmenistan and Azerbaijan are also working on increasing their pipeline capacity through Turkey. Oil prices are expected to average around USD 40/ barrel in the low-price scenario, USD 60/ barrel in the base case scenario, and USD 85/barrel in the high-price scenario.

As we enter 2023 amid significant uncertainty over energy supplies;

- Total energy consumption is expected to increase by just 1.3% as a result of the slowdown in the global economy and rising of energy prices,
- Oil consumption is expected to rise by 1.4% worldwide on the back of the 2.9% increase in oil consumption in Asia in 2022,
- Demand for natural gas in Asia is set to rise by 2.4% with the region moving towards a position of being the world's largest natural gas market by 2027,
- Consumption of solar and wind energy is on course to increase by 11% as more projects are commissioned worldwide,

- Demand for oil in Europe is set to shrink by 1% amid a general slowdown in economic activity.

Energy prices have been declining for some time in Turkey due to the decline in commodity prices and the movements in exchange rates, as well as falling prices of natural gas and imported coal. Within the scope of the procedures and principles regarding the determination of minimum and maximum price limits in the Day Ahead Market and Balancing Power Market, a maximum price limit of TL 4,800/MWh was implemented with effect from 1 September 2022, with the maximum price limits expected to be reduced in the latter part of 2023.

## GROWING INVESTMENT IN RENEWABLE ENERGY

In the face of the negative developments taking place around the world, those responsible for managing the energy sector in Turkey maintained a calm stance with Turkey's balanced foreign policy helping to mitigate the negative effects when compared to neighboring countries in the same region.

Industrial companies operating in our country have increasingly started to establish renewable energy facilities as an extension of their own facilities in order to balance energy costs and reduce the carbon footprint of their production processes. A surge in technological investment, largely based on solar and wind energy, is expected in 2023.

In addition to these developments, the development of battery systems is expected to enter a new era, providing optimization in the supply of electricity, especially renewable energy, helping to provide some balancing in energy consumption. At the same time, Turkey is expected to become a regional natural gas hub with the gas transmission lines and storage facilities built in recent years.

**EUROPE'S DIFFICULTIES IN NATURAL GAS SUPPLY**  
NATURAL GAS PRICES ARE EXPECTED TO MAINTAIN THEIR DECLINE DUE TO THE RESTRICTIONS AND EMBARGOES IMPOSED ON RUSSIAN GAS PRICES BY EUROPE IN 2023, WITH SOME SHORT-TERM RELAXATION IN NET ZERO TARGETS EXPECTED.

**DECLINE IN PRICES OF NATURAL GAS AND IMPORTED COAL IN TURKEY**  
ENERGY PRICES HAVE BEEN DECLINING FOR SOME TIME IN TURKEY DUE TO THE EFFECT OF FALLING COMMODITY PRICES AND THE MOVEMENT IN EXCHANGE PRICES, AS WELL DECLINING PRICES OF NATURAL GAS AND IMPORTED COAL.





ÇALIK ENERJİ IS ONE OF THE WORLD'S LEADING ENERGY COMPANIES WITH ITS SUCCESSFUL PROJECTS TARGETING A SUSTAINABLE FUTURE.

## ONE OF THE MOST RESPECTED PARTICIPANTS IN THE ENERGY SECTOR

### AN INSTALLED CAPACITY OF 10 GW WITH SERVICES PROVIDED BY A SPECIALIZED WORKFORCE

Çalık Enerji, one of Çalık Holding's companies operating in the energy sector, was established in 1998. The Company has successfully completed projects in a wide region covering the Middle East, Central Asia, Africa and the Balkans, with a total installed generation capacity of 10 GW and a specialized workforce.

Çalık Enerji maintains its activities as a respected participant in the international energy sector with the creative and innovative solutions it provides using new technologies. The Company's fields of operation consist of EPC contracting operations, renewable energy investments, electricity and natural gas distribution and retail activities, which are carried out through its subsidiaries.

Commanding a high share of energy-related infrastructure work in fast-growing markets such as Africa and the Middle East, Çalık Enerji has expanded its areas of interest with an integrated approach, adding transportation, desalination and hybrid energy to its range of activities.

### ÇALIK ENERJİ'S "FIRST" AND "MAJOR" ACHIEVEMENTS IN THE INDUSTRY

- A signatory of the United Nations Global Compact,
- The Energetic Schools project, its first major corporate social responsibility project,
- The 230 MW Gardabani Combined Cycle Power Plant, Georgia's first combined cycle power plant and the highest budget investment project, is also Çalık Enerji's first turnkey natural gas combined cycle power plant project.
- The Adacami Hydro-electric power investment, which features the longest (12 km) tunnel in Turkey among regulated hydroelectric power plants,
- The 1,250 MW Al-Khairat Simple Cycle Power Plant and 750 MW Nainawa Simple Cycle Power Plant, which were the largest power plants in Iraq when completed in 2013,
- LM6000 gas turbines with a power of approximately 450 MW, which were completed in the Ahal-Mary-Lebap provinces of Turkmenistan and used for the first time in the country,
- The project to bring a Stable Supply of Electricity to the city of Ashgabat (AST), the highest budget project in the world where the energy infrastructure of a city has been completely replaced, in what was the largest electricity infrastructure replacement project undertaken by Çalık Enerji at any one time.

ÇALIK ENERJİ, ONE OF ÇALIK HOLDING'S COMPANIES OPERATING IN THE ENERGY SECTOR, WAS ESTABLISHED IN 1998.

An influential voice in the geographies in which it operates





## ÇALIK ENERJİ

**THE DEMİRCİLİ AND SARPINCIK WIND POWER PROJECTS, CONSISTING OF 29 WIND TURBINES WITH A TOTAL INSTALLED POWER OF 72 MW, WERE ÇALIK ENERJİ'S FIRST INVESTMENTS IN WIND POWER.**



- The 1,574 MW Mary-3 Combined Cycle Power Plant, the largest power plant constructed since Turkmenistan declared independence, commissioned in 2018,
- The 550 MW Al-Khums Fast Track Simple Cycle Power Plant Project, the first project undertaken by Çalik Enerji in Libya, Africa,
- The 60 MW Aden Fast-Track Mobile Power Plant Project, in the first agreement signed by Çalik Enerji in the field of mobile power plants and also the first project to be realized by the Company in Yemen and its third project in the Middle East,
- The Demircili and Sarpinck Wind Farm Projects, consisting of 29 wind turbines with a total installed capacity of 72 MW, the first wind power investments undertaken by Çalik Enerji,
- The Turkmenistan-Afghanistan-Pakistan (TAP 500) Transmission Line Project, one of the most important investment projects ever undertaken by a Turkish company in Asia,
- "The Basra Port Project", the Company's first project in the transportation sector in the Middle East and North Africa (MENA) Region,
- The 19.5 MW capacity Tedzani-4 Hydroelectric Power Plant Project, Çalik Enerji's first renewable EPC project, is the first power plant realized in the cooperation between Çalik Enerji and the Mitsubishi Corporation in Sub-Saharan Africa,
- The Turkmenistan Fleet Maintenance and Service Center Project, the largest maintenance project executed by Çalik Enerji, as well as the first project executed by the Company in Turkmenistan by obtaining financing,
- The Romania Power Plant Project, the first EPC construction project undertaken by Çalik Enerji in Europe,
- The first combined cycle power plant project in Senegal,
- Acquisition of the hydrogen venture.

**GAINING A COMPETITIVE ADVANTAGE THROUGH INTERNATIONAL FINANCIAL RELATIONS**

As the impacts of the pandemic gradually receded during 2022, bottlenecks in the supply chain also started to resolve themselves. However, with the war between Russia and Ukraine combined with the high inflation throughout global economies, it would be wrong to claim that all of the troubles were left behind.

The tightening of monetary policies all over the world, the deteriorating economic outlook, increased fears of recession and the increased cost of borrowing in foreign currency have driven borrowing costs for many companies to levels not seen for some time.

The high input costs and the supply chain bottlenecks resulting from the inflationary environment negatively impacted the feasibility of new investments for many companies, and some companies began to re-evaluate or postpone their investment decisions.

In such a challenging economic environment, Çalik Enerji has diversified and built infrastructure to access a range of new financing opportunities, drawing especially on its international financing relations, long-term investments in the field of renewable energy and contracting operations and financing (EPC-F) projects in the regions and sectors which it targets.

Targeting the innovative and flexible programs offered by various export credit institutions which provide financing even during changes in the conjuncture, the Company has started to receive target-oriented and fast financing offers for EPC-F and investment projects by expanding its existing relationships with international commercial banks while also establishing new relationships.

**PROJECTS BRINGING TURKISH INVESTMENT AND CONTRACTING TO MANY REGIONS AROUND THE WORLD**

2022 was year in which Çalik Enerji embarked on new projects and achieved significant progress in ongoing projects. The Company has continued to take significant steps in the strategic projects it has developed with its global engineering, process, technology and equipment supplier partners in its target regions of Central Asia, the Middle East, Africa and Europe. Some of the ten EPC projects located in these regions, under construction in 2022, are planned to be completed in 2023.

Within the framework of its continuing activities in the field of oil and natural gas, Çalik Enerji initiated the Iraq Baiji Refinery Rehabilitation project, its first project in the petrochemical and refining industry and an important milestone, with its Japanese partners and successfully completed the first phase of the project. The company believes that with the new competencies and references it will gain from the first phase and subsequent phases of the project, the refinery will become an exemplary global player among industrial facilities and pave the way for similar value-added projects in the refining sector, characterized by its high barriers to entry.

Çalik Enerji signed the Electricity Transmission Line and Switchyard project in October 2022 in Angola, an important step in developing its footprint in Sub-Saharan Africa, first in Malawi and then in Senegal, thus putting the Company in the position to draw on the economies of scale in the region. The work carried out by Çalik Enerji teams to provide financing for the project, which will be carried out under the Angolan Ministry of Energy to increase the country's energy security, will serve as an important reference for future EPC-F projects.

The Company has also completed its membership process for the West African Power Pool (WAPP), which was initiated to support the energy infrastructure of Sub-Saharan Africa.

In the coming years, Çalik Enerji aims to implement the Talimarjan-II CCPP project, which it signed with its international partners in 2022, with financing obtained from the Asian Development Bank (ADB) and European Bank for Reconstruction and Development (EBRD).

Pressing ahead with its investments in the region, Çalik Enerji signed the Turkmen Lake Hybrid Power Plant project, which was developed under the initiative of the Turkmenistan Ministry of Energy in 2022 and is among the leading implementations in the region. The Company also completed the Service Maintenance Center project in Turkmenistan during the year.

**ÇALIK ENERGY CONTINUED TO TAKE SIGNIFICANT STEPS IN THE STRATEGIC PROJECTS IT HAS DEVELOPED IN ITS TARGET REGIONS OF CENTRAL ASIA, MIDDLE EAST, AFRICA AND EUROPE.**



## ÇALIK ENERJİ

**ÇALIK ENERJİ CARRIED OUT THE SECOND PHASE OF THE ENERGETIC SCHOOLS PROJECT IN 2022 IN THE AMASYA, MALATYA AND SAMSUN PROVINCES IN COOPERATION WITH ITS SHAREHOLDER, THE MITSUBISHI CORPORATION, AND THE SUSTAINABILITY STEPS ASSOCIATION.**



**INCREASED ACTIVITY IN REGIONS WITH DEVELOPMENT POTENTIAL**

Çalık Enerji is constantly increasing its effectiveness and evaluating new business opportunities in developing countries in the Middle East and Africa. The growing population of Africa, which continues its development, especially from a physical aspect, has ushered in a rising need for electricity, and therefore electricity generation capacity and transmission & distribution infrastructure, in the region. However, the current economic conditions present considerable challenges for the countries in the region seeking to implement such large-scale projects without external resources.

Along with other regions, the support of our country's successful expansion in Africa present a great opportunity for Turkish companies and international collaborations in EPC/EPC-F, solar power and wind projects.

The agreements signed by Çalık Enerji in Turkmenistan and Angola under the EPC-F model mark important milestones for the Company and the respective regions. The Company is implementing the right projects to meet the strategic needs of these regions, thereby supporting their sustainable development.

In addition to stepping up its activities in the Middle East, Çalık Enerji has also recently concentrated on investment opportunities to strengthen and diversify its presence in the region, having successfully implement its projects in Iraq.

**SUSTAINABILITY AND ESG**

Çalık Enerji has built its sustainability strategy on the environmental, social and governance axes.

Adopting a value-oriented monitoring and development approach in its activities, the Company has identified six capital elements from an integrated perspective under the headings of human resources, financial resources, knowledge, relationships, tools and natural resources.

Çalık Enerji aims to increase the value it generates and to carry its successes to the future as a result of its activities in all business lines, aware of its responsibility to people, society and the environment. The Company appoints a volunteer sustainability ambassador from each department in order to internalize the concept of sustainability and to be among the organizations to take the most serious steps in this direction. In addition to providing a flow of information to the Sustainability Committee, these ambassadors also strengthen Çalık Enerji's sustainability process with unique projects.

Çalık Enerji focused more on corporate social responsibility in its 2022 sustainability activities. Within the scope of the Energetic Schools project, the Company built a solar power plant in the garden of the Malatya Şehit Gökhan Ertan Vocational and Technical Anatolian High School, allowing the school to generate its own electricity while also providing students of the Renewable Energy Department the opportunity to receive education on real solar panels.

Çalık Enerji carried out the second phase of the Energetic Schools project in 2022 in the Amasya, Malatya and Samsun provinces in cooperation with its shareholder, the Mitsubishi Corporation, and the Sustainability Steps Association. Within the scope of the project, more than 1,000 vocational high school students were given training on sustainability, climate change, renewable energy and technology by experts who

are specialized in their field. Workshops were held with students and teachers participating in the project, where local issues were identified, solutions were put forward and action plans prepared.

Continuing its environmental sustainability activities, Çalık Enerji expanded the scope of the carbon footprint measurement project, which was rolled out in five locations in 2021, and increased the number of locations to 11 in 2022.

**LOOKING FORWARD**

One of Çalık Enerji's primary goals for the future is to complete its projects on time and successfully in the regions where it operates, and simultaneously expand its experience in different sectors.

The Company aims to maintain its position of being one of the leading institutions by increasing the added value it creates for our country in the global energy market by applying this synergy in new regions and projects through its access to international financing and by increasing global collaborations. In addition, Çalık Enerji, whose aims include creating sources of sustainable income with new energy investments, has determined its long-term expectations as being a global EPC and energy investor with environmentally friendly approaches by continuing its proven successes.

**AWARDS RECEIVED BY ÇALIK ENERJİ IN 2022**

- The Company ranked 82<sup>nd</sup> in the Capital 500 "Turkey's Largest Companies" list.
- Çalık Enerji rose 40 places in the list of the ENR Top 250 International Contractors to rank 117<sup>th</sup>.
- The Energetic Schools Social Responsibility Project was deemed worthy of the "Best Sustainability Project Award" given by Para Magazine and the Ministry of Energy and Natural Resources.
- The Company ranked 19<sup>th</sup> among Turkish companies in the TİM International Contracting Services Achievement Awards.
- Çalık Enerji's official website became the Gold Winner of the best website design at the Horizon Interactive Awards.

**QUALITY STANDARDS AND CERTIFICATES**

Standard	Certificate
ISO 9001:2015	Quality Management System Certificate
ISO 14001:2015	Environmental Management System Certificate
ISO 45001:2018	Occupational Health and Safety Management System Certificate
COVID-19	Safe Service Certificate



Financial Summary (TL million)	2020	2021	2022
Total Assets	8,173	15,101	29,924
Net Sales	5,573	9,649	22,755
Total Shareholders' Equity	4,751	8,471	15,055
EBITDA	2,070	2,356	4,795
EBITDA Margin (%)	37	28	21



**ACHIEVING HIGH CUSTOMER SATISFACTION BY OFFERING SAFE ENERGY DISTRIBUTION IN ITS REGIONS OF OPERATION, YEDAŞ RENEWS AND STRENGTHEN ITS DISTRIBUTION NETWORK AND TECHNOLOGICAL INFRASTRUCTURE WITH CONTINUOUS INVESTMENTS IN LINE WITH ITS STRATEGIC GOALS.**

### **A STRONG DISTRIBUTION NETWORK AND TECHNOLOGICAL INFRASTRUCTURE**

#### **STABLE, HIGH QUALITY AND UNINTERRUPTED ELECTRICITY AROUND THE CLOCK**

Yeşilirmak Elektrik Dağıtım A.Ş. (YEDAŞ) is one of the Group companies of the Çalık Holding, one of Turkey's important international organizations, operating in the energy sector.

YEDAŞ provides a consistent, high-quality and uninterrupted electricity distribution service around the clock to 2.4 million consumers in the Samsun, Amasya, Çorum, Ordu and Sinop provinces, over an area of approximately 40,000 km<sup>2</sup>.

YEDAŞ provides electricity distribution services of approximately 5.6 billion kWh in the 5 provinces and districts where it operates, with a staff of 1,151 people. The company makes a difference in its sector as one of the few electricity distribution companies that has its own in-house software team.

#### **YEDAŞ'S COMPETITIVE ADVANTAGES**

- A strong financial structure and high credibility
- An effective organizational structure which is open to new ideas and development
- Dynamic human resources with a good knowledge of legislation and sector experience, with high potential and a strong sense of belonging,
- The biggest data pool (SAP, EDAŞ Online, AGIS, OSOS, SCADA, GIS) of any distribution company in the sector with extensive technological infrastructure and advanced grid monitoring and control systems
- Digitalization in customer processes (Digital management of EDAŞ Online connection requests)
- Success in stakeholder relations,
- Rapid intervention in natural disasters
- Fast adaptation to the legislative and regulative changes
- Great importance placed on investments in technology
- Rapid intervention in incidences of failure through SCADA/DMS
- Monitoring the presence/ absence of energy status of the LV grid with AGIS
- Service quality to international standards
- High customer satisfaction thanks to its modern systems
- Development of efficient R&D projects supported by EMRA and funded by TÜBİTAK

**YEDAŞ IS A MEMBER OF THE ÇALIK GROUP, ONE OF TURKEY'S IMPORTANT INTERNATIONAL CORPORATIONS, OPERATING IN THE ENERGY SECTOR.**

**Uninterrupted electricity distribution service to 2,4 million consumers**



## YEŞİLİRMAK ELEKTRİK DAĞITIM A.Ş. (YEDAŞ)

**YEDAŞ, A PIONEER IN ITS SECTOR, WAS THE FIRST ELECTRICITY DISTRIBUTION COMPANY TO IMPLEMENT THE DIGITAL GRID MODEL SUSTAINABLE INVESTMENT PERIOD.**

**64,852** kWh

In 2022, a total of 7,842 kg of paper and cardboard, 5,610 kg of plastic, 6,556 kg of glass and 50 kg of metal waste were separated with the contribution of employees in the recycling bins placed in the service buildings throughout the YEDAŞ Head Office and Regional Directorates. In total, more than 20 tons of waste was brought back into the economy, 133 trees were saved and 64,852 kWh of energy was saved.

**YEDAŞ'S "FIRST" AND "MAJOR" ACHIEVEMENTS IN THE INDUSTRY**

- The leading electricity distribution company to use the SAP system in the most effective and comprehensive manner.
- The first electricity distribution company to implement the Digital Grid Model-Sustainable Investment Period project.
- A company managed with the GIS Based SAP (ERP) – IS-U.
- Establishment of the Low Voltage Grid Monitoring System and being able to monitor and manage the low voltage grid remotely.
- Shorten failure repair times by instantly monitoring phase interruptions at the low voltage outputs through the AGIS system.
- Implemented the EDAŞ online application which carries the new connection processes to the digital environment and ensures rapid and easy tracking of transactions.
- The first company in its sector to receive the ISO 31000: 2018 Corporate Risk Management System Certificate.
- The first company to receive the TSE Covid-19 Safe Service Certificate in the electricity distribution sector and in its service region.

- The first company in Turkey to commission the distribution grid-scale battery energy storage facility.

**CORPORATE RISK MANAGEMENT POLICY**

Corporate Risk Management Policy established in line with YEDAŞ's vision, mission and policies aims to protect assets and value, to carry out activities in line with legal requirements while eliminating risk, to establish internal and external communication to take appropriate actions regarding risks, to carry out planning in line with risk appetite, to gain the trust of internal and external stakeholders regarding risks and to ensure continuous improvement.

In line with this purpose, the Company is committed to the following;

- To establish and implement a risk management system based on sustainability principles which is compatible with strategic goals,
- To determine the possible effects of risks and their probability of occurrence, working in accordance with the standards, legal and other obligations,
- To determine risk performance indicators for the purpose of

- measuring and monitoring the current status of risks and ensuring that the indicators are effective and up-to-date,
- To anticipate potential risks, taking necessary precautions, managing and reporting the risk,
- To increase the sense of responsibility and awareness among all employees in eliminating the risks identified on the targets and to transform the positive risks into benefits by considering them as opportunities,
- To define responsibilities regarding risk management and carry out activities to increase stakeholder awareness.

**AN APPROACH TO BUSINESS EXCELLENCE WHICH ENCOMPASSES SYSTEMS IN THEIR ENTIRETY**

YEDAŞ has adopted a management approach based on the EFQM Excellence Model and Total Quality Management methodologies, in line with its goal of realizing best practices by ensuring the effectiveness, efficiency and continuity of processes.

YEDAŞ applies the EFQM Excellence Model as a strategic management method to improve and develop its corporate processes, and maintains its investments with an innovative and customer satisfaction-oriented perspective.

YEDAŞ, which has been in pursuit of high quality service since its establishment and became a member of EFQM's national cooperation partner, KalDer, renewed its membership in 2022 and applied to KalDer to receive the Turkey Certificate of Competence in Excellence.

In this context, YEDAŞ was evaluated on the basis of a range of criteria of the Excellence Model, including elements such as leadership, strategy, employees, collaborations and resources, processes,

and products, services, employees, customers, society and business results. YEDAŞ was deemed worthy of the 5-star "Competence in Excellence Award" following the evaluations carried out by KalDeR.

In 2022, YEDAŞ prepared its Business Ethics Rules Policy, Corporate Governance Principles Policy, Sustainable Development Policy and disclosed them to the public.

**SUSTAINABILITY AND ESG**

Carrying out its sustainability activities in line with its corporate culture and ensuring full integration in every area, YEDAŞ has determined its Environmental, Social and Governance (ESG) targets and placed the United Nations Sustainable Development Goals (SDGs) at the heart of its road map.

Focusing on meeting the expectations and needs of its customers with sustainable products and services, YEDAŞ works to ensure a low-carbon, durable and resource-efficient transformation.

YEDAŞ uses tools to measure and monitor the impacts arising from its activities within the framework of its approach towards tackling the climate crisis and to minimize this impact with various methods which it applies. It calculates its carbon footprint on a basis of;

- Electricity,
- Electricity loss and leakage,
- Natural gas,
- Air conditioning,
- Gel + fire pumps,
- Vehicles

Within the scope of its efforts to tackle climate crisis and protect natural resources, YEDAŞ has adopted a zero waste approach at its Head Office and its five Regional Directorates.

**IN 2022 YEDAŞ PREPARED ITS CODES OF BUSINESS ETHICS POLICY, CORPORATE GOVERNANCE PRINCIPLES POLICY, SUSTAINABLE DEVELOPMENT POLICY AND ANNOUNCED THEM TO THE PUBLIC.**

**YEDAŞ EFQM EXCELLENCE MODEL**

YEDAŞ applies EFQM as a strategic management method to improve and develop its corporate processes, and within this framework continues its investments with a customer satisfaction-oriented and innovative perspective.





## YEŞİLİRMAK ELEKTRİK DAĞITIM A.Ş. (YEDAŞ)

**YEDAŞ HAS DETERMINED ITS ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) TARGETS AND PLACED THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs) AT THE HEART OF ITS ROAD MAP.**

**1%** SAVINGS

In 2022, the Company achieved 1% in energy savings compared to 2021, with electricity consumption of 2,579,889.632 kWh.

Within the framework of this approach, the Company has established units where waste is separated by type so that it can be recycled, with the Company being deemed eligible for a “Zero Waste Certificate” after audits carried out by the Ministry of Environment, Urbanization and Climate Change.

In 2022, a total of 7,842 kg of paper and cardboard, 5,610 kg of plastic, 6,556 kg of glass and 50 kg of metal waste were separated with the contribution of employees in the recycling bins placed in the service buildings throughout the YEDAŞ Head Office and Regional Directorates. In total, more than 20 tons of waste was brought back into the economy, 133 trees were saved and 64,852 kWh of energy was saved.

In 2022, the Company achieved 1% in energy savings compared to 2021, with electricity consumption of 2,579,889.632 kWh.

YEDAŞ has set the following environmental targets for 2023 and subsequent years:

- To prevent waste and protect natural resources by reducing the amount of waste at source.

- Reducing the amount of energy consumption.
- To carry out work to save energy and reduce emissions.
- Planning training on Sustainability and Environmental Management Systems.
- Within the scope of its “Net Zero” strategy, the Company also aims;
- To identify risks that may directly or indirectly affect the Company as a result of the climate crisis. To set out the road map to be developed on the basis of different scenarios,
- To conduct analysis of past years’ emissions for the entire value chain,
- To determine the climate targets and emission reduction targets set out in Scope 1, 2 and 3,
- To identify means of reducing greenhouse gas emissions and to implement low carbon projects,
- To educate customers on how they can contribute, by encouraging customers to choose low carbon products,
- To establish transparent communication and to be clear regarding the requirements for structural change,
- Transparently sharing reliable, consistent information on climate action with investors, regulatory institutions and organizations,
- To manage work related to the climate action plan through clear and open governance planning and following up in a manner that ensures that the senior management takes responsibility and pursues target-oriented activities,
- To encourage all stakeholders in the value chain to seek solutions to any barriers standing in the way of achieving the net zero target, by investing and learning together.

#### LOOKING FORWARD

YEDAŞ’s short, medium and long-term targets for the future are listed below:

##### SHORT TERM TARGETS

Energy Efficiency, Electric Vehicles, Cyber Security, Producer Users, Supply Continuity

##### MEDIUM TERM TARGETS

Smart Grid, Smart Meters, Energy Storage, Demand Management, Big Data Management

##### LONG TERM TARGETS

Flexible Production, Autonomous Grid Management, Offgrid, Technical Losses

#### QUALITY STANDARDS AND CERTIFICATES

Standard	Certificate
ISO 9001:2015	Quality Management System Certificate
ISO 10002:2018	Customer Satisfaction Management System Certificate
ISO 14001:2015	Environmental Management System Certificate
ISO 45001:2018	Occupational Health and Safety Management System Certificate
ISO 18295-1:2017	Customer Contact Center Management System Certificate
ISO 27001:2013	Information Security Management System Certificate
ISO 31000:2018	Corporate Risk Management System Certificate
Ministry of Environment, Urbanization and Climate Change	Zero Waste Certificate

Financial Summary (TL million)	2020	2021	2022
Total Assets	2,426	3,331	7,810
Net Sales	1,542	2,134	5,770
Total Shareholders’ Equity	1,208	1,892	4,836
EBITDA	823	1,104	2,833



## YEŞİLİRMAK ELEKTRİK PERAKENDE A.Ş. (YEPAŞ)

**YEPAŞ SUPPLIES ELECTRICITY TO A WIDE RANGE OF CUSTOMERS THROUGHOUT TURKEY, INCLUDING INDUSTRIAL ENTERPRISES AND INDIVIDUAL HOUSEHOLDS.**

### A BUSINESS APPROACH GEARED TOWARDS CUSTOMER SATISFACTION

**SUSTAINABLE INFORMATION SYSTEMS HARDWARE AND APPLICATION INFRASTRUCTURE**  
Yeşilirmak Elektrik Perakende Satış A.Ş. (YEPAŞ), one of Çalık Holding's energy sector companies, was established and registered in the Samsun Trade Registry on 16 November 2012. The Company obtained a Retail Sales License numbered EPS/4207-2/2498 in accordance with decision taken by the Energy Market Regulatory Authority dated 27 December 2012 and numbered 4207-2.

The partial separation of retail sales activities within the framework of the Procedures and Principles for Legal Separation of Distribution and Retail Sales Activities was registered on 31 December 2012. In addition, on 1 January 2013, YEDAŞ began its retail sales and service operations in the region covering the cities of Samsun, Ordu,

Çorum, Amasya and Sinop (Retail Sales Region).

In addition, the Company supplies electricity to free consumers in the region, the conditions of which are determined entirely in accordance with free market conditions, through bilateral agreements. YEPAŞ, as a last source electricity supplier, also performs all kinds of marketing, sales and customer service activities within the scope of electricity supply.

In addition to these services offered to free consumers within the liberalized electricity market, YEPAŞ also offers services within the assigned supply company mission imposed by the Electricity Market Legislation to its customers who are not eligible consumers or who do not make use of this right.

The Company continuously makes improvements for accurate and timely preparation of customers' electricity bills, their prompt delivery, and enabling their collection through free and alternative channels.

**YEPAŞ SUPPLIES ELECTRICITY TO FREE CONSUMERS THROUGH BILATERAL AGREEMENTS, THE TERMS OF WHICH ARE DETERMINED ENTIRELY ON THE BASIS OF FREE MARKET CONDITIONS.**

Customer satisfaction oriented business approach





## YEPAŞ AIMS TO OFFER INNOVATIVE AND CUSTOMER-FOCUSED MARKETING AND SALES SERVICES AND DEVELOP PRODUCTS, SERVICES AND SOLUTIONS THAT MEET CUSTOMER NEEDS THROUGH ITS HIGH-TECH INFRASTRUCTURE.

# 1,100<sup>kWh</sup>

The free consumer limit for 2022 was determined as 1,100 kWh annually on the basis of EMRA decision 10623 dated 16 December 2021, representing an 8% decrease compared to 2021.

### YEPAŞ'S COMPETITIVE ADVANTAGES

- A business approach focused on customer satisfaction,
- Use of smart technology investments and sustainable information systems hardware and application infrastructure,
- Provides service quality to international standards,
- Guides the service sector with its effective solutions.

### REGULATIONS FOR THE ELECTRICITY MARKET

In line with the liberalization process that started in the energy sector in 2001, the free consumer limit has been gradually reduced every year since 2002 and the scope of the free consumer application has been expanded, thus ensuring that more electricity subscribers, including residences, are included in the scope of free consumers.

In line with the goal of gradually increasing the degree to which the market is open and ensuring that all consumers are free consumers, the free consumer limit for 2021 was determined as 1,200 kWh annually on the basis of EMRA decision 9814 dated 17 December, 2020. This represents a 14% decrease compared to 2020; thus, consumers with an average monthly electricity bill of TL 125.89 or higher were given the right to select their electricity supplier. With the new limit, the theoretical rate of being open to the market increased to 97%.

In 2022, the said limit was set at 1,100 kWh, representing an 8% decrease compared to 2021. Accordingly, all consumers paying an average monthly electricity bill of TL 125 or more were granted the right to choose their supplier.

Eligible consumers are consumers who consume more than the annual minimum electricity consumption amount (free consumer limit) determined by EMRA every year and thus have the right to choose their supplier. Consumers who

are defined as eligible consumers may obtain their electricity needs under more favorable conditions by entering a contract with the supplier of their choice, without any provincial or regional restrictions.

The annual consumption limit for customers within the End Resource Supply Tariff, which stood at 7 million kWh in 2021, was determined as 3 million kWh in 2022.

### BUSINESS PROCESSES ESTABLISHED ON THE BASIS OF A FAST, SUSTAINABLE AND RELIABLE SERVICE

YEPAŞ offers customers high quality, reliable, continuous and affordable electricity, which is an essential element of daily life. The Company, which builds all its business processes around sustainable customer satisfaction, continued to successfully provide a fast and qualified customer service in 2022.

YEPAŞ aims to offer innovative and customer-focused marketing and sales services and develop products, services and solutions that meet customer needs through its high-tech infrastructure.

With its investments in technology, YEPAŞ has established some of the most advanced IT systems, equipment and infrastructure in the electricity retail industry. As well as price, often considered the most important factor in supplying electricity, the supplier's market experience, know-how and quality of service, both in pre- and after-sales, are also very important. In this context, YEPAŞ recognizes the sectors in which its customers operate and offers products and services which fully meet customer needs by carrying out the right evaluations.

YEPAŞ works tirelessly to create value in electricity supply and provide after-sales support with its innovative, market

and customer-focused business model and approach, its expertise, competent human resources and high-tech infrastructure.

YEPAŞ, which serves as its customers' assurance in supplying electricity with the power provided by Çalık Holding, its main shareholder, supplies electricity to approximately 5 million people consuming electricity within the scope of more than 2.2 million subscription contracts. The Company provides a fast and reliable service to all of its users through physical and digital channels.

### GREEN ENERGY AND CARBON CERTIFICATION ACTIVITIES

With the share of renewable energy around the world increasing day by day, YEPAŞ carries out activities to expand the use of green energy.

Taking the environmentally friendly goals of its customers into account, YEPAŞ offers Renewable Energy Certification to its customers to ensure that they only use energy from renewable energy sources.

Working together with I-REC (The International REC Standard Foundation), YEPAŞ carries out I-REC certification work to prevent emissions caused by electricity consumption under scope 2.

The Company is working on a wide array of high-quality carbon emission reduction projects approved by third parties within the organization. Through these projects, which are in the Gold Standard and Verra VCS, scope 1, 2 and 3 emissions of institutions and organizations are balanced by Carbon Balancing (Offsetting).

YEPAŞ enables the calculation and reporting of emissions and contributes to the sustainability of the companies after the necessary carbon balancing procedures have been carried out.

### KEY DEVELOPMENTS IN 2022

YEPAŞ, which set a target to increase the number of e-invoices for 2022, increased the number of e-invoices from 15,000 at the beginning of 2021, to 244,166 in 2022, to comprise 16.7% of the total invoices.

Lean 6 Sigma Training, which is one of the projects carried out with the focus on operational excellence, continued unabated in 2022. The number of employees participating in Lean 6 Sigma projects increased, with significant improvements achieved in efficiency and operational excellence through these projects.

The project to increase the usage rate of the Lean 6 Sigma IVR went live, and customers calling the Call Center were able to complete their transactions through the IVR without connecting to a Customer Representative.

YEPAŞ, which has taken another important step in the digital transformation process, has transferred the Integrated Management System documents onto the QDMS Program. Documents which had been tracked in different folders in previous years began to be tracked through this program after the QDMS system went live. All Company employees underwent training on the use of the QDMS Program.

With the Tender Monitoring Program Project, YEPAŞ aims to ensure electricity purchases with the filter method on sites where electricity tenders are monitored, provide high financing and gain visibility in a transparent manner.

## YEPAŞ HAS ESTABLISHED THE MOST ADVANCED INFORMATION SYSTEMS HARDWARE AND APPLICATION INFRASTRUCTURE IN THE ELECTRICITY RETAIL INDUSTRY THROUGH ITS INVESTMENTS.



**YEPAŞ HAS DEVELOPED DIGITAL CHANNELS ABLE TO REACH END USERS WITH THE STRATEGIC PROJECTS INITIATED WITHIN THE SMART SYSTEMS FOR DIGITALIZATION.**

With the End-to-End Tracking Project, information on customers who are in debt within the specified periods and levels after their electricity bills were due for payment is made available to the relevant personnel, thus increasing the collection speed.

The completed Foreign Region Subscriptions Security Deposit Transfer Project was put in place to prevent cash security deposits from remaining open until the subscription process was completed, thus avoiding faulty transactions.

The YEPAŞ website was redesigned in accordance with digital trends, corporate needs and the user experience.

**ACTIVITIES FOCUSED ON CUSTOMER SATISFACTION**

As a part of the Çalık Family, which is continuously expanding both its local and global targets, YEPAŞ aims to continuously strengthen its competitive structure and efficiency. Delivering a key service that has a critical impact on human life across a wide geographical area, YEPAŞ aims to ensure its operations are flawless and meticulous.

YEPAŞ once again gained a competitive edge in 2022 with a higher customer satisfaction rate to emerge one step ahead of its competitors in the sector with its state-of-the-art information system infrastructure applications and hardware.

YEPAŞ developed digital channels able to reach end users through the strategic projects it has initiated within the smart systems for digitalization. These innovative digital channels developed especially for mobile devices prioritize customer needs and are focused on

improving the customer experience and providing customers with the services of the future.

The YEPAŞ Customer Experience unit measures customer experience in real time, defining the customer journey and models the behavior of each customer. The unit quickly interacts with customers in line with the feedback received through various channels and provides immediate feedback in negative situations.

The Customer Experience unit regularly reviews the customer requests and complaint management process, as well as the systems used for this purpose, reports the activities and continuously improves them in order to identify areas open to improvement and increase efficiency.

YEPAŞ received 635,616 calls from its customers in 2022. The accessibility level was 100%, with a 99.48% response rate for the calls received and a service level of 97.49%.

A Customer Satisfaction Survey was conducted during the year with the aim of increasing customer satisfaction and measuring satisfaction levels, and a satisfaction measurement study was carried out via SMS after the subscription process was completed.

A survey on employee loyalty was conducted in 2022 using the Great Place to Work® Emprising (an authenticity-driven experiencing platform in 70 countries across the world) in order to ensure access to information and data necessary for quantifying the Company culture and employee loyalty; improving employee experience by analyzing the Company's results, and building a great workplace for everyone. As a result of the

survey, the Company was awarded the "Great Workplace Certificate" valid for one year.

YEPAŞ carries out social responsibility activities with a business manner sensitive to the environment and people, and a sense of responsibility to society. The Company strives to leave a sustainable future to the future generations. Within this context, the Company received an internationally valid Scope 2 I-REC green certificate in 2022.

**LOOKING TO THE FUTURE**

In 2023 YEPAŞ will continue to put customer experience and expectations, as well as digital transformation and its dynamics, at the heart of its activities in order to increase customer satisfaction and loyalty.

Within this scope, the company aims to

- Carry out customer experience processes in an open, transparent, people-focused and solution-oriented manner
- Implement solutions which meet the changing needs and expectations of its customers at the points of contact and the Company's channels by better understanding these needs and expectations.

In the coming period YEPAŞ also plans;

- To become a national brand in the free consumer market,
- To increase Turkey's market share while protecting the regional market,
- To increase gross profitability with alternative contracts and products,
- To standardize business processes and maintain a high rate of improvement in the processes,
- To enhance the Enterprise Risk Management System and Business Continuity Management System.

**YEPAŞ CARRIES OUT SOCIAL RESPONSIBILITY ACTIVITIES WITH A BUSINESS MANNER SENSITIVE TO THE ENVIRONMENT AND PEOPLE, AND A SENSE OF RESPONSIBILITY TO SOCIETY. THE COMPANY STRIVES TO LEAVE A SUSTAINABLE FUTURE TO THE FUTURE GENERATIONS.**



**QUALITY STANDARDS AND CERTIFICATES**

Standard	Certificate
ISO 9001:2015	Quality Management System Certificate
ISO 10002:2018	Customer Satisfaction Management System Certificate
ISO 27001:2013	Information Security Management System Certificate
TSE COVID-19	Safe Service Certificate
Ministry of Environment, Urbanization and Climate Change	Zero Waste Certificate

Financial Summary (TL million)	2020	2021	2022
Total Assets	669	1,116	1,672
Net Sales	2,148	3,304	8,608
Total Shareholders' Equity	99	142	56
EBITDA	125	105	354
EBITDA Margin (%)	5.8	3.2	0.4



**KOSOVO ELEKTRİK DAĞITIM ŞİRKETİ (KEDS) PROVIDES THE HIGHEST STANDARD OF ELECTRICITY DISTRIBUTION SERVICES TO ALL OF ITS SUBSCRIBERS AND WORKS IN LINE WITH THE GOAL OF RESOLVING ALL PROBLEMS RELATED TO ELECTRICITY INFRASTRUCTURE.**

### RELIABLE ELECTRICITY SUPPLY AT LOW PRICES

#### THE ONLY ELECTRICITY DISTRIBUTION COMPANY IN KOSOVO

Established to distribute electricity in Kosovo under a tender awarded to the Çalik Holding-Limak Holding partnership in 2012, Kosovo Çalik Limak Energy Sh.A. operates in electricity distribution and retail in Kosovo, Europe's youngest country. It operates as an electricity distributor in conjunction with Kosovo Electricity Distribution Company J.S.C. (KEDS) and an energy supplier with Kosovo Electricity Supply Company J.S.C. (KESCO), Kosovo Çalik Limak.

Successfully completing the legally required separate pricing process at the end of 2014, KEDS transferred its electricity supply activities to KESCO, which was established under the Çalik Group-Limak Group partnership in 2015.

Kosovo Çalik Limak Energy Sh.A., which carries out all electricity distribution activities in Kosovo on its own, is taking firm steps towards achieving

its goals, drawing on the knowledge and experience of the Çalik and Limak Groups in the energy sector.

The Company formulated and gradually implemented the "10-Year Distribution System Operator Network Development Plan" (2014-2023) in order to provide a reliable supply of electricity at low prices. Within the scope of this plan, improvements are carried out in areas such as reliable working systems and coordinated customer tracking, and these various advantages have enabled the company to steadily expand its subscriber base in the developing market.

Actively operating in Kosovo since 2013, KEDS and KESCO have successfully reduced technical and commercial losses, significantly improved access to electricity by restructuring their energy transfer operations and boosted operational efficiency through advanced technologies and implementation of effective measures, setting themselves apart in the sector. Both companies have also focused on providing education and jobs to young people in line with their commitment to social responsibility.

**KOSOVO ÇALIK LİMAK ENERGY SH.A. IS TAKING FIRM STEPS TOWARDS ACHIEVING ITS GOALS, DRAWING ON THE KNOWLEDGE AND EXPERIENCE OF THE ÇALIK AND LİMAK GROUPS IN THE ENERGY SECTOR.**

Creating a difference in the sector with the projects carried out





**KOSOVO ÇALIK LİMAK ENERGY SH.A.**

**KOSOVO'S  
ELECTRICITY  
GENERATION  
CAPACITY FROM  
WIND AND SOLAR  
ENERGY IS PLANNED  
TO REACH 1.4 GW BY  
2031, INCLUDING  
THE USE OF 100  
MW IN DOMESTIC  
CONSUMPTION.**

EUR **12.2** MILLION

EUR 12.2 million in energy payment support was provided to KESCO customers who saved energy between September and December 2022.

**COMPETITIVE ADVANTAGES**

- Being the biggest player in the market,
- Positioned as a regional player,
- Possessing the manpower, technical knowledge, experience and competence to identify and undertake additional projects to meet the needs,
- The opportunity to make independent decisions.

**EFFECTS OF THE ENERGY CRISIS ON THE KOSOVAN ELECTRICITY MARKET**

The energy crisis, which precipitated an increase in energy prices to unprecedented highs throughout Europe in 2021, continued to affect Kosovo's electricity market in 2022. Kosovo is one of the countries most vulnerable to the energy crisis due to the sharp increase in energy consumption in the country with domestic energy generation falling far short of its consumption. High energy imports in particular, along with the resistance to reflecting higher prices to end-user tariffs, has negatively affected the security of the country's energy supply and the financial position of the energy companies.

Kosovo's total installed electricity generation capacity currently stands at 1.54 GW, with two obsolete lignite-fired power plants accounting for 84% of the total capacity. Kosovo is planning to

develop wind and solar power capacity to reach a total renewables-based capacity of 1.4 GW by 2031, including 100 MW in domestic consumption.

The goal for 2025 is to undertake investment in 490 MW of renewable energy capacity and to integrate renewable energy power plants with a capacity of 500 MW into the system by 2025, with this figure reaching 2 GW by 2031 by carrying out the necessary investments in the system. Finally, the Kosovo Government has set the target of reducing distribution losses to 14.5% in the medium term and 9% in the long term.

The extraordinary tariff support, launched in December 2021 due to the energy crisis with a EUR 100 million subsidy, was ended in February 2022. A new block tariff which includes tiered pricing for residential customers was adopted by the Energy Markets Regulatory Authority. KESCO, which had received EUR 76.08 million in subsidies by the end of 2022, estimates that the remainder will be granted throughout 2023.

Apart from the support mentioned above, the Kosovo Government has announced a new package of subsidies for the use of alternative heating methods and efficient home appliances

and a separate package to support energy-saving among customers, who could then benefit from lower bills. In this context, EUR 12.2 million in energy payment support was provided to KESCO customers who saved energy between September and December 2022.

**IMPORTANT DEVELOPMENTS IN 2022**

Kosovo Enerji Dağıtım ve Tedarik Şirketi (KEDS) had expanded its subscriber base from 470,000 in 2013 to 678,815 as of the end of 2022. This significant growth was driven by Kosovo's young and growing population and the Company's ambitious investment drive post-privatization. The Company always prioritized digitalization since its establishment, and had included 13.3% of its customers in its smart grid system as of the end of 2022, while energy losses -one of the major problems in the region- declined from 32% in 2013 to 16.79% by the end of 2021 thanks to KESCO's targeted investments and efficient operations.

During 2022, KEDS distributed 6,196 GWh of electricity in Kosovo and invested a total of EUR 19.1 million in its technology infrastructure, LV (low voltage) and MV (medium voltage) projects. KEDS invested a total of about EUR 209 million between May 2013 and the end of 2022 to reduce technical and commercial losses.

**NEW APPLICATIONS AND PROJECTS WHICH INCREASE EFFICIENCY AND SECURITY**

Kosovo Enerji Dağıtım ve Tedarik Şirketi (KEDS) constantly invests in the electricity grid to increase the security of electricity supply and provide a high quality supply of electricity to all users.

One of the major projects carried out as part of the investments was to convert medium voltage feeders from 10 kW to 20 kW in order to increase the economic life of the grid, reduce losses and improve supply quality. In 2022, KEDS continued to transform feeders in the city of Pristina and implement existing projects in other problem areas in Kosovo. The Company has also carried out projects such as the installation of new transformers and the rehabilitation of the low voltage grid infrastructure to increase the efficiency and safety of the low voltage infrastructure.

With the aim of better serving customers and to provide employees with an improved working environment, the Company has upgraded its facilities and vehicle fleet throughout 2022. The Company's capital improvement investments amounted to around EUR 270,000 for facilities and EUR 970,000 for vehicles, including the purchase of 15 new passenger cars and seven items of construction equipment.

**KOSOVO ENERJİ  
DAĞITIM VE TEDARİK  
ŞİRKETİ (KEDS)  
HAD EXPANDED ITS  
SUBSCRIBER BASE  
FROM 470,000 IN 2013  
TO 678,815 AS OF THE  
END OF 2022.**

EUR **19.1** MILLION

During 2022, KEDS distributed 6,196 GWh of electricity in Kosovo and invested a total of EUR 19.1 million in its technology infrastructure, LV (low voltage) and MV (medium voltage) projects.





## KOSOVO ÇALIK LİMAK ENERGY SH.A.

**A NUMBER OF PROJECTS WERE DEVELOPED AND IMPLEMENTED IN THE FIELD OF IT, IN WHICH EUR 1.3 MILLION WAS INVESTED IN 2022.**

Although oil prices surged by 40% in Kosovo in 2022 due to the war between Russia and Ukraine, the impact was minimized thanks to the efficiency provided by KEDS in the fuel consumption of its vehicles.

A number of projects were developed and implemented in the field of IT, in which EUR 1.3 million was invested in 2022.

**CYBER SECURITY**

- Some 97% of attacks coming through Miter Att&ck Framework have been prevented by security systems.
- The 100% security score was achieved on the security score card was maintained in 2022.
- KEDS and KESCO were able to protect all of their systems without any disruption in cyber attacks against all government institutions during September 2022.
- Phishing attacks were simulated with personnel awareness raised to 99% by providing necessary training.

**SOFTWARE PROJECTS**

- In 2022, the block tariff decision taken by the regulator was integrated into all systems with zero error.
- The industrial tablets fault management system and related software were also developed and delivered to the field teams, with all field teams now having been digitalized.
- Reading and billing devices were renewed entirely and updated with in-house developed reading software.
- The eKesco mobile app was renewed, taking into account customer needs and satisfaction, adopting a more modern interface. During 2022, customers carried out EUR 4.8 million in payments through the eKesco app, which has over 195,000 active users.

- An open CV bank application was developed for human resources and recruitment processes were organized to run smoothly through this application.
- The chatbot application was developed and integrated into all internal systems and published on the website. Thus, all customers' requests can be received via the chatbot and most of them can be answered through the chatbot. In addition, this application allows the reporting of outages, queries of amounts owed and system malfunctions to be monitored on the map.

**R&D ACTIVITIES**

KEDS closely follows the latest developments in the field of technology and data communication systems and uses these developments to ensure the automation of the electricity distribution system.

In this context, the KEDS R&D Department integrated the supporting functions within the framework of existing systems established to monitor and control the electricity distribution network efficiently and reliably in 2022.

The department's focus on digitalization throughout the year was aimed at ensuring the sustainability of the SCADA system infrastructure, to complete the implementation of the DMS and OMS systems and to integrate various functions to facilitate network monitoring and control.

The teams affiliated with the R&D Department, which attaches great importance to the maintenance of distribution centers, performed maintenance of all equipment in the stations in 2022 and played an important role in ensuring a reliable supply of electricity with the work they carried out in different substations.



**R&D PROJECTS**

- Establishment and integration of the Distribution Management System (DMS)
- SCADA-KosovaNet integration (OMS)
- SCADA installation for 10 (20) [kV] substations
- Engineering and deployment of new MV cells
- Maintenance of distribution centers and power transformers, tests of all equipment in the stations (feeder protection relays, switchgear, current-voltage transformers, power transformers, etc.)
- Procurement of 80 kV cable test vehicle, reactor-fault indication-overhead line reclosing-GIS work

**SUSTAINABILITY AND ESG**

KEDS implements a quality, health, safety and environmental policy in line with its vision and purpose which supports its strategic direction. This policy, which is shared with all relevant parties, with the Company committing to comply with the applicable requirements and to continuously improve the management system. In this context, the Company has set goals to raise the awareness of its employees, to be socially and environmentally responsible, to improve its processes and comply with legal requirements. One of the most important of these goals is to provide training to employees regarding the Company's environmental goals.

In 2022, KEDS started to implement a new process to evaluate sustainability-related environmental impacts. The Company conducted a risk assessment for each business process by determining the effects of business processes on the environment within the scope of ISO 14001-Environmental Management System requirements.

**IN 2022, KEDS STARTED TO IMPLEMENT A NEW PROCESS TO EVALUATE SUSTAINABILITY-RELATED ENVIRONMENTAL IMPACTS.**

IN 2022, KEDS CONDUCTED A RISK ASSESSMENT FOR EACH BUSINESS PROCESS BY DETERMINING THE EFFECTS OF BUSINESS PROCESSES ON THE ENVIRONMENT WITHIN THE SCOPE OF ISO 14001-ENVIRONMENTAL MANAGEMENT SYSTEM REQUIREMENTS.

## KOSOVO ÇALIK LİMAK ENERGY SH.A.

### KEDS CARRIES OUT ITS ACTIVITIES ON ISO STANDARDS CERTIFICATION, BY FOCUSING ON INCREASING CUSTOMER SATISFACTION THROUGH ITS HIGH QUALITY OF SERVICE, IMPROVING EMPLOYEE HEALTH AND SAFETY AND CONTRIBUTING TO THE PROTECTION OF THE ENVIRONMENT.

Within the framework of this assessment, important environmental aspects of the Company's activities, products and services were identified, including the use of paper and fuel, transformer oil storage and management of waste materials. A waste management document was prepared and implemented, with the aim of reducing waste, promoting sustainable development, preventing negative impacts and disposing of waste appropriately to minimize the impact of waste on the environment. The Company also plans to address potential environmental issues such as electricity and water use, wastewater discharge and gas emissions in the near future.

KEDS carries out its activities on ISO Standards certification, by focusing on increasing customer satisfaction through its high quality of service, improving employee health and safety and contributing to the protection of the environment. The Company was awarded the ISO 9001: 2015, ISO 14001: 2015, ISO 45001: 2018 quality standard certificates in 2022.

In 2022, the KEDS Training Center developed a program to train specialists with the following qualifications within the scope of the license given by the Kosovo Ministry of Finance, Labor and Transfer:

- Key specialists for occupational health and safety.
- Advanced specialists for occupational health and safety in high-risk sectors.
- Workplace safety and health specialists.

#### LOOKING FORWARD

The establishment of the regional spot energy market will mark an important step forward in Kosovo's integration into regional energy markets. The adoption of the new Renewable Energy Law, currently at the draft stage, and the publication of its sub-legislation, is expected to give impetus to the investment plans in the field of renewable energy, reducing foreign dependency in energy and supporting decarbonization. In particular, the large state-supported renewable energy projects and projects to be carried out by the private sector to meet their own needs will gain importance in the coming periods



#### TARGETS FOR 2023

- To press ahead with its investments to ensure the continuity of the energy supply in the best possible way, and to strengthen its energy infrastructure.
- To achieve the collection and loss-leakage targets set out by the regulator and to advance these targets.
- To integrate the ERP system into existing invoicing and customer relationship management software, covering basic units such as logistics, human resources, finance and project management in order to increase the value of the company, to improve and standardize measurements.
- To replace the geographic information system-based kosovanet fault management system, which was developed with the Company's resources, with a professional geographic information system.
- To replace all obsolete handheld terminals with new generation software developed with the Company's resources.
- To implement the GDPR compliance project (data inventory, transparency and approval mechanism).
  - » To organize audits of the ISO 27001 and ISO 27701 certifications, for which all documentation and requirements have been met.
- In this year's phase of the cyber security project, the following systems will be commissioned, ensuring the continuity of the systems commissioned in 2021 and 2022.
  - » Web Application Firewall
  - » Vulnerability Scanner
  - » Endpoint Defense & Response
  - » Scada security (OT Security)
  - » Data Loss Prevention
- SCADA system installations to continue in hubs and power plants.
- Activation of the SCADA Emergency Control Center (ECC).
- Work to start on the GIS project (Geographic Information System).
- Factory tests of the MV-LV cable test vehicle to be completed and brought into service.
- Substations to be renewed (new cells).
- Grid changes to be integrated into SCADA/DMS/OMS systems.
- Automatic recloser to be installed.
- Voltage regulators to be installed.
- Fault detectors to be installed on 35 [kV] lines.
- Reactor to be installed.

### IN 2022, THE KEDS TRAINING CENTER DEVELOPED TRAINING PROGRAMS TO TRAIN SPECIALISTS WITHIN THE SCOPE OF THE LICENSE RECEIVED FROM THE KOSOVO MINISTRY OF FINANCE, LABOR AND TRANSFER.

Financial Summary	2020 (TL million)	2021 (‘000 Euro)	2022 (‘000 Euro)
Total Assets	2,072	253,625	1,672
Net Sales	1,945	345,394	8,608
Total Shareholders' Equity	1,438	113,633	56
EBITDA	268	(32,486)	354
EBITDA Margin (%)	14	-9,41	7,51



## ARAS ELEKTRİK DAĞITIM A.Ş. (ARAS EDAŞ)

**STRENGTHENING ITS PORTFOLIO WITH INVESTMENTS IN SUSTAINABLE SUCCESS, ARAS EDAŞ CARRIES OUT ITS ACTIVITIES BY DEVELOPING PROJECTS WHICH TAKE THE PRINCIPLE OF DOMESTIC PRODUCTION INTO ACCOUNT.**

### HIGH CUSTOMER SATISFACTION THROUGH THE RIGHT STRATEGIES

#### THE LARGEST CORPORATION IN EASTERN ANATOLIA

Aras EDAŞ, which was privatized in 2013 and taken over by the Çalık Group and Kiler Group, provides electricity distribution services in seven provinces in a wide region extending over an area of 70,554 km<sup>2</sup> in the east of Turkey. The Company is based in Erzurum and provides electricity to more than 2 million residents in the provinces of Ağrı, Ardahan, Bayburt, Erzincan, Iğdır and Kars.

#### ARAS EDAŞ'S COMPETITIVE ADVANTAGES

- Being located in a geographically strategically important region where incentive programs are available which also serves as a transit hub for international energy projects,
  - Operating in an area with high hydro-electric potential,
  - Being the largest corporation in Eastern Anatolia,
- stand out among the factors that provide Aras EDAŞ with a competitive advantage.

#### ARAS EDAŞ'S "FIRST" AND "MAJOR" ACHIEVEMENTS IN THE INDUSTRY

- The first distribution company to receive the ISO 50001 Energy Management System standard.
- The new communication platform ARIMER (Aras Communication Center) was commissioned, a first among electricity distribution companies which brings managers and customers together. The "Manager Communication Line" is a platform able to directly deliver any request or complaint submitted by the customer through ARIMER to the manager of their choice.
- Achieving the highest maintenance rate among all distribution companies by carrying out the most comprehensive maintenance work in the sector, Aras EDAŞ conducted the maintenance of 50% of its entire grid despite the challenging geographical and climatic conditions in the region.
- Thanks to the Geographic Information System (GIS), Aras EDAŞ collected its entire (LV+MV) grid of 59,000 km in lines located in its service area with the second largest surface area, modelled it and brought it into service.

**ONE OF THE FACTORS PROVIDING ARAS EDAŞ WITH A COMPETITIVE ADVANTAGE IS ITS LOCATION IN A REGION OF GEOGRAPHICAL IMPORTANCE, WHERE INCENTIVE PROGRAMS ARE AVAILABLE.**

**Electricity distribution to more than 2 million customer**



## ARAS ELEKTRİK DAĞITIM A.Ş. (ARAS EDAŞ)

**THANKS TO ITS INVESTMENTS AND TECHNOLOGICAL INFRASTRUCTURE, ARAS EDAŞ WAS RANKED 2<sup>ND</sup> AMONG 21 DISTRIBUTION COMPANIES IN TURKEY IN TERMS OF CUSTOMER SATISFACTION IN 2022, WITH A SCORE OF 78 POINTS.**

**A SUCCESSFUL PERFORMANCE ACHIEVED WITH ITS STRONG TECHNOLOGICAL INFRASTRUCTURE, NEW INVESTMENTS AND SUSTAINABILITY VISION**

Aras EDAŞ successfully concluded the year 2022, in which it developed many new projects, by combining the “human” value it places at the heart of its work with its approach based on equal opportunity which respects people and nature.

Thanks to its investments and technological infrastructure, the Company ranked 2nd in terms of Call Center satisfaction among 21 distribution companies in Turkey with a score of 78 points in the customer satisfaction research study conducted by an independent research company appointed by TEDAŞ. This score reflected the soundness of the strategy it has implemented despite the difficult and volatile conditions of the economy.

As of the end of 2022 the increase in the number of subscribers with whom Aras EDAŞ had a distribution connection agreement was recorded as 3.1%.

Since 2017, the Company has been carrying out EMRA-approved projects to install meters which can be switched on and off remotely within the scope of tackling loss and leakage of electricity. The installation of meters with PLC technology, which started in 2021, was completed by the end of 2022.

**ACTIVITIES CARRIED OUT IN 2022**

- **Establishment of New Building Data Center Infrastructure**  
Within the scope of the new data center infrastructure, 50% of the work on two new data centers has been completed.
- **CB DDO Information and Communication Security Audit**  
Compliance and audit activities were carried out in accordance with the Information and Communication Security Guide published by the Digital Transformation Office of the Presidency of Turkey.
- **EKS and KBS Penetration Tests**  
In order to prevent possible vulnerabilities in Industrial Control Systems and Corporate Information Systems, all necessary tests were carried out and improvements were carried out.



• **Ensuring Continuity of R&D, EMRA and TEDAŞ Projects**

- o Lighting Mobile Tracking Project (Aras EDAŞ completed the work carried out with TEDAŞ as a pilot study)
- o EdPort - Timestamp and Certificate Application with Blockchain Technology Phase-1
- o Advancing the NOCA PLATFORM - Codeless Application Development Platform project
- o National Smart Meter System (Mass) Project
- o TEDAŞ Demand Tracking System

**TARGETS AND PROJECTS SET FOR 2023**

- **Personnel, Shift Tracking and Automatic Scoring System**  
Necessary preparations were completed to ensure that users are able to access their own information regarding HR processes via PDKS, Shift Tracking, Automatic Scoreboard and intraweb/web portal, and to create a reporting platform for managers.

• **Cyber Security Solutions**

The necessary infrastructure work for the use of new cyber security software was planned.

• **Video Confirmation System with New Generation Push-to-Talk Devices**

The existing devices, which have the GSM-based push-to-talk application used by field teams to communicate, was updated.

• **Development and Commissioning of Planned Maintenance Software**

Planned maintenance software was upgraded to a level to allow perform planned maintenance operations in the field.

• **EdPort - Phase-2 Work on Timestamp and Certificate Application with Block Chain Technology**

Phase-1 work of the Blockchain Technology and Timestamp and Certificate Application, which was initiated as an R&D project in 2022, was completed. Since this application will be highly beneficial in the monitoring and checks of Edvars processes carried out EMRA officials, Phase-2 work is continuing.

**AS OF THE END OF 2022, THERE WAS AN INCREASE OF 3.1% IN THE NUMBER OF SUBSCRIBERS WITH WHICH ARAS EDAŞ ENTERED DISTRIBUTION CONNECTION AGREEMENTS.**

**INDUSTRIAL CONTROL SYSTEMS AND CORPORATE INFORMATION SYSTEMS**  
PENETRATION TESTS WERE CONDUCTED BY VARIOUS INDEPENDENT COMPANIES TO DETECT WEAKNESSES AND VULNERABILITIES.





## ARAS ELEKTRİK DAĞITIM A.Ş. (ARAS EDAŞ)



## ARAS EDAŞ, WHICH CONSIDERS SUSTAINABILITY IN ALL ITS BUSINESS PROCESSES, HAS ADOPTED CUSTOMER-FOCUSED, STAKEHOLDER-PARTICIPATED, PEOPLE-BASED AND RISK-BASED INNOVATIVE APPROACHES.

### SUSTAINABILITY AND ESG

Aras EDAŞ, which considers sustainability in all its business processes, has adopted customer-focused, stakeholder-participated, people-based and risk-based innovative approaches.

Aras EDAŞ aims to start its sustainability activities in 2023. In this context, the Company employs personnel with Sustainability Development Specialist, Green Building Specialist, Class A Occupational Safety Specialist competencies.

The Company plans to evaluate its business processes on the environmental, social and governance axes and act within the framework of processes such as waste management, carbon footprint, life cycle, energy efficiency, digitalization, EBRD grant support and green loans.

Aras EDAŞ supports the zero waste target in the field and in its offices with the projects it carries out with environmental awareness, which is also included in its corporate culture, and fulfills its responsibility to nature.



The key topics determined by Aras EDAŞ in the field of sustainability are listed below:

### ENVIRONMENTAL

- Energy Efficiency
- Waste Management
- Biodiversity
- Responsible Procurement

### SOCIAL

- Occupational Health and Safety
- Employee Rights
- Data Security & Customer Privacy
- Social Responsibility Projects

### GOVERNANCE

- Compliance
- Ethics
- Tackling Corruption
- Profitability & Economic Performance
- Technological Innovation
- Customer Satisfaction

### SUSTAINABILITY FOCUSED R&D AND INNOVATION ACTIVITIES

Aras EDAŞ signed protocols with 8 universities in 7 provinces, two thematic high schools and the Erzurum Provincial Directorate of National Education as part of efforts to transform scientific potential in universities into value by bringing them to the field, to direct students to R&D and innovation and to ensure sustainable cooperation. The duration of training provided under the roof of the "Aras Academy" has reached 170,000 person\*hours annually.

The following R&D and innovation activities were carried out throughout the year are listed below:

- The Company participated in a total of 49 approved R&D projects between January 2014 and July 2022 with 24 projects carried out under the management of Aras EDAŞ and 25 projects were carried out with joint participation. 10 of the projects managed by Aras EDAŞ have been completed and 14 are ongoing.
- 11 R&D project applications were submitted in the July 2022 period, the highest number of applications in the Company's R&D history.
- Four projects based on the innovative ideas produced Aras EDAŞ R&D Directorate were accepted by EMRA for the first time in the July/2022 period.
- Aras EDAŞ entered into a project partnership with Atatürk University for the first time for the January/2023 period. Applications will be made with 4 innovative ideas belonging to the R&D Coordinator's Office for the project. Due to the deficiencies and defects detected by the Company in the first prototypes of the PolePuhu product, one of the R&D projects of the 2021/July period, second prototypes were produced, and field tests were restarted. PolePuhu is a product that is likely to become widespread once it is finalized. The product has features such as instantaneous equipment vibration detection, ambient temperature detection, GPS location information detection, and swarm communication ability.
- A patent application was submitted for the Nanopolymeric Based Insulator Protective R&D project on 30 December 2022 for the 2022/January period. With the receipt of the patent, the Company will be granted a patent registration for the first time and will

## THE POLEPUHU PRODUCT, AN R&D PRODUCT CARRIED OUT BY ARAS EDAŞ, OFFERS FEATURES SUCH AS INSTANTLY DETECTING MOVEMENTS IN EQUIPMENT, AMBIENT TEMPERATURE AND GPS LOCATION INFORMATION AS WELL AS THE ABILITY TO CARRY OUT SWARM COMMUNICATION.

**ARAS ELEKTRİK DAĞITIM A.Ş. (ARAS EDAŞ)**

**ARAS EDAŞ RECEIVES SERVICES FROM THE OSGB COMPANY REGARDING OHS, AND OCCUPATIONAL SAFETY SPECIALISTS, AND WORKPLACE PHYSICIANS AND OTHER HEALTH PERSONNEL ARE EMPLOYED IN ACCORDANCE WITH THE WORKPLACE HAZARD CLASS IN 7 PROVINCES IN THIS CONTEXT.**

receive an EMRA award incentive in line with the legislation. “Risk 0”, which will be applied for in the 01/2023 period, “Don’t Press the Danger Button!” Obtaining a patent for the R&D project will also provide the Company with the opportunity to register for a second patent and be entitled to the same amount of reward.

- Charging Services at Aras EDAŞ are carried out in accordance with the current legislation. The company contributes to eliminating regulatory deficiencies and meeting requirements in line with the feedback from the field. In addition, Aras EDAŞ is working intensively to expand its charging network in line with the instructions of state authorities such as the ETKB, STB and EMRA by accelerating the processes with licensed legal entities.
- Within the scope of the evaluation of TEDAŞ legislation, 141 separate opinions and suggestions were presented for a total of 15 its of legislation. In this context, in the period between December 2022 and January 2023 alone, five technical specifications and one project were revised or re-created and put into practice, in line with the opinions of Aras EDAŞ.

**OHS PRACTICES**

Aras EDAŞ receives services from the OSGB company regarding OHS, and occupational safety specialists, and workplace physicians and other health personnel are employed in accordance with the workplace hazard class in 7 provinces in this context.

Within the framework of Aras EDAŞ OHS practices, the Company executes the following processes as required in accordance with legislation and the Company’s quality management systems;

- Risk assessment,
- Emergency plans,
- Committee meetings,
- Field observations,
- Work-related accident analysis,
- Creating OHS instructions and procedures,
- Training,
- Health examinations/screenings,
- Infirmary services,
- Selection and purchasing of personal protective equipment (PPE),
- Annual work plans,
- Follow-up detection and suggestion books,
- Making legal notifications to the Ministry and relevant official institutions,
- Participation in relevant institution audits.



Aras EDAŞ was comprehensively audited by auditors affiliated to the Guidance and Inspection Directorate under the Ministry of Labor and Social Security between 8 March 2022 and 13 May 2022, with no irregularities found.

**SOCIAL RESPONSIBILITY ACTIVITIES****Support for Scientific Studies**

Migration routes of birds are tracked by the ringing of birds carried out by researchers in Iğdır, one of the provinces in Aras EDAŞ’s service area. The Company’s field teams support this work by informing scientific researchers in the region about such migration events they witness while performing their duties.

**Sign Language Training for Staff**

Aras EDAŞ, which constantly strives to offer permanent solutions for disabled individuals, provided sign language training to its staff so hearing-impaired customers are able to carry out their transactions more quickly and easily.

**MANAGEMENT SYSTEMS WHICH TAKE CONSIDERATION OF GOOD PRACTICES IN THE SECTOR AND IN EUROPE**

Aras EDAŞ broke new ground among electricity distribution companies when it received the ISO 50001 Energy Management System Certificate in 2015. The company aims to continuously improve the performance of its integrated management systems by obtaining the ISO 18295:2017 Customer Contact Centers Standard certificate as well as certificates for eight other internationally valid standards in the near future.

Aras EDAŞ sets measurable targets regarding its management systems, and regularly reviews and continuously improves its management systems in order to achieve these goals. In this context, the Company’s Integrated Management System certificates are renewed through annual audits.

**QUALITY STANDARDS AND CERTIFICATES**

Standard	Certificate
ISO 9001:2015	Quality Management System Certificate
ISO 14001:2015	Environmental Management System Certificate
ISO 45001:2018	Occupational Health and Safety Management System Certificate
ISO 50001: 2011	Energy Management System Certificate
ISO 27001:2017	Information Security Management System Certificate
ISO 10002:2018	Customer Satisfaction Management System Certificate
ISO 18295-2:2020	Customer Services and Call Center Service Quality Certificate

**Professional Award 2022**

The Ardahan Provincial Coordinator of Aras EDAŞ, Meryem Akpınar, received the 2022 “Professional Award” at the fourth the “Women Energizing Turkey” award ceremony hosted by the Ministry of Energy and Natural Resources.



**ARAS EDAŞ SETS MEASURABLE TARGETS REGARDING ITS MANAGEMENT SYSTEMS AND THE COMPANY’S INTEGRATED MANAGEMENT SYSTEM CERTIFICATES ARE RENEWED THROUGH ANNUAL AUDITS.**



## ARAS ELEKTRİK PERAKENDE SATIŞ A.Ş. (ARAS EPSAŞ)

**ARAS EPSAŞ PLANS NEW INVESTMENTS BY CLOSELY FOLLOWING TECHNOLOGICAL DEVELOPMENTS TO PROVIDE UNINTERRUPTED AND HIGH QUALITY ELECTRICITY RETAIL SALES TO ITS CUSTOMERS.**

### THE PRIMARY SUPPLIER OF ELECTRICITY TO 2.2 MILLION PEOPLE

#### CREATING ADDED VALUE WITH SUSTAINABLE AND RENEWABLE ENERGY

Aras Elektrik Perakende Satış A.Ş. (Aras EPSAŞ) was established in Erzurum on 13 December 2012 and received the Retail Sales License numbered EPS 4207-16/2512 following approval by the Energy Market and Regulatory Authority. The partial separation of retail sales operations within the framework of the Procedures and Principles Regarding the Legal Separation of Distribution and Retail Sales Operations was registered on 31 December 2012.

Carrying out electricity retail sales activities in Erzurum, Erzincan, Ağrı, Ardahan, Kars, Bayburt and Iğdır provinces, Aras EPSAŞ is the primary supplier of electricity to 2.2 million people.

#### VISION

To create added value for the Turkish economy and increase the quality of life in society with sustainable and renewable energy.

#### MISSION

To establish a rational and sustainable lifelong partnership with all Aras EPSAŞ customers by adopting an innovative service approach that creates effective customer satisfaction by offering service quality, prioritizes the protection of the environment and improves ways of doing business with technological developments.

#### VALUES

- Valuing People
- High Quality Service
- Customer Focus
- Sensitivity
- Proactive Solution
- Transparency
- Reliability
- Innovation
- Accessibility
- Ethical Competition Approach
- Technological Innovation
- Respect for the Environment

**CARRYING OUT ELECTRICITY RETAIL SALES ACTIVITIES IN ERZURUM, ERZİNCAN, AĞRI, ARDAHAN, KARS, BAYBURT AND İĞDIR PROVINCES, ARAS EPSAŞ IS THE PRIMARY SUPPLIER OF ELECTRICITY TO 2.2 MILLION PEOPLE.**

Effective customer satisfaction with service quality





## ARAS ELEKTRİK PERAKENDE SATIŞ A.Ş. (ARAS EPSAŞ)

**ARAS EPSAŞ  
SUCCESSFULLY  
REFLECTED ITS  
ACCUMULATED  
KNOWLEDGE,  
EXPERIENCE AND  
SERVICE QUALITY  
TO ITS FINANCIAL  
AND OPERATIONAL  
PERFORMANCE IN  
2022.**

**ARAS EPSAŞ'S COMPETITIVE  
ADVANTAGES**

- Employment of experienced personnel with job knowledge and skills thanks to a consistent HR policy,
- Employees who are highly equipped thanks to the training, information support, tools and equipment and other materials provided by the Company,
- The visits it carries out to target customers and its target-oriented approaches,
- Continuous market research and competitor analysis,
- Continuous monitoring of sectoral developments (such as regulations, legislation, the economy, tenders etc.),
- Activities for new customers and effective management of appointments,
- Sales strategies which are continuously being developed and a continuous reporting service,
- The highest level of customer satisfaction, achieved by providing the best and highest quality service to customers both in the pre- and post-sale phase.

**ARAS EPSAŞ'S "FIRST" AND  
"MAJOR" ACHIEVEMENTS IN THE  
INDUSTRY**

- The ARİMER communication platform, first established in the Turkish energy sector in 2019 and which enables customers to directly reach managers,
- Ongoing work on software to enable the sending of invoices to customers digitally via SMS,
- Integration work initiated to automatically upload data from e-mail and phone numbers in the Customer Information System to the Message Management System (MMS).

**QUALITY POLICY**

As the leading brand in the electricity retail sales sector and working under the banner of "Our energy is yours", Aras EPSAŞ carries out the following within the framework of legal regulations and relevant legislation;

- New investments are carried out and commissioned by following the developing technology to provide retail customers with uninterrupted and high-quality retail sale of electricity.
- The Company ensures that retail sales services are provided to customers in a friendly, fair, flawless and timely manner in line with current modern management approaches.
- Priority is placed on the continuity of customer satisfaction and service quality.
- Training is organized to ensure unity of direction between the individual goals of employees and the goals of the Company, to develop and maintain a feeling of unity and solidarity, to increase motivation and reinforce a sense of belonging.
- All employees are supported with vocational training and personal development programs to ensure they continuously improve themselves and increase their productivity

**ACTIVITIES CARRIED OUT IN 2022**

Aras EPSAŞ successfully reflected its knowledge, experience and service quality to its financial and operational performance in 2022.

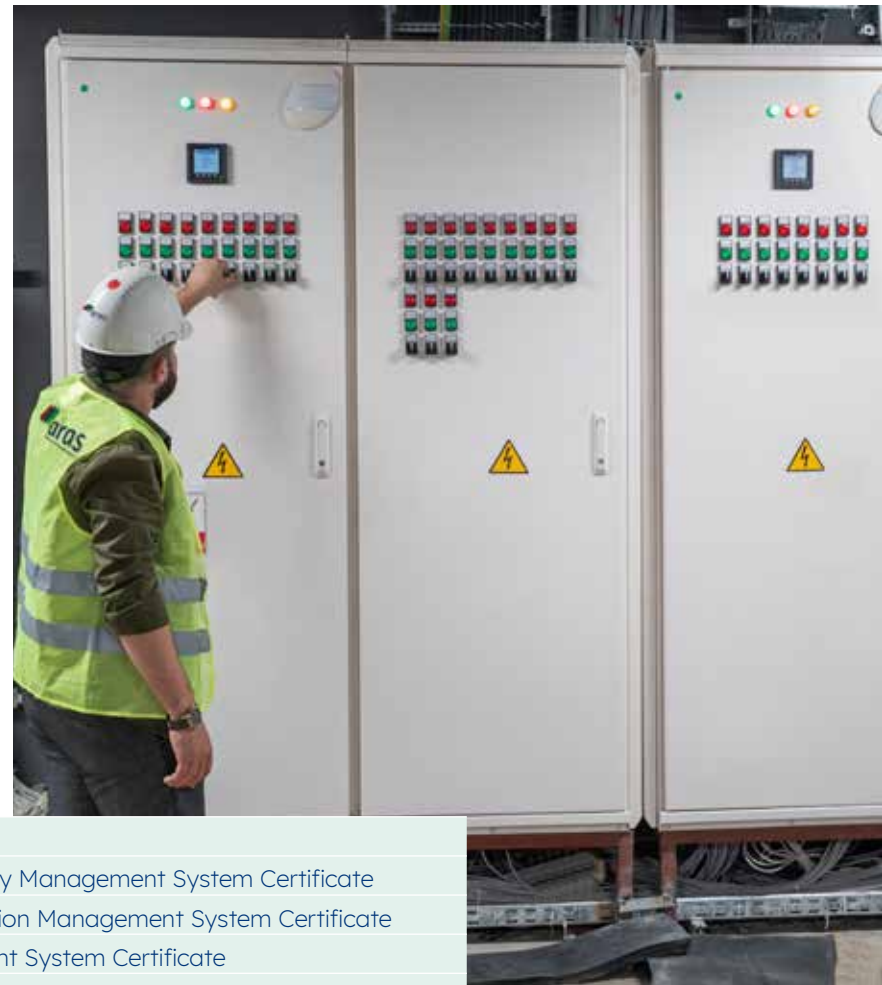
In 2022, the Company ensured that transactions were carried out with an SMS verification code in order to establish a more secure structure in subscription transactions.

Subscription transactions in the residential subscriber group started to be carried out through the solution center, and a customer satisfaction survey was conducted to increase transaction quality.

Due to changes in the national tariff and the rise in MCP prices in 2022, there was a decrease in the number of eligible consumers compared to 2021, especially in the second half of the year. However, the Company continues its free consumer activities, and believes that it will reach a better level in terms of consumption in 2023.

Aras EPSAŞ launched the new invoice format project in 2021 so customer electricity bills could provide detailed information on their consumption and payments pertaining to the electricity they used. This new format, which was rolled out in the province of Erzurum on 7 March 2022, is currently actively used in 7 provinces.

In addition, Aras EPSAŞ was the first retail company in Turkey to provide customers with the opportunity to easily access the relevant invoice by adding a link to the SMS sent for information purposes.



**QUALITY STANDARDS AND  
CERTIFICATES**

Standard	Certificate
ISO/ IEC 27001:2017	Information Security Management System Certificate
ISO 10002:2018	Customer Satisfaction Management System Certificate
ISO 9001:2015	Quality Management System Certificate
ISO 14001:2015	Environmental Management System Certificate
ISO 45001:2018	Occupational Health and Safety Management System Certificate
ISO 27019:2020	Information Security for Process Control Systems in the Energy Services Industry
ISO 18295-1 and ISO 18295-2	Customer Services and Call Center Service Quality Certificate

Financial Summary (TL million)	2020	2021	2022
Total Assets	582	1,082	2,367
Net Sales	2,198	4,086	11,348
Total Shareholders' Equity	62	2,814	647
EBITDA	66,5	-36,5	471
EBITDA Margin (%)	3	-0,9	4,2

**ARAS EPSAŞ  
CARRIES OUT NEW  
INVESTMENTS  
BY FOLLOWING  
TECHNOLOGICAL  
DEVELOPMENTS  
TO PROVIDE AN  
UNINTERRUPTED  
SUPPLY OF  
ELECTRICITY TO IT'S  
CUSTOMERS.**



THE TOTAL ASSETS OF THE TURKISH BANKING SECTOR, WHICH MAINTAINED ITS OPERATIONS WITH ITS STRONG BALANCE SHEET STRUCTURE IN 2022, REACHED TL 14.3 TRILLION, AN INCREASE OF 56% COMPARED TO 2021.

A SLOWDOWN IN  
GLOBAL TRADE VOLUME

A GLOBAL ECONOMY ROCKED BY  
SURGING INFLATION

Despite the ongoing recovery in global economic activity following Covid-19, the year 2022 marked a decrease in global PMI data as developed countries, including the USA, Canada, the UK and Australia, and latterly the European Union, implemented serious rate hikes as they grappled with increasing inflationary pressures.

Supply chain problems resulting from China's zero-Covid policy, combined with the real estate crisis created a slowdown in world trade volume in parallel with global geopolitical risks, while fears of a global recession started to mount. Global economic growth, which had reached 6.2% in 2021, decreased to 3.4% in 2022, while global inflation rose from 4.7% to 8.8%.

In the USA, the Fed took gradual financial tightening steps starting from the first quarter by reducing the pace of asset purchases in the face of mounting inflation risks, and increased interest rates by a total of 425 basis points to 4.5% in its series of rate hikes which started in March 2022. While the annual rate of inflation came in

at 8% at the end of 2022, the employment market remained buoyant in 2022 with the rate of unemployment declining from 5.4% in 2021 to 3.6% in 2022.

The Euro area, which posted economic growth of 5.2% in 2021 thanks to economic support packages, came under inflationary pressure due to the war between Russia and Ukraine, the continent's high dependency on Russian gas, soaring energy prices and the restrictions on gas supply. As part of the efforts to tackle inflation, the ECB raised interest rates by a total of 250 basis points in 2022 with the Central Bank interest rate ending the year at 2.5%, while signaling that the interest rate hikes would continue in 2023. The annual rate of inflation increased from 2.6% at the end of 2021 to 8.4% at the end of 2022, while the unemployment rate, announced as 7.7% at the end of 2021, decreased to 6.7%.

A STRONG GROWTH PERFORMANCE  
FOR THE TURKISH ECONOMY  
DESPITE A NEGATIVE GLOBAL  
ECONOMIC BACKDROP

The Turkish economy, which grew by 11.4% in 2021 with the measures taken and support provided to mitigate the negative effects of the pandemic on the economy and the vaccination rollout, recorded 5.6% growth in 2022 due to the

THE TURKISH  
ECONOMY RECORDED  
5.6% GROWTH IN 2022  
DUE TO THE RISE  
IN RAW MATERIAL  
AND ENERGY PRICES,  
SUPPLY CHAIN  
DISRUPTIONS, AND  
CONTRACTIONS IN  
THE MANUFACTURING  
PMI AND INDUSTRIAL  
PRODUCTION INDEX.

Slowdown in global  
economic activity





## OVERVIEW OF THE FINANCE SECTOR IN 2022

rise in raw material and energy prices, supply chain disruptions, and contractions in the Manufacturing PMI and Industrial Production index.

The growth in employment continued in both the industrial and services sectors in 2022, while the rate of unemployment decreased from 12.1% to 9.9%.

Despite the revival in economic activity in Turkey following the pandemic, the surge in energy, food and commodity prices caused by the war between Russia and Ukraine in 2022, as well as disruptions to the supply chain and rising inflation on a global scale all impacted our country from the last quarter of 2021. Inflation climbed from 36.1% in 2021 to 64.3% at the end of 2022, due to the increases in energy and food prices and deteriorating inflation expectations.

The CBRT, which reduced the weekly repo interest rate to 14% with a cut of 500 basis points at the end of 2021, left the policy interest rate unchanged until August 2022 and focused on its liraization strategy in monetary policy.

The KKM (Exchange Rate Protected Deposit) application, introduced on 21 December 2021 to stabilize the currency and encourage TL savings, started to be offered to resident legal persons from 22 December 2022 while non-resident Turkish citizens were offered the opportunity to open a YUVAM account to invest their savings in TL deposits in banks throughout Turkey from 1 February 2022. On 10 February 2022, companies which were not net exporters were granted the right to use FX-denominated re-discount credits on condition of conversion to the KKM while the renewal of accounts was also provided for deposits due in KKM.

On 23 April 2022, the CBRT aimed to accelerate the transition to TL by implementing a higher required reserve ratio for banks with a low conversion

rate from foreign currency deposit/participation funds to TL deposit/participation funds. Within the scope of the liraization strategy, the CBRT introduced an arrangement to increase the weight of TRY-denominated assets in the collateral system and declared that at least 30% of the collateral blockage applied in currency swap transactions would consist of the GDDS basket. On 10 June 2022, the decision was taken for banks to additionally maintain Turkish lira long-term fixed interest securities in return for their foreign currency deposits/participation funds.

A reserve requirement policy for commercial loans was introduced on 23 April 2022, and in August 2022, the central bank replaced the existing 20% reserve requirement ratio for loans with a 30% securities maintenance requirement.

On 30 December 2022, the decision was taken to establish securities equal to the loan amount exceeding the loan growth rate of 10% compared to July 29, 2022, for one year, with the excluded loan types to be subject to the securities maintenance requirement unless they were extended against expenditure. Policy interest rates, which were kept on hold until August, were again cut from August, being lowered by 400 basis points between August and October, with the weekly repo rate ending the 2022 at 9%.

Despite the strong export performance in 2022, there was a deterioration in the current account balance due to surge in commodity and energy prices at a global level and due to rising energy imports. Based on the balance of payments figures, the current account deficit stood at USD 5.9 billion in December 2022, while the current account deficit ended 2022 at USD 48.8 billion, despite the contribution from tourism receipts. The current account deficit/GDP ratio came in at 5.4% in 2022.

Based on the general trade system, Turkey's exports increased by 12.9% to reach USD 254.2 billion in 2022 while imports increased by 34% to reach USD 363.7 billion. Foreign trade volume expanded by 24.6% to USD 618.6 billion.

Due to the volatility in commodity prices, especially energy, and the negative impact of the gold imports, the foreign trade deficit expanded by 137% to USD 109.5 billion. The exports coverage ratio, which had stood at 81.9% between January and December of 2021, decreased to 68.7% in the same period of 2022.

The Brent crude oil price, which rose to as high as USD 127.90/bbl during the year, ended 2022 at USD 85.90/bbl, an increase of 8.8%, and although the CRB All Commodities Index rose to 644 points during the year, it ended the year at 555 points, an annual decrease of 4.11%.

The gold price, which peaked at USD 2,050/oz during the year ended 2022 at USD 1,824/oz, an annual increase of 1.25%.

Despite some fluctuation during the year, Turkey's CDS premium started 2022 at 564 basis points and ended at 512 basis points, a decrease of 9.2%, while Turkey's 10-year bond yields ended the year at 9.83%. The Borsa İstanbul 100 index, which positively decoupled from the MSCI index, posted a gain of 185.9% to reach 5,509 points while the foreign swap rate stood at 29.6%.

With forecasts of a moderate in the Euro Zone and the USA, and the termination of the "zero Covid" policy in Asia and China, the problems in the supply chain are expected to be resolved in 2023 with economic growth in Turkey exceeding expectations.

## THE TURKISH BANKING SECTOR IN 2022

Continuing its activities with a strong balance sheet structure, the total assets of the Turkish banking sector expanded by 56% when compared to 2021, to reach TL 14.3 trillion, while the sector's equity increased by 97% to TL 1.4 trillion TL and its deposits by 67% to TL 8.9 trillion.

Having grown strongly in 2022, TL-denominated commercial loans increased by 93.4% and consumer loans by 55% on the back of the macro-prudential measures which were implemented. Vehicle loans, which come under consumer loans, stood out especially with a jump of 280%. Foreign currency loans, meanwhile, decreased by 15.6%. While individual credit cards increased by 112.5% in 2022, the corporate credit cards increased by 120%.

By the end of 2022, there was a 129% increase in real person TL deposits, which constitute 52% of the total TL deposits, which recorded 154% growth. TL deposits held by commercial organizations increased by 204%.

The volume of FX deposits contracted by 15.7%, with a 17% decline in FX deposits held by real persons and a 12.9% decrease in FX deposits held by commercial organizations.

Despite the rapid loan growth in 2022, thanks to the impressive performance demonstrated by banks and the capital support extended to public banks, the Capital Adequacy Ratios of the banking system reached 19.46%, an increase of 6 percentage points compared to 2021 and significantly higher than the target adequacy ratio of 12% and the legal limit of 8%. The loan/deposit ratio maintained the decline which started in June 2018, decreasing from 92% in 2021 to 85% in 2022; the non-performing loan ratio stood at 2.16% while the ratio of non-performing consumer loans ended the year at 1.5%.

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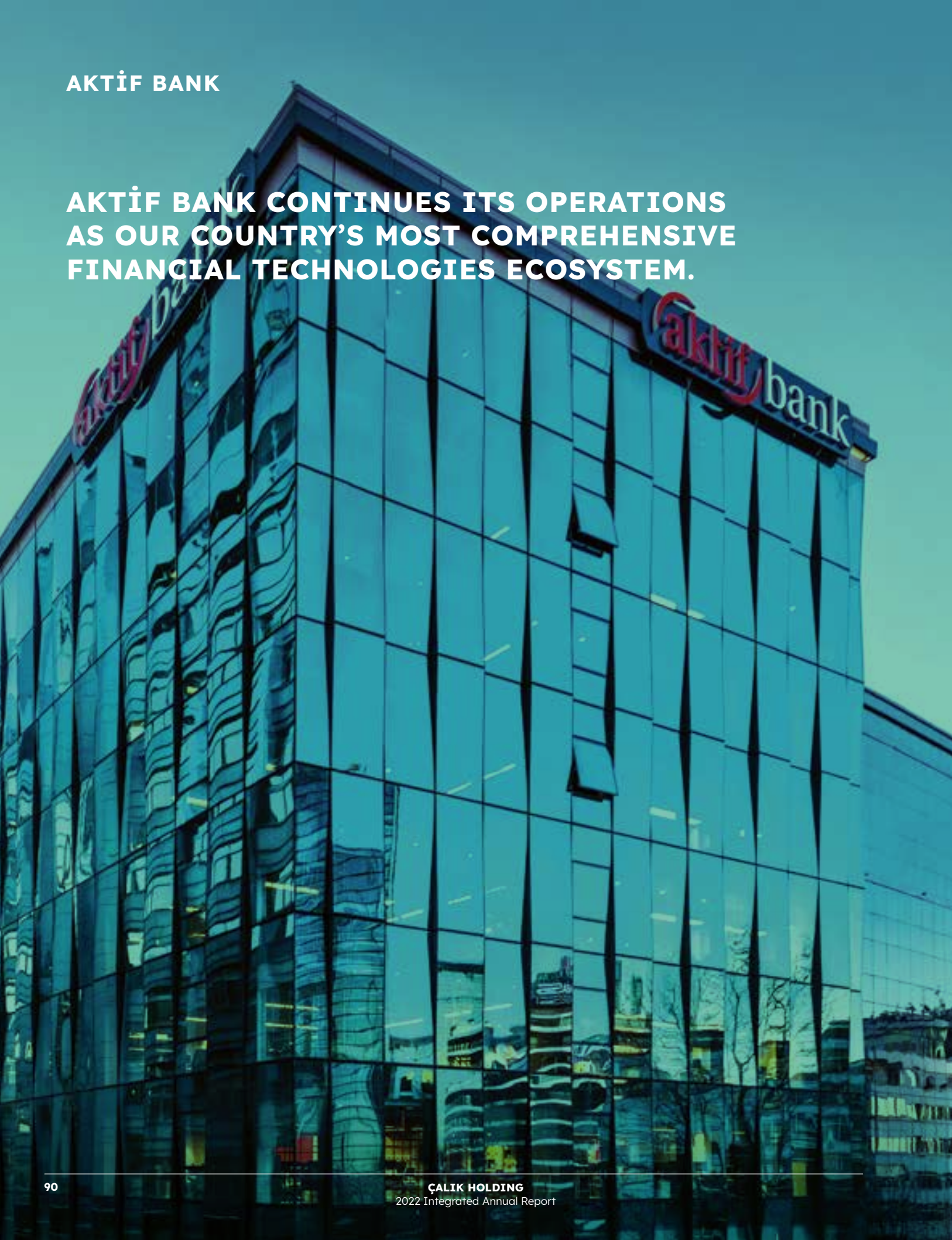
CDS PREMIUM

Despite some fluctuation during the year, Turkey's CDS premium started 2022 at 564 basis points and ended at 512 basis points, a decrease of 9.2%, while Turkey's 10-year bond yields ended the year at 9.83%.





## AKTİF BANK CONTINUES ITS OPERATIONS AS OUR COUNTRY'S MOST COMPREHENSIVE FINANCIAL TECHNOLOGIES ECOSYSTEM.



### AN IMPORTANT ROLE MODEL IN THE FINANCE SECTOR

#### QUALIFIED SERVICES OFFERED IN OVER 10 BUSINESS LINES

Aktif Bank, Turkey's largest privately-held investment bank, continues to operate as Turkey's most comprehensive financial technologies ecosystem thanks to its innovative business models and investments in technology that redefine investment banking.

Guided by its customer-oriented approach, Aktif Bank provides 360-degree services to over 12 million customers across more than 10 lines of business, from banking products, insurance, transportation and payment systems to technology and entertainment, working together with its fintech ventures and business partners.

With 13 branches throughout Turkey, Aktif Bank focuses primarily on corporate banking, investment banking and private banking services. The Bank offers retail customers a branchless and seamless end-to-end banking experience through its digital banking branch, N Kolay. The Bank aims to position N Kolay, which it continued to expand in 2022 with the addition of new products and services, as Turkey's most popular and inclusive "leading digital bank".

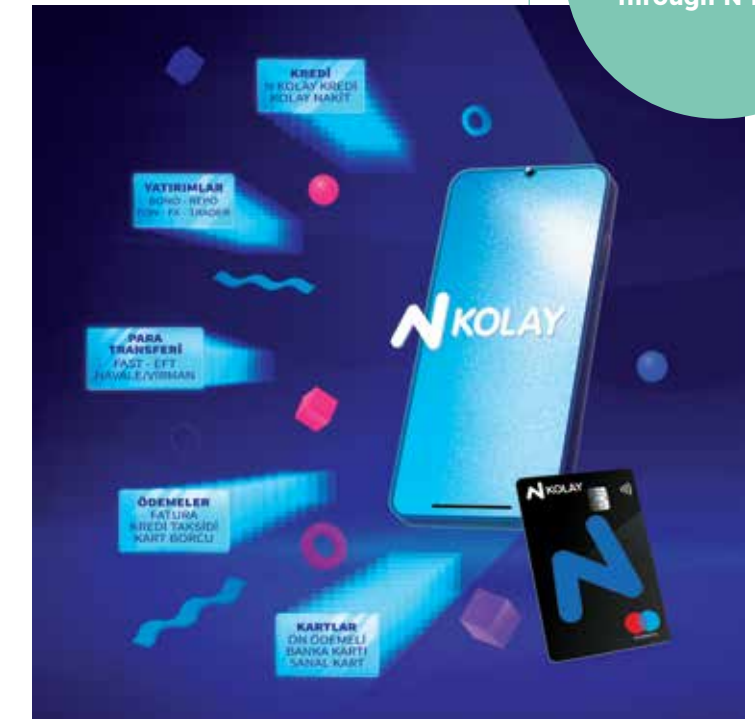
Aktif Bank's alternative digital channels and platforms handle around 140,000 retail loan transactions per year with 8,651,000 prepaid, debit and credit cards, around 850,000 international money transfers and approximately 60 million bill payments, with an annual public transportation market volume of TRY 2 billion.

#### AKTİF BANK'S COMPETITIVE ADVANTAGES

- Operating as the largest financial technologies ecosystem to hold a banking license in Turkey with the business models set up through technology investments and innovative channels since its foundation, and with able to produce fast, flexible and cost-effective solutions with its unique way of doing business,
- Providing its customers with an end-to-end branchless service with its digital bank, "N Kolay", by allowing them to conduct all of their banking transactions in just a few minutes, regardless of the time or place, bringing ease to the lives of users,
- Delivering a customer experience based on 100% digital processes in the Consumer Loans and Bond products,

**AKTİF BANK PROVIDES 360-DEGREE SERVICES TO OVER 12 MILLION CUSTOMERS ACROSS MORE THAN 10 LINES OF BUSINESS, WORKING TOGETHER WITH ITS FINTECH VENTURES AND BUSINESS PARTNERS.**

Seamless and end-to-end experience through N Kolay





## AKTİF BANK

## AKTİF BANK LAUNCHED TURKEY'S FIRST SERVICE BANKING PLATFORM, APILION, UNDER THE MANAGEMENT OF ITS SUBSIDIARY AKTİF VENTURES.

- With its unique Passo application, providing tickets to matches and games as well as entertainment and events while offering customers the opportunity to benefit from instant money transfers, payments and loans,
- Being the first Turkish bank to design its presence in the Metaverse and being deemed worthy of a wide array of national and global awards for its activities in this field,
- The sale of more than 19 million tickets to sports matches and more than 1 million season tickets in over 6,000 competitions through its subsidiary, E-Kent,
- Once again being the named sponsor of the İstanbul Marathon with its digital bank, N Kolay, with the dynamism of the N Kolay brand and its egalitarian and lean service model continuing to complement the spirit of the İstanbul Marathon, one of the leading sporting events of its kind around the globe,
- Extending credit to consumers at the moment of the purchase at Turkey's leading retail outlets, thereby creating added value for these brands,
- Offering advantageous products and services to consumers through strong collaborations established in the field of retail banking,
- Launching Turkey's first service banking platform, Apilion, under the management of its subsidiary Aktif Ventures,
- Exporting technology to the global arena through its subsidiary Aktif Tech, which brings an innovative approach to card payment systems and ticketing systems software,
- Bringing an innovative approach to insurance with Sigortayeri, which focuses on the area of service insurance,
- Its subsidiary UPT, which also holds an e-money license, carried out 5.5 million transactions in 176 different countries, achieving a transaction volume of over TL 62 billion, while increasing

the number of contracted banks and payment institutions abroad to 170,

- Providing services to 20% of the 20 million people who do not hold a bank account in Turkey through its bank subsidiary, N Kolay points,
- The addition of businesses to its customer portfolio with the N Kolay Pay Institution, providing them with both physical and virtual POS services, and taking the first steps for SME banking with N Kolay Pay.

### AKTİF BANK'S "FIRST" AND "MAJOR" ACHIEVEMENTS IN THE INDUSTRY

- Provided consultancy and intermediary services in Turkey's first asset-backed security issuance
- The first bank bond in Turkey
- The first digital bank bond in Turkey
- The first interest-free participation certificate in Turkey
- The first issuance of lease certificates for project financing in Turkey
- The first issuance of a credit-linked note in Turkey
- The first gold-based sukuk issuance in Turkey
- UPT - the first domestic money transfer service in Turkey
- Over 6.4 million cards with Passolig, the first and only valid card to enter stadiums
- Establishment of the first interest-free liquid fund in Turkey
- Turkey's first lease certificate based on electricity distribution revenues
- The first Turkish bank to take its place in Metaverse



### DIGITAL BANKING AND PAYMENT SYSTEMS

N Kolay, the digital banking arm of Aktif Bank, started its journey with investment and credit products and quickly added other banking services and financial solutions and is constantly widening its product diversity and inclusivity.

With the digital transformation gaining pace and spurred by the growth in digital users during the pandemic, the number of users downloading the N Kolay mobile app doubled in 2022. The N Kolay Bond, which offers a high daily interest rates for those investing their savings in Turkish Lira, maintained its stable growth in volume, expanding by 120% in 2022

N Kolay expanded its product range with the addition of N Kolay Trader, which allows users to perform stock transactions quickly and easily with preferential commission rates. Additionally, all TEFAS funds were added in the product's fund portfolio to diversify the range of investment options available on the mobile app.

N Kolay Loan, the instant loan product that can be approved quickly and easily and credited to the applicant's account in a matter of minutes, continued to be one of the most popular products in 2022. In addition to the N Kolay Loan, which offers personalized interest rates and can even be made available on weekends, the "Easy Cash" loan product, with zero interest for up to 30 days, also continued to attract considerable interest from users.

In 2022, a new "Invite Your Friends" feature was added to the app, offering rewards to every user who brought their friends to N Kolay.

At the same time, a range of new functions were added to the app, such as the option of transferring money to crypto currency exchanges and paying for lottery tickets, with "İstanbulkart Top-Up", and "Where's My Mail" also offered to provide easy tracking of Bank deliveries. Moreover, the aktifbank.com.tr website and internet banking platform were updated as part of efforts to improve the customer experience. In addition, the QR code feature was added and the integration of money withdrawals and with the payment transactions using QR code also provided in 2022, enabling users to carry out their banking transactions quickly and conveniently without having to carry a bank card.

With its long-established presence in the public transport industry, the lifeblood of urban life, Aktif Bank reached 1.5 million downloads with the Ankara Card mobile app, and 820,000 downloads with the Kahraman Card mobile app. The N Kolay Kayseri Transportation app was launched in April 2022 in collaboration with the Kayseri Metropolitan Municipality, to meet the needs of the residents of Kayseri, with features such as NFC payments for public transportation and shopping as well as the ability to create prepaid virtual cards for use in e-commerce transactions. The app reached a total of 70,000 downloads and 20,000 virtual cards as of the end of December.

With the N Kolay Virtual Prepaid Card, customers were offered a range of preferential campaigns, enabling them to earn money as they spend. By the end of 2022, the number of cards had reached 300,000 with a total transaction volume of TRY 40 million.

## N KOLAY, THE DIGITAL BANKING ARM OF AKTİF BANK, STARTED ITS JOURNEY WITH INVESTMENT AND CREDIT PRODUCTS AND QUICKLY ADDED OTHER BANKING SERVICES AND FINANCIAL SOLUTIONS AND IS CONSTANTLY WIDENING ITS PRODUCT DIVERSITY AND INCLUSIVITY.

TL **40** MILLION

The N Kolay Virtual Prepaid Card product, which offers special advantages for its customers, reached 300,000 cards by the end of 2022 with total spending volume of TL 40 million.



## AKTİF BANK

**THE AKTİF BANK  
RETAIL BANKING  
GROUP CREATED  
INFRASTRUCTURE  
WHERE INTERFACE  
DEVELOPERS CAN  
PROVIDE DIRECT  
CREDITING SERVICES  
TO THEIR OWN  
CUSTOMERS THROUGH  
API AND OPEN  
BANKING PLATFORMS.**

**RETAIL BANKING**

The backbone of retail banking, the PTT channel was another area where the Bank maintained its strong growth momentum. Serving as an exclusive loan provider in over 4,000 PTT locations since April 2020, Aktif Bank continued to focus on meeting the financing needs of customers anytime, anywhere. The Bank continued to meet the needs of its retired customers for cash without them having to leave their homes through the SMS channel introduced during the pandemic, in addition to being able to obtain loans from PTT branches.

The PTT channel reached a total balance of TL 4.7 billion at the end of 2022, achieving 30% annual growth between December 2021 and December 2022. The diverse range of products offered through the PTT channel enabled Aktif Bank to bring together the loans of customers, whether from Aktif Bank or another financial institution, under the same roof, thus helping them manage their financial debts.

The Aktif Bank Retail Banking Group started working on digital transformation projects to expand the product range and customer segment base, diversify the range of delivery channels and reduce paperwork, and in this context, vehicle loans were made available to customers through PTT branches.

As the first bank in the market to offer a vehicle loan with a flow digital document, Aktif Bank worked under the leadership of the Retail Banking Group to expand the network of dealers using digital documentation, and diversified its product and customer portfolio by adding a commercial segment to vehicle loans in 2022. Aktif Bank achieved 69% growth in vehicle loans by strengthening its competitive position through process optimization, without sacrificing profitability, thus increasing its total balance to TL 1.4 million by the end of December 2022.

A strategic decision was taken to transform the Consumer Durables channel, which finances consumer durables purchases, into a means of customer acquisition. As in previous years, the number of customers acquired through this channel increased in 2022 to reach 410,000, with the credit balance realized at TL 154 million.

Leveraging its years of experience, the Retail Banking Group aimed to expand its upper-segment customer base by establishing strong brand partnerships in the automotive and durable consumer goods sectors in 2022.

The Retail Banking Group continued to make use of technology such as artificial intelligence and machine learning to manage customer communication and created a seamless CRM ecosystem by measuring the effectiveness of communication. In addition, in order to adapt to the transformation in the financial sector spurred by open banking regulations and the growing use of APIs, the Group established infrastructure to enable interface developers to offer direct lending services to their customers through API and open banking platforms.

The Communication Center continued to work towards providing the best seamless experience by integrating multiple communication channels, including existing and emerging channels. Analyzing each individual instance of customer contact as a data point, the Communication Center also launched chatbots, live chat applications and Metaverse projects to enable easy accessibility at any time and any place. In 2022, the Communication Center successfully managed contact on 8.1 million occasions, including 7.5 million calls, 490,000 items of customer feedback and complaints, 28,000 social media messages and 40,000 video calls and chatbot interactions in digital services. It also facilitated TL 613 million in loan sales.

As part of managing Aktif Bank's customers in the affluent segment, a Capital Markets Board (CMB) licensed team of investment specialists was established to increase sales and cross-sales activities and revenues among these customer groups.

The management of Aktif Bank brands' social media accounts was centralized under Customer Feedback Management.

**CUSTOMER EXPERIENCE AND COMMUNICATION**

The primary goal of the Aktif Bank Customer Experience and Communication Group is to establish relationships and communication which revolve 100% around customer needs and convenience, and to develop a customer-centric corporate culture.

The Group undertook a wide array of new projects in 2022 and managed all experience processes offered to customers including marketing communication, corporate communication, sponsorship and event management, digital marketing and all customer experience processes in line with the communication strategies and targets of Aktif Bank and its subsidiaries.

The Customer Experience and Communications Group carried out various communication and sponsorship

activities aimed at reaching consumers from all walks of life. Aktif Bank continued to support the İstanbul Marathon with its digital banking arm, N Kolay, the named sponsor of the race, and organized press meetings, events and various below-the-line and above-the-line communication activities.

The press conference project for the N Kolay 44th İstanbul Marathon held on Metaverse in March 2022 under the leadership of the Customer Experience and Communication Group won four separate awards in prestigious national and international events.

The digital bank, N Kolay, also became the named sponsor of the İstanbul Harbiye Open-Air Concerts that took place in summer 2022. Throughout the year, N Kolay continued to contribute to film, theatre and music festivals organized by the İstanbul Foundation for Culture and Arts (IKSV) within the scope of their sponsorships in the field of culture and arts.

In addition to managing the digital marketing campaigns and social media activities of Aktif Bank and N Kolay brands, the Customer Experience and Communication Group successfully carried out the press communication of all activities on the basis of the Bank and its subsidiaries in 2022.

**THE PRESS  
CONFERENCE  
PROJECT FOR  
THE N KOLAY  
44TH İSTANBUL  
MARATHON HELD  
ON METAVERSE IN  
MARCH 2022 UNDER  
THE LEADERSHIP  
OF THE CUSTOMER  
EXPERIENCE AND  
COMMUNICATION  
GROUP WON FOUR  
SEPARATE AWARDS  
IN PRESTIGIOUS  
NATIONAL AND  
INTERNATIONAL  
EVENTS.**



TL **4.7** BILLION

The PTT channel reached a total balance of TL 4.7 billion at the end of 2022, achieving 30% annual growth between December 2021 and December 2022.

## AKTİF BANK

## AKTİF BANK HAD EXTENDED USD 100 MILLION IN CASH AND NON-CASH LOANS TO RENEWABLE ENERGY INVESTMENTS AS OF THE END OF 2022.

TL **4.2** BILLION

The Aktif Bank Corporate Banking Group provided approximately TL 457 million and USD 454 million in working capital loans with end-to-end funding methods to meet the financing needs of the agricultural sector.

### CORPORATE BANKING

The Corporate Banking Group continues to contribute to new business development opportunities with project financing and investment consultancy services, offering solution alternatives to customers' needs with its experience and know-how in foreign trade.

While contributing to the Bank's overall productivity and profitability by effectively utilizing existing channels and opportunities, it also continues to develop advantageous banking products to increase synergy and performance with Bank subsidiaries.

As in previous years, in 2022, the group facilitated foreign trade transactions and delivered solutions for Turkish exporters for their key target markets, such as in SubSaharan Africa, the Middle East and CIS countries. It enabled timely collection of export revenues from these regions, took on the banking risks of exporters to ensure uninterrupted cash flows and provided financing before maturity when necessary.

In 2022, the Corporate Banking Group expanded its customer base, primarily focusing on businesses engaged in the production and trade of grains, pulses and oilseeds. It offered working capital loans to meet international procurement and inventory financing needs. In addition, approximately TL 457 million and USD 454 million of working capital loans were extended through end-to-end financing methods to meet the financing needs of the agricultural sector.

As in 2021, investments and financing for renewable energy resources continued in 2022 with solar, wind, and hydroelectric power plants with a combined capacity of 57 MW added to newly funded and refinanced investments, bringing the total capacity of funded energy projects to 300 MW.

In addition, due to rising energy costs, the group focused on rooftop and onsite solar projects to meet the power needs of industrial and commercial facilities. As part of its sustainability policies, Aktif Bank undertook investments in solar power plants with a total generation capacity of 1.15 MWe/1.35 MWp to meet the energy needs of its head office, branches and subsidiaries.

As of the end of 2022, Aktif Bank had extended a total of USD 100 million in cash and non-cash loans for renewable energy investments.

The Aktif Bank Corporate Banking Group carries out activities with its regional and sector know-how, its process management experience and engineering-oriented approach, and aims to offer products and services for the industrial, trade, service, and the brokerage and financial sectors from a solution-oriented perspective.

### PRIVATE BANKING

In 2022, a year marked by high rates of inflation and uncertainty in the financial markets worldwide, Aktif Bank achieved continuity in production and profitability, exceeding expectations, thanks to the work carried by the Private Banking Group.

The Private Banking Group continued its long-term and trust-based services in 2022, taking its customers' financial goals, investment preferences and risk perceptions into account. After adding stocks and VIOP to its range of products in 2021, the Bank continued to expand its customer base in 2022 with N Kolay Trader.

Allowing its customers to carry out currency and precious metal transactions quickly and efficiently on a 24/7 basis with the N Kolay FX application, Aktif Bank also continued to provide services with the "Personalized Banking" approach at 13 Aktif Bank branches in 2022.

### TREASURY

The Treasury Group continued to increase its contribution to the Bank's growth and profitability in 2022. The group offered its customers product-based financial solutions in the over-the-counter and organized markets while taking risk-mitigating actions necessary for its balance sheet.

2022 was a challenging year marked by significant volatility, rendering liquidity management even more important. The Treasury Group rose to the challenge and managed to close the year by increasing its transaction volume, profitability and market integration.

Aktif Bank increased the volume of its borrowing instruments and lease certificates while continuing to mediate in the issuing activities of real sector firms, especially Group companies. The Treasury Group become even stronger by improving its technological infrastructure and increasing the number of its employees.

### INTERNATIONAL BANKING

The International Banking Group maintained its activities to set new cash and non-cash limits in 2022, within the framework of its duties defined as intermediating foreign trade transactions of Aktif Bank customers and performing treasury transactions.

With over 1,200 correspondents in 152 countries, Aktif Bank continued to support Turkish exports in 2022, achieving a total transaction volume of TL 2.25 billion and becoming a leading player in challenging regions.

In early 2022, Aktif Bank which opened its first representative office in Kigali, the capital of the East African country Rwanda, became the country's first foreign-capital bank from outside Africa, laying the foundations of a new financial link between the region and global markets.

The International Banking Group aims to expand and diversify its activities in the fields of foreign trade financing and capital markets in the coming period, in line with the Bank's strategies and requirements.

## WITH ITS GROWING PRIVATE BANKING FAMILY, AKTİF BANK CONTINUED TO PROVIDE SERVICES WITH ITS SINGE-PERSON BANKING APPROACH THROUGH ITS 13 BRANCHES IN 2022.

## WITH OVER 1,200 CORRESPONDENTS IN 152 COUNTRIES, AKTİF BANK CONTINUED TO SUPPORT TURKISH EXPORTS IN 2022, ACHIEVING A TOTAL TRANSACTION VOLUME OF TL 2.25 BILLION AND BECOMING A LEADING PLAYER IN CHALLENGING REGIONS.



## AKTİF BANK

## DEEMING HUMAN RESOURCES TO BE ITS MOST VALUABLE ASSET, AKTİF BANK ENSURED CONTINUITY OF EMPLOYEE SATISFACTION WITH A TALENT AND DEVELOPMENT POLICY FOCUSED ON EQUALITY IN 2022.

### INFORMATION TECHNOLOGY

The IT Group has the mission of providing the highest quality of service to the Bank's customers, business partners and employees, using the latest technologies. The Group continued its activities in 2022 with the aim of becoming a technological hub that supports an agile and creative working environment and focuses on people, and accelerated its planned technology investments and qualified R&D Center projects in the field of innovation.

In 2022, the Information Technologies Group carried out various activities to market the Bank's internally developed new payment systems software to subsidiaries and potential new clients both inside and outside Turkey. The Group also continues to enrich the function set of the new payment system, which was provided to three clients in 2022. Adaptations to the Payment Systems Platform to be used by new customers are ongoing.

Working with the latest technology available in the world of IT, the Group continued to carry out necessary investment and development activities for the use of cloud environments and microservice architectures in 2022. The Bank adopted an agile working model across all project teams in order to ensure the sustainability of its productive and transparent working environment which promotes learning. In doing so, Aktif Bank was able to quickly digitize its products and services, principally transferring them to mobile technologies.

Aktif Tech, a 100% subsidiary of Aktif Bank which served as an "On-Site R&D Center" to carry out the Bank's technology investments and innovation activities until January 2022, moved to a dedicated location in the Dijitalpark Technocity.

Aktif Tech, which is fully owned by Aktif Bank, endeavors to develop new services to meet the needs of its customers, employees and the fintech ecosystem with user-friendly flows and various business models.

### TALENT AND DEVELOPMENT

Fully aware that its human resources are its most valuable asset, Aktif Bank continued to ensure employee satisfaction in 2022 with its egalitarian talent and development policy. The Bank helped its employees develop their know-how, skills and competencies and provided equal opportunities for their career planning.

Recruitment interviews continued on digital platforms throughout 2022. The Bank continued to comprehensively apply its "We Have Priority" and "We Want Your Friend" practices within its organization under the banner of "priority for our employees and those they recommend". The paperwork for new recruits continued to be collected through digital systems. Work continued on the "Companion" program, designed to facilitate the orientation of new recruits.

Training activities continued with the "Have Fun, Learn, Share" concept. In 2022, training activities focused on topics such as the digitizing world, the future of business, improvisation, presentation techniques and design thinking, and the training was offered through Metaverse for the first time, enabling employees to experience the new reality. Furthermore, the Bank continued to support training for employees in receiving various certifications, while mandatory training courses were assigned through the digital training platform. The Bank made use of modern digital methods to promote the development of foreign language skills among employees, while also extending

support to 10 employees in their master's degrees (with and without thesis) to drive their academic development.

The new generation career paths project was launched internally, and titles were revised for various departments. Instant reward and recognition practices such as "Applause" and "Online" were continued. Internal communication activities under the "Overcoming Any Challenge" employer brand continued, and the Bank continued to collaborate with non-governmental organizations as part of its corporate social responsibility activities. The "Your Family Is Our Family" practice, with three days of paid leave for special occasions, also continued.

### HIGHLIGHTED DEVELOPMENTS IN 2022

- Aktif Bank recorded a consolidated profit before tax (IFRS) of TL 2.6 billion in 2022. In the same period, the Bank wrote a net profit of TL 1.9 billion on a standalone basis and its consolidated net profit of TL 2.0 billion. Aktif Bank increased its support to the Turkish economy with a 25% increase in loan volumes in 2022 when compared to the previous year.
- Aktif Bank, with its subsidiary, N Kolay Pay, added businesses to its customer portfolio and started to serve them through both physical and virtual POS services. Aiming to reach more SMEs by extolling the advantage of the power of N Kolay Pay in physical locations, the Bank has taken the first steps necessary in SME Banking by implementing N Kolay Pay.
- In order to adapt to the transformation triggered by open banking regulations and the use of API in the financial sector, Aktif Bank established infrastructure where interface developers are able to provide direct credit services to their customers through API and open banking platforms.
- Aktif Bank continued to bring ease to the lives of its users with the Passo application, which offers ticketing services near stadiums. The Bank took the first steps and worked innovatively to grow and develop Passo and turn it into a "super application" that will operate in the lifestyle field. In 2022, the number of downloads of the Passo application reached 11 million, and the app's ticket sales turnover quadrupled compared to 2021.
- Aktif Bank accelerated its technological developments to transform N Kolay into Turkey's leading digital bank and mobile app offering the best customer experience. In 2022, the N Kolay mobile app had reached 2 million downloads, a 2.5 fold increase in the number of downloads over the previous year, with a doubling in transaction volume.
- The internet banking platform and aktifbank.com.tr website were renewed to provide customers with a better experience.
- In 2022, Aktif Bank became the first Turkish bank to establish a presence in Metaverse. Having started to develop a variety of projects in Metaverse, the Bank won a number of awards in key national and global award events in recognition of the projects carried out in cooperation with Black Studio, a group company.
- One of Aktif Bank's most important projects in 2022 was Impact Investing, with the Bank signing its first impact investment project by implementing the "Active Women in the Economy" project. This project enables the creation of credit scores for women who have not yet been included in the financial system, thus facilitating their access to other financial instruments in the future. The Active Women in the Economy project goes beyond being a microcredit project and is of significant importance in terms of increasing financial inclusion in our country and women's participation in the economy.

## ONE OF AKTİF BANK'S MOST IMPORTANT PROJECTS IN 2022 WAS IMPACT INVESTING, WITH THE BANK SIGNING ITS FIRST IMPACT INVESTMENT PROJECT BY IMPLEMENTING THE "ACTIVE WOMEN IN THE ECONOMY" PROJECT.



AKTİF  
TECH

## AKTİF BANK

**THE UPTION MOBILE APP, IMPLEMENTED BY UPT, AKTİF BANK'S SUBSIDIARY IN THE FIELD OF MONEY TRANSFER, WAS INTRODUCED TO USERS IN 2022 WITH ITS NEW INTERFACE INCLUDING MULTI-LANGUAGE OPTIONS, AND THE UPTION CARD WAS LAUNCHED.**

- The UPTION mobile app, implemented by UPT, Aktif Bank's subsidiary in the field of money transfer with the aim of becoming a bigger global player, was introduced to users in 2022 with its new interface including multi-language options, and the UPTION card was launched. The brand's advertising campaign was launched in November, as the first step was taken to make the application known to a wider audience. UPTION, which enables money transfer transactions integrated with financial systems both in Turkey and around the world, is taking firm steps towards becoming a global brand.
- Aktif Bank established Aktif Ventures with the aim of playing a pioneering role the field of service banking, supporting and investing the entrepreneurship ecosystem. The Mindvest fund, launched by Aktif Ventures, continues to invest in fintech and startups and constantly expands its sphere of influence in the ecosystem. Investments have been made in seven companies so far with Mindvest.

**AWARDS RECEIVED IN 2022**

Aktif Bank held the press conference for the N Kolay İstanbul Half Marathon, which it was the named sponsor for, with its Digital Bank N Kolay, in the physical environment in March 2022, in cooperation with İBB Spor İstanbul, and simultaneously via Metaverse with the Blackstudio Agency. With its innovative Metaverse project, the Bank has won a number of awards from some of the most established and most prestigious organizations in the digital world on the international platform, some of which are listed below:

- **IMA Awards:** "IMA Outstanding Achievement Award" in the "Financial Services" category at the Interactive Media Awards (IMA)
- **Altın Örümcek:** Third Prize in the "Altın Örümcek Awards 2022", in the "Digital Marketing - Integrated Campaign" Category.
- **Hammers:** "Bronze Award" in the "Best Metaverse Team" category at the Hammers Awards, with the jury's evaluation of the CMOs of Turkey's most valuable companies.
- **DotCOMM:** "Platinum Award" at the dotCOMM Awards organized by the Association of Marketing Communications Professionals (AMCP), one of the American-based communication platforms.

**PSM Awards:** Aktif Bank and one of its major fintech subsidiaries, UPT, won three gold and silver awards at the PSM Awards 2022, one of the most important events in the sector where companies that set themselves apart in the field of digitalization and financial technologies are awarded. Aktif Bank was awarded in the "Innovative Customer Interaction and Experience" category with its metaverse experience strategy, which Aktif Bank has pioneered in the sector to prepare for the future, while also winning the "Golden PSM" award in the "Digital Transformation" category in recognition of its RPA project, "Can Family", which was implemented with AI-infrastructure. Aktif Bank's leading subsidiary in the global money transfer

and payment field, UPT, was awarded the "Golden PSM" in the "Young Spark category, being given the "Silver PSM" award in the "Most Innovative Product" category with its "Uption European Account".

**LACP:** Aktif Bank was honored to win the Gold Award for its "2021 Annual Report", among banks of its size under the general category of "Banking" and the "Second Prize Award" under the global classification, while ranking 5th among the top 80 firms in the EMEA region in the world-ranking of the Vision Awards by the League of American Communications Professionals (LACP), one of the most prestigious platforms in the world in the field of public relations. It also succeeded in ranking as one of the top 20 reports in Turkey.

**Mercomm Arc:** Aktif Bank's 2021 Annual Report won the "Gold Award", the highest level award given by Marcomm Arc. The Bank was the only bank to win award for a 36th time in the international classification under the general category of non-traditional reports at the Annual Report Competition (ARC), where the world's best annual reports are selected in the event held by MerComm, a US-based company. The report was also deemed worthy of the "Honors Award" under the category of online reports and the "Bronze Award" under the category of design/graphics in the international classification.

**Brand Finance:** Aktif Bank was included in the "Turkey's 100 Most Valuable Brands List" in the 2022 report prepared by Brand Finance, an independent brand valuation consultancy that examines more than 5,000 brands in the world every year.

**Glasshouse:** Aktif Bank won an award in the "Managed Data Security and Business Continuity" category with its Back-up and DR replication solution implemented in 2021, on the Customer Experience day held by GlassHouse, Turkey's leading hybrid cloud service provider.

**IDC:** Aktif Bank was granted awards in different categories with its two projects named "SESRA" and "RISE" within the scope of the IDC Turkey Finance Technology Awards, the most prestigious awards event in the industry. The Bank was awarded second prize in the "Governance, Risk & Compliance" category with its "RISE" project, which manages all processes for internal systems, and was awarded the third prize in the "Enterprise Transformation" category with its "SESRA" project, a reporting system that can read aloud in a digital environment, run by the Central Data Management Department.

**AKTİF BANK WAS INCLUDED IN THE "TURKEY'S 100 MOST VALUABLE BRANDS LIST" IN THE 2022 REPORT PREPARED BY BRAND FINANCE, AN INDEPENDENT BRAND VALUATION CONSULTANCY FIRM.**

**AKTİF BANK WAS GRANTED AWARDS IN DIFFERENT CATEGORIES WITH ITS TWO PROJECTS NAMED "SESRA" AND "RISE" WITHIN THE SCOPE OF THE IDC TURKEY FINANCE TECHNOLOGY AWARDS.**





## AKTİF BANK

**AKTİF BANK AIMS TO BE ONE OF THE ARCHITECTS OF “OPEN BANKING” AND “SERVICE BANKING” IN TURKEY BY ACTING BOTH AS A COMPETITOR AND A BUSINESS PARTNER WITH FINTECHS AND STARTUPS.**

**LOOKING FORWARD**

Aktif Bank's projects and targets for the future are listed below:

- While continuing its activities as a giant ecosystem with the contribution of its leading subsidiaries in the field of “financial technologies” and by following global technology and innovation trends, to transfer its business models beyond Turkish standards and open new business areas in the sector,
- To be one of the architects of “open banking” and “service banking” in Turkey by acting as both a competitor and a business partner with fintechs and startups,
- To be a pioneer with both the Bank and its subsidiaries in the field of “payment systems”, which has gained a new face with regulations and globalization,
- To be Turkey's “neobank”, which offers the most assertive, most innovative, most preferred, most liked and most diverse digital product range in the sector with its applications in digital and mobile banking,
- To be one of the most agile organizations in Turkey, with its effective, efficient and agile work-oriented approach,
- To continue to support Turkish football and focusing on increasing its contribution to the football economy with Passolig,
- To support the pastime of running, which appeals to large masses as an egalitarian and democratic sport,
- To make Passo mobile, which now has 11 million users, Turkey's most comprehensive application in the “lifestyle” category after football, and to turn it into a “superapp” operating with heavy traffic,
- To offer highly efficient investment alternatives with Aktif Portföy and to contribute to society and the environment with sustainable investment tools,
- To increase comprehensive export activities and export volumes to the African continent,
- To increase financial inclusion in our country through impact investing projects,
- To shape the banking of the future today by always carrying out innovative projects in Metaverse,
- To reduce our carbon footprint by developing projects in the field of sustainability.

**FINANCIAL INDICATORS**

(TL thousand)	2021	2022	Change (%)
Financial Assets at Fair Value Through Other Comprehensive Income	7,996,189	11,379,468	42.31
Loans & Factoring Receivables	14,550,254	17,927,816	23.21
Shareholders' Equity	2,862,107	5,125,433	79.08
Total Assets	34,482,593	48,724,775	41.30
Guarantees and Indemnities	4,466,204	4,090,638	-8.41
Net Interest Income	1,249,902	2,888,815	131.12
Profit Before Taxes	918,910	2,615,560	184.64
Net Profit	696,063	1,900,416	173.02

**PERFORMANCE RATIOS**

(%)	2021	2022
Capital Adequacy Standard Ratio	13.75	16.77
Return on Average Equity	26.66	47.58
Return on Average Assets (Net Profit Basis)	2.50	4.57
Non-Performing Loans/Total Loans	3.00	2.35
Interest Income/Interest Expenditures	169.29	208.74
Yielding Assets/Total Assets	71.09	77.29

**AKTİF BANK RECORDED A NET PROFIT OF TL 1.9 BILLION IN 2022, AN INCREASE OF 173.02% OVER THE PREVIOUS YEAR.**

**QUALITY STANDARDS AND CERTIFICATES**

Standard	Certificate
ISO 20000-1:2018	Information Technologies Service Management System Certificate
ISO 22301:2012	Business Continuity Management System Certificate
PCI-DSS Certificate	Card Payment Industry Data Security Standard
ISO 27001:2013	Information Security Management System Certificate

## AKTİF BANK



### PROVIDES SERVICES IN THE FIELDS OF SMART CITY SOLUTIONS AND SYSTEM INTEGRATION.



### TURKEY'S FIRST LICENSED PAYMENT MONEY TRANSFER INSTITUTION PROVIDING SERVICES THROUGH DIGITAL AND PHYSICAL CHANNELS

#### UNIQUE AND INNOVATIVE SUBSIDIARIES

##### E-KENT

Providing smart urban solutions and system integration services, E-Kent enables over 500 million smart transport transactions annually with its transport solutions infrastructure.

E-Kent brings technological transformation to the cities it serves including the nation's capital, Ankara, while developing value-added business models for public administrations. E-Kent offers smart public transport solutions to nearly 8 million city residents and manages fare collection operations. Since its establishment, E-Kent has carried out a total of 16.7 million smart transport card transactions and 382 million tickets operations in total.

E-Kent has also successfully carried out the world's biggest stadium infrastructure transformation project, which includes entrance control and surveillance systems, integrated ticketing, stadium box office services and infrastructure for 60 stadiums in 31 provinces throughout Turkey. Since April 2014, approximately 40 million football fans entered stadiums using the e-tickets through E-Kent, which sold over 19 million match-day tickets for more than 6,000 games and in excess of one million seasonal tickets, generating around TL 2.8 billion in revenues for sports clubs.

As part of its strategy to expand to international markets, E-Kent continued to market its software and hardware solutions internationally with its products and services used in the 2022 Qatar World Cup, football stadiums in Algeria and football stadium and running tracks in Senegal.

Since its entry into the entertainment and event organization industry in March 2019 and backed by its knowledge and experience, E-Kent has become the highest revenue ticketing platform in Turkey by developing partnerships with leading event organizers of the country and selling 4.5 million tickets for 11,000 events during the year.

##### UPT

UPT Ödeme Hizmetleri ve Elektronik Para A.Ş. is Turkey's first licensed payment institution and also the only money transfer service provider to offer services through digital and physical channels.

UPT offers money transfers services in multiple currencies to names, cards and accounts, both in Turkey and abroad. UPT, which carries out money transfer transactions in approximately 95% of countries throughout the world, has become one of the most wide-reaching payment providers worldwide.

In 2022, UPT carried out 5.5 million transactions in 176 countries, achieving a transaction volume of more than TL 62 billion, and expanded its service network and range of services by increasing the total number of contracted banks and payment providers abroad to 170.

In 2022, UPT expanded the number of markets where the UPT brand and system is used to 14, demonstrating its commitment to becoming a true regional brand. UPT transactions between countries other than Turkey rose by 50% in 2022 while a total of 64 overseas banks or payment providers from 54 countries utilized UPT infrastructure to carry out money transfers to 63 countries. In parallel with its growth targets in the digital and physical networks, UPT opened new offices in Berlin and Dubai in 2022.

UPT plans to sign new partnership agreements in 2023 and will continue to expand its overseas organization through physical and digital collaborations.

UPT stepped into the digital realm with the UPTION mobile app, which it launched in 2021. UPTION enables full digital customer acquisition offering alternative payment and money transfer solutions for Turkish citizens and foreigners residing in Turkey.

In 2022, UPTION focused on enhancing its user experience and started to offer fully digital memberships for Turkish customers. The digital membership feature enables users to sign up in a matter of minutes without having to submit any printed documentation. UPTION, which also underwent a redesign process, has designed a home page that will easily meet all the needs of its customers by providing its users with a new clearer and more understandable interface. In addition to the new interface, UPTION also offers a new landing page enabling users to quickly find and use the feature they need.

With other new features such as the UPTION Card, European Account and Mobile Top-Up, the UPTION app was downloaded around 500,000 times in 2022. Customers from 138 different nationalities residing in Turkey signed up to become an UPTION member and performed more than 300,000 transactions amounting to over TL 3 billion.

In 2023, UPTION will maintain its commitment under the banner of "Removing the Limits to Your Account" by offering more value-added products and services to its customers such as the UPTION Card and the European Account.

##### SİGORTAYERİ

In line with its principle of facilitating easy access to insurance services, Sigortayeri Sigorta ve Reasürans Brokerliği A.Ş. offers digitalized insurance and consultancy services to its retail and corporate customers with its range of customizable, comparative products that cater to the needs of end customers through its strong retail insurance distribution channels.

The company continued to increase its profitability by expanding its partnerships in 2022, and consolidated its position as "Turkey's largest domestic broker", by mediating in around 1 million insurance policies and providing insurance and consulting services to retail and corporate customers.

Sigortayeri expanded its range of digital services with partnership deals with leading players in the retail industry, enhancing the integration of its insurance capability into customer-based "ecosystems".

Offering corporate insurance solutions in different fields, Sigortayeri continued to play a role in some major insurance projects in the energy, construction, healthcare, textile, automotive and financial services industries, both in Turkey and in other countries throughout the region. The Company offers alternatives to banking solutions in commercial receivable insurance bail bonds, engineering, professional liability, cyber risk and project financing and strengthens its privileged position by building on its considerable experience.



### THE BANK PROVIDES INSURANCE AND CONSULTANCY SERVICES TO INDIVIDUAL AND CORPORATE CUSTOMERS IN LINE WITH ITS EASY ACCESS APPROACH.



## AKTİF BANK



**IT IS A FINANCIAL TECHNOLOGY COMPANY THAT OFFERS NEW GENERATION PAYMENT AND COLLECTION SOLUTIONS IN THE PAYMENT SYSTEMS SECTOR.**



**THE N KOLAY PAYMENT AND ELECTRONIC MONEY INSTITUTION BOASTS TURKEY'S WIDEST NETWORK IN THE FINTECH SECTOR WITH OVER 13,000 SERVICE POINTS IN 81 PROVINCES.**

**PAVO**

Operating in the field of payment systems, Pavo is a fintech company offering next-gen end-to-end payment and collection solutions to enterprises of all scales. Following the regulations that were introduced in 2013 allowing the transition from the EFT POS system to the cash registers, Pavo achieved the second highest cash register POS sales volume in the industry with its own license and became the industry leader among value-added applications managed on a monthly basis.

With its innovative technology-driven structure, Pavo became one of the first four companies to pioneer the new generation payment systems by obtaining Private Integration and Operator Organization Licenses from the Revenue Administration in 2019 and 2020, respectively.

With its collaborative approach, sharing culture, and a software house and dealer network spread throughout the country, Pavo will continue to grow and generate value-added services with its industry experience, qualified product range, strong R&D resources, secure system infrastructure, and service quality.

**N KOLAY PAYMENT SYSTEM**

N Kolay Ödeme ve Elektronik Para Kuruluşu A.Ş., boasting the most widespread network in the Turkish fintech sector with over 13,000 service points in 81 provinces, has been providing its customers with an easy and reliable service for 15 years.

Maintaining its leadership position in invoice collection and broad partnerships with invoice institutions in 2022, N Kolay also mirrored its success in physical locations in payment services as well, reaching a market leadership position with its payment service providing APIs offered to other organizations.

N Kolay has always valued third-party collaborations, and in addition to being part of the Aktif Bank financial technology group, has opened its extensive physical network to all financial institutions and other stakeholders in need of physical channels. Thus, it has both brought ease to the lives of its customers and become a common solution point for the entire sector.

On the other hand, N Kolay started to offer Virtual POS services under the PayNKolay brand to facilitate the shopping experience in e-commerce for both member merchants and consumers, while also offering a physical POS experience under the NKolayPOS brand for SMEs with the Android POS and New Generation Cash Register POS so that they are easily able to receive payments in their stores.

This has enabled commercial enterprises to work with multiple banks without needing to visit any bank branch and access financial services from a single panel. In 2022, N Kolay started offering CepNPOS product to traders and SMEs. Likewise, N Kolay started to offer a payment link service, enabling corporate and individual sellers to receive payments within hours without the need for any systems integration.

In November 2022, N Kolay Ödeme ve Elektronik Para Kuruluşu A.Ş. obtained approval from the Central Bank of the Republic of Turkey to carry out its electronic money operations. In the coming period, it will continue to expand its product range, support the digital transformation of individual and corporate customers and help them minimize their costs.

**ECHOPOS**

Echo Bilgi Yönetim Sistemleri A.Ş. started its operations in August 2016 with the EchoPOS brand, and had completed over 16,000 software and hardware installations in Turkey's 81 provinces as of the end of 2020, becoming a "Next-Gen Solution Partner" for the retail sector with end-to-end payment systems and integration solutions for the front and back offices of enterprises.

With its high value-added products and services, simple, scalable and easy-to-integrate architecture and user-friendly interface that can easily be customized to meet project requirements, EchoPOS stands one step ahead of its competition.

Having partnered with Turkey's leading retailers, Echo-POS provides a robust, flawless infrastructure for more than 2 million transactions per day on average.

**AKTİF PORTFÖY**

Aktif Asset Management was established in 2016 as an Aktif Bank subsidiary engaged in asset portfolio management under CMB regulations. Aktif Portföy Management leverages its extensive know-how and industry expertise to offer alternative revenue streams for investors through the investment funds it creates and manages for various risk/reward profiles.

In addition to investment funds, Aktif Portföy offers investors access to the high yielding real economy through investment capital and real estate funds, while its pension funds offer long-term solutions to customers in the pension system.

Serving approximately 300,000 domestic and international corporate and individual investors, Aktif Portföy continuously expands its funds portfolio by accurately forecasting emerging needs, and has reached a fund volume of TL 9 billion after its rapid expansion in the last two years.

**EMLAK GİRİŞİM**

Emlak Girişim A.Ş. was founded to seek business opportunities in the real estate and construction sectors, to participate in investment projects, primarily those in the energy industry and to become a major player in international trade.

As of the end of 2022, the company's portfolio which included solar power plant investments which will have a total generation capacity of 29.4 MWp and biomass facility investments which will have a generation capacity of 12 Mw. Both are still in the licensing phase.



**THE COMPANY BECAME A "NEXT-GEN SOLUTION PARTNER" FOR THE RETAIL SECTOR WITH END-TO-END PAYMENT SYSTEMS AND INTEGRATION SOLUTIONS FOR THE FRONT AND BACK OFFICES OF ENTERPRISES.**



**AKTİF ASSET MANAGEMENT WAS ESTABLISHED IN 2016 AS AN AKTİF BANK SUBSIDIARY ENGAGED IN ASSET PORTFOLIO MANAGEMENT UNDER CMB REGULATIONS.**



**THE COMPANY IS ENGAGED IN INVESTMENT PROJECTS IN THE REAL ESTATE, CONSTRUCTION AND ENERGY SECTORS.**

## AKTİF BANK



**SECOM OFFERS INNOVATIVE SECURITY SOLUTIONS THAT PROVIDE A SENSE OF SECURITY FOR RETAIL AND CORPORATE CUSTOMERS.**



**THE COMPANY SEEKS SOLUTIONS TO PROBLEMS SUCH AS FINDING QUALIFIED PERSONNEL IN THE CONSTRUCTION SECTOR, ESTABLISHING TEAMS QUICKLY AND REACHING MATERIALS AND SERVICE PROVIDERS.**



**THE COMPANY STARTED ITS ACTIVITIES IN 2022 WITH THE PURPOSE OF BUILDING, GROWING AND INVESTING IN END-TO-END FINANCIAL TECHNOLOGY AND BECOMING A “FINTECH ENTREPRENEURIAL FOUNDER”.**

**SECOM**

SECOM offers innovative security solutions that provide a sense of security for retail and corporate customers. Since its establishment, the company has been developing products, systems, and services in line with evolving security needs.

SECOM has taken major steps to drive the digitization of physical security and built partnerships with the world's largest technology companies in order to integrate advanced security technologies developed in Japan into its own security systems. Seeking to minimize concerns security by analysing all the requirements of the markets where it operates, SECOM continues to demonstrate its sustainable quality approach with its R&D projects that help ensure security, not only in Asia but also around the world.

**WORKINDO**

Workindo Teknoloji ve İnsan Kaynakları Danışmanlık A.Ş. was established in 2020 to offer solutions for the construction industry in finding qualified personnel, quickly forming teams and accessing materials and service suppliers. With its technological infrastructure, experienced team, smart strategies and the value it attaches to all stakeholders of the construction industry, Workindo grows and reaches an ever growing number of people in the sector.

With an active presence in Turkey, Germany and Romania, the company also has plans to gradually expand to new markets and become a global player in the construction industry. The Workindo platform, which provides services in seven different languages, has 600,000 registered employees, 50,000 registered companies and 30,000 job advertisements published on its platform.

**AKTİF VENTURES**

Aktif Ventures entered operation in 2022 as a “fintech venture founder” to establish, grow, and invest in end-to-end financial technologies. Aktif Ventures builds digital startups from scratch using its own ideas and resources to scale them up to a certain level.

Additionally, as an investor, Aktif Ventures also enables technology companies to rapidly grow by investing in them to advance their potential and develop the best possible strategies while managing all their operations.

Positioned as a fintech venture builder, Aktif Ventures set out to become a global “fintech enabler”. In line with this goal, it manages fintech operations in mainland Europe, the UK and Turkey as it endeavors to create a strong ecosystem which produces solutions tailored to the needs of society. The first venture established by Aktif Ventures for this purpose was Apilion, which is based entirely on service banking infrastructure.

Aktif Ventures also supports innovative, sustainable and creative financial technology ideas through Mindvest, its corporate venture capital fund, which supports technological and innovative venture ideas, providing growth services and investment funds to financial technology ventures that produce solutions that make life easier.

Having expanded its portfolio with the recent addition of indiBindi, Aktif Ventures has several digital banking fintech ventures in the pipeline which are focused on the micro and SME segments.

Aktif Ventures, which will announce its micro and SME-focused digital banking fintech ventures in due course, will soon begin to manage a wide portfolio with the recent addition of its mobile solution indiBindi.

**AKTİF TECH**

As an Aktif Bank subsidiary, Aktif Tech was established in 2022 to bring an innovative approach to payment and ticketing system software. As a technology company, Aktif Tech provides high value-added software solutions and end-to-end operational services to its customers.

Its customers include holdings and financial institutions of all sizes and their subsidiaries, as well as organizations in need of ticketing software products, especially payment institutions and international e-money institutions.

Aktif Tech carries out activities with the aim of sharing its know-how and technology globally including in the Balkans, Africa, Turkic Republics and the CIS region.

Atlas Card payment software, Aktif Tech's payment systems product, is a low-cost web-based platform that provides full management of terminal products such as credit cards, bank cards, prepaid cards, POS, virtual POS and ATMs for financial institutions, as well as payment and e-money institutions. It supports multiple language options and is continuously updated to meet customer needs.

Focusing on excellence in customer satisfaction, Aktif Tech aims to provide card payment software with the SaaS model, as well as operations, system monitoring, fraud monitoring, project development and processing services that make use of modern software technologies. Aktif Tech is working to become a technology provider for all types of sporting tournaments, cultural events, domestic and international ticket sales and platforms with its ticketing software that boasts dynamic pricing, sales and gift vouchers, and can be hosted on-prem or on-cloud, depending on customer needs.

**MACHINEGO**

MachineGo, a digital platform for construction equipment rentals, commenced its operations in June 2022 and quickly became Turkey's largest marketplace for construction equipment. Having rapidly increased the number of equipment owner partners in a short space of time, MachineGo is now able to offer more than 9,000 items of construction equipment to customers. The company has also

carried out significant investments in its technological infrastructure, and boasts the most comprehensive digital rental system in the industry.

With a team of business management experts with extensive experience in the construction machinery industry, MachineGo provides its customers with the widest range of construction machinery at the best prices and with its quick, enterprise quality services.

MachineGo will continue to contribute to Turkey's development in 2023 while investing in technology and its team to enhance its operations. The company plans to enter the second-hand construction equipment, consumables, and spare parts sales businesses in the near future. With a continuously growing market both inside and outside Turkey, MachineGo aims to leverage the opportunities provided by technology to become the region's largest player in the construction equipment industry.

**INTERNATIONAL SUBSIDIARIES****KIC (Kazakhstan Ijara Company Joint Stock Company)**

Founded in 2013 and having started operations in early 2014, KIC is the First Financial Leasing company in Kazakhstan to comply with Islamic rules and regulations. Offering leasing services to predominantly small and medium-sized enterprises (SMEs), KIC works towards the vision of becoming one of the largest private leasing companies in Kazakhstan within the next five years.

**EMIC (Euro - Mediterranean Investment Company Ltd.)**

Founded in Nicosia in 2015, EMIC is the first and only Islamic investment company in Cyprus and the biggest international investment company operating in the Turkish Republic of Northern Cyprus (TRNC).



**AS AN AKTİF BANK SUBSIDIARY AND A TECHNOLOGY COMPANY, AKTİF TECH WAS ESTABLISHED IN 2022 TO BRING AN INNOVATIVE APPROACH TO PAYMENT AND TICKETING SYSTEM SOFTWARE.**



**MACHINEGO OFFERS THE WIDE RANGE OF CONSTRUCTION MACHINES TO ITS CUSTOMERS WITH A FAST AND CORPORATE SERVICE QUALITY AND IN THE MOST ECONOMIC WAY.**



## BANKA KOMBETARE TREGTARE (BKT ALBANIA)

**WITH A NET ANNUAL PROFIT OF USD 85.6 MILLION, BKT IS THE MOST PROFITABLE TURKISH BANK OPERATING ABROAD.**

### THE BANKING SECTOR DEMONSTRATES ITS RESILIENCE DESPITE THE CHALLENGES

#### ALBANIA'S FINANCE SECTOR IN BRIEF

The war between Russia and Ukraine, which broke out at the beginning of the year in 2022 when the effects of Covid-19 gradually receded, created a domino effect not only in Albania but also around the world, with a surge in energy and commodity prices leading to rapid increases in prices and high inflation.

The Bank of Albania started to act in line with the Fed and the ECB, which increased interest rates, and this was effective in keeping inflation under control while enabling the Albanian economy to meet new challenges in a strong position.

Apart from the developments mentioned above, the Albanian banking sector was also affected by the rise in interest rates. However, despite all these factors, there has been no significant change in the sector's profitability, which has exhibited a high level of resilience. Looking at general banking activities, there was a slight increase of approximately 6% in all performance indicators, with the non-performing loans portfolio as a ratio of total loans decreased to 5%.

#### A CORPORATE STRATEGY BASED ON THREE MAIN PILLARS

BKT's corporate strategy was shaped on the three following fundamentals:

- Strengthening the deposit base as the "symbol of trust of the country",
- A cautious stance in corporate loans, in addition to focusing on individual and commercial loans,
- Effective asset liability management to reduce risks and fluctuations and maximize profits.

In line with this strategy, the Bank achieved strong growth of 13% in deposits and 21% in individual loans in nominal terms. Careful management of assets generated record profits for the Bank and even the country.

**IN LINE WITH ITS STRATEGY, BKT DEMONSTRATED VIGOROUS GROWTH OF 13% IN DEPOSITS AND 21% IN PERSONAL LOANS IN NOMINAL TERMS.**

**Market leadership in the field of card payments**

### Pay your company's salaries through BKT Online Branch



Quick



No waiting in line



Wherever you are



Maintenance fee

## BANKA KOMBETARE TREGTARE (BKT ALBANIA)

**BKT ALBANIA'S TOTAL ASSETS INCREASED BY USD 235 MILLION (5.4%) IN NOMINAL TERMS COMPARED TO THE END OF 2021, REACHING APPROXIMATELY USD 4.6 BILLION AT THE END OF 2022.**



**21%** GROWTH

By the end of 2022, the volume of retail loans in BKT's portfolio grew by 21% in nominal terms to reach USD 412.9 million.

**SUCCESSFUL FINANCIAL AND OPERATIONAL RESULTS ACHIEVED WITH A STRONG PERFORMANCE**

BKT Albania's total assets increased by USD 235 million (5.4%) in nominal terms compared to the end of 2021, reaching approximately USD 4.6 billion at the end of 2022. However, when calculated based on the exchange rate effect, the balance sheet recorded real growth of 8.4%, reaching a size of USD 364 million. The Bank's total deposits increased by USD 441 million (13%) in real terms compared to the end of 2021, to exceed USD 3.7 billion.

In accordance with the Shareholder Decision dated 24 November 2022, a dividend of USD 50 million was distributed from BKT Albania's 2021 profits and undistributed profits.

BKT's 2022 net profit reached its highest level of USD 85.6 million based on IFRS accounting and its total equity (adjusted for the amount of dividends to be paid) increased by USD 32 million at the end of 2022, to reach USD 474.3 million, thus achieving an annual Return on Equity of 19.1% in US dollar terms (19.1% in USD terms).

BKT's total loan portfolio expanded by USD 2.9 million (0.4% in real terms) compared to the end of 2021, to reach USD 823 million. While the ratio of non-performing receivables of the Albanian banking sector in total loans (NPL ratio) stood at 5.0% at the end of 2022, BKT again differentiated itself from its competitors with a 2.47% NPL ratio in 2022.

As of the end of 2022, BKT was serving its customers with 63 branches and 979 employees and had a total of 114 ATMs and 8,450 POS terminals.

**DEVELOPMENTS IN 2022**

BKT successfully maintained its market leadership in the field of card payments in 2022. The Bank, which has a market share of more than 50% both in terms of the number of POS terminals and volume, achieved an increase of EUR 217 million its total POS volume, with its development and growth exceeding expectations.

Recording the same rapid growth in debit cards, BKT acts as a trendsetter in terms of market development. Achieving growth in POS/e-commerce transactions as well as a rapid rise in the use of debit cards in cash transactions, BKT also maintained its leading position in the credit card market in 2022.

By the end of 2022, the volume of retail loans in BKT's portfolio grew by 21% in nominal terms to reach USD 412.9 million, with housing loans amounting to USD 331.9 million with consumer loans of USD 81.04 million. In 2022, the Bank extended 4,754 new personal loans with a total value of USD 111.6 million, an increase of around 50% compared to 2021. Succeeding in increasing its market share in retail loans to 18.18%, BKT aims to become the largest bank in this segment going forward.

A new housing loan product was launched to the market in 2022 with 100% financing of the investment value with a three-year fixed interest rate for mortgage loans in Euro currency. The product, targeting first-time homebuyers as well as households willing to invest in a second home such as a summer house or a country house, has attracted great interest, increasing demand for mortgage loans.

In this area, the Bank created a new mortgage channel named Merchant Channel to increase mortgage loan sales through collaboration with construction companies and real estate companies. There was a 65% increase in the take-up of this product, with pre-approval being issued to each customer through alternative communication channels when the customer is at the sales point in the construction company or real estate office, and the number of total users tripled in December.

As far as consumer loans are concerned, the New Loan Origination System-PEGA for overdraft products was launched in 2022. This system is able to perform automatic evaluation, automatic decision-making and finalization of overdraft requests, leading to shorter processing times, faster responses, fewer operational mistakes and an auditable system.

BKT's "BKT Smart" mobile application and its user-friendly design was completely renewed with the highest store ratings (4.4 and 4.3) in the market. Uniquely in Albania, Insurance and Private Pension funds belonging to different companies started to be sold through digital channels.

In addition, in 2022, BKT started to provide Pension Fund custody services and UPT money transfer services and added the cardless money withdrawal option (Smart Bankomat) and seven language options to its ATMs.

**CREDIT**

In 2022, commercial enterprises accounted for 53% of BKT's loan portfolio (40% to corporate customers, 8% to international customers and 5% to customers in the SME and Micro segments). Personal loans, which accounted for a 47% share of the portfolio, consisted of Personal Overdraft Deposits and credit cards, broken down into 42% being mortgage and secured personal loans and 5% being super loans.

Throughout 2022, the BKT Risk Management Group remained focused on identifying and closely monitoring the key risks and implementing necessary measures to find recovery solutions for customers having difficulty repaying their loans. Aiming to control and mitigate these increasing risks, the business lines have been advised to follow a more prudent lending approach and strengthen their loan criteria. Acting proactively on the fundamentals of close customer follow-up, a more specific approach was followed for old non-performing customers experiencing certain problems, while where all efforts to recover the outstanding debt or reach a payment agreement had been exhausted, legal procedures for collateral enforcement were put in place as the only way to move forward with non-responsive customers.

Despite the difficult year in terms of non-performing loans and the contraction in the loan portfolio, the Risk Management Group at BKT Albania achieved reductions in both the Non-Performing Loans (NPL) volume and the NPL (90+) ratio to 2.47% by 30 December 2022. This ratio is not only the lowest NPL ratio in the Bank's history but is also significantly lower than the average NPL ratio in the Albanian Banking System, which stood at 5.26% on an IFRS basis and 4.99% according to local standards as of 31 December 2022.

**IN 2022, 53% OF BKT'S CREDIT PORTFOLIO CONSISTED OF COMMERCIAL LOANS WITH 47% CONSISTING OF RETAIL LOANS, DEMONSTRATING A BALANCED DISTRIBUTION.**





## BANKA KOMBETARE TREGTARE (BKT ALBANIA)

## BKT WORKS IN COOPERATION WITH KOSOVO AND TURKEY IN THE FIELD OF INTERNATIONAL TRADE FINANCE.



14% INCREASE

BKT's international trade finance volume, which stood at USD 1.7 billion in 2021, increased by 14% to USD 1.9 billion in 2022.

Despite being the largest bank in the country, BKT was able to maintain its NPL ratio at 47% (around half) of the NPL ratio of the entire banking system according to IFRS standards in 2022. Structurally, corporate customers continued to account for the highest percentage of the total NPLs, followed by individual collateralized customers. By December 2022, NPLs were on a declining trend in almost all segments, including workplace, housing and consumer loans.

## INTERNATIONAL TRADE

BKT's international trade finance volume, which stood at USD 1.7 billion in 2021, increased by 14% to USD 1.9 billion in 2022. Continuing to support import and export activities in 2022, the Bank reached a balance of USD 67 million (2021: USD 48 million) in Letters of Credit, Document Collection and Letters of Guarantee transactions, marking an increase of 40% compared to the previous year.

BKT works in cooperation with Kosovo and Turkey in the field of international trade finance. In this area, the Bank not only works with its wide correspondent bank network but also the common commercial customer portfolios of each of the Çalik Group banks operating in these countries.

In line with these activities, BKT simultaneously develops new digital services and improves existing services. For example, from 2023, the Bank will facilitate transactions by ensuring that international payment orders are transmitted through Commercial E-banking. The flexibility created by real-time cash visibility on the platform will enable commercial customers to accurately manage their daily liquidity.

Aiming to be a competitive bank in the international trade segment, BKT encourages local businesses with privileged transaction commissions.

## DIGITALIZATION

The Key Performance Indicator (KPI) determined by BKT for digitalization in 2022 was the online transaction rate. In this context, the Bank exceeded its year-end target of 68%, reaching 73.7%. BKT enhanced the user experience in mobile banking to achieve its goal and reached the highest score in financial applications in Albania.

BKT increased the functionality of mobile banking with insurance brokerage and private pension funds, functions unique to the Bank in Albania. EMEA Finance awarded BKT the accolade of being the most innovative bank in Southeastern Europe in recognition of its "Smart Banking" initiative.

SMART Bankomats, which offers a tablet-like experience and is the first ATM solution in Albania to allow cardless transactions, started to provide services in 7 languages and generated USD 1.2 million in international card revenue. The QR payment solution, SMART Pay, was launched to expand merchant coverage and encourage mobile shopping over POS or smartphones.

Maintaining its 63 current branches in 2022, BKT increased the number of ATMs to 117 to expand its regional spread and revenues. The Bank's main goal here is to simplify the customer journey in branches and different channels to provide an omni-channel experience. In this context, some product processes were brought together and redesigned to reduce product opening time and increase cross-selling, reducing processing times by 30%.

BKT took the first steps in branch mobilization by moving some transactions to SmartTI, a shell application which helps consolidate different screens in a web-based environment. SmartTI communicates with SMART Touch, an application allowing staff to initiate transactions by mobile phone and complete them on the desktop. The first used function of the application was to enable e-invoice payments from mobile devices using QR scanning and finalize them on branch screens. The Bank provided a similar service directly from the BKT SMART/e-banking platform and transferred 60% of e-invoice payments to online platforms. Additionally, approximately 6,000 credit/card applications were received through the website.

## SMART INVEST

BKT SMART Invest, the first platform to provide access to international financial products in Albania, was offered to customers in 2021. BKT carried out intensive work to improve the user experience and visibility of SMART Invest in 2022. In this context, all digital customers started to see the SMART Invest menu during online banking or in BKT SMART and were directed to use the demo version and the complete documentation set to become active users. The SMART Invest platform generated EUR 160,000 of net income in 2022.



## HUMAN RESOURCES

In 2022, BKT's human resources yielded a return on investment (ROI) of 5.1%, almost twice that of the Albanian banking sector. The HR expense factor KPI came in at 32%, the best rate in Albania and much better than the industry average of 38%. The savings from the HR portion of the budget were 8.1% lower than the amount determined in the budget. IT employee churn, which was maintained at 17% during the year, decreased by more than half compared to 2021.

## SUSTAINABILITY AND ESG

BKT bases its sustainability activities on five main headings: shareholders, market, employees, environment and society.

**Shareholders:** Carrying out its activities in line with Çalik Group's corporate culture and values, BKT supports organizational development and sustainable profitability that enables the organization to generate value for its stakeholders and its shareholders.

**Market:** BKT is a modern bank which offers innovative banking solutions in a wide range of consumer and investment products to meet the needs of all customers, whether they are individual, corporate or public institutions. The Bank is both a key player in the market and an important taxpayer in Albania, significantly contributing to the growth of the Albanian economy.

BKT works to ensure excellence in customer service and satisfaction, led by a customer-oriented approach. In 2022, the Bank conducted customer satisfaction surveys, with scores of 84% for its call center and 86% in its branches.

IN 2022, BKT'S HUMAN RESOURCES YIELDED A RETURN ON INVESTMENT (ROI) OF 5.1%, ALMOST TWICE THAT OF THE ALBANIAN BANKING SECTOR.

ISO 9001:2015

BKT follows ISO 9001:2015 Quality Management System standards in its activities.

## BANKA KOMBETARE TREGTARE (BKT ALBANIA)

## BKT DEEMS ITS HUMAN RESOURCES TO BE ITS MOST IMPORTANT ASSET.



**Employees:** BKT values human resources as its most important asset. With a strong culture of meritocracy, the Bank provides its employees with the opportunity to build a successful career by offering a healthy and safe working environment, fair and modern working practices, competitive pay and benefits, and training for further development and specialization.

**Environment:** BKT cares for the environment and acts respectfully to protect the environment during its daily operations, not only to follow Albanian environmental legislation but also in accordance with its environmental sustainability initiatives.

BKT constantly improves its business practices to enhance green practices and become an environmentally friendly bank. In this regard, the Bank carries out work on;

- reducing energy and water consumption,
- increasing paperless practices,
- using centralized printers,
- adapting its credit policy in new financing by taking account of its customers' environmental impact and ensuring that they share the same environmental values,
- supporting green projects through the CSR program and raising awareness of environmental issues among employees.

As a result of its efforts to reduce paper consumption in its branches, BKT achieved a 15.5% increase in transactions carried out through digital channels and a 5.8% decrease in transactions performed through the branches in 2022.

**Society:** BKT recognizes its role and supports society and local communities through a diversified CSR program which is in line with the UN Sustainability Development Goals within the framework of its main objectives stated below:

**Goal 1 | Zero Poverty, Goal 2 | Zero Hunger** - BKT cooperates with NGOs to support families in financial difficulty by providing food packages.

**Goal 3 | Good Health and Quality Life** - BKT also supports healthy living and raises awareness among its customers and employees through activities such as organizing blood donation days, cycling to work, Pink October activities during breast cancer awareness month, participation in various sports activities and collaborating with NGOs to support projects to teach children healthy habits.

**Goal 4 | Quality Education** - BKT participates in and supports a wide range of activities whose main goal is to improve the quality of education, from primary school education all the way up to university. The Bank is a constant participant in "Global Money Week", an annual activity organized in Albania with the participation of young students.

BTK collaborates with schools by mentoring and guiding students on the importance of financial literacy, supporting universities that offer new curricula and innovative learning while offering students scholarships, internships and job opportunities.

**Goal 5 | Gender equality** - BKT is a signatory to the Women's Empowerment Principles (WEPS), recognizing the contribution of women and girls, leading to important goals as well as empowering them to build a more sustainable future for all.

The Women's Empowerment Principles (WEPS) are a set of principles offering guidance to business on how to promote gender equality and women's empowerment in the workplace, marketplace and society.

Established by the UN Global Compact and the UN Women Agency, the WEPS are developed within the framework of international labor and human rights standards and are based on the recognition that businesses have interests and a responsibility to support gender equality and women's empowerment.

#### Goal 8 | Decent Work and Economic Growth, Goal 9| Industry, Innovation and Infrastructure

As one of the largest employers in the market, BKT offers a modern work environment for its employees while encouraging all its business partners to act in the same direction.

BKT's innovative operations not only ensures sustainable profitability for the Bank, but also enables a better quality of life for its customers and partners, thereby creating a circle of constantly improving life, work and quality.

**Goal 15 | Life on Land** - BKT supports projects that aim to expand green areas in all of the cities it operates in.



#### AWARDS RECEIVED IN 2022

- BKT received the "Best Bank in Albania for 2022" award at the 29<sup>th</sup> ceremony held for the "Best Banks in Central and Eastern Europe" by America's prestigious magazine, Global Finance, on 25 March 2022.
- BKT won recognition from the global company, Visa, for its success in reducing the use of cash as well as its significant contribution to the development of electronic commerce in Albania throughout 2021.
- BKT was awarded as the "Best Bank in Albania" and "Most Innovative Bank" by EMEA Finance in the "2021 European Bank Awards" in the fourteenth time the awards were hosted. In the same event, the BKT's "SMART Banking" product was recognized as the "Best Product of 2021" in the Central and Eastern Europe and the Commonwealth of Independent States region.
- At the Finance Central Europe at the "Best Southeast European Bank Rankings 2022" event held on to mark the 23<sup>rd</sup> anniversary of its establishment, BKT and the CEO of the Bank, Mr. Seyhan Pencabligil, won the following awards:
  - » "The Best Banker in Albania 2022" - Seyhan Pencabligil, CEO, Banka Kombëtare Tregtare Sh.A., Tirana, Albania
  - » "The Best Bank in Albania"
  - » "The Best Bank in Albania by Asset Strength"
  - » "The Best Bank in Albania by Capital Strength"
  - » "The Best Bank in Albania by Pre-Tax Profit"
  - » "The Best Bank in Albania by Return on Assets (RoA)"
  - » "The Best Bank in Albania by Return on Equity (RoE)"

BKT IS A SIGNATORY OF THE WOMEN'S EMPOWERMENT PRINCIPLES (WEPS), WHICH INCREASINGLY RECOGNIZE THE CONTRIBUTION OF WOMEN AND GIRLS AS WELL AS BUILDING A MORE SUSTAINABLE FUTURE FOR ALL.





BANKA KOMBETARE TREGTARE (BKT ALBANIA)

AS A RESULT OF THE MARKET DEVELOPMENTS AND ECONOMIC SITUATION AFFECTING BKT’S STRATEGY, THE BANK DECIDED TO MAINTAIN ITS STRONG FOCUS ON COMMERCIAL AND RETAIL LOANS.

ABOUT THE FUTURE

BKT aims to expand its deposits by 10% by strengthening its market leadership position in the short and medium term. Since a more aggressive deposit strategy results in a higher CAR due to BKT’s systemic bank classification, BKT is not focused on increasing its market share further from the current 25-30% levels. This strategy will enable more resources to be allocated to securities in international markets, thus supporting profitability.

As a result of the market developments and economic situation affecting BKT’s strategy, the Bank decided to maintain its strong focus on commercial and retail loans. Going forward, BKT will further strengthen its dominant position in the existing mortgage loans it provides to the social housing project within the scope of the agreement signed with the Ministry of Finance and the Economy and will continue to focus on consumer loans to expand its loan base and increase margins.

BKT aims to achieve healthy growth in treasury investment activities with effective, interactive and prudent risk management practices. The Bank’s main purpose here is to avoid default on treasury investments.

BKT will continue to be the most profitable bank and one of the largest companies in Albania, with a stable Return on Equity (18%) and Return on Assets (1.8%).

BKT’s long-term financial vision is to double its financial results in terms of size and profit and to more than double its shareholders’ equity. Despite increasing legal requirements regarding the minimum capital adequacy ratio, BKT plans to maintain an average Return on Equity of over 15% in USD terms, while distributing at least USD 50 million in dividends.

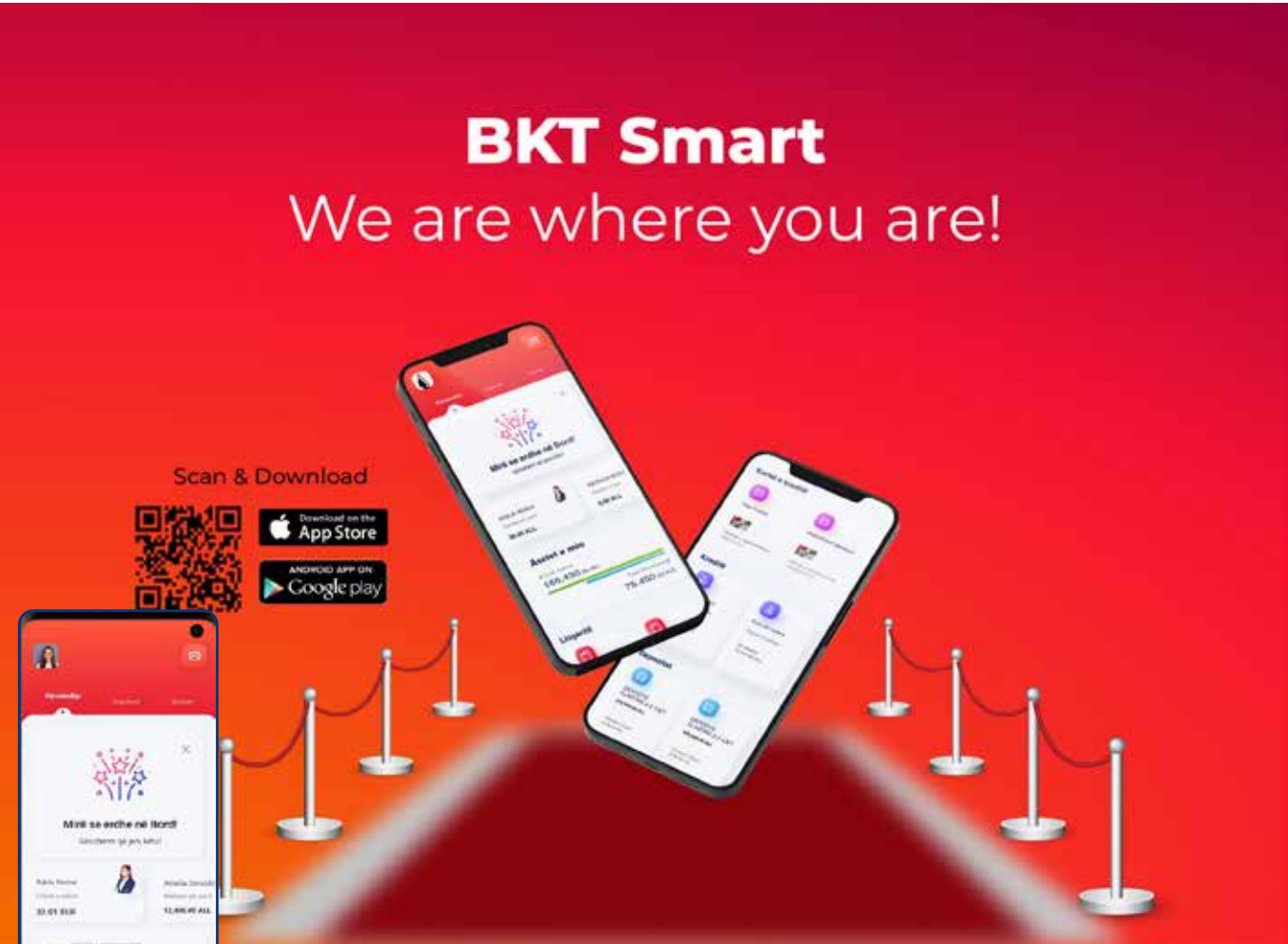
When it comes to international opportunities, BKT’s vision is for mobile banking to be the Bank’s main channel and to obtain licenses in the Balkans and the surrounding region.

15%<sub>RoE</sub>

Despite increasing legal requirements regarding the minimum capital adequacy ratio, BKT plans to maintain an average Return on Equity of over 15% in USD terms, while distributing at least USD 50 million in dividends.



Financial Indicators (TL million)	2020	2021	2022
Total Assets	31,229	58,015	85,992
Net Sales	970	1,344	2,542
Shareholder’s Equity	3,670	6,559	8,876
Dividend Payment	299	599	936
Dividend Payment (USD million)	40	45	50
EBITDA	564	745	1,228
Total Assets’ Market Share (%)	26.3	26.0	26.2





THE MOST IMPORTANT PILLAR OF BKT KOSOVO'S STRATEGY IS FOCUSED ON CREATING AND OFFERING A VARIETY OF PRODUCTS AND SERVICES SPECIFICALLY TAILORED TO THE NEEDS OF ITS CUSTOMERS AND WHICH ARE ALSO UNIQUE PRODUCTS IN THE MARKET.

FINANCE AND BANKING MARKETS SHAPED BY INCREASES IN INTEREST RATES AND HIGH INFLATION

THE ECONOMY AND THE BANKING SECTOR IN KOSOVO

In 2022, the global economic outlook and the finance and banking markets were affected by the war that broke out between Russia and Ukraine, the strengthening of the US dollar, interest rate hikes, high inflation and a slowdown in growth.

Although Kosovo only has marginal economic ties with Russia and Ukraine in terms of trade, tourism and banking services, the war between Russia and Ukraine and the sanctions imposed against Russia triggered an economic slowdown and rising inflation in Kosovo.

Kosovo's economy, which is largely dependent on imports, was negatively affected by high oil prices and soaring prices of electricity, wheat and basic food

items. The country was forced to import energy due to its lack of natural resources and low production capacity, which in turn led to an increase in inflation.

Consumer prices in Kosovo surged during 2022 leading to a gradual erosion of purchasing power in the country. According to data provided by Kosovo Statistics Agency, KAS, Kosovo ended 2022 with an inflation rate of 11.6%. In its latest report, the IMF set out a growth forecast of 3.5-4% for Kosovo on the assumption that international commodity prices would soften in 2023.

Kosovo's banking sector was affected by high borrowing costs in 2022 with an increase in loan interest rates. However, the effect of this on the sector's overall growth was limited, with total deposits growing by 13.44% and bank growth of 19.84%. The sector's asset volume expanded by 12.59% when BKT is excluded, while BKT recorded 22.58% growth on a standalone basis.

The loan portfolio of Kosovo's banking sector was driven by commercial and individual loans, with commercial

KOSOVO'S BANKING SECTOR'S ASSET VOLUME EXPANDED BY 12.59% WHEN BKT IS EXCLUDED, WHILE BKT RECORDED 22.58% GROWTH ON A STANDALONE BASIS.

Advanced banking solutions which are accessible and flexible

BKT Mobile

QR Kesco:  
Paguaje lehtësisht  
faturën e rrymës.

Ndaje faturën me  
familjen ose shoqërinë.

Siguro udhëtimin për  
ty dhe për familjarët!

Planifiko  
Buxhetin.





BANKA KOMBETARE TREGTARE (BKT KOSOVO)



30.7% INCREASE

In 2022, BKT Kosovo reached a portfolio size of EUR 213 million in the retail loans segment, an increase of 30.7% compared to December 2021.

loans comprising 60% of the portfolio and individual loans comprising 40%. The commercial loan portfolio covers corporate, SME and micro enterprises in almost regions throughout Kosovo.

The retail loan portfolio, divided into consumer and mortgage loans, helps individual customers access financing to purchase property (such as homes) and to meet consumer needs.

Kosovo’s banking sector is characterized by its low levels of non-performing loans (NPLs), as well as its high liquidity and its well capitalized position. The ratio of non-performing loans continued to decrease to 2.0% in December 2022, down from 2.3% in the previous year.

BKT KOSOVO’S CORPORATE STRATEGY

The year 2022 was characterized by a number of events including the receding of the pandemic, Russia’s invasion of Ukraine and high rates of inflation on the back of soaring commodity prices and energy prices, sparking turmoil and volatility in financial international markets.

The most important pillar of BKT Kosovo’s strategy is focused on creating and offering a variety of products and services specifically tailored to the needs of its customers and which are also unique products in the market. As a leader in the digitalization of banking services in the Kosovan market, BKT Kosovo leads the developments in this field by offering the most innovative services and products in the banking sector.

STRENGTHENING ITS POSITION WITH A STABLE PERFORMANCE

BKT Kosovo managed to further strengthen its position by demonstrating a stable performance in 2022 with the aim of becoming the country’s best and

largest bank in line with its strategy, in spite of the negative global backdrop caused by the current geopolitical situation.

In 2022, which was a very successful year for BKT Kosovo, growth was achieved in all performance indicators, including assets, and the Bank maintained its fourth position in the Kosovan banking system with a market share of 15.6%. Winding up the year with a stable profit, BKT commanded a market share of 12.5% in loans and 14.5% in deposits.

BKT Kosovo continues to be a leading bank in generating and delivering advanced solutions that provide banking accessible and flexible for customers at all times. BKT Kosovo has developed new products and maintained its investments to enrich the services it offers in digital banking channels and the ATM network in 2022. All investments and projects aim to provide a faster service to each customer whenever and wherever they need it.

In 2022, BKT Kosovo reached a portfolio size of EUR 213 million in the retail loans segment, an increase of 30.7% compared to December 2021. The main factor driving the increase in personal loans was housing loans, which grew by 41%. By the end of the year, there was a 26% increase in consumer loans with credit cards and overdrafts demonstrating an increasing trend, with growth of 44% in credit card volumes and 50.9% in overdrafts. In terms of individual deposits, BKT Kosovo ended the year with a balance of EUR 536 million, an 18% increase compared to December 2021.

On the corporate side, BKT’s loan volume increased by 18.7% compared to December 2021 to reach EUR 284

million, with the total of overdraft accounts increased by 35% to reach EUR 39 million. BKT Kosovo’s total corporate deposit volume increased by 24% compared to December 2021 to reach EUR 261 million in 2022. On the other hand, the total volume of treasury investments, including securities and loans to banks, increased by 17% to reach EUR 273.9 million.

Looking at non-performing loans, BKT Kosovo closed the year with a much better performance when compared to the market, with the ratio of non-performing loans decreasing from 1.51% at the end of 2021 to 1.44% at the end of 2022.

Capital Intensity Ratio (CIR)	35.44%
Return on Assets (ROA)	2.29%
Return on Equity (ROE)	22.53%
Non-performing Exposure (NPE)	1.4%
Ratio of Loans to Deposits	67.3%

DEVELOPMENTS WITH NEW PRODUCTS AND SERVICES

BKT Kosovo continues to lead developments in the market by offering the most innovative services and products in the Kosovan banking sector. This has paved the way for increased customer loyalty and customer acquisition, and the Bank further enriched its portfolio by launching the following products and services throughout 2022:

Digital Credit Card and Digital Credit Deposit

All interactions are designed to be fast, simple and efficient to improve the customer experience and streamline the process. BKT Kosovo customers may apply for a Digital Credit Card and receive approval through the BKT mobile app in a process that can be completed in four short steps.

Multi-Currency Term Deposits

The Multicurrency deposit product, launched in Kosovo’s banking sector, is a product that diversifies the market and also helps BKT Kosovo stand out from other banks. The deposit product uniquely allows customers to switch from one currency to another (with up to seven currencies) within the term of the term deposit contract, without accruing interest.

Cash Deposits and Withdrawals Through Vlleša

Within the scope of the cooperation between BKT Kosovo and Vlleša (a non-bank financial institution), the Bank’s customers may deposit money, withdraw cash and pay loan instalments and credit card debts through 80 Vlleša branches. The aim here is to expand the customer reach and provide services in areas where the Bank is not yet present.

Virtual POS

Taking into account the latest developments in online sales in the world and in the country, BKT Kosovo launched the Virtual POS - e-commerce service, providing a broader range of services in the market.

WITH THE TARGET OF BECOMING KOSOVO’S BEST AND LARGEST BANK, BKT KOSOVO MANAGED TO FURTHER STRENGTHEN ITS POSITION BY DEMONSTRATING A CONSISTENT PERFORMANCE IN 2022 IN LINE WITH ITS STRATEGY.

EUR 261 MILLION

BKT Kosovo’s total corporate deposit volume increased by 24% compared to December 2021 to reach EUR 261 million in 2022.

## BANKA KOMBETARE TREGTARE (BKT KOSOVO)

### BKT KOSOVO CARRIES OUT ITS ACTIVITIES WITH A WIDE REGIONAL DISTRIBUTION, WITH 22 BRANCHES AND 49 ATMS.



**SOLUTIONS WHICH ENSURE BANKING IS ACCESSIBLE AND FLEXIBLE**  
BANKS PRESSED AHEAD WITH THE DIGITALIZATION OF BANKING SERVICES, WHICH WERE FURTHER ENRICHED WITH SECURE DIGITAL PAYMENT OPTIONS.

#### SMART ATM CxBanking

In 2022 BKT Kosovo upgraded its ATM software infrastructure with the latest technology, providing exceptional customer experience in digital transactions. The project, which includes modern, dynamic UI/UX screens and provides a customized behavior-based tablet experience, was developed to expand the Bank's range of services for customers with differentiated needs.

ATM CxBanking, the first of its kind in the sector, remains a unique solution implemented in the Kosovan market and region.

#### Robotic Process Automation (RPA)

Robotic Process Automation (RPA) is an automation platform that enables the automation of repetitive and mundane tasks in businesses which had previously carried out by humans. BKT Kosovo, which implemented Robotic Process Automation (RPA) technology in 2022, has moved on to the next stage of its digital evolution.

#### Dora e Pare Platform

"Dora e Pare", implemented by BKT Kosovo and a first in the market, is a revolutionary online platform. The platform offers a broad range of financial support options and an optional, transparent and seamless experience for buying and selling real estate and vehicles. The platform includes the right commercial partners, agencies and dealers for customers to easily find and purchase real estate and vehicles and apply for financing.

#### INTERNATIONAL TRADE

BKT Kosovo assists businesses in finding most cost-effective financing solutions by negotiating and analyzing the terms of international trade finance agreements. In 2022, the Bank focused on helping its customers obtain the funds necessary to finance their export and import transactions and to provide them with credit limits.

BKT Kosovo's non-cash financing portfolio increased by 27% compared to the previous year, with a market share of 11%, while the overall banking sector recorded 22% growth in its non-cash financing portfolio compared to the previous year.

#### DIGITALIZATION

Banks pressed ahead with the digitalization of banking services, which were further enriched with secure digital payment options. BKT Kosovo become a role model in the country with its solutions which ensure banking is accessible and flexible at all times, using online platforms that form the basis of customer relationship management.

The Bank focused on redesigning the banking experience and increasing interaction on digital platforms to meet customers' needs and expectations throughout 2022.

BKT Kosovo's retail banking business line launched an array of unique products and solutions on digital channels. In 2022, the Bank expanded the QR payment option from mobile banking to POS devices, becoming the only bank in the Kosovan market to offer this unique service.

BKT offers a comprehensive digital package in its mobile application and ATM network. The BKT mobile app started to include all digital products with the digital credit card and digital overdraft launched in 2022, to complement the digital account opening and digital loan features.

The Bank recorded significant growth in the number of customers as a result of innovations carried out in its M-Banking and E-Banking digital channels, which changed the way customers manage their financial situations. The number of the Bank's digital banking users increased by 38%, the number of active users increased by 57% and its transaction volumes grew by 64%.

BKT Kosovo remains the only bank in the country to offer its customers quality hybrid services and products. Despite rapid developments in digital channel solutions, traditional and conventional banking continues to be an important part of the Bank's operations. In order to meet changing customer needs, cash services in the branches were scaled back and consultancy services were stepped up.

By analyzing its achievements, BKT Kosovo structured a working strategy to develop timely and quality service processes. The Bank's project, "meeter greater", made it easier for branches to have an orientation staff that would direct their customers to digital services. These services mostly include new solutions offered by SMART ATMs such as cardless withdrawals, fast withdrawals, QR deposits and withdrawals and bill payments.

BKT Kosovo carries out its activities with a wide regional distribution, with 22 branches and 49 ATMs.

#### SMART INVEST

BKT Kosovo introduced its demo version of SMART Invest to further increase its knowledge in financial markets and platform functions. In addition, the Bank is in the final stages of launching the USD account, which will increase the attractiveness of investing in USD based instruments.

Thanks to these developments, BKT managed to create a value-added service for its customers as the only bank in Kosovo to offer customers the opportunity to invest in the financial markets.

#### HUMAN RESOURCES

BKT Kosovo is proud to have completed another successful year in the field of Human Resources in 2022 with a continued focus on attracting and retaining top talent, fostering a diverse and inclusive workplace culture, providing an attractive working environment while offering a comprehensive range of benefits and opportunities for growth and development for employees of the Bank. Commitment to these values has been essential to the Bank's ongoing success in the future.

The employee churn rate, employee engagement, diversity and inclusion, recruitment and retention, employee benefits and satisfaction, talent development and compliance and legal issues are among the key indicators which are measured and assessed continuously. HR activities and programs have been tailored around these measurements and the results of the evaluations, significantly impacting the Bank's overall performance.

### THE BKT MOBILE APP INCLUDED ALL DIGITAL PRODUCTS, WITH THE DIGITAL CREDIT CARD AND DIGITAL CREDIT DEPOSIT PRODUCT LAUNCHED IN 2022.



# 38%<sub>GROWTH</sub>

In 2022, the number of digital banking users increased by 38%, the number of active users increased by 57% and the transaction volumes increased by 64%.



BANKA KOMBETARE TREGTARE (BKT KOSOVO)

AS OF 31 DECEMBER 2022, BKT KOSOVO HAD A TOTAL OF 427 EMPLOYEES, 198 WORKING IN THE HEAD OFFICE AND 229 IN THE BRANCHES.



BKT implemented new recruitment strategies in 2022 in a bid to attract the best candidates in the industry and also to increase employee retention rates by offering employees an engaging and fulfilling experience at work. In addition, the Bank invested significantly in employee benefits and development opportunities, including offering competitive salaries, comprehensive health coverage, and professional development programs to help employees reach their full potential.

In 2022, the Bank announced the start of new Leadership Development Program, which is designed to cultivate the next generation of bank leaders and managers. This comprehensive program will provide high-potential employees with the skills, knowledge and experience necessary to succeed in positions of leadership within the Bank.

Another key initiative launched in 2022 was the introduction of flexible work schedules for eligible employees. Recognizing the changing demands of the modern workforce, BKT implemented flexible options for employees to balance their work and personal commitments, such as telecommuting, part-time arrangements and flexible starting and end times where applicable.

During the year, the Bank implemented various training and development programs to help employees acquire new skills and adapt to the changing demands of the workplace and create a more efficient and effective organization that delivers exceptional value to customers.

BKT Kosovo had a total of 427 employees as of 31 December 2022, of which 198 were in the Head Office and 229 in the branches. BKT Kosovo

continued to support and develop new generations with in-house internship programs in 2022. A total of 65 students from different universities performed internships in different fields, 12 of whom went on to work within the Bank.

**SUSTAINABILITY AND ESG**  
BKT Kosovo successfully completed subordinated loan agreements with EFSE and GGF Funds of Finance in Motion with the aim of supporting SMEs, agriculture, energy efficiency and renewable energy projects in South Eastern Europe, creating an impact.

Within the framework of this agreement, the country’s first sustainability-linked subordinated loan, the Bank agreed to set ESG-related Key Performance Indicators (KPIs) that will help minimize its negative impact on the environment and promote sustainable growth.

Within the scope of ESG-related Key Performance Indicators (KPIs) for 2023, the Bank has committed itself to;

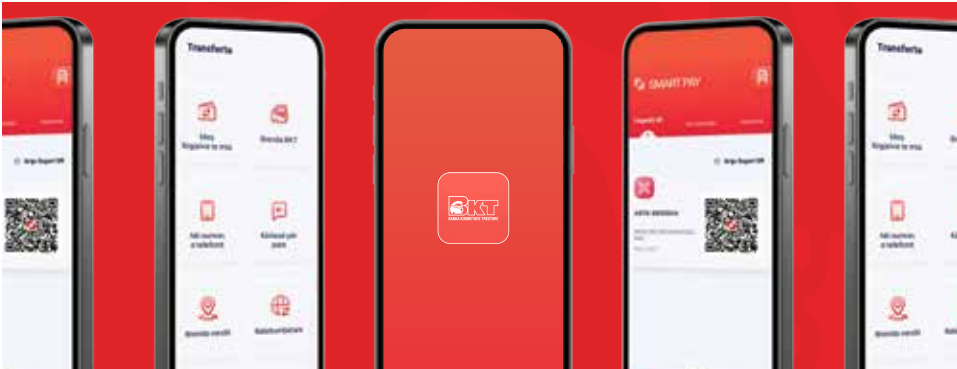
- develop and implement the sustainability strategy in line with Çalik Holding’s sustainability approach,
- achieve at least 15% annual growth in the agricultural segment and a 5% share in total business loans,
- ensure a minimum of 15% annual growth in the MSME segment and at the same time increase its share in total business loans to 35%,
- expand the Green Loan portfolio, including renewable energy projects.

**AWARDS**  
The new relationships that BKT Kosovo established with various stakeholders from different countries provided the Bank with the opportunity to carry out transactions in money markets, trade finance and international trade. This work was recognized with 13 awards from seven respected and prestigious institutions and journals in 2022.

- **Global Business Review Magazine**  
“Best Bank in Kosovo 2022”
- **Global Finance**  
“Best Bank in Kosovo 2022”  
“2022 Outstanding Innovator in Foreign Exchange and Trading” for the SMART Invest platform

**Finance Derivative Magazine**  
• “Best Commercial Bank in Kosovo, 2022”

- **International Business Magazine**  
“Best Bank in Kosovo 2022”



- **World Business Outlook**  
“Best Private Banking Award, Kosovo 2022”  
“Best Retail Banking Award, Kosovo 2022”  
“Best Digital Banking Award, Kosovo 2022”  
“Most Innovative Micro Enterprise, Kosovo 2022”  
“Fastest Growing SME Bank, Kosovo 2022”

- **Cosmopolitan The Daily Business**  
“Best Retail Bank, Kosovo 2022”  
“The Most Innovative Digital Transformation Bank, Kosovo 2022”

- **World Finance**  
“The Best Banking Group, Kosovo 2022”

**About the Future**  
The 2022 realizations of BKT Kosovo’s basic economic indicators and their projections for the next 3 years are set out in the table below.



THE NEW RELATIONSHIPS WHICH BKT KOSOVO ESTABLISHED WITH VARIOUS STAKEHOLDERS FROM DIFFERENT COUNTRIES PROVIDED THE BANK WITH THE OPPORTUNITY TO CARRY OUT INTERNATIONAL TRADE, WORK WHICH WAS RECOGNISED WITH 13 AWARDS IN 2022

Financial Indicators (EUR thousand)	2020	2021	2022
Total Assets	671,735	825,838	1,012,323
Total Deposits	539,308	665,174	797,153
Treasury Investments	161,498	234,064	273,861
Shareholder’s Equity	351,965	417,474	523,681
Loans	73,533	87,242	96,784
Net Profit	11,053	15,937	19,665



THE TURKISH CONSTRUCTION SECTOR HAS THE NECESSARY FLEXIBILITY TO RESPOND TO CONDITIONS IN THE WORLD THANKS TO THE EXPERIENCE AND KNOW-HOW IT HAS GAINED BOTH AT HOME AND ABROAD.

A YEAR OF CONTINUED GROWTH IN 2022

THE CONSTRUCTION SECTOR DIVERGES FROM THE POSITIVE TREND IN ECONOMIC GROWTH

According to the current analysis report prepared by the Turkish Contractors Association, the contraction in the Turkish construction sector, which started in the third quarter of 2021, deepened in 2022 as the sector grappled with a decline in investment in the sector and a rise in input costs. This picture also demonstrates how the sector decoupled negatively from economic growth, despite the growth in general economic activity.

Despite the positive seasonality in the country in the last quarter, the decline in new work in the sector was noteworthy. Traditional markets have struggled abroad while Turkey has been affected by high inflation, higher input costs and a lack of funds, and in foreign countries, the ongoing Russia-Ukraine war continues to be a risk factor on the sector's activities and business volume for the rest of the year in terms of domestic and foreign contracting

services. The ongoing war and the negativities affecting the investment climate have also presented serious challenges for international contracting services.

The year 2021 was marked by the vaccination rollout to tackle the Covid-19 pandemic as well as the rise in oil prices. Meanwhile, Turkey has taken back its second place in the world in 2021 with the inclusion of 42 Turkish companies in the "World's Largest 250 International Contractors" list, defined as the "world league of giants".

The Turkish construction sector has the necessary flexibility to respond to conditions in the world thanks to the experience and know-how it has gained both at home and abroad. As a result, the recovery and growth in the construction sector continued in 2022.

There was an intense workload in 2022 as contractors rushed to cover projects which had been postponed due to the pandemic. According to data provided by the Ministry of Commerce, Turkish contractors reached a record USD 17.8 billion of business volume in 2022 with 454 projects. The portfolio of projects

ACCORDING TO DATA PROVIDED BY THE MINISTRY OF COMMERCE, TURKISH CONTRACTORS REACHED A RECORD USD 17.8 BILLION OF BUSINESS VOLUME IN 2022 WITH 454 PROJECTS.

Experience, know-how and flexibility





## OVERVIEW OF THE CONSTRUCTION SECTOR IN 2022

### THE COST OF INVESTMENTS UNDERTAKEN TO SOLVE CLIMATE PROBLEMS AFFECTS REAL ESTATE PRICES BOTH IN OUR COUNTRY AND THE WORLD.



carried out by Turkish contractors since they first expanded into foreign markets, starting with Libya in 1972, has reached 11,605 projects in 133 countries with a total volume of USD 472 billion to date.

The climate crisis and global warming, and the related increase in the frequency and intensity of weather events has presented rising risks as well as emerging opportunities for the construction sector. Climate change, the effects of which are increasingly being felt, triggers powerful storms, deadly floods, heatwaves and long droughts, and causes sea levels to rise.

With increasing awareness on this issue, new methods are being developed in the construction sector to build structures which are resistant to rising temperatures, sudden heavy downpours, strong winds and other changing climate events.

The housing problem is not currently at a point where the needs can be resolved without cement. With the rapid expansion of urbanization, the production of concrete, among the most widely used materials in the world, necessitates the use of significant natural resources on a global scale. The cement sector is responsible for 7% of global carbon emissions; with the inclusion of the construction sector and building industry, this rate increases to 39%.

The cost of investments undertaken to solve climate problems affects real estate prices both in our country and the world. The rising trend of building with new technology on a global scale will direct building manufacturers to support this trend driven by a sense that properties built using new technology are more valuable. This could lead to high building prices in the earlier phases of new technologies being used in buildings. Although Turkey is not one of the

countries most vulnerable to rising sea levels, it would be expected to lead to higher real estate prices in coastal cities, such as İstanbul, İzmir and Muğla.

The rise in sea levels is expected to inflict considerable economic damage on the construction sector, directly affecting life in coastal areas. In addition, the incidence of climate events such as floods and storms will also negatively affect the lives of those living near coasts. The condition of buildings, especially those built in low-lying coastal areas, is the biggest concern in this regard. It is inevitable that many of these structures will either have to be completely demolished or reconstructed with adjustable building foundations in the near future. In order to prevent this economic harm to cities and infrastructure, it is imperative that buildings and building materials are designed to be prepared for adverse scenarios and are renewed according to the risks posed by weather events. All these developments, and the work carried out to mitigate the impacts, will be reflected to the sector in the form of higher costs.

### SUSTAINABILITY TO BE THE PRIMARY ISSUE OF CONSTRUCTION SECTOR TRENDS IN 2023 AND BEYOND

In a world in rapid flux, new approaches are determined periodically and on a year-by-year basis in almost every sector, and priorities are subject to change. The construction sector is inevitably affected by these approaches and priorities. The dynamics of the construction sector, where time, quality and cost must be considered together, develop around new ventures for the future and technological innovations. The primary issue affecting trends for the construction sector in 2023, which are shaped around needs and expectations, will undoubtedly be sustainability.

Sustainability has become one of the most important criteria in every sector from daily life to production processes in recent years, and will have notable influence in determining the future of the construction sector. With this sustainability approach covering every stage from material supply to the use of buildings, the main goal is to combat carbon emissions and climate crisis.

It is now an inevitable requirement that buildings, which account for a significant portion of total carbon emissions, will be designed and constructed in accordance with the concept of green buildings. The construction sector faces a number of stringent criteria, with the use of environmentally friendly materials which do not increase the carbon footprint of buildings, adapting renewable energy sources to daily use, ensuring energy and water efficiency, reducing domestic waste and using environmentally friendly heating and cooling systems being among its biggest responsibilities in 2023.

One of the trends in line the need to ensure efficiency not only when buildings are in use but also during the construction process is the integration of digitalization into the construction sector, which is expanding in every field. Given the construction sector's high level of experience in the use of new technologies,

the use of artificial intelligence, drones, data automation, building information modelling (BIM) and augmented reality is becoming ever more widespread.

These technologies digitalize the modelling process, determine the most efficient working order in a manner which includes all teams, and determines the potential disruptions and necessary changes before construction begins. These technologies pave the way for improved efficiency and lower costs in the construction sector.

In addition, robotic technologies and wearable technologies are increasingly being used to maximize practicality and safety during the construction process. Construction robots can be used in many areas from transporting heavy materials to performing dangerous operations, increasing occupational safety to the highest level. Wearable technologies also enable construction personnel to work both more safely and practically.

The global construction sector, which grew by 17% in 2022, is expected to maintain its current growth momentum in 2023 despite the financial crises and expected contractions in economies. It is projected that the Turkish construction sector will grow by between 4-5% in 2023, depending on domestic growth.

### THE DYNAMICS OF THE CONSTRUCTION SECTOR, WHERE TIME, QUALITY AND COST MUST BE CONSIDERED TOGETHER, DEVELOP AROUND NEW VENTURES FOR THE FUTURE AND TECHNOLOGICAL INNOVATIONS.





## GAP İNŞAAT

**GAP İNŞAAT MAINTAINS ITS ACTIVITIES AS ONE OF THE TURKISH CONSTRUCTION SECTOR'S MOST REPUTABLE BRANDS WITH THE PROJECTS IT CARRIES OUT ON THREE CONTINENTS TO BUILD A SUSTAINABLE FUTURE.**

### **SOLUTIONS GEARED TOWARDS THE NEEDS OF A RAPIDLY CHANGING WORLD**

#### **MAKING A DIFFERENCE IN THE SECTOR WITH ITS SUPERIOR TECHNOLOGICAL, FINANCIAL AND CORPORATE ORGANIZATION**

Founded in 1996, Gap İnşaat is a contracting company which produces solutions for the needs of a rapidly changing world with its expertise and experience in infrastructure, superstructure, healthcare and industrial facility projects.

Gap İnşaat, based in İstanbul, Turkey, carries out various construction projects through its branches in Turkmenistan and Qatar.

Gap İnşaat has successfully completed 136 projects on an international scale to date with a total contract value of USD 6.36 billion. The Company is currently working on nine separate projects with a combined value of USD 1.24 billion in Turkey, Turkmenistan, Germany,

Russia and Qatar. The Company sets itself apart in the sector by offering the superior technological, financial and corporate structure required to compete on a global scale.

#### **GAP İNŞAAT'S CORPORATE STRATEGY**

Gap İnşaat continues to create value in all regions where it operates in line with its main principle of "Value for people, value for the future". The Company concentrates on ensuring that its growth strategy, which is focused on contributing to human welfare, is reflected faithfully to the projects it develops. It is building a sustainable future with its qualified human resources, innovative solutions based on digital transformation and automation.

Gap İnşaat has integrated sustainability, which it places at the heart of its vision, into all of its processes. The Company has achieved sustainable success by soundly managing all relevant components of the integrated management system, which include quality, the environment, occupational safety and information security.

**FOUNDED IN 1996, GAP İNŞAAT IS A CONTRACTING COMPANY WHICH PRODUCES SOLUTIONS FOR THE NEEDS OF A RAPIDLY CHANGING WORLD WITH ITS EXPERTISE AND EXPERIENCE IN INFRASTRUCTURE, SUPERSTRUCTURE, HEALTHCARE AND INDUSTRIAL FACILITY PROJECTS.**

**Building a sustainable future**





## GAP İNŞAAT



**THE TURKMENISTAN INTERNATIONAL PHYSIOLOGY PROJECT, WHICH WILL BE THE FIRST STATE-OF-THE-ART PHYSIOLOGY CENTRE IN TURKMENISTAN AND CENTRAL ASIA, WILL BE BUILT ON AN AREA OF 67,225 M<sup>2</sup>.**



**SELECTED AS “EUROPE’S BEST URBAN RECONSTRUCTION PROJECT”, TAKSİM360 IS BEING BUILT IN ACCORDANCE WITH THE LEED GOLD CRITERIA.**

#### GAP İNŞAAT’S COMPETITIVE ADVANTAGES

- Work experience over a wide geographical area,
- The image of reliability provided by the Çalık brand,
- International partnerships which create synergy,
- A Strong financial structure,
- Organic growth model,
- An experienced team with innovative solutions.

#### DEVELOPMENTS AND NEW PROJECTS IN 2022

The European market became the latest addition to Gap İnşaat’s areas of operation in 2022. It has entered developed markets with great potential by carrying out a fiber-optic infrastructure renewal project in Germany, while the Company is also carrying out two separate hospital projects in Turkmenistan, where it has been operating for many years.

Gap İnşaat continued work on nine separate projects, with a combined value of USD 1.24 billion on a contract basis in 2022.

To date, Gap İnşaat has completed 136 projects in three different continents and still continues work on its projects in Turkey, Turkmenistan, Qatar, Russia and Germany. The Company has formed solution partnerships with world-renowned global companies in engineering, equipment and know-how transfer. The Company is in negotiations to undertake a number of projects in the African continent, which Çalık Holding has determined as a strategic geographical region.

#### Turkmenistan Ashgabat Rehabilitation Center

The contract for the Ashgabat Rehabilitation Center project, the 26th health facility built by Gap İnşaat in Turkmenistan, was signed in 2021. The 400-bed Rehabilitation Center will be built on an area of 68,700 m<sup>2</sup> and is planned to be completed within 36 months. All phases of the project, including the architectural design, engineering, construction, medical planning and equipment supply will be carried out on a turnkey project basis. The facility, which also includes a training center and a car park for 240 vehicles, will be Turkmenistan’s first rehabilitation center.

#### Turkmenistan International Physiology Center

In 2021, Gap İnşaat signed the contract for the Turkmenistan International Physiology Center project, which will be built on an area of 67,225 m<sup>2</sup>. The Center, which will include six operating rooms and 26 intensive care units within the 250-bed Turkmenistan International Physiology Center, is planned to be completed within three years. The turnkey project includes architectural design, engineering, construction, medical planning and equipment supply, and also involves the construction of a car park for 500 vehicles. Once completed, the center will be the first state-of-the-art physiology center in Turkmenistan and Central Asia.

#### Qatar Military Training Facility Project

The Qatar Military Training Facility Project, construction of which got underway in Qatar’s capital, Doha, in 2019, is the most prestigious project to be carried out by Gap İnşaat in the Gulf Region. The project will be one of the world’s leading simulation and training centers with its high-tech equipment once completed in 2024.

#### Taksim360 Project

Taksim360 is the first urban reconstruction project to be carried out under a public-private sector partnership in Turkey. The project aims to create a living space suitable for İstanbul’s urban living, which is contemporary and meets the current needs of the city’s residents.

Taksim360 consists of a total of nine blocks and 825 units. It includes streets designed with a special concept revolving around homes, offices, hotels, commercial sections, shopping and social life. The project covers a construction area of approximately 155,000 m<sup>2</sup>, standing out with its 220-meter long facade overlooking the boulevard. Taksim360, one of Turkey’s largest reconstruction projects, presents a mix of both traditional and modern life with a different architectural interpretation.

Taksim360 will bring the past to the present with its concept streets. The project offers a brand new attraction area in the city’s most central area with commercial sections located on streets with a total length of 1.4 km, which will be closed to traffic.

Canopy is a luxury boutique hotel brand owned by Hilton, one of the world’s largest hotel chains, with the “lifestyle” concept. Canopy will bring tremendous value to Taksim360 project, which was selected as “Europe’s Best Urban Reconstruction Project” by the European Property Awards. Canopy will realize its first hotel in Turkey within the scope of the project.

#### Fiber Optic Infrastructure Project in Germany

Gap İnşaat has started laying fiber optic infrastructure within the scope of the project carried out in a total of six different locations, in its first project to be undertaken in a developed country.

#### SMART CLIMATE SOLUTIONS, DIGITALIZATION AND INNOVATION

Attaching great importance to automation, Gap İnşaat presses ahead with its digital transformation investments including IT projects, such as its projects carried out for BIM and Revit. The Company uses innovative solutions in the process management of superstructure, industrial and infrastructure projects. It successfully carries out all kinds of projects with its strong competence in logistics, engineering and supply, without compromising on timeliness and quality.

Gap İnşaat prioritizes integration with digital technologies in business processes to achieve the industry 4.0 targets, which have been determined in the global construction sector. The Company has created a business model and value creation model, which include its stakeholders in the light of its integrated management approach.

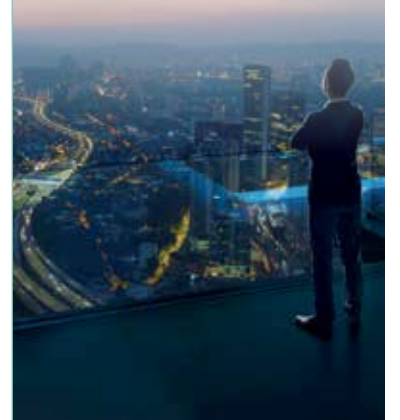
#### SUSTAINABILITY AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) ACTIVITIES

Gap İnşaat demonstrates its sensitivity to the environment through the environmentally friendly solutions it implements in its projects. In order to achieve its goal of building sustainable cities and living spaces, the Company uses wireless sensors, lasers and AI-based products and services on its construction sites. The Company continues to invest in technological infrastructure for this purpose.

In line with the importance it attaches to smart climate solutions, digitalization, automation and innovation, Gap İnşaat has initiated carbon footprint measurement work to reduce carbon emissions.

Placing the utmost priority on occupational health and safety, the Company prepares its employees for the future through the training it provides, thus passing its achievements on to the future.

**ATTACHING GREAT IMPORTANCE TO AUTOMATION, GAP İNŞAAT PRESSES AHEAD WITH ITS DIGITAL TRANSFORMATION INVESTMENTS INCLUDING IT PROJECTS, SUCH AS ITS PROJECTS CARRIED OUT FOR BIM AND REVIT.**



## GAP İNŞAAT

## GAP İNŞAAT DIRECTLY CONTRIBUTES TO SEVEN OF THE SUSTAINABLE DEVELOPMENT GOALS (SDGS) DECLARED BY THE UNITED NATIONS WITH ITS OPERATIONS.

Through its successful global operations, Gap İnşaat supports the development of international trade, increasing exports of developing countries and creating a trade system that is fair and open, based on universal rules, is equitable and for the benefit of all.

Gap İnşaat directly contributes to seven of the Sustainable Development Goals (SDGs) declared by the United Nations with its operations.

Gap İnşaat pursues systematic policies based on continuous development in every field. It manages the social impact on its stakeholders through its Social Impact Management Policy.

The Company aims to deliver the following within the scope of this policy in the projects it initiates after winning tenders.

- To carry out projects in accordance with employer and customer specifications and laws, thus developing positive relations with social groups,
- To determine risk areas in advance in terms of relations with social groups, thereby ensuring that these risks are managed with stakeholder participation,

- To notify the relevant parties in writing of necessary corrections and improvements by regularly recording complaints about the projects
- To develop social responsibility awareness among Gap İnşaat employees and subcontractors, to establish good relations with social groups and to contribute to society.

### HUMAN RESOURCES

The main purpose of the Human Resources Policy at Gap İnşaat is to achieve maximum success and ensure sustainability by investing in human resources that are highly loyal, prioritize corporate and ethical values, and constantly improve their competencies.

Within the framework of its strategies and vision, the Company aims to deliver better results every year, to review the competencies of its employees annual and to achieve excellence in processes with increasing performance.

### AWARDS RECEIVED BY GAP İNŞAAT IN 2022

Gap İnşaat received the “Achievement” award from the Turkish Contractors Association with its ranking of 21<sup>st</sup> place in the list of success awards for international contracting services.

### LOOKING FORWARD

With the power it derives from its innovative and entrepreneurial spirit and reliable teams, Gap İnşaat maintains its operations with its strong corporate organization and agile approach. The Company has set the goal of 4-fold growth in 4 continents in 2025 to mark its 44th year by adding value to every life it touches in every field it operates.

Like all global companies, Gap İnşaat attaches special importance to the goals of digitalization and optimization in project management as a strategy. New financing models, EPC-F (Engineering, Procurement, Construction and Finance), PPP (Public-Private Partnership), sustainable income generation with rental income are among the main elements of the Company's business development strategies.

Gap İnşaat plans to expand in a wider geographical area by focusing on the European, African, GCC and Central Asian markets in the long term.

### QUALITY STANDARDS AND CERTIFICATES

Standard	Certificate
ISO 9001:2015	Quality Management System Certificate
ISO 14001:2015	Environmental Management System Certificate
ISO 45001:2018	Occupational Health and Safety Management System Certificate
UKAS	United Kingdom Accreditation Certificate
LEED BD+C (building Design + Construction)	Gold Certificate
TSE COVID-19	Safe Service Certificate

## GAP İNŞAAT PLANS TO EXPAND IN A WIDER GEOGRAPHICAL AREA BY FOCUSING ON THE EUROPEAN, AFRICAN, GCC AND CENTRAL ASIAN MARKETS IN THE LONG TERM.



Financial Summary (TL million)	2020	2021	2022
Total Assets	7,645	11,060	17,572
Net Sales	1,826	2,206	3,186
Total Shareholders' Equity	2,110	3,437	6,256
EBITDA	28	-12	210
EBITDA Margin (%)	2	-1	6.6

USD **1.24** BILLION

Gap İnşaat continued work on nine separate projects, with a combined value of USD 1.24 billion on a contract basis in 2022.



ALTHOUGH THE TEXTILE SECTOR WAS NEGATIVELY AFFECTED BY THE DEVELOPMENTS IN GLOBAL MARKETS, IT HAS PERFORMED STRONGLY BOTH IN TERMS OF PRODUCTION AND EXPORTS.

TURKEY RANKS AS THE  
WORLD’S 7<sup>TH</sup> LARGEST  
COTTON PRODUCER

TURKISH TEXTILE SECTOR USD 34.1  
BILLION OF EXPORTS IN 2022

In its data for the 2022-23 period, the International Cotton Advisory Committee (ICAC) predicts that approximately 25 million tons of fiber cotton will be produced worldwide with Turkey accounting for 3.6% of this amount, corresponding to 887,000 tons. According to the figures, Turkey ranks as the world’s 7th largest cotton producer after China, India, the United States, Brazil, Australia and Pakistan.

Tunisia commands the highest share in denim fabric exports with a share of 24.5%, with exports amounting to USD 72 million. Egypt ranks 2<sup>nd</sup> with a share of 14.4% (USD 43 million in exports) followed by Morocco in 3<sup>rd</sup> place with a share of 10.4% (USD 31 million in exports).

Despite rising input costs around the world along with exchange rate volatility and energy crises, the Turkish textile industry realized total exports of USD 34.1 billion in 2022, with the textile and raw materials sector accounting for USD 12.9 billion of this amount, with USD 21.2 billion realized by the ready-made clothing and apparel sector.

According to the report published by Istanbul Textile and Raw Materials Exporters Association (İTHİB), Turkey’s textile and raw materials sector exports increased by 0.6% in 2022 when compared to the previous year. In the same period, the textile and raw materials sector accounted for 5.1% of Turkey’s general exports.

EU countries were the largest market for textiles and raw materials exports in 2022, despite a fall of 5% compared to 2021 to USD 5.6 billion. African countries were Turkey’s second largest export market for textiles, with textiles exports to African countries increasing by 7% to USD 1.4 billion.

ACCORDING TO THE REPORT PUBLISHED BY İTHİB, TURKEY’S TEXTILE AND RAW MATERIALS SECTOR EXPORTS INCREASED BY 0.6% IN 2022 WHEN COMPARED TO THE PREVIOUS YEAR.



Strong  
performance in  
production and  
exports





## OVERVIEW OF THE TEXTILE SECTOR IN 2022

## EXPORTS OF WOVEN FABRIC INCREASED BY 9.1% TO REACH USD 2.6 BILLION, TO BECOME THE MOST EXPORTED COMPONENT IN THE TURKISH TEXTILE AND RAW MATERIALS SECTOR.

According to the same report, exports decreased by 6.9% in volume terms to 2.7 million tons in 2022.

In the relevant period, exports to the EU decreased by 8.8% in terms of volume to 1.1 million tons while exports to African countries, Turkey's second largest export market in this sector, decreased by 2.5% to 308,000 tons.

Looking at the breakdown of the Turkish textile and raw materials sectors' exports by product group in 2022, the woven fabric product group was the product group to record the highest exports, at USD 2.6 billion, recording 9.1% growth compared to the previous year.

In the same period, exports in the yarn product group - the second most exported product group - recorded a 4.6% decline to USD 2.5 billion.

Technical textile exports, the third most exported product group among Turkey's textile and raw materials exports, increased by 0.8% in 2022 to reach USD 2.4 billion. Turkey's denim fabric exports decreased by 3.1% to USD 295 million in 2022.

The report, prepared by the Istanbul Ready-made Clothing and Apparel Exporters Association (IHKİB), found that Turkey's ready-made clothing and apparel exports increased by 4.8% compared to 2021 to reach USD 21.2 billion in 2022 while ready-made clothing and apparel accounted for 8.3% of Turkey's general exports in 2022, down from the share of 9.8% in 2019, 10.1% in 2020 and 9% in 2021.

The share of ready-made clothing and apparel exports in industrial exports, which stood at 11.9% in 2021, decreased to 11.4% in 2022. Based on the announced data, the share of the ready-made clothing and apparel sector decreased, both in Turkey's general exports and its industrial exports, in 2022.

The three countries to import the most ready-made textiles and apparel from Turkey were Germany, Spain and the UK. Turkey exported USD 3.6 billion of such items to Germany in 2022, an increase of 5% year-on-year, with exports of USD 2.6 billion to Spain (down 5.1%) and exports of USD 2 billion to the UK (down 2.8%).

Growth was realized in two basic product groups in 2022, with a decrease in one product group compared to the previous year.

Exports of knitted clothing, the most exported product group, increased by 1.7% in 2022 when compared to 2021 to reach USD 10.5 billion. Exports of woven clothing items and accessories, the second largest group, increased by 12.1% to USD 7.7 billion. In the other ready-made goods product group, including home textile products and surgical mask product groups, exports decreased by 5.3% to USD 2.6 billion.

According to the capacity utilization report published by the Central Bank of the Republic of Turkey, the capacity utilization rate in the manufacturing industry averaged 76.5% over the last 12 months. In December 2022, the capacity utilization rate in the manufacture of textile products stood at 71.3%, an increase of 1.3 percentage points compared to November 2022, but a decrease of 11.5 percentage points compared to December 2021.

According to figures released by the Turkish Statistics Institute\*, the industrial production index decreased by 0.3% year-on-year as of the end of 2022, while the manufacturing industrial index edged up by 0.4% and the textile products manufacturing index declined by 15.9%. A total of 1,234,000 people were employed in the textile and ready-made clothing sectors in October 2022, with an increase of 7.2% in total employment when compared to October 2021.

\*Source: TURKSTAT, Industrial Production Index, March 2023. Annual changes refer the change in index values, which are adjusted for the calendar effect, compared to the same month of the previous year.

When we delve into the impact of textile production on climate change, we find that the textile supply chain has an extremely complex structure. Moreover, unethical textile production leads to many negative effects on the environment. To ensure the entire system is sustainable, it is necessary to consider that all processes, from the production of cotton to the completion of the cloth, have their own carbon history. It is also imperative that a net carbon footprint calculation is carried out for all processes, activities and materials.

The sustainable product policy framework was determined within the EU Circular Economy Action Plan which was published in March 2020. In this context, sub-headings such as in sustainable product design were established and a circularity policy in production process was created. Textiles and ready-made clothing are among the priority sectors within this Circular Economy Action Plan. The EU Textile Strategy aims to ensure that recycling in the ready-made clothing and textile sectors is carried out in a sustainable and circular manner.

As one of the world's largest exporters of ready-made clothing products, it is vital that Turkey completes all processes in the European Green Deal as soon as possible in order to maintain its position.

**ACCORDING TO THE CAPACITY UTILIZATION REPORT PUBLISHED BY THE CENTRAL BANK OF TURKEY, MANUFACTURING INDUSTRY RECORDED AN AVERAGE CAPACITY UTILIZATION RATE OF 76.5% IN THE LAST 12 MONTHS.**

**38%** GROWTH

Employment in the textile and ready-made clothing sectors increased by 7.2% in 2022 when compared to October 2021.





**ÇALIK DENİM HAS ACHIEVED A STRONG AND PRESTIGIOUS POSITION IN ITS SECTOR BY SUCCESSFULLY IMPLEMENTING ITS STRATEGIES SHAPED BY ITS EVER EVOLVING MOTTO.**



## ÇALIK HOLDING'S FIRST INDUSTRIAL INVESTMENT

### A STRONG BRAND IMAGE, DEEPLY ROOTED EXPERIENCE AND A PIONEERING IDENTITY IN INNOVATION

Çalık Holding's first industrial investment, Çalık Denim Tekstil Sanayi ve Ticaret A.Ş., was established in Malatya in 1987 with an investment of USD 111 million.

All production activities undertaken by Çalık Denim, whose head office is in Istanbul, are carried out at its integrated production facility in Malatya.

The Company has representative offices in many European countries including Germany, the UK, Spain, Sweden, America and the Far East.

Çalık Denim, which has been producing denim fabric at its factory in Malatya since its establishment, launched its ring spinning mill in 1997.

Çalık Denim's Malatya factory, built on an area of 777,152 m<sup>2</sup>, became an integrated facility in 2003. Of this space, 409,355 m<sup>2</sup> is an enclosed area and 367,797 m<sup>2</sup> is used as open area. The Company is constantly developing the facility with new technologies.

As of the end of 2022, Çalık Denim was continuing its activities with a total workforce of 1,657 qualified employees, including 262 white-collar employees and 1,395 blue-collar employees.

### ÇALIK DENİM'S COMPETITIVE ADVANTAGES

- Deeply rooted experience in the sector and a pioneering identity in innovation
- Global sales and service network
- Innovative power and recognition in the market for its innovation
- Product quality and a strong brand image
- Opportunity to access premium brands more easily thanks to brand awareness and value which were enhanced by the investments in brand identity
- Sustainability policy
- Regular investments focused on R&D and production

**ÇALIK DENİM IS CONSTANTLY DEVELOPING ITS MALATYA FACTORY WITH NEW TECHNOLOGIES, WHICH BECAME AN INTEGRATED FACILITY IN 2003 AND WHICH IS BUILT ON AN AREA OF 777,152 M<sup>2</sup>.**

Successful strategies shaped by ever evolving motto





## ÇALIK DENİM

## ÇALIK DENİM PRIORITIZES R&D AND INNOVATION, WHICH ARE KEY TO SUSTAINABLE GROWTH AND CONSIDERS THEM AS THE MAIN COMPONENTS OF ITS CORPORATE CULTURE.



### HIGH ADDED VALUE PRODUCTION FOR THE TEXTILE INDUSTRY IN TURKEY AND THE WORLD

Çalık Denim is constantly increasing its market share and brand awareness all over the world with its effective production and marketing strategies while steadily expanding and enriching its product range and exports to more than 40 countries, including Germany, Spain, the USA, the UK, the Netherlands, France, Scandinavian countries and the Far East.

Çalık Denim's indirect exports are considerable since the majority of its sales are to foreign brands, with the Company deriving 82% of its fabric revenues and 70% of all its sales, including sales of yarn, through its direct and indirect export activities.

The Company serves as a role model for the textile industry by exhibiting an environmentally friendly approach through its membership of CmiA (Cotton made in Africa), Higg FEM, Higg MSI, Higg FSLM and SLCP, testament to the priority it places on the environment, and with the addition of sustainable, organic denim fabrics to its wide product portfolio.

The Çalık Denim brand adds value to the economy with products which set themselves apart in the denim and gabardine fabric range. Çalık Denim is also included to the Turquality Support Program.

Çalık Denim, which produces high value-added, innovative fabrics for the Turkish and world textile industry, is the preferred supplier among famous global fashion brands such as Acne, J Brand, GAP, Supreme, PRPS, Scotch & Soda, Polo Ralph Lauren, Banana Republic, Mother, Hugo Boss, Lucky Brand, Uterque, Massimo Dutti, H&M, Top Shop, Gerry

Weber, Mavi Jeans, Tommy Hilfiger, Frame, Brax, Zara, Replay, Ann Taylor, Calvin Klein, Diesel, River Island, Kaporal 5, Mac Mode, Benetton, G Star and Salsa. It is also the preferred supplier for world-famous fashion brands such as Next, Jack & Jones, VF and 7 for AllManKind.

### EFFECTIVE AND LONG-TERM R&D ACTIVITIES AND NEW TECHNOLOGY DEVELOPMENT

Çalık Denim prioritizes R&D and innovation, which are key to sustainable growth and considers them as the main components of its corporate culture. The Company leads the sector by consolidating its well established presence and experience in the industry with effective and long-term R&D efforts and new technologies, and further strengthens its leading position.

Çalık Denim's R&D Center, which has been in operation for more than 10 years, has become a science center for the industry with its successful work. The R&D Center works on a wide range of projects including sustainable products, carbon neutral activities, energy efficiency, reducing of natural resource consumption and the digital transformation of production technologies.

Çalık Denim's R&D Center develops innovative products which meet the industry requirements to the highest level, focusing on sustainable denim fabric production with a reduced environmental footprint.

The R&D Center has worked on a total of 324 projects since its establishment, 282 of which have been completed. Of the 71 projects defined in the eleventh activity period, 33 have been completed, while work on 38 projects is ongoing.

### ENVIRONMENTALLY FRIENDLY PRODUCTS DESIGNED AND MANUFACTURED WITH TODAY'S TECHNOLOGIES

In this context, the company developed **D-Clear** technology, which revolutionizes the use of water and chemicals, **Dyepro** technology, which reduces water use in indigo dyeing to zero and completely prevents the formation of chemical waste, special **E-Denim** technology with recycled yarn content, 100% recycled **RE/J** technology, which consists of pre- and post- consumer recycled materials, **B210** technology with its unique biodegradable properties, **Blue-H** technology containing hemp fiber as an alternative to cotton and the **Denethic** concept, which saves resources in production with its washed denim appearance.

Since synthetic fibers take hundreds of years to biodegrade in nature, 35% of the pollution in the oceans is caused by textile waste. With an awareness of this problem, Çalık Denim developed the B210 technology, and launched it to the market in 2022.

Thanks to the B210 concept, which is produced with a special technique applied in the yarn and finishing processes and which can be applied to all requested synthetic fiber-containing fabrics, the Company has reduced the time its products take to biodegrade in nature to just 210 days, thus minimizing environmental pollution caused by textile waste.

Thanks to the E-Last concept developed by Çalık Denim, a weft shrinkage rate close to zero was achieved, thus eliminating the creased appearance on jeans and saving time and labor.

Sustainable fabrics produced with the RE/J concept with open-end yarn technology use 100% pre- and post-consumer recycled material. All fabrics are dyed using Dyepro technology, supporting environmentally friendly production.

The **D'enovated concept** produces an authentic look combined with the advantages of today's technologies with rigid, comfortable and elastic featured fabrics with distinct twills.

With the **Blue-H concept**, hemp fiber, which offers significant advantages in terms of sustainability, has been added to the raw material portfolio. The production of hemp fiber requires less water than cotton production and is considered the most sustainable raw material among natural fibers.

The **D-Leisure** concept involves the production of fabrics treated with CBD oil which have flowing, soft, modal and Tencel-supported structures.

With **E-Denim** technology, fabrics contain a significant amount of recycled fiber in the core yarn, while the remaining recycled fiber is in the outer layer of the yarn.

**Denethic** technology does away with the need to wash jeans after sewing, obtaining fabrics with a stone-washed appearance. This technology allows savings of 44% for water in the rinse for the stone-wash look, with 15% water saved for the rinse+enzyme look and 32% for the bleached look fabrics.

All products in the **Selfsized** concept have high elasticity and have been developed to eliminate the concept of size. Denim trousers made of selfsized fabric easily fit people of various sizes and do away with the problem of ordering the wrong size when shopping online, something which has become more common especially during the pandemic.

**Functionage-Washpro** technology is used to produce comfortable and highly elastic products suitable for both daily and active life. With the Washpro advantage, end users need fewer washes for their denim garments, thus saving resources.

## ÇALIK DENİM'S R&D CENTER DEVELOPS INNOVATIVE PRODUCTS BY FOCUSING ON SUSTAINABLE DENİM FABRIC PRODUCTION WITH A REDUCED ENVIRONMENTAL FOOTPRINT.





## ÇALIK DENİM



**Functionage-ViralOff®** fabrics treated with this technology protect the skin from bacterial contamination without interfering with the skin's natural bacterial flora. It is recommended that fabrics are only washed when necessary to achieve the best performance and support sustainability.

**Skinlithe** fabrics offer very high elasticity and ultra-flexibility that can be adapted to the body shape. Developed with innovative yarn technology and containing various fibers to provide natural softness, these products also include new cotton alternatives.

**Dyepro**, the sustainability-focused dyeing method, does not contain water; in addition, since chemicals are reused, it does not produce any chemical waste during the dyeing process. This concept also includes products developed with environmentally friendly Roica™ V550, which is able to degrade more rapidly in microbiologically active soil when compared to regular spandex.

#### TWO COLLECTIONS FROM ECO-FRIENDLY FABRICS

Çalik Denim launched 2 main collections in 2022, using fabrics produced at its R&D facilities. The first of these was Togetherness, presented in the Autumn-Winter 2023-2024 season, and the other was Blue Coalescence, the collection of the Spring-Summer 2024 season.

These collections, which consist of fabrics produced with technologies developed as a culmination of the hard work at the company's R&D facilities, attracted wide acclaim both for the amount of water saved during the production phase and their sustainability.

#### SALES AND MARKETING ACTIVITIES IN 2022

The multidimensional problems experienced all around the world in 2022 affected the textile industry, as with other sectors, in a myriad of different ways. However, with its value-added production capabilities, Çalik Denim succeeded in maintaining its competitive advantage in both domestic and foreign markets in 2022.

The Company acted in close cooperation with its business partners in the domestic market and maintained its position as a reliable business partner by supporting them with innovative and solution-oriented products in order to best manage the supply chain value system which the Company operates in.

Çalik Denim carried out a risk-sensitive and proactive process in line with the tool and activity analysis carried out in accordance with current conditions, and increased its total sales revenues by 79% with the support of the growth in the domestic market.

Maintaining its strong and stable activities in export markets, the Company astutely evaluated export opportunities and, despite the adverse conditions, increased its export sales to TL 881.9 million in 2022 through its proactive planning and actions.

Çalik Denim is a reliable and solid solution partner on a global scale with its customer-oriented, innovative and flexible approach. The ability to meet the demands and expectations of its business partners with fast and high-quality solutions ensures that the Company is always a popular choice for some of the World's most prestigious brands.

#### EVENTS

##### Ever Evolving Talks By Calik Denim

The 3<sup>rd</sup> Ever Evolving Talks by Calik Denim event, organized by Çalik Denim, inspired by the "Ever Evolving" motto, was held in Amsterdam on 19 April 2022. This event, which was the first edition where the industry came together after the pandemic, attracted wide praise from the participants.

More than 300 participants attended this event, which since 2018 has taken place one day before the Kingspins Show Amsterdam fair. During the event, leaders from the fashion and denim world shared the stage with world-renowned names from different disciplines and sectors. They discussed the future of the industry by sharing their experience and different views on the future to industry and non-sector audiences from all over the world.

As in all Ever Evolving Talks by Calik Denim events, the talks started with a vision film setting out the theme of the event.

##### B210 Biodegradable Technology

Çalik Denim's unique biodegradable technology, B210, which brings breath of fresh air to the industry, was first launched at the Kingpins Show in Amsterdam, the season's opening fair of the industry.

The technology, introduced with a natural installation that highlights the features of the product, attracted wide acclaim from all participants.

The B210 launch area proved the most popular among all participants in the fair area, and also attracted wide interest on social media and reached large audiences.

At the fair, presentations were made for leading brands of the global fashion world such as Banana Republic, Hugo Boss, Zara, S. Oliver, Kings of Indigo, Marco Polo, Gerry Weber, Mavi and Colin's, as well as global suppliers such as Lycra, Lenzing and Rudolf, sustainable platforms such as Circular Textile Days and leaders of the press world such as WWD, WeAr, JNC, Rivet, Fashion United, Inside Denim.

Following the Amsterdam launch, Çalik Denim continued its promotional activities in the sector by introducing B210 technology at the Denim Premiere Vision Milan fair.

#### SUSTAINABILITY PLATFORMS PARTNERSHIP

##### United Nations Conscious Fashion and Lifestyle Network 2022

Members of the platform's advisory committee, global press and doyens of the fashion industry came together at the United Nations Conscious Fashion and Lifestyle Network meeting held at the United Nations (UN) New York Headquarters on 2 June 2022.

Çalik Denim, the only global denim partner to attend and support this meeting, shared information in the panel entitled "Responsible Production and Consumption: Designing for Our Time", drawing attention to the Company's responsible production business model.



TL **881.9** MILLION

Conducting stable and strong activities in export markets, Çalik Denim increased its export sales to TL 881.9 million in 2022.

ÇALIK DENİM

ÇALIK DENİM HAS UNSTOPPABLY INCREASED ITS MARKET SHARE AND BRAND AWARENESS ALL AROUND THE WORLD WITH ITS EFFECTIVE PRODUCTION AND MARKETING STRATEGIES.

SPONSORSHIP ACTIVITIES

Habit Fashion Awards & Seminar 2022

In 2022, Çalık Denim was again the denim category sponsor of the Habit Fashion Awards, considered Scandinavia’s most prestigious awards event. The seminar and awards ceremony, organized in a hybrid structure, was held in Gothenburg on 6 October.

Tommy Hilfiger’s Denim Supply, Production and Innovation President Nicolas Prophte made a presentation hosted by Çalık Denim at the seminar attended by Northern Europe’s leading fashion brands. During the awards ceremony held after the seminar, Çalık Denim handed the award to Jeanerica, which was selected as the denim brand of the year in Scandinavia.

Habit Sustainable Production Day 2022

Çalık Denim sponsored the Habit Sustainable Production Day event, which was held on both online and physical platforms in 2022. During the seminar held in Stockholm on 10 November and attended by industry stakeholders, Çalık Denim introduced its B210 technology, which brings a breath of fresh air to the industry, allowing even elastane-containing denim fabrics to biodegrade in nature within 210 days.



FAIRS

Çalık Denim participated in the following international fairs in person in 2022:

- Denim Premiere Vision - Germany
- Denim Premiere Vision - Italy
- Munich Fabric Start - Germany
- Kingpins24 Amsterdam - Netherlands
- Kingpins24 US - USA
- Premium Textile Japan - Japan
- Premiere Vision - France
- Magic Las Vegas - USA

DIGITALIZATION IN MARKETING ACTIVITIES

Çalık Denim Mobile Application

Çalık Denim aims to provide innovative, sustainable, practical and advantageous solutions to its stakeholders and customers. In this vein, the mobile app introduced by the Company in 2019 presents global trends in the world of denim. Among its many features, the app allows its users to match these trends with Çalık Denim fabrics and request samples.

The mobile app was presented to its users with a brand new development in 2022. Thanks to the developed “Select by Collection” module, users may filter features such as colour, elasticity, weight, fabric structure and coating so they may easily find the fabrics they are looking for.



The Calik’s Blog

Calik’s Blog module, where the latest news from the world of fashion and denim are shared with users every week with different leading editors and bloggers of the denim world, was launched. The module, which also includes news about Çalık Denim and important developments in the sector, is also positioned as a source of news in the sector.

ÇALIK DENİM’S NATIONAL AND INTERNATIONAL COLLABORATIONS

COLLABORATIONS WITH BRANDS

Çalık Denim x Mud Jeans - Netherlands

Mud Jeans, the world’s first circular denim brand, launched its recycled denim collection depicting Van Gogh, developed by Çalık Denim with fabrics made of recycled material. The collection was introduced to the fashion and denim world at the Van Gogh Museum in Amsterdam.

Çalık Denim x Forever 21 - USA

Çalık Denim prepared labelling emphasizing the features of the Selfsized product group by collaborating with the American brand Forever 21 for its sales.

Çalık Denim x Plac Jeans - South Korea

Within the scope of its collaboration with the South Korean brand Plac Jeans for its sales, special hangtags were added to the products indicating that Çalık Denim is a premium fabric manufacturer.

Çalık Denim x Mavi - Türkiye

Within the scope of the joint work carried out with Mavi for the Rawtech product group, a hangtag and mood board was prepared, underlining the advantages of Çalık Denim fabrics to the end user.

Çalık Denim x River Island - UK

A document explaining the added value offered by Çalık Denim’s Tylor Black Od Black quality was prepared for River Island from England.

COLLABORATIONS WITH DESIGNERS

Çalık Denim x One Square Meter - Türkiye

Çalık Denim designs original denim collections with innovative approaches and collaborates with leading brands and designers as well as local artisans. In this context, in 2019, the Company made its first collaboration with One Square Meter, a local ready-made wear brand which gives new meaning to the “Slow Fashion” movement and adopts the principles of sustainable and responsible fashion.

The brand produced its first collection with Çalık Denim fabrics at its workshops in Balıkesir Gömeç and introduced the collection at Denim Days Amsterdam in 2019, with the collaboration still continuing. One Square Meter’s brand new sustainable collection, which is mostly produced using Çalık Denim’s Denethic fabrics, has attracted wide attention in the sector.

Çalık Denim x Ahluwalia - UK

Çalık Denim first came together with the Ahluwalia brand, founded by Priya Ahluwalia who is also the design director, at the “Ever Evolving Talks by Calik Denim” held in 2019 and realized two more brand collaborations after the project.

This collaboration paved the way for Ahluwalia’s Frequency AW’20 and Traces AW’21 collections to feature denim products designed with Çalık Denim’s innovative and sustainable fabrics. The collaboration between Çalık Denim and Ahluwalia will continue in the following seasons as well.

BY DESIGNING ORIGINAL DENIM COLLECTIONS WITH AN INNOVATIVE APPROACH, ÇALIK DENİM COLLABORATES WITH THE WORLD’S LEADING BRANDS AND DESIGNERS AS WELL AS LOCAL ARTISANS.





## ÇALIK DENİM

### ÇALIK DENİM ESTABLISHED STRONG COLLABORATION WITH ITS BUSINESS PARTNERS IN LOCAL AND FOREIGN MARKETS IN ORDER TO BEST MANAGE ITS SUPPLY CHAIN VALUE SYSTEM.



### COLLABORATIONS WITH SUPPLIERS

#### Çalık Denim x Meidea x Lenzing x Officina 39 - Italia/Austria

Çalık Denim became the fabric supplier of the “The Circle Book 3” project developed by Meidea x Lenzing x Officina 39, which aims to achieve sustainable production at all stages from the start to the completion of the end product.

#### Çalık Denim x Denim Dudes - USA

With its prominent fabrics in the Spring/Summer 2023 collection prepared by Denim Dudes, one of the popular players in the industry, in the trend report titled “The Denim Directory 3”, which includes current denim fabric, fiber and finish innovations, contains more than 400 fabrics and 35 manufacturers are participants. has taken place.

#### Çalık Denim x Lenzing - Austria

A capsule garment collection was prepared with fabrics containing Lenzing’s Indigo Modal fiber, which has attracted attention in the field of sustainability. This collection was introduced to the industry by both Çalık Denim and Lenzing.

#### Çalık Denim x Denim Premiere Vision x Fade Out Label - France/Germany

Within the framework of Çalık Denim’s collaboration with the Berlin-based Fade Out Label, founded by two Italian designers, uniforms were designed using Çalık Denim fabrics for the teams working at the Denim Premiere Vision fair. Labels with the Çalık Denim logo were visibly displayed on the uniforms of the entire fair team members.

#### Çalık Denim x Jeanologia - Spain

Working in collaboration with Jeanologia, which produces innovative and sustainable technologies for the textile industry, Çalık Denim designed

a collection digitally and produced it physically using the company’s eDesigner software.

The capsule collection, named Phygital Collection, was prepared with Çalık Denim fabrics that are sustainable in both the fabric and washing stages, and was launched at the DPV Berlin fair.

Çalık Denim and Jeanologia joined forces for the second time in May for the Phygital Collection project, the first project they realized.

In 2022, the Phygital 2.0 Collection, which has a positive impact on the transformation of the sector with the added value it brings to the sample process - the most waste-intensive stage in the textile industry - was launched at the DPV Milano fair.

#### Çalık Denim x Transformers ED Turkey - USA

The opening presentation was carried out by Çalık Denim at the Transformers ED Turkey seminar organized by the American-based Transformers Foundation, which aims to achieve positive change in the denim supply chain and supports ethical and sustainable innovation in the industry. During the seminar held between 9-11 May 2022, where professionals at different stages of the denim supply chain participated as speakers, Çalık Denim shared its presentation titled “How Denim is Made - How is Denim Produced?”.

#### Çalık Denim x Kingpins New York - USA

Çalık Denim is featured with its prominent fabrics in the Spring/Summer 2023 collection in the trend report titled “The Denim Directory 3”, prepared by Denim Dudes, one of the popular players

in the industry, containing current denim fabric, fiber and finish innovations, with more than 400 fabrics produced by 35 manufacturers.

#### Çalık Denim x Itochu - Japan

Çalık Denim collaborated with Itochu and shared a presentation explaining the added value that Renu technology provides to its fabrics. In the presentation, Çalık Denim explained the positive effects that polyester yarn used in recycled fabrics can have on the final product. The Çalık Denim and Itochu logos were included in the work.

#### Çalık Denim x Aware - Netherlands

Çalık Denim prepared a presentation detailing the advantages provided by Dyepro and Aware technology, within the scope of its collaboration with Aware, one of its partners in the field of traceability, specifically for Dyepro technology.

### COLLABORATIONS WITH UNIVERSITIES

#### Çalık Denim x Jean School

Çalık Denim continued its collaborations with universities globally in 2022. The Company was recognized by House of Denim, an independent, non-profit organization with a mission to lead the denim industry towards a brighter blue, and became a partner in the Stretch Yourself project developed for Jean School Amsterdam students with the theme “What Denim Would Generation Z Design for Their Generation?”. The designs developed by Jean School students using Çalık Denim’s Selfsized fabrics with Lycra technology were exhibited at the Kingpins Show Amsterdam fair.

#### Çalık Denim x Parsons New School

Every year, designers prepare collections with Çalık Denim fabrics in the Denim Department established in 2017 in Parsons Design School, one of the world’s most established fashion schools in the world.

#### Çalık Denim x İTÜ-Denim Anatomy

Denim Anatomy was established in 2015 with the mission of becoming a solution partner for customers within the scope of collaboration with Istanbul Technical University (ITU). The aim of the program is to contribute to the development of employees in the sector, including managers.

Within the scope of the program, specialized ITU academics share theoretical information about denim to the participants and then practical information is provided by monitoring the denim production processes at Çalık Denim Malatya Factory. At the end of the program, participants are presented with a certificate prepared by ITU.

### SUSTAINABILITY AND ESG

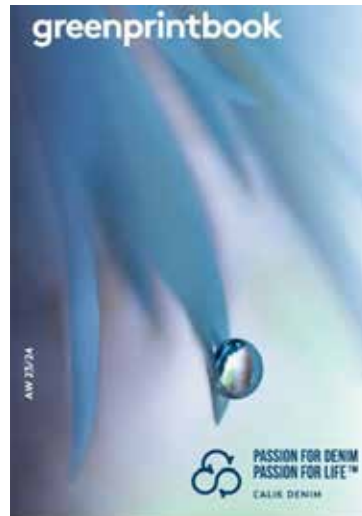
Çalık Denim’s main goal in terms of sustainability, which lies at the heart of its business model, is to be a company that generates positive value and contributes to the positive transformation of the planet through the successful management of the impacts of denim on life in line with its strategy.

Çalık Denim prioritizes implementing innovative ideas by closely following technological developments, growing with customer-focused solutions, and contributing to the circular economy by protecting the environment and people.

### ÇALIK DENİM PRIORITIZES THE IMPLEMENTATION OF INNOVATIVE IDEAS AND CONTRIBUTING TO THE CIRCULAR ECONOMY BY PROTECTING THE ENVIRONMENT AND PEOPLE.



## ÇALIK DENİM



**ALONG WITH THE “PASSION FOR DENIM, PASSION FOR LIFE” STRATEGY THAT IT LAUNCHED IN 2018, ÇALIK DENİM ALSO DETERMINED ITS 2025 SUSTAINABILITY GOALS IN THE SAME YEAR.**

### “Passion for Denim, Passion for Life”

Çalık Denim is aware that adapting to new world conditions by taking the right actions in the face of challenges such as changing consumer behavior, technology and digitalization, climate change, limited resources and demographic change is vital in maintaining its position as a leading denim brand.

With this awareness, the Company determined its sustainability strategy as “Passion for Denim, Passion for Life” to create a positive impact for a better life. With this passion, Çalık Denim aims not only to keep up with the change brought by global trends, but also to lead the sustainable transformation in its sector.

The “Passion for Denim, Passion for Life” strategy successfully carries the sustainability transformation into Çalık Denim’s corporate culture. In this process, which involves all Company departments, all teams have adopted and internalized sustainability principles.

In addition, the Company shapes its activities in a way that includes each stakeholder in its sustainability journey.

Along with the “Passion for Denim, Passion for Life” strategy that it launched in 2018, Çalık Denim also determined its 2025 Sustainability Goals in the same year. In this context, Çalık Denim’s Sustainability Committee, established in 2019, is responsible for integrating the sustainability strategy into its business model, achieving the goals and monitoring the progress.

### Careful Management of Environmental Impacts

Çalık Denim uses less water and chemicals in production with the designed processes taking into account its environmental impacts, while choosing chemicals that do not harm the environment and people, and contributes to the circular economy by using recycled fibers.

The Company aims to reduce carbon emissions by 20%, water use by 30% and waste generated in production processes by 30% per unit production, while increasing the use of electricity generated from renewable resources by 10% and increasing the purchase of electricity generated from renewable resources to 50% by 2025.

Within the scope of its sustainability strategy, Çalık Denim adopts a circular economy approach in waste management and divides its waste into two groups: hazardous and non-hazardous. The waste is first stored temporarily in the waste areas in the facility and then transported separately to hazardous and non-hazardous waste warehouses. This collected waste is regularly sent to licensed disposal companies.

One of the clearest steps taken by Çalık Denim in tackling climate change has been to completely phase out the use of coal-fired boilers and start using natural gas boilers. Natural gas boilers were rolled out as of July 2021.

Çalık Denim has been monitoring energy consumption since the establishment of the Environmental Management System and has developed and implemented projects to reduce energy consumption. Within the framework of its Life Cycle

Assessment (LCA) work, the company uses raw materials that consume less energy and water during production.

The installation of rooftop solar power plants at the Malatya Factory was completed and the solar panels started to be used from May 2020. The power plant generated 1,122,154 kWh of electricity in 2022.

### Qualified human resources

Çalık Denim’s Human Resources roadmap includes a happy employee experience where employees are united as one team, contributing to the achievement of common goals with an agile organizational structure.

Çalık Denim aims to maintain a fair and equitable work environment in the field of human resources, where employee rights are protected and observed, talent is developed, discrimination does not exist, equal opportunities are provided to male and female employees and the best standards are applied in occupational health and safety.

In 2022, the Company served with a total workforce of 1,657 people, consisting of 262 white-collar and 1,395 blue-collar employees.

Attaching great importance to developing the technical, professional and personal competencies of its employees and keeping them up-to-date, Çalık Denim provided 29 hours of training per person to blue-collar employees, with 61,580 hours of blue-collar training in 2022. A total of 3,250

hours of training was provided to white-collar employees, and 10.8 hours of training were completed per person.

Aware that its most valuable asset is its employees, Çalık Denim maintains the foreseen risks in terms of occupational health and safety under control and closely follows international norms and standards as well as laws and legal regulations.

The Company also exercises great care in the effective implementation of systems focused on quality, people, the environment and energy and carrying out the necessary modernizations. In this context, six full-time Occupational Safety Specialists and two Workplace Physicians are employed within the Company who are responsible for monitoring and developing existing practices.

Çalık Denim, which holds the OHSAS 18001 Occupational Health and Safety Certificate and ISO 45001 Occupational Health and Safety Management System Certificate, achieved a 20.4% improvement in the occupational accident frequency rate in 2022. Accordingly, in 2022, the work accident frequency rate was recorded as 6.48 with a work accident severity rate of 54.4.

In 2022, an average of 13.2 hours of occupational health and safety training was provided to each of the 2,929 employees, with an average of 2.50 hours of emergency training provided to each of the 739 support team employees.

**ONE OF THE CLEAREST STEPS TAKEN BY ÇALIK DENİM IN TACKLING CLIMATE CHANGE HAS BEEN TO COMPLETELY PHASE OUT COAL-FIRED BOILERS AND START USING NATURAL GAS BOILERS.**



## ÇALIK DENİM

**ÇALIK DENİM IS RANKS 3<sup>RD</sup> IN THE TOP TEN COMPANIES IN TERMS OF R&D INVESTMENTS IN THE TEXTILE AND RAW MATERIALS INDUSTRY.**

### AWARDS RECEIVED IN 2022

#### Global Business Excellence Awards

Çalık Denim was awarded first prize in the “Outstanding Event” category for its Ever Evolving Talks by Calik Denim event.

#### TIM Export Leaders

Çalık Denim ranked 616<sup>th</sup> among the top 1,000 exporters in Turkey in the 2021 Export Leaders list announced by TIM.

### ISO 500 - Turkey's Top 500 Industrial Enterprises List

Çalık Denim rose 13 places this year to rank 262<sup>nd</sup> in the ISO 500 2021 list, which ranks Turkey's 500 largest industrial enterprises.

#### Turkish Time R&D Investment Research

Çalık Denim ranked 105<sup>th</sup> among the top 250 companies in Turkey on the basis of R&D investment in the general ranking, and was placed 3<sup>rd</sup> among the top 10 companies in textile and raw material industry.



Financial Indicators (TL million)	2020	2021	2022
Total Assets	2,220	3,547	4,666
Total Sales	1,143	2,059	3,692
Shareholders' Equity	136	604	1,493
EBITDA	224	638	672
EBITDA Margin (%)	20	31	18

### QUALITY STANDARDS AND CERTIFICATES

Standard	Certificate
ISO 9001:2015	Quality Management System Certificate
ISO 14001:2015	Environmental Management System Certificate
ISO 45001:2018	Occupational Health and Safety Management System Certificate
ISO 50001:2018	Energy Management System Certificate
ISO 27001:2013	Information Security Management System Certificate
ISO 10002:2018	Customer Satisfaction Management System Certificate
CTPAT Criteria Compliance	American Terror Security
SEDEX:SMETA PILLAR4	Social Compliance
HIGG INDEX FEM (Environment) - FSLM (Social)	Membership
HIGG MSI	Material Sustainability Index
BCI - Better Cotton Initiative	Membership
GOTS	Global Organic Textile Standard
OCS	Organic Content Standard
GRS	Global Recycled Standard
RCS	Recycled Claim Standard
OEKO-TEX Standard 100/Fabric	No Harmful Chemicals
OEKO-TEX Standard 100/Ryc Fabric	No Harmful Chemicals
OEKO-TEX Standard 100/Org Fabric	No Harmful Chemicals
OEKO-TEX Standard 100/Ryc Yarn	No Harmful Chemicals
OEKO-TEX Standard 100/Yarn	No Harmful Chemicals
OEKO-TEX Standard 100/Org Yarn	No Harmful Chemicals
Cotton USA	USA Cotton
Cotton Trust Protocol	USA Cotton
Made in Cotton Africa	Africa Cotton
STeP by OEKO-TEX	Environmental-Social
COTTON LEADS	USA and Australia Cotton
Zero Waste	Environment Directorate
Regenagri	Regenerative Cotton
ZDHC	Chemical
Nordic Swan Ecolabel	
EU Ecolabel	
Environmental Product Declaration	EPD (Environmental Product Declaration) Certificates

**ÇALIK DENİM WAS AWARDED FIRST PRIZE IN THE “OUTSTANDING EVENT” CATEGORY FOR ITS EVER EVOLVING TALKS BY CALIK DENİM EVENT.**





## GAP PAZARLAMA

**GAP PAZARLAMA OPERATES IN BOTH THE WORLD AND TURKISH MARKETS WITH ITS INNOVATIVE PRODUCT DESIGN, ITS WIDE CUSTOMER AND PRODUCT PORTFOLIO AND ITS FACILITATING LOGISTICS SOLUTIONS.**

### NEW AND INNOVATIVE PRODUCTS PRODUCTION CAPACITY

#### PRODUCT DIVERSITY CREATED AS A RESULT OF EFFECTIVE PRODUCTION DEVELOPMENT ACTIVITIES

Established in 1994, Gap Pazarlama is one of the major trading companies in the global textile industry, serving more than 200 customers in more than 40 countries.

Gap Pazarlama's specialized and experienced personnel, technical knowledge and product diversity created through continuous and effective P&D activities have been the most important drivers in reaching its current position.

As Turkey's leading textile supplier and working with different production facilities in many countries, the Company supplies a wide range of product groups such as denim fabric, knitted fabric, yarn, raw fabric, home textile and ready-made clothing products from these facilities and offers them to the world.

Gap Pazarlama trades and cooperates with a number of countries including the USA, the UK, Spain, Italy, Denmark, the Netherlands and Morocco. Gap Pazarlama has been continuing its commercial activities for many years and working with these countries' most popular and well-known brands such as Inditex, Asos, Urban Outfitters, NYDJ, Forever 21, Seven7, Next and LPP.

Gap Pazarlama, which has established a wide subcontracting network in many different countries, supplies various product groups from these countries and offers them to its customers.

#### GAP PAZARLAMA'S COMPETITIVE ADVANTAGES

- Permanent collaborations with facilities operating with an integrated production system,
- Reputation and background in the market,
- Capacity to produce new and innovative products,
- Agile company structure, ability to adapt to different business models,
- Experienced team,
- Financial strength,

**ESTABLISHED IN 1994, GAP PAZARLAMA IS ONE OF THE MAJOR TRADING COMPANIES IN THE GLOBAL TEXTILE INDUSTRY, SERVING MORE THAN 200 CUSTOMERS IN MORE THAN 40 COUNTRIES.**

Producing more added value with healthy growth





## GAP PAZARLAMA

## WITHIN THE SCOPE OF THE IMPORTANCE IT ATTACHES TO ORGANIZATIONAL EFFICIENCY, GAP PAZARLAMA STARTED TO TRANSFORM ITS PRODUCTION LINE AND CARRY OUT INVESTMENTS TO INCREASE THE POTENTIAL OF ITS HUMAN RESOURCES.



- The successful performance it has demonstrated since its establishment in 1994 and the trust that has emerged as a result.

### A CORPORATE STRATEGY THAT BROUGHT SUCCESS UNDER THE DIFFICULT CONDITIONS IN 2022

Gap Pazarlama's strategic focuses are to maintain its power competitive supply, sustain its healthy growth and generate more added value with a transparent and honest management approach.

In line with this strategy, the Company has evolved from a product focus to a more customer and market focused approach.

Gap Pazarlama accurately analyzes the demands and needs of the markets it seeks to enter and grow in and develops products and services suitable for them aiming for inorganic growth through brands, licenses, collaborations and strategic partnerships.

Within the scope of the importance it attaches to organizational efficiency, Gap Pazarlama started to transform its production line and carry out investments to increase the potential of its human resources.

### A YEAR OF IMPROVED CAPACITY AND SERVICE QUALITY

After the pandemic, which caused one of the biggest economic stagnations in the world, 2022 has been a year in which environmental and social awareness further developed and the winds of change were felt in all sectors of the world, especially in textiles.

In this process, Gap Pazarlama increased its capacity with new investments, unwaveringly pressed ahead with its business development activities with brands in different

countries of the world and managed to increase the quality of service it provides to its existing and potential customers every quarter of the year.

The USA is the market with the largest share and potential within the Company's growth targets. Therefore, the Company more intensively stepped up its participation in fairs in the USA with relationships developed and reinforced through customer visits, marking important progress in enabling Gap Pazarlama to achieve the goals it has set for 2022.

In addition to working with famous retail companies such as F21, Urban Outfitters and NYDJ throughout 2022, Gap Pazarlama has taken its reputation to higher levels by joining the echelons of strong manufacturers which can provide a high quality service to customers and has increased its visibility every year.

With these developments, the Company is able to meet the demand which emerged in 2022 after the 3-year long pandemic, and aims to expand its current capacity of over 200,000 per month in direct proportion to the increase in its American market share.

Going forward, Gap Pazarlama is working with the aim of adding South America and the Far East to the markets in which it operates.

Europe continued to be the most important market which Gap Pazarlama focused on in 2022. The Company started to work with well-established brands such as Urban Outfitters UK, Next, Asos in the UK and LPP in Poland.

### ADDED VALUE CREATED BY DIGITALIZATION

Digitalization is now an indispensable part of our era. Gap Pazarlama, which sets itself apart in the sector with the products it manufactures using technological fabrics, benefits from the power of technology in all of its business processes. Continuing its technological investments in 2022, the new collections created by the Company with Clo 3D have generated wide acclaim in the industry.

Gap Pazarlama continues its branding processes with **Denigma®** Jeans, where it provides B2C services. Appealing to the middle segment with its high quality/correct price positioning, **Denigma®** Jeans started sales in global e-markets such as Amazon and Ali Express, which reach the whole world, especially in the local market.

Working to meet the expectations and needs of its target audience, Generation Z, the brand has increased the number of sustainable products in its collection. **Denigma®** Jeans, which also opened its Metaverse store in 2022, reaching its consumers through the local and global fairs it participates in and social media channels.

**Denigma®** Jeans, which offers its users a differentiated shopping experience, will focus on AR (Artificial Reality) and AI (Artificial Intelligence) projects in 2023.

### SUPPORT FOR STUDENTS THROUGH COLLABORATION WITH ACADEMIA

Placing importance on collaboration with academia in 2022, Gap Pazarlama offered students training starting from the history of denim, including all production, washing and branding strategies, within the scope of the event organized at Bilgi University. Providing fabric support for students' projects after the training, the Company also provided support on the design and production side by working with the students on the projects.

### DEVELOPMENT-FOCUSED INVESTMENTS IN PEOPLE AND COMPANY CULTURE

Gap Pazarlama follows a strategy to recruit young talent, drawing up guiding plans for future leaders in the existing human resources, and protecting existing human resources. The survey conducted among the Company's employees in 2022 found a score of 3.84 out of 5 for employee loyalty and 3.87 out of 5 for satisfaction.

Gap Pazarlama, which constantly invests in people and the Company culture, has been training its own managers for many years and demonstrates sustainable human resources management with its long-term senior personnel.

The Company established training and education programs to strengthen and further increase the competencies and skills of its employees with the BlueClass™ training program that it started in 2021. These programs are structured and diversified within the framework of determined principles and policies and in accordance with employee needs.

Gap Pazarlama, which has become younger while expanding its teams, has established the "Young Council" both because its employees want to have a say in the Company management and to follow the trends closely. The Board of Directors, which comes together with personnel under the age of 30 in all departments working at Gap Pazarlama, listens to the ideas and opinions of young employees. In the Young Council, which meets every two months, ideas about existing and should-be business processes are discussed, and studies are carried out on how these ideas will be implemented.

## GAP PAZARLAMA, WHICH SETS ITSELF APART IN THE SECTOR WITH THE PRODUCTS IT MANUFACTURES USING TECHNOLOGICAL FABRICS, BENEFITS FROM THE POWER OF TECHNOLOGY IN ALL OF ITS BUSINESS PROCESSES.



**COLLABORATION WITH FAMOUS RETAILERS**  
GAP PAZARLAMA HAS TAKEN ITS REPUTATION TO HIGHER LEVELS BY TAKING PRIDE OF PLACE AMONG STRONG MANUFACTURERS ABLE TO PROVIDE A GOOD AND HIGH QUALITY SERVICE TO ITS CUSTOMERS AND INCREASE ITS VISIBILITY EVERY YEAR.

## GAP PAZARLAMA

**GAP PAZARLAMA ACCEPTS SUSTAINABILITY AS THE BASIC PRINCIPLE OF ITS INVESTMENT DECISIONS, AND IMPLEMENTS SUSTAINABLE PRODUCTION IN ALL OF ITS FACTORIES.**



**48%**  
FEMALE EMPLOYEE

Gap Pazarlama has the highest proportion of women working it, at 48%, among any Çalık Group company in the country

Gap Pazarlama has the highest proportion of women working it, at 48%, among any Çalık Group company in the country, with 74% of employees having either an undergraduate or graduate education and knowledge of at least one foreign language. The average seniority in the Company is 9.52 years with an average age of 39.1.

**SUSTAINABILITY AND ESG**

With corporate values and a culture that prioritizes people and the future, Gap Pazarlama meticulously observes its responsibility to the planet in the work it carries out to gain value and recognition in the market.

Aiming to leave a sustainable world to future generations, the Company accepts sustainability as the basic cornerstone of its investment decisions and implements sustainable production in all its factories.

Gap Pazarlama modernized its factory in Egypt within the framework of its “Responsible Clothing for a Sustainable Future” strategy. In addition, the Company established a new machinery park in its factory and completed its certifications, which are indispensable for sustainable production.

Within the scope of its sustainability activities, Gap Pazarlama has the following plans for the coming periods;

- To reduce carbon emissions,
- To initiate suitable design activities in accordance with the Eco-Design regulation,
- To combat greenwashing (fake environmentalism),
- Manage suppliers within the scope of sustainability,
- Ensuring traceability with the digital product passport application,
- To collaborate in reuse and repair,

- To manage textile waste in a sustainable and auditable manner,
- To achieve both cost savings and reduce the carbon footprint with green energy investments.

**LOOKING FORWARD**

Despite signs that 2023 will be a difficult year for the national and international economy, Gap Pazarlama believes that it will successfully navigate this process with the help of its knowledge and experience.

The Company aims to work with care and discipline to protect and develop itself in the coming years and maintain a capability to respond quickly to changing demands.

Focusing on sustainable growth, Gap Pazarlama has charted a circular, environmentally friendly and differentiated path for itself with its **BlueSea™** strategy. The Company plans to increase its turnover to USD 250 million by 2025, with an average annual growth of 30%.

Gap Pazarlama will unabatedly continue to invest in people and culture, as well as carry out its financial investments. The Company implements **BlueClass™** Executive Development Programs to increase the potential of its existing human resources.

Gap Pazarlama aims to produce the most added value with the least input, in line with the goal of achieving high organizational efficiency.

**QUALITY STANDARDS AND CERTIFICATES**

Standard	Certificate
ISO 9001:2015	Quality Management System Certificate
ISO 14001:2015	Environmental Management System Certificate
ISO 22301:2012	Business Continuity Management System Certificate
ISO 28001	Supply Chain Security Management System Certificate
ISO 27001	Information Security Management System Certificate
WRAP	
Sedex	
6 Sigma	
YYS (AEO)	Authorized Economic Operator Certificate
Oeko Tex 100	
BCI	
GRS	
GOTS	



Financial Summary (TL million)	2020	2021	2022
Total Assets	914	1,567	2,149
Net Sales	315	740	1,352
Total Shareholders' Equity	302	875	1,254
EBITDA	-4	201	451
EBITDA Margin (%)	-1	27.3	33.38



**THE MINING SECTOR IS ONE OF THE  
MAJOR VALUE CREATORS IN NATIONAL  
ECONOMIES GIVEN ITS CONTRIBUTIONS  
TO INDUSTRY AND EMPLOYMENT.**

**A ROLE AT THE HEART OF  
GLOBAL DEVELOPMENT**

**INCREASED VOLATILITY AMID  
PRICE SPECULATIONS CREATED BY  
THE MARKETS**

The mining sector is a major value creator which meets the input needs of many sectors, especially industry. It creates added value for national economies with its contribution to production and employment.

The year 2022 marked something of a rediscovery of the role of the mining sector, which lies at the foundation of global development in today's complex economic relations. The mining sector, whose impact and importance for the future of humanity is increasing, faced a myriad of different challenges in 2022, and these difficulties are expected to continue to mount in 2023.

Mines have an average initial investment period of approximately 12-14 years, from the exploration activities to their first commercial production. When this is taken into account, it is seen that the instantaneous price volatility caused by financialization (meaning that the size and importance of a country's

financial sector increases relative to its overall economy) causes difficulties for mine operators in terms of investment decision-making and speed.

The often challenging and exhaustive approval processes for new projects, difficulties in obtaining financing and long construction periods are key issues in the mining sector. Similarly, the rapid depletion of economic mineral resources, despite the volatility in the commodity markets in the last 20-30 years, and the inability to replace those consumed with resources of a similar economic value constitute the most comprehensive problem facing the sector. This situation indicates that higher costs will be observed going forward in the new mining projects to be commissioned to meet the increasing demand for commodities.

Achieving the goal of keeping global warming to within 1.5°C under the framework of the Paris Climate Agreement signed by 196 countries in 2015 will require a 45% cut in emissions (from their 2010 levels) by 2030. Reaching the net zero target by 2050 is vital to establish a sustainable ecosystem.

**THE YEAR 2022  
MARKED SOMETHING  
OF A REDISCOVERY  
OF THE ROLE OF THE  
MINING SECTOR,  
WHICH LIES AT  
THE FOUNDATION  
OF GLOBAL  
DEVELOPMENT IN  
TODAY'S COMPLEX  
ECONOMIC  
RELATIONS.**

**A key element  
to create value  
for countries'  
economies**





## OVERVIEW OF THE MINING SECTOR IN 2022

**MINING PLAYS A KEY ROLE IN THE INVESTMENTS TO BE CARRIED OUT IN THE PROCESS OF TRANSITIONING TO A SUSTAINABLE AND RENEWABLE ECONOMY IN PARALLEL WITH OUR NEW WAY OF LIVING.**

The acceleration of plans to switch to clean energy in order to create a renewable and sustainable global economy within the scope of the 2030 and 2050 targets has become even more pertinent with states and international organizations pledging to accelerate the transition process.

Mining is one of the key elements in the investments to be carried out in the process of transition to a sustainable and renewable economy, being a vital process in solar power plants, wind farms, geothermal power plants, hydroelectric power plants, bioenergy, nuclear, electric vehicles, batteries, electricity transmission and hydrogen. The increasingly critical requirement for raw materials such as copper, lithium, nickel and cobalt, which will rely on the mining sector will bring its own new problems.

Mounting geopolitical risks in parallel with changes in supply and demand and the extended investment periods as a result of rising expectations on a global scale in environmental and social impact assessments (ESIA) continue to present various hurdles for the mining sector. The ESIA is no longer optional or merely a field where a difference can be made but has become a necessity.

Similarly, increasing expectations among stakeholders requires transparent and responsible mining activities with strong social licensing.

#### THE TURKISH MINING SECTOR IN 2022

Turkey's diverse geological and tectonic structure has given rise to the formation of a vast range of mineral resources. However, this structure also has resulted in the size of mineral deposits as well as its fragmented nature. Turkey produces approximately 70 types of minerals, comparing to approximately 90 types worldwide. Although Turkey is one of the richest countries in the world in terms of some metallic mines, industrial raw materials, lignite and geothermal resources, Turkey's mineral potential is relatively lacking in terms of both its total reserves and the size of the individual deposits.

Being integrated into international markets, Turkey also faces difficulties similar to those experienced in the global mining sector. The fact that the production of critical raw materials still falls short of the country's internal needs raises the importance of mining investments one step further.



According to the latest figures, the mining sector accounted for a 1.33% share of GDP in 2021. In 2022, a year in which there was an annual fall of 1.1% in the industrial production index, the Turkish mining sector accounted for 1.8% of Turkey's total exports.

In the sector, which has been operating with a foreign trade deficit since 2015, various regulations have been implemented with the aim of reducing import dependency, especially in electricity production. Moreover, a target has been set to achieve double-digit growth in the share of mining product exports in the 2020s.

Turkey's mineral exports grew by 9% in 2022, rising from USD 5.9 billion in 2021 to USD 6.5 billion in 2022.

Metallic ores accounted for the largest share in mineral exports in 2022, with exports of USD 2.17 billion. Natural stones were the second most exported group, with USD 2.10 billion in exports with industrial minerals ranking third (USD 1.36 billion).

When examined on a country-by-country basis, China was the largest market for Turkish exports in the mining sector in 2022 with exports of USD 1.4 billion, followed by USD 630 million of exports to the USA and USD 386 million of exports to Bulgaria. The most striking increase in mineral exports was realised to Italy with a 56% increase to USD 335 million.

Turkey's total exports increased by 12.9% in 2022 to reach USD 254.2 billion with the mineral exports standing at USD 6.5 billion in the same period. This marked an increase of 9.1% compared to 2021, when mineral exports amounted to USD 5.9 billion.

In 2022, Turkey's metal ore exports increased by 1.2% compared to the previous year to reach USD 2.2 billion. Industrial mineral exports increased by 23.5% to reach USD 1.4 billion, with natural stone exports rising by 0.2% to USD 2.09 billion.

**TURKEY'S MINERAL EXPORTS REACHED USD 6.5 BILLION IN 2022, AN INCREASE OF 9% COMPARED TO THE USD 5.9 BILLION IN EXPORTS RECORDED IN 2021.**

**THE TURKISH MINING SECTOR ACCOUNTED FOR 1.8% OF THE COUNTRY'S TOTAL EXPORTS IN 2022, WHEN THERE WAS AN ANNUAL FALL OF 1.1% IN THE INDUSTRIAL PRODUCTION INDEX.**

**TURKEY HAS A DIVERSE RANGE OF MINERAL RESOURCES THANKS TO ITS GEOLOGICAL AND TECTONIC STRUCTURE.**





**OPERATING IN THE MINING SECTOR FOR OVER TEN YEARS, LİDYA MINES HAS ACHIEVED SIGNIFICANT SUCCESS WITH ITS COLLABORATIONS WITH THE INTERNATIONAL MINING COMMUNITY AND FINANCIAL INSTITUTIONS.**

### **A SUCCESS STORY WITH ITS SPECIALISED SEARCH AND PROJECT TEAMS**

#### **THE ABILITY TO CONDUCT STRONG AND LONG-TERM PARTNERSHIPS WITH INTERNATIONAL MINING COMPANIES**

Lidya Mines was established after Çalık Group realized the first major international collaboration in the Turkish mining sector with Alacer Gold in 2009. The Company commenced operations in 2010. According to the agreement entered into within the framework of this collaboration, the Company became a partner in the Çöpler Gold Mine with a 20% share and in a wide exploration portfolio with a 50% share.

Construction work got under way at the Çöpler Mine, located in the Erzincan province of Turkey's Eastern Anatolia region, in 2009 with gold starting to be extracted in December 2010.

Polimetal Mining was one of the subsidiaries established in the same period in a 50-50 partnership. Polimetal commenced working in 2012 to develop gold and copper fields in Turkey under the management of Lidya Mines.

Operating in the mining industry for more than ten years, Lidya Mines spearheaded two important mining discoveries during this period, developing new projects by partnering with two North American mining companies. Its strong collaborations with the international mining community and financial institutions have set the stage for a significant success story for the company.

Lidya Mines continues to develop an extensive portfolio including gold and copper fields in Central Asia, the Balkans and Africa to realize its vision of becoming the most valuable and respected mining company in Eurasia.

**LİDYA MINES WAS ESTABLISHED AFTER ÇALIK GROUP ENTERED COLLABORATION ALACER GOLD IN 2009, ITS FIRST MAJOR INTERNATIONAL COOPERATION IN THE TURKISH MINING SECTOR.**

High operational experience and know-how





## LİDYA MINES

**THE ÇÖPLER GOLD MINE, IN WHICH LİDYA MINES HOLDS A 20% SHARE IN THE PARTNERSHIP (WITH SSR MINING HOLDING 80%), EXTRACTED 192,810 OUNCES OF GOLD IN 2022 WITH TOTAL TURNOVER OF USD 357 MILLION.**



USD **522.8** MILLION

Çalık Mining Group's asset volume stood at USD 522.8 million at the end of 2022.

#### MINIMIZING RISKS IN PARALLEL WITH A RESPONSIBLE MINING APPROACH AND INCREASED EFFICIENCY

Lidya Mines carries out its activities against an increasingly difficult global backdrop in terms of searching, finding and directing financial resources to investment in the mining sector. The Company closely monitors risks and opportunities in order to maintain its presence in difficult market conditions and to carve out a competitive advantage for itself through healthy growth.

Lidya Mines strives to minimize its risks in line with its responsible mining approach. The Company prioritizes efficiency in its activities, both in its operations and the exploration of resources with the aim of sustainable profitability.

Lidya Mines is aware of its role in providing the raw materials necessary to meet humanity's goal of transitioning to a sustainable economy based on renewable energy. In this context, the Company has determined copper as its priority in its process, which had started with gold and copper. The Company has also prepared business plans for mining investments and the exploration of resources. Lidya Mines aims to use of-the-art-technology press ahead with its exploration activities in 2023.

#### SUCCESSFUL FINANCIAL AND OPERATIONAL RESULTS IN PRODUCTION AND EXPLORATION ACTIVITIES

In 2022, Lidya Mines continued to invest in the Hod Maden, Cevizlidere and Kazıkbeli projects in Turkey, using the cash flow obtained from the completed Çöpler Gold Mine and Gediktepe Gold and Silver Mine. The Company continued to carry out exploration activities with

its competitive and innovative business strategy in Africa, the Middle East and Central Asia, where the infrastructure, superstructure, political situation and legal systems are often challenging.

Within the scope of exploration activities, Lidya Mines carried out 80 drillings totaling 5,705 meters in Turkey, 39 drillings amounting to 12,643 meters in Central Asia and 15 drillings amounting to 3,123 meters in Africa in 2022.

Lidya Mines plans to increase the number of fields and mines evaluated in order to achieve target-oriented success. In 2022, the Company carried out the highest number of project reviews in a calendar year since its establishment.

The Company extracted 28,824 ounces of gold and 293,697 ounces of silver in 2022. With an average gold sales price of USD 1,783.43/ounce and an average silver sales price of USD 20.66/ounce, the company reported turnover of USD 57.5 million in 2022.

The Çöpler Gold Mine, in which Lidya Mines holds a 20% share in the partnership (with SSR Mining holding 80%), extracted 192,810 ounces of gold in 2022 with total turnover of USD 357 million.

The asset volume of the Çalık Maden Group had reached USD 407.3 million as of the end of 2022. During 2022, 30% of the shares in its subsidiary, Kartaltepe, in which Lidya Mines is in a 50%-50% partnership with SSR Mining, were transferred to SSR Mining for a consideration of USD 150 million in 2022.

After the Kazıkbeli discovery, the Company carried out a Tunçpınar-Bakırtepe share exchange agreement with its strategic partner, SSR Mining. In

line with this agreement, Lidya Mines's share in the Tunçpınar field increased from 50% to 70%, while its share in the in the Bakırtepe field decreased from 50% to 30%.

Lidya Mines established a company in Mali and Mauritania in 2022 to continue its exploration activities.

#### SUSTAINABILITY AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) ACTIVITIES

The OECD (Organization for Economic Co-Operation and Development) has identified seven steps in its publication to guide businesses seeking to move towards sustainability. The first step is to identify the impacts of the business and determine priorities, and the second step is to determine the indicators and reveal what data will be needed. These two steps, which are defined as

the preparation phase, are followed by the measurement phase and then the improvement phase.

Therefore, determining indicators is vital for businesses to improve their position in general and environmental sustainability (OECD, 2011). Acting on this requirement, Lidya Mines spent 2022 working on indicator determination in the categories of total energy use, water use, environmental costs, recycling rates and the Environmental Management System.

When it comes to sustainability, it is of the greatest importance that companies are able to view their risks and opportunities and resolve them. In 2022, Lidya Mines started work to determine corporate risks and opportunities in accordance with the procedure which it established based on business continuity management.



**THE OECD HAS IDENTIFIED SEVEN STEPS IN ITS PUBLICATION TO GUIDE BUSINESSES SEEKING TO MOVE TOWARDS SUSTAINABILITY.**





## LİDYA MINES

**A COMMITTEE CONSISTING OF MEMBERS OF THE SENIOR MANAGEMENT MONITORS LİDYA MINES' CORPORATE RISKS AND OPPORTUNITIES, WHICH ARE DETERMINED PERIODICALLY WITH EMPLOYEE PARTICIPATION.**

The Company's corporate risks and opportunities, identified by ensuring employee participation, are periodically monitored by a committee consisting of members of the senior management. The targets set under the headings of quality, the environment and OHS are closely monitored and intensive work is carried out to achieve the targets. In addition, the key performance indicators related to the processes are planned to be reviewed by the management on a periodical basis.

**WORK IN THE FIELD OF OCCUPATIONAL HEALTH AND SAFETY (OHS)**

Details of the OHS activities carried out by Lidya Mines in 2022, specifically for mineral exploration, project and operation areas and staff, are listed below:

- Internal and external training sessions were organized (OHS, Vocational Qualification Institute, Vocational training sessions, competency and awareness training sessions, Toolbox).
- The Mine Response Team received the "Best Team Safety Award" in the 2nd Mine Rescue Competition organized by MAT (Miners Association of Turkey).
- The Mine Response Team provided effective support in emergencies such as fires in the area surrounding the Balıkesir mine.

- Periodic health checks and analyses of heavy metals were carried out for employees, to monitor the risk of chemical exposure.
- The Integrated Management System (IMS) Mobile App software was put into operation.
- All work permit processes such as working at height and energy isolation were made effective and efficient.
- Notifications and detailed investigations of all accidents and incidents through the IMS software were completed.
- Drills were held in the Balıkesir mining area, some of which were attended by the AFAD, the Fire Department and the Provincial Directorate of Environment, Urbanization and Climate Change.
- Personal documents of contractor companies and personnel were reviewed for suitability and recorded through the Contractor Integrated System.
- Signage and marking work was carried out within the scope of health and safety in accordance with national and international standards.
- Work was carried out on the ISO 45001 documentation and field applications.
- Regular OHS audits were carried out and reported through the IMS software and actions were assigned to relevant audit findings. Approximately 3,000 actions recorded in the software were completed and resolved.
- Regular periodic inspections and Work place Hygiene Measurements were carried out.
- Risk assessment and necessary revision work were completed.
- Emergency Action Plans were prepared and revision work was carried out.
- The OHS committees were established and committee meetings were held regularly with the involvement of the main contractor.

- Process Safety Unit meetings were held regularly.
- In international work, an air ambulance service was planned as a precaution for emergencies involving serious injuries.

**STAKEHOLDER RELATIONS**

Lidya Mines manages its processes with the procedures and practices it has created in order to establish healthy communication with its stakeholders and determine their needs and expectations. In this context, the Company carries out its activities with the aim of establishing stakeholder relations based on transparency, mutual trust and accountability.

Lidya Mines's policies and procedures in stakeholder relations management are listed below:

- Human Rights Policy
- Employee Complaints Management Procedure
- External Stakeholder Suggestion and Complaint Management Procedure

**LİDYA MINES MANAGES ITS PROCESSES WITH THE PROCEDURES AND PRACTICES IT HAS CREATED IN ORDER TO ESTABLISH HEALTHY COMMUNICATION WITH ITS STAKEHOLDERS AND DETERMINE THEIR NEEDS AND EXPECTATIONS.**





## LİDYA MINES

**HAVING ACHIEVED SIGNIFICANT PROGRESS IN THE ESTABLISHMENT OF THE INTEGRATED MANAGEMENT SYSTEM, LİDYA MINES AIMS TO EMBARK ON SUSTAINABILITY WORK WITHIN THE SCOPE OF THE SYSTEM, AND AIMS TO DETERMINE ITS STRATEGIES AND PRIORITIES FOR 2023 AND 2024.**

- Supplier and Contractor Management Procedure
- Employee Participation Procedure
- Communication Procedure
- Media Relations Management Procedure
- Stakeholder Participation Meetings
- Local Purchasing Procedure
- Local Employment Procedure
- Customer Relations Management Procedure

**SUSTAINABILITY TARGETS**

Lidya Mines prioritizes the Integrated Management System (IMS) implementation processes in its work in the field of sustainability. The IMS work covers Lidya Mines and its subsidiaries, Polimetal Mining and Artmin Mining. The IMS is created in line with the ISO, IFC and EP standards, United Nations conventions and guidelines and ILO conventions.

This work is carried out in accordance with international standards and practices and the legislation in place in Turkey. The work is the basic building block of Lidya Mines's sustainability strategy. In addition, all kinds of outputs created for stakeholders on Environmental, Social and Governance (ESG) issues constitute an important part of the Company's sustainability efforts.

Lidya Mines has achieved significant progress in the establishment of the Integrated Management System. The Company aims to embark on sustainability work within the scope of the system, and aims to determine its strategies and priorities for 2023 and 2024.

Data collection work is currently ongoing for sustainability performance indicators. The Company plans to create sustainability performance indicators

for energy efficiency, greenhouse gas emissions, its carbon footprint and water footprint, employee churn, training and qualification, remuneration, human rights, corruption, expropriation, health and safety, water consumption, waste management and stakeholder satisfaction. It plans to monitor these indicators on a regular basis.

**POLICIES IMPLEMENTED AT LİDYA MINES**

- Quality policy
- Environmental policy
- Occupational Health and Safety Policy
- Social Sustainability Policy

In addition, Lidya Mines's subsidiaries, Polimetal Mining and Artmin Mining, hold the HSE Policy Commitment Certificate.

**LİDYA MINES CONSIDERS ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) ISSUES AS THE BASIC BUILDING BLOCKS OF ITS SUSTAINABILITY STRATEGY. THE COMPANY TAKES INTERNATIONAL STANDARDS AND PRACTICES AS WELL AS THE LEGISLATION IN PLACE IN TURKEY AS A REFERENCE POINT.**





AIMING FOR SUSTAINABLE GROWTH IN THE BUSINESS FIELDS IT FOCUSES ON THROUGH ITS INNOVATIVE BUSINESS MODELS, ÇALIK HOLDING IMPLEMENTS PIONEERING PROJECTS FOR THE SOCIETY AND THE BUSINESS WORLD WITH ITS BUSINESS PROCESSES, SERVICES AND PRODUCTS.



## ÇALIK HOLDING BOARD OF DIRECTORS



**Ahmet Çalık**  
Chairman



**Ahmet Yıldırım**

Board Member, President of the Strategy and Financial Affairs Group (CSO)

Ahmet Yıldırım graduated from İstanbul University's Department of Economics (English) in 1991 and completed Harvard Business School General Management Program in 2012. Ahmet Yıldırım joined Çalık Holding in 2014. Having 24 years' experience in corporate banking, investment and treasury banking, Yıldırım has served as CEO and Board Member at Yapı Kredi Bank Germany for five years. As of September 2014, Ahmet Yıldırım serves as Board Member and President of the Strategy and Financial Affairs Group at Çalık Holding, responsible of finance, mergers and acquisitions, tax planning and investor relations.



**Hakkı Akil**

Board Member, Chief Advisor to the Chairman

Born in Çorum in 1953, Hakkı Akil graduated from Galatasaray High School in 1972 and Bordeaux University, Department of Development Economics in 1977. Between 1987 and 1989, he graduated from Ecole Nationale d'Administration in Paris with the thesis "Iran-Iraq War and World Oil Supply". In his diplomatic career at the Ministry of Foreign Affairs between 1979 and 2016, he served as the Deputy Undersecretary and Turkey's Sherpa at G-20 between 2009-2011. He held various posts as Ambassador at the ministry including Ashkhabad, Abu Dhabi, Rome and Paris, respectively. Serving as Chief Advisor to Chairman at Çalık Holding since 2016, Akil has been appointed as Board Member as of 2019. He is married with a daughter.



**Mehmet Göçmen**

Board Member

After graduating from Galatasaray High School and Middle East Technical University, Department of Industrial Engineering, Mehmet Göçmen completed his master's degree in Industrial Engineering at Syracuse University in 1983. Between 1983-1995, he worked at Çelik Halat ve Tel Sanayi A.Ş., and he held various positions in Lafarge Turkey between 1996 and 2003. Mehmet Göçmen, who served as the General Manager of Akçansa Çimento Sanayi ve Ticaret A.Ş. between 2003-2008 and who was appointed as the Head of Sabancı Holding's Human Resources Group in 2008, continued his duty as the Head of Sabancı Holding's Cement Group between 2009-2014. Göçmen, who became the Head of Energy Group in 2014, served as the CEO and Member of the Board of Directors at Sabancı Holding between 2017-2019. Mehmet Göçmen has been serving as a Board Member at Çalık Holding as of 2020.



**Dr. Serdar Sümer**

Board Member

Serdar Sümer holds a degree in Business Administration from Ankara University Faculty of Political Sciences. He completed his master's in Business Administration at the College of William and Mary in Virginia, USA, and in April 2011, received a PhD in banking at the Marmara University Institute of Banking and Insurance. Sümer is a certified Financial Risk Manager (FRM) and Certified Public Accountant. He started his career in 1996 as a Sworn-in Bank Auditor. From 2008 to 2014, he served as the Executive Vice President of Subsidiaries Management and Capital Markets at Aktif Bank. After working as an executive at an industry-leading investment company, Sümer returned to Aktif Bank in 2015 to assume the role of CEO, and until the end of 2020 he served as the Bank's CEO and Board Member. As of 2021, Sümer has been working as a Board Member of Çalık Holding, Aktif Bank and Subsidiaries, BKT and YEPAŞ.



## EXECUTIVE MANAGEMENT



### Ender Hıdıroğlu

Advisor to the Chairman

Ender Hıdıroğlu holds B.Sc. in Mechanical Engineering from Middle East Technical University. He worked in GATEKS, UPISAS, SANKO, SASA, YURTAS, Paktaş and ISKO in various positions. In 1993 Hıdıroğlu joined Çalık Holding where he worked as General Manager of Gap Pazarlama for 3 years. During the following 10 years, Hıdıroğlu continued his career in Gap İnşaat as General Manager, Project Director and Board Member respectively. Subsequently serving as Senior Executive and Board Member in Çalık Holding subsidiaries, Hıdıroğlu holds the position of Advisor to the Chairman in Çalık Holding at the present.



### Hiroshi Miyoshi

Advisor to the Chairman

Hiroshi Miyoshi, born in Japan in 1956, started his professional career at Mitsubishi Corporation in 1980 after graduating from Waseda University, Department of Politics and Economics. He served for 37 years at Mitsubishi Corporation, holding various project development positions at Mitsubishi Corporation as well as Board Memberships at its subsidiaries. In the 1990s, he created a new business model for the development of cooperation between Turkish and Japanese companies in Central Asia and realized some important infrastructure projects in the region. While serving as SVP of Mitsubishi Corporation as the Chief Executive responsible for Turkey, Central Asia, and Caucasus, he was appointed as the Chairman of the Japanese Society in Istanbul in 2013. Since 2017, Hiroshi Miyoshi has been serving as a Senior Advisor to the Chairman of Çalık Holding.



### Bahadır Aksoy

Advisor to the Chairman

Bahadır Aksoy graduated from İstanbul University, Department of Mining Engineering in 2000. He earned his master's degree in Economics from the International University of Struga in the Republic of North Macedonia in 2010 and completed his PhD at the same university in 2014. As of 2000, he held various positions in family companies abroad and served as Vice President. He served as a Board Member at ALBtelecom and Eagle Mobile, the Albania-based subsidiary of Çalık Holding operating in the telecommunications sector, between 2007 and 2014. He was the Honorary Consul General of the Republic of Turkey in Durres between 2004 and 2020, President of the Turkish Chamber of Commerce in Kosovo between 2015 and 2016, and Vice President of the Turkish Chamber of Commerce in Albania between 2016 and 2019. In 2021, Bahadır Aksoy returned to Turkey and is currently serving as Advisor to the Chairman of Çalık Holding.



### İzzetiye Keçeci

Advisor to the Chairman

İzzetiye Keçeci was born in 1975 and graduated from İstanbul University, Faculty of Economics, Department of International Relations in 1997. In the same year, she began her professional career at Gap Tekstil, a subsidiary of Çalık Holding, and later worked in different functions of Human Resources units in Group companies. Between 2009 and 2016, Keçeci was the Human Resources Director at Çalık Holding and as of 2017, she has been serving as Chief of Operations Group (COO) in charge of Human Resources, Organization, Process Development and Project Management Departments and served as Board Member at Gap İnşaat. Serving as Advisor to the Chairman of Çalık Holding since September 2022, İzzetiye Keçeci has also been serving as Board Member at Çalık Holding Group companies Gap İnşaat, Çalık Enerji, BKT and YEDAŞ.



### Saim Üstündağ

President of the Audit Group

Saim Üstündağ graduated from Middle East Technical University, Department of Economics in 1994 and started his professional career at Arthur Andersen Turkey before joining the CMB in 1995, where he served in various positions. Üstündağ completed his master's degree in Accounting at the University of Illinois, the United States of America in 2005 and was awarded the Certified Public Accountant (CPA) certificate in the USA. Between 2005 and 2007, Saim Üstündağ served as the Secretary General of the Turkish Accounting Standards Board (TASB) (Ministry of Finance), and then as a Partner in the Audit Department at Deloitte Turkey between 2007 and 2014. Üstündağ holds various capital markets licenses including the CPA Certificate, Independent Audit License, Corporate Governance Rating Specialist License, and the Advanced Level License from the Capital Markets Board of Turkey. Since 2015, Saim Üstündağ has been serving as President of the Audit Group at Çalık Holding.

## EXECUTIVE MANAGEMENT

**Burak Onur**

Chief Financial Officer (CFO)

Having completed his undergraduate education at İstanbul University, Department of Economics, Burak Onur holds an MBA degree from Yeditepe University. He began his career at BDO Independent Auditing Firm in 1996. He was transferred to Digitürk in 1999 and gained experience at various levels, and then served as the CFO of Digitürk between 2013 and 2018. He was appointed as the Group CFO of Sur Yapı company between 2018 and 2019. Burak Onur joined Çalık Holding as the Financial Affairs Director in 2019, and currently, he has been serving as the Chief Financial Officer in Çalık Holding as of February 2021.

**Ahmet Ratip Kumbasar**

President of the Human Resources Group

After graduating from Marmara University, Department of Public Administration in 1982, Ahmet Ratip Kumbasar completed his master's degree at Georgia Southern University, Department of Public Administration, in 1991. Kumbasar, who started his professional life as Human Resources Manager at Mutlu Akü Company between 1991-1994, served as Human Resources Manager at Lafarge Company between 1995-2000, and Vice President of Human Resources (Turkey) between 2000-2005 in the same company. He also served as Human Resources Director (North America) between 2005-2012 and Talent Management Director (America) between 2012-2014. Kumbasar, who returned to Turkey in 2014 and continued his career as Human Resources Director at Genpa until 2017, served as the Head of Human Resources and Culture at Enerjisa Production Company between 2017 and 2021. Ahmet Ratip Kumbasar, who served as the Head of Human Resources at Süttaş Group until September 2022, is serving as President of the Human Resources Group at Çalık Holding as of this date.

**Galip Tözge**

President of the Banking Group

Born in 1967, Galip Tözge graduated from Marmara University's Department of Economics (English) and received an MBA from the University of Missouri (USA). He obtained his Master's Degree in Law from Bilgi University at the beginning of 2018 and commenced his banking career in 1993 at Citibank, and joined Akbank T.A.Ş. in 2002. He worked at Akbank and associated companies for 12 years serving in various senior management positions. Tözge served as the Assistant General Manager of Akbank and also Board Member of Ak Portföy Yönetimi A.Ş. and Ak Yatırım Menkul Değerler A.Ş. Having been appointed as General Manager at Aktif Bank in 2015, and as BKT Kosovo Board Member in 2022, Galip Tözge currently serves as Çalık Holding President of the Banking Group.

**Dr. Orhan Orhon**

President of the Procurement Group (CPO)

Having graduated from the Department of Control and Computer Engineering in İstanbul Technical University (ITU) in 2000, Dr. Orhan Orhon completed his Master's degree on Engineering Management and received his PhD in Industrial Engineering at the same university. Starting his career in 1999 as an SAP Specialist at YKM Retailing Inc. Dr. Orhon worked in numerous positions in Information Systems, Financial Affairs, and Supply Chain Departments until 2010. Between 2011 and 2014, he worked as Supply Chain Director and Board Member in the Medical Park Hospitals Group and served as a senior executive in various fields. Orhon joined Çalık Enerji as the Procurement and Logistics Director in 2014, and has been working as President of the Procurement Group at Çalık Holding as of 2020.

**Ali Fuat Çöteliöğlu**

President of the Information Technologies Group (CTO)

Following Kadıköy Anatolian High School, Ali Fuat Çöteliöğlu graduated from Boğaziçi University's Computer Engineering Department in 1994 and began his professional career as a Software Engineer at Koç Sistem A.Ş. Having completed his master's degree at Yıldız Technical University, Department of Business Administration (MBA) in 1996, he founded Admin Danışmanlık Yazılım LTD Company in 1997 and carried out various projects. After working as the Department Head in ING Bank A.Ş. Software-Private Banking Department, where he started in 2001, he served as Oyak Teknoloji Bilişim ve Kart Hizmetleri A.Ş. Software & Corporate Solutions Department Director between 2003-2007. Between 2008 and 2017, he served as Borusan Otomotiv Group CIO and Borusan Holding Group CIO, and finally as CTO at Boyner Group. As of 2020, he has been serving as the President of Information Technologies Group at Çalık Holding.

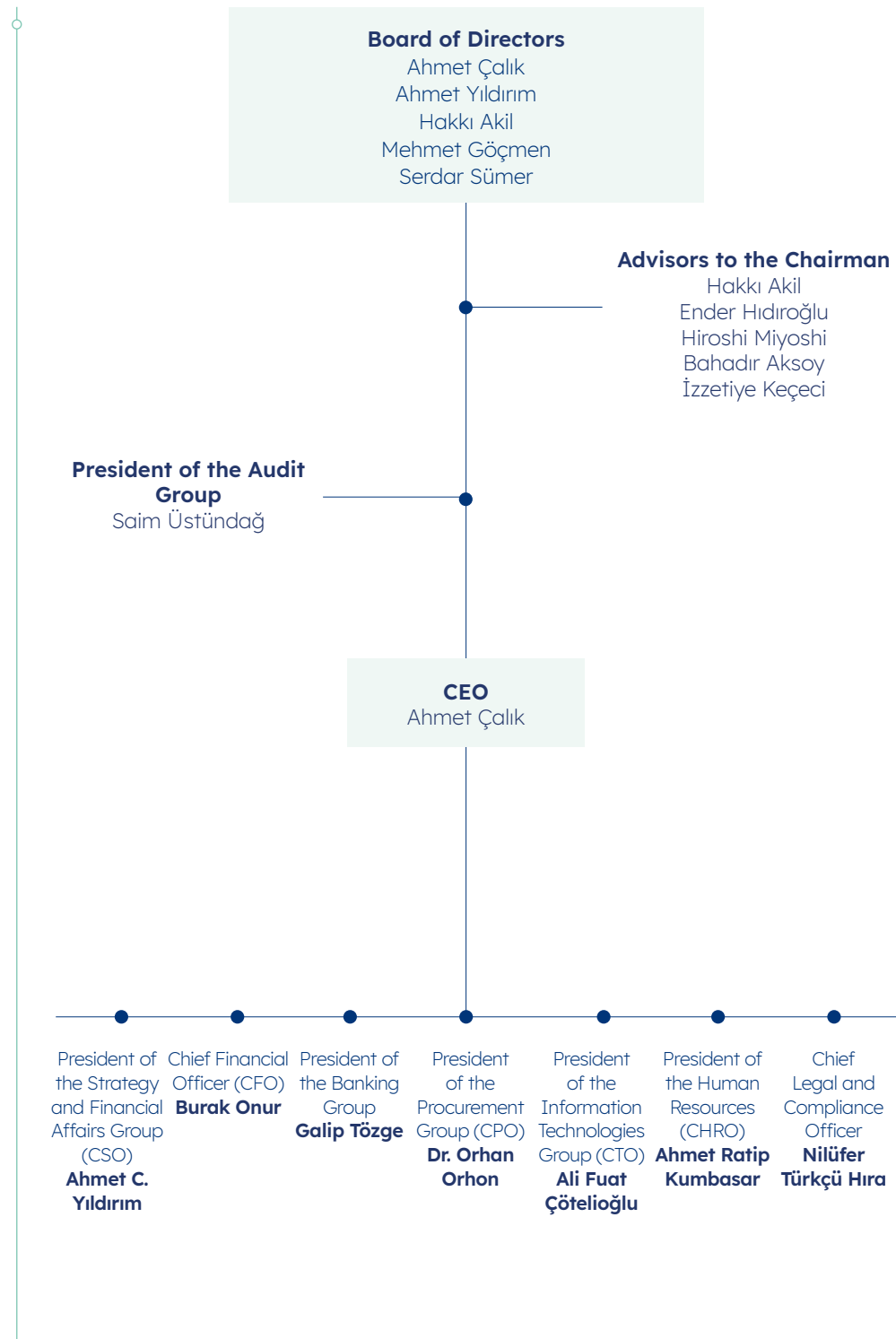
**Nilüfer Türkçü Hıra**

Chief Legal and Compliance Officer

Nilüfer Türkçü Hıra graduated from İzmir Bornova Anadolu High School and West Point High School in the State of Virginia in the US and entered Law School at İstanbul University and graduated from the same university first with a Bachelor's and then with a Master's degree. She started her career in 2002 at Birsal Law Firm and worked at Paksoy Ortak Law Firm between 2014 and 2016. Hıra provided consultancy services to various local and foreign banks, financial institutions, and export loan institutions in their financing works. She joined Çalık Holding as a legal advisor at Lidya Mines in 2016 and has extensive experience in mergers and transfers, foreign investments, corporate and commercial transactions, and agreements in various sectors including banking, insurance, energy, mining, and media. She has been serving as the Chief Legal and Compliance Officer in Çalık Holding since 2017.



## ORGANIZATIONAL STRUCTURE



## CORPORATE GOVERNANCE UNDERSTANDING

### SUSTAINABLE GROWTH WITH INNOVATIVE BUSINESS MODELS

Çalık Holding plans its business processes on the basis of the principles of justice, transparency, accountability and responsibility. It prioritizes processes which add the most value to its employees, customers, stakeholders and society.

Çalık Holding acts with common values and a common corporate culture in all of the sectors and regions it operates in. The adoption and implementation of corporate values and business principles by the Group companies, the synergy created and the commitment of employees to the corporate goals are the most important factors which enable the Group to acquire a stable, strong and reliable position.

Çalık Holding aims to achieve sustainable growth in the business areas it focuses on with innovative business models. The Company implements pioneering projects for society and the business world through the business processes, services and products which it develops.

### STRIDING CONFIDENTLY INTO THE FUTURE WITH ITS CORPORATE VALUES

Çalık Holding has maintained its dynamism since its establishment, setting an example in the business world with the courage and determination it has demonstrated both in discovering new business areas and in implementing innovative applications in existing fields.

This dynamism, spread across all Group companies, provides a tremendous competitive advantage when combined with its qualified human resources and a highly qualified management team.

Integrated with Çalık Holding's entrepreneurial spirit, the "Çalık" brand was formed as a result of its deeply

rooted know-how. It stands out both in Turkey and in the international arena with the corporate values it represents. All Çalık Group companies sincerely embrace their brand values and reflect them to the products and services they offer. They constantly aim for superior quality and efficiency.

The group companies have successfully demonstrated the values of the "Çalık" brand on national and international platforms. They also aim to further increase Turkey's power and reputation in every activity they carry out, with an awareness of the responsibility of representing their country.

### ÇALIK HOLDING'S CORPORATE VALUES

With its effective human resources practices, Çalık Holding gathers result-oriented individuals, who understand the Group's values and reflect them to all business processes, who constantly improve themselves and come up with new ideas.

The corporate values, which are accepted and implemented by every member of the Çalık Holding Family, were determined as follows:

- Justice
- Being People Orientated
- Reputation
- Working Enthusiastically
- Innovation
- Agility
- Sustainability

Çalık Holding has always placed priority on its corporate values, which are the foundation of the "Çalık" brand's sound and reliable position in all of its operations, one which it has constantly advanced to date and plans for the future. Çalık Holding will continue to prioritize its corporate values.

**INTEGRATED WITH ÇALIK HOLDING'S ENTREPRENEURIAL SPIRIT, THE "ÇALIK" BRAND WAS FORMED AS A RESULT OF ITS DEEPLY ROOTED KNOW-HOW. IT STANDS OUT BOTH IN TURKEY AND IN THE INTERNATIONAL ARENA WITH THE CORPORATE VALUES IT REPRESENTS.**

## BOARD OF DIRECTORS' BUSINESS APPROACH

### THE BOARD OF DIRECTORS AT ÇALIK HOLDING ENSURES THAT ALL OPERATIONS ARE MANAGED IN ACCORDANCE WITH THE DETERMINED STRATEGY, VALUES, CODE OF ETHICS AND GOALS.

#### IMPROVEMENT OF CORPORATE GOVERNANCE PRACTICES

The Board of Directors at Çalik Holding ensures that all operations are managed in accordance with the determined strategy, values, code of ethics and goals.

Çalik Holding's Board of Directors prioritizes the Company's long-term interests with a rational and prudent risk management approach by keeping the Company's risk, growth and return balance at the most optimal levels in line with its strategy.

The Board establishes internal control and internal audit systems which include risk management, information systems and processes. These systems minimize the effects of risks that may affect the Company's stakeholders, especially the shareholders. This is carried out by taking into account any views put forward by the relevant Board of Directors committees.

Audit operations at Çalik Holding are carried out in accordance with International Internal Audit Standards. Audit and consultancy activities are carried out on financial, operational, information systems and technical issues.

Çalik Holding ensures the accuracy and reliability of the financial and operational transactions and compliance with legislation and the Company's procedures by establishing an effective internal control system and developing corporate governance practices. These practices aim to protect the Company's assets and increase the effectiveness and efficiency of operational processes.

The Board of Directors at Çalik Holding reviews the effectiveness of risk management and internal control systems at least once a year. The Board also plays a leading role in maintaining effective communication between the Company and its shareholders and in eliminating and resolving any disputes that may arise.

The members of the Board of Directors are under the obligation to fulfil their duties with the diligence of a prudent manager and to protect the interests of the Company by complying with the rules of honesty.

The Board of Directors determines the Company's Senior Management and the powers of the management.

Members of the Board of Directors do not attend or vote in meetings held to reach decisions regarding themselves or any party they are in a relationship with.

Each new Board Member undergoes an orientation program to acquaint them with the institution.

#### SELECTION OF MEMBERS OF THE BOARD OF DIRECTORS

At Çalik Holding, the selection criteria for the Board members are as follows:

- Possessing senior management experience,
- Having multi-dimensional thinking ability and experience that will contribute to the Company's strategy,
- Ability to evaluate financial issues,
- Compatibility with corporate values,
- Ability to participate in the work of the Board of Directors and being in a position to give time to this duty,
- Possessing functional expertise in areas such as Audit, Law, Human Resources, Sales, Marketing, Information Technologies.

## BOARD OF DIRECTORS' COMMITTEES

#### AUDIT COMMITTEE

The Audit Committee consists of at least two members elected by the Holding or the Company's Board of Directors. The Holding or Company's Chief Executive Officer, General Manager, Deputy General Manager and those who carry out direct executive functions in similar positions do not serve in the Audit Committee.

In summary, the Audit Committee audits the accounting system, publicly discloses financial information if stipulated by relevant legislation, audits the financial information independently and supervises the functioning and effectiveness of the Holding or Company's internal control and internal audit system.

In addition, the Audit Committee examines and evaluates the results of the internal audit and checks that the warnings and suggestions highlighted in the audit reports have been put into practice. The Committee informs the Board of Directors in regard to these issues.

### THE AUDIT COMMITTEE AUDITS THE ACCOUNTING SYSTEM, PUBLICLY DISCLOSES FINANCIAL INFORMATION IF STIPULATED BY RELEVANT LEGISLATION, AUDITS THE FINANCIAL INFORMATION INDEPENDENTLY AND SUPERVISES THE FUNCTIONING AND EFFECTIVENESS OF THE HOLDING'S OR COMPANY'S INTERNAL CONTROL AND INTERNAL AUDIT SYSTEM.



## RISK MANAGEMENT

**OPERATING IN DIFFERENT REGIONS AND SECTORS, RISK MANAGEMENT AT ÇALIK HOLDING COMPANIES HAS ALWAYS BEEN AN INTEGRAL PART OF THE DECISION MAKING PROCESS.**

### CAREFUL, DILIGENT AND EFFECTIVE RISK MANAGEMENT

As a portfolio company managing its subsidiaries, Çalik Holding has achieved long-term success thanks to careful, diligent and effective risk management. Risk management has always been an integral part of the decision-making process for the Holding's companies operating in various geographical areas and sectors. In addition to financial risks, risk management also strategic, operational and external risks.

Risk management at Çalik Holding is carried out by the organization's Senior Management team under the supervision and control of the Board of Directors. With the Enterprise Risk Management approach, risks are identified at the companies and their impacts and probabilities are analyzed. Actions are determined in order to reduce the threats contained in the risks while revealing opportunities.

The Çalik Holding Audit Group conducts audits on how risk management approaches and processes are carried out both within the Holding and the Group companies. The Audit Group reports directly to the Board of Directors.

Çalik Group's risks are classified as follows:

**Financial risks;** Asset-liability risk, credibility, capital/debt ratio, exchange rate risk and other risk factors that may affect the financial status of the Company.

**Operational risks;** These are the risk factors that may affect the effectiveness, efficiency, profitability, reputation and business continuity of operations in line with the Company's goals.

**Strategic risks;** These are the risk factors that may affect the existence and sustainable growth of the Company, arising from the country, geographical area and competitive environment in which the Company is present.

**Extraordinary situations and disasters;** These are the risk factors such as fire, earthquake and flood that may negatively affect business continuity.

These risks are evaluated from a portfolio perspective at the Holding level. Risk management approaches for these risks are developed by the Senior Management of Çalik Holding.

Risk management work of the Group companies is carried out by the Company Boards of Directors and members of the Holding's Senior Management who are responsible for the sector and the Company Risk Management Team.

Risks are reviewed regularly, and risk management plans are prepared on the basis of the results of the risk studies. The effectiveness of risk management processes is regularly audited by the Holding Audit Department. The Department reports on this issue to the Holding Board of Directors.

## INTERNAL AUDIT

### EFFICIENT USE OF MODERN TECHNIQUES AND DIGITAL INFRASTRUCTURE IN THE AUDIT PROCESSES

In accordance with the annual audit plan, the Çalik Holding Audit Group is responsible for auditing the financial, operational, technical issues and information systems within Çalik Holding and Group companies, and carrying out consultancy activities when necessary,

The Çalik Holding Audit Group reports directly to the Chairman of the Board of Directors and the Audit Committee in its organizational structure in order to carry out its operations in line with the principle of independence.

The Audit Group carries out all of its operations in accordance with Çalik Holding's policies and procedures and the International Internal Audit Standards (IIAS). The Audit Group uses modern techniques and digital infrastructure efficiently in its audit processes, and periodically informs the Board of Directors and Audit Committees of its findings.

The Audit Group evaluates the effectiveness of the Internal Control Systems of Çalik Holding and its subsidiaries by auditing them in accordance with the COSO (The Committee of Sponsoring Organizations of the Treadway Commission) standards and best practices.

The annual audit plan is prepared within the framework of a risk assessment model in accordance with international standards and a risk-based audit approach. The plan is put into practice upon the approval of it by the Chairman of the Board of Directors and the Audit Committee.

Audit Committees are an important component of the corporate governance process to help Çalik Holding and the Group companies achieve a strong and effective internal control environment, to review issues related to corporate governance and to help the Boards of Directors successfully fulfil their duties and responsibilities regarding the audit and supervision. Audit Committees continue their work effectively.

**AT ÇALIK HOLDING, AN ANNUAL AUDIT PLAN IS PREPARED WITHIN THE FRAMEWORK OF A RISK ASSESSMENT MODEL, WHICH IS IN ACCORDANCE WITH INTERNATIONAL STANDARDS, AND A RISK-BASED AUDIT APPROACH.**

## ETHICS AND COMPLIANCE

**ÇALIK HOLDING CARRIES OUT ALL OF ITS OPERATIONS WITHIN THE FRAMEWORK OF LEGAL REGULATIONS IN PLACE IN THE COUNTRIES WHERE IT OPERATES OR HAS A BUSINESS RELATIONSHIP. ÇALIK HOLDING HAS BEEN A SIGNATORY TO THE UN GLOBAL COMPACT SINCE NOVEMBER 2022.**

### CODES OF ETHICS

Çalik Holding ensures that the operations of Group companies are in line with the Group values, which have been determined as justice, being people-oriented, reputation, working enthusiastically, innovation, agility and sustainability, as well as Çalik Holding's vision and mission. All of the Group's operations are carried out within the framework of the legal regulations of all countries in which the Group companies operate, or where they have business relations, in particular the laws applicable in the Republic of Turkey.

Çalik Holding became a signatory to the United Nations Global Compact in November 2022. The Holding is also a corporate member of the Ethics and Reputation Association (TEİD), the Global Compact Signatories Association and the Turkish Corporate Governance Association (TKYD).

Çalik Holding's Code of Ethics is established through the following regulations and policies: the Code of Work Ethics and Compliance Regulation and it's addendum that sets out the Donations and Social Sponsorship Policy, the Anti-Bribery and Anti-Corruption Policy, the Economic Sanctions and Export Controls Policy, the Gift and Hospitality Policy, the Supply Chain Compliance Policy, the Human Rights Policy, the Competition Law Compliance Policy, the Corporate Sustainability Policy, the Personal Data Protection and Processing Policy and the Social Investment Policy.

### Compliance with the Law

In carrying out their duties, Çalik Holding and all Çalik Group employees act in accordance with the legal regulations of the Republic of Turkey and the various laws in place in the countries where the companies operate. Employees act in accordance with international

regulations, which are required to be applied on the basis of each area where the conditions exist. Documents, information and records are kept regularly, completely and securely in accordance with the applicable legislation. Information, documents and records to be disclosed to the public by the company and submitted to the competent authorities are shared in an accurate, understandable, transparent manner and to the expected standard, in accordance with the laws and legislation of the relevant country and the Çalik Group's internal regulations. Agreements entered into with third parties are prepared in a clear and understandable manner in accordance with the legislation, the Code of Ethics and the attached policies, and are implemented accordingly.

### Respect for Human Rights

Çalik Group accepts the UN Universal Declaration of Human Rights as a guide. The Company demonstrates a respectful approach to human rights in all societies where it is operating. Çalik Group avoids any discrimination in the recruitment, resignation and termination, career, promotion, discipline, remuneration, social rights, appointment and training processes. No discrimination based on race, gender, color, nationality, religion, age, disability, sexual orientation or political opinion is tolerated within Çalik Group.

Çalik Group makes no concessions on issues such as child labor, discrimination, psychological or physical harassment, violence and forced labor. It carries out all operations with sensitivity to ensure that no such situations arise.

Çalik Group respects the rights of its employees to become a member, or not to be a member of a trade union and to enter, or not to enter any collective bargaining agreement, without feeling any duress.

### Responsibilities to Shareholders

Çalik Group employees aim to protect the rights and interests of Çalik Group shareholders as determined by law. While creating their business models, employees act in line with the goal of sustainability and creating value for shareholders. Operations carried out within the Çalik Group are monitored within the framework of internationally accepted corporate governance standards with all necessary care taken to be an example of best practice. In this respect, it is essential that employees avoid unmanageable risks and aim for sustainable profitability.

Employees are expected to act within the framework of principles of transparency, accountability and honesty and use Çalik Group resources efficiently and effectively. Company employees are required to provide accurate information to the public and shareholders.

### Responsibilities to Customers

It is vital that Çalik Holding and Group companies work with a proactive approach which focuses on customer satisfaction and responds to customer needs and demands in the most accurate way in the shortest time possible. In this context, customers are approached within the framework of the rules of respect, honor, justice, equality and courtesy. Creating value for customers, increasing customer satisfaction and fostering an environment of long-term trust in relations with customers are key priorities. Employees and business partners are expected to demonstrate sensitivity in these areas and show due care.

### Responsibilities to Suppliers and Business Partners

Çalik Holding and the Group companies make decisions based on objective criteria when selecting suppliers and business partners, seeking business relationships with parties which attach importance to human rights, tackling bribery and corruption, ensuring the security of personal data and fulfilling their legal obligations in all areas. At the same time, Çalik Holding and the Group Companies act honestly, fairly, respectfully and within the framework of good faith in their relations with their suppliers and business partners. They are duly diligent in fulfilling their legal obligations on time.

### Competition

Çalik Holding and the Group companies comply with the rules of fair competition and their supporting laws and regulations in place in all countries where the companies operate. The companies compete with competitors only in legal and ethical areas and avoid unfair competition. In this context, all employees and business partners must act in accordance with the applicable local and international competition legislation in order to protect competition.

### Social Responsibility, Donations and Sponsorships

Çalik Group and its employees attach importance to the protection of human rights and the environment, education and charity work, and the elimination of crime and corruption. The Group is also mindful of the traditions and cultures of the countries the companies operate in abroad, placing importance on adapting to the social structure and avoiding factors that may have a negative impact on the social environment.

**IT IS VITAL THAT ÇALIK HOLDING AND GROUP COMPANIES WORK WITH A PROACTIVE APPROACH WHICH FOCUSES ON CUSTOMER SATISFACTION AND RESPONDS TO CUSTOMER NEEDS AND DEMANDS IN THE MOST ACCURATE WAY IN THE SHORTEST TIME POSSIBLE.**



## ETHICS AND COMPLIANCE

## ÇALIK GROUP GOES TO ALL LENGTHS TO CREATE A SAFE AND HEALTHY WORKING ENVIRONMENT FOR ALL EMPLOYEES AND BUSINESS PARTNERS.

All employees are encouraged to participate in social activities in the fields such as the environment, health, education and sports. In addition, they are encouraged to participate in individual volunteering activities outside the workplace with their own resources, provided it does not affect their work performance.

Çalik Group engages in donation and sponsorship activities under various conditions to support social development in the countries where it operates. It is essential that all donations and sponsorships are carried out in accordance with the relevant legislation, Code of Ethics, policy texts and procedures, including Çalik Group's vision, mission, strategic goals and the Company values.

Donations and sponsorship activities should not be carried out for the benefit of any institution or organization that discriminates against any group or person on the basis of certain characteristics such as age, race, color, gender, religion, disability or sexual orientation. Çalik Group maintains an equal distance in its relations with all non-governmental organizations.

### Media Relations and External Communication

Çalik Group approaches its relations with the media with the highest level of sensitivity, establishing open and transparent communication with all media organizations, respecting both freedom of reporting and the sharing of accurate information. Care is taken to ensure that corporate messaging, information and statements do not mislead the public. The Group maintains equal distance with all media organizations.

### Use of Social Media Accounts

Çalik Group attaches great importance to being present on social media in accordance with its principles and brand values. In this context, considering that social media accounts are personal, necessary precautions are taken to prevent damage to Çalik Group's reputation due to misuse. Employees must comply with the Social Media Usage Instruction in communications and posts on all platforms, including social media, public forums, personal blogs and accounts, the internet and mobile applications.

### Political Operations and Relations with Non-Governmental Organizations

Çalik Group does not support any political view or political party and does not base decisions on political motives under any circumstances.

Demonstrations, propaganda and similar activities for political purposes are not permitted within the boundaries of Çalik Group's work areas and workplaces. Çalik Group resources such as vehicles, computers and e-mails may not be allocated to politically motivated activities.

In order to fulfil its social responsibilities, Çalik Group may organize aid operations and support volunteer work in situations that require solidarity in all of the geographical areas it operates in. Çalik Group does not have any commercial concerns. The company helps all of its employees take part in such volunteer activities and undertake roles in non-governmental organizations.

### Healthy and Safe Work Environment and Protecting the Environment

Çalik Group takes all necessary precautions to create a safe and healthy working environment for all of its employees and business partners. It carries out its operations in line with the Sustainable Development Goals and in an environmentally friendly manner. The Group goes to every effort to develop, disseminate and implement the necessary protective and preventive measures in accordance with the law so employees are kept away from accidents and dangers, while processes continue in a safe and healthy manner without interruption.

Çalik Group aims to create a healthy and safe working environment by organizing training sessions in fields such as occupational health and safety and protection of the environment so all employees and business partners are able to carry out their work in line with these principles.

### Personal Data, Confidentiality and Protection of Trade Secrets

Çalik Group processes the personal data of its employees, business partners and customers for the purpose of carrying out its operations to the extent permitted by the legislation in place. In this context, all kinds of administrative and technical measures are taken to prevent personal data from being processed and shared in a manner which contravenes legislation. Employees may not use any personal data they learn during the course of carrying out these processes in violation of the Çalik Group policies. In this context, detailed measures are included in the Personal Data Protection Policy.

Employees are obliged to protect Çalik Group's confidential information, other information that has not yet been disclosed to the public, information within the framework of confidentiality agreements signed with individuals and Çalik Group's intellectual property rights.

They may not use this information for the benefit of themselves or third parties and may not share this information with third parties. These obligations remain in place indefinitely, even if the employment relationship of the employees ends. Employees are expected to maintain diligence in protecting confidential information, including that of suppliers, customers and business partners, whether or not it is related to their duties.

### Managing Conflicts of Interest

Çalik Group expects its employees to avoid any activity that may cause conflicts of interest. Employees are expected to act with due diligence in avoiding any transactions which may affect their impartiality in decisions they will take within the scope of their roles and responsibilities, and which may provide or give the impression of a material or non-pecuniary benefit to themselves or their relatives, and which may conflict with their roles and responsibilities in the Çalik Group. Employees are not permitted to use the name and reputation of Çalik Group companies in any way for personal benefit.

In this context, measures regarding conflicts of interest with relatives or suppliers, which may arise through the use of Çalik Group information, in recruitment processes, outside the workplace and in re-employment or working again with such employees who left the company or whose employment was terminated with Çalik Group are included in the Code of Work Ethics and Compliance Regulation.

### Use of Assets

The use of Çalik Group's assets for personal interests or the interests of third parties is prohibited. At the same time, employees may not unethically, illegally or misuse Çalik Group assets or information they have acquired through their titles and positions.

## EMPLOYEES ARE OBLIGED TO PROTECT ÇALIK GROUP'S CONFIDENTIAL INFORMATION, OTHER INFORMATION THAT HAS NOT YET BEEN DISCLOSED TO THE PUBLIC, INFORMATION WITHIN THE FRAMEWORK OF CONFIDENTIALITY AGREEMENTS SIGNED WITH INDIVIDUALS AND ÇALIK GROUP'S INTELLECTUAL PROPERTY RIGHTS.

## ETHICS AND COMPLIANCE

## ÇALIK HOLDING AND ITS GROUP COMPANIES ARE COMMITTED TO MAINTAINING THEIR OPERATIONS IN A FAIR, HONEST, LEGAL MANNER AND IN COMPLIANCE WITH THE CODE OF ETHICS.

### Tackling Bribery and Corruption

Çalik Holding and its Group companies act with a zero-tolerance approach towards bribery and all kinds of corruption. They are committed to carrying out their operations in a fair, honest, legal and ethical manner. Çalik Group aims to carry out its operations in accordance with the laws in place in the Republic of Turkey, legal regulations and principles regarding bribery and corruption in place in all countries where Çalik Holding and its Group companies operate and are represented, all principles listed in the UN Global Compact and the principles of the Partnership Against Corruption Initiative (PACI).

Employees and business partners are prohibited from bribing anyone, engaging in corrupt activities, making payments to facilitate a business transaction, giving inappropriate gifts and entertainment or using intermediaries in these matters, or engaging in any other illegal activities and transactions related to their business.

The highest level of diligence is required in dealing with public officials in any communication during Çalik Group's official affairs, such as when obtaining permits or licenses.

Before establishing any legal or commercial relationship with third parties, due diligence is carried out to get to know the relevant party and care is taken to establish a business relationship accordingly.

### Prevention of Laundering Proceeds of Crime

In compliance with local and international legislation in all areas where the company operates, in particular the Turkish Penal Code No. 5237 and Law No. 5549 on the Prevention of Laundering the Proceeds of Crime in cases where the Group companies are defined as liable due to their fields of operation, Çalik Group takes all kinds of precautions to prevent the inclusion of any income obtained through illegitimate means into the system as if it was earned through legitimate means, and also against all illegal actions which will be realized in violation of the law in order to provide the financing of terrorism.

In this context, the Company refrains from all kinds of commercial transactions which would be considered or purport to laundering of proceeds of crime or financing of terrorism. To this end, all necessary situation assessments are carried out to become acquainted with the relevant party before entering a relationship with third parties.

### Accepting Gifts and Hospitality

All gifts and hospitality received, given by, or presented at Çalik Group must comply with the relevant legislation and be within the limits specified in internal policies and procedures and should not consist of cash or cash equivalents. They should be appropriate to the position of the person receiving the gift or benefiting from the hospitality and proportionate to the conditions required by the situation. They should be recorded accurately and

transparently in the accounting system. Gifts should not be of a nature or be given with a frequency that could give the impression that the gifts are being offered with the intention of influencing the recipient, therefore creating the perception of an undue benefit.

The Çalik Group has determined the maximum acceptable value of a single gift given to or accepted from a single source (such as a person, company or organization) as EUR 150 or its equivalent.

### Compliance with Economic Sanctions and Export Controls

Operating internationally, Çalik Group takes all effective and necessary measures to comply with regulations on economic sanctions as well as export control regulations. As a rule, Çalik Group's products and services are not sold directly or indirectly to persons and organizations that are on any list of sanctions or to countries where there is an embargo in place.

Before any business unit within Çalik Group establishes a business relationship with a new business partner or third party, these individuals are screened on sanctions lists. Due diligence is repeated not only before the establishment of a business relationship, but also regularly throughout the business relationship.

### COMPLIANCE WITH THE CODE OF ETHICS

Compliance with the Code of Ethics is the primary responsibility of all Çalik Group employees. The Group's senior management and compliance committee are responsible for the effective implementation of the Code of Ethics and creating a culture that supports this.

With the aim of ensuring compliance with the Code of Ethics and disseminating the ethical culture, posts and announcements are made periodically to increase awareness among employees, with announcements accessible to all employees.

In this context, Çalik Group employees are expected to observe the following:

- To act in accordance with the relevant laws and regulations under all circumstances,
- To know, understand, adopt and act in accordance with the Code of Ethics and all of the rules, principles and values which Çalik Group established within this framework,
- To learn the general and work-specific policies and procedures applicable to the Çalik Group; to consult their managers, company compliance officer or the Çalik Holding compliance manager in regard to potential violations committed by themselves or others,

## OPERATING INTERNATIONALLY, ÇALIK GROUP TAKES ALL EFFECTIVE AND NECESSARY MEASURES TO COMPLY WITH REGULATIONS ON ECONOMIC SANCTIONS AS WELL AS EXPORT CONTROL REGULATIONS.



## ETHICS AND COMPLIANCE

**ÇALIK GROUP HAS ADOPTED THE PRINCIPLE OF ENSURING THAT THE HIGHEST ETHICAL AND LEGAL STANDARDS ARE APPLIED IN ALL ITS OPERATIONS.**

- In the event that they learn or suspect any violation of the Code of Ethics or the laws and regulations which Çalik Group is subject to, to submit the necessary notifications, attaching information and documents, if any,
- To follow ethical decision-making methods in solving problems by including the Code of Ethics in all work processes while cooperating with compliance officers, the Çalik Holding Compliance Manager and the Ethics Board in investigations, and ensuring information related to the investigations is kept confidential.

**NOTIFICATIONS OF VIOLATIONS AND THE ETHICS HOTLINE**

Çalik Group has adopted the principle of ensuring that the highest ethical and legal standards are applied in all its operations. In this context, any employee who suspects that the Code of Ethics has been violated in the workplace is obliged to report any such violation to the Çalik Group Ethics Hotline as soon as possible.

The Ethics Hotline was established for the purposes of supporting and facilitating the implementation of the Code of Ethics in practice; recording, storing and reporting of any actions and transactions encountered by Çalik Group employees and stakeholders which contravene the Code of Ethics; applying necessary disciplinary penalties following the notification of violations, and as a result of these practices, updating the ethics and compliance regulations in force within the Çalik Group. The hotline was also used effectively in 2022.

Notifications may be submitted through a variety of methods including mail, e-mail, telephone or petitions. The Ethics Hotline contact information is available on the websites of the Çalik Group companies and on the noticeboards in the company head office.

In 2022, a total of 47 notifications were received through the Çalik Holding Ethics Hotline, which is open to notifications from all employees, business partners and other third parties. All of the notifications were resolved.

No retaliatory action is taken against those who report unethical behavior in good faith and honestly, or against those who participate in or assist in any investigation following such a notification. However, those knowingly providing false information, levelling unfair accusations or committing slander would be deemed to be in contravention of the Code of Ethics. All reported violations are examined by the Ethics Board within a short space of time. Following approval from the Chairman regarding such notifications, appropriate actions and measures are taken in line with the decision of the Ethics Board.

**ETHICS BOARD**

The Ethics Board reports to the Chairman of Çalik Holding. The Board consists of a president, two full members and two substitute members:

- President - The Çalik Holding Audit Group President
- Member - The Advisor to the Chairman of Çalik Holding
- Member - The Çalik Holding Chief Legal and Compliance Officer

The Ethics Board was established for the following purposes:

- To resolve any conflicts of interest that may arise within the scope of the Code of Ethics,
- To evaluate notifications regarding any violations of the Code of Ethics sent to the Board,
- To advise the management of Group companies on the ways, methods and practices to be pursued in the event of violations of the Code of Ethics.

During the course of their duties, the Chairman and members of the Ethics Board act independently and without influence from the department managers they report to or the hierarchy within the organization. Any attempt to pressure or influence members in any investigation is prohibited.

In accordance with labor law, the statutory rights of the complainants are unaffected with the complainant not subject to any criminal sanctions arising from any notification they submit. No form of retaliation against the complainant is permitted and necessary action will be taken against those involved in any retaliation. However, if it is determined that complainant is connected to the matter in question, or the notification is false or unethical, necessary measures will be taken in accordance with the relevant legal legislation and the internal regulations of Çalik Holding or the Group company concerned.

**TRAINING ON COMPLIANCE**

Compliance managers or officers from Çalik Holding or the companies provide training on compliance to all Çalik Group employees, which are tailored to the relevant requirements and situations depending on the employees' seniority and positions. In 2022, a total of 4,597 employees and 19 Group companies were provided training sessions in the field of ethics and compliance.

Compliance training sessions are prepared within the scope of the content of the Code of Ethics and the use of the Ethics Hotline, and by taking into account the notifications made within the Company. All employees are required to attend training sessions, regardless of their seniority and position.

The Human Resources Group is responsible for providing compliance training to newly hired employees as part of the orientation program and carrying out the necessary organization.

**A TOTAL OF 4,597 EMPLOYEES IN THE ÇALIK GROUP AND 19 GROUP COMPANIES RECEIVED TRAINING IN THE FIELD OF ETHICS AND COMPLIANCE IN 2022.**

ENVIRONMENTAL SUSTAINABILITY

ÇALIK HOLDING TAKES ALL NECESSARY PRECAUTIONS TO PROTECT NATURAL RESOURCES, MINIMIZE WASTE AND PREVENT SOIL, AIR AND WATER POLLUTION WHILE MANAGING ITS OPERATIONS.

AN ENVIRONMENTALLY FRIENDLY WORKING APPROACH

WORKING TO THE OBJECTIVE OF RAISING ENVIRONMENTAL AWARENESS AMONG EMPLOYEES AND SOCIETY

Çalik Holding and its Group companies fully and continuously comply with national and international environmental legislation and relevant regulations. In all work processes, they meticulously ensure that the products and services they offer do not harm the environment and that natural resources are protected and made sustainable.

ENVIRONMENTAL OBJECTIVES

Çalik Holding and the Group companies observe the following main objectives regarding climate and the environment:

- To protect nature and ensure that it is passed on to future generations,
- To use natural resources efficiently in their operations,
- To carry out their operations with environmentally friendly working approaches,
- To reduce environmental pollution and waste,
- To regularly review and improve working systems and processes,
- To raise environmental awareness among employees and society.

ENERGY CONSUMPTION

Çalik Holding is aware that focusing on energy efficiency is an important step in tackling climate change. Çalik Holding consumes the minimum possible energy in its operations in line with the aim of leaving a more livable world to future generations.

Carrying out efforts to prevent unnecessary energy loss, the Holding informs its employees of ways to save energy and takes steps to prevent unconscious consumption. Heating systems are periodically monitored in all work areas and necessary maintenance is carried out.

WASTE MANAGEMENT

Çalik Holding and Group companies carry out activities to reduce waste, recycle and dispose of waste in cooperation with the right business partners. Each Group company aims to reduce its waste with methods developed specifically for its own business, to ensure that hazardous waste is disposed of through authorized institutions by storing it under appropriate conditions and to maximize recycling.

Çalik Holding has determined paper waste to be a priority issue in waste management. Çalik Holding follows two different paths in this regard. The first is to popularize the paperless office approach, with the main aim of carrying out work to process document movements and approval mechanisms electronically by minimizing the need for printing, for example through document management software.

The second method is to collect paper that becomes waste after use and deliver it to the municipality for recycling, with the awareness that it is not possible to completely eliminate the use of paper.

Plastic waste used in Çalik Holding’s buildings is collected with the same approach and referred to the municipality for disposal and recycling.

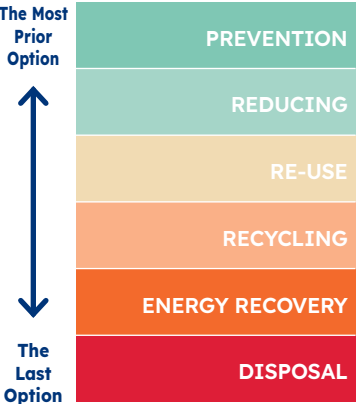
Çalik Holding carries out awareness raising activities on the recycling of electronic waste (e-waste) through the volunteering project it carries out within the Group each year. It supports the “Don’t Waste, Donate!” campaign carried out by the Educational Volunteers Foundation of Turkey (TEGV) by ensuring the collection of electronic wastes within the scope of Electronic Waste Day. With this project, the scrap value (money earned) obtained from e-waste helps underprivileged children receive quality education with the support of TEGV.

The “Zero Waste Project” was launched within the framework of the Zero Waste Regulation in order to reduce the generation of waste at Çalik Holding and

its Group companies and to separate waste at source and bring it into the economy. The company registered to the Integrated Environmental Information System (ECIS) within the scope of the project.

All waste collected in 2023 is planned to be referred to licensed companies authorized by the ministry with their records transferred to this system. Hence, Çalik Holding’s waste management will be auditable by the Ministry of Environment, Urbanization and Climate Change.

Work continues on the “Zero Waste Certificate”.



THE OBJECTIVE OF REDUCING ECOLOGICAL IMPACT OF OPERATIONS GOING FORWARD

Çalik Holding unwaveringly maintains its efforts to minimize the negative effects of its activities on the environment and climate. The Company focuses on raising the environmental sensitivity and awareness of its stakeholders through environmental training sessions, an area which it places great importance on.

In this vein, the Holding will continue to evaluate environmental risks and opportunities in line with its sustainability objectives and also continuously improve its environmental performance by monitoring good practices in this field in the coming periods.



HUMAN RESOURCES

STANDING OUT WITH THEIR COMPETENCY AND QUALIFICATIONS, ÇALIK HOLDING’S HUMAN RESOURCES CONSISTS OF INDIVIDUALS, WHO ARE LOYAL TO THE CORPORATE CULTURE WITH A HIGH SENSE OF BELONGING AND WHO ARE FOCUSED ON SUCCESS WITH THEIR KNOW-HOW AND EXPERIENCE.

THE POWER OF PROFESSIONAL HUMAN RESOURCES

A FOCUS ON TALENT DEVELOPMENT, A STRATEGIC PRIORITY IN THE HUMAN RESOURCES MISSION

The main purpose of Çalik Holding’s human resources policy is to ensure maximum success and sustainability in every sector it operates in. Çalik Holding seeks to achieve this by investing in professional human resources which are professional, self-confident, responsible and take the initiative, are solution-oriented, care about personal and professional development in order to achieve our corporate goals.

Talent development is a strategic priority within Çalik Holding’s human resources mission. Çalik Holding attaches tremendous importance to the implementation of new applications with a flexible, transparent and agile approach in the following areas:

- Bringing talent into the organization
- Ensuring the continuous development of talent in the organization
- Continuously improving the experience of its human resources

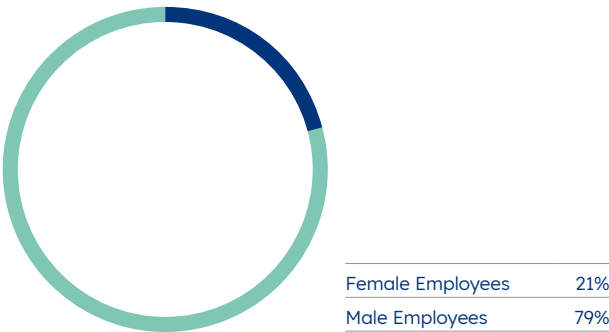
- Çalik Holding has the following priority goals in human resources:
- Developing a culture of collaboration and improving organizational network efficiency among Çalik Holding departments and with its subsidiaries,
  - Continuously renewing human resources processes and improving them to enhance the employee experience, designing new human resources practices and meeting the needs of employees quickly and efficiently with user-friendly applications within an effective digital infrastructure,
  - Developing a high-quality and timely feedback approach and offering encouragement to employees in this regard with a 360-degree feedback system and open-door policy,
  - Supporting the individual development of employees through the Çalik Academy and Çalik Campus as well as effective mentoring and coaching activities,
  - Bringing employees the opportunity to benefit from the Company’s career opportunities to the maximum extent, by being part of a large group.

- Çalik Holding’s human resources team, which consists of highly qualified professionals;
- Cares deeply about people and their success, and helps them achieve their business goals,
  - Establishes collaborative and productive relationships,
  - Solves problems elegantly and creatively,
  - Acts as a trusted advisor and is able to provide coaching and consultancy at all levels,
  - Is competent in the fields of human resources, with employees constantly striving to improve themselves,
  - Possesses a high level of digital skills and uses data analytics in the most effective way,
  - Is passionate and success-oriented

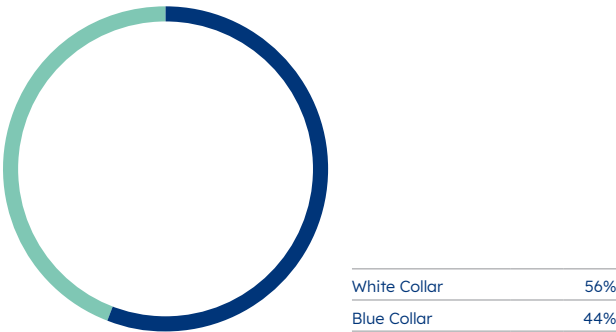
This team is focused on continuously improving the employee experience with all employees.



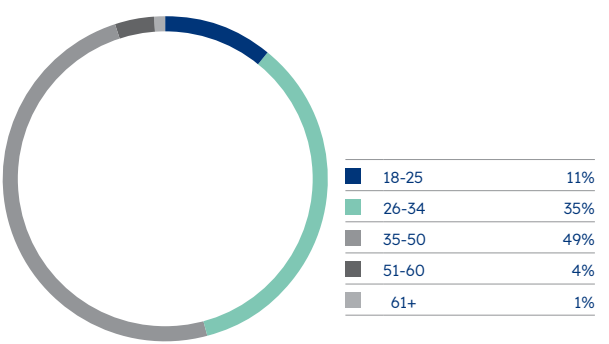
EMPLOYEE BREAKDOWN BASED ON GENDER



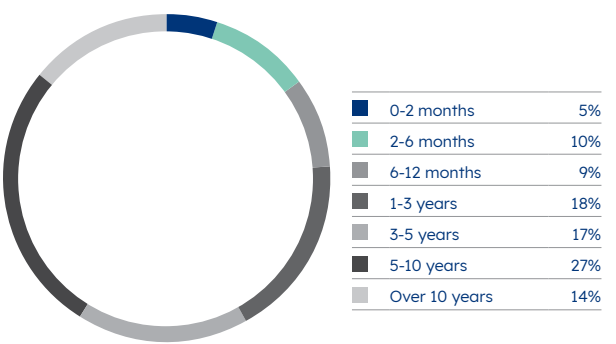
EMPLOYEE BREAKDOWN BASED ON CATEGORY



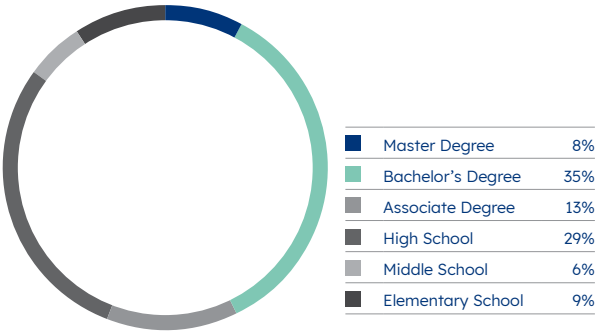
EMPLOYEE BREAKDOWN BASED ON AGE



EMPLOYEE BREAKDOWN BASED ON TENURE



EMPLOYEE BREAKDOWN BASED ON EDUCATION LEVEL



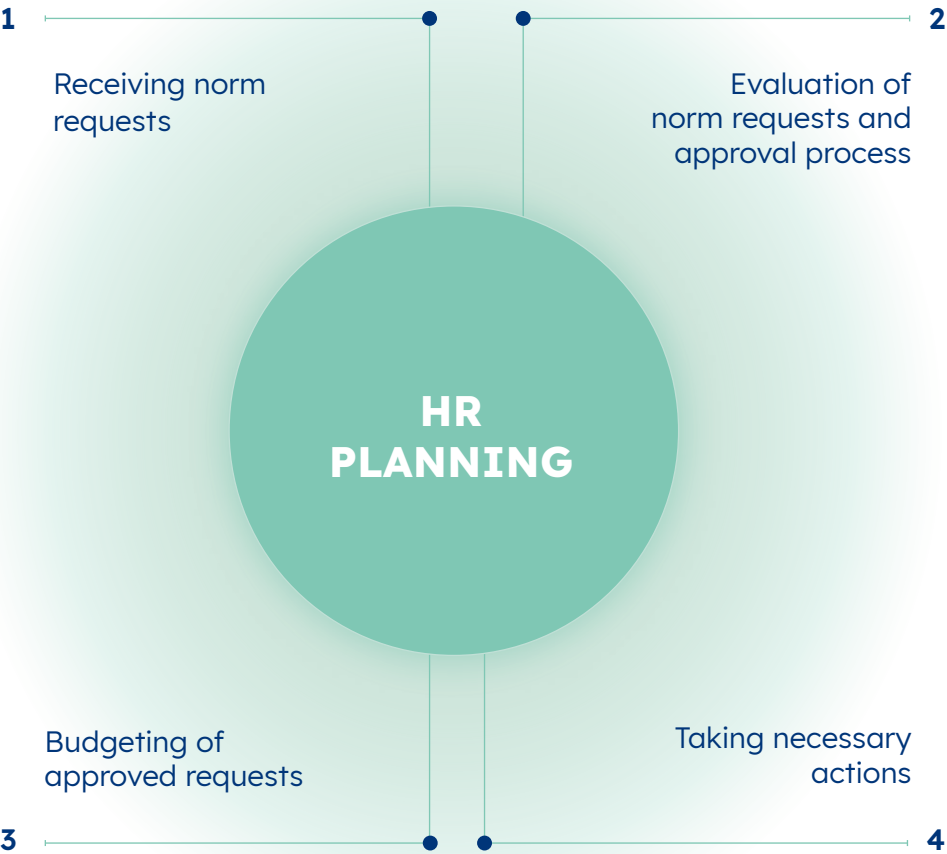
HUMAN RESOURCES

AT ÇALIK GROUP, REQUESTS RECEIVED EVERY YEAR BEFORE THE BUDGET PERIOD ARE EXAMINED AND CONSOLIDATED AFTER MEETINGS WITH DEPARTMENTAL MANAGERS.

HR PLANNING AND EVALUATION OF PERMANENT STAFF

At Çalık Group, requests from the permanent staff such as promotion, changes in position, termination and transfer are received from department managers every year before the budget (September) period.

These requests are examined and consolidated after meetings with departmental managers. After the necessary evaluations are carried out and approval is granted, the process of appointing permanent staff is completed, and actions are taken accordingly.



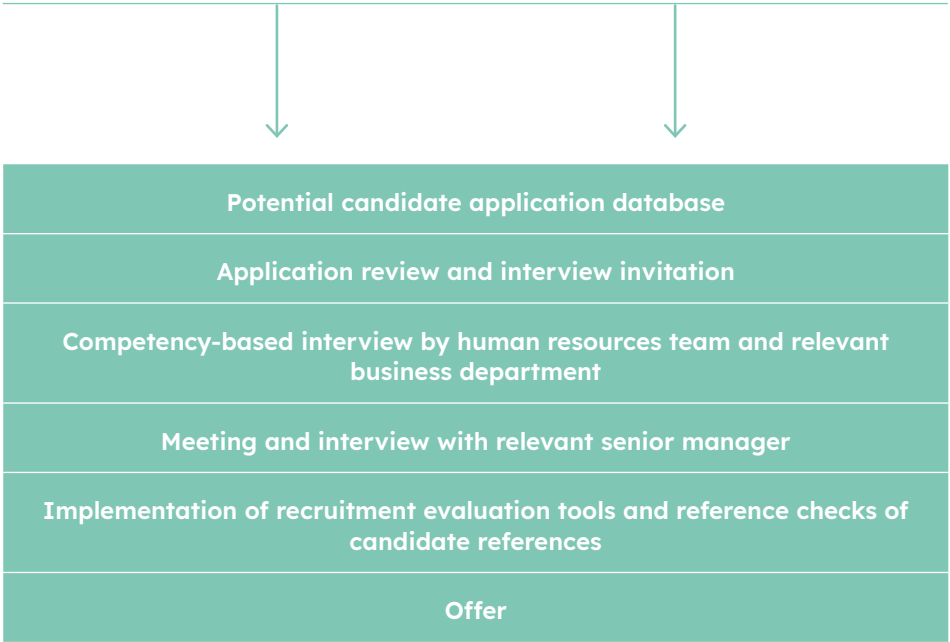
RECRUITMENT PROCESS

Within the scope of its strategic human resources management approach, Çalık Holding aims to provide a competitive advantage in its market, achieve sustainable success, to be the preferred institution and recruit the talent most suitable for the positions and its corporate culture.

SuccessFactors is a part of the digital human resources system. With SuccessFactors, advertisements in the recruitment module are posted simultaneously on the external candidate portal, Career, at Çalık (<https://careers.calik.com>) and the internal candidate portal, Career Opportunities. Postings are also placed on LinkedIn and Kariyer.net.

WITHIN THE SCOPE OF ITS STRATEGIC HUMAN RESOURCES MANAGEMENT APPROACH, ÇALIK HOLDING AIMS TO BE THE PREFERRED INSTITUTION AND RECRUIT THE TALENT MOST SUITABLE FOR THE POSITIONS AND ITS CORPORATE CULTURE.

THE RECRUITMENT PROCESS AT ÇALIK HOLDING IS BASICLY CARRIED OUT WITHIN THE SCOPE OF THE FOLLOWING PRACTICES.





HUMAN RESOURCES

ÇALIK HOLDING PLANS TO ADAPT TO DYNAMIC WORKING CONDITIONS BY DESIGNING STRUCTURED INTERNSHIP AND YOUNG GENERATION NEW GRADUATE MASS RECRUITMENT PROGRAMS.

Recruitment and appointment activities at the level of director or higher positions and for General Manager levels within the matrix positions of group companies are carried out by Çalık Holding’s Human Resources Department in coordination with the general manager and human resources department of the relevant company.

Equal and fair opportunities are provided to every candidate in the selection and placement process, regardless of their religion, language, race, gender, age, education, place of birth, health or physical condition. Necessary interventions are carried out in the event of any violation of this principle being found during the audits carried out by the Çalık Holding Audit Group.

Çalık Holding plans to adapt to dynamic working conditions by designing structured internship and young generation new graduate mass recruitment programs in 2023 and in other years.



PERFORMANCE MANAGEMENT AND PAY

The performance management system is a combination of the processes that enable the implementation of the Company’s vision and strategy by ensuring the sustainable harmony between individual target performance results and the Company’s strategy. From this perspective, the performance management system enhances success in managing and directing

the performance of individuals, the effectiveness of the organization, employee productivity and achieving business goals by building a bridge between the company’s strategy, its employees and its culture.

At Çalık Holding, performance management is carried out through the Success Factors system in line with the processes of Goal Setting, Mid-Term Evaluation and Year-end Evaluation.

THE PERFORMANCE MANAGEMENT SYSTEM FORMS THE BASIS FOR THE REWARDING AND CAREER MANAGEMENT PROCESSES.



HUMAN RESOURCES

**ÇALIK HOLDING  
USES AN EVALUATION  
SYSTEM BASED  
ON THE CONTENT  
OF THE JOB,  
INDEPENDENT OF  
TITLE AND PERSON,  
AND REMUNERATION  
POLICIES ARE  
DETERMINED BASED  
ON POSITION.**

**REMUNERATION AND BENEFITS  
MANAGEMENT**  
The Company’s strategies, the amount of work done, the internal and external Remuneration balance within the company, the competitive market conditions and the budget form the basis of the remuneration management system.

Fair and competitive remuneration management is implemented at Çalık Holding. The remuneration and benefits process is carried out as follows:

Çalık Holding uses an evaluation system based on the content of the job, independent of title and person, and remuneration policies are determined based on position.

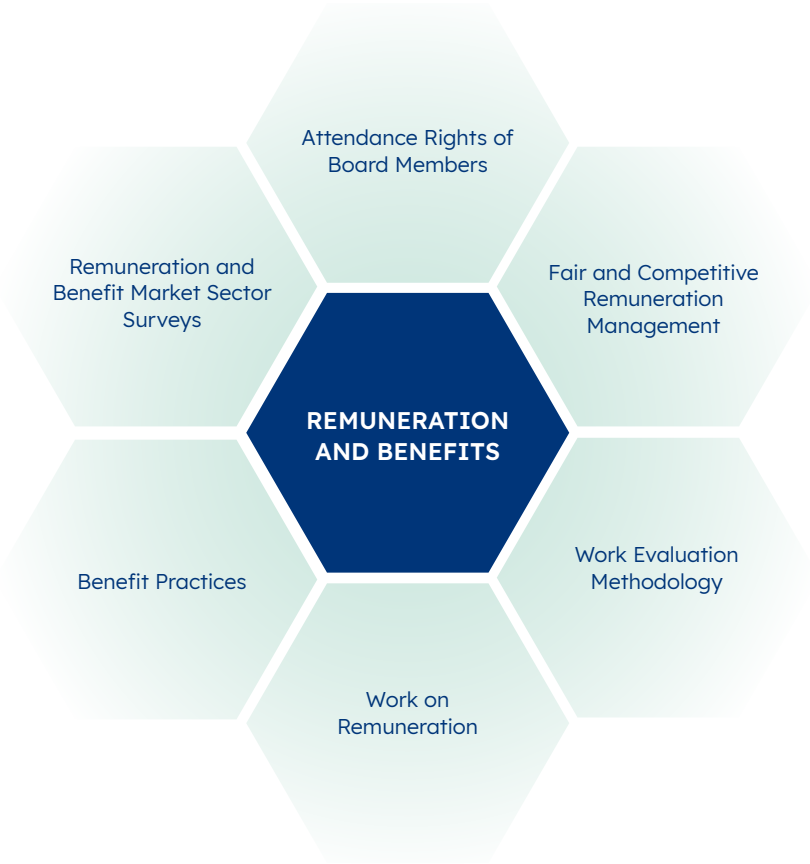
Remuneration analysis is carried out each year and takes into account the rate of inflation, the increase in rates

of remuneration in the sector, median remuneration and internal balances, on the basis of each position.

A fair remuneration policy is implemented for candidates who have been offered a position based on remuneration scales which are determined on the basis of the position and internal balances.

The fair remuneration system also includes benefits categorized according to their title.

Industry market data regarding remuneration and benefits are obtained from Korn Ferry, Willis Towers Watson and Mercer. Analysis and evaluations are carried out accordingly, thus ensuring that remuneration and benefits are kept up to date.



EMPLOYEE EXPERIENCE

As a result of the survey conducted, the employer brand was created under the banner of “Smiling Faces of Çalık” in Çalık Holding’s human resources function, as a strong reflection of the corporate culture. Following this work, the Company will focus on work that will strengthen the employer brand perception.

FEEL BETTER WELL-BEING PRACTICES AT ÇALIK

We meet at many fun-packed events with the well-being practices we have prepared by taking into account the expectations of our employees. For our health, we meet at the face yoga, chair yoga and Pilates classes, cooking workshops for those who like cooking and countryside walks for those who love nature.

EMPLOYEE SUPPORT PROGRAM

We work with a company to provide unlimited support over the phone in the fields of legal information, psychological counselling and guidance, medical information, healthy nutrition and veterinary consultancy, specifically for Çalık Group employees and their families.



HR CHATS AT ÇALIK

We come together regularly to inform our employees of the issues that currently concern the Human Resources and listen to their feedback.

EMPLOYEE EXPERIENCE COMMITTEE AND HOBBY CLUBS

In the Employee Experience Committee, members provide their views on all internal practices within the Company and contribute to efforts to bring about improvement. Hobby Clubs offer members a chance to generate synergy by planning activities and events in different groups such as Sports, Travel, Gastronomy, Music, Cinema and Drama.



HUMAN RESOURCES

AT ÇALIK HOLDING, WORK IS CARRIED OUT TO DEVELOP EMPLOYEES’ KNOWLEDGE, SKILLS AND COMPETENCIES AND CREATE COMMON VALUES AMONG EMPLOYEES.

**CAREER AND TALENT MANAGEMENT**  
At Çalık Holding, work is carried out to support development to increase the performance of employees, give them the knowledge, skills and competencies necessary to achieve the Company’s goals and create common values among employees.

Within the framework of the “Career Management Model” created within the scope of the Talent Management Project, senior managers who are to be promoted undergo evaluation center practices where their behavioral aspects and their impact on leadership are assessed. On the other hand, employees who are preparing for mid-level managerial roles undergo evaluation within the scope of their professional focus styles.

**TALENT MAP AND TALENT COMMITTEES**

Promising employees are evaluated by the Human Resources Committee within the framework of the talent map, which is formed after the performance and potential measurement process. Employees who have performance problems, on the other hand, are observed under the performance monitoring form.

**PERFORMANCE AND POTENTIAL MEASUREMENT**

Attention is particularly paid to last year’s performance result and 360-degree evaluation result within the scope of the results. In order to measure the outputs generated with effective basic and managerial competencies, a potential score is obtained which is based on the evaluation carried out by the employee and the manager.

**EDUCATION AND DEVELOPMENT**

Training programs, which are designed separately for young talent, employees who show promise, professionals and leaders are implemented in their career journey.

**EVALUATION CENTRE PRACTICES**

Managers who meet the promotion criteria for positions at the level of coordinator and above are included in the evaluation center practices. In these practices, the Çalık DNA basic and managerial competencies are observed to evaluate the candidate’s suitability for the next role.

**BACK-UP MANAGEMENT**

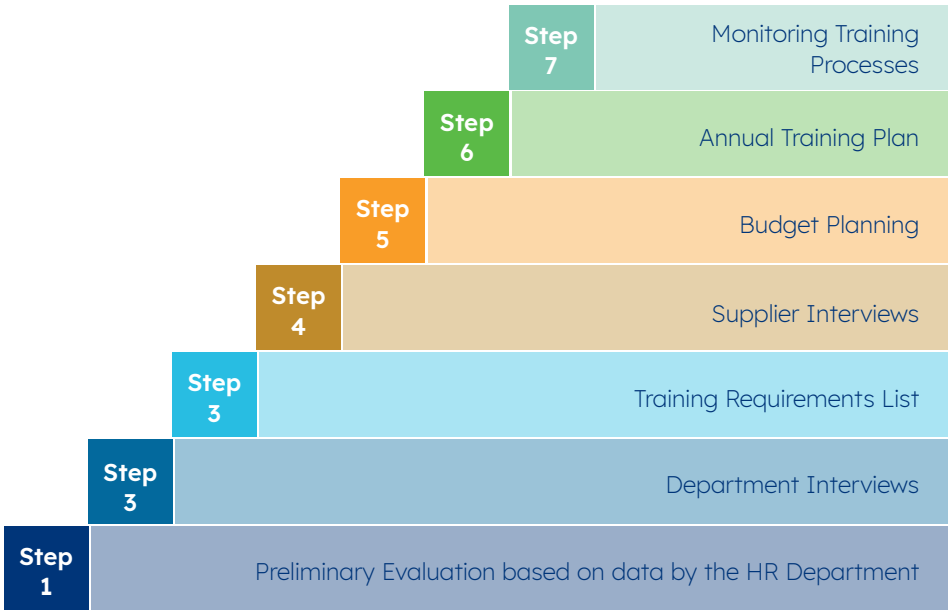
Key workers and critical roles are determined and a ready, short- and long-term road map is created which aims to back up all high potential employees, especially those of the level of manager or above.

CAREER MANAGEMENT MODEL

TRAINING AND DEVELOPMENT MANAGEMENT

Training and Development Strategy

At Çalık Holding, training and development processes are reviewed, restructured and defined in the light of global trends and technological developments.



In line with corporate strategies and requirements, Çalık Holding aims to conduct detailed training needs analysis in order to create the infrastructure of the training and development programs which will be designed to enable Çalık Holding employees to reveal their potential and demonstrate the best performance.

The Human Resources department conducts employee loyalty questionnaires, analyze reasons for any resignations and the performance and potential results which will be used for preliminary requirements evaluation. Preliminary evaluation results are then shared with managers in meetings to be held on a department basis. Managers then

submit training requests for professional and behavioral skills with training needs clarified in line with the development plans determined according to the competencies the relevant department employees should have in regard to their positions.

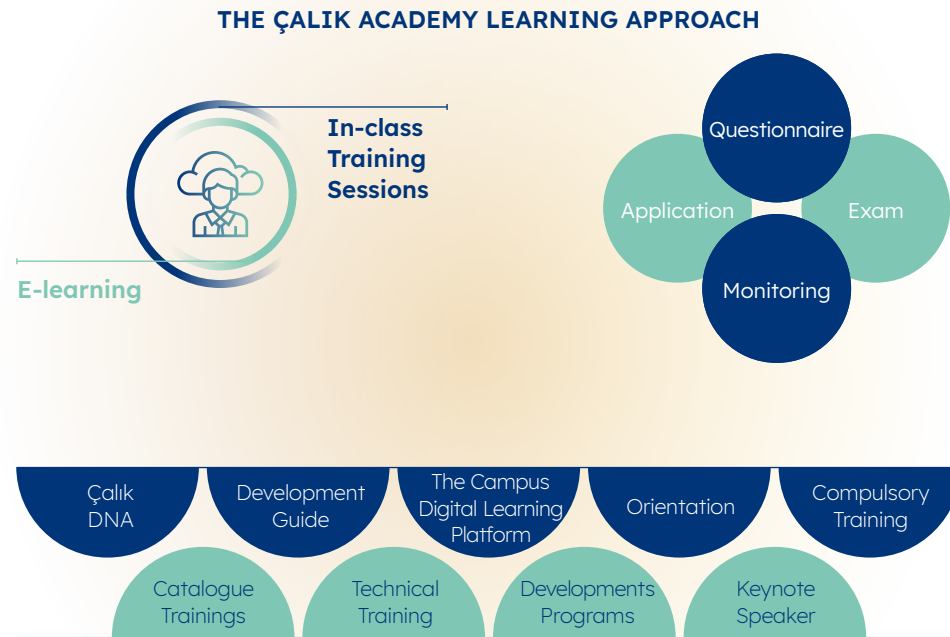
The training budget is then determined by obtaining content and price quotations from suppliers with registered expertise in the relevant subjects.

Training sessions are then scheduled on the basis of prioritization planning. The completion status of planned training sessions and development programs is monitored, and satisfaction and training efficiency evaluations are conducted.

THE HUMAN RESOURCES DEPARTMENT CONDUCTS EMPLOYEE LOYALTY QUESTIONNAIRES, ANALYSES THE REASONS OF ANY RESIGNATIONS AND PERFORMANCE AND EMPLOYEE POTENTIAL EVALUATION RESULTS. THIS ENABLES THE DEPARTMENT TO CONDUCT PRELIMINARY EVALUATION FOR DETERMINING REQUIREMENTS.

## HUMAN RESOURCES

**THE “CAMPUS” DIGITAL LEARNING PLATFORM HAS BEEN DESIGNED IN ORDER TO ACHIEVE ÇALIK HOLDING’S GOALS TO SHAPE ITS FUTURE WITH AN APPROACH BASED ON CONTINUOUS LEARNING AND WHICH PUTS ÇALIK DNA COMPETENCIES AT ITS HEART.**



#### The Campus Digital Learning Platform

In order to achieve Çalik Holding’s goals of shaping its future, the “Campus” digital learning platform has been designed with an approach that adopts a continuous learning approach and focuses on the Çalik DNA competencies.

Çalik Holding aims to improve the basic and managerial skills of employees with customized content, effective learning methods, gamification and measurement and evaluation tools. It also aims to increase the quality of training and development processes and render them traceable with the platform’s single-point recording and reporting structure.

#### On the Platform:

- Çalik DNA (Çalik Basic and Managerial Competencies)
- Development Guide
- Orientation Training
- Compulsory Training
- Corporate Practices

In addition to the sections mentioned above, there will be access to a range of digital content which is available in a catalogue.

#### Keynote Speaker/Lunch&Learn

Seminar/lunch & learn activities will be held with guest speakers based on the Çalik DNA competencies.

#### Technical Trainings

Technical training sessions will be organized on the subjects determined at the end of the training needs analysis.

#### Development Programs

In line with Çalik Holding’s goals and strategies, Çalik Holding plans to implement development programs which aim to establish a common perspective and understanding, which have a purpose and cover all areas.

These programs are planned to be supported by preliminary evaluations, coaching and consultancy sessions and events, as well as training sessions. The programs are planned to be rolled out next year.

#### Development programs planned for 2023 are as follows:





## HUMAN RESOURCES

**ÇALIK HOLDING TARGETS AN EMPLOYEE PROFILE WHICH OFFERS HIGH ADDED VALUE, WHICH IS ABLE TO ACTIVELY USE CURRENT INFORMATION AND STATE-OF-THE-ART TECHNOLOGY AND WHICH IS INNOVATIVE AND SOLUTION ORIENTED.**

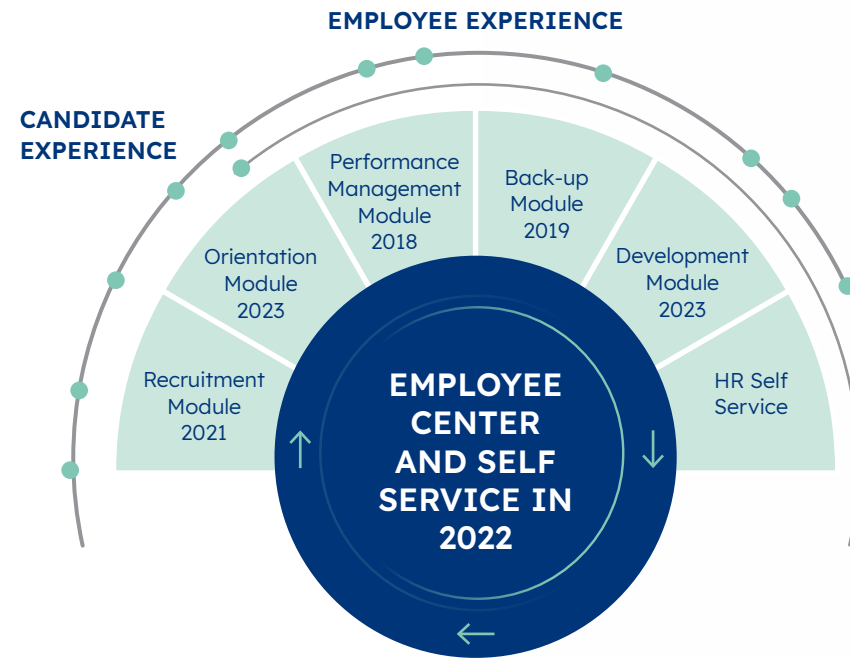
**DIGITALIZATION PROJECTS**

Çalık Holding attaches tremendous importance to human resources, which have a strategic place in corporate success. Çalık Holding targets an innovative and solution-oriented employee profile with high added value, which is able to effectively use current information and state-of-the-art technology.

Under the banner of Digital Human Resources, Çalık Holding examines the system modules that it has put into use in the past years to render them more user-friendly by monitoring and testing new updates. The Company improves the system by working together with group companies, putting the basic and

managerial Çalık DNA competencies, which guide all of its businesses and relationships, at the heart of its strategy. The Company widely uses the system in the human resources processes and systems.

“Career at Çalık” is an advanced career website. Çalık Holding continues to use “Career at Çalık” in order to provide multi-channel job postings drawing on the website’s powerful mobile technology function on the SuccessFactors cloud system, such that it is integrated with its digitalized recruitment process. The HR department creates a temporary resume pool through the General Application every year.

**EMPLOYEE CENTER AND SELF SERVICE IN 2022**

A digital learning platform project was launched with the aim of continuous learning to provide an end-to-end employee experience as well as digital human resources processes. In this context, compulsory, managerial and vocational training content will be customized and used within the Çalık Group.

Subsequently, the Çalık Academy-“Campus” digital learning platform, which is designed with an approach that adopts a continuous learning approach and focuses on the Çalık DNA competencies, will be put into operation within the Enocta infrastructure, in order to achieve Çalık Holding’s goals of shaping its future.

**UNDER THE BANNER OF DIGITAL HUMAN RESOURCES, ÇALIK HOLDING RENDERS SYSTEM MODULES MORE USER-FRIENDLY BY MONITORING AND TESTING NEW UPDATES.**

## OCCUPATIONAL HEALTH AND SAFETY

**ÇALIK HOLDING HAS ACCEPTED THE SUSTAINABILITY AND CONTINUOUS DEVELOPMENT OF A HEALTHY AND SAFE WORKING ENVIRONMENT AS A FUNDAMENTAL PRIORITY.**

### ACTIVITIES TO MINIMIZE RISKS IN THE FIELD OF OHS

#### ACTIVE PARTICIPATION OF EMPLOYEES IN OCCUPATIONAL HEALTH AND SAFETY PRACTICES

Çalık Holding has accepted the sustainability and continuous development of a healthy and safe working environment as a fundamental priority. The Company aims to have zero work accidents in its processes by creating employee awareness.

Occupational health and safety cover the practices aimed at developing, implementing and disseminating the necessary protective and preventive activities in accordance with the law so employees are kept away from danger and to prevent accidents, and processes continue in a safe and healthy manner without interruption.

Çalık Holding values all of its employees as members of the Çalık Family. It designs events to minimize risks in occupational health and safety and ensures the active participation of employees in occupational health and safety practices, where necessary updates are carried out at frequent intervals.

Legally mandatory occupational health and safety training is provided to Çalık Holding employees in accordance with the OHS Law and relevant regulations. Awareness activities are supported with safety instructions.

OHS legal training sessions are provided upon recruitment and at certain intervals. Additional training sessions, which are based on the necessary technical requirements according to the activities carried out in the workplace, are provided throughout the year.

Necessary checks, measurements, examinations and investigations are carried out to determine the risks to the working environment and the risks which employees are exposed to in this environment in terms of occupational health and safety. Consequently, risk assessment studies are carried on the basis of occupational health and safety.

As a result of the assessments, necessary checks are determined to ensure and maintain a safe environment in the workplace.

Board meetings are held periodically within Çalık Holding based on workplace hazard class. In these boards, hazards and risks related to occupational health and safety are evaluated. In this regard, the measures to be taken and the resources required for the OHS activities are determined.

Health screening of employees is renewed at periods determined in accordance with the regulations. Newly recruited employees are required to obtain a health report confirming their suitability for their position.

All work equipment and installations available in the workplace (such as for electricity, grounding, fire, lightning rods, ventilation and air conditioning installations, pressure vessels, boilers, generators, compressors, elevators, FM200 extinguishing devices, fire extinguishing devices and fire hoses) are periodically inspected by the authorized personnel and institutions every year, and reports of the checks are kept.

If necessary, workplace environment measurements such as lighting and thermal comfort are carried out at appropriate periods and all records are kept.

Emergency situations that may occur are evaluated in advance by taking into account the working environment, work equipment and environmental conditions. Emergency management is implemented by identifying probable emergency situations that may affect employees and the working environment.

Emergency teams are formed at the workplace and training sessions are organized in line with the duties, authority and responsibilities of all teams. Emergency drills are held at least once a year to measure the effectiveness of the current emergency management.

Following the developments in Turkey and around the world in real time, Çalık Holding implemented a rotating work program in different sectors and at locations simultaneously within the scope of efforts to tackle the Covid-19 pandemic.

The Turkish Standards Institute deemed Çalık Group companies to have fulfilled the requirements of the TSE COVID-19 Hygiene, Infection Prevention and Control Certification Program and therefore eligible to receive the TSE COVID-19 Safe Service Certificate.

**PERIODICAL MEETINGS ARE HELD WITHIN ÇALIK HOLDING, BASED ON WORKPLACE HAZARD CLASS, AND HAZARDS AND RISKS RELATED TO OCCUPATIONAL HEALTH AND SAFETY ARE EVALUATED.**



#### STANDARD OHS-E PRACTICES

- OHS Training Sessions
- OHS Awareness Work
- Risk Assessment
- The OHS Board
- Workplace Audit
- Periodic Inspections
- Environmental Measurements
- Emergency Management
- Waste Management



## CORPORATE SOCIAL RESPONSIBILITY (CSR)

**ÇALIK HOLDING AND ITS GROUP COMPANIES HAVE EMBEDDED THE PRINCIPLE OF PROVIDING ADDED VALUE TO SOCIETY WHEREVER THEY OPERATE AT THE CORE OF THEIR APPROACH TO SOCIAL RESPONSIBILITY.**

### CSR PROJECTS WHICH REFLECT CORPORATE VALUES

#### CONTRIBUTIONS IN THE FIELDS OF EDUCATION, SCIENCE, HEALTH, SOCIAL AND CULTURE

Çalık Holding maintained its social responsibility activities in six different fields: education, innovation and entrepreneurship, social solidarity, environment, art and sports in 2022.

The Ahmet Çalık Foundation was established in 2022 to encourage scientific research, educational work and intellectual activities that will enable young people, scientists and entrepreneurs to participate in technological development in the fields of education, science, health, social and culture, and to contribute to the development of the entrepreneurship ecosystem. Çalık Holding aims to carry out the Group's social responsibility activities under this roof.

#### SOCIAL SOLIDARITY

In 2022, Çalık Holding cooperated with the Red Crescent within the framework of the "Breaking Our Fast (iftar) in Anatolia"

event, a tradition it started in 2012. The company provided shopping vouchers and food aid to those in need in Erzurum.

Within the scope of the Energetic Schools project, Çalık Enerji built a solar power plant in the garden of Malatya Şehit Gökhan Ertan Vocational and Technical Anatolian High School, enabling the company to generate its own electricity and allowing students in the Renewable Energy Department to receive training on real solar panels.

In 2022, Çalık Enerji carried out the second phase of the Energetic Schools project in 2022 in the Amasya, Malatya and Samsun provinces in cooperation with its shareholder, Mitsubishi Corporation and the Sustainability Steps Association.

YEDAŞ (Yeşilirmak Elektrik Dağıtım A. Ş.) includes the implementation of long-term projects that add value to society, especially in education, among its primary goals. In 2022, the company fully supported the book reading campaign under the title of "Samsun Reading Time" initiated by the Samsun Governorship by donating a library to the İlkadim Osmangazi Imam Hatip Secondary School. The donation was deemed

appropriate by the Samsun Provincial Directorate of National Education.

YEDAŞ provided field training at its Toybelen location in Samsun to students enrolled at the Havza Vocational Higher Education School and the Department of Occupational Health and Safety at Sinop University, within the framework of the Occupational Health and Safety Week between 4 and 10 May. The 70 students who attended the training were informed of what was being done in the field to reduce occupational accidents, how field workers were protected with personal protective equipment and the situations they would encounter in the field as experts once their education was completed.

Within the scope of its social responsibility projects, YEDAŞ opened a total of 33 computer laboratories and donated 459 computers, computer tables and chairs to schools, which are under the Directorates of National Education in the provinces of Samsun, Ordu, Çorum, Amasya and Sinop.

YEDAŞ always sets an example of working in solidarity with its citizens, an approach which it continued during Ramadan, a time when solidarity stands

out. The company provided full support to the aid campaign launched by the Turkish Red Crescent in 2022, bringing food aid to families in need.

YEDAŞ contributes to the region it operates in through a wide array of social responsibility projects. It fully supported the project being carried out by the Atakum Anatolian High School, participating in the Teknofest held in Samsun in 2022.

Aras EDAŞ, an electric utility company in Erzurum, strives to produce permanent solutions for disabled individuals. The company provided sign language training to its staff so hearing-impaired customers were able to carry out their transactions more quickly and easily.

In cooperation with the Turkish Grameen Microfinance Program, Aktif Bank implemented its new project entitled "Active Women in the Economy" to contribute to the sustainability of income generating activities of low-income women managing micro-enterprises. Within the scope of the project, 35 women entrepreneurs came together in Mardin within the framework of "Manage Your Financial Future" training.

**PLACING THE HIGHEST IMPORTANCE ON THE CONCEPT OF SOCIAL SOLIDARITY, ÇALIK HOLDING AND ITS GROUP COMPANIES TOUCH THE LIVES OF A WIDE SOCIAL SPECTRUM THROUGH THEIR COMPREHENSIVE WORK IN THIS AREA.**

ÇALIK HOLDING MAINTAINED ITS SOCIAL RESPONSIBILITY ACTIVITIES IN SIX DIFFERENT FIELDS: EDUCATION, INNOVATION AND ENTREPRENEURSHIP, SOCIAL SOLIDARITY, ENVIRONMENT, ART AND SPORTS IN 2022.



## CORPORATE SOCIAL RESPONSIBILITY (CSR)

**WITH THE AIM OF CARRYING OUT SOCIAL RESPONSIBILITY WORK UNDER THE SAME ROOF, ÇALIK HOLDING ESTABLISHED THE AHMET ÇALIK FOUNDATION IN 2022.**

In addition, the Bank supports women in their entrepreneurial journey with the training program entitled “Manage Your Financial Future” provided by the global information services company, Experian.

The Event ticketing platform, Passo, an Aktif Bank brand, while BlindLook is an AI-powered, audio-Based Brand Experience platform which develops freedom technologies for the visually impaired. Passo achieved a first in the sector with its collaboration with the BlindLook platform, and received the “Eyebrand” certificate on the World White Stick Visually Impaired Day. Passo provides visually impaired users the opportunity to freely use the Passo platform with voice command technologies.

Çalik Denim established the Denim Anatomy formation in cooperation with İstanbul Technical University (ITU). The formation brings together theoretical and practical training. Within the framework of the formation, Çalik Denim offers a two-day program to managers and employees of the brands in the sector, where all stages of denim production, starting from cotton, are examined and their usage areas explained.

The first part of the program starts with ITU professors providing theoretical information about denim, with participants then receiving practical

information by showing denim production processes at the Çalik Denim Malatya Factory. At the end of the program, participants are awarded a certificate from ITU.

Çalik Denim acts with an awareness of the importance of the young generation for the future. In this context, the Company offers scholarship opportunities to university students in need of economic support throughout their education period through the Malatya Education Foundation. The children of Çalik Denim employees also benefit from these scholarships.

Çalik Denim provides ready meals to many schools for the disabled on a daily basis. It also provides stationery aid to the school age children of all Company employees at the beginning of each education semester.

Gap Pazarlama continued its university collaborations in 2022. Within the scope of the event organized at Bilgi University, the Company provided students with training starting from the history of denim, including all production, washing and branding strategies. The Company also worked with the students on the projects, extending help in design and production with fabric support for students’ projects after the training.

### THE ENVIRONMENT

Çalik Holding carried out activities to promote awareness within the company within the scope of Electronic Waste Day in 2022. It contributed to the “Don’t Waste, Donate!” campaign carried out by the Education Volunteers Foundation of Turkey (TEGV) by collecting electronic waste with the participation of volunteers from within the group. The Holding used the scrap value obtained from e-waste to help underprivileged children receive qualified educational support from TEGV.

Maintaining its environmental sustainability efforts, Çalik Enerji expanded the scope of the carbon footprint measurement project, which it had started in five locations in 2021, expanding the number of locations to 11 in 2022.

YEDAŞ organizes awareness raising events in the five provinces where it is active. The Company held an informative seminar under the title of the “Energy Efficiency and Environmental Effects of Energy Use” for managers and employees at the Samsun Anatolian Hospital within the scope of “Energy Efficiency Week”. Practical ways to use energy efficiently were explained in the seminar.

Aktif Bank’s N Kolay Digital Bank realized an important agreement to collaborate

on environmental sustainability. The Bank signed a loan agreement with XEV Yoyo, the world’s leading electric vehicle giant which recently entered the Turkish market. Within the framework of the agreement, which aims to support environmentally friendly electric vehicles, customers may purchase the XEV Yoyo electric car under preferential terms by completing the loan application process in just a few minutes.

In line with the importance the Company attaches to smart climate solutions, digitalization, automation and innovation to reduce carbon emissions, Gap İnşaat initiated carbon footprint measurement activities. Taksim360 was selected as “Europe’s Best Urban Reconstruction Project” by the European Property Awards in recognition of its position as one of Turkey’s largest reconstruction projects in the field of environmental sustainability. The Company is building Taksim360 project in accordance with the LEED Gold criteria.

A project was first launched in 2019 by the Turkish Ministry of Agriculture and Forestry with aim of a greener Turkey by planting more than 11 million trees, a record-breaking number for such a project. Çalik Denim continued to contribute to nature through the afforestation of areas in its region of activities within the scope of the project.

**IN ORDER TO SUPPORT THE COLLECTION OF ELECTRONIC WASTE, ÇALIK HOLDING CONTRIBUTED TO THE CAMPAIGN OF “DON’T WASTE, DONATE!” CARRIED OUT BY THE EDUCATIONAL VOLUNTEERS FOUNDATION OF TÜRKİYE (TEGV).**



ÇALIK HOLDING  
2022 Integrated Annual Report



ÇALIK HOLDING  
2022 Integrated Annual Report



# **Çalık Holding Anonim Şirketi and its Subsidiaries**

**Consolidated Financial Statements  
As at and for the Year Ended 31 December 2022  
With Independent Auditor's Report**

7 June 2023

This report includes 4 pages of independent auditor's report and 146 pages of consolidated financial statements together with their explanatory notes.

## **Çalık Holding Anonim Şirketi and its Subsidiaries**

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Consolidated Statement of Profit or Loss and Other Comprehensive Income
Consolidated Statement of Changes in Equity
Consolidated Statement of Cash Flows
Notes to the Consolidated Financial Statements





**EY**

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working world**

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## **Independent auditor's report**

To the General Assembly of Çalık Holding Anonim Şirketi

### **Report on the audit of the consolidated financial statements**

#### **Opinion**

We have audited the consolidated financial statements of Çalık Holding Anonim Şirketi ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRSs").

#### **Basis for opinion**

We conducted our audit in accordance with Independent Auditing Standards ("InAS") which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the group in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **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. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.



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Key audit matters	How key audit matter addressed in the auditor's response
<p><b>Revenue recognition on construction contracts</b></p> <p>Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and GAP İnşaat Yatırım ve Dış Ticaret Anonim Şirketi, the consolidated subsidiaries of the Group, and the subsidiaries operating in the construction sector, conduct mainly engineering, procurement and construction projects ("EPC") in Türkiye and abroad. The revenue from the construction contracts of the companies in energy and construction sector amounting to USD 927.632 thousands constitutes a significant portion of the Group's total revenue.</p> <p>The EPC projects are complex and exposes the Group to various business and financial reporting risks. The timing of the recognition of revenue in respect of EPC contracts is calculated in accordance with TFRS 15 "Revenue from Contracts with Customers" using the input method cost incurred to measure the progress towards to completion of the project. The Group recognizes revenue in accordance with input method to compare proportion of contract costs incurred for performance obligation with estimated total contract costs of related performance obligation.</p> <p>The recognition of revenue and the estimation of the outcome of EPC contracts with project specific terms require significant management judgment, with respect to estimation the cost to complete and the amounts of variation orders to be recognized. The recognition of revenue forms the construction contracts has been identified as key audit matter due to base based on significant management estimation and judgement.</p> <p>We identified revenue from EPC contracts as a significant risk, requiring special audit consideration.</p>	<ul style="list-style-type: none"> <li>- We obtained an understanding of and tested that the key controls around the revenue recognition process are designed and implemented effectively, supporting the prevention, detection or correction of material errors in the reported contract revenue figures.</li> <li>- We inspected the terms and conditions of material EPC contracts in evaluating the judgements used and determining the timing of the revenue recognition.</li> <li>- We discussed on the status of projects under construction with finance and technical staff of the Group and evidenced our understanding with the supporting documents.</li> <li>- We recomputed contract revenues by using the percentage of completion method.</li> <li>- We tested the revenue recognised from the construction contracts to amounts invoiced to customers and the subsequent receipt of payment from those customers.</li> <li>- We tested by using sampling method the construction costs to invoices by suppliers and subcontractors and the subsequent receipt of payment to those parties by controlling the relevant reconciliations.</li> <li>- We performed an assesment of the historical level of accuracy and prudence in the contract cost budgets and forecasts and challenged management's current assumptions in respect of completion stages of the EPC projects or change in the cost budgets.</li> <li>- We tested revenue and contract accounting journal entries focusing on unusual or irregular items.</li> <li>- We performed detailed cut off test over revenue and revenue return accounts.</li> </ul>



### **Other Matter**

We have expressed an unqualified opinion in our auditor's report dated May 12, 2023 on the consolidated financial statements of the Group for the period of 1/1/2022-31/12/2022, which are prepared in accordance with Turkish Accounting Standards and presented in Turkish Lira ("TL"). The consolidated financial statements are reissued with a presentation currency of US Dollar ("USD"), which are measured in accordance with Note 2.d.

### **Responsibilities of management and those charged with governance for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRSs, 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 financial reporting process.

### **Auditor's responsibilities for the audit of the consolidated financial statements**

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of 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.
- Obtain an understanding of 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 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.

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 also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 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.

#### **Report on Other Legal and Regulatory Requirements**

- 1) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2022 and financial statements are not in compliance with law and provisions of the Company's articles of association in relation to financial reporting.
- 2) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Kaan Birdal.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of Ernst & Young Global Limited



Kaan Birdal, SMMM  
Partner

June 7, 2023  
Istanbul, Türkiye



# Çalık Holding Anonim Şirketi and its Subsidiaries

## As at 31 December 2022

### Consolidated Statement of Financial Position

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

			Reclassified (Note 2.f)	Reclassified (Note 2.f)
		Current Period	Previous Period	Previous Period
		Audited	Audited	Audited
Assets	Notes	31 December 2022	31 December 2021	31 December 2020
<b>Current assets</b>				
Cash and cash equivalents	9	1.043.602	1.271.777	897.487
Financial investments	10	1.581.909	1.237.348	1.427.561
Financial assets related to concession agreements	11	61.989	43.447	60.150
Trade receivables	12	387.332	458.158	394.769
<i>Due from related parties</i>	8	161.382	151.174	76.624
<i>Due from third parties</i>		225.950	306.984	318.145
Receivables related to finance sector operations	13	902.290	761.144	648.345
<i>Due from related parties</i>	8	7.890	2.147	3.480
<i>Due from third parties</i>		894.400	758.997	644.865
Other receivables	14	161.264	100.290	228.612
<i>Due from related parties</i>	8	62.721	18.101	49.873
<i>Due from third parties</i>		98.543	82.189	178.739
Contract assets	23	275.544	130.164	71.291
<i>Contract assets arising from ongoing construction and contracting works</i>		275.544	130.164	71.291
Inventories	15	289.605	251.568	228.774
Derivatives	25	14.192	27.610	13.332
Prepayments	16	159.455	89.652	117.951
Current tax assets	29	22.327	8.929	2.413
Other current assets	22	783.590	720.169	710.821
<b>Subtotal</b>		<b>5.683.099</b>	<b>5.100.256</b>	<b>4.801.506</b>
Assets held for sale	6	41.684	59.949	60.678
<b>Total current assets</b>		<b>5.724.783</b>	<b>5.160.205</b>	<b>4.862.184</b>
<b>Non- current assets</b>				
Trade receivables	12	32.232	55.745	35.406
<i>Due from related parties</i>	8	1.660	545	1.846
<i>Due from third parties</i>		30.572	55.200	33.560
Receivables related to finance sector operations	13	1.498.944	1.560.379	1.964.341
<i>Due from related parties</i>	8	--	--	4
<i>Due from third parties</i>		1.498.944	1.560.379	1.964.337
Other receivables	14	363.542	338.857	326.000
<i>Due from related parties</i>	8	320.000	320.003	320.005
<i>Due from third parties</i>		43.542	18.854	5.995
Financial investments	10	2.465.071	2.204.832	1.876.437
Financial assets related to concession agreements	11	190.745	130.034	194.309
Investments in equity-accounted investees	17	193.570	177.617	222.031
Investment property	21	86.250	81.584	130.338
Property, plant and equipment	18	390.848	460.790	564.814
Intangible assets	19	131.533	158.378	153.718
<i>Goodwill</i>		1.387	1.945	3.532
<i>Other intangible assets</i>		130.146	156.433	150.186
Right of use assets	20	20.543	47.073	45.805
Prepayments	16	18.965	37.856	78.448
Deferred tax assets	29	174.744	52.599	51.349
Other non-current assets		450	783	533
<b>Total non-current assets</b>		<b>5.567.437</b>	<b>5.306.527</b>	<b>5.643.529</b>
<b>Total assets</b>		<b>11.292.220</b>	<b>10.466.732</b>	<b>10.505.713</b>

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

**Çalık Holding Anonim Şirketi and its Subsidiaries**  
**As at 31 December 2022**  
**Consolidated Statement of Financial Position (*continued*)**  
*(Amounts expressed in thousands of USD unless otherwise stated.)*

			<i>Reclassified (Note 2.f)</i>	<i>Reclassified (Note 2.f)</i>
		<b>Current Period</b>	<b>Previous</b>	<b>Previous</b>
		<b>Audited</b>	<b>Period</b>	<b>Period</b>
		<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
<b>Liabilities</b>	<b>Notes</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Short term liabilities</b>				
Short term loans and borrowings	24	1.160.914	1.460.030	1.699.259
Short term portion of long-term loans and borrowings	24	196.737	158.545	175.796
Derivatives	25	4.907	4.112	19.557
Trade payables	12	295.479	284.649	270.160
<i>Due to related parties</i>	8	<i>4.631</i>	<i>3.221</i>	<i>12.695</i>
<i>Due to third parties</i>		<i>290.848</i>	<i>281.428</i>	<i>257.465</i>
Payables related to finance sector operations	13	5.108.257	4.827.725	4.778.821
<i>Due to related parties</i>	8	<i>26.384</i>	<i>18.308</i>	<i>30.286</i>
<i>Due to third parties</i>		<i>5.081.873</i>	<i>4.809.417</i>	<i>4.748.535</i>
Payables related to employee benefits	26	10.212	8.266	7.763
Other payables	14	61.023	60.052	53.794
<i>Due to related parties</i>	8	<i>10</i>	<i>1</i>	<i>23.798</i>
<i>Due to third parties</i>		<i>61.013</i>	<i>60.051</i>	<i>29.996</i>
Contract liabilities	23	261.683	200.574	42.534
<i>Contract liabilities arising from ongoing construction and contracting works</i>		<i>80.677</i>	<i>53.292</i>	<i>42.534</i>
<i>Other Contract liabilities</i>		<i>181.006</i>	<i>147.282</i>	<i>--</i>
Deferred revenue	16	109.695	53.233	124.678
Current tax liabilities	29	38.177	20.107	7.767
Short term provisions	27	38.808	31.481	42.204
<i>Short term employee provisions</i>	27	<i>18.677</i>	<i>14.221</i>	<i>18.208</i>
<i>Other short-term provisions</i>	27	<i>20.131</i>	<i>17.260</i>	<i>23.996</i>
Other short-term liabilities	22	92.728	73.299	81.478
<b>Subtotal</b>		<b>7.378.620</b>	<b>7.182.073</b>	<b>7.303.811</b>
Liabilities held for sale	6	--	739	11.896
<b>Total short-term liabilities</b>		<b>7.378.620</b>	<b>7.182.812</b>	<b>7.315.707</b>
<b>Long term liabilities</b>				
Long term loans and borrowings	24	415.537	450.999	502.266
Trade payables	12	--	4	4.886
<i>Due to third parties</i>		<i>--</i>	<i>4</i>	<i>4.886</i>
Payables related to finance sector operations	13	793.781	661.127	500.758
<i>Due to third parties</i>		<i>793.781</i>	<i>661.127</i>	<i>500.758</i>
Other payables	14	21.162	15.773	52.554
<i>Due to third parties</i>		<i>21.162</i>	<i>15.773</i>	<i>52.554</i>
Contract liabilities	23	80.869	30.689	46.595
<i>Contract liabilities arising from ongoing construction and contracting works</i>		<i>80.869</i>	<i>30.689</i>	<i>46.595</i>
Deferred revenue	16	93.542	94.472	93.083
Long term provisions	27	15.803	11.837	13.102
<i>Long-term employee provisions</i>	27	<i>15.766</i>	<i>10.770</i>	<i>11.847</i>
<i>Other long-term provisions</i>	27	<i>37</i>	<i>1.067</i>	<i>1.255</i>
Deferred tax liabilities	29	26.354	32.654	39.529
Other long-term liabilities		--	--	385
<b>Total long-term liabilities</b>		<b>1.447.048</b>	<b>1.297.555</b>	<b>1.253.158</b>
<b>Total liabilities</b>		<b>8.825.668</b>	<b>8.480.367</b>	<b>8.568.865</b>

The accompanying notes form an integral part of these consolidated financial statements



**Çalık Holding Anonim Şirketi and its Subsidiaries**  
**As at 31 December 2022**  
**Consolidated Statement of Financial Position (*continued*)**  
*(Amounts expressed in thousands of USD unless otherwise stated.)*

			<i>Reclassified (Note 2.f)</i>	<i>Reclassified (Note 2.f)</i>
		<b>Current Period</b>	<b>Previous Period</b>	<b>Previous Period</b>
		<b>Audited</b>	<b>Audited</b>	<b>Audited</b>
<b>Equity</b>	<b>Notes</b>	<b>31 December 2022</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Equity attributable to the owners of the Company</b>				
Share capital	30	210.761	210.761	210.761
Adjustment to share capital		3.388	3.388	3.388
Other comprehensive income that is or will not be reclassified to profit or loss		(9.187)	(5.153)	(2.545)
<i>Accumulated re-measurements loss of defined benefit plans</i>		(9.187)	(5.153)	(2.356)
<i>Revaluation fund</i>		--	--	(189)
Other comprehensive income that is or may be reclassified to profit or loss		(1.214.886)	(834.107)	(323.327)
<i>Translation differences</i>		(1.129.954)	(850.861)	(391.576)
<i>Fair value reserve of financial assets available-for-sale</i>		(84.932)	16.754	68.249
Restricted reserves	30	768.993	720.867	699.203
Retained earnings		1.679.111	1.204.195	928.775
Profit for the year		840.497	523.066	297.014
<b>Total equity attributable to the owners of the Company</b>		<b>2.278.677</b>	<b>1.823.017</b>	<b>1.813.269</b>
<b>Total non-controlling interests</b>	<b>30</b>	<b>187.875</b>	<b>163.348</b>	<b>123.579</b>
<b>Total equity</b>		<b>2.466.552</b>	<b>1.986.365</b>	<b>1.936.848</b>
<b>Total equity and liabilities</b>		<b>11.292.220</b>	<b>10.466.732</b>	<b>10.505.713</b>

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

**Çalık Holding Anonim Şirketi and its Subsidiaries**  
**Consolidated Statement of Profit or Loss and Other Comprehensive**  
**Income for the Year Ended 31 December 2022**  
*(Amounts expressed in thousands of USD unless otherwise stated.)*

		<i>Reclassified (Note 2.f)</i>	
		<b>Current period</b>	<b>Previous Period</b>
		<b>Audited</b>	<b>Audited</b>
<b>Profit or loss</b>	<b>Notes</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Continuing operations</b>			
Revenue	31	2.004.460	1.720.175
Revenue from finance sector operations	31	574.568	526.312
<b>Total revenue</b>	<b>31</b>	<b>2.579.028</b>	<b>2.246.487</b>
Cost of sales (-)	31	(1.508.431)	(1.258.966)
Cost of revenues from finance sector operations (-)	31	(211.801)	(217.369)
<b>Total cost</b>	<b>31</b>	<b>(1.720.232)</b>	<b>(1.476.335)</b>
<b>Gross profit</b>	<b>31</b>	<b>858.796</b>	<b>770.152</b>
General and administrative expenses (-)	32	(228.657)	(218.754)
Selling, marketing and distribution expenses (-)	32	(43.795)	(38.973)
Research and development expenses (-)	32	(14.825)	(13.917)
Other income from operating activities	33	185.421	137.715
Other expenses from operating activities (-)	33	(155.607)	(148.221)
<b>Operating profit</b>		<b>601.333</b>	<b>488.002</b>
Gain from investing activities	34	306.962	177.645
Loss from investing activities (-)	34	(70.684)	(58.275)
Loss and gain from share of profit of equity accounted investees	17	25.287	(4.903)
<b>Operating profit before finance costs</b>		<b>862.898</b>	<b>602.469</b>
Finance income	35	146.985	191.774
Finance costs (-)	35	(178.113)	(208.293)
<b>Net finance costs</b>		<b>(31.128)</b>	<b>(16.519)</b>
<b>Profit before tax from continuing operations</b>		<b>831.770</b>	<b>585.950</b>
Current tax expense (-)	29	(103.368)	(79.979)
Deferred tax benefit	29	132.387	31.723
<b>Total tax expense</b>		<b>29.019</b>	<b>(48.256)</b>
<b>Profit for the year from continuing operations</b>		<b>860.789</b>	<b>537.694</b>

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



**Çalık Holding Anonim Şirketi and its Subsidiaries**  
**Consolidated Statement of Profit or Loss and Other Comprehensive**  
**Income for the Year Ended 31 December 2022 (continued)**  
*(Amounts expressed in thousands of USD unless otherwise stated.)*

		<i>Reclassified (Note 2,f)</i>	
		<b>Current Period</b>	<b>Previous Period</b>
		<b>Audited</b>	<b>Audited</b>
<b>Other comprehensive income</b>	<b>Notes</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Profit for the year from continuing operations</b>		<b>860.789</b>	<b>537.694</b>
<b>Items that are or may be reclassified to profit or loss</b>			
Foreign currency translation differences for foreign operations and reporting currency translation differences		(246.588)	(445.355)
Change in fair value of available-for-sale financial assets	10	(135.542)	(68.698)
Deferred tax benefit/(expense)	29	33.885	17.175
<b>Total</b>		<b>(348.245)</b>	<b>(496.878)</b>
<b>Items that are or will not be reclassified to profit or loss</b>			
Actuarial losses	27	(5.255)	(3.869)
Deferred tax income		1.313	1.024
<b>Total</b>		<b>(3.942)</b>	<b>(2.845)</b>
<b>Total other comprehensive loss</b>		<b>(352.187)</b>	<b>(499.723)</b>
<b>Total comprehensive income</b>		<b>508.602</b>	<b>37.971</b>
<b>Net profit attributable to:</b>			
Equity holders of the parent		840.498	523.066
Non-controlling interests		20.291	14.628
<b>Net profit for the year</b>		<b>860.789</b>	<b>537.694</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the parent		481.333	9.489
Non-controlling interests		27.269	28.482
<b>Total other comprehensive income</b>		<b>508.602</b>	<b>37.971</b>

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

**Çalık Holding Anonim Şirketi and its Subsidiaries**  
**Consolidated Statement of Changes in Equity**  
**For the Year Ended 31 December 2022**

(Amounts expressed in thousands of USD unless otherwise stated.)

USD	Attributable to owners of the Company											
			Restricted reserves	Accumulated other comprehensive income/(expense) that may be reclassified to profit or loss		Accumulative other comprehensive income / (expense) that are or may be reclassified to profit or loss		Retained earnings				
	Paid-in Capital	Adjustment to share capital	Legal Reserves	Revaluation fund	Accumulated re-measurements loss of defined benefit plans	Fair value of debt financial assets at fair value	Translation reserve	Retained earnings	Profit / for the period	Total	Non-controlling interests	Total equity
<b>Balances at 31 December 2021 (previously reported)</b>	<b>210.761</b>	<b>3.388</b>	<b>720.867</b>	--	(5.211)	16.754	(863.365)	1.179.643	511.975	1.774.812	156.056	1.930.868
<b>Effect of restatement (Note 2.f)</b>	--	--	--	--	58	--	12.504	24.552	11.091	48.205	7.292	55.497
<b>Balances at 1 January 2022 (restated)</b>	<b>210.761</b>	<b>3.388</b>	<b>720.867</b>	--	(5.153)	16.754	(850.861)	1.204.195	523.066	1.823.017	163.348	1.986.365
<b>Total comprehensive income for the period</b>												
Profit for the period	--	--	--	--	--	--	--	--	840.498	840.498	20.291	860.789
<b>Other comprehensive income</b>												
Net fair value change in financial assets available-for-sale	--	--	--	--	--	(101.686)	--	--	--	(101.686)	29	(101.657)
Actuarial gains	--	--	--	--	(4.034)	--	--	--	--	(4.034)	92	(3.942)
Foreign currency translation differences for foreign operations and reporting currency translation differences	--	--	--	--	--	--	(253.445)	--	--	(253.445)	6.857	(246.588)
<b>Other comprehensive income</b>	--	--	--	--	(4.034)	(101.686)	(253.445)	--	--	(359.165)	6.978	(352.187)
<b>Total comprehensive income for the period</b>	--	--	--	--	(4.034)	(101.686)	(253.445)	--	840.498	481.333	27.269	508.602
<b>Transactions with owners, recorded directly in equity</b>												
Participation by non-controlling shareholders in subsidiaries' capital increases	--	--	--	--	--	--	--	--	--	--	4.102	4.102
Increase due to other changes	--	--	--	--	--	--	--	1.904	--	1.904	255	2.159
Acquisition/Disposal of subsidiaries	--	--	--	--	--	--	(25.648)	6.087	--	(19.561)	(6.415)	(25.976)
Change in non-controlling interest in consolidated subsidiaries without change in control	--	--	--	--	--	--	--	(8.016)	--	(8.016)	3.186	(4.830)
Dividends paid	--	--	--	--	--	--	--	--	--	--	(3.870)	(3.870)
Transfers	--	--	48.126	--	--	--	--	474.941	(523.067)	--	--	--
<b>Total transactions with owners</b>	--	--	48.126	--	--	--	(25.648)	474.916	(523.067)	(25.673)	(2.742)	(28.415)
<b>Balances at 31 December 2022</b>	<b>210.761</b>	<b>3.388</b>	<b>768.993</b>	--	(9.187)	(84.932)	(1.129.954)	1.679.111	840.497	2.278.677	187.875	2.466.552

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



**Çalık Holding Anonim Şirketi and its Subsidiaries**  
**Consolidated Statement of Changes in Equity**  
**For the Year Ended 31 December 2022**

(Amounts expressed in thousands of USD unless otherwise stated.)

USD	Attributable to owners of the Company											
			Restricted reserves	Accumulated other comprehensive income/(expense) that may be reclassified to profit or loss		Accumulative other comprehensive income / (expense) that are or may be reclassified to profit or loss		Retained earnings				
	Paid-in Capital	Adjustment to share capital	Legal Reserves	Revaluation fund	Accumulated re-measurements loss of defined benefit plans	Fair value of debt financial assets at fair value	Translation reserve	Retained earnings	Profit / for the period	Total	Non-controlling interests	Total equity
<b>Balances at 31 December 2020 (previously reported)</b>	<b>210.761</b>	<b>3.388</b>	<b>699.203</b>	<b>(189)</b>	<b>(2.415)</b>	<b>68.249</b>	<b>(405.280)</b>	<b>842.023</b>	<b>359.209</b>	<b>1.774.949</b>	<b>118.478</b>	<b>1.893.427</b>
<b>Effect of restatement (Note 2.f)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>59</b>	<b>--</b>	<b>13.704</b>	<b>86.752</b>	<b>(62.195)</b>	<b>38.320</b>	<b>5.101</b>	<b>43.421</b>
<b>Balances at 1 January 2021 (restated)</b>	<b>210.761</b>	<b>3.388</b>	<b>699.203</b>	<b>(189)</b>	<b>(2.356)</b>	<b>68.249</b>	<b>(391.576)</b>	<b>928.775</b>	<b>297.014</b>	<b>1.813.269</b>	<b>123.579</b>	<b>1.936.848</b>
<b>Total comprehensive income for the period</b>												
Profit for the period	--	--	--	--	--	--	--	--	523.066	523.066	14.628	537.694
<b>Other comprehensive income</b>												
Net fair value change in financial assets available-for-sale	--	--	--	--	--	(51.495)	--	--	--	(51.495)	(28)	(51.523)
Actuarial gains	--	--	--	--	(2.797)	--	--	--	--	(2.797)	(48)	(2.845)
Foreign currency translation differences for foreign operations and reporting currency translation differences	--	--	--	--	--	--	(459.285)	(62.190)	62.190	(459.285)	13.930	(445.355)
<b>Other comprehensive income</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(2.797)</b>	<b>(51.495)</b>	<b>(459.285)</b>	<b>(62.190)</b>	<b>62.190</b>	<b>(513.577)</b>	<b>13.854</b>	<b>(499.723)</b>
<b>Total comprehensive income for the period</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(2.797)</b>	<b>(51.495)</b>	<b>(459.285)</b>	<b>(62.190)</b>	<b>585.256</b>	<b>9.489</b>	<b>28.482</b>	<b>37.971</b>
<b>Transactions with owners, recorded directly in equity</b>												
Increase in capital	--	--	--	--	--	--	--	--	--	--	11.765	11.765
Change in non-controlling interest in consolidated subsidiaries without change in control	--	--	--	--	--	--	--	(2.285)	--	(2.285)	2.285	--
Participation by non-controlling shareholders in subsidiaries' capital increases	--	--	--	--	--	--	--	--	--	--	370	370
Dividends paid	--	--	--	--	--	--	--	--	--	--	(6.868)	(6.868)
Increase due to other changes	--	--	--	--	--	--	--	2.544	--	2.544	3.735	6.279
Transfers	--	--	21.664	189	--	--	--	337.351	(359.204)	--	--	--
<b>Total transactions with owners</b>	<b>--</b>	<b>--</b>	<b>21.664</b>	<b>189</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>337.610</b>	<b>(359.204)</b>	<b>259</b>	<b>11.287</b>	<b>11.546</b>
<b>Balances at 31 December 2021</b>	<b>210.761</b>	<b>3.388</b>	<b>720.867</b>	<b>--</b>	<b>(5.153)</b>	<b>16.754</b>	<b>(850.861)</b>	<b>1.204.195</b>	<b>523.066</b>	<b>1.823.017</b>	<b>163.348</b>	<b>1.986.365</b>

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

**Çalık Holding Anonim Şirketi and its Subsidiaries**  
**Consolidated Statement of Cash Flows**  
**For the Year Ended 31 December 2022**  
*(Amounts expressed in thousands of USD unless otherwise stated.)*

		<i>Reclassified (Note 2.f)</i>	
		<b>Current period</b>	<b>Previous period</b>
		<b>Audited</b>	<b>Audited</b>
	<b>Notes</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>A.CASH FLOWS FROM OPERATING / (USED IN) ACTIVITIES</b>		<b>95.589</b>	<b>1.496.184</b>
<b>Profit for the period</b>		<b>860.789</b>	<b>537.694</b>
<b>Adjustments to reconcile cash flow generated from operating activities:</b>		<b>(972.016)</b>	<b>213.705</b>
Adjustments for depreciation and amortisation	18-19-20	55.717	70.320
Loss/(gain) on sale of derivative financial instruments	34	618	(32.518)
Adjustments for fair value gains/(losses) of financial investments	10	(859.198)	21.599
Adjustments for dividends	34	(47.111)	(60.037)
Adjustments for provision for doubtful receivables	12	677	8.795
Adjustments for inventory impairment, net	15	1.047	120
Adjustments for impairment (reversal) of other financial assets or investments	10	9.232	9.594
Adjustments for provision for long term employee benefits	27	12.528	6.321
Adjustments for provisions (cancellation) reserved for possible risks	13	44.513	28.721
Adjustments for fair value (gain) / loss of investment property	21	(31.818)	43.544
Adjustment for business acquisition	34	(139.645)	(55.239)
Adjustments for gains(losses) on acquisitions or sale of associates, joint ventures and other financial investments	34	2.734	(6.643)
Adjustments for provisions for litigation	34	20.412	--
Adjustments for provisions for litigation	27	1.636	1.486
Adjustments for other provisions	27	1.967	947
Adjustments for share of (profit)/ loss of equity accounted investees	17	(25.287)	4.903
Adjustments for interest income, expenses and interest rediscount		(147.634)	(99.701)
Deferred financial expenses on forward purchases		(4.310)	491
Adjustments for tax expense	29	(29.019)	48.256
Adjustments for the gains and losses on sales of property, plant and equipment, net	34	(17.748)	405
Unrealized foreign currency loss/(income)		184.421	222.341
Other adjustments related to profit and loss reconciliation	13	(5.748)	--
<b>Changes in working capital</b>		<b>62.719</b>	<b>563.726</b>
Adjustments for change in inventories		(40.582)	(22.247)
Adjustments for change in trade receivables		83.296	(80.444)
Adjustments for change in payables related to employee benefits		2.583	503
Adjustments for change in other receivables, other current assets		(149.419)	105.866
Adjustments for change in contract assets and contract liabilities		112.990	(64.021)
Adjustments for change in financial assets related to concession		(145.683)	(50.098)
Adjustments for change in assets held for sale		18.265	729
Adjustments for change in liabilities held for sale		(739)	(11.157)
Adjustments for change in receivables from finance sector		(123.308)	320.436
Adjustments for change in payables from finance sector operations		413.186	209.273
Change in restricted cash and cash equivalents		(21.851)	14.454
Adjustments for change in trade payables		29.888	9.607
Adjustments for change in prepayments		(52.908)	68.891
Adjustments for change in deferred income (except liabilities arising from consumer contracts)		(89.504)	77.226
Adjustments for change in other payables and other liabilities related with operating activities		26.505	(15.292)

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



**Çalık Holding Anonim Şirketi and its Subsidiaries**  
**Consolidated Statement of Cash Flows (*continued*)**  
**For the Year Ended 31 December 2022**  
*(Amounts expressed in thousands of USD unless otherwise stated.)*

		<i>Reclassified (Note 2.f)</i>	
		<b>Current period</b>	<b>Previous period</b>
	<b>Notes</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Cash flows from operating activities</b>		<b>144.097</b>	<b>181.059</b>
Employee termination indemnity paid	27	(2.518)	(1.387)
Financial sector activities receivables	13	9.245	18.811
Interest received		403.055	444.900
Interest paid		(180.910)	(218.613)
Collection from doubtful receivables	12	702	535
Taxes paid	29	(85.477)	(63.187)
<b>B. CASH FLOWS USED IN INVESTING ACTIVITIES</b>		<b>(101.558)</b>	<b>(630.226)</b>
Proceeds from sales of property, plant and equipment and intangible assets		19.464	44.945
Acquisition of property, plant and equipment	18	(153.659)	(95.877)
Acquisition of intangible assets	19	(30.142)	(12.365)
Proceeds from sales of investment property	21, 34	44.563	--
Acquisition of investment property	21	--	(812)
Cash outflows due to share purchase or capital increase in affiliates and/or joint ventures	17	(2.421)	(4.644)
Cash inflows due to share sale or capital reduction of affiliates and/or joint ventures	17	2.254	19.217
Received dividend	17	3.674	14.644
Cash outflows on purchases to obtain control of subsidiaries		(26.320)	--
Increase/decrease due to share ratio changes that do not result in loss of control of subsidiaries		(3.555)	6.559
Proceeds from / (repayment of) derivative financial instruments		13.595	2.795
Proceeds from redemption of financial assets at amortized cost	10	234.154	22.570
Proceeds from sales of financial assets at FVTOCI	10	2.068.300	375.171
Proceeds from the sale of investments in financial assets at FVTPL	10	804.705	18.841
Acquisition of financial assets at amortised costs	10	(774.762)	(89.786)
Acquisition of financial assets at FVTOCI	10	(1.240.413)	(851.685)
Acquisitions of financial assets at FVTPL	10	(1.072.857)	(108.282)
Capital increase in non-controlling shares	30	4.101	11.765
Other cash inflows/outflows	5	7.761	16.718
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(244.057)</b>	<b>(477.212)</b>
Proceeds from the funding of related parties		32.263	(23.797)
Dividend payment	30	(3.870)	(6.868)
Proceeds from / (repayment of) loans and borrowings, net		(197.940)	(319.961)
Interest paid		(74.510)	(126.586)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		<b>(250.026)</b>	<b>388.746</b>
<b>D. CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE PERIOD</b>		<b>1.233.722</b>	<b>844.978</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D)</b>	<b>9</b>	<b>983.696</b>	<b>1.233.724</b>

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

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.).

### Notes to Consolidated Financial Statements

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# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

### As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

#### 1 Reporting entity

Çalık Holding Anonim Şirketi (“Çalık Holding” or “the Company”) was established in 1997 and the Company’s main operations are to manage and coordinate the activities of its subsidiaries operating in different industries, including textile, energy, telecommunication, construction, real estate, investment, marketing, banking and finance, and to make investments in these industries.

Çalık Holding was established at its registered office address, Büyükdere Caddesi No:163 Zincirlikuyu İstanbul/Türkiye, on 20 March 1997.

As at 31 December 2022, Çalık Holding has 111 (31 December 2021: 112) subsidiaries (“the Subsidiaries”), 10 (31 December 2021: 10) joint ventures (“the Joint Ventures”) and 20 (31 December 2021: 22) associates (“the Associates”) (referred to as “the Group” or “Çalık Group” herein and after). The consolidated financial statements of the Group as of and for the year ended 31 December, comprises Çalık Holding and its subsidiaries and the Group’s interest in associates and joint ventures and operations.

As at 31 December 2022, the number of employees of the Group is 12.813 (31 December 2021: 12.146). The fully consolidated companies have been included in the number of employees.

As explained in more detail in Note 7, the Group operates mainly under six segments:

- Energy
- Construction
- Textile
- Marketing
- Mining
- Banking and finance

As of 31 December 2022, the Subsidiaries recently included in the Group are as follows:

Company Name	Type of Partnership	Country	Sector
Aktiftech Teknoloji Anonim Şirketi	Subsidiary	Türkiye	Banking and Finance
Anateks Anadolu Tekstil Fabrikaları	Subsidiary	Türkiye	Marketing
Ce Solar Dooel Skopje	Subsidiary	Albania	Energy
Çalık Albania Wind Sh.P.K./Llc	Subsidiary	Albania	Energy
Lidya Mali SA	Subsidiary	Mali	Mining
Machinego Teknoloji Danışmanlık ve İş Makinaları Anonim Şirketi	Subsidiary	Türkiye	Energy

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

### 1 Reporting entity (continued)

#### 1.1 Entities in energy segment

Company Name	Type of partnership	Country
Adacami Enerji Elektrik Üretim Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Türkiye
Ant Enerji Sanayi ve Ticaret Limited Şirketi	Subsidiary	Türkiye
Atayurt İnşaat Anonim Şirketi	Subsidiary	Türkiye
CE SOLAIRE 1 SAS	Subsidiary	Kongo
CE SOLAIRE 2 SAS	Subsidiary	Kongo
Ce Solar Dooel Skopje (*)(**)	Subsidiary	Albania
CYK Enerji Adi Ortaklığı	Joint venture	Türkiye
Çalık Albania Wind Sh.P.K./Llc (*)(**)	Subsidiary	Albania
Çalık Elektrik Dağıtım Anonim Şirketi	Subsidiary	Türkiye
Çalık Enerji Japan G.K. (*)	Subsidiary	Japan
Çalık Enerji Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Türkiye
Çalık Enerji Swiss AG	Subsidiary	Switzerland
Çalık Georgia LLC (*)	Subsidiary	Georgia
Çalık Limak Adi Ortaklığı	Joint venture	Türkiye
Çalık Proje Mühendislik A.Ş.	Subsidiary	Türkiye
Çalık Rüzgar Enerjisi Elektrik Üretim Limited Şirketi	Subsidiary	Türkiye
ÇL Enerji Üretim ve İnşaat A.Ş. (*)	Subsidiary	Türkiye
Demircili Rüzgar Enerjisi Elektrik Üretim Anonim Şirketi	Subsidiary	Türkiye
Doğu Aras Enerji Yatırımları Anonim Şirketi	Joint venture	Türkiye
Dtm Enerji Yatırımları Adi Ortaklığı (*)	Joint venture	Türkiye
Eurokos Dd L.L.C. (*)	Subsidiary	Kosovo
Jasper Trading (*)	Subsidiary	Poland
JSC Calik Georgia Wind	Subsidiary	Georgia
Kızılırmak Enerji Elektrik Anonim Şirketi	Subsidiary	Türkiye
Kosova Çalık Limak Energy Sh.A.	Joint venture	Kosovo
LC Electricity Supply and Trading d.o.o.	Joint venture	Serbia
Machinego Teknoloji Danışmanlık ve İş Makinaları Anonim Şirketi (**)	Joint venture	Türkiye
Momentum Enerji Elektrik Üretim Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Türkiye
Onyx Trading Innovation FZE	Subsidiary	UAE
Pkn Enerji Hizmetleri Adi Ortaklığı (*)	Joint venture	Türkiye
Saudi Jalik Energy Company (*)	Subsidiary	Saudi Arabia
Taşkent Merkez Park Gayrimenkul Yatırım A.Ş.	Subsidiary	Türkiye
TCB İnşaat Yatırım Anonim Şirketi	Subsidiary	Türkiye
Technological Energy N.V.	Subsidiary	Holland
Türkmen’in Altın Asrı Elektrik Enerjisi Toptan Satış Anonim Şirketi	Subsidiary	Türkiye
UZTUR Investment and Development	Subsidiary	Uzbekistan
Workindo Teknoloji ve İnsan Kaynakları Danışmanlık A.Ş. (*)	Subsidiary	Türkiye
Yeşilçay Enerji Elektrik Üretim Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Türkiye
Yeşilirmak Elektrik Dağıtım Anonim Şirketi	Subsidiary	Türkiye
Yeşilirmak Elektrik Perakende Satış AŞ	Subsidiary	Türkiye

(\*) The subsidiaries of the Group, Çalık Georgia LLC, ÇL Enerji Üretim ve İnşaat A.Ş., Saudi Jalik Energy Company, Workindo Technology and Human Resources Consultancy Inc., Jasper Trading, DTM Energy Investments Ordinary Partnership, PKN Energy Investments Ordinary Partnership, Çalık Enerji Japan G.K and Eurokos D.d L.L.C are in start up phase or non operating and are not consolidated due to the insignificance of their financial impact on the consolidated financial statements as at and for the period ended 31 December 2022..

(\*\*) The company was established in 2022.

#### 1.1 Entities in energy segment (continued)

##### Adacami Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş (“Adacami Enerji”)

Adacami Enerji was established in December 2009, for the purpose of renting and operating electricity facility and selling electricity.

##### Ant Enerji Sanayi ve Ticaret Limited Şirketi (“Ant Enerji”)

Ant Enerji was established in 2006, in Istanbul for the purpose of marketing, selling and distribution of energy.



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

### 1 Reporting entity (continued)

#### 1.1 Entities in energy segment (continued)

##### Atayurt İnşaat A.Ş. (“Atayurt İnşaat”)

Atayurt İnşaat was established in 2009 for the purpose of building and operating energy power plants and providing operational and maintenance services to power plants. Atayurt İnşaat has opened a branch in Tripoli, Libya in 2014.

##### CE Solaire 1 SAS (“CE Solaire 1”)

CE Solaire 1 was established in the Democratic Republic of Congo in 2020 for electrical power plant construction and operation, electricity generation, electricity sales and marketing.

##### CE Solaire 2 SAS (“CE Solaire 2”)

CE Solaire 2 was established in the Democratic Republic of Congo in 2020 for electrical power plant construction and operation, electricity generation, electricity sales and marketing.

##### Ce Solar Dooel Skopje (“Ce Solar”)

Ce Solar Dooel Skopje was established in Albania in 2022 for the construction and operation of electric power plant, electricity generation, sales and marketing.

##### CYK Enerji Adi Ortaklığı (“CYK Enerji”)

CYK Enerji Adi Ortaklığı was established in 29 April 2021 in Samsun for supply of goods and services related to electricity distribution business.

##### Çalık Albania Wind Sh.P.K./Llc (“Çalık Albania”)

Çalık Albania Wind Sh.P.K./Llc was established in Albania in 2022 for power plant construction and operation, electricity generation, electricity sales and marketing, engineering activities.

##### Çalık Elektrik Dağıtım A.Ş. (“ÇEDAS”)

ÇEDAS was established in 2010 according to legislations of Energy Market Regulatory Authority (“EMRA”) to distribute and sale of electricity and to invest in companies operating in these businesses.

##### Çalık Enerji Japan G.K. (“Çalık Japan”)

Çalık Enerji Japan G.K. was established in 25 February 2021 in Japan. The company is inactive as of the reporting date.

##### Çalık Enerji Sanayi ve Ticaret Anonim Şirketi (“Çalık Enerji”)

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi was established in 1987 in Turkey for the purpose of engaging in the operation, exploration and production of natural gas and petroleum resources, shipment and selling of such resources to the international markets, production, distribution and retail sale of electricity energy or investing in the entities engaging in such operations. Çalık Enerji has fifteen branches, namely, Çalık Enerji Turkmenistan, Çalık Enerji Georgia, Çalık Enerji Uzbekistan, Çalık Enerji Libya, Çalık Enerji Iraq, Çalık Enerji Uzbekistan (TRC), Çalık Enerji Erbil Branch, Çalık Enerji Malawi, Kızılırmak Enerji Elektrik, Çalık Enerji Uzbekistan Taşkent PE, Çalık Enerji Afghanistan Branch, Çalık Enerji Romania Branch, Kızılırmak Enerji Erbil Branch, Çalık Enerji Senegal Branch and Çalık Enerji DM Branch.

##### Calik Enerji Swiss AG (“Çalık Swiss”)

Calik Swiss was established on in 2017 in Switzerland for the purpose of the acquisition management and use of concessions of other rights as well as construction and maintenance of power plants and to provide services in the development of other group companies operating in the energy sector, especially in the electricity sector and in funding sources.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 1 Reporting entity (continued)

#### 1.1 Entities in energy segment (continued)

##### Çalık Georgia LLC ("Çalık Georgia")

Çalık Georgia was established in 2015 in Tbilisi for the purpose of engineering, procurement, constructing ("EPC") of the hydroelectric power plant and trading the electricity produced in Georgia. As of reporting date, Çalık Georgia is non-operating.

##### Çalık Limak Adi Ortaklığı ("Çalık Limak")

Çalık Limak Adi Ortaklığı was established in 2013 as a joint venture of ÇEDAŞ and Limak Yatırım Enerji Üretim İşletme Hizmetleri ve İnşaat Anonim Şirketi ("Limak Yatırım"), in Istanbul for the purpose of supplying all kind of technical equipments to Kosovo Electricity Distribution and Supply Company ISC fully owned by Kosovo Çalık Limak Energy which is also a joint venture of Çalık Enerji and Limak Yatırım.

##### Çalık Proje Mühendislik A.Ş. ("Çalık Mühendislik")

Çalık Proje Mühendislik A.Ş. was established in 1994, in Ankara to provide machinery and civil engineering and consulting services. 90,00 percent of the Company's shares were acquired by Çalık Enerji in 2015 for the purpose of providing engineering and consultancy services to Group entities.

The title of Technovision was changed to Çalık Proje Mühendislik A.Ş.

##### Çalık Rüzgâr Enerjisi Elektrik Üretim Limited Şirketi ("Çalık Rüzgâr")

Çalık Rüzgar was established in 1994 for the purpose of building and operating of electricity power plants, production, selling and marketing of electricity.

##### ÇL Enerji Üretim ve İnşaat A.Ş. ("ÇL Enerji")

ÇL Enerji was established in Turkey in 2019 for the purpose of operating electricity facility and selling electricity.

##### Demircili Rüzgâr Enerjisi Elektrik Üretim A.Ş. ("Demircili Rüzgâr")

Demircili Rüzgar was established on February 23, 2018 in Istanbul, for the purpose of establishing electric production facility, operating, renting it and producing electric energy and / or selling it to customers.

##### Doğu Aras Enerji Yatırımları Anonim Şirketi ("Doğu Aras")

Doğu Aras was founded in accordance with the energy market regulations as a joint venture with a joint agreement of ÇED and Kiler Alışveriş Hizmetleri Gıda Sanayi Ticaret A.Ş. ("Kiler Alışveriş") on May 5, 2013 with the participation of these two companies by 50% and 50%, respectively, for the purpose of establishing and participating to the companies that are engaged in distribution, retail and wholesale of electricity energy and/or capacity, assigning management of these established and participated companies, providing consultancy services on technical, financial, information processing and human resources management issues and making industrial and commercial investments through this companies.

On 28 June 2013, Doğu Aras purchased all share of Aras Elektrik Dağıtım A.Ş. ("EDAŞ") and Aras Elektrik Perakende Satış A.Ş. ("EPAŞ") which were state owned companies operating in electricity distribution and procurement in cities Kars, Ardahan, Iğdır, Erzurum, Ağrı, Bayburt and Erzurum within the privatization.

On November 4, 5 2021, the public offering of Doğu Aras shares was carried out using the "Fixed Price Bookkeeping" method. In the public offering, the unit price is TL 110, and the shares with a nominal value of TL 13.400.000 offered to the public were sold. Accordingly, the size of the public offering was realized as TL 1.474.000.000. After the mentioned public offering, Çalık Enerji's ownership rate in Doğu Aras became 40%.

##### DTM Enerji Yatırımları Adi Ortaklığı ("DTM Enerji")

Çalık-Biskon Adi Ortaklığı was established 23 January 2020 for the purpose of providing goods and supplies. Çalık-Biskon belongs to Çalık Enerji ve Biskon Yapı A.Ş. companies.

The title of Çalık Biskon was changed to DTM Enerji Yatırımları Adi Ortaklığı.



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

### As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

#### 1 Reporting entity (continued)

##### 1.1 Entities in energy segment (continued)

###### **Eurokos Dd. L.L.C. (“Eurokos”)**

Eurokos Dd L.L.C. was established in the Republic of Kosovo in 2021 for electrical power plant construction and operation, electricity generation, electricity sales and marketing.

###### **Jasper Trading (“Jasper Trading”)**

Jasper Trading was established on 30 November 2021 in the Poland. As at the reporting date, the Company is nonoperating.

###### **JSC Calik Georgia Wind (“JSC Georgia”)**

JSC Georgia was established in 2015 in Tbilisi for the purpose of developing energy infrastructure and sponsoring of development of solar and wind power plant projects through finance, construction and long term operating of power plants.

###### **Kızılırmak Enerji Elektrik Anonim Şirketi (“Kızılırmak”)**

Kızılırmak was established in 2005 in Istanbul for the purpose of importing, exporting, distributing and operating all kinds of natural gas, crude oil and derivatives of these products.

###### **Kosova Çalık Limak Energy Sh.A. (“KÇLE”)**

KÇLE was established as a joint venture with a joint agreement of Çalık Enerji, ÇEDAŞ and Limak Yatırım on September 17, 2012 with the participation these three companies by 25%, 25% and 50%, respectively, in the share capital of KÇLE. In 2015, shares of KÇLE representing 25% of all shares, held by ÇEDAŞ, are transferred to Çalık Enerji.

On May 8, 2013, KÇLE purchased all shares of state-owned enterprise namely “Kompania Per Distribuium Dhe Fumizim Me Energji Elektrike SH.A” (“KEDS”) which is operating in electricity distribution and sales in Kosovo.

###### **LC Electricity Supply and Trading d.o.o (“LC Electricity”)**

LC Electricity was founded in Serbia in 2014 as a joint venture with a joint agreement between Türkmen Elektrik and Limak Yatırım with the participation of these two companies equally by 50 percent. The purpose of LC Electricity is trading electricity and sales/purchases of goods and services as part of this operation.

###### **Machinego Teknoloji Danışmanlık Ve İş Makinaları A.Ş. (“Machinego Teknoloji”)**

By carrying out the activities of leasing and selling, buying, intermediary in buying and selling of all kinds of agricultural and construction machinery, tractors, harvesters and equipment through the web portal, creating and developing a publication, database, providing it as a service to customers, receiving advertisements and advertisements, was established in 2022 to provide services, to carry out electronic commercial activities such as database exchange by establishing partnerships with domestic and foreign companies, and to perform all services and transactions.

###### **Momentum Enerji Elektrik Üretim Sanayi ve Ticaret Anonim Şirketi (“Momentum Enerji”)**

Momentum Enerji was established in 2008 for the purpose of building and operating of electricity power plant, producing, selling and marketing of electricity.

###### **Onyx Trading Innovation FZE (“Onyx Trading Innovation FZE”)**

Onyx Trading was established in Dubai in 2016.

###### **PKN Enerji Hizmetleri Adi Ortaklığı (“PKN Enerji”)**

Denge Çalık NTF Adi Ortaklığı was established 23 january 2020 for the purpose of providing goods and supplies. Denge Çalık NTF belongs to Çalık Enerji ve Denge Reklam San. Ve Tic. Ltd companies.

The title of Denge-Çalık NTF was changed to PKN Enerji Hizmetleri Adi Ortaklığı.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

### 1 Reporting entity (continued)

#### 1.1 Entities in energy segment (continued)

##### **Saudi Jalik Energy Company (“Saudi Jalik”)**

Saudi Jalik Energy Company was established in 2019 to operate building and construction projects. As of the reporting date, the Company is non-operating.

##### **Taşkent Merkez Park Gayrimenkul Yatırım A.Ş. (“Taşkent Merkez”)**

Taşkent Merkez Park Gayrimenkul Yatırım A.Ş. was established in 2019 and its main operation subject is building residence.

##### **TCB İnşaat Yatırım Anonim Şirketi (“TCB İnşaat”)**

TCB İnşaat Yatırım Anonim Şirketi was established in 2014 and its main activity is to do construction, contracting and decoration works in domestic and abroad.

##### **Technological Energy N.V. (“Technological Energy”)**

Technological N.V. was established on June 8, 2016 in the Netherlands. The company is the owner of Onyx Trading Innovation FZE and Calık Swiss.

##### **Türkmen’in Altın Asrı Elektrik Enerjisi Toptan Satış Anonim Şirketi (“Türkmen Elektrik”)**

Türkmen Elektrik was established in 2000, in Istanbul for the purpose of distributing and selling electricity.

##### **UZZUR Investment and Development (“Uzzur”)**

The company was established in 2018 in Uzbekistan to maintain construction projects.

##### **Workindo Teknoloji ve İnsan Kaynakları Danışmanlık A.Ş. (“Workindo Teknoloji”)**

Workindo was established in 2019 in Turkey for the purpose of the showing business activity in human resources, domestically and internationally to give workers supply employment services and carry out these services.

##### **Yeşilçay Enerji Elektrik Üretim Sanayi ve Ticaret Anonim Şirketi (“Yeşilçay Enerji”)**

Yeşilçay Enerji was established in 2008 for the purpose of building and operating of electricity power plant, producing, selling and marketing of electricity. Yeşilçay Enerji also engages in exploration and production of mineral ore.

##### **Yeşilirmak Elektrik Dağıtım A.Ş. (“YEDAŞ”)**

YEDAŞ was taken over by the Group in 2010 for 30 years with the scope of privatisation in order to distribute electricity energy in Samsun, Ordu, Amasya, Çorum and Sinop.

In accordance with the 3rd clause of 4628 numbered Energy Markets Code, electricity distribution companies must separate its distribution and retail operations from each other until 1 January 2013. In this regard, YEDAŞ that carried out the electricity distribution and retail sales operations in Samsun, Ordu, Amasya, Çorum and Sinop regions, unbundled its distribution and retail sales operations on 31 December 2012 and YEPAŞ started its operations on 1 January 2013.

##### **Yeşilirmak Elektrik Perakende Satış A.Ş. (“YEPAŞ”)**

In accordance with the 3rd clause of 4628 numbered Energy Markets Code, electricity distribution companies must separate its distribution and retail operations from each other until 1 January 2013. In this regard, YEDAŞ which was engaged in distribution and retail sale of electricity in Samsun, Ordu, Çorum, Amasya and Sinop regions, unbundled its distribution and retail operations on 31 December 2012. YEPAŞ was founded for retail sales of electricity and electricity related products by partial demerger of YEDAŞ as of 1 January 2013.



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 1 Reporting entity (continued)

#### 1.2 Entities in construction segment

Company name	Type of partnership	Country
Çalık İnşaat Anonim Şirketi ("Çalık İnşaat")	Subsidiary	Türkiye
Deutsche Tiefbau Gesellschaft für Infrastrukturentwicklung mbH ("Deutsche Tiefbau")	Subsidiary	Germany
Gap Construction Co. ("Gap İnşaat Libya")	Subsidiary	Libya
Gap Construction Investment and Foreign Trade LLC-Qatar ("Gap İnşaat Katar")	Subsidiary	Katar
Gap İnşaat Construction and Investment Co. Ltd. ("Gap İnşaat Sudan")	Subsidiary	Sudan
Gap İnşaat Dubai FZE ("Gap İnşaat Dubai")	Subsidiary	UAE
Gap İnşaat Ukraine Ltd. ("Gap İnşaat Ukrayna")	Subsidiary	Ukraine
Gap İnşaat Yatırım ve Dış Ticaret Anonim Lirketi ("Gap İnşaat")	Subsidiary	Türkiye
Innovative Construction Technologies Trading FZE ("Innovative Construction")	Subsidiary	UAE
Kentsel Dönüşüm İnşaat Anonim Şirketi ("Kentsel Dönüşüm")	Subsidiary	Türkiye
OOO Gap İnşaat ("Gap İnşaat Rusya")	Subsidiary	Russia
White Construction N.V. ("White Construction")	Subsidiary	Holland

#### Gap İnşaat

Gap İnşaat was established in 1996 in Istanbul, Türkiye in order to provide construction, contracting and decoration businesses both within Türkiye and abroad. Gap İnşaat also operates in mining of all kinds of minerals, marble, lime, clay, coal and stone quarries and trading of stone cutter, spare parts and glazed ceramic tiles both within the country and abroad provided that the necessary permits are granted. Gap İnşaat has one branch each in Turkmenistan, Qatar and Russia to carry out various construction projects.

#### Gap İnşaat Sudan, Gap Libya, Kentsel Dönüşüm, Çalık İnşaat, Gap İnşaat Qatar, Gap İnşaat Ukraine, White Construction and Innovative Construction, OOO Gap İnşaat and Deutsche Tiefbau.

As subsidiaries of Gap İnşaat; Gap İnşaat Sudan, Gap İnşaat Libya, Kentsel Dönüşüm, Çalık İnşaat, Gap İnşaat Qatar, Gap İnşaat Ukraine, White Construction and Innovative Construction, OOO Gap İnşaat and Deutsche Tiefbau were established for the purpose of engaging in construction projects in the countries where they operate.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 1 Reporting entity (continued)

#### 1.3 Entities in textile segment

Company names	Type of partnership	Country
Balkan Dokuma TGPJ	Associate	Turkmenistan
Calik Denim B.V.	Subsidiary	Holland
Çalık Denim Tekstil Sanayi ve Ticaret Anonim Şirketi ("Çalık Denim")	Subsidiary	Turkiye
Gap Türkmen-Türkmenbaşı Jeans Kompleksi	Associate	Turkmenistan
Malatya Boya ve Emprime Anonim Şirketi ("Malatya Boya")	Subsidiary	Turkiye
Serdar Pamuk Egrigi Fabrigi ÇJB	Associate	Turkmenistan
Türkmenbaşı Tekstil Kompleksi	Associate	Turkmenistan

#### **Balkan Dokuma TGPJ**

Balkan Dokuma was established in 2000 in Turkmenistan for the purpose of manufacturing and marketing yarn.

#### **Çalık Denim**

Çalık Denim, formerly known as Gap Güneydoğu Tekstil Sanayi ve Ticaret Anonim Şirketi, was established in 1987, in Türkiye and conducts its production operation in Malatya Industrial Area. Çalık Denim has a branch, namely Gap Güneydoğu Mersin Free Zone that is engaged in the importing and exporting of textile products.

#### **Çalık Denim B.V.**

Çalık Denim B.V has been established in February 2018 in Amsterdam, for the purpose of expanding in the European Zone by making marketing activities.

#### **Gap Türkmen -Türkmenbaşı Jeans Kompleksi ("TJK")**

TJK was established as a joint venture of Çalık Denim and the Ministry of Textiles Industry of Turkmenistan in 1995 within the frame of Turkmenistan regulations for the purpose of yarn and denim fabric production and marketing. TJK has a denim fabric and jean factory and makes domestic and foreign sales to USA and European countries.

#### **Malatya Boya**

Malatya Boya Emprime Factory was established in 1997 in Malatya, Türkiye. The Company maintains fabric dyeing process since 2007. The company is acquired by Çalık Denim on 31 August 2018 which is a subsidiary of Çalık Group.

#### **Serdar Pamuk and TTK**

Serdar Pamuk and TTK were established in Turkmenistan for the purpose of producing denim fabric in textile industry.



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 1 Reporting entity (continued)

#### 1.4 Entities in marketing segment

Company name	Type of partnership	Country
Anateks Anadolu Tekstil Fabrikaları	Subsidiary	Turkiye
Çalık Alexandria For Readymade Garments	Subsidiary	Egypt
Gap Pazarlama Anonim Şirketi	Subsidiary	Turkiye
Gap Pazarlama FZE Jebel Ali Free Zone	Subsidiary	UAE
Gappa Textile Inc. (*)	Subsidiary	USA
Tura Moda Mağazacılık ve Elektronik Tic. A.Ş.	Subsidiary	Turkiye

(\*) As of the reporting date, the company is non-operating.

#### Anateks

Anateks was established in 1984, with the commercial center of Malatya. The purpose of the company is to manufacture all kinds of natural, industrial and synthetic fiber yarns and all kinds of textile products made from these fibers and yarns, including the weaving, dyeing, finishing and finishing processes, and to manufacture raw materials, raw materials, intermediate goods, tools and machines used in the textile branch. The production of components is domestic and foreign trade.

On December 1, 2022, all of Fatime Zuhul Kolukısa's shares, amounting to TL 160.699.107,68, registered in the share book and documents of Anateks Anadolu Tekstil Fabrikaları A.Ş., were taken over by Gap Pazarlama A.Ş.

#### Çalık Alexandria

Çalık Alexandria was established in Egypt in 2006 and operates in the production and marketing of yarn, weaving and ready-made clothing. The Group has classified its assets and liabilities related to Çalık Alexandria, which continues its activities in the textile sector on a limited basis, as "disposal group" as of 31 December 2021. The Group fully consolidated Çalık Alexandria in 2022.

#### Gap Pazarlama

Gap Pazarlama was established in 1994 in order to supply goods used in the production and the domestic or foreign projects carried out mainly by the Group and other non-group companies. Gap Pazarlama has a branch in Mersin Free Zone, which is engaged in the importation and exportation of textile products.

#### Gap Pazarlama FZE Jebel Ali Free Zone

Gap Pazarlama FZE was established in 2004 in United Arab Emirates ("UAE") for the purpose of importing and exporting of trading goods.

#### Gappa Textile

Gappa Textile Inc. was established to operate in the international markets for selling of the home textiles and ready-to-wear garments. As of the reporting date, the company is non-operating.

#### Tura Moda Mağazacılık

Tura Moda Mağazacılık ve Elektronik Ticaret Anonim Şirketi imports and exports textiles and textile products.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

### 1 Reporting entity (continued)

#### 1.5 Entities in banking and finance segment

Company name	Type of partnership	Country
Aktif Bank Sukuk Varlık Kiralama Anonim Şirketi	Associate	Türkiye
Aktif Fortis Enerji Anonim Şirketi (“Aktif Fortis”)	Associate	Türkiye
Aktif Portföy Yönetimi Anonim Şirketi (“Mükafat Portföy Yönetimi”)	Subsidiary	Türkiye
Aktif Yatırım Bankası Anonim Şirketi (“Aktif Bank”)	Subsidiary	Türkiye
Aktiftech Teknoloji Anonim Şirketi (*)	Subsidiary	Türkiye
Akuamarin Solar Enerji Üretim Anonim Şirketi	Subsidiary	Türkiye
Albania Leasing Company (**)	Associate	Albania
Ametist Solar Enerji Üretim Anonim Şirketi	Subsidiary	Türkiye
Attivo Bilişim Anonim Şirketi	Subsidiary	Türkiye
Aytaşı Solar Enerji Üretim Anonim Şirketi	Subsidiary	Türkiye
Banka Kombëtare Tregtare Kosovë JSC	Subsidiary	Kosovo
Banka Kombetare Tregtare Sh.a	Subsidiary	Albania
Cydev Investment Ltd.	Associate	TRNC
Çiğdem Solar Enerji Üretim Anonim Şirketi	Subsidiary	Türkiye
Defne Solar Enerji Üretim Anonim Şirketi	Subsidiary	Türkiye
Deniz Güneş Enerjisi Üretimi Anonim Şirketi	Subsidiary	Türkiye
Dome Zero Inc.	Associate	USA
Duru Güneş Enerjisi Üretimi Anonim Şirketi	Subsidiary	Türkiye
E-Kent Geçiş Sistemleri ve Biletleme Teknolojileri Anonim Şirketi	Subsidiary	Türkiye
Eko Biokütle Enerji Üretim Anonim Şirketi	Subsidiary	Türkiye
Emlak Girişim Danışmanlığı Anonim Şirketi	Subsidiary	Türkiye
Emyap Development Limited	Associate	TRNC
E-post Elektronik Perakende Otomasyon Satış Ticaret Anonim Şirketi	Subsidiary	Türkiye
Esen Güneş Enerjisi Üretim Anonim Şirketi	Subsidiary	Türkiye
Euro-Mediterranean Investment Company Limited	Associate	TRNC
Gelincik Solar Enerji Üretim Anonim Şirketi.	Subsidiary	Türkiye
Güneştaşı Solar Enerji Üretim Anonim Şirketi	Subsidiary	Türkiye
Halk Yenilenebilir Enerji Anonim Şirketi	Associate	Türkiye
HMC Digital	Joint venture	Türkiye
Idea Farm Ventures Limited	Associate	UAE
İnovaban İnovasyon ve Finansal Danışmanlık Anonim Şirketi	Subsidiary	Türkiye
İpek Güneş Enerjisi Üretim Anonim Şirketi	Subsidiary	Türkiye
Kaplan Gözü Solar Enerji Üretim Anonim Şirketi	Subsidiary	Türkiye
Kasımpatı Solar Enerji Üretim Anonim Şirketi	Subsidiary	Türkiye
Kazakhstan İjara Company KIC Leasing	Associate	Kazakhstan
Kuvars Solar Enerji Üretim Anonim Şirketi	Subsidiary	Türkiye
Lapis Solar Enerji Üretim Anonim Şirketi	Subsidiary	Türkiye
Leylak Solar Enerji Üretim Anonim Şirketi	Subsidiary	Türkiye
Lilyum Solar Enerji Üretim Anonim Şirketi	Subsidiary	Türkiye
Martı Solar Enerji Üretim Anonim Şirketi	Subsidiary	Türkiye
Mehtap Güneş Enerjisi Üretim Anonim Şirketi	Subsidiary	Türkiye
N Kolay Ödeme ve Elektronik Para Kuruluşu A.Ş. (“N-Kolay Ödeme Kuruluşu A.Ş.”)	Subsidiary	Türkiye
Nilüfer Solar Enerji Üretim Anonim Şirketi	Subsidiary	Türkiye
Oniks Solar Enerji Üretim Anonim Şirketi	Subsidiary	Türkiye
Opal Solar Enerji Üretim Anonim Şirketi	Subsidiary	Türkiye
Passo Spor Oyunları Kulübü Yazılım Ve Pazarlama A.Ş.	Subsidiary	Türkiye
Pavo Finansal Teknoloji Çözümleri A.Ş.(“Pavo Teknik Servis Elektrik ve Elektronik Sanayi Ticaret A.Ş.”)	Subsidiary	Türkiye
Secom Aktif Elektronik Güvenlik Çözümleri A.Ş.	Associate	Türkiye
Secom Aktif Güvenlik Yatırım Anonim Şirketi	Associate	Türkiye
Seher Güneş Enerjisi Üretim Anonim Şirketi	Subsidiary	Türkiye
Sigortayeri Sigorta ve Reasürans Brokerliği A.Ş.	Subsidiary	Türkiye
Silent Valley Partnership	Associate	TRNC
Tanyeri Güneş Enerjisi Üretim Anonim Şirketi	Subsidiary	Türkiye
Tasfiye Halinde Haliç Finansal Kiralama Anonim Şirketi	Associate	Türkiye
Turkuvaz Solar Enerji Üretim Anonim Şirketi	Subsidiary	Türkiye
Ufuk Güneş Enerjisi Üretim Anonim Şirketi	Subsidiary	Türkiye
UPT Ödeme Hizmetleri ve Elektronik Para A.Ş	Subsidiary	Türkiye
Yakamoz Güneş Enerjisi Üretim Anonim Şirketi	Subsidiary	Türkiye

(\*) The company was established in 2022.

(\*\*) As of the reporting date, the Company is non-operating.



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

### 1 Reporting entity (continued)

#### 1.5 Entities in banking and finance segment (continued)

##### **Aktifbank**

Aktifbank was founded as an investment and development bank in 1999 for the purpose of providing all kind of transactions related with investment, project finance and marketable securities and also to provide all kinds of investment banking services. However, Aktifbank is not authorised to accept deposits.

Name of Aktifbank was changed to “Aktif Yatırım Bankası Anonim Şirketi” from “Çalık Yatırım Bankası Anonim Şirketi” on 1 August 2008.

##### **Aktif Bank Sukuk Varlık Kiralama Anonim Şirketi (“Aktif VKŞ”)**

Aktif VKŞ was established in 2013 in Istanbul for the purpose of issuing rent certificate in accordance with the relevant regulations promulgated by Capital Market Board of Türkiye.

##### **Aktif Fortis Enerji Anonim Şirketi (“Aktif Fortis”)**

Aktif Fortis was established in Istanbul in 2021 to provide electricity generation services from biomass or gas obtained from biomass.

##### **Aktif Portföy (Mükafat Portföy)**

Mükafat Portföy is established to operate in the field of portfolio management in 2016.

##### **Aktiftech Teknoloji Anonim Şirketi (“Aktiftech”)**

It was established in December 2021 in Istanbul as a FinTech startup founder. It creates personalized solutions by designing new financial technology products and introducing them to users and evaluating financial technology needs and opportunities in local markets.

##### **Akuamarin Solar Enerji Üretim Anonim Şirketi (“Akuamarin”)**

Akuamarin was established in Istanbul in 2018 to provide solar power generation service. The power plant operates in Doğalar Village in Kütahya.

##### **Albania Leasing**

Main activity of Albania Leasing is financial leasing. As of the reporting date, Albania Leasing is non-operating.

##### **Ametist Solar Enerji Üretim Anonim Şirketi (“Ametist Solar”)**

Ametist Solar was established in 2018 in Istanbul in order to provide solar energy production services. The power plant operates in Çifteler Village in Eskişehir.

##### **Attivo Bilişim Anonim Şirketi (“Attivo”)**

Attivo, was established in 2018 in Istanbul for the purpose of trading crypto-currencies.

##### **Aytaşı Solar Enerji Üretim Anonim Şirketi (“Aytaşı”)**

Aytaşı, was established in 2018 in Istanbul in order to provide solar energy production services. The power plant operates in Doğalar Village in Kütahya.

##### **BKT**

BKT was founded in 1998 by obtaining banking license and engages in banking activities in Albania.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

### 1 Reporting entity (continued)

#### 1.5 Entities in banking and finance segment (continued)

##### **BKT Kosovo**

BKT Kosovo was opened in 2007 as a branch of BKT in Pristina. As of January 1, 2019, it has been transformed into a separate subsidiary.

##### **Cydev Investment Ltd. (“CYDEV Investment”)**

Cydev Investment was established in TRNC in 2016 and invests in the construction sector.

##### **Çiğdem Solar Enerji Üretim Anonim Şirketi (“Çiğdem”)**

Çiğdem, was established in 2017 in Istanbul in order to provide solar energy production services. The power plant operates in Karaalan Village in Eskişehir.

##### **Defne Solar Enerji Üretim Anonim Şirketi (“Defne”)**

Defne, was established in 2017 in Istanbul for the purpose of providing solar energy services. The power plant operates in Doğalar Village in Kütahya.

##### **Deniz Güneş Enerjisi Üretimi Anonim Şirketi (“Deniz Güneş Enerjisi”)**

Deniz Güneş Enerjisi, was established in 2018 in Ankara for the purpose of providing solar energy services. The power plant operates in Çalkışla Village in Erzincan.

##### **Dome Zero Inc (“Dome Zero”)**

Dome Zero was established in the United States on December 7, 2016 and operates in industrial production.

##### **Duru Güneş Enerjisi Üretimi Anonim Şirketi (“Duru”)**

Duru, was established in 2018 in Ankara for the purpose of providing solar energy services. The power plant operates in Çalkışla Village in Erzincan.

##### **E-Kent Geçiş Sistemleri ve Biletleme Teknolojileri Anonim Şirketi (“E-Kent”)**

E-Kent was established in 2002 and its main activity is modernisation of public transportation and suggesting new electronic solutions about electronic ticket and prosecution system. E-Kent merged with Asset Aktif Sportif ve Sanatsal Etkinlik Hizmetleri Ticaret Anonim Şirketi under E-Kent on 29 December 2017.

##### **Eko Biokütle Enerji Üretim Anonim Şirketi (“Eko Biokütle”)**

Eko Biokütle, was established to operate in the field of bio energy in Istanbul in 2018. Feasibility and permit works are in progress for the establishment of the plant.

##### **Emlak Girişim Danışmanlığı Anonim Şirketi (“Emlak Girişim”)**

Emlak Girişim engages in real estate projects, structures and systems, and in this regard makes active counseling and guidance.

##### **Emyap Development Limited (“Emyap Development”)**

Emyap Development was established and operates in the construction sector in the TRNC in 2018.

##### **E-Post Elektronik Perakende Otomasyon Satış ve Ticaret Anonim Şirketi (“E-Post”)**

E-Post was established in order to provide personalized postcard design services via internet in Istanbul in 2009.



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

### 1 Reporting Entity (continued)

#### 1.5 Entities in banking and finance segment (continued)

##### **Esen Güneş Enerjisi Üretim Anonim Şirketi (“Esen”)**

Esen, was established in 2018 in Ankara for the purpose of providing solar energy services. The power plant operates in Çalkışla Village in Erzincan.

##### **Euroasian Leasing Company (“ELC”)**

Euroasian Leasing Company was established in Tatarstan-Russia to provide leasing solutions to the SME sector in accordance with the Islamic principles.

##### **Euro-Mediterranean**

Euro-Mediterranean was established in 2015 for the purpose of portfolio management in Northern Cyprus Turkish Republic.

##### **Gelincik Solar Enerji Üretim Anonim Şirketi (“Gelincik”)**

Gelincik was established in order to provide solar power production service in Istanbul in 2017. The power plant operates in Karaalan Village in Eskişehir.

##### **Güneştaşı Solar Enerji Üretim Anonim Şirketi (“Güneştaşı”)**

Güneştaşı was established in order to provide solar power production service in Istanbul in 2018. The power plant operates in Doğalar Village in Kütahya.

##### **Halk Yenilebilir Enerji Anonim Şirketi (“Halk Yenilenebilir”)**

The Company was established in 2017, in Ankara for the purpose of establishing and providing maintenance-repair services to power generation plants.

##### **HMC Digital**

HMC Digital is a joint venture signed between Kırmızı Elmas Enerji Ve Alt Yapı Yat. A.Ş. (Mitsubishi Corp.), Emlak Girişim and Hitachi Europe Ltd. It was established in Istanbul on August 13, 2020 and operates in the field of biometric recognition and identity verification technologies, crypto signing and cyber security solutions.

##### **Idea Farm Ventures Limited (“Idea Farm”)**

Idea Farm was founded in 2016 in the UAE and operates in investment activities.

##### **İnovaban İnovasyon ve Finansal Danışmanlık Anonim Şirketi (“İnovaban İnovasyon”)**

İnovaban İnovasyon, was established in 2018 in Istanbul for the purpose of providing financial consulting and developing projects in R&D fields.

##### **İpek Güneş Enerjisi Üretim Anonim Şirketi (“İpek”)**

İpek, was established in 2018 in Ankara for the purpose of providing solar energy services. The power plant operates in Çalkışla Village in Erzincan.

##### **Kaplan Gözü Solar Enerji Üretim Anonim Şirketi (“Kaplan Gözü”)**

Kaplangözü was established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Doğalar Village in Kütahya.

##### **Kasımpatı Solar Enerji Üretim Anonim Şirketi (“Kasımpatı”)**

Kasımpatı was established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Akkaynak Village in Ankara.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

### 1 Reporting Entity (continued)

#### 1.5 Entities in banking and finance segment (continued)

##### **Kazakhstan Ijara**

Kazakhstan Ijara Company KIC Leasing was established in 2013, in Kazakhstan for the purpose of operating in financial leasing sector.

##### **Kuvars Solar Enerji Üretim Anonim Şirketi (“Kuvars”)**

Kuvars was established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Değişören in Eskişehir.

##### **Lapis Solar Enerji Üretim Anonim Şirketi (“Lapis”)**

Lapis was established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Çifteler in Eskişehir.

##### **Leylak Solar Enerji Üretim Anonim Şirketi (“Leylak”)**

Leylak, established in 2017 in Istanbul for the purpose of providing solar energy services. The power plant operates in Karaalan in Eskişehir.

##### **Lilyum Solar Enerji Üretim Anonim Şirketi (“Lilyum”)**

Lilyum, established in 2017 in Istanbul for the purpose of providing solar energy services. The power plant operates in Karaalan in Eskişehir.

##### **Martı Solar Enerji Üretim Anonim Şirketi (“Martı”)**

Martı, was established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Akkaynak Village in Ankara.

##### **Mehtap Güneş Enerjisi Üretim Anonim Şirketi (“Mehtap”)**

Mehtap, was established in 2018 in Ankara for the purpose of providing solar energy services. The power plant operates in Çalkışla Village in Erzincan.

##### **N Kolay Ödeme ve Elektronik Para Kuruluşu A.Ş.**

N-Kolay was established in 2014 in Istanbul for the purpose of providing bill payment point service to its customers.

##### **Nilüfer Solar Enerji Üretim Anonim Şirketi (“Nilüfer”)**

Nilüfer, was established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Akkaynak Village in Ankara.

##### **Oniks Solar Enerji Üretim Anonim Şirketi (“Oniks”)**

Oniks, established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Çifteler in Eskişehir.

##### **Opal Solar Enerji Üretim Anonim Şirketi (“Opal”)**

Opal, established in 2018 in Istanbul for the purpose of providing solar energy services. The power plant operates in Çifteler in Eskişehir.



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

### 1 Reporting Entity (continued)

#### 1.5 Entities in banking and finance segment (continued)

##### **Passo Spor Oyunları Kulübü Yazılım ve Pazarlama A.Ş. (“Passo Spor”)**

Passo Spor was established in 2019 within the body of E-Kent Geçiş Sistemleri ve Biletleme Teknolojileri Anonim Şirketi in order to engage in software development and marketing activities.

##### **Pavo Finansal Teknoloji Çözümleri A.Ş.**

Pavo operates in the area of new generation payment recorders import, manufacture, sales and technical services.

##### **Secom Aktif Elektronik Güvenlik Çözümleri A.Ş. (“Secom Aktif Güvenlik”)**

Secom Aktif Güvenlik, whose previous title was Kent Güvenlik Sistemleri Elektronik İnşaat Sanayi ve Ticaret A.Ş. has been purchased by Secom Aktif Güvenlik Yatırım A.Ş. on March 31, 2019.

##### **Secom Aktif Güvenlik Yatırım Anonim Şirketi (“Secom Aktif Yatırım”)**

Secom Aktif Yatırım was established on February 28, 2019 in order to engage in electronic security solutions.

##### **Seher Güneş Enerjisi Üretim Anonim Şirketi (“Seher”)**

Seher, was established in 2018 in Ankara for the purpose of providing solar energy services. The power plant operates in Çalkışla Village in Erzincan.

##### **Sigorta Yeri ve Reasürans Brokerliği**

Sigortayeri provides insurance products through the virtual and physical multi-channel structure that are shaped according to the needs of potential policyholders in order to operate insurance brokerage.

##### **Silent Valley Partnership (“Silent Valley”)**

Silent Valley was established and operates in the construction sector in the TRNC in 2016.

##### **Tanyeri Güneş Enerjisi Üretim Anonim Şirketi (“Tanyeri”)**

Tanyeri, was established in 2018 in Ankara for the purpose of providing solar energy services. The power plant operates in Çalkışla Village in Erzincan.

##### **Tasfiye Halinde Haliç Finansal Kiralama Anonim Şirketi (“Haliç”)**

Haliç Leasing was established in 2004, in Türkiye for the purpose of operating in financial leasing sector. 32 percent of the Haliç Leasing’s shares were acquired by the Group on 11 October 2016.

##### **Turkuvaz Solar Enerji Üretim Anonim Şirketi (“Turkuvaz”)**

Turkuvaz, was established in 2018 in İstanbul for the purpose of providing solar energy services. The power plant operates in Doğalar in Kütahya.

##### **Ufuk Games Enerjisi Üretim Anonim Şirketi (“Ufuk”)**

Ufuk, was established in 2018 in Ankara for the purpose of providing solar energy services. The power plant operates in Çalkışla Village in Erzincan.

##### **UPT Ödeme Hizmetleri ve Elektronik Para A.Ş.**

UPT was established for the purpose of electronic money transfer and payment services.

##### **Yakamoz Güneş Enerjisi Üretim Anonim Şirketi (“Yakamoz”)**

Yakamoz, was established in 2018 in Ankara for the purpose of providing solar energy services. The power plant operates in Çalkışla Village in Erzincan.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

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### 1 Reporting entity (continued)

#### 1.6 Entities in mining segment

Company name	Type of partnership	Country
Artmin Madencilik Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Turkiye
Bakırtepe Madencilik San. ve Tic. A.Ş.	Joint venture	Turkiye
Kartaltepe Madencilik Sanayi ve Ticaret Anonim Şirketi	Joint venture	Turkiye
Lidya Aurasia	Subsidiary	Uzbekistan
Lidya Madencilik Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Turkiye
Lidya Mali SA (*)	Subsidiary	Mali
Lor Dafrique Sarlu	Subsidiary	Guinea
Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Turkiye
Tunçpınar Madencilik Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Turkiye

(\*) The company joined the Group in 2022.

#### Artmin Madencilik Sanayi ve Ticaret Anonim Şirketi (“Artmin Madencilik”)

Artmin Madencilik (formerly known as AMG mineral Madencilik Anonim Şirketi) was established by AMG Mineral Inc in 2011 in Ankara for prospection and buying business licence, buying and selling mine site, managing and participating the mine tender. In 2015, the Group started to control the Artmin Madencilik by acquiring shares by 70 percent.

#### Bakırtepe Madencilik Sanayi ve Ticaret Anonim Şirketi (“Bakırtepe”)

Bakırtepe Madencilik San. ve Tic. A.Ş. It was established in 2021. Headquartered in Ankara, the company operates in the Gümüşhane region. As of the reporting date, the ownership rates in Bakırtepe, a joint venture of Lidya Maden and Alacer, are 30 percent and 70 percent, respectively (31 December 2021: Lidya Maden: 50 percent, Alacer: 50 percent).

#### Kartaltepe Madencilik Sanayi ve Ticaret Anonim Şirketi (“Kartaltepe”)

Kartaltepe was established in 2011 as a wholly owned subsidiary of YAMAS. Kartaltepe is registered in Ankara, Türkiye and is engaged in the operation of mining in Erzincan region. As at reporting date, Kartaltepe is a joint venture of Lidya Madencilik Sanayi ve Ticaret Anonim Şirketi (“Lidya Maden”) and YAMAS with an ownership structure of 20 percent and 80 percent, respectively. (2021: Lidya Maden: 50 percent, Alacer: 50 percent).

#### Lidya Aurasia

Lidya Aurasia was registered in 2019 with the aim of directly or indirectly conducting geological research studies, operating various mines and producing concentrate. The headquarters of the company is in Uzbekistan.



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

### 1 Reporting entity (continued)

#### 1.6 Entities in mining segments (continued)

##### Lidya Madencilik Sanayi ve Ticaret Anonim Şirketi (“Lidya Maden”)

Lidya Maden was established in 2006 in Istanbul to explore all kind of metal and mineral products and to participate in mining companies.

##### Lidya Mali SA

Lidya Mali SA was registered in 2022 to directly or indirectly conduct geological surveys, operate various mines and produce concentrates. Lidya Mali SA is headquartered in the Republic of Mali.

##### Lor Dafrique Sarlu (“Lor Dafrique”)

Lor Dafrique Sarlu was registered in 2021 with the aim of directly or indirectly conducting geological research studies, operating various mines and producing concentrates. The company is headquartered in Guinea.

##### Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi (“Polimetal”)

Polimetal was incorporated in 2011 as a wholly owned subsidiary of Yeni Anadolu Mineral Madencilik Sanayi ve Ticaret Ltd. Şti. (“YAMAS”). Polimetal is registered in Ankara, Türkiye and is engaged in the development and operation of mining assets. The parties discussed the purchase of the remaining 50% shares of Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi, one of the joint ventures in which the Company has 50% share, from Alacer Gold Madencilik AŞ, and a share transfer agreement was signed with the Board of Directors decision on 3 January 2020.

##### Tunçpınar Madencilik Sanayi ve Ticaret Anonim Şirketi (“Tunçpınar”)

Tunçpınar was established in 2011 as a wholly owned subsidiary of Alacer. Tunçpınar is registered in Ankara, Turkey and is engaged in the operation of mining in Tunceli region. As of December 21, 2021, it has been decided that Tunçpınar Madencilik Sanayi ve Ticaret A.Ş., of which SSR Group has a 50- 50 shareholding, will be transformed into a new partnership structure with 70 percent Lidya and 30 percent SSR, and Lidya to be the operator in 2022. On the other hand, it has been decided that the Kazıkbeli license, which is under the responsibility of Polimetal, will be transferred to Bakırtepe Madencilik Sanayi ve Ticaret A.Ş. with 70 percent SSR and 30 percent Lidya, and SSR will become the operator.

#### 1.7 Entities in other segment

Company name	Type of partnership	Country
Başak Yönetim Sistemleri Anonim Şirketi	Subsidiary	Türkiye
Cetel Telekom İletişim Sanayi ve Ticaret Anonim Şirketi (“Cetel Telekom”)	Subsidiary	Türkiye
Çalık Dijital ve Bilişim Hizmetleri Anonim Şirketi	Subsidiary	Türkiye
Çalık Hava Taşımacılık Turizm Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Türkiye
Çalık Pamuk Doğal ve Sentetik Elyaf Ticaret Anonim Şirketi	Subsidiary	Türkiye
Çalık Petrol Arama Üretim Sanayi ve Ticaret A.Ş.	Subsidiary	Türkiye
Çalık Tarım Ürünleri Lisanlı Depoculuk Anonim Şirketi	Subsidiary	Türkiye
İrmak Yönetim Sistemleri Anonim Şirketi	Subsidiary	Türkiye
İkideniz Petrol ve Gaz Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Türkiye

##### Başak Yönetim Sistemleri Anonim Şirketi (“Başak Yönetim”)

Başak Yönetim was established in 2008 for the purpose of building and operating of electricity production facility and producing, selling and marketing of electricity with the name “Başak Enerji Elektrik Üretim Sanayi ve Ticaret Anonim Şirketi”. The former name of company, was changed on 11 April 2013 as “Başak Yönetim Sistemleri Anonim Şirketi”.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

### 1 Reporting entity (continued)

#### 1.7 Entities in other segment (continued)

##### **Cetel Telekom**

Cetel Telekom was established in 2007 in Istanbul. The principal activities are telecommunication, multimedia, internet and data transportation.

##### **Çalık Dijital ve Bilişim Hizmetleri Anonim Şirketi (“Çalık Dijital”)**

Çalık Dijital (formerly known as Dore Altın ve Madencilik Anonim Şirketi) was established in 2010 in Istanbul for the purpose of mining, operating, purchasing and renting underground and surface mine and natural resources in accordance with existing regulations, to purchase prospecting license, to demand operating right and to take over mining rights. The former name of company, was changed on 8 December 2017 as Çalık Dijital ve Bilişim Hizmetleri Anonim Şirketi (“Çalık Dijital”).

##### **Çalık Hava Taşımacılık Turizm Sanayi ve Ticaret Anonim Şirketi (“Çalık Hava”)**

Çalık Hava was established in 2010 in Istanbul for the purpose of providing every kind of air transportation activity, scheduled or unscheduled domestic and abroad air transportation, arranging passenger and freight cargo transportation.

##### **Çalık Pamuk Doğal ve Sentetik Elyaf Ticaret Anonim Şirketi (“Çalık Pamuk”)**

Çalık Pamuk started its operations under Çalık Holding in 2011. Çalık Pamuk beside trading cotton also provides consultancy services in all cotton related subjects. Çalık Pamuk procures cotton from both abroad and within Türkiye mainly from USA and also from India, Central Asia, Africa, Greece and Turkish Southeast and provides services to cotton using textile companies both foreign and local companies.

##### **Çalık Petrol Arama Üretim Sanayi ve Ticaret A.Ş. (“Çalık Petrol”)**

Çalık Petrol was founded in 2012 and the company was sold to family members in 2019. The company was purchased from family members on 31 December 2021. The company is registered in Ankara and is engaged in natural gas and oil, exploration, production, distribution, sale, transmission and trade. As of the reporting period, Çalık Petrol is 80 percent subsidiary of Çalık Holding A.Ş.

##### **Çalık Tarım Ürünleri ve Lisanslı Depoculuk Anonim Şirketi (“Çalık Tarım”)**

Çalık Tarım was established in 2017 in order to provide licensed warehousing services for the conservation of agricultural products under the license and for the purpose of commercial storage.

##### **İrmak Yönetim Sistemleri Anonim Şirketi (“İrmak Yönetim”)**

İrmak Yönetim, formerly known as “İrmak Enerji Elektrik Üretim Madencilik Sanayi ve Ticaret Anonim Şirketi”, was established in 2008 for the purpose of building and operating electricity production facility and producing, selling and marketing of electricity. The name was changed on 11 April 2013 as “İrmak Yönetim Sistemleri Anonim Şirketi”.

##### **İkideniz Petrol ve Gaz Sanayi ve Ticaret Anonim Şirketi (“İkideniz Petrol”)**

İkideniz Petrol was established in 2008 for the purpose of importing, exporting, distributing, operating



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 2 Basis of preparation

#### (a) Statement of compliance

The consolidated financial statements of the Group are in accordance with the provisions of the "Communiqué on Principles of Financial Reporting in the Capital Markets" (Communiqué Serial II, No. 14.1) published in the Official Gazette dated 13 June 2013 and numbered 28676, Public Oversight, Accounting and Audit. It has been prepared on the basis of Turkish Financial Reporting Standards ("TFRS") and related annexes and comments, in line with international standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). TFRS is updated through communiqués to ensure parallelism with the changes in Turkish Financial Reporting Standards ("TFRS").

Financial statements and footnotes have been presented in accordance with the "2019 TAS Taxonomy" announced by the POA with its resolution dated 7 June 2019.

Consolidated financial statements have been approved by the Company's Board of Directors on 7 June 2023 for publication.

#### Going concern

Consolidated financial statements have been prepared on the basis of going concern, assuming that the Company and its subsidiaries included in consolidation will benefit from its assets and fulfill its obligations in the natural flow of its activities in the next year.

#### b) Adjustment of the consolidated financial statements in high inflation periods

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of an hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. TAS 29 describes characteristics that may indicate that an economy is hyperinflationary and it recommends all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. In the announcement published by the Public Oversight Accounting and Auditing Standards Authority (POB) on January 20, 2022, it is stated that TAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the TFRS financial statements as of December 31, 2021. Nevertheless, the Authority has not published any announcement on whether the entities would restate their financial statements for the accounting period ending on 31 December 2022 in accordance with TAS 29. In this context, since there is no consensus on the application of inflation accounting in TFRS financial statements throughout the country, financial statements as of December 31, 2022 are not adjusted for inflation in accordance with TAS 29 in order to ensure comparability.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

### As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

## 2 Basis of preparation (continued)

### c) Basis of Measurements

The consolidated financial statements have been prepared on the historical cost basis and for the Turkish entities as adjusted for the effects of inflation that lasted by 31 December 2004, except for the following:

- derivative financial instruments are measured at fair value,
- non-derivative financial assets at fair value OCI are measured at fair value
- assets and liabilities held for sale are measured at the lower of their carrying amount and fair value less costs to sell,
- non-derivative financial assets at fair value through profit or loss are measured at fair value,
- investment property is measured at fair value.

The methods used to measure the fair values are discussed further in Note 37.

### (d) Functional and presentation currency

Çalık Holding determined its functional currency is Turkish Lira (“TL”) as at 30 June 2018 and earlier. As of 1 July 2018, The Group’s subsidiaries mainly operating in Energy and Construction sectors that are comprised significant part of Group’s revenue has almost completed their projects in Türkiye and focused on foreign projects. In addition, the main operation of the Company concentrated abroad where potential dividend income also can be obtained. In accordance with IAS 21 “The Effects of Changes in Foreign Exchange Rates” The Group management decided to change functional currency from TL to USD and it will be appropriate to apply as at 1 July 2018. The Company changed its functional currency into USD in accordance with IAS 21 “The Effects of Changes in Foreign Exchange Rates” due to intensification of the activities of the Group companies abroad and the changes in the dividend policies as of 1 July 2018.

The accompanying consolidated financial statements are presented in United States Dollar (“USD”) except as otherwise indicated, financial information presented in USD has been rounded to the nearest thousand.

Financial statements prepared in US Dollars which is the current currency, have been translated into the reporting currency “TL” as described below;

As of 31 December 2022, balance sheet accounts have been issued by T.C. The Central Bank (TCMB), has been converted into TL with the US Dollar buying rate of 1 USD = 18,6983 TL (31 December 2021: 1 USD = 13,329 TL).

Profit or loss and other comprehensive income statements for the period ended 31 December 2022 have been converted to TL with an annual average of 1 USD = 16,5659 (31 December 2021: 1 USD = 8,8719 TL)

The translation differences resulting from the above translations are shown in the “foreign currency translation differences” account under the Comprehensive Income and Reclassified to Profit or Loss account group.



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

### As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

## 2 Basis of preparation (*continued*)

### e) *Use of estimates and judgements*

The preparation of the consolidated financial statements in conformity with TFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas at estimation uncertainty and critical judgment in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in the following notes:

- Note 3 (e) and (f) – Useful lives of property and equipment and intangible assets including goodwill
- Note 10 – Financial investments
- Note 12 – Trade receivables and payables
- Note 16 – Prepayments and deferred revenue
- Note 21 – Investment property
- Note 25 – Derivatives
- Note 27 – Provisions
- Note 29 – Taxation
- Note 37 – Financial instruments – Fair values and risk management (*including fair value explanations*)

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

### As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

## 2 Basis of preparation (continued)

### f) Comparative information and adjustment of prior period financial statements

Significant changes or material errors in accounting policies are adjusted retrospectively by rearranging the financial statements of the previous period. The effect of changes in accounting estimates affecting the current period has been recognized in the current period; The effects of changes in accounting estimates that affect current and future periods are recognized in the current and future periods.

The financial statements of the Group are prepared comparatively with the previous period in order to allow the determination of financial status and performance changes. Comparative information is reclassified when necessary and important differences are explained in order to comply with the presentation of the current period financial statements. The Group has made some classifications in the financial statements of the previous period in the current period. The nature and amounts of the classifications are described below.

In the consolidated financial statements for the year ended December 31, 2021 and 2020, the following classifications have been made in order to comply with the presentation of the current period;

31 December 2021			
	<i>Previously Reported</i>	<i>Restated</i>	<i>Adjustments</i>
Inventories	249.758	251.568	1.810
Investments in equity-accounted investees	179.053	177.618	(1.435)
Property, plant and equipment	443.242	460.790	17.548
Intangible assets	114.991	158.378	43.387
Short term liabilities	1.460.175	1.460.031	(144)
Short term portion of long-term loans and borrowings	158.546	158.545	(1)
Long term liabilities	451.132	450.999	(133)
Deferred tax liabilities	26.563	32.654	6.091
Items that are or will not be reclassified to profit or loss	(5.211)	(5.153)	58
Items that are or may be reclassified to profit or loss	(846.610)	(834.106)	12.504
Retained earnings	1.179.643	1.204.195	24.552
Net profit for the period	511.975	523.067	11.092
Non-controlling interests	156.056	163.347	7.291

31 December 2020			
	<i>Previously Reported</i>	<i>Restated</i>	<i>Adjustments</i>
Inventories	228.773	228.774	1
Financial investments - long term	1.874.350	1.876.437	2.087
Investments in equity-accounted investees	222.015	222.031	16
Property, plant and equipment	562.406	564.814	2.408
Intangible assets	128.008	153.718	25.710
Short term liabilities	1.663.719	1.699.259	35.540
Short term portion of long-term loans and borrowings	177.312	175.796	(1.516)
Long term liabilities	536.264	502.266	(33.998)
Deferred tax liabilities	52.753	39.529	(13.224)
Items that are or will not be reclassified to profit or loss	(2.604)	(2.545)	59
Items that are or may be reclassified to profit or loss	(337.031)	(323.327)	13.704
Retained earnings	842.023	928.775	86.752
Net profit for the period	359.209	297.014	(62.195)
Non-controlling interests	118.480	123.580	5.100



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

### As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

## 2 Basis of preparation (continued)

### f) Comparative information and adjustment of prior period financial statements (continued)

As of 31 December 2021, the following adjustments have been made in the profit or loss statement in order to comply with the current period;

31 December 2021			
	<i>Previously Reported</i>	<i>Restated</i>	<i>Adjustments</i>
General and administrative expenses	(236.511)	(218.754)	17.757
Research and development expenses	(12.500)	(13.917)	(1.417)
After-tax share of profits/(losses) on investments accounted for using the equity method	(3.423)	(4.903)	(1.480)
Other income from main operations	125.314	137.715	12.401
Other operating expenses	(138.257)	(148.221)	(9.964)
Income from investment activities	168.434	177.645	9.211
Expenses from investment activities	(58.275)	(58.275)	--
Financing revenues	193.844	191.774	(2.070)
Financing expenses	(222.235)	(208.293)	13.942
Deferred tax income / (expense)	43.895	31.723	(12.172)
Total other comprehensive income	804.141	832.611	28.470
Total comprehensive income	1.330.990	1.370.306	39.316

As of 31 December 2021, the following adjustments have been made in the cash flow statement to ensure compliance with the current period;

31 December 2021			
	<i>Previously Reported</i>	<i>Restated</i>	<i>Adjustments</i>
A. Cash flows from operating activities	181.059	181.060	1
B. Cash flows from investing activities	(619.639)	(630.226)	(10.587)
C. Cash flows from financial activities	(476.908)	(477.212)	(304)

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 2 Basis of preparation (continued)

#### f) Comperative information and adjustment of prior period financial statements (continued)

As of December 31, 2021, the Group has reviewed the consolidated financial statements of the previous period and restated them. The major effects of restatement are as follows:

- a) Gold is a financial asset traded all over the world. Gold prices are determined in ounces. 1 ounce equals 31.1 grams. While the price of gold bar is determined in the London Metal Exchange with the fixing method, Gold Futures Contracts, which are preferred more by institutional investors, are traded mainly in New York COMEX. Among the most important economic developments and data affecting gold prices are the US Federal Reserve ("FED") statements, FOMC meeting minutes, relatively high-importance data from China, the US, and the Eurozone (growth rate, non-farm employment, unemployment rate, retail sales, housing price indices, factory orders, manufacturing sector data) and physical demand from countries such as India should be considered. In addition to these, factors such as economic growth in the world, oil prices, prices of other precious metals and commodities, gold production in gold mines, purchases, and sales of central banks for reserve purposes, in flation also affect the gold price.

In line with the explanations above, it is known that the Company's subsidiaries and joint ventures mainly operate in the "gold and silver mining" sector, all of their sales are consist of gold and silver sales, and the equivalent of sales and billing currency are US dollars. Polimetal Madencilik Sanayi ve Ticaret A.Ş. started its sales in November 2021 and continued its mining investment until this date. In the period when mining investments continue, most of the investments consist of expenditures of analysis, drilling, consultancy, etc. are US Dollar. Also, the borrowing currencies belonging to the "Payables to Shareholders", which funds these expenditures, are also US dollar. Foreign origin equipment used in the investment period was purchased in US dollar. While the payments for equipment and other construction works procured from Turkey are mostly made in Turkish lira, the prices of related investment materials are determined by the international prices of commodities such as iron and steel, oil prices and the US dollar exchange rate. In line with the explanations mentioned above, the functional currency of the subsidiaries of Group which are Artmin Madencilik Sanayi ve Ticaret A.Ş. and Polimetal Madencilik Sanayi ve Ticaret A.Ş., which was previously determined as Turkish lira, Group management has evaluated that the functional currency should be US dollar since its establishment and retrospective non-monetary items (capital, inventory, development costs and other fixed assets) with their investment historical costs and restated consolidated financial statements with US dollar as the functional currency.

- b) The Group has re-evaluated the deferred tax calculation of "Financial instruments at fair value through profit or loss" and recalculated the deferred tax liability, which was previously calculated on the whole, retrospectively, using 75 percent profit exemption.
- c) As of December 31, 2021 and 2020, the Group has reviewed the maturities of financial liabilities and the classifications of related party balances and reclassified.
- d) Çalık Holding purchased 80 percent of Çalık Petrol Arama Üretim Sanayi ve Ticaret A.Ş. on December 31, 2021 and provisionally accounted for it in the consolidated financial statements of Çalık Holding on December 31, 2021, using the acquisition method in accordance with TFRS 3 Business Combinations Standard. As a result of the distribution of the purchase price and the reduction of the purchase price on 31 December 2022, the net assets of the Company were recalculated and recorded as a final result.



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 2 Basis of preparation (continued)

#### g) The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2022 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and IFRIC interpretations effective as of 1 January 2022 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 at January 1, 2022 are as follows:

##### Amendments to TFRS 3 – Reference to the Conceptual Framework

In July 2020, POA issued amendments to TFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of TFRS 3. At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments must be applied prospectively.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

##### Amendments to TAS 16 – Proceeds before intended use

In July 2020, POA issued amendments to TAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

##### Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract

In July 2020, POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a "directly related cost approach". Amendments must be applied prospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

### 2 Basis of preparation (continued)

#### g) The new standards, amendments and interpretations (continued)

##### Annual Improvements – 2018–2020 Cycle

In July 2020, POA issued Annual Improvements to TFRS Standards 2018–2020 Cycle, amending the followings:

- *TFRS 1 First-time Adoption of Turkish Financial Reporting Standards – Subsidiary as a first-time adopter:* The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.
- *TFRS 9 Financial Instruments – Fees in the “10 per cent test” for derecognition of financial liabilities:* The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other’s behalf.
- *TAS 41 Agriculture – Taxation in fair value measurements:* The amendment removes the requirement in paragraph 22 of TAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of TAS 41.

The Group is in the process of assessing the impact of the amendments on 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 be affecting 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.

The Group will wait until the final amendment to assess the impacts of the changes.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

### 2 Basis of preparation (continued)

#### g) The new standards, amendments and interpretations (continued)

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

#### **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. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted.

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

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

In January 2020 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.

Overall, the Group expects no significant impact on its balance sheet and equity. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

#### **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 issued to TAS 8 are effective for annual periods beginning on or after 1 January 2023. 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. Earlier application is permitted.

Overall, the Group expects no significant impact on its balance sheet and equity. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

### 2 Basis of preparation (continued)

#### g) The new standards, amendments and interpretations (continued)

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

#### 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. The amendments issued to TAS 1 are effective for annual periods beginning on or after 1 January 2023. 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.

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

#### 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 issued to TAS 12 are effective for annual periods beginning on or after 1 January 2023. 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 recognised 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. 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.

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

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## Notes to Consolidated Financial Statements

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(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

### 2 Basis of preparation (continued)

#### g) The new standards, amendments and interpretations (continued)

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

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

In January 2023, POA issued amendments to TFRS 16. The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. In applying requirements of TFRS 16 under “Subsequent measurement of the lease liability” heading after the commencement date in a sale and leaseback transaction, the seller lessee determines ‘lease payments’ or ‘revised lease payments’ in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining ‘lease payments’ that are different from the general definition of lease payments in TFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with TAS 8. A seller-lessee applies the amendments to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. A seller-lessee applies the amendments retrospectively in accordance with TAS 8 to sale and leaseback transactions entered into after the date of initial application of TFRS 16.

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

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 3 Significant accounting policies

#### a) *Basis of consolidation*

The accompanying consolidated financial statements include the accounts of the parent company, Çalık Holding, its subsidiaries, joint arrangements and associates on the basis set out in sections below. The financial statements of the entities included in the consolidation have been prepared as at the date of the consolidated financial statements.

#### i) *Business combinations*

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards are required to be exchanged for awards held by the acquiree's employees, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

#### ii) *Non-controlling interests*

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### a) Basis of consolidation (continued)

##### iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

##### iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

##### v) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within the Group equity and any gain/loss arising is recognised directly in equity.

##### vi) Associates (Equity-accounted investees)

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

##### vii) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns. They are classified and accounted for as follows:

- Joint operation – when the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement, it accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.
- Joint venture (equity-accounted investees) – when the Group has rights only to the net assets of the arrangements, it accounts for its interest using the equity method.

The accompanying consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of joint ventures, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### a) Basis of consolidation (continued)

When the Group's share of losses exceeds its interest in a joint venture, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

#### viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

In consolidation of operating results and financial positions of subsidiaries whose functional currency is other than USD, main consolidation transactions are made such as elimination of related party balances and transactions. But, a monetary asset (or liability) of related parties regardless of short-term or long-term (except for monetary items which are part of net investment of the Group in its subsidiaries whose functional currency is different than USD) can not be eliminated with related party liability (or related party asset) without presenting results of fluctuation of foreign currencies in consolidated financial statements. Because, a monetary item provides obligation of translation of any currency to other currency and makes the Group exposed to gain or losses arising from fluctuation of foreign currencies. Correspondingly, these kind of foreign exchange differences are recognized in profit or loss of consolidated financial statements of the Group.

#### b) Foreign currency

##### i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- an investment in equity securities designated as at FVOCI (2020: available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss)
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective
- qualifying cash flow hedges to the extent that the hedges are effective.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### b) Foreign currency (continued)

The following significant foreign exchange rates are applied as at 31 December 2022 and 31 December 2021 are as follows:

<u>End of month</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
EUR / TL	19,9349	15,0867
USD / TL	18,6983	13,3290
EUR / USD	1,0661	1,1319
 <u>Cumulative average</u>		
EUR / TL	17,3775	10,4572
USD / TL	16,5659	8,8719
EUR / USD	1,0490	1,1787

#### ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into euro at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into euro at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in OCI and presented in the revaluation reserve. Any loss is recognised in profit or loss. However, to the extent that an amount is included in the revaluation surplus for that property, the loss is recognised in other comprehensive income and reduces the revaluation surplus within equity.

#### c) Financial instruments

##### *Initial Recognition and measurement*

At initial recognition Group classifies its financial assets in three categories as; financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

##### **Subsequent measurement and classification**

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

##### *a. Financial assets measured at amortized cost*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### c) Financial instruments (continued)

##### Subsequent measurement and classification (continued)

###### a. Financial assets measured at amortized cost (continued)

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes cash and cash equivalents, trade receivables and other receivables.

###### b. Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

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

The Group's debt instruments measured at fair value through other comprehensive income include investments in listed instruments.

In the initial recognition of an equity investment that is not held for trading, the Group may irrevocably choose to present subsequent changes in fair value in other comprehensive income. This selection is made separately for each investment.

The accounting policies below apply to gains and losses from subsequent measurements:

<b>Debt instruments measured at fair value through other comprehensive income</b>	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.
<b>Equity instruments measured at fair value through other comprehensive income</b>	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### c) Financial instruments (continued)

##### c. Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss.

#### Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The contractual rights to receive cash flows from the asset have expired, or
- The Group has transferred its contractual rights to receive cash flows from the asset, or retains the contractual rights to receive the cash flows of the financial asset but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group transfers a financial asset, it evaluates the extent to which it retains the risks and rewards of ownership of the financial asset. When the Group has transferred its contractual rights to receive cash flows from an asset and neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement.

#### Impairment

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

ECLs are recognised in two stages:

- 12-month ECL: For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months,
- Lifetime ECL: For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure.

For trade receivables, other receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The expected credit losses were calculated based on a provision matrix that is based on the Group's historical credit loss experience, considering for forward-looking factors.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### c) Financial instruments (continued)

##### c. Financial assets at fair value through profit or loss (continued)

###### i) Financial liabilities

###### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, borrowings and derivative financial instruments.

###### **Subsequent measurement**

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- **Financial liabilities at fair value through profit or loss**

This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by TFRS 9. Gains and losses are recognised in the statement of profit or loss.

- **Financial liabilities at amortised cost**

After initial recognition, borrowings and trade and other payables are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of profit or loss.

###### **Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

###### ii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

###### **Derivative financial instruments and hedging activities**

Derivative financial instruments are initially recognised at the acquisition cost reflecting the fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The derivative instruments of the Group mainly consist of foreign exchange forward contracts and currency/interest rate swap instruments. These derivative transactions, even though providing effective economic hedges under the Group risk management position, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for trading in the consolidated financial statements. The fair value changes for these derivatives are recognised in the consolidated income statement.



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### c) *Financial instruments (continued)*

##### *Service concession arrangements*

Service concession arrangements are defined within scope of TFRIC 12 as those whereby a government or other body grants contracts for the supply of public services – operations such as roads, energy distribution, prisons or hospitals –to private operators. The Group's electricity distribution and meter reading service businesses are in the scope of service concession agreements.

Considering the Group's terms in the service concession arrangements, a financial asset model where the Group recognises a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor has been applied, since the right to receive cash for the distribution and meter reading services are constituted through actual billing to subscribers where the distribution and meter reading service components of the billing are already specified or determinable through the regulated tariffs by EMRA.

The Group has measured the financial asset at fair value, with the effective interest method which is calculated by discounting estimated future cash receipts with regards to the compensation of TOR and the initial and annual capital expenditures made by the Group, through the expected life of the arrangement and set "Financial Asset Related to Concession Agreements" on the balance sheet and recognizes the revenue on an effective interest method as "Finance Income from Service Concession Arrangements"

##### *Security deposit*

According to the Article 26 of Electricity Market Customer Services Regulation, legal entities which have retail electricity sale licenses, can demand security deposits from their subscribers in order to deduct customers' debts in case of possible inability to pay energy consumption fee due to address change and/or cease of retail sale agreements or termination of retail sale agreements.

Security deposits received from current subscribers are recognised in the "payables to third parties" item at the adjusted values based on inflation applicable to reporting dates using Consumer Price Index ("CPI") rates. Security deposits valuation expenses and realised security deposit expenses are recognised as finance cost in profit or loss.

#### d) *Repurchase transactions*

The Group enters into purchases/sales of investments under agreements to resell/repurchase substantially identical investments at a certain date in the future at a fixed price. Investments purchased subject to commitments to resell them at future dates are not recognised. The amounts paid are recognised as "Receivables related to finance sector operations" in the accompanying consolidated financial statements. The receivables are shown as collateralized by the underlying security.

Investments sold under repurchase agreements continue to be recognised in the consolidated statement of financial position and are measured in accordance with the accounting policy for either assets held for trading, held to maturity or available-for-sale as appropriate. The proceeds from the sale of the investments are reported as funds from repo transactions presented under "Payables related to finance sector operations".

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## Notes to Consolidated Financial Statements

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### 3 Significant accounting policies (continued)

#### (e) Property, plant and equipment

##### i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- cost of materials and direct labor;
- any other costs directly attributable to bringing the asset to a working condition for its intended use;
- when the Group has an obligation to remove the assets or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the asset) is recognised in "Gain from investing activities" or "Loss from investing activities" under profit or loss.

##### ii) Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in OCI and presented in the revaluation reserve. Any loss is recognised in profit or loss. However, to the extent that an amount is included in the revaluation surplus for that property, the loss is recognised in other comprehensive income and reduces the revaluation surplus within equity.

##### iii) Subsequent costs

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

##### iv) Depreciation

Items of property, plant and equipment are depreciated from the date that they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### (e) Property, plant and equipment (continued)

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

<u>Description</u>	<u>Year</u>
Buildings	50
Machinery and equipments	1-40
Vehicles	5-10
Furniture and fixtures	3-15
Other tangible assets	5-15
Leasehold improvements	2-50

Leasehold improvements are depreciated on a straight-line basis over the shorter of the lease terms or their useful lives.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

#### f) Intangible assets and goodwill

##### i) Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

##### Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses (see accounting policy 3(j) ii). In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee.

##### ii) Other intangible assets

Other intangible assets of the Group mainly consist of licences for oil exploration, hydroelectric power generation, wind power generation and liquefied natural gas import, electricity distribution rights and computer software acquired by the Group, which have finite useful lives, and are measured at cost less accumulated amortisation and any accumulated impairment losses, if any.

##### iii) Subsequent expenditures

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated and brands, is recognised in profit or loss as incurred.

##### iv) Amortisation

Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

Amortisation of service concession rights acquired by the Group is recognised in profit or loss on a straight-line basis over their respective concession periods.

Amortisation of electricity distribution rights is based on the fair value of the asset which is acquired through business combination under scope of TFRS 3 "Business Combinations". The remaining amortisation period for electricity distribution rights are 26 years which is the service concession period of YEDAŞ as it was acquired by ÇEDAŞ. Licences and other intangible assets including computer software are amortised between 10 and 50 years and 2 and 10 years, respectively.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### g) *Investment property*

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Rental income from other property is recognised as other income.

#### h) *Inventories*

Inventories are measured at the lower of cost and net realisable value. The cost of trading goods and finished goods are based on the weighted average method and includes expenditure and other costs incurred in bringing them to their existing location and condition.

Cost of trading properties are determined on cost or deemed cost method by the entities operating in construction business. Trading properties comprised lands that are held for construction projects to sell and cost of buildings that are held for trading purposes.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

#### i) *Construction contracts in progress / deferred revenue*

Construction contracts in progress represent the gross unbilled amount expected to be collected from customers for contract work performed to date. Construction contracts in progress is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditures related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Construction contracts in progress is presented as "Due from customers for contract work" within trade receivables in the consolidated statement of financial position for all contracts in which the sum of costs incurred and recognised expected losses plus recognised profits exceed progress billings. If the sum of progress billings and recognised expected losses exceed cost incurred plus recognised profits, then the difference is presented as "Due to customers for contract work" within deferred income in the consolidated statement of financial position.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. Revenue measurements are based on estimates that are revised as events and uncertainties are resolved. Cost and revenues may be revised based on variations to the original contract, penalties on delays, cost escalation clauses and other similar items. These revisions are recognised in the consolidated financial statements as they are incurred. Revenue incentive are recognised as revenue to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised to the extent of costs incurred that are probable of recovery. Costs are recognised as an expense as they are incurred.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### i) Construction contracts in progress / deferred revenue (continued)

##### *Contract assets*

It is used to monitor the assets defined as contract assets in TFRS 15. According to TFRS 15, contract assets are the right to receive the fee, in exchange for the goods or services that the business transfers to the customer, which is bound to another condition (for example, the future performance of the business), except that time has passed.

The total amount of the contract assets is shown separately in the statement of financial position. In addition, the companies divide the contract assets into sub-items according to the type of contract they are born (in the form of contract assets arising from ongoing construction and contracting works, contract assets arising from sales of goods and services, other contract assets).

##### *Contract Liabilities*

It is used for monitoring the obligations defined as contractual obligation in TFRS 15. According to TFRS 15, the contractual obligation is the obligation of the business to transfer the goods or services to the customer in exchange for the amount collected (or entitled to be collected) from the customer.

Before a good or service is transferred to the customer, the contractual obligation arises if the customer has the right to pay the price or the entity has unconditional right to receive the price (in other words, a receivable).

The total amount of contractual obligations is shown separately in the statement of financial position. In addition, the companies divide their contractual obligations into sub-items according to the type of contract they are born (in the form of contractual obligations arising from ongoing construction and contracting works, contractual obligations from sales of goods and services, other contractual obligations).

#### j) Impairment

##### i) Non-derivative financial assets

*Policy applicable from 1 January 2018*

##### *Financial instruments and contract assets*

The Group recognises loss allowances for ECLs on:

- Financial assets measured at amortised cost;
- Debt investments measured at FVOCI; and
- Contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
  - Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.
- Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### j) *Impairment (continued)*

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

#### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

#### *Credit-impaired financial assets*

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 730 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or the disappearance of an active market for a security because of financial difficulties.

#### *Presentation of allowance for ECL in the statement of financial position*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

#### *Write-off*

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 730 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

#### k) *Assets held for sale or distribution*

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### k) *Assets held for sale or distribution (continued)*

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment

losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

#### l) *Employee benefits*

##### i) *Reserve for employee severance indemnity*

Reserve for employee severance indemnity represents the present value of the estimated future probable obligation of the Group arising from the retirement of the employees of the Group's entities operating in Türkiye and calculated in accordance with the Turkish Labour Law. It is computed and reflected in the consolidated financial statements on an accrual basis as it is earned by serving employees. The computation of the liabilities is based upon the retirement pay ceiling announced by the Government. The ceiling amounts applicable for each year of employment were USD 1.069 and USD 814 (equivalent to TL 19.982,83 and TL 10.848,59 respectively) at 1 January 2023 and 2022, respectively.

TFRSs require actuarial valuation methods to be developed to estimate the entity's obligation under defined benefit plans. The total liability for employee severance benefit was calculated by an independent actuary based on past service cost methodology using the observable statistical market data such as mortality, inflation and interest rates or retirement pay ceilings applicable to the relevant periods and assumptions derived from the specific historic date of the Group such as retention and employee turnover rates or salary increase rates.

Income ceiling calculation for the Group's entities holding electricity distribution and retail sale license per the service concession agreement is updated yearly in accordance with EMRA decision No. 2991 dated 28 December 2010 to compensate the expenditures (such as employee benefit costs) relevant to the operations performed under these licenses as they incurred. Accordingly, the employee severance indemnity amounting to USD 919 (31 December 2021: USD 1.078) had no effect on the Group's consolidated financial statements since the same amount will be compensated by the Government as an adjusting item in the following income ceiling calculation.

Actuarial gains/losses are comprised of adjustment of difference between actuarial assumptions and results and change in actuarial assumptions. Because of the adoption of IAS 19 (2011), all actuarial differences have to be recognised in other comprehensive income. However due to insignificance of the balances, the Group has recognised any actuarial differences on reserve for employee severance indemnity profit or loss.

Reserve for employee severance indemnity is not subject to any statutory funding.

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due. The Group's banking subsidiary in Albania makes compulsory social security contributions that provide pension benefits for employees upon retirement. The local authorities are responsible for providing the legally set minimum threshold for pensions in Albania under a defined contribution pension plan.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### l) *Employee benefits (continued)*

##### ii) *Defined benefit plans*

The Group's banking subsidiary in Albania created a fully employer sponsored pension plan fund-Staff Support Program during 2002. The amount charged to this fund (SSP) was decided as 5 percent of yearly budgeted personnel salary expenses.

The amount due to employees based on the above plan would be grossed up by the interest that will accrue from the date the employees leave the Group's banking subsidiary in Albania until their retirement. It would be paid to employees only when they reach the Albanian statutory retirement age, in monthly instalments equal to a minimum of 75 percent of their state monthly pension until the accumulated fund for the employee is consumed.

Based on the Board of Directors resolution effective on 30 September 2010, the Group's banking subsidiary in Albania stopped the investment in this fund (SSP), by transforming it into the Staff Retention Credit Program (SRCP). The demographic changes in labour force during the last ten years and the employees' average age at 31, where 80 percent of employees are below the age of 40, has resulted in SSP not being attractive for most employees of the Group's banking subsidiary in Albania, as it can only be enjoyed at retirement. In contrast, SRCP will be more readily beneficial for all staff of the Group's banking subsidiary in Albania, as it will provide consumer and home loans with preferential terms. The entire due amount calculated for eligible employees in Staff Support Program has been frozen on the same date. The frozen amount due to change of SSP into SRCP on 30 September 2010 and the corresponding annual interest that will be gained by the investment in AAA sovereign bonds in the future until retirement age, is recorded as a liability by the Group's banking subsidiary in Albania.

##### iii) *Vacation pay liability*

Short-term employee benefit obligations are consisting of reserve for the vacation pay liability due to the earned and unused vacation rights of its employees of the Group's Turkish entities, and measured on an undiscounted basis and are recognised in profit or loss as the related service is provided.

#### m) *Provisions*

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

##### i) *Provisions for EMRA regulations*

In case of incompliance with the Electricity Market Act numbered 6446 which is effective after the publication on the Official Gazette dated 30 March 2013, numbered 28603 as well as with the regulations and communiqués promulgated by EMRA, EMRA sends a letter notifying the reason and related penalty fee with payment maturity to the Group. Although these penalties generally are paid in advance, some payments could be delayed until the final confirmation is reached in case of disagreement with EMRA. Based on the final conclusions of the legal department of the Group and assumption/analysis made by the Group management, required provision is made on the consolidated statement of the financial position when the notification is received.

##### ii) *Onerous contracts*

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### n) Revenue

##### *General model for revenue recognition*

TFRS 15 requires revenue recognition for all contracts with customers to follow the five-step approach to revenue recognition.

##### *Step 1: Identifying the contract*

A contract exists only if it is legally enforceable, the collection of the consideration is probable, the rights to goods and services and payment terms can be identified, the contract has commercial substance; and the contract is approved, and the parties are committed to their obligations.

If either contract were negotiated as a single commercial package, or consideration in one contract depends on the other contract or goods or services (or some of the goods or services) are a single performance obligation the Group accounts the contracts as a single contract.

##### *Step 2: Identifying the performance obligations*

The Group defines 'performance obligation' as a unit of account for revenue recognition. The Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation either a good or service that is distinct; or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer. A contract may contain promises to deliver a series of distinct goods or services that are substantially the same. At contract inception, an entity determines whether the series of goods or services is a single performance obligation.

##### *Step 3: Determining the transaction price*

In order to determine the transaction price, the Group assesses how much consideration it expects to be entitled to by fulfilling the contract. In arriving at the assessment, the Group considers variable elements of consideration, as well as the existence of a significant financing component.

##### *Significant financing component*

The Group revises the promised amount of consideration for the effect of a significant financing component to the amount that reflects what the cash selling price of the promised good or service. As a practical expedient, the Group does not adjust the transaction price for the effects of a significant financing component if, at contract inception, the entity expects the period between customer payment and the transfer of goods or services to be one year or less. In cases where advance for the services are received and the payment scheme is broadly aligned with the Group's performance throughout the period, the Group concludes that the period between performance and payment is never more than 12 months, therefore the expedient is applied.

##### *Variable consideration*

The Group identifies items such as price concessions, incentives, performance bonuses, completion bonuses, price adjustment clauses, penalties.

##### *Step 4: Allocating the transaction price to performance obligations*

If distinct goods or services are delivered under a single arrangement, then the consideration is allocated based on relative stand-alone selling prices of the distinct goods or services (performance obligations). If directly observable stand-alone selling prices are not available, the total consideration in the service contracts is allocated based on their expected cost plus a margin.



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### n) Revenue (continued)

##### *Step 5: Recognition of revenue*

The Group recognises revenue over-time if any of the following conditions is met:

- Customer simultaneously receives and consumes the benefits as the entity performs, or
- The customer controls the asset as the entity creates or enhances it, or
- Group's performance does not create an asset for which the entity has an use; and alternative there is a right to payment for performance to date.

For each performance obligation that is satisfied over time, an entity selects a single measure of progress, which depicts the transfer of control of the goods or services to the customer. The Group uses a method that measures the work performed reliably. The Group uses cost incurred to measure the progress towards to completion of the project where the input method is used and uses units transferred to measure the progress towards to completion of the project where the output method is used. If a performance obligation is not satisfied over time, then the Group recognises revenue at the point in time at which it transfers control of the good or service to the customer.

The Group recognises a provision in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits.

##### *Rental income*

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from investment property is recognised as other income from operating activities.

##### *Sale of trading properties*

Revenue from the sale of trading properties during ordinary activities is measured at the fair value of the consideration received or receivable, net of discounts. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. If it is probable that discounts will be granted, and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sale is recognised.

Transfers of risks and rewards vary depending on the terms of the sale contract. For the sale of trading properties, transfer occurs when the property has been delivered to and registered in the name of the buyer officially.

#### i) Energy business

The Group recognizes revenue when the goods or services is transferred to the customer and when performance obligation is fulfilled. Goods is counted to be transferred when the control belongs to the customer.

The entity recognizes revenue based on the following main principles:

- Identification of customer contracts
- Identification of performance obligations
- Determination of transaction price in the contract
- Allocation of price to performance obligations
- Recognition of revenue when the performance obligations are fulfilled

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

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(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### n) Revenue (continued)

The Group recognizes revenue from its customers only when all of the following criteria are met:

- The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
- The entity can identify each party's rights regarding the goods or services to be transferred,
- The entity can identify the payment terms for the goods or services to be transferred;
- The contract has commercial substance,
- It is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due.

At the contract inception date, the Group evaluates the goods and services committed to be provided to the customer based on the contract and identifies each commitment as a separate performance obligation. In addition to that, the Group determines whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time.

When another party is involved in providing goods or services to a customer, the group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself or to arrange for the other party to provide those goods or services. The Group is a principal if it controls a promised good or service before the group transfers the good or service to a customer. When a group that is a principal satisfies a performance obligation, it recognizes as revenue the gross amount of consideration which it expects to be entitled to in exchange for those goods or services. The Group is an agent if its performance obligation is to arrange for the provision of goods or services by another party and in such a position, the Group does not recognize the revenue of the consideration at gross amount.

The Group determines the transaction price in accordance with contract terms and customs of trade. Transaction price is the amount of consideration which is expected to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The Group allocates the transaction price to each performance obligation (or distinct goods or services), by reference to the consideration is considered to be deserved in return of the goods and services transferred to the customer. In this allocation, the Group allocates the transaction price determined in the contract to the standalone independent sales prices of these goods and services, where the Group identifies the prices of goods and services committed to be provided in the contract at the date of the inception of the contract and allocates the transaction price on these independent relative prices proportionally.

If the aggregate independent sales prices of the goods and services undertaken in the contract exceeds the transaction price in the contract, the customer has received discount on the purchase of goods or services. The Group allocates the discount to the all performance obligations retained in the contract proportionally except for the circumstances where there are observable inputs indicating that, the discount is provided for some but not all of the performance obligations.

Distribution part of the revenue is composed of distribution, meter reading services, transmission and theft and loss components. Distribution and meter reading service components are considered within the content of service concession arrangements due to the regulations of Energy Market Regulatory Authority ("EMRA"). Additionally, according to the Electricity Market Law, the Electricity Market Tariffs Communiqué and other related regulations, the Group's distribution, transmission and meter reading services are subject to revenue caps which cover operating expenses and investment requirements related to distribution and meter reading services. Moreover, transmission revenue is a complete pass-through of transmission costs as charged by Türkiye Elektrik İletim A.Ş. ("TEİAŞ"). These regulations guarantee revenue to the Group during the transition period regardless of the consumption level. The underbillings or overbillings made by the Group are adjusted by EMRA in the tariffs to be effective in two years.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### n) **Revenue** (continued)

##### i) **Energy business** (continued)

Revenue, (excluding the distribution business) is recognized upon delivery of electricity or upon fulfilment of services. Delivery is deemed complete when the risk and rewards associated with ownership has been transferred to the buyer as contractually agreed, compensation has been contractually established and collection of the resulting receivable is probable. The Group recognizes retail revenue only from illumination customers due to the regulations of the EMRA announced after the legal unbundling. Revenue from the sale and delivery of electricity is measured at the fair value of the consideration received or receivable. The estimated value of the electricity supplied but not invoiced to the customers is considered for the measurement of revenue.

##### *Distribution of electricity revenue*

Invoices of the subscribers other than residential and commercial companies are issued monthly at the end of each month by the retail companies whereas the invoices of the residential subscribers are issued continuously during each month due to the high number of subscribers in this group. Commercial group subscribers are also issued continuously during the month due to the high number of customers in this group although the subscribers with high consumption level are billed at the end of the month. As a result, the estimated value of the electricity distributed including the theft and loss, but not invoiced to subscribers by the retail companies is considered for the measured revenue.

Due to the fact that the electricity could not be stored, the purchase and sales realizes simultaneously and accordingly revenue and cost of revenue are recognized at the transaction time. Monthly invoicing is made at the month ends and the Group management monitors closely at period ends and the delays of 5-10 days in electricity usage count do not have a significant impact on the accompanying financial statements. Revenue from the sale of electricity to subscribers is stated, net of returns. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the subscribers. Transfer of risk and rewards depends on the consumption of electricity by subscribers.

#### **Service Concession Arrangements**

Service concession arrangements are defined within scope of TFRIC 12 as those whereby a government or other body grants contracts for the supply of public services – operations such as roads, energy distribution, prisons or hospitals – to private operators. The Group's electricity distribution and meter reading service businesses are in the scope of service concession agreements.

Considering the Group's terms in the service concession arrangements, a financial asset model where the Group recognises a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor has been applied, since the right to receive cash for the distribution and meter reading services are constituted through actual billing to subscribers where the distribution and meter reading service components of the billing are already specified or determinable through the regulated tariffs by EMRA.

The Group has measured the financial asset at fair value, with the effective interest method which is calculated by discounting estimated future cash receipts with regards to the compensation of TOR and the initial and annual capital expenditures made by the Group, through the expected life of the arrangement and set "Financial Asset Related to Concession Agreements" on the balance sheet and recognizes the revenue on an effective interest method as "Finance Income from Service Concession Arrangements".



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

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### 3 Significant accounting policies (continued)

#### n) **Revenue** (continued)

##### i) **Energy business** (continued)

###### *Investment Income*

Under the terms of contractual agreements covered by TFRS Comment 12, the Company acts as a service provider. It builds or renovates the infrastructure used to deliver a public service (construction or renovation services) and operates and maintains the infrastructure for a specified period (Operating services). The Company recognizes its revenue by TFRS 15, "Revenue from Contracts with Customers", for the services it performs. The company calculates the profit margin between the construction phase and active concession contracts by considering the difference between the cost of a base price and the actual cost by EMRA.

###### *Interest revenue*

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Interest income related to service concession arrangements are recognized in accordance with Service Concession Arrangements ("TFRIC 12"). Interest income on receivable from concession arrangement is recognised on a time-proportion basis using the effective interest method.

#### **Electricity retail revenue**

Invoices of the subscribers other than residential and commercial companies are issued monthly at the end of each month by the retail companies whereas the invoices of the residential subscribers are issued continuously during each month due to the high number of subscribers in this group. Commercial group subscribers are also issued continuously during the month due to the high number of customers in this group although the subscribers with high consumption level are billed at the end of the month. As a result, the estimated value of the electricity distributed including the theft and loss, but not invoiced to subscribers by the retail companies is considered for the measured revenue.

In accordance with the relevant provisions of EMRA's regulation, electricity retail sale service is defined in Electricity Market Law and Electricity Market License Communiqué promulgated by EMRA as other services such as invoicing or collection provided to the customers excluding the sale of electricity and/or capacity, the services provided by companies holding retail sale licenses to consumers. Electricity retail sale service fee included in the invoices issued by the Group contains invoicing costs, consumer services costs, capital expenditures relevant to the electricity retail sale services. Electricity retail sale service fee is applied to all customers who purchase energy from the Group.

##### ii) **Banking and finance business**

###### *Interest income / expense*

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

The calculation of the effective interest rate includes all fees and commissions paid or received transaction costs, and discounts or premiums that are integral part of the effective interest rate. Interest income and expense on all trading assets and liabilities are considered to be incidental to the Group's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in "Revenue from finance sector operations" item in profit or loss.

Interest income and expense presented in profit or loss include the interest income on financial assets and liabilities at amortised cost on an effective interest rate basis.

# Çalık Holding Anonim Şirketi and its Subsidiaries

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### 3 Significant accounting policies (continued)

#### n) Revenue (continued)

##### ii) Banking and finance business (continued)

###### *Fees and commission*

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Other fees and commission income are recognised as the related services are provided. Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

###### *Net trading income*

Net trading income comprises gains less loss related to trading assets and liabilities, and includes all realised and unrealised fair value changes and foreign exchange differences.

##### iii) Telecommunication business

Revenues are recognised to the extent that it is probable that economic benefits will flow to the Group and their amount can be measured reliably. Revenues are stated net of discounts, allowances, and returns.

###### *Services rendered*

Revenues from services rendered are recognized in the profit or loss according to the stage of completion of the service and only when the outcome of the service rendered can be estimated reliably.

###### *Monthly subscription fee*

Revenue related to the monthly service fees is recognised in the month that the telecommunication service is provided.

###### *Usage charges and value-added services fees*

Call fees consist of fees based on airtime and traffic generated by the caller, the destination of the call and the service utilised. Usage charges are based on traffic, usage of airtime or volume of data transmitted for value added services, such as short message services, internet usage and data services. Revenues from usage charges and value-added services are recognised in the period when the services are provided. Unbilled revenues from the billing cycle dating to the end of each month are estimated based on traffic and are accrued at the end of the month.

Revenue from the sale of internet services through contracts for leased lines is recognized in the profit or loss over the course of the contract. Revenue from the sale of prepaid access internet cards and access mobile cards is recognized in profit or loss at the time of usage.

Traffic revenues from interconnection and roaming are reported gross of the amounts due to other telecom operators.

Revenues from prepaid airtime are recorded on the basis of the airtime used at the predefined prices per minute. Deferred revenues for unused airtime are recorded as "Deferred revenue" in the consolidated statement of financial position.

###### *Sales of goods*

Revenue from the sale of modems and mobile phones is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer (i.e. upon delivery of goods), recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### n) **Revenue** (continued)

##### iv) *Other businesses*

Revenue from the sale of goods during ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and allowances and trade discounts. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. If it is probable that discounts will be granted, and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sale is recognised.

Transfers of risks and rewards vary depending on the individual terms of the contract of sale. Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

##### v) *Commissions*

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

#### o) **Research and development costs**

Expenditure on research activities is recognised in profit or loss when incurred.

#### p) **Dividend income**

Dividend income is recognised on the date that the Group's right to receive payment is established. Dividend payables are recognised after the dividend distribution approval in the General Assembly.

#### r) **Right-of-use assets and leases liabilities**

##### i) *Right-of-use asset*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- a) the amount of the initial measurement of the lease liability,
- b) any lease payments made at or before the commencement date, less any lease incentives received,
- c) any initial direct costs incurred by the Group.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use assets are subject to impairment.

##### ii) *Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### r) *Right-of-use assets and leases liabilities (continued)*

##### ii) *Lease liabilities (continued)*

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

##### iii) *Short-term leases and low-value leases*

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

#### s) *Finance income and finance cost*

Finance income comprises foreign currency gains (excluding those on trade receivables and payables), and gains on derivative instruments used for economic hedge for the foreign currency risk of the borrowings or interest rate risk exposures originating from the borrowings that are recognised in profit or loss (excluding other trading derivatives held by the banking subsidiaries of the Group). Interest income obtained from related parties for the funds provided is recognised as it accrues, using the effective interest method.

Finance cost comprises interest expense on borrowings and due to related parties for the funds received, foreign currency losses (excluding those on trade receivables and payables), and losses on derivative instruments used for economic hedge for the foreign currency or interest rate risk exposures originating from the borrowings that are recognised in profit or loss (excluding other trading derivatives held by the banking subsidiaries of the Group).

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either other income or expense depending on whether foreign currency movements are in a net gain or net loss position by each entity of the Group.

#### t) *Other income and expenses from operating activities*

Except for banking and finance operations, other income from operating activities comprises interest income on time deposits that is recognised as it accrues in profit or loss, using the effective interest method, recoveries reversal from provision for doubtful receivables and inventories, rediscount gains on payables, foreign currency gains (excluding those on borrowings), change of fair value on service concession agreement and other operating income.

Except for banking and finance operations, other expenses from operating activities comprise commission expenses for letter of credits, provision expense for doubtful receivables and inventories, donations, rediscount losses on payables, foreign currency losses (excluding those on borrowings) and other operating expenses. Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position by each entity of the Group.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### u) *Income and losses from investing activities*

Income from investing activities comprises gain on sale of property, plant and equipment and intangible assets, fair value gain of financial assets at fair value through profit or loss from the operations other than those held by finance sector entities of the Group, available for sale financial assets and financial assets at fair value through profit or loss, gain on derivative instruments (including other trading derivatives held by the finance sector entities of the Group), fair value gains on investment property and other income from investing activities.

Losses from investing activities comprises gain on sale of property, plant and equipment and intangible assets, fair value loss on investment property, fair value loss of financial assets at fair value through profit from the operations other than those held by finance sector entities of the Group or loss on derivative financial instruments (including other trading derivatives held by the finance sector entities of the Group) and other losses from investing activities.

#### v) *Income tax*

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

##### *Current tax*

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

##### *Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group can control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### v) *Income tax (continued)*

##### *Deferred tax (continued)*

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

##### *Transfer pricing in Türkiye*

Transfer pricing is disclosed in the 13th clause of the Corporate Tax Law under the heading “veiled shifting of profit” via transfer pricing. The application details are stated in the “general communiqué regarding veiled shifting of profits via transfer pricing” published on 18 November 2007.

If the taxpayer involves in transactions with related parties relating to trading of products or goods not performed within the framework of the principals regarding to pricing according to peers, then it will be considered that the related profits are shifted in a veiled way via transfer pricing. Such veiled shifting of profits via transfer pricing will not be deducted from tax assessment for the purposes of corporate tax.

The provisions concerning to the “thin capitalisation” are stated in the Article 12 of new corporate tax law issued by Ministry of Finance of Türkiye. According to the Article 12, if the borrowings obtained directly or indirectly from the shareholders of the companies or persons related to shareholders exceeds three times of the shareholders' equity of the company operating in Türkiye at any time during the related year, the exceeding portion of the borrowing will be treated as thin capital.

The financial borrowings were regarded as thin capitalisation provided with:

- The borrowings obtained directly or indirectly from the shareholders of the companies or persons related to shareholders
- Used for/in the entity
- Borrowings exceeds three times of the shareholders' equity of the company at any time during the related year.

#### w) *Segment reporting*

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the CEO (“Chief Executive Officer”) and BOD members to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

#### x) *De-merger/ Spin off*

Economically a de-merger represents a division of an entity into separate parts. The result of a de-merger is that the same shareholders own the same group of businesses; the shareholders structure and their ownership interests are identical both before and after the de-merger. In the absence of further guidance in TFRS, the Group has accounted the de-merger by recognising the book values.

#### y) *Contingent assets and liabilities*

If the inflows of the economic benefits to the Group are probable, contingent assets are disclosed in the notes to the consolidated financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the consolidated financial statements in the period in which the change occurs.

Contingent liabilities are assessed continuously to determine whether an outflow of resources embodying economic benefits has become probable. Unless the possibility of any outflow in settlement is remote, contingent liabilities are disclosed in the notes to the financial statements.



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### z) Subsequent events

Subsequent events represent the events after reporting date comprising any event between the reporting date and the date of authorisation for the consolidated financial statements' issue to the benefit or loss of the entity. Conditions of subsequent events are as follows:

- to have new evidences of subsequent events as of reporting date (adjusting events); and
- to have evidences of related subsequent events occurred after reporting date (non-adjusting).

The Group adjusts its consolidated financial statements according to the new condition if adjusting subsequent events arise after the reporting date. If it is not necessary to adjust the consolidated financial statements according to subsequent events, these subsequent events must be disclosed in the notes to the consolidated financial statements.

#### aa) Statement of cash flows

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities reflect cash flows mainly generated from main operations of the Group. The Group presents the cash flows from operating activities by using the indirect method such as adjusting the accruals for cash inflows and outflows from gross profit/loss, other non-cash transactions, prior and future transactions or deferrals.

Cash flows from investment activities reflect cash used in investment activities (direct investments and financial investments) and cash flows generated from investment activities of the Group.

Cash flows relating to financing activities reflect sources of financial activities and payment schedules of the Group.

Cash and cash equivalents comprise cash on hand and demand deposits, investment funds, reverse repo receivables and other bank deposits whose maturities are three months or less from date of acquisition. Any restricted cash and cash equivalents that are not ready for the Group's use as at the reporting date, are excluded from the sum of the cash and cash equivalent in the consolidated statement of cash flows.

#### ab) Related parties

Parties are considered related to the Group if:

(a) Directly, or indirectly through one or more intermediaries, the party:

- (i) controls, is controlled by, or is under common control with the Group (this includes parent, subsidiaries and fellow subsidiaries);
- (ii) has an interest in the Group that gives it significant influence over the Group; or
- (iii) has joint control over the Group;

(b) the party is an associate of the Group;

(c) the party is a joint venture/operation in which the Group is a venturer;

(d) the party is member of the key management personnel of the Group and its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled or significantly influenced by, or for which significant voting power in such entity resides with directly or indirectly, any individual referred to in (d) or (e);

(g) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

Several transactions are entered into with related parties in the normal course of business.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

### As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

#### **4 Acquisition and disposals of subsidiary and non-controlling interest**

##### **4.1 Acquisitions of non-controlling interests without change in control during 2022**

*Oniki Teknoloji A.Ş.*

E-post Elektronik Perakende Otomasyon Satış Ticaret A.Ş. on 13 May 2022, based on the simplified merger method and 30 June 2022 balance sheets merged in.

*Polimetal Mineral Madencilik Sanayi ve Ticaret Anonim Şirketi*

Lidya Madencilik Sanayi ve Ticaret A.Ş., based on the 31 December 2022 balance sheets with the facilitated merger method in December 2022 merged in.

##### **4.2 Acquisitions of non-controlling interests with change in control during 2022**

*Aktif Ventures Teknoloji ve Pazarlama Anonim Şirketi*

Aktif Ventures Teknoloji ve Pazarlama Anonim Şirketi was transferred to the investment fund in March 2022.

*Anateks Anadolu Tekstil Fabrikaları A.Ş.*

Anateks Anadolu Tekstil Fabrikaları A.Ş. Bilabel was transferred to Gap Pazarlama A.Ş on 1 December 2022.

*Çalık Alexandria*

Çalık Denim company transferred its control in Çalık Alexandria to Gap Pazarlama A.Ş, one of Çalık Alexandria's other partners, on January 1, 2022 and did not participate in the capital increase in 2022.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 4 Acquisition and disposals of subsidiary and non-controlling interest (continued)

#### 4.3 Acquisitions of non-controlling interests without change in control during 2021

##### Çalık Finansal Hizmetler

On September 9 2021, Çalık Finansal Hizmetler merged with Çalık Holding A.Ş., one of the group companies, based on the June 30, 2021 balance sheets with the facilitated merger method.

#### 4.4 Acquisitions of non-controlling interests with change in control during 2021

##### Akılcı Bilişim Hizmetleri ve Danışmanlık Anonim Şirketi

On September 9 2021, as a result of the general assembly resolution by Akılcı Bilişim Hizmetleri ve Danışmanlık Anonim Şirketi all of the shares corresponding to 85 percent of ÇEDAŞ company shares were transferred. As a result of this transaction, the company left the group.

##### Çalık Enerji Dubai FZE

Çalık Enerji Dubai FZE company was closed on 15 November, 2021.

##### ÇL Enerji Üretim ve İnşaat A.Ş.

ÇL Enerji Üretim ve İnşaat Anonim Şirketi ("ÇL Enerji") left Limak İnşaat, which has 50 percent subsidiary, and passed to Çalık Enerji A. Ş. with 100 percent ownership. (2020: Çalık Energy: 50 percent Limak Construction 50 percent)

##### Çalık Petrol

80 percent of the company's shares transferred to Çalık Holding A.Ş. Çalık Holding A.Ş. owns 80 percent of the company.

##### Doğu Aras Enerji Yatırımları Anonim Şirketi

20 percent of the company shares were sold as a public offering. The ownership rate for the period 31 December 2021 was 40 percent (2020: 50 percent).

##### Eurokos Dd. L.L.C

Eurokos Dd L.L.C. was established in the Republic of Kosovo in 2018 for power plant construction and operation, electricity generation, electricity sales and marketing. Çalık Enerji became a partner of Eurokos Dd. L.L.C in 2021.

##### UPT Lithuania UAB

UPT Lithuania UAB company was liquidated on 22 June 2021.

## 5 Business Acquisitions

### Acquisition of Cetel Telekom İletişim Firm by 4IG Nyılvanosan Mukodo

Cetel Telekom signed a contract for sale of shares through which Cetel Telekom sells to 4IG NYILVANOSAN MUKODO RESZVENYTARSASAG ("4iG"), its shares in Albtelecom, which constitutes 80,27 percent of the entire share capital of the Company. 80.27 percent of Cetel Telekom's shares were transferred to 4iG, with the closing date on March 4, 2022, within the scope of the agreement between CETEL TELEKOM İLETİŞİM SANAYİ VE TİCARET ANONİM ŞİRKETİ as Seller, 4iG as Buyer and ÇALIK HOLDİNG ANONİM ŞİRKETİ as Guarantor.

	28 February 2022
Transferred price	--
Cash and cash equivalents of the subsidiary sold	(1.539)
<b>Cash outflows related to acquisitions</b>	<b>(1.539)</b>



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

### As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

#### 5 Business acquisitions (continued)

The fair value of the identifiable assets and liabilities of Çalık Petrol as of 31 December 2022 is as follows:

	28 February 2022
<b>Current assets</b>	
Cash and cash equivalents	1.539
Trade receivables	7.141
Other receivables	508
Receivables related to customer contracts	238
Inventories	2.936
Prepayments	2.355
Current tax assets	745
Other current assets	101
<b>Non- current assets</b>	--
Other receivables	176
Property, plant and equipment	167.584
Right of use assets	23.721
Intangible assets	17.925
<b>Total assets</b>	<b>224.969</b>
<b>Short term liabilities</b>	
Short term loans and borrowings	9.828
Short term portion of long term loans and borrowings	4.001
Trade payables	22.493
Payables related to employee benefits	751
Other payables	3.644
Deferred revenue	469
Short term provisions	622
Other short term liabilities	583
<b>Long term liabilities</b>	--
Long term loans and borrowings	104.803
Other payables	34.685
Deferred revenue	2.179
Long term provisions	905
Deferred tax liabilities	5.723
<b>Total liabilities</b>	<b>190.686</b>
<b>Total identifiable net assets/liabilities</b>	<b>34.283</b>
<b>Translation difference</b>	<b>(30.484)</b>
<b>Total identifiable net assets/liabilities</b>	<b>3.799</b>
<b>Sales price</b>	<b>--</b>
<b>Total sales loss</b>	<b>3.799</b>
<b>Ownership rate</b>	<b>80,27%</b>
<b>Total sales loss reflected in the profit and loss statement</b>	<b>3.049</b>

(\*) Since the share transfer of Albtelecom took place on 4 March 2022 and the income statement amount for the 28 February-4 March 2022 period is insignificant, the income statement dated 28 February 2022 has been consolidated.

#### Acquisition of Anateks Anadolu Tekstil Firm by Gap Pazarlama Anonim Şirketi

On 1 December 2022, Gap Pazarlama company purchased the shares of Anateks Anadolu Tekstil Companies free of charge. As of the merger date, no payment has been made for the shares of Anateks, and USD 18.166 (TL 338.150.276), which is calculated over the net assets of the company at the merger date, has been accounted for as impairment.

	1 December 2022
Transferred price	--
Cash and cash equivalents of the subsidiary sold	(98)
<b>Cash outflows related to acquisitions</b>	<b>(98)</b>

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 5 Business Acquisitions (continued)

	1 December 2022
<b>Current assets</b>	
Cash and cash equivalents	99
Trade receivables	--
Due from shareholders	418
Inventories	6.688
Deferred expenses and other receivables	382
Other current assets	94
<b>Non-current assets</b>	
Property, plant and equipment	1.791
<b>Total assets</b>	<b>9.472</b>
<b>Short term liabilities</b>	
Trade payables	26.295
Other short term liabilities	12
<b>Long term liabilities</b>	--
Deferred tax liabilities	1.330
<b>Total liabilities</b>	<b>27.637</b>
<b>Total identifiable net assets/liabilities</b>	<b>18.165</b>
<b>Ownership rate</b>	<b>100%</b>
<b>Subsidiary net asset</b>	<b>18.165</b>
<b>Goodwill impairment (note 34)</b>	<b>18.165</b>

### The acquisition of Çalık Petrol Arama Üretim Sanayi Ticaret A.Ş. by Çalık Holding A.Ş.

Çalık Holding A.Ş., one of the main partners of the Group, acquired 80 percent of Çalık Petrol Arama Üretim Sanayi Ticaret A.Ş. for USD 29.564 (TL 550.246) on 31 December 2021. Çalık Petrol Search Production Industry and Trade Inc. engages in oil exploration and production for the energy sector. The acquisition transaction was provisionally accounted for in the consolidated financial statements using the purchase method in accordance with TFRS 3 Business Combinations. Final accounting was made on 31 December 2022 and negative goodwill of USD 4.422 (TL 58.939) was accounted for in the consolidated profit or loss statement of 31 December 2022.

	1 December 2022
Transferred price	41.282
Cash and cash equivalents of the subsidiary sold	(11.128)
<b>Cash outflows related to acquisitions</b>	<b>30.154</b>

As of 31 December 2021, the fair values of the identifiable net assets and liabilities of Çalık Petrol Arama Üretim Sanayi Ticaret A.Ş. are as follows:

	1 December 2022	Restate	1 December 2022
<b>Current assets</b>			
Cash and cash equivalents	11.128	--	11.128
Trade receivables	2.108	--	2.108
Other receivables	83	--	83
Inventories	1.080	--	1.080
Prepayments	977	--	977
<b>Non-current assets</b>			
Trade receivables	17	--	17
Property, plant and equipment	754	--	754
Intangible assets	7.369	45.281	52.650
Prepayments	119	--	119
Deferred tax assets	302	--	302
<b>Total assets</b>	<b>23.937</b>	<b>45.281</b>	<b>69.218</b>

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 5 Business Acquisitions (continued)

	1 December 2022	Restate	1 December 2022
<b>Short term liabilities</b>			
Trade payables	987	--	987
Payables related to employee benefits	13	--	13
Other payables	4	--	4
Deferred revenue	974	--	974
Current tax liability	395	--	395
Short term provisions	14	--	14
Other short term liabilities	611	--	611
<b>Long term liabilities</b>			
Other long term liabilities	35	--	35
Deferred tax liabilities	--	9.056	9.056
<b>Total liabilities</b>	<b>3.033</b>	<b>9.056</b>	<b>12.089</b>
<b>Total identifiable net assets/liabilities</b>			<b>57.129</b>
<b>Ownership rate</b>			<b>80%</b>
<b>Subsidiary net asset</b>			<b>45.704</b>
<b>Purchase price</b>			<b>(29.564)</b>
<b>Goodwill balance in consolidated statements (note 34)</b>			<b>(4.422)</b>

### 6 Discontinued operation and disposal group held for sale

The Group reclassified assets and liabilities of Çalık Alexandria operating in textile sector as "Assets held for sale" as the Group plans to dispose its production and retail facilities of this subsidiary. All assets and liabilities of this subsidiary except the cash and cash equivalents have been classified as "Assets held for sale" and "Liabilities held for sale" in the consolidated financial statements, respectively. In addition, properties acquired as a result of legal proceedings of uncollectable loans and receivables of banking sector operations have been re-presented under "Assets held for sale".

As at 31 December 2022, assets and liabilities including those of discontinued operations are USD 41.684 and USD -- (31 December 2021: USD 59.949 and USD 739), respectively, and details are as follows:

<b>Assets held for sale</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Property, plant and equipment (*)	41.684	52.622
Inventories	--	6.301
Intangible assets	--	23
Other assets	--	1.003
	<b>41.684</b>	<b>59.949</b>
<b>Liabilities held for sale</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Trade payables	--	623
Other liabilities	--	116
	<b>--</b>	<b>739</b>

(\*) Real estate held for sale in return for trade receivables in the marketing sector amounting to USD 1.044 (31 December 2021: USD 1.044) in tangible assets, and real estates amounting to USD 40.640 (December 31, 2021: USD 41.837) acquired as a result of the legal follow-up of the loans and receivables, which are in the nature of loss in the banking sector. As of 31 December 2022, there are no assets and liabilities held for sale in the textile industry (31 December 2021: USD 9.741).



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

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(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 7 Operating segments

The Group has six reportable segments, as described below, which are largely organised and managed separately according to the nature of products and services provided, distribution channels and profile of customers.

Assets, liabilities, profit and measurement of financial results of the segments are dependent to accounting policies of the Group. Segment operating profit, assets and liabilities consist of items directly belonging to these segment or items that can be distributed fairly.

The Group's main reportable operating segments are as follows:

*Energy:* Entities in energy segment operate in sale of electricity, operation of natural gas and crude oil resources, maintenance and repair services, exploration-production of these resources and sale and transportation of these resources to international markets.

*Construction:* Entities in construction segment are operating in construction, contracting and decoration businesses both within Turkey and abroad. In addition, these entities are managing mining of all kinds of minerals, marble, lime, clay, coal and stone as long as the necessary permits are granted and trading of marble, store cutting machines with its spare parts, ceramic floor and wall tiles both within the country and abroad. These entities are also providing services for land development and project development services for urban renewal, office residential and housing markets.

*Textile:* Entities in textile segment mainly deal with production and trading activities of yarn, texture and ready wear besides providing consulting services related to importation and exportation of cotton.

*Marketing:* Entities in marketing segment mainly supplies goods used in the production and the domestic or foreign projects carried out mainly by the Group entities.

*Mining:* Entities in the mining division mainly deal with engages in exploration activities for metal and mineral products, investing in mining companies, developing mining assets and operating mine sites, purchasing and selling mining licenses and mining sites, and participating in mining tenders.

*Banking and finance:* Entities in banking and finance segment mainly provides commercial and investment banking, financial leasing, insurance, project financing, other financial services, trading of marketable securities and credit financial services.

*Other:* Entities in other segment mainly engage in electronic fee collection, organisation, mining, transportation energy licence procurement and various services.

The Group management prepares segment reporting in accordance with same policies applied to the consolidated financial statements as at and for the period ended 30 June 2022.

## Çalık Holding Anonim Şirketi and its Subsidiaries

### Notes to Consolidated Financial Statements

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(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.).

#### 7 Operating segments (continued)

The following information was prepared according to the accounting policies applied for subsidiaries, associates, joint ventures and joint operations.

	2022								
	Energy	Construction	Textile	Marketing	Mining	Banking and finance	Others	Eliminations	Total
Revenue	1.373.601	192.312	222.858	81.624	57.521	702.431	87.600	(138.919)	2.579.028
Gross profit	309.212	25.332	59.898	13.160	24.250	446.184	37.212	(56.452)	858.796
Other income/(costs), net	(69.990)	(21.177)	(8.199)	(14.161)	(11.610)	(100.227)	(47.962)	15.863	(257.463)
<b>Results from operating activities</b>	<b>239.222</b>	<b>4.155</b>	<b>51.699</b>	<b>(1.001)</b>	<b>12.640</b>	<b>345.957</b>	<b>(10.750)</b>	<b>(40.589)</b>	<b>601.333</b>
Gain/(loss) from investing activities	45.307	58.635	5.400	(20.412)	136.711	(5.947)	125.056	(108.472)	236.278
Share of the after tax to profit/(loss) of equity accounted	26.335	--	2.847	--	(1.170)	122	--	(2.847)	25.287
Interest expense	(7.002)	(28.470)	(23.547)	(5.234)	(2.734)	(107)	(28.118)	20.703	(74.509)
Other finance income/(cost), net	(11.932)	50.777	(20.020)	6.467	57.370	(33.651)	23.174	(28.804)	43.381
<b>Consolidated profit / (loss) before tax</b>	<b>291.930</b>	<b>85.097</b>	<b>16.379</b>	<b>(20.180)</b>	<b>202.817</b>	<b>306.374</b>	<b>109.362</b>	<b>(160.009)</b>	<b>831.770</b>
Income tax benefit / (expense)	58.914	(3.628)	35.691	203	3.600	(65.531)	(340)	110	29.019
<b>Net profit/(loss) for the year</b>	<b>350.844</b>	<b>81.469</b>	<b>52.070</b>	<b>(19.977)</b>	<b>206.417</b>	<b>240.843</b>	<b>109.022</b>	<b>(159.899)</b>	<b>860.789</b>

	Energy	Construction	Textile	Marketing	Mining	Banking and finance	Other	Eliminations	Total
Segment assets	1.600.336	939.748	249.553	112.802	522.856	8.183.711	1.112.004	(1.428.784)	<b>11.292.226</b>
Segment liabilities	(795.194)	(605.179)	(169.719)	(45.729)	(64.380)	(7.277.641)	(289.771)	421.945	<b>(8.825.668)</b>
Capital expenditure <sup>(*)</sup>	124.827	1.303	3.198	39	15.843	27.275	11.315	--	<b>183.800</b>
Depreciation and amortization <sup>(*)</sup>	(11.702)	(4.545)	(5.453)	(616)	(10.498)	(13.627)	(3.388)	(2.040)	<b>(51.869)</b>

<sup>(\*)</sup> Additions and depreciation related to right of use assets are not included.

## Çalık Holding Anonim Şirketi and its Subsidiaries

### Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.).

## 7 Operating segments (continued)

	2021									
	Energy	Construction	Textile	Marketing	Mining	Tele-communication	Banking and finance	Others	Eliminations	Total
Revenue	1.087.564	248.691	232.121	72.763	1.121	66.836	632.887	43.425	(138.921)	2.246.487
Gross profit	309.336	3.516	87.589	13.682	768	21.386	363.339	15.324	(44.788)	770.152
Other income/(costs), net	(89.236)	(35.156)	6.071	(7.182)	(4.684)	(20.429)	(127.606)	(21.952)	18.024	(282.150)
<b>Results from operating activities</b>	<b>220.100</b>	<b>(31.640)</b>	<b>93.660</b>	<b>6.500</b>	<b>(3.916)</b>	<b>957</b>	<b>235.733</b>	<b>(6.628)</b>	<b>(26.764)</b>	<b>488.002</b>
Gain/(loss) from investing activities	49.986	(56.372)	2.361	--	52.231	4	41.539	156.575	(126.954)	119.370
Share of the after tax to profit/(loss) of equity accounted	(1.139)	--	--	--	(2.924)	--	(840)	--	--	(4.903)
Interest expense	(15.746)	(37.059)	(23.956)	(3.689)	(2.565)	(6.998)	(3.288)	(41.242)	18.504	(116.039)
Other finance income/(cost), net	16.568	84.968	(39.220)	11.659	6.663	1.399	(25.679)	46.234	(3.072)	99.520
<b>Consolidated profit / (loss) before tax</b>	<b>269.769</b>	<b>(40.103)</b>	<b>32.845</b>	<b>14.470</b>	<b>49.489</b>	<b>(4.638)</b>	<b>247.465</b>	<b>154.939</b>	<b>(138.286)</b>	<b>585.950</b>
Income tax benefit / (expense)	7.702	11.130	(2.560)	(872)	(46)	137	(47.140)	(12.418)	(4.189)	(48.256)
<b>Net profit/(loss) for the year</b>	<b>277.471</b>	<b>(28.973)</b>	<b>30.285</b>	<b>13.598</b>	<b>49.443</b>	<b>(4.501)</b>	<b>200.325</b>	<b>142.521</b>	<b>(142.475)</b>	<b>537.694</b>

	Energy	Construction	Textile	Marketing	Mining	Tele-communication	Banking and finance	Other	Eliminations	Total
Segment assets	1.132.914	829.800	266.145	108.371	363.907	229.279	7.887.301	1.071.062	(1.422.047)	<b>10.466.732</b>
Segment liabilities	(497.353)	(571.976)	(220.860)	(46.290)	(64.645)	(194.025)	(7.052.663)	(341.359)	508.804	<b>(8.480.367)</b>
Capital expenditure <sup>(*)</sup>	34.263	1.549	8.917	659	33.356	6.689	24.889	261	(1.528)	<b>109.055</b>
Depreciation and amortization <sup>(*)</sup>	(12.827)	(7.551)	(9.316)	(243)	(2.303)	(13.760)	(15.895)	(1.759)	145	<b>(63.509)</b>

(\*) Additions and depreciation related to right of use assets are not included.



## Çalık Holding Anonim Şirketi and its Subsidiaries

### Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.).

#### 7 Operating segments (continued)

Distribution of the non-current assets and revenue balances by geographic divisions where the Group operates in, are as follows:

	2022	2021
<b><u>Revenue</u></b>		
Turkiye	1.629.007	1.325.543
Albania	95.772	259.708
Turkmenistan	202.662	144.737
Other	651.587	516.498
<b>Total</b>	<b>2.579.028</b>	<b>2.246.486</b>
<b><u>Non-current Assets</u></b>		
Albania	1.625.078	3.189.126
Turkiye	18.644	1.603.689
Turkmenistan	3.302.547	17.260
Other	621.173	496.452
<b>Total</b>	<b>5.567.442</b>	<b>5.306.527</b>

#### 8 Related party disclosures

As disclosed in detail in Note 3, the joint ventures and associates of the Group have been accounted for using the equity method in the consolidated financial statements. Accordingly, the transactions of Group's subsidiaries with joint ventures and the balances from joint ventures and associates are not subject to elimination.

##### Related party balances

As at 31 December, the Group had the following balances outstanding from its related parties:

	2022				
	Shareholders	Associates	Joint ventures	Other	Total
Other receivables (*)	378.630	48	2.352	1.691	382.721
Trade receivables	--	32.732	442	129.868	163.042
Financial investments	--	135.294	--	--	135.294
Receivables related to financial sector operations	--	--	--	7.890	7.890
Other payables	--	--	--	(10)	(10)
Trade payables	--	247	(30)	(4.848)	(4.631)
Payables related to finance sector operations	(281)	(319)	(3.693)	(22.091)	(26.384)
Borrowings	(27)	(135.294)	--	(1.059)	(136.380)
<b>Total</b>	<b>378.322</b>	<b>32.708</b>	<b>(929)</b>	<b>111.441</b>	<b>521.542</b>

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

### As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

#### 8 Related party disclosures (continued)

	2021				
	Shareholders	Associates	Joint ventures	Other	Total
Other receivables (*)	330.810	66	4.766	2.462	338.104
Trade receivables	--	22.806	2.876	126.037	151.719
Financial investments	--	158.782	--	--	158.782
Receivables related to financial sector operations	--	4	--	2.143	2.147
Other payables	--	--	--	(1)	(1)
Trade payables	--	(3)	(532)	(2.686)	(3.221)
Deferred revenue	--	--	--	(3.118)	(3.118)
Payables related to finance sector operations	(455)	--	(201)	(17.652)	(18.308)
Borrowings	--	(158.782)	--	(216)	(158.998)
Prepaid expenses	--	4.762	--	20	4.782
<b>Total</b>	<b>330.355</b>	<b>27.635</b>	<b>6.909</b>	<b>106.989</b>	<b>471.888</b>

(\*) As of 31 December 2022, USD 320.000 (31 December 2021: USD 320.000) of the other receivables from the shareholders consist of the receivable of the GAP Construction Dubai FZE from Delta Netherlands B.V.

No impairment losses have been recognised against balances outstanding as at 31 December 2022 (31 December 2021: None) and no specific allowance has been made for impairment losses on balances with the related parties.

As at 31 December, the Group had the following transaction with its related parties:

	2022				
	Shareholders	Associates	Joint ventures	Other	Total
Income / (Expense) from other operations	--	12	241	132.927	133.180
Income from investment activities	--	41.738	--	--	41.738
Revenue (*)	16	36.479	1.900	679	39.074
Selling, marketing and distribution expenses	--	--	(3)	(58)	(61)
General and administrative expenses	--	--	(17)	(220)	(237)
Income/(expense) from financing activities	338	(3.715)	--	15	(3.362)
Cost of sales	(14)	(3.960)	(322)	(405)	(4.701)
<b>Total</b>	<b>340</b>	<b>70.554</b>	<b>1.799</b>	<b>132.938</b>	<b>205.631</b>

	2021				
	Shareholders	Associates	Joint ventures	Other	Total
Income / (Expense) from other operations	--	9	(549)	14	(526)
Income from investment activities	--	36.948	3.003	16	39.967
Revenue (*)	63	17.419	2.885	60.241	80.608
Selling, marketing and distribution expenses	--	--	--	(641)	(641)
General and administrative expenses	(37)	--	(8)	(92)	(137)
Income/(expense) from financing activities	1.913	(6.853)	55	11	(4.874)
Cost of sales	--	(1.841)	2.022	(1.747)	(1.566)
<b>Total</b>	<b>1.939</b>	<b>45.682</b>	<b>7.408</b>	<b>57.802</b>	<b>112.831</b>

(\*) As of 31 December, there are no progress payment invoices issued to TAPP 500 Power Transmission Line FZE company regarding the TAPP project within the scope of the sales transactions of the Group with related parties, engineering services, procurement transactions and construction projects. (31 December 2021: 70.929 TL). In addition to this, as at 31 December 2022, revenue transactions composed of progress billings to Mitsubishi Corporation, a related party and prime contractor for the projects, in accordance with ongoing engineering, procurement and construction contracts amounting to US Dollar 21 (31 December 2021: USD 18.255).

# Çalık Holding Anonim Şirketi and its Subsidiaries

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### 8 Related party disclosures (continued)

#### Transactions with key management personnel

On a consolidated basis, key management costs included in general and administrative expenses for the year ended 31 December 2022 amounted to USD 26.561 (2021: USD 29.524).

### 9 Cash and cash equivalents

At 31 December, cash and cash equivalents comprised the following:

<b>2022</b>	<b>Finance (*)</b>	<b>Non-finance (**)</b>	<b>Total</b>
Cash on hand	95.992	384	96.376
Cash at banks	675.486	115.481	790.967
-Demand deposits	352.762	57.922	410.684
-Time deposits	322.724	57.559	380.283
Balances at central bank (excluding statutory reserve)	80.188	--	80.188
Other cash and cash equivalents (***)	59.815	16.256	76.071
<b>Cash and cash equivalents</b>	<b>911.481</b>	<b>132.121</b>	<b>1.043.602</b>
Restricted amounts	(45.818)	(14.088)	(59.906)
<b>Cash and cash equivalents in the consolidated statement of cash flows</b>	<b>865.663</b>	<b>118.033</b>	<b>983.696</b>

<b>2021</b>	<b>Finance (*)</b>	<b>Non-finance (**)</b>	<b>Total</b>
Cash on hand	88.949	484	89.433
Cash at banks	878.572	175.338	1.053.910
-Demand deposits	308.685	136.992	445.677
-Time deposits	569.887	38.346	608.233
Balances at central bank (excluding statutory reserve)	117.446	--	117.446
Other cash and cash equivalents (***)	1.375	9.613	10.988
<b>Cash and cash equivalents</b>	<b>1.086.342</b>	<b>185.435</b>	<b>1.271.777</b>
Restricted amounts	(17.230)	(20.823)	(38.053)
<b>Cash and cash equivalents in the consolidated statement of cash flows</b>	<b>1.069.112</b>	<b>164.612</b>	<b>1.233.724</b>

(\*) Finance represents the Group's entities operating in banking and finance business.

(\*\*) Non-finance represents the Group's entities operating in businesses other than banking and finance.

(\*\*\*) Other cash and cash equivalents mainly consist of liquid funds to USD 16.154 (31 December 2021: USD 8.887), money in transit amounting to USD 119 (31 December 2021: USD 709), credit card receivables amounting to USD 572 (31 December 2021: USD 1.393) and other cash and cash equivalents USD 388 (2021: USD 406). As of 31 December 2022, repo transactions is USD 58.828 (31 December 2021: None)

Mandatory restricted account amount resulting from the Group's banking activities in Albania and Turkey is USD 45.818 (31 December 2021: USD 17.230). As collateral for the loans used, USD 6.155 (31 December 2021: USD 8.677) is kept mandatory in domestic banks, and USD 7 (31 December 2021: USD 10) is kept blocked by the court based on expropriation lawsuits. USD 2.811 of the remaining amount (31 December 2021: USD 76) is kept as a cash guarantee given to Istanbul Takas ve Saklama Bankası Anonim Şirketi for the electricity purchased from EPIAŞ. Based on the relevant contracts for engineering services, procurement transactions and construction project ("MTT"), the balance in banks in Turkey is USD 5.114 (31 December 2021: None).

The Group's exposure to credit, interest and foreign currency risk for cash and cash equivalents is explained in Note 37.



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

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### 10 Financial investments

At 31 December, financial investments comprised the following:

<b>2022</b>			
	<b>Current</b>	<b>Non-current</b>	<b>Total</b>
Financial assets at FVTOCI	1.065.850	1.392.333	2.458.183
Financial assets at FVTPL (*)	264.979	414.753	679.732
Financial assets at amortised costs	251.080	657.985	909.065
<b>Total</b>	<b>1.581.909</b>	<b>2.465.071</b>	<b>4.046.980</b>
<b>2021</b>			
	<b>Current</b>	<b>Non-current</b>	<b>Total</b>
Financial assets at FVTOCI	931.364	1.765.087	2.696.451
Financial assets at FVTPL (*)	188.828	277.106	465.934
Financial assets at amortised costs	117.156	162.639	279.795
<b>Total</b>	<b>1.237.348</b>	<b>2.204.832</b>	<b>3.442.180</b>

(\*) As at 31 December 2022 and 2021, equity securities in Anagold Madencilik Sanayi ve Ticaret Anonim Şirketi which is classified as equity securities at fair value through profit or loss were valued for the consolidated financial statements. These investments are valued periodically by an independent valuation firm by using discounted cash flow method. As at 31 December 2022, an increase in fair value for this investment amounting to USD 10.745 (31 December 2021: USD 1.000) has been recognised under "Gain from investing activities" in profit or loss due to valuation of equity securities at fair value through profit or loss after in the tax effect.

As of the reporting date, 50 basis point increase/decrease in the discount rate used in the valuation of discounted cash flows of the financial asset at fair value through profit or loss would have decreased/increased the profit before tax by USD 2.248 / USD 2.780 (31 December 2021: USD 3.175 / USD 3.281), respectively.

## Çalık Holding Anonim Şirketi and its Subsidiaries

### Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.).

#### 10 Financial investments (continued)

##### Financial assets at FVTOCI and ve Financial assets at FVTPL

As at 31 December, financial assets at FVTOCI and ve financial assets at FVTPL comprised the following:

	2022	2021
	Carrying Amount	Carrying amount
Public sector bonds, notes and bills	2.021.342	1.867.900
Private sector bonds, notes and bills	582.316	709.690
Investment funds	138.594	61.355
Equity securities – listed	50.193	40.369
Asset backed securities and lease certificates	63.867	205.812
Other	44.913	--
<b>Equity securities – non-listed</b>		
Anagold	226.800	266.200
Bursagaz Bursa Şhiriçi	5.263	5.072
Doğal Gaz Dağıtım Ticaret ve Taahhüt Anonim Şirketi		
Kayserigaz Kayseri Doğalgaz	4.428	4.336
Dağıtım Pazarlama Ticaret Anonim Şirketi		
Other	201	1.651
<b>Total</b>	<b>3.137.917</b>	<b>3.162.385</b>

##### Financial assets measured at cost that are not traded in an active market

As at 31 December 2022, investments in equity securities amounting to USD 201 (31 December 2021: USD 1.651) are measured at cost less impairment, if any, as these equity securities are not traded in stock exchange and have no quoted market price, and therefore their fair value cannot be reliably estimated since there is significant variability in the range of reasonable fair value estimates and the probabilities of the various estimates within the range cannot be assessed reasonably.

As at 31 December financial assets at amortised costs comprised the following:

	2022	2021
	Carrying Amount	Carrying Amount
Private sector bonds, notes and bills	390.614	80.500
Public sector bonds, notes and bills	444.094	149.235
Asset backed securities and lease certificates	68.858	41.491
Other	5.498	8.569
<b>Total</b>	<b>909.064</b>	<b>279.795</b>

## Çalık Holding Anonim Şirketi and its Subsidiaries

### Notes to Consolidated Financial Statements

#### As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

#### 10 Financial investments (continued)

The movements in financial investments during the year ended 31 December 2022 were as follows:

	<i>Financial assets at FVTOCI</i>	<i>Financial assets at amortised costs</i>	<i>Financial assets at FVTPL</i>
<b>At 1 January 2022</b>	<b>2.696.451</b>	<b>279.795</b>	<b>465.934</b>
Additions through purchases	1.240.413	774.762	1.072.857
Fair value gains/ (losses)	848.572	(118)	10.745
Disposals (sale and redemption)	(2.068.300)	(234.154)	(804.705)
Impairment	--	(9.221)	(11)
Foreign currency translation differences	(258.951)	98.000	(65.087)
<b>At 31 December 2022</b>	<b>2.458.185</b>	<b>909.064</b>	<b>679.733</b>

The movements in financial investments during the year ended 31 December 2021 were as follows:

	<i>Financial assets at FVTOCI</i>	<i>Financial assets at amortised costs</i>	<i>Financial assets at FVTPL</i>
<b>At 1 January 2021</b>	<b>2.616.753</b>	<b>234.511</b>	<b>450.647</b>
Additions through purchases	851.685	89.786	108.282
Fair value gains	(17.301)	1.503	(5.801)
Disposals (sale and redemption)	(375.171)	(22.570)	(18.841)
Impairment	(9.063)	(531)	--
Foreign currency translation differences	(370.452)	(22.903)	(68.353)
<b>At 31 December 2021</b>	<b>2.696.451</b>	<b>279.796</b>	<b>465.934</b>

The Group's exposure to credit, currency and interest rate risks related to investment securities are disclosed in Note 37.

#### 11 Financial assets related to concession agreements

As at 31 December, Financial assets related to concession agreements comprised the following:

	<b>2022</b>	<b>2021</b>
Current financial assets related to concession agreements	61.989	43.447
Non-current financial assets related to concession agreements	190.745	130.034
<b>Total</b>	<b>252.734</b>	<b>173.481</b>



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

### As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

#### 11 Financial assets related to concession agreements (continued)

Movements of Financial assets related to concession agreements for the years ended 31 December were as follows:

	31.Dec.22	31.Dec.21
<b>Financial asset at the beginning of the period</b>	<b>173.480</b>	<b>254.459</b>
Investments during the year	63.313	64.773
<b>Collections</b>	<b>(69.969)</b>	<b>(66.713)</b>
Principal collections	(43.509)	(41.978)
Financial income collections	(26.460)	(24.735)
Financial income	152.339	52.038
Translation difference	(66.430)	(131.077)
<b>End of Period Financial asset</b>	<b>252.733</b>	<b>173.480</b>

As at 31 December 2021, the maturity breakdown of the financial assets related to concession agreements:

	31.Dec.22	31.Dec.21
Up to 1 year	61.989	43.447
Up to 1 - 3 years	92.144	69.347
Up to 3 - 5 years	21.258	49.131
Over 5 years	77.343	11.556
<b>Total</b>	<b>252.734</b>	<b>173.481</b>

#### 12 Trade receivables and payables

##### Trade receivables

##### Short-term trade receivables

As at 31 December, short-term trade receivables comprised the following:

	2022	2021
Due from related parties	161.382	151.174
Due from third parties	225.950	306.984
<b>Total</b>	<b>387.332</b>	<b>458.158</b>

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## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 12 Trade receivables and payables (continued)

#### Trade receivables (continued)

##### Short-term trade receivables (continued)

As at 31 December, short-term trade receivables comprised the following:

	2022	2021
Accounts receivables	359.923	420.505
Doubtful receivables	29.124	54.216
Notes receivables (*)	25.016	33.955
Postdated cheques received	1.969	1.825
Other trade receivables	515	2.000
<b>Subtotal</b>	<b>416.547</b>	<b>512.501</b>
Allowances for doubtful trade receivables (-)	(29.124)	(54.216)
Discount on trade receivables (-)	(90)	(127)
<b>Total</b>	<b>387.333</b>	<b>458.158</b>

(\*) As of December 31, 2022, USD 21.019 of notes receivable consists of notes received from Çalık Denim's commercial activities (31 December 2021: USD 28.339).

Movements of allowance for doubtful receivables for the year ended at 31 December were as follows:

	2022	2021
<b>Balance at 1 January</b>	<b>54.216</b>	<b>58.890</b>
Allowance for the period	6.305	13.251
Canceled allowance for the period (-)	(5.628)	(4.457)
Collections (-)	(702)	(535)
Disposals from the scope of consolidation	(17.144)	--
Foreign currency translation difference	(7.923)	(12.933)
<b>Balance at 31 December</b>	<b>29.124</b>	<b>54.216</b>

#### Long-term trade receivables

As at 31 December, long-term trade receivables comprised the following:

	2022	2021
Due from related parties	1.660	545
Due from third parties	30.572	55.200
<b>Total</b>	<b>32.232</b>	<b>55.745</b>

As at 31 December, long-term trade receivables comprised the following:

	2022	2021
Accounts receivables	32.232	55.769
<b>Subtotal</b>	<b>32.232</b>	<b>55.769</b>
Discount on trade receivables (-)	--	(24)
<b>Total</b>	<b>32.232</b>	<b>55.745</b>

## Çalık Holding Anonim Şirketi and its Subsidiaries

### Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.).

## 12 Trade receivables and trade payables (continued)

### Trade payables

#### Short-term trade payables

	2022	2021
Due to related parties	4.631	3.221
Due to third parties	290.848	281.428
<b>Total</b>	<b>295.479</b>	<b>284.649</b>

	2022	2021
Accounts payables (*)	293.491	276.580
Notes payable	171	5.404
Other trade payable	1.817	2.665
<b>Total</b>	<b>295.479</b>	<b>284.649</b>

(\*) Accounts payables mainly consists of payables to suppliers of material and equipment for the EPC projects and payables to the subcontractors for the ongoing construction projects.

#### Long-term trade payables

As at 31 December, long-term trade payables comprised the following:

	2022	2021
Accounts payables	--	4
<b>Subtotal</b>	<b>--</b>	<b>4</b>
Discount on accounts payables (-)	--	--
<b>Total</b>	<b>--</b>	<b>4</b>

The Group's exposure to credit and currency risks related to trade receivables and liquidity and currency risks of trade payables are disclosed in Note 37.

## 13 Receivables and payables related finance sector operations

### Receivables related finance sector operations

As at 31 December, current receivables related to finance sector activities comprised the following:

<b>Current receivables related to finance sector operations</b>	<b>2022</b>	<b>2021</b>
Due from related parties	7.890	2.147
Due from third parties	894.400	758.997
<b>Total</b>	<b>902.290</b>	<b>761.144</b>

<b>Receivables related to finance sector operations</b>	<b>2022</b>	<b>2021</b>
Loans and receivables from customers	789.219	680.184
Loans and receivables from banks	112.678	78.676
Non-performing loans and receivables	23.041	33.683
<b>Subtotal</b>	<b>924.938</b>	<b>792.543</b>
Provision for impairment in value of loans and receivables	(22.648)	(31.399)
<b>Total</b>	<b>902.290</b>	<b>761.144</b>



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

### As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

## 13 Receivables and payables related finance sector operations (continued)

### Receivables related finance sector operations (continued)

As at 31 December, non-current receivables related to finance sector activities comprised the following:

Non-current receivables related to finance sector operations	2022	2021
Due from related parties	--	--
Due from third parties	1.498.944	1.560.379
<b>Total</b>	<b>1.498.944</b>	<b>1.560.379</b>

Receivables related to finance sector operations	2022	2021
Loans and receivables from customers	1.571.035	1.577.942
Loans and receivables from banks	33.216	59.634
<b>Subtotal</b>	<b>1.604.251</b>	<b>1.637.576</b>
Provision for impairment in value of loans and receivables	(105.308)	(77.197)
<b>Total</b>	<b>1.498.943</b>	<b>1.560.379</b>

Movements of provision for impairment in value of loans and receivables for the years ended 31 December were as follows:

	2022	2021
<b>Specific allowances for impairment</b>		
Balance at 1 January	98.411	111.909
Impairment loss for the year	34.757	7.654
- Charge for the year	39.251	21.762
- Recoveries	(4.494)	(14.108)
Foreign currency translation difference	(7.177)	(21.152)
Other	(5.748)	--
<b>Balance at 31 December</b>	<b>120.243</b>	<b>98.411</b>
<b>Collective allowances for impairment</b>		
Balance on 1 January	10.185	15.768
Impairment loss for the year	511	2.256
- Charge for the year	5.262	6.959
- Recoveries	(4.751)	(4.703)
Translation difference	(2.983)	(7.839)
<b>Balance on 31 December</b>	<b>7.713</b>	<b>10.185</b>
<b>Total allowances for impairment</b>	<b>127.956</b>	<b>108.596</b>

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 13 Receivables and payables related finance sector operations (continued)

#### Payables related to finance sector operations

As at 31 December, short-term payables related to finance sector operations comprised the following:

Short term payables related to finance sector operations	2022	2021
Due from related parties	26.384	18.308
Due from third parties	5.081.873	4.809.417
<b>Total</b>	<b>5.108.257</b>	<b>4.827.725</b>

As at 31 December, short-term payables to third parties comprised the following:

Short term payables related to finance sector operations	2022	2021
<b>Due to banks</b>	<b>62.931</b>	<b>63.782</b>
Time deposits	55.063	63.142
Current accounts	7.868	640
<b>Due to customers</b>	<b>3.797.665</b>	<b>3.522.773</b>
Individual	2.789.867	2.676.629
Private enterprises	763.558	694.861
Public institutions	144.363	94.184
Other	99.877	57.099
<b>Customer accounts (*)</b>	<b>568.885</b>	<b>568.306</b>
<b>Funds from repo transactions</b>	<b>678.777</b>	<b>672.864</b>
<b>Total</b>	<b>5.108.258</b>	<b>4.827.725</b>

(\*) The Group's banking subsidiary in Türkiye is not entitled to collect deposits. The customer accounts represent the transitory balances of loan customers for the respective transactions. As at 31 December 2022, this account does not include any deposit amount (31 December 2021: None).

As at 31 December, long-term payables related to finance sector operations comprised the following:

Long term payables related to finance sector operations	2022	2021
Payables from finance sector activities to third parties	793.781	661.127
<b>Total</b>	<b>793.781</b>	<b>661.127</b>

Long term payables related to finance sector operations	2022	2021
<b>Due to banks</b>	<b>10</b>	<b>2.193</b>
Time deposits	10	2.193
<b>Due to customers</b>	<b>793.772</b>	<b>658.934</b>
Individual	713.755	597.622
Private enterprises	60.047	44.307
Public institutions	19.962	16.803
Other	8	202
<b>Total</b>	<b>793.782</b>	<b>661.127</b>

## Çalık Holding Anonim Şirketi and its Subsidiaries

### Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

#### 14 Other receivables and other payables

##### Other short-term receivables

As at 31 December, other short-term receivables comprised the following:

	2022	2021
Due from related parties	62.721	18.101
Due from third parties	98.543	82.189
<b>Total</b>	<b>161.264</b>	<b>100.290</b>

As at 31 December, other short-term receivables comprised the following:

	2022	2021
Deposits and guarantees given	75.706	4.517
Due from shareholders	23.377	33.400
Due from joint ventures	13.179	7.955
Receivables from tax authorities	2.823	4.047
Receivables from personnel	33	69
Other receivables	52.246	58.258
<b>Subtotal</b>	<b>167.364</b>	<b>108.246</b>
Allowance for other doubtful receivables (-)	(6.100)	(7.956)
<b>Total</b>	<b>161.264</b>	<b>100.290</b>

##### Other long-term receivables

As at 31 December, other long-term receivables comprised the following:

	2022	2021
Due from related parties	320.000	320.003
Due from third parties	43.542	18.854
<b>Total</b>	<b>363.542</b>	<b>338.857</b>

As at 31 December, other long-term receivables comprised the following:

	2022	2021
Due from shareholders	320.000	320.000
Deposits and guarantees given	11.734	17.476
Other receivables	31.808	1.198
Receivables from personnel	--	183
<b>Total</b>	<b>363.542</b>	<b>338.857</b>

##### Other short-term payables

As at 31 December, other short-term payables comprised the following:

	2022	2021
Due from related parties	10	1
Due from third parties	61.013	60.051
<b>Total</b>	<b>61.023</b>	<b>60.052</b>



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 14 Other receivables and other payables (continued)

#### Other short-term payables (continued)

As at 31 December, other short-term payables comprised the following:

	2022	2021
Deposits and guarantees received	50.274	12.553
Due from shareholders	256	1.187
Other payables	10.493	46.312
<b>Total</b>	<b>61.023</b>	<b>60.052</b>

#### Other long-term payables

As at 31 December, other long-term payables comprised the following:

	2022	2021
Due to third parties	21.162	15.773
<b>Total</b>	<b>21.162</b>	<b>15.773</b>

As at 31 December, other long-term payables to third parties comprised the following:

	2022	2021
Deposits and guarantees received (*)	16.753	9.639
Other	4.409	6.134
<b>Total</b>	<b>21.162</b>	<b>15.773</b>

(\*) As at 31 December, the deposits and guarantees received mainly consist of security deposits received by the electricity distribution and retail sale companies of the Group from their consumers.

### 15 Inventories

As at 31 December, inventories comprised the following:

	2022	2021	2020
Trading properties (*)	122.402	105.119	101.559
Trading goods	41.314	48.385	43.649
Raw materials	74.703	67.148	61.935
Finished goods	27.142	19.347	20.335
Semi finished goods in production	22.933	15.886	7.085
Other inventories	4.465	2.097	1.173
Allowance for impairment of inventories (-)	(3.354)	(6.414)	(6.962)
<b>Total</b>	<b>289.605</b>	<b>251.568</b>	<b>228.774</b>

(\*) Trading properties comprise residential and office buildings built for available for sale within the scope of the "Taksim 360" project in Istanbul with a completion period of no longer than 48 months. As at 31 December 2022, the Group capitalised borrowing costs amounting to USD 68.066 (accumulated) on trading properties under development (31 December 2021: USD 55.908 (accumulated)).

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

### As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

#### 15 Inventories (continued)

Movements of provision for inventories for the year ended at 31 December were as follows:

	2022	2021	2021
<b>Beginning balance</b>	<b>6.414</b>	<b>6.962</b>	<b>5.229</b>
Current year provision	1.048	1.098	1.810
Refusal of provision due to sale	(1)	(978)	(101)
Disposals from the scope of consolidation	(3.117)	--	--
Foreign currency translation difference	(990)	(668)	24
<b>Closing balance</b>	<b>3.354</b>	<b>6.414</b>	<b>6.962</b>

#### 16 Prepayments and deferred revenue

##### Current prepayments

As at 31 December, current portion of prepayments comprised the following:

	2022	2021
Advances given (*)	148.884	79.468
Other	10.571	10.184
<b>Total</b>	<b>159.455</b>	<b>89.652</b>

(\*) Advances given mainly consists of advances given to suppliers and service providers for ongoing EPC projects.

##### Non-current prepayments

As at 31 December, non-current prepayments comprised the following:

	2022	2021
Advances given for property, plant and equipment acquisitions	658	1.207
Other	18.307	36.649
<b>Total</b>	<b>18.965</b>	<b>37.856</b>

##### Short term deferred revenue

As at 31 December, short-term portion of deferred revenue comprised the following:

	2022	2021
<b>Short term deferred revenue</b>		
Advances received (*)	75.849	34.546
Short term deferred income	33.846	18.687
<b>Total</b>	<b>109.695</b>	<b>53.233</b>

As at 31 December, long term deferred revenue comprised the following:

	2022	2021
<b>Long term deferred revenue</b>		
Long term deferred income (**)	93.542	94.472
<b>Total</b>	<b>93.542</b>	<b>94.472</b>

(\*) The advances received are mostly from Taurus Arm For Power Generation Company within the scope of the BZC and BZS2 projects carried out by the Group in Iraq, from West African Energy SA within the scope of the SNC project in Senegal, and Rompetrol Energy SA within the scope of the RPE project in Romania. from the contract advances received within the scope of the TRS project and HLT project realized in Turkmenistan, and the contract advances received from Lukoil Mid-East Limited within the scope of the WQS2 project realized in Iraq.

(\*\*) As at 31 December, USD 94.024 of deferred revenue was mainly due to real estate development and contracting projects of the Group's subsidiaries operating in the construction and real estate sectors (31 December 2021: USD 92.061).

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

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### 17 Investments in equity-accounted investees

#### i) Joint ventures

##### Kosova Çalık Limak Energy Sh.A. ("KÇLE")

KÇLE was established as a joint venture with a joint agreement between Çalık Elektrik Dağıtım A.Ş. ("ÇEDAŞ"), Çalık Enerji and Limak Yatırım on 17 September 2012 with the participation of these three companies by 25 percent, 25 percent and 50 percent, respectively, in the share capital of KÇLE. On 8 May 2013, KÇLE purchased all shares of the state-owned enterprise namely Kompania Per Distribuium Dhe Fumizim Me Energji Elektrike SH.A ("KEDS") which is operating in electricity distribution and procurement in Kosovo for a consideration of USD 29.038 (equivalent of EUR 26.300) within the scope of a tender in the privatisation process initiated by the Government of Republic of Kosovo.

As per Share Transfer Agreement dated 27 April 2015, Çalık Enerji acquired 1.250 number of shares of KÇLE with a nominal value of EUR 12 held by ÇEDAŞ for a total consideration of EUR 17.475 and increased its ownership percent from 25.00 percent to 50.00 percent.

##### Doğu Aras Enerji Yatırımları Anonim Şirketi ("Doğu Aras")

Doğu Aras was founded in accordance with energy market regulations as a joint venture with a joint agreement between ÇEDAŞ and Kiler Alışveriş Hizmetleri Gıda Sanayi Ticaret A.Ş. ("Kiler Alışveriş") on 5 May 2013 with the participation of these two companies by 50 percent and 50 percent, respectively, for the purpose of establishing and participating to the companies that are engaged in distribution, retail and wholesale of electricity energy and/or capacity, assigning management of these established and participated companies, providing consultancy services on technical, financial, information processing and human resources management issues and making industrial and commercial investments through this companies.

On 28 June 2013, Doğu Aras purchased all shares of EDAŞ and EPAŞ which were previously state owned companies operating in electricity distribution and procurement in cities Kars, Ardahan, Iğdır, Erzurum, Ağrı, Bayburt and Erzurum within the privatisation by paying an amount of USD 128.500 as a result of a tender in the privatisation process.

On 4-5 November 2021, the public offering of Doğu Aras shares was carried out using the "Fixed Price Bookkeeping" method. In the public offering, the unit price was TL 110, and the shares with a nominal value of TL 13.400 offered to the public were sold. Accordingly, the size of the public offering was realized as TL 1.474.000.

##### LC Electricity Supply and Trading d.o.o. ("LC Electricity")

LC Electricity was established on 3 July 2014 in Serbia as a joint venture with a joint agreement between Türkmen Elektrik and Limak Yatırım with the participation of these two companies equally by 50 percent. The purpose of LC Electricity is trading electricity and sales/purchases of goods and services as part of this operation.

##### Kartaltepe Madencilik Sanayi ve Ticaret Anonim Şirketi ("Kartaltepe")

Kartaltepe Madencilik Sanayi ve Ticaret A.Ş. was established in 2011 as a wholly owned subsidiary of Alacer Gold Madencilik A.Ş. Kartaltepe is registered in Ankara, Turkey and is engaged in the operation of mining in Erzincan region. Lidya Madencilik Sanayi ve Ticaret A.Ş. and SSR, which are parties of the business partnership. Lidya Madencilik Sanayi ve Ticaret A.Ş. has 20% and Alacer has %80 shares.



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### As at and for the Year Ended 31 December 2022

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#### 17 Investments in equity-accounted investees (continued)

##### i) Joint ventures (continued)

Investments in equity-accounted joint ventures and the Group's share of control as follows:

	31 December 2022		31 December 2021	
	<u>Carrying value</u>	<u>% of ownership</u>	<u>Carrying value</u>	<u>% of ownership</u>
<b>Joint ventures</b>				
<b><u>Assets</u></b>				
KÇLE	91.886	50,00	78.746	50,00
Doğu Aras	93.454	40,00	86.827	40,00
Bakırtepe	531	30,00	503	50,00
Çalık Limak Adi Ortaklığı	282	50,00	52	50,00
LC Electricity	10	50,00	10	50,00
Kartaltepe	--	20,00	1.381	50,00
Tunçpınar	--	--	1.266	50,00
	<b>186.163</b>		<b>168.785</b>	

For the years ended 31 December, the movements in net investments in joint ventures were as follows:

	<b>2022</b>	<b>2021</b>
<b>Balance at 1 January (previously reported)</b>	<b>170.221</b>	<b>210.542</b>
Effect of restate (Note 2.f)	(1.435)	16
<b>Balance at 1 January (revised)</b>	<b>168.786</b>	<b>210.558</b>
Share of profit of equity accounted investees	25.165	(4.063)
Share capital increases	1.601	2.813
Change in share of associates	(2.254)	(19.217)
Dividend distribution	(3.674)	(14.644)
Currency translation difference	(3.461)	(6.662)
<b>Balance at 31 December</b>	<b>186.163</b>	<b>168.785</b>

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### As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

#### 17 Investments in equity accounted investees (continued)

##### ii) Associates

Investments in equity-accounted Associates and the Group's share of control are as follows:

	31 December 2022		31 December 2021	
	<u>Carrying</u>	<u>% of</u>	<u>Carrying</u>	<u>% of</u>
<u>Associates</u>	<u>value</u>	<u>ownership</u>	<u>value</u>	<u>ownership</u>
<u>Assets</u>				
Kazakhstan Ijara Company KIC				
Leasing	2.817	14,31	2.697	14,31
Albania Leasing	1.091	29,99	934	29,99
Euro-Mediterranean	1.328	25,57	796	25,57
Haliç Leasing	525	32,00	659	32,00
Machinego Tek. Dan. ve İş Mak.				
A.Ş.	444	33,00	--	--
Idea Farm	433	30,00	607	30,00
Aktif Fortis Enerji A.Ş.	379	50,00	1.484	50,00
Workindo Teknoloji ve İnsan				
Kaynakları Danışmanlık A.Ş.	200	33,33	452	33,33
HMC Dijital	146	33,33	205	33,33
Dome Zero inch.	44	1,96	62	1,96
Eurasian Leasing Company	--	36,71	936	36,71
Secom Aktif Güvenlik Yatırım A.Ş.	--	50,00	--	50,00
<b>Toplam</b>	<b>7.407</b>		<b>8.832</b>	

For the years ended 31 December, the movements in investments in associates were as follows:

	2022	2021
<b>Balance at 1 January</b>	<b>8.832</b>	<b>11.474</b>
Capital contribution to share capital increase in joint ventures	820	1.831
Share of gain of equity accounted associates	122	(840)
Capital contribution to share increase in associates	(753)	--
Translation difference	(1.614)	(3.633)
<b>Balance at 31 December</b>	<b>7.407</b>	<b>8.832</b>

## Çalık Holding Anonim Şirketi and its Subsidiaries

### Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2021

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

#### 17 Investments in equity-accounted investees (continued)

Summary financial information for equity-accounted associates were presented below:

31 December 2022													
Company name-Associates	Reporting period	Ownership rates (%)	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Net assets	Profit/(loss)	Group's share of net assets	Carrying amount	Group's share of profit/(loss)
Kazakhstan Ijara Company Jsc.	31 December	14,31%	4.409	28.714	33.123	13.250	--	13.250	19.873	2.076	2.844	2.817	297
Euro Mediterranean	31 December	25,57%	9.925	2.345	12.270	9.925	--	9.925	2.345	2.961	600	1.328	757
Haliç Finansal Kiralama	31 December	32,00%	1.648	2	1.650	27	--	27	1.623	194	519	525	62
Secom Aktif Yatırım Güv. AŞ	31 December	50,00%	7.990	7.793	15.783	1.556	8.442	9.998	5.785	(3.529)	2.893	--	(905)
Halk Yenilenebilir Enerji A. Ş	31 December	50,00%	539	--	539	273	--	273	266	103	133	--	--
Idea Farm Ventures Llc	31 December	30,00%	2.237	--	2.237	--	--	--	2.237	(2)	671	433	--
Dome Zero	31 December	1,96%	21	--	21	--	--	--	21	--	--	44	--
Workindo	31 December	33,33%	719	251	970	144	5	149	821	(415)	274	199	(138)
HMC Dijital	31 December	33,33%	483	--	483	--	--	--	483	93	161	146	--
Machinego	31 December	33,33%	1.333	49	1.382	50	--	50	1.332	148	444	444	49
Aktif Fortis Enerji A.Ş.	31 December	50,00%	581	--	581	2	--	2	579	62	289	379	--
Albania Leasing	31 December	29,99%	2.627	4.185	6.812	1.227	2.042	3.269	3.543	(158)	1.063	1.092	--
<b>Total</b>												<b>7.407</b>	<b>122</b>

Summary financial information for equity-accounted joint ventures were presented below:

31 December 2022													
Company name-Joint ventures	Reporting period	Ownership rates (%)	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Net assets	Profit/(loss)	Group's share of net assets	Carrying amount	Group's share of profit/(loss)
KÇİLE	31 December	50,00%	129.055	165.386	294.441	149.637	13.538	163.175	131.266	9.957	65.633	91.886	4.979
Doğu Aras	31 December	40,00%	188.131	153.867	341.998	150.469	78.888	229.357	112.641	52.599	45.056	93.454	21.040
Çalık Limak Adi Ortaklığı	31 December	50,00%	1.554	10	1.564	1.563	--	1.563	1	628	1	282	316
LC Electricity	31 December	50,00%	--	--	--	--	--	--	--	--	--	10	--
Bakırtepe	31 December	30,00%	141	--	141	46	--	46	95	--	28	531	(1.170)
Kartaltepe	31 December	20,00%	36	90	126	355	14	369	(243)	--	(49)	--	--
Tunçpınar	31 December	--	--	--	--	--	--	--	--	--	--	--	--
<b>Total</b>												<b>186.163</b>	<b>25.165</b>



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(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

#### 17 Investments in equity-accounted investees (continued)

Summary financial information for equity-accounted associates were presented below:

31 December 2021													
Company name-Associates	Reporting period	Ownership rates (%)	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Net assets	Profit/ (loss)	Group's share of net assets	Carrying amount	Group's share of profit/ (loss)
Kazakhstan Ijara Company Jsc.	31 December	14,00%	7.651	26.647	34.298	15.327	--	15.327	18.971	1.783	2.715	2.697	255
Eurasian Leasing Company	31 December	37,00%	407	2.501	2.908	208	151	359	2.549	78	936	936	28
Euro Mediterranean	31 December	26,00%	5.843	2.291	8.134	4.528	--	4.528	3.606	744	922	796	190
Haliç Finansal Kiralama	31 December	32,00%	2.354	7	2.361	326	--	326	2.035	734	651	659	235
Halk Yenilenebilir Enerji A.Ş.	31 December	50,00%	540	--	540	269	--	269	271	--	135	--	--
Workindo	31 December	33,00%	1.752	73	1.825	154	2	156	1.669	203	556	452	68
HMC Dijital	31 December	33,00%	592	4	596	1	--	1	595	366	198	205	122
Idea Farm	31 December	30,00%	1.200	689	1.889	--	--	--	1.889	--	567	607	--
Albania Leasing Company	31 December	30,00%	2.893	4.742	7.635	2.375	1.422	3.797	3.838	(1)	1.151	934	--
Secom Aktif Yatırım	31 December	50,00%	3.209	7.788	10.997	6.417	7.087	13.504	(2.507)	(9.331)	(1.253)	--	(2.533)
Dome Zero	31 December	2,00%	--	--	--	--	--	--	--	--	--	62	--
Aktif Fortis Enerji A.Ş.	31 December	50,00%	2.819	--	2.819	74	--	74	2.745	1.590	1.372	1.484	795
<b>Total</b>												<b>8.832</b>	<b>(840)</b>

Summary financial information for equity-accounted joint ventures were presented below:

31 December 2021													
Company name-Joint ventures	Reporting period	Ownership rates (%)	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Net assets	Profit/ (loss)	Group's share of net assets	Carrying amount	Group's share of profit/ (loss)
KÇLE	31 December	50,00%	117.405	171.506	288.911	147.345	12.948	160.293	128.618	(54.200)	64.309	86.827	(27.100)
Doğu Aras	31 December	40,00%	120.737	98.775	219.512	99.788	14.794	114.582	104.930	50.483	41.972	78.746	25.204
Çalık Limak Adi Ortaklığı	31 December	50,00%	4.185	10	4.195	4.193	--	4.193	2	1.513	1	503	757
Tunçpınar	31 December	50,00%	910	--	910	27	--	27	883	(650)	442	1.266	(1.322)
Kartaltepe	31 December	50,00%	687	1.411	2.098	3.746	375	4.121	(2.023)	(5.275)	(1.011)	1.381	(1.602)
Bakırtepe	31 December	50,00%	244	--	244	--	--	--	244	--	122	52	--
LC Electricity	31 December	50,00%	--	--	--	--	--	--	--	--	--	10	--
<b>Total</b>												<b>168.785</b>	<b>(4.063)</b>

## Çalık Holding Anonim Şirketi and its Subsidiaries

### Notes to Consolidated Financial Statements

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(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

## 18 Property, plant and equipment

Movements of property, plant and equipment, and related accumulated depreciation during the years ended 31 December were as follows:

	Land and buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Other tangible assets	Construction in progress	Leasehold improvements	Total
<b>Balance at 1 January, 2022(previously reported)</b>	<b>192.153</b>	<b>404.538</b>	<b>30.164</b>	<b>95.615</b>	<b>35.842</b>	<b>34.916</b>	<b>15.434</b>	<b>808.662</b>
Restatement effect (Note 2.f)	7.233	8.727	325	893	--	1.421	364	18.963
<b>Balance at 1 January</b>	<b>199.386</b>	<b>413.265</b>	<b>30.489</b>	<b>96.508</b>	<b>35.842</b>	<b>36.337</b>	<b>15.798</b>	<b>827.625</b>
Additions	7.245	4.750	1.482	9.422	7.227	121.933	1.600	153.659
Transfers to investment properties	--	--	--	--	(291)	35	(35)	(291)
Transfers	272	1.876	--	774	(664)	(2.345)	--	(87)
Foreign currency translation difference	(22.507)	(65.472)	(2.392)	(10.856)	(819)	9.051	(2.256)	(95.251)
Addition and disposal of business acquisition	20.252	6.601	--	1.063	49	--	--	27.965
Disposals from the scope of consolidation	(46.912)	(169.413)	(1.235)	(29.356)	(39)	(1.860)	--	(248.815)
Outflow	(12.375)	(655)	(3.458)	(8.396)	(4.505)	(3.681)	(3.807)	(36.877)
<b>Balance at 31 December 2022</b>	<b>145.361</b>	<b>190.952</b>	<b>24.886</b>	<b>59.159</b>	<b>36.800</b>	<b>159.470</b>	<b>11.300</b>	<b>627.928</b>
<b>Balance at 1 January, 2021(previously reported)</b>	<b>258.860</b>	<b>497.283</b>	<b>31.847</b>	<b>102.235</b>	<b>35.184</b>	<b>13.190</b>	<b>22.107</b>	<b>960.706</b>
Restatement effect (Note 2.f)	2.549	127	103	576	--	(169)	303	3.489
<b>Balance at 1 January</b>	<b>261.409</b>	<b>497.410</b>	<b>31.950</b>	<b>102.811</b>	<b>35.184</b>	<b>13.021</b>	<b>22.410</b>	<b>964.195</b>
Additions	10.337	30.396	4.549	10.069	5.082	34.694	750	95.877
Transfers	6.507	8.359	45	2.073	36	(17.188)	--	(168)
Foreign currency translation difference	(39.228)	(121.145)	(5.035)	(13.785)	(2.892)	7.449	(7.358)	(181.994)
Addition and disposal of business acquisition	68	--	597	707	--	--	--	1.372
Outflow	(39.707)	(1.755)	(1.617)	(5.367)	(1.568)	(1.639)	(4)	(51.657)
<b>Balance at 31 December 2021</b>	<b>199.386</b>	<b>413.265</b>	<b>30.489</b>	<b>96.508</b>	<b>35.842</b>	<b>36.337</b>	<b>15.798</b>	<b>827.625</b>

As at 31 December 2022, total insurance coverage on property, plant and equipment is USD 304.640 (31 December 2021: USD 245.285).

At 31 December 2022, mortgages on property, plant and equipment is USD 48.133 (31 December 2021: None).

## Çalık Holding Anonim Şirketi and its Subsidiaries

### Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2021

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

#### 18 Property, plant and equipment (continued)

	Land and buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Other tangible assets	Construction in progress	Leasehold improvements	Total
<b>Accumulated depreciation</b>								
<b>Balance at 1 January, 2022(previously reported)</b>	<b>(59.801)</b>	<b>(190.138)</b>	<b>(20.161)</b>	<b>(66.676)</b>	<b>(20.985)</b>	<b>(23)</b>	<b>(7.636)</b>	<b>(365.420)</b>
Restatement effect (Note 2.f)	(113)	(122)	(145)	(678)	--	--	(357)	(1.415)
<b>Balance at 1 January</b>	<b>(59.914)</b>	<b>(190.260)</b>	<b>(20.306)</b>	<b>(67.354)</b>	<b>(20.985)</b>	<b>(23)</b>	<b>(7.993)</b>	<b>(366.835)</b>
Current year amortization	(5.635)	(15.623)	(3.214)	(6.247)	(2.251)	--	(781)	(33.751)
Foreign currency translation difference	5.219	31.925	1.794	7.322	(396)	4	1.462	47.330
Addition and disposal of business acquisition	(2.862)	(6.951)	--	(8)	5	--	--	(9.816)
Disposals from the scope of consolidation (Note5)	16.952	69.456	1.011	21.045	24	19	--	108.507
Disposal	<b>6.601</b>	<b>142</b>	<b>2.625</b>	<b>7.128</b>	<b>46</b>	<b>--</b>	<b>943</b>	<b>17.485</b>
<b>Balance at 31 December 2022</b>	<b>(39.639)</b>	<b>(111.311)</b>	<b>(18.090)</b>	<b>(38.114)</b>	<b>(23.557)</b>	<b>--</b>	<b>(6.369)</b>	<b>(237.080)</b>
<b>Balance at 1 January, 2021(previously reported)</b>								
<b>Balance at 1 January, 2021(previously reported)</b>	<b>(60.638)</b>	<b>(222.439)</b>	<b>(20.095)</b>	<b>(68.431)</b>	<b>(18.830)</b>	<b>--</b>	<b>(7.867)</b>	<b>(398.300)</b>
Restatement effect (Note 2.f)	(46)	(114)	(103)	(522)	--	--	(295)	(1.080)
<b>Balance at 1 January</b>	<b>(60.684)</b>	<b>(222.553)</b>	<b>(20.198)</b>	<b>(68.953)</b>	<b>(18.830)</b>	<b>--</b>	<b>(8.162)</b>	<b>(399.380)</b>
Depreciation	(5.830)	(25.546)	(4.002)	(8.919)	(2.612)	--	(1.275)	(48.184)
Transfers	--	--	(2)	--	--	--	2	--
Foreign currency translation difference	5.796	56.820	3.057	7.752	(197)	(23)	1.442	74.647
Additions through acquisitions	(6)	--	(76)	(157)	--	--	--	(239)
Disposal	810	1.019	915	2.923	654	--	--	6.321
<b>Balance at 31 December 2021</b>	<b>(59.914)</b>	<b>(190.260)</b>	<b>(20.306)</b>	<b>(67.354)</b>	<b>(20.985)</b>	<b>(23)</b>	<b>(7.993)</b>	<b>(366.835)</b>
<b>Net carrying value at 31 December 2021</b>	<b>132.352</b>	<b>214.400</b>	<b>10.003</b>	<b>28.939</b>	<b>14.857</b>	<b>34.893</b>	<b>7.798</b>	<b>443.242</b>
<b>Restatement effect</b>	<b>7.120</b>	<b>8.605</b>	<b>180</b>	<b>215</b>	<b>0</b>	<b>1.421</b>	<b>7</b>	<b>17.548</b>
<b>January 1 NBV (remastered)</b>	<b>139.472</b>	<b>223.005</b>	<b>10.183</b>	<b>29.154</b>	<b>14.857</b>	<b>36.314</b>	<b>7.805</b>	<b>460.790</b>
<b>Net carrying value at 31 December 2022</b>	<b>105.722</b>	<b>79.641</b>	<b>6.796</b>	<b>21.045</b>	<b>13.243</b>	<b>159.470</b>	<b>4.931</b>	<b>390.848</b>



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

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(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 19 Intangible assets

Movements of intangible assets and related accumulated amortisation during the years ended 31 December 2022 and 2021 were as follows

Cost	Goodwill	Licences & software	Electricity distribution rights	Brand names	Other intangibles	Total
<b>Balance at 1 January, 2022(previously reported)</b>	<b>26.503</b>	<b>94.827</b>	<b>43.235</b>	<b>860</b>	<b>53.196</b>	<b>218.621</b>
Restatement effect (Note 2.f)	(24.558)	665	--	(841)	69.675	44.941
<b>Balance at 1 January</b>	<b>1.945</b>	<b>95.492</b>	<b>43.235</b>	<b>19</b>	<b>122.871</b>	<b>263.562</b>
Addition	--	4.131	--	8.701	17.310	30.142
Transfers from investment properties	--	343	--	--	35	378
Foreign currency translation effect	(558)	(17.489)	(12.397)	13.991	(29.065)	(45.518)
Addition and disposal of business acquisition	--	1.400	--	--	23	1.423
Adjustments	--	3.845	--	--	--	3.845
Disposals from the scope of consolidation	--	(30.499)	--	--	--	(30.499)
Disposal	--	(31)	(159)	--	(700)	(890)
<b>Balance at 31 December 2022</b>	<b>1.387</b>	<b>57.192</b>	<b>30.679</b>	<b>22.711</b>	<b>110.474</b>	<b>222.443</b>
<b>Balance at 1 January, 2022(previously reported)</b>	<b>--</b>	<b>(61.929)</b>	<b>(18.809)</b>	<b>(4)</b>	<b>(22.888)</b>	<b>(103.630)</b>
Restatement effect (Note 2.f)	--	(670)	--	--	(884)	(1.554)
<b>Balance at 1 January, 2022(previously reported)</b>	<b>--</b>	<b>(62.599)</b>	<b>(18.809)</b>	<b>(4)</b>	<b>(23.772)</b>	<b>(105.184)</b>
Current year amortization	--	(3.859)	(1.159)	(6.187)	(6.913)	(18.118)
Transfers from investment properties	--	--	--	--	--	--
Foreign currency translation effect	--	9.482	5.534	(504)	1.508	16.020
Addition and disposal of business acquisition	--	(13)	--	--	--	(13)
Adjustments	--	--	--	--	27	27
Disposals from the scope of consolidation	--	15.586	--	--	--	15.586
Disposal	--	1	--	--	771	772
<b>Balance at 31 December 2022</b>	<b>--</b>	<b>(41.402)</b>	<b>(14.434)</b>	<b>(6.695)</b>	<b>(28.379)</b>	<b>(90.910)</b>

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(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 19 Intangible assets (continued)

Accumulated Amortization	Goodwill	Licences & software	Electricity distribution rights	Brand names	Other intangibles	Total
<b>Balance at 1 January, 2021 (previously reported)</b>	<b>3.532</b>	<b>114.130</b>	<b>78.507</b>	<b>1.562</b>	<b>52.607</b>	<b>250.338</b>
Restatement effect (Note 2.f)	--	528	--	(1.527)	27.245	26.246
<b>Balance at 1 January</b>	<b>3.532</b>	<b>114.658</b>	<b>78.507</b>	<b>35</b>	<b>79.852</b>	<b>276.584</b>
Addition	--	7.690	--	--	4.675	12.365
Transfers	--	(23)	--	--	190	167
Foreign currency translation difference	(1.587)	(26.827)	(35.272)	(16)	(28.946)	(92.648)
Addition and disposal of business acquisition	--	7	--	--	67.100	67.107
Disposal	--	(13)	--	--	--	(13)
<b>Balance at 31 December 2021</b>	<b>1.945</b>	<b>95.492</b>	<b>43.235</b>	<b>19</b>	<b>122.871</b>	<b>263.562</b>
<b>Balance at 1 January, 2021</b>	<b>--</b>	<b>(71.651)</b>	<b>(30.499)</b>	<b>(7)</b>	<b>(20.174)</b>	<b>(122.331)</b>
Revised effect (Note 2.f)	--	(535)	--	--	--	(535)
<b>Balance at 1 January (revised)</b>	<b>--</b>	<b>(72.186)</b>	<b>(30.499)</b>	<b>(7)</b>	<b>(20.174)</b>	<b>(122.866)</b>
Current year amortization	--	(7.864)	(3.025)	--	(4.436)	(15.325)
Foreign currency translation difference	--	17.456	14.715	3	2.445	34.619
Addition and disposal of business acquisition	--	(5)	--	--	(1.607)	(1.612)
<b>Balance at 31 December 2021</b>	<b>--</b>	<b>(62.599)</b>	<b>(18.809)</b>	<b>(4)</b>	<b>(23.772)</b>	<b>(105.184)</b>
<b>Net carrying value at 31 December 2021</b>	<b>26.503</b>	<b>32.898</b>	<b>24.426</b>	<b>856</b>	<b>30.308</b>	<b>114.991</b>
Restatement effect	(24.558)	(5)	--	(841)	68.791	43.387
<b>Net carrying value at 31 December 2021</b>	<b>1.945</b>	<b>32.893</b>	<b>24.426</b>	<b>15</b>	<b>99.099</b>	<b>158.378</b>
<b>Net carrying value at 31 December 2022</b>	<b>1.387</b>	<b>15.790</b>	<b>16.245</b>	<b>16.016</b>	<b>82.095</b>	<b>131.533</b>

### 20 Right of Use Assets

For the years ended 31 December, movements in right of use assets were as follows:

	Balance at 1 January 2022	Additions	Mergers	Disposal	Foreign currency translation differences	Balance at 31 December 2022
<b>Right of Use Assets</b>						
Right of Use Assets	64.991	2.094	(26.650)	(119)	(7.881)	32.435
Depreciation of right of use assets	(17.918)	(3.848)	6.752	225	2.897	(11.892)
<b>Net book value</b>	<b>47.073</b>	<b>(1.754)</b>	<b>(19.898)</b>	<b>106</b>	<b>(4.984)</b>	<b>20.543</b>
	Balance at 1 January 2021	Additions	Transfers	Disposal	Foreign currency translation differences	Balance at 31 December 2021
<b>Right of Use Assets</b>						
Right of Use Assets	60.030	12.215	1.974	(3.581)	(5.647)	64.991
Depreciation of right of use assets	(14.225)	(6.811)	--	905	2.213	(17.918)
<b>Net book value</b>	<b>45.805</b>	<b>5.404</b>	<b>1.974</b>	<b>(2.676)</b>	<b>(3.434)</b>	<b>47.073</b>

## Çalık Holding Anonim Şirketi and its Subsidiaries

### Notes to Consolidated Financial Statements

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(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

## 21 Investment property

As at 31 December, investment property comprised the following:

	2022	2021
Investment property under development	58.225	61.895
Investment property	28.025	19.689
<b>Total</b>	<b>86.250</b>	<b>81.584</b>

For the years ended 31 December, movements in investment property were as follows:

	2022	2021
<b>Balance at 1 January</b>	<b>81.584</b>	<b>130.338</b>
Additions / Outflow	(26.768)	812
Transfers	--	(1.974)
Changes in fair value (Note 34)	31.818	(43.544)
Translation difference	(385)	(4.048)
<b>Balance at 31 December</b>	<b>86.249</b>	<b>81.584</b>

The Group obtained independent appraisal reports for each item of investment property and measured them at their fair values. Fair value information for all investment property within the scope of TFRS 13 based on fair value hierarchy are as follows:

<b>2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investment property	--	86.250	--	86.250
<b>Total</b>	<b>--</b>	<b>86.250</b>	<b>--</b>	<b>86.250</b>

<b>2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investment property	--	81.584	--	81.584
<b>Total</b>	<b>--</b>	<b>81.584</b>	<b>--</b>	<b>81.584</b>

As at 31 December, fair value of the investment properties is calculated as comparison method by independent appraisal.

Peer comparison method determines recently listed or sold properties in market and takes into consideration of other factors for the adjustment of value based on size of land of property with current condition and location. For current market outlook, the appraisers contact with the property sale intermediaries.

As at 31 December 2022, there is no mortgage on the Group's investment properties (31 December 2021: 200.000).



## Çalık Holding Anonim Şirketi and its Subsidiaries

### Notes to Consolidated Financial Statements

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## 22 Other assets and liabilities

### Other current assets

As at 31 December, other current assets comprised the following:

	2022	2021
Reserve deposits at Central Banks <sup>(*)</sup>	702.110	642.585
Value added tax (“VAT”) receivables	36.101	31.777
Personnel advances	301	1.007
Other income accruals	5.371	12.372
Other current assets	39.707	32.428
<b>Total</b>	<b>783.590</b>	<b>720.169</b>

<sup>(\*)</sup> As at 31 December 2022 and 2021, this amount consists only of reserve deposits, which represents the mandatory deposit and is not available in the Group’s day-to-day operations.

### Other short-term liabilities

As at 31 December, other short-term liabilities comprised the following:

	2022	2021
Taxes and funds payable	35.440	25.223
Blockage on corporate collection account	2.160	1.679
VAT payable	2.318	1.559
Turkish Football Federations’ share on collection of card sales	1.228	777
Other current liabilities	51.582	44.061
<b>Total</b>	<b>92.728</b>	<b>73.299</b>

## Çalık Holding Anonim Şirketi and its Subsidiaries

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#### 23 Due from/due to customers for contract work

As at 31 December, the details of due from customers for contract work and due to customers for contract work as follows:

	2022	2021
Current amounts due from customers for contract work	275.544	130.164
Current liabilities due to customers for contract work	(80.677)	(53.292)
Non-current liabilities due to customers for contract work	(80.869)	(30.689)
<b>Total</b>	<b>113.998</b>	<b>46.183</b>

As at 31 December, the details of uncompleted contracts were as follows:

	2022	2021
Total costs incurred on uncompleted contracts	1.257.052	1.114.191
Estimated earnings	238.646	227.277
<b>Total estimated revenue on uncompleted contracts</b>	<b>1.495.698</b>	<b>1.341.468</b>
Less: Billings to date	(1.381.700)	(1.295.284)
<b>Net amounts due from customers for contract work</b>	<b>113.998</b>	<b>46.184</b>

As of 31 December, the details of other contractual obligations are as follows:

	2022	2021
Other contractual liabilities (*)	181.006	147.282
<b>Total</b>	<b>181.006</b>	<b>147.282</b>

(\*) Other contractual obligations are from Taurus Arm For Power Generation Company within the scope of the BZC and BZS2 projects carried out by the Group in Iraq, from West African Energy SA within the scope of the SNC project in Senegal, from Rompetrol Energy SA within the scope of the RPE project in Romania. from the contract advances received within the scope of the TRS project and HLT project realized in Turkmenistan, and the contract advances received from Lukoil Mid-East Limited within the scope of the WQS2 project realized in Iraq.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 24 Borrowings

As at 31 December, loans and borrowings comprised the following:

<b>31 December 2022</b>			
<b>Short term loans and borrowings</b>	<b>Finance</b>	<b>Non-Finance</b>	<b>Total</b>
Securities issued	710.576	--	710.576
Funds borrowed by the Group's banking subsidiaries	299.724	--	299.724
Current portion of long-term bank loans	--	196.791	196.791
Bank loans	2	139.850	139.852
Factoring payables	--	5.538	5.538
Lease obligations	2.351	2.819	5.170
Sukuk agreement	--	--	--
<b>Total</b>	<b>1.012.653</b>	<b>344.998</b>	<b>1.357.651</b>
<b>Long term loans and borrowings</b>	<b>Finance</b>	<b>Non-Finance</b>	<b>Total</b>
Sukuk agreement	--	142.080	142.080
Bank loans	34	122.614	122.648
Securities issued	48.619	30.324	78.943
Subordinated liabilities	50.152	--	50.152
Lease obligations	12.891	4.080	16.971
Funds borrowed by the Group's banking subsidiaries	4.743	--	4.743
<b>Total</b>	<b>116.439</b>	<b>299.098</b>	<b>415.537</b>
<b>Restated (Note 2.f)</b>			
<b>31 December 2021</b>			
<b>Short term loans and borrowings</b>	<b>Finance</b>	<b>Non-Finance</b>	<b>Total</b>
Funds borrowed by the Group's banking subsidiaries	631.400	--	631.400
Securities issued	617.746	9.779	627.525
Bank loans	2	189.025	189.027
Current portion of long-term bank loans	7.319	141.449	148.768
Lease obligations	2.607	8.547	11.154
Sukuk agreement	--	10.051	10.051
Factoring payables	--	650	650
<b>Total</b>	<b>1.259.074</b>	<b>359.501</b>	<b>1.618.575</b>
<b>Long term loans and borrowings</b>	<b>Finance</b>	<b>Non-Finance</b>	<b>Total</b>
Bank loans	39.046	140.457	179.503
Sukuk agreement	--	151.647	151.647
Lease obligations	15.790	27.125	42.915
Securities issued	31.180	7.342	38.522
Subordinated liabilities	28.337	--	28.337
Funds borrowed by the Group's banking subsidiaries	10.075	--	10.075
<b>Total</b>	<b>124.428</b>	<b>326.571</b>	<b>450.999</b>



## Çalık Holding Anonim Şirketi and its Subsidiaries

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## 24 Borrowings (continued)

<i>Restated (Note 2.f)</i>			
<b>31 December 2021</b>			
<b>Short term loans and borrowings</b>	<b>Finance</b>	<b>Non Finance</b>	<b>Total</b>
Securities issued	1.010.110	--	1.010.110
Funds borrowed by the Group's banking subsidiaries	380.658	--	380.658
Bank loans	--	290.470	290.470
Current portion of long-term bank loans	8.549	167.247	175.796
Lease obligations	2.466	11.874	14.340
Factoring payables	--	3.681	3.681
<b>Total</b>	<b>1.401.783</b>	<b>473.272</b>	<b>1.875.055</b>
<b>Long term loans and borrowings</b>	<b>Finance</b>	<b>Non Finance</b>	<b>Total</b>
Bank loans	38.319	183.154	221.473
Sukuk agreement	--	186.645	186.645
Lease obligations	16.196	28.793	44.989
Subordinated liabilities	2.135	--	2.135
Funds borrowed by the Group's banking subsidiaries	30.667	--	30.667
Securities issued	16.357	--	16.357
<b>Total</b>	<b>103.674</b>	<b>398.592</b>	<b>502.266</b>

As at 31 December 2022, the Group has investment properties under construction amounting to USD 200.000 (31 December 2021: USD 200.000) respectively, against the bank borrowings used, also the Group has given guarantee letters for the Eximbank loans received, 103 USD and 16.430 EUR (31 December 2021: 103 USD and 16.430 EUR) respectively.

There are pledges over Çalık Enerji's shares of YEDAŞ, YEPAŞ and ÇEDAŞ with numbers of 85 (TL 0,085), 115 (TL 0,115), 377.622.000 (TL 372.622), respectively and ÇEDAŞ's shares of YEPAŞ and YEDAŞ, with numbers of 6.358.770.388 (TL 63.587) and 35.700.685.312 (TL 357.006), as a guarantee for the bank borrowings used or will be used by Çalık Holding, ÇEDAŞ, YEDAŞ and YEPAŞ from a bank.

## 25 Derivatives

The carrying values of derivative instruments held at 31 December, were as follows:

	<b>2022</b>		<b>2021</b>	
	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
Swap transactions	9.687	(1.371)	16.029	(2.317)
Forward transactions	3.525	(2.521)	1.897	(1.341)
Currency options	967	(725)	520	(454)
Futures transactions	13	(290)	9.164	--
<b>Total</b>	<b>14.192</b>	<b>(4.907)</b>	<b>27.610</b>	<b>(4.112)</b>

All derivatives in a net receivable position (positive fair value) are reported as derivative assets. All derivatives in a net payable position (negative fair value) are reported as derivative liabilities.

Further disclosure regarding the derivative contracts of the Group are explained at Note 37.

## Çalık Holding Anonim Şirketi and its Subsidiaries

### Notes to Consolidated Financial Statements

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#### 26 Payables related to employee benefits

As at 31 December, payables related to employee benefits comprised the following:

	2022	2021
Due to personnel	7.002	5.890
Social security premiums payable	3.210	2.376
<b>Total</b>	<b>10.212</b>	<b>8.266</b>

#### 27 Provisions

As at 31 December, provisions comprised the following items:

	2022	2021
<b><u>Short term provisions</u></b>		
Short term employee benefits		
Other short-term provisions	18.677	14.221
	20.131	17.260
<b>Total short-term provisions</b>	<b>38.808</b>	<b>31.481</b>
<b><u>Long term provisions</u></b>		
Long term employee benefits	15.766	10.770
Other long-term provisions	37	1.067
<b>Total long-term provisions</b>	<b>15.803</b>	<b>11.837</b>
<b>Total provisions</b>	<b>54.611</b>	<b>43.318</b>

As at 31 December, short-term and long-term employee benefits comprised the following items:

	2022	2021
<b><u>Short-term</u></b>		
Bonus provisions	13.774	10.093
Vacation pay liability	4.904	4.128
<b>Total</b>	<b>18.678</b>	<b>14.221</b>
<b><u>Long term</u></b>		
Employee termination benefits	15.766	10.770
<b>Total</b>	<b>15.766</b>	<b>10.770</b>

As at 31 December, other provisions comprised the following items:

	2022	2021
<b><u>Short-term</u></b>		
Provision for litigations	11.262	12.635
Provisions for expenses	7.151	3.786
Other current provisions	1.755	1.906
<b>Total</b>	<b>20.168</b>	<b>18.327</b>

#### Reserve for employee severance indemnity

In accordance with the existing labour law in Türkiye, the Group entities operating in Türkiye are required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause or who retire (age of 58 for women, age of 60 for men) or completed service years of 20 for women or 25 for men, are called up for military service or die. According to change of regulation, dated 8 September 1999, there are additional liabilities for the integration articles.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

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### 27 Provisions (continued)

For the years ended 31 December, the movements in the reserve for employee severance indemnity were as follows:

	2022	2021
<b>Balance at 1 January</b>	<b>10.770</b>	<b>11.844</b>
Interest cost	2.191	1.896
Cost of services	2.135	1.342
Paid during the year	(2.518)	(1.387)
Addition of business acquisitions	--	53
Translation difference	(4.148)	(6.250)
Actuarial difference	7.337	3.272
<b>Balance at 31 December</b>	<b>15.767</b>	<b>10.770</b>

The reserve has been calculated by estimating the present value of future probable obligation of the Group arising from the retirement of the employees.

Actuarial valuation methods were developed to estimate the Group's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	2022	2021
Discount rate	3,00%	3,03%
Interest rate	21,44%	19,10%
Inflation rate	17,90%	15,60%

The computation of the liability is predicated upon retirement pay ceiling announced by the Government. As at 31 December 2022, the ceiling amount was USD 0,82 (31 December 2021: USD 0,62).

For the years ended 31 December, the movements in the provisions were as follows:

2022	1 January	Provision for the reserve	Reversal	Disposals from the scope of consolidation	Currency translation differences	31 December
Bonus provisions	10.093	9.813	(3.258)	--	(2.874)	13.774
Provision for litigations	12.635	1.855	(219)	(767)	(2.242)	11.262
Vacation pay liability	4.128	1.731	(84)	(398)	(474)	4.903
Other expense provisions	5.692	32.918	(30.951)	--	1.247	8.906
<b>Total</b>	<b>32.548</b>	<b>46.317</b>	<b>(34.512)</b>	<b>(1.165)</b>	<b>(4.343)</b>	<b>38.845</b>

2021	1 January	Provision for the reserve	Reversal	Currency translation differences	31 December
Bonus provisions	13.818	8.150	(6.144)	(5.731)	10.093
Provision for litigations	16.977	2.235	(748)	(5.829)	12.635
Vacation pay liability	4.390	1.351	(273)	(1.339)	4.129
Other expense provisions	8.276	1.488	(541)	(3.531)	5.692
<b>Total</b>	<b>43.461</b>	<b>13.224</b>	<b>(7.706)</b>	<b>(16.430)</b>	<b>32.549</b>

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

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### 28 Commitments and contingencies

Guarantee, pledge and mortgages ("GPM") in respect of commitment and contingencies realised in the ordinary course of business were given as at 31 December 2022 are as follows:

31 December 2022	Original currency (USD equivalent)			
	USD	TL	Others	Total
A Total amount of GPMs given in the name of its own legal personality	292.846	65.415	52.981	411.242
B Total amount of GPMs given in the name of the consolidated subsidiaries and joint ventures	--	--	--	--
- Total amount of GPMs given in the name of the consolidated subsidiaries	--	--	--	--
C Total amount of GPMs given to be able to conduct ordinary business transactions to secure payables of third parties	--	--	--	--
D Other GPMs given (*)	400	339	--	739
<b>Total</b>	<b>293.246</b>	<b>65.754</b>	<b>52.981</b>	<b>411.981</b>

GPMs in respect of commitment and contingencies realised in the ordinary course of business were given as at 31 December 2021 are as follows:

31 December 2021	Original currency (USD equivalent)			
	USD	TL	Others	Total
A Total amount of GPMs given in the name of its own legal personality	447.820	52.931	67.530	568.281
B Total amount of GPMs given in the name of the consolidated subsidiaries and joint ventures	--	59.886	--	59.886
- Total amount of GPMs given in the name of the consolidated subsidiaries	--	59.886	--	59.886
C Total amount of GPMs given to be able to conduct ordinary business transactions to secure payables of third parties	--	--	--	--
D Other GPMs given (*)	--	13.953	--	13.953
<b>Total</b>	<b>447.820</b>	<b>126.770</b>	<b>67.530</b>	<b>642.120</b>

(\*) As at 31 December 2022, the ratio of other GPMs given to total equity is 0,6 percent (31 December 2021: 0,7 percent).

Details of the commitments and contingent liabilities arising in the ordinary course of the business of the Group comprised the following items as at 31 December:

	2022	2021
Given for ongoing EPC projects	136.091	375.667
Given to banks	147.135	162.459
Pledge on shares	--	59.886
TETAŞ and TEİAŞ	21.382	15.928
Given to EMRA	2	3
Given to other suppliers and government agencies	107.372	28.176
<b>Total contingent liabilities</b>	<b>411.982</b>	<b>642.119</b>



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

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### 28 Commitments and contingencies (continued)

#### *Litigation and claims*

As at 31 December 2022, the expected cash outflow amount for the pending claims filed against to the Group is USD 11.262 (31 December 2021: USD 12.635). As at 31 December 2021, the provision for litigation and claims are mainly related to the labor cases against the Group. The Group made a provision for the whole amount related to these claims.

#### *Pending tax audits*

In Türkiye, the tax and other government authorities (Social Security Institution) have the right to inspect the Group's tax returns and accounting records for the past five fiscal years. The Group has not recorded a provision for any additional taxes for the fiscal years that remained unaudited, as the amount cannot be estimated with any degree of uncertainty. The Group's management believes that no material assessment will arise from any future inspection for unaudited fiscal years.

### 29 Taxation

#### Türkiye

Corporate income tax is levied on the statutory corporate income tax base, which is determined by modifying income for certain tax exclusions and allowances.

Tax rates in Türkiye are 23 percent for 2022 (31 December 2021: 25 percent) and tax returns are filed for permanent business purposes. This rate is included in 23 percent of 2022. For banks and institutions, the rate was accepted as 25 percent. According to the Corporate Tax, 75 percent of the income from the sales of affiliates and properties for at least two years is subject to tax if they are recorded in their own accounts for five years from their sales. The remaining 25 percent is taxable to certain corporations. It has been revised to 50 for these rates, effective from 2021.

In addition, there is a withholding tax liability on dividend distributions, and this withholding liability is accrued in the period when the dividend payment is made. According to the legal regulation effective from April 24, 2003, there is no withholding tax liability for dividend payments made from the profits obtained between 1999 and 2002 and which are exempt from corporate tax. With the decision of the Council of Ministers numbered 2006/10731 published in the Official Gazette dated 23 July 2006 and numbered 26237, some withholding rates in Articles 15 and 30 of the Corporate Tax Law No. 5520 were re-determined.

In this context, the withholding tax rate applied at the rate of 10 percent on dividend payments excluding those made to non-resident companies that generate income in Türkiye through a workplace or their permanent representative and institutions residing in Türkiye has been increased to 15 percent. In the application of withholding tax rates for profit distributions to non-resident companies and real persons, the withholding tax rates in the relevant Double Taxation Agreements are also taken into account.

Tax legislation in Türkiye does not allow the parent and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes reflected in the consolidated financial statements have been calculated separately for each company subject to consolidation.

According to Turkish tax legislation, financial losses can be carried forward for a period of five years to be set off from the future corporate income. However, financial losses cannot be carried retrospectively.

#### Transfer pricing regulations

The subject of transfer pricing is covered under the title of "disguised profit distribution through transfer pricing" in Article 13 of the Corporate Tax Law. In the General Communiqué on disguised profit distribution through transfer pricing published on 18 November 2007, the details of the implementation were determined.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

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### 29 Taxation (continued)

#### Türkiye (continued)

##### Transfer pricing regulations (continued)

If taxpayers engage in purchases and sales of products, goods or services that are not priced within the framework of the arm's length principle, then it will be concluded that the relevant profits are distributed implicitly through transfer pricing. Disguised profit distributions through such transfer pricing will not be deducted from the tax base in terms of corporate tax.

##### Tax applications for foreign subsidiaries and joint ventures of the Group

##### *Republic of Albania*

The applicable corporate tax rate in Republic of Albania is 15 percent (31 December 2021: 15 percent). Tax base is by modifying accounting income for certain exclusions and allowances in accordance with the related tax legislations. Non-documented expenses, repayments of loans and borrowings which are four times higher than equity, pre-payments, representation and accommodation expenses and fringe benefits over a certain limit are not subject to reduction for tax purposes.

##### *Republic of Kosovo*

The applicable corporate tax rate in Republic of Kosovo is 10 percent (31 December 2021: 10 percent).

Under Kosovo tax legislation system, tax losses can be carried forward to be offset against future taxable income for up to seven years.

##### *Arab Republic of Egypt*

The applicable corporate tax rate for the subsidiaries operating in Egypt is 22.5 percent (31 December 2021: 22.5 percent). Since the Group is operating in free trade zone of Egypt, the Group is not subject to corporate tax.

##### *United Arab Emirates*

As at 31 December 2022, the Group has subsidiaries in the United Arab Emirates located in Dubai. There is no federal corporate tax in United Arab Emirates. However, similar taxes are implemented in different sectors in different emirates. As at 31 December 2022 and 2021, the Group's subsidiaries operating in Dubai are not subject to corporate tax.

##### *USA*

Federal corporate income tax applicable in bands of taxable income from 21 percent. (31 December 2021: 15-40 percent). State and local governments may also impose income taxes ranging from less than 1 percent to 12 percent.

Foreign companies are generally subject to the same corporate tax as domestic companies. However, taxable income is calculated on Effectively Connected Income (ECI) only, which is considered as all U.S.-source income derived from trade or business in the U.S. or sale of U.S. real property or inventory by a foreign entity.

##### *Georgia*

The applicable corporate tax rate in Georgia is 15 percent (31 December 2021: 15 percent).

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

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### 29 Taxation (continued)

#### *Tax applications for foreign subsidiaries and joint ventures of the Group (continued)*

##### *Turkmenistan*

According to Turkmenistan law, while the corporate tax rate is 8 percent for local companies, it is 20 percent for branches of foreign companies and for local companies which have foreign partner. Parent company of branches located in Turkmenistan is tax-exempt due to income generated from construction projects outside Türkiye is tax exempt in Türkiye. Besides, revenue arising from sales of machinery and equipment which are exported from Türkiye and included in construction cost in those countries are subject to corporate tax in Türkiye.

##### *Libya*

The corporate tax rate is 20 percent (31 December 2021: 20 percent). In addition to the 20 percent tax rate, a Jihad tax is levied by 4 percent.

##### *Serbia*

The applicable corporate tax rate in Serbia is 15 percent (31 December 2021: 15 percent).

##### *Uzbekistan*

The applicable corporate tax rate in Uzbekistan is 15 percent (31 December 2021: 17,20 percent). As at 31 December 2022, the Group's operation in Uzbekistan aren't subject to corporate tax due to dispensation.

##### *The Netherlands*

The tax rate on the worldwide income of Dutch institutions is 25.8 percent (31 December 2021: 25.8 percent). 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 deductible in accordance with the tax laws to the commercial income of the corporations, and deducting the exemptions in the tax laws. If there is no tax treaty, an exemption is provided by a unilateral decree for Dutch income tax for resident companies related to avoiding double taxation, for foreign business income from foreign establishments.

According to Dutch tax legislation, financial losses can be carried forward for nine years to be offset against future corporate profits. Financial losses can be set off against retained earnings for up to one year. Companies must submit their tax returns within six months following the closing of the relevant accounting period, unless they request an extension of time, which normally means an additional nine-month period. The tax inspection authorities may examine the tax returns and the accounting records underlying them for five years, starting from the beginning of the year following the filing of the tax return, and make a reassessment as a result of their findings.

##### *Switzerland*

Corporate tax in Switzerland is a combination of Cantonal and Federal income taxes. Federal income tax is calculated at a rate of 8.50 percent (2021: 8.50 percent) on the net profit for the relevant period. Cantonal and community taxes are added to the federal tax. this provides an overall effective tax rate of 11.9 percent to 21 percent, depending on the company's corporate residence in Switzerland. In addition to Cantonal and Federal taxes, a tax called the professional tax is calculated on gross income, rental expenses, and staff numbers for the last two years at various effective rates.

According to the tax legislation in Switzerland, financial losses can be carried forward for seven years to be set off from the future corporate income. If companies have not requested an extension, they must file their tax returns within the first four months following the closing of the relevant tax year. The tax inspection authorities may examine the tax returns and the accounting records underlying them for five years, starting from the beginning of the year following the filing of the tax return, and make a reassessment as a result of their findings.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

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### 29 Taxation (continued)

#### Qatar

As of 31 December 2022, corporate tax rate is 10 percent. The Group has a branch operating in Qatar and a subsidiary. In Qatar Emirates, companies are subject to corporate tax. Taxes and duties related to the project carried out by the Group in Qatar are tax exempt.

#### Tax recognised in profit or loss

Income tax expense for the years ended 31 December comprised the following items:

#### Reconciliation of effective tax rate

	Continuing Operations		Discontinued operations		Total	
	2022	2021	2022	2021	2022	2021
Current corporation and income taxes	103.368	79.979	--	--	103.368	79.979
Deferred tax expense / (benefit)	(132.387)	(31.723)	--	--	(132.387)	(31.723)
<b>Total income tax expense / (benefit)</b>	<b>(29.019)</b>	<b>48.256</b>	<b>--</b>	<b>--</b>	<b>(29.019)</b>	<b>48.256</b>

The reported income tax expense for the years ended 31 December are different than the amounts computed by applying statutory tax rate to profit before tax as shown in the following reconciliation:

	2022		2021	
	Amount	%	Amount	%
Reported profit before taxation	831.769	--	585.950	--
Taxes on reported profit per statutory tax rate of the Company	(191.307)	(23,00)	(146.488)	(25,00)
<b>Permanent differences:</b>				
Disallowable expenses	(12.685)	(1,53)	(34.945)	(5,96)
Tax exempt income	152.073	18,28	96.285	16,43
Financial losses previously unrecognized	5.172	0,62	--	--
Effect of different tax rates in foreign jurisdictions	10.947	1,32	12.840	2,19
Base increase correction effect	--	--	--	--
Unrecorded deferred tax assets	42.446	5,10	1.572	0,27
Investment incentives effects	11.118	1,34	--	--
Effect of tax rate changes	(3.548)	(0,43)	20.124	3,43
Accounting for utilisation of previously unrecognised tax losses	--	--	8.587	1,47
Effect of share of profit of equity-accounted investees and other consolidated adjustments	(4.839)	(0,58)	4.079	0,70
Use of previous years' financial losses for uncalculated deferred tax	24.290	2,92	2.597	0,44
Period Loss Effect	(978)	(0,12)	(4.025)	(0,69)
Temporary differences previously unrecognized	4.022	0,48	(519)	(0,09)
Current period depreciation expense of electricity distribution usage for uncalculated deferred tax	(1.448)	(0,17)	--	--
Effect of previous year tax expense adjustments	2.223	0,27	(2.913)	(0,50)
Effect of consolidated adjustments on taxes	(114.285)	(13,74)	(52.419)	(8,95)
Revaluation effect of tangible and intangible assets	100.965	12,14	42.698	7,29
Others, net	4.854	0,58	4.271	0,73
<b>Tax expense</b>	<b>29.020</b>	<b>3,49</b>	<b>(48.256)</b>	<b>(8,24)</b>



## Çalık Holding Anonim Şirketi and its Subsidiaries

### Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

#### 29 Taxation (continued)

##### Current tax assets/liabilities

As at 31 December, current tax assets and liabilities comprised the following:

	2022	2021
Taxes on income	103.368	79.979
Less: Deferred tax expense/ (benefit)	(85.477)	(63.187)
Foreign currency translation difference	(2.040)	(5.615)
<b>Current tax liabilities/(assets), net</b>	<b>15.851</b>	<b>11.177</b>

As at 31 December 2022, current tax liabilities on income amounting to USD 38.177 (31 December 2021: USD 20.107) is not offset with prepaid taxes amounting to USD 22.327 (31 December 2021: USD 8.929) since they are related to different tax jurisdictions.

##### Deferred tax assets and liabilities

Deferred tax is provided in respect of taxable temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for the differences relating to goodwill not deductible for tax purposes and the initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

##### Unrecognised deferred tax assets and liabilities

As at 31 December 2022, deferred tax assets amounting to USD 12.239 have not been recognised with respect to the statutory tax losses carried forward as at 31 December 2022 (31 December 2021: USD 39.254). Such losses carried forward expire until 2022. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

The table below shows the expiration date of the tax losses carried forward for which no deferred asset has been recognised:

	2022	2021
2022	--	39.085
2023	920	46.336
2024	130	30.411
2025	842	22.978
2026	56.620	82.076
2027	2.683	--
<b>Toplam</b>	<b>61.195</b>	<b>220.886</b>

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

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### 29 Taxation (continued)

#### Unrecognised deferred tax assets and liabilities (continued)

##### Recognised deferred tax assets and liabilities

Deferred tax assets and deferred tax liabilities at 31 December are attributable to the items detailed in the table below:

	2022		2021	
	<u>Asset</u>	<u>Liability</u>	<u>Asset</u>	<u>Liability</u>
Vacation pay liability	523	--	358	(52)
Employee severance indemnity	2.485	(2)	1.578	(6)
Provisions for litigations	931	(1)	1.067	(132)
Impairment provision of credits and receivables	368	--	2.009	--
Financial assets at FVTPL	1.670	(10.133)	2	(9.367)
Available for sale investment securities	9.967	--	2.163	--
Financial assets at FVTOCI	--	(306)	--	(240)
Held-to-maturity financial instruments	9.602	--	--	--
Derivative financial instruments	--	(2.389)	--	(4.125)
Provisions	2.046	(8)	2.199	--
Inventories	464	(4.284)	116	(2.899)
IAS 39 effect on loans and borrowings	854	(382)	2.327	(1.853)
Investment properties	1.950	(8.093)	2.874	(5.838)
Tangible and intangible assets	137.096	(28.050)	40.564	(13.646)
Rights of use	15	(4.958)	15	(2)
Fair value corrections of tangible and intangible assets	--	--	--	(7.245)
Construction in progress	--	(75)	--	--
Investment incentives	17.346	--	11.503	--
Tax losses carried forward	2.450	--	1.837	--
Trade and other receivables (including rediscount)	30	--	42	--
Service concession receivables	--	(23.146)	--	(8.819)
Allowance for doubtful receivables	2.116	(1.015)	2.126	--
Security deposits	4.101	--	2.069	--
IFRS 9, 15 and IFRIC 22 effects as at January 1, 2020	2.459	(47)	--	--
Revaluation of financial investments	--	(3.988)	1.501	(289)
Property, plant and equipment value increase	38.485	--	--	--
Other temporary differences	12.709	(14.203)	9.155	(7.976)
Completion rate	2.511	(708)	1.794	(2.865)
<b>Total deferred tax assets/(liabilities)</b>	<b>250.178</b>	<b>(101.788)</b>	<b>85.299</b>	<b>(65.354)</b>
Set off of tax	(75.434)	75.434	(32.700)	32.700
<b>Deferred tax assets/(liabilities), net</b>	<b>174.744</b>	<b>(26.354)</b>	<b>52.599</b>	<b>(32.654)</b>

According to the Tax Procedural Law in Türkiye, statutory losses can be carried forward maximum for five years. Consequently, 2027 is the latest year for recovering the deferred tax assets arising from such tax losses carried forward.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

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(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 30 Capital and reserves

#### *Paid in capital*

At 31 December 2022, the Group's statutory nominal value of authorised and paid-in share capital is USD 210.761 (31 December 2021: USD 210.761) (comprising of 400.000.000 registered shares (31 December 2021: 400.000.000) having par value of TL 1 at full terms (31 December 2021: TL 1 at full terms) each).

#### *Paid in capital (continued)*

At 31 December, the shareholding structure of Çalık Holding based on the number of shares are presented below:

	2022		2021	
	Thousands of s shares	%	Thousands of shares	%
Ahmet Çalık	368.000	92	367.999	91,99
Delta Netherlands B.V. (*)	32.000	8	32.000	8
Other	--	--	1	0,01
	<b>400.000</b>	<b>100</b>	<b>400.000</b>	<b>100</b>

(\*) The company's shareholder Ahmet Çalık transferred his shares nominal values of 32.000.000 TL having par value of TL 1, 32.000.000 shares at full terms to Delta Holding B.V. on 24 December 2018 decision of the Board of Directors.

#### *Restricted reserves*

The legal reserves are established by annual appropriations amounting to 5 percent of income disclosed in the Group's statutory accounts until it reaches 20 percent of paid-in share capital (first legal reserve). Without limit, a further 10 percent of dividend distributions in excess of 5 percent of share capital is to be appropriated to increase legal reserves (second legal reserve). The first legal reserve is restricted and is not available for distribution as dividend unless it exceeds 50 percent of share capital.

According to the 5<sup>th</sup> paragraph of the Corporate Tax Law numbered 5520, 75 percent of the capital gains arising from the sale of tangible assets and investments owned for at least two years are exempted from corporate tax on the condition that such gains are reflected in the restricted reserve within equity as a special fund with the intention to be utilised in a share capital increase within five years from the date of the sale. The remaining 25 percent of such capital gains are subject to corporate tax.

As at 31 December 2022, in the accompanying consolidated financial statements, special funds arising from the sale of associates classified to legal reserves excluding the non-controlling interest portion are amounting to USD 175.120 (31 December 2021: USD 175.120).

In the accompanying consolidated financial statements, the total legal restricted reserves excluding the non-controlling interest portion amounted to USD 768.993 as at 31 December 2022 (31 December 2021: USD 720.867).

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 30 Capital and reserves (continued)

#### *Non-controlling interests*

For the years ended 31 December, movements of the non-controlling interest were as follows:

	2022	2021
<b>Non-controlling interest at the beginning of the year</b>	<b>163.347</b>	<b>118.478</b>
Restatement effect (Note 2.f)	7.292	5.100
<b>Balance at 1 January (revised)</b>	<b>170.639</b>	<b>123.578</b>
Net profit for the year attributable to non-controlling interests	20.291	14.628
Translation difference	(433)	15.381
Change in fair value of available for sale investments	29	(28)
Actuarial losses	92	(48)
Effect of the acquisition/(disposal) of non-controlling interests	3.186	2.285
Decrease due to other changes	255	2.285
Contributions by non-controlling shareholders to subsidiary capital decreases	--	370
Addition and disposal of subsidiaries	(6.415)	--
Contribution to the capital increase by the non-controlling interests	4.101	11.765
Dividend distribution	(3.870)	(6.868)
<b>Balance at the end of the year</b>	<b>187.875</b>	<b>163.348</b>

#### *Translation reserve*

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

### 31 Revenue and cost of sales

For the years ended 31 December, revenue and cost of sales comprised the following:

	2022	2021
Domestic sales	934.420	792.643
Export sales	1.068.189	940.466
Other sales	14.099	4.821
Sales discounts (-)	(12.248)	(17.755)
<b>Subtotal</b>	<b>2.004.460</b>	<b>1.720.175</b>
Cost of sales (-)	(1.508.431)	(1.258.966)
<b>Gross profit from non-finance operations</b>	<b>496.029</b>	<b>461.209</b>
Revenue from finance sector operations	574.568	526.312
Cost of revenues from finance sector operations (-)	(211.801)	(217.369)
<b>Gross profit from finance sector activities</b>	<b>362.767</b>	<b>308.943</b>
<b>Gross profit</b>	<b>858.796</b>	<b>770.152</b>

The depreciation and amortization expense of USD 34.860 was recognised in the cost of sales (2021: USD 44.150).



## Çalık Holding Anonim Şirketi and its Subsidiaries

### Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

#### 32 General and administrative expenses, selling, marketing and distribution expenses, and research and development expenses and expenses by nature

For the years ended 31 December, general and administrative expenses comprised the following:

	2022	2021
Personnel expenses	97.879	95.012
Depreciation and amortization expenses	18.700	18.815
Commission expense	14.682	16.889
Maintenance, repair and technology expenses	13.580	14.910
Insurance expenses	13.520	13.604
Taxes, duties and fees other than on income	8.151	8.905
Consulting expenses	7.339	8.090
Telecommunication expenses	5.731	5.235
Travel and accommodation expenses	5.666	3.499
Representation expenses	5.348	3.819
Rent expense	3.261	3.877
Other expenses	1.455	1.978
Office expenses	1.144	958
Other	32.201	23.163
<b>Total</b>	<b>228.657</b>	<b>218.754</b>

For the year ended 31 December, selling, marketing and distribution expenses comprised the following:

	2022	2021
Advertising and promotion expenses	15.883	10.682
Personnel expenses	7.667	10.686
Commission expense	7.655	5.104
Transportation expenses	2.997	2.458
Consulting expenses	1.963	1.986
Travel and accommodation expenses	1.725	952
Rent expense	801	907
Depreciation and amortization expenses	552	3.014
Maintenance and repair expenses	329	87
Taxes, duties and fees other than on income	287	316
Telecommunication expenses	58	80
Office expenses	--	6
Other	3.878	2.695
<b>Total</b>	<b>43.795</b>	<b>38.973</b>

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 32 General and administrative expenses, selling, marketing and distribution expenses, and research and development expenses and expenses by nature (continued)

For the year ended 31 December, research and development expenses comprised the following:

	2022	2021
Field research expenses (*)	4.766	4.740
Personnel expenses	3.749	1.064
Consulting expenses	2.323	1.614
Travel and accommodation expenses	1.527	736
Depreciation and amortization expenses	1.198	1.560
Representation expenses	356	525
Rent expense	189	41
Other	717	3.637
<b>Total</b>	<b>14.825</b>	<b>13.917</b>

(\*) Field research expenses consist by field research and development activities of the Group's subsidiaries operating in the field of mining and oil production.

For the year ended 31 December, personnel and depreciation and amortization expenses comprised the following.

	2022	2021
<i>Restated (Note 2.f)</i>		
<b><u>Personnel expenses</u></b>		
Cost of sales	114.038	65.699
General and administrative expenses	97.879	95.012
Selling, marketing and distribution expenses	7.667	10.686
Research and development expenses	3.749	4.740
<b>Total</b>	<b>223.333</b>	<b>176.137</b>

	2022	2021
<b><u>Depreciation and amortization expenses</u></b>		
Cost of sales	34.860	43.511
General and administrative expenses	18.700	18.815
Selling, marketing and distribution expenses	552	3.014
Research and development expenses	1.198	1.560
<b>Total (*)</b>	<b>55.310</b>	<b>66.900</b>

(\*) The depreciation and amortization expense of USD 574 was recognised in the inventory. (2021: 1.106).

## Çalık Holding Anonim Şirketi and its Subsidiaries

### Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

#### 33 Other income and expense from operating services

For the years ended 31 December, other income from operating activities comprised the following:

	<i>Restated (Note 2.f)</i>	
	<b>2022</b>	<b>2021</b>
Gain on sale of marketable securities	60.581	10.875
Foreign exchange income	72.337	69.417
Provision cancellation / recycling	45.960	25.092
Other	6.543	32.331
<b>Total</b>	<b>185.421</b>	<b>137.715</b>

For the year ended 31 December, other expense from operating activities comprised the following:

	<i>Restated (Note 2.f)</i>	
	<b>2022</b>	<b>2021</b>
Foreign exchange expenses	59.838	61.953
Realized guarantee cost expenses	17.701	7.272
Provision expense for receivables from financial sector activities	13.723	28.721
Doubtful receivable provision expenses	9.622	18.540
Land lease line expenses	359	1.196
Rediscount expenses	319	465
Other	54.045	30.074
<b>Total</b>	<b>155.607</b>	<b>148.221</b>

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

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### 34 Gain and loss from investing activities

For the years ended 31 December, gains from investing activities comprised the following:

	Restated (Note 2.f)	
	2022	2021
Gain on sale of subsidiary (*)	140.389	55.256
Gain on financial assets at FVTPL (note 10)	51.422	6.302
Dividend income from equity securities held	47.111	60.037
Fair value gain on investment properties	31.818	310
Gain on sale of Investment properties (**)	17.795	--
Gain of derivative financial instruments	4.452	32.518
Addition of subsidiaries	--	6.643
Other	13.975	16.579
<b>Total</b>	<b>306.962</b>	<b>177.645</b>

(\*) The Group has sold 30 percent shares of Kartaltepe Madencilik Sanayi ve Ticaret A.Ş. for an amount of and recognized USD 140.191 gain from this sale. USD 150 million in 2022.

(\*\*) The company has sold 43 percent of its investment property with a value of USD 61.895 to Mükafat Portföy Yönetimi A.Ş. İkinci Gayrimenkul Yatırım Fonu. The sale price is USD 44.410 and the profit from sale amounting to USD 17.795 has been recognized in income from investing activities.

For the years ended 31 December, losses from investing activities comprised the following:

	2022	2021
Loss on financial assets at FVTPL (note 10)	40.677	12.103
Provision for impairment/(loss) in value of associates	21.157	17
Loss on sale of subsidiary (note 5)	2.734	--
Loss of derivative financial instruments	5.070	--
Loss on sale of property, plant and equipment	50	1.050
Fair value loss on investment properties	--	43.854
Other	996	1.251
<b>Total</b>	<b>70.684</b>	<b>58.275</b>

(\*) Gap Pazarlama purchased the shares of Anateks Anadolu Tekstil without charge on 1 December 2022. As of the merger date, no payment was made for the shares of Anateks and 20.412 USD calculated over the net assets of the company at the merger date was recognized as an impairment loss.



## Çalık Holding Anonim Şirketi and its Subsidiaries

### Notes to Consolidated Financial Statements

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(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

#### 35 Finance income and finance cost

For the years ended 31 December, finance income comprised the following:

	<i>Restated (Note 2.f)</i>	
	<b>2022</b>	<b>2021</b>
Foreign exchange gains related to borrowings	137.408	185.431
Interest Income	9.331	6.343
Other	246	--
<b>Total</b>	<b>146.985</b>	<b>191.774</b>

For the years ended 31 December, finance cost comprised the following:

	<i>Restated (Note 2.f)</i>	
	<b>2022</b>	<b>2021</b>
Interest expenses related to borrowings	74.510	112.332
Foreign exchange gains related to borrowings	78.113	79.676
Bank commission expenses	4.317	5.529
Letters of guarantees commission expenses	4.587	5.340
Other charges and commission expenses	16.586	5.416
<b>Total</b>	<b>178.113</b>	<b>208.293</b>

#### 36 Disclosure of interests in other entities

Information regarding the subsidiaries in which the Group has major non-controlling interests is as follows:

<b>Subsidiaries</b>	<b>Non-controlling interests</b>	<b>Profit attributable to non-controlling interests</b>	<b>Cumulative non-controlling interests</b>	<b>Dividends paid to non-controlling interests</b>
<b><u>Çalık Enerji</u></b>				
31 December 2022	4,58	14.236	36.724	(3.870)
31 December 2021	4,58	8.459	29.028	(6.868)

## Çalık Holding Anonim Şirketi and its Subsidiaries

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#### 36 Disclosure of interests in other entities (continued)

The consolidated financial information of Çalık Enerji before the Group’s consolidation adjustments and eliminations is as follows:

Summary of Çalık Enerji’s statement of financial position	31 December 2022	31 December 2021
Cash and cash equivalents	53.909	95.181
Trade receivables	258.928	268.194
Other current assets	502.562	258.002
Non-current assets	784.937	511.536
<b>Total assets</b>	<b>1.600.336</b>	<b>1.132.913</b>
Short term liabilities	38.452	17.714
Short term portion of long-term loans and borrowings	58.463	33.196
Other short-term liabilities	617.904	371.741
Long term liabilities	80.375	74.702
<b>Total liabilities</b>	<b>795.194</b>	<b>497.353</b>
<b>Total equity</b>	<b>805.141</b>	<b>635.560</b>
<b>Total equity and liabilities</b>	<b>1.600.335</b>	<b>1.132.913</b>

Summary of Çalık Enerji’s statement of profit or loss	2022	2021
Revenue	1.373.601	1.087.564
Cost of sales	(1.064.389)	(778.228)
Other expenses from operating activities	(69.990)	(89.236)
Gain from investing activities	71.642	48.847
Finance income / (cost)	(18.934)	823
Tax incomes / (expenses)	58.914	7.702
<b>Profit for the period</b>	<b>350.844</b>	<b>277.472</b>

# **Çalık Holding Anonim Şirketi and its Subsidiaries**

## **Notes to Consolidated Financial Statements**

**As at and for the Year Ended 31 December 2022**

*(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)*

### **37 Financial instruments – Fair values and risk management**

#### **Financial risk management**

##### **Overview**

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk

This note presents information about the Group’s exposure to each of the above risks, the Group’s objectives, policies and processes for measuring and managing risks, and the Group’s management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

##### **Risk management framework**

Risk management activities are conducted by a realistic organizational structure and it is fully supported with the commitment of top-level management.

Group acts proactively in terms of risk management in order to ensure that its business operations in different industries and regions are not adversely affected as a result of market, operational, liquidity and counterparty risks. Risk Management and internal audit departments within each sector and at the Group level provide and maintain awareness for different types of risks, including emerging risks, and ensure that appropriate risk management mechanisms are in place.

##### **Banking:**

###### *Risk management framework*

For the Group’s banking group, Aktifbank and BKT actively use collateral management as the major risk mitigation mechanism. The Board of Directors of the Group’s banking group has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Audit Committee and Risk Management Department, which are responsible for developing and monitoring the Group’s banking group’s risk management policies in their specified areas. The Audit Committee has non-executive members and report regularly to the Board of Directors on their activities.

The Group’s banking group’s risk management policies are established to identify and analyse the risks faced, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group’s banking group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Audit Committee is responsible for monitoring compliance with the risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Aktif Bank and BKT. The Audit Committee is assisted in these functions by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

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### 37 Financial instruments – Fair values and risk management (*continued*)

#### Financial risk management (*continued*)

##### Credit risk:

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group’s receivables from customers and investment securities.

The Group’s principal financial assets are cash and cash equivalents, financial investments, trade receivables and other receivables. The Group requires a certain amount of collateral in respect of its account receivable. Credit evaluations are performed on all customers requiring credit over a certain amount on individual level.

At reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

##### Banking:

###### *Impaired loans and advances to customers and investment securities*

Impaired loans and advances to customers and investment debt securities are those for which the Group’s banking group determines that it is probable that it will be unable to collect all principal and interest due to according to the contractual terms of the loans and investment debt securities.

###### *Allowance for impairment*

The Group’s banking and finance group establishes an allowance for impairment losses on assets carried at amortised cost that represents its estimate of incurred losses in its loans and advances to customers and investment in debt security portfolio. This allowance is a specific loss component that relates to individually significant exposures.

Due to the increase in the consumer loan portfolio of Aktifbank and the availability of the historical trends of the probability of default, starting from 1 January 2012, Aktifbank started to provide collective loan loss allowance established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified except for loans and receivables subject to individual assessment for impairment.

###### *Write-off policy*

The Group’s banking group write off a loan or investment debt security balance, and any related allowances for impairment losses, when the Group’s banking subsidiaries determine that the loan or security is uncollectible. This determination is reached after considering information such as occurrence of significant changes in the borrower’s / issuer’s financial position such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be enough to pay back the entire exposure.

###### *Loans with renegotiated terms*

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower’s financial position and where the Group’s banking subsidiaries have made concessions that it would not otherwise consider. Once the loan is restructured it remains in this category independent of satisfactory performance after restructuring.



## Çalık Holding Anonim Şirketi and its Subsidiaries

### Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2021

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

#### 37 Financial instruments – Fair values and risk management (continued)

**Credit risk (continued):**

**Exposure to credit risk:**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at 31 December was:

31 December 2022	Receivables				Cash at banks and other cash and cash equivalents <sup>(*)</sup>	Financial investments <sup>(**)</sup>	Receivables from finance sector operations	Derivatives
	Trade receivables		Other receivables					
	Related party	Third party	Related party	Third party				
Maximum credit risk exposure at reporting date (A+B+C+D)	151.719	362.185	338.104	101.043	1.064.899	3.063.197	2.321.523	27.610
Portion of maximum risk covered by guarantees	--	12.759	--	--	--	--	--	--
A. Carrying value of financial assets that are neither past due nor impaired	151.719	338.432	338.104	101.043	1.064.899	3.063.197	2.255.920	27.610
B. Carrying value of financial assets that are past due but not impaired	--	23.753	--	--	--	--	--	--
C. Carrying value of impaired assets	--	--	--	--	--	--	65.603	--
Past due (gross carrying amount)	--	54.216	--	7.956	--	--	174.199	--
- Impairment (-)	--	(54.216)	--	(7.956)	--	--	(108.596)	--
- The part of net value under guarantee with collateral etc	--	--	--	--	--	--	--	--
Not past due (gross carrying amount)	--	--	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--	--	--
D. Elements including credit risk on off statement of financial position	--	--	--	--	--	--	--	--

(\*) Balances at central banks and cash on hand are excluded.

(\*\*) Equity securities and investment funds are excluded.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 37 Financial instruments – Fair values and risk management (continued)

**Credit risk (continued):**

**Exposure to credit risk (continued):**

31 December 2021	Receivables				Cash at banks and other cash and cash equivalents (*)	Financial investments (**)	Receivables from finance sector operations	Derivatives
	Trade receivables		Other receivables					
	Related party	Third party	Related party	Third party				
Maximum credit risk exposure at reporting date (A+B+C+D)	151.719	362.185	338.104	101.043	1.064.899	3.063.197	2.321.523	27.610
Portion of maximum risk covered by guarantees	--	12.759	--	--	--	--	--	--
A. Carrying value of financial assets that are neither past due nor impaired	151.719	338.432	338.104	101.043	1.064.899	3.063.197	2.255.920	27.610
B. Carrying value of financial assets that are past due but not impaired	--	23.753	--	--	--	--	--	--
C. Carrying value of impaired assets	--	--	--	--	--	--	65.603	--
Past due (gross carrying amount)	--	54.216	--	7.956	--	--	174.199	--
- Impairment (-)	--	(54.216)	--	(7.956)	--	--	(108.596)	--
- The part of net value under guarantee with collateral etc	--	--	--	--	--	--	--	--
Not past due (gross carrying amount)	--	--	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--	--	--
D. Elements including credit risk on off statement of financial position	--	--	--	--	--	--	--	--

(\*) Balances at central banks and cash on hand are excluded.

(\*\*) Equity securities and investment funds are excluded.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2021

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 37 Financial instruments – Fair values and risk management (continued)

#### Credit risk (continued):

##### Impairment losses

As of 31 December 2022, and 2021, the aging of trade receivables that are past due but not impaired was as below:

	Receivables		Receivables from financial sector operations
	Trade Receivables	Other Receivables	
<b>31 December 2022</b>			
Past due 0-30 days	8.907	--	--
Past due 1-3 months	14.466	--	--
Past due 3-12 months	5.233	--	--
Past due 1-5 years	47.797	25.962	--
More than five years	--	--	--
<b>Total</b>	<b>76.403</b>	<b>25.962</b>	<b>--</b>
Part of secured with guarantee etc.	--	--	--

	Receivables		Receivables from financial sector operations
	Trade Receivables	Other Receivables	
<b>31 December 2021</b>			
Past due 0-30 days	12.145	--	--
Past due 1-3 months	4.668	--	--
Past due 3-12 months	4.568	--	--
Past due 1-5 years	2.373	--	--
More than five years	--	--	--
<b>Total</b>	<b>23.754</b>	<b>--</b>	<b>--</b>
Part of secured with guarantee etc.	--	--	--

#### Liquidity risk

Liquidity risk arises in the general funding of the Group's activities and in the management of positions. It includes both risk of being unable to fund assets at appropriate maturities and rates and risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame. The Group has access to funding sources from banks and keeps certain level assets as cash and cash equivalents. The Group continuously assesses liquidity risk by identifying and monitoring changes in funding required in meeting business goals and targets set in terms of the overall Group strategy.

#### Banking:

##### Management of liquidity risk

The Group's banking group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to their reputation.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 37 Financial instruments – Fair values and risk management (continued)

#### Liquidity risk (continued):

##### Banking:

##### Management of liquidity risk

The Group's banking group funds its short-term liquidity with interbank. In the case of long-term liquidity need, the Group's banking group utilises capital and debt market instruments. Additionally, the Group's banking group also funds itself from the domestic and foreign market when it needs additional funds.

##### Exposure to liquidity risk

The key measure used by the Group's banking group for managing liquidity risk is the ratio of net liquid assets to short-term loans and borrowings. Net liquid assets include cash and cash equivalents and trading debt securities for which there is an active market.

As at 31 December, the followings are carrying amounts, contractual cash flows and the contractual maturities of financial liabilities are as follows:

	Carrying amount	Contractual cash flows	3 months or less	3-12 months	1-5 years	More than 5 year
<b>31 December 2022</b>						
<b>Contractual maturities</b>						
<i>Non-derivative financial liabilities</i>						
Payables related to finance sector operations	(5.902.038)	(5.904.660)	(4.058.245)	(1.051.473)	(747.606)	(47.336)
Loans and borrowings	(1.773.188)	(1.904.530)	(1.079.167)	(322.384)	(444.961)	(58.018)
	<b>(7.675.226)</b>	<b>(7.809.190)</b>	<b>(5.137.412)</b>	<b>(1.373.857)</b>	<b>(1.192.567)</b>	<b>(105.354)</b>
<b>Expected maturities</b>						
<i>Non-derivative financial liabilities</i>						
Trade payables	(295.479)	(295.479)	(243.858)	(51.621)	--	--
Other payable	(82.185)	(82.186)	(57.645)	(3.379)	(21.162)	--
Payable related to employee benefits	(10.212)	(10.212)	(9.014)	(1.198)	--	--
<b>Total</b>	<b>(387.876)</b>	<b>(387.877)</b>	<b>(310.517)</b>	<b>(56.198)</b>	<b>(21.162)</b>	<b>--</b>
<b>Derivative financial instruments</b>						
Inflow	14.192	14.459	7.252	6.350	858	--
Outflow	(4.907)	(4.975)	(2.495)	(2.185)	(295)	--



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 37 Financial instruments – Fair values and risk management (*continued*)

#### Liquidity risk (*continued*)

	Carrying amount	Contractual cash flows	3 months or less	3-12 months	1-5 years	More than 5 year
<b>31 December 2021</b>						
<b>Contractual maturities</b>						
<i>Non-derivative financial liabilities</i>						
Payables related to finance sector operations	(5.488.852)	(5.492.275)	(3.843.419)	(986.104)	(620.648)	(42.104)
Loans and borrowings	(2.069.574)	(2.247.214)	(1.305.452)	(389.377)	(429.551)	(122.834)
<b>Total</b>	<b>(7.558.426)</b>	<b>(7.739.489)</b>	<b>(5.148.871)</b>	<b>(1.375.481)</b>	<b>(1.050.199)</b>	<b>(164.938)</b>
<b>Expected maturities</b>						
<i>Non-derivative financial liabilities</i>						
Trade payables	(284.649)	(284.654)	(135.808)	(148.841)	(5)	--
Other payable	(75.825)	(75.826)	(20.429)	(9.741)	(45.656)	--
Payable related to employee benefits	(8.266)	(8.265)	(5.134)	(3.131)	--	--
<b>Total</b>	<b>(368.740)</b>	<b>(368.745)</b>	<b>(161.371)</b>	<b>(161.713)</b>	<b>(45.661)</b>	<b>--</b>
<i>Derivative financial instruments</i>						
Inflow	27.610	809.949	364.345	296.531	149.073	--
Outflow	(4.112)	(794.187)	(361.363)	(283.994)	(148.830)	--

#### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 37 Financial instruments – Fair values and risk management (*continued*)

#### *Interest rate risk*

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprise at different times or in differing amounts. In the case of floating rate assets and liabilities the Group is also exposed to basis risk, which is the difference in reprising characteristics of the various floating rate indices, such as six months Libor and different types of interest. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Group's business strategies.

#### *Profile*

As at 31 December, the interest rate profile of the Group's interest-bearing financial instruments was as follows:

	<u>2022</u>	<u>2021</u>
<b>Fixed rate instruments</b>		
Financial assets	1.792.368	1.629.091
Financial liabilities	7.304.673	7.139.630
<b>Variable rate instruments</b>		
Financial assets	4.489.038	4.107.989
Financial liabilities	370.553	419.076

As of 31 December 2022, an increase of 100 basis points in interest rates dominated in Turkish Lira would have decreased profit or loss before tax and allocation of the non-controlling interest by USD 46.486. (31 December 2021: USD 55.422) Under the same conditions, a decrease of 100 basis points in interest rates dominated in Turkish Lira would have increased profit or loss by USD 46.486. This analysis assumes that all other variables remain constant (31 December 2021: USD 55.422).

#### *Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss and the Group does not designate derivatives (interest rate swaps) as hedging instruments under fair value hedge accounting model. Therefore, a change in interest rate as of the reporting date would not affect profit or loss and equity.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 37 Financial instruments – Fair values and risk management (continued)

#### Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated are TL and Euro (31 December 2021: TL and Euro).

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The Group is exposed to currency risk through the impact of rate changes on the translation of foreign currency denominated payables and bank borrowings from financial institutions. Such risk is monitored by the Board of Directors and limited through taking positions within approved limits as well as using derivative instruments where necessary.

To minimise risk arising from foreign currency denominated statement of financial position items, the Group sometimes utilises derivative instruments as well as keeping part of its idle cash in foreign currencies.

At 31 December 2022, the currency risk exposures of the Group in USD equivalents are as follows:

CURRENCY POSITION STATEMENT		31 December 2022			
	USD equivalent	TL	EURO	OTHER <sup>(*)</sup>	
1. Trade Receivables	87.885	17.731	1.687	36.528	
2a. Monetary financial assets	2.635.180	266.939	58.985	1.192.384	
2b. Non-monetary financial assets	--	--	--	--	
3. Other	313.499	5.060	14.063	28.090	
<b>4. Current assets (1+2+3)</b>	<b>3.036.564</b>	<b>289.730</b>	<b>74.735</b>	<b>1.257.002</b>	
5. Trade Receivables	414	--	--	414	
6a. Monetary financial assets	2.120.837	1.259	75.982	604.883	
6b. Non-monetary financial assets	--	--	--	--	
7. Other	4.225	391	13	3.567	
<b>8. Non-current assets (5+6+7)</b>	<b>2.125.476</b>	<b>1.650</b>	<b>75.995</b>	<b>608.864</b>	
<b>9. Total Assets (4+8)</b>	<b>5.162.040</b>	<b>291.380</b>	<b>150.730</b>	<b>1.865.866</b>	
10. Trade payables	(109.107)	(23.084)	(1.749)	(51.157)	
11. Financial liabilities	(505.360)	(66.309)	(7.427)	(291.001)	
12a. Other monetary liabilities	(3.426.304)	(17.542)	(119.063)	(1.035.246)	
12b. Other non-monetary liabilities	(31.735)	--	(64)	(30.464)	
<b>13. Short term liabilities (10+11+12)</b>	<b>(4.072.506)</b>	<b>(106.935)</b>	<b>(128.303)</b>	<b>(1.407.868)</b>	
14. Trade payables	--	--	--	--	
15. Financial liabilities	(183.012)	(54.995)	(4.560)	(37.112)	
16a. Other monetary liabilities	(548.340)	(7.119)	(25.952)	(23.880)	
16b. Other non-monetary liabilities	--	--	--	--	
<b>17. Long term liabilities (14+15+16)</b>	<b>(731.352)</b>	<b>(62.114)</b>	<b>(30.512)</b>	<b>(60.992)</b>	
<b>18. Total liabilities (13+17)</b>	<b>(4.803.858)</b>	<b>(169.049)</b>	<b>(158.815)</b>	<b>(1.468.860)</b>	
<b>19. Outside of the financial statements derivatives instruments net assets / (liability) position (19a+19b)</b>	<b>146.699</b>	<b>62</b>	<b>5.214</b>	<b>42.697</b>	
19a. Hedged portion of assets amount	1.067.098	62	17.742	713.348	
19b. Hedged portion of liabilities amount	(920.399)	--	(12.528)	(670.651)	
<b>20. Net foreign currencies assets / (liability) position (9+18+19)</b>	<b>504.881</b>	<b>122.393</b>	<b>(2.871)</b>	<b>439.703</b>	
<b>21. Monetary items Net foreign currencies assets / (liability) position (IFRS 7.b 23) (=1+2a+5+6a+10+11+12a+14+15+16a)</b>	<b>72.193</b>	<b>116.880</b>	<b>(22.097)</b>	<b>395.813</b>	

<sup>(\*)</sup> USD equivalents are given.

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(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 37 Financial instruments – Fair values and risk management (continued)

#### Currency risk (continued)

At 31 December 2021, the currency risk exposures of the Group in USD equivalents are as follows:

CURRENCY POSITION STATEMENT		31 December 2021			
	USD equivalent	TL	EURO	OTHER <sup>(*)</sup>	
1. Trade Receivables	116.059	23.718	2.987	47.275	
2a. Monetary financial assets	2.478.034	4.622	86.073	1.174.852	
2b. Non-monetary financial assets	--	--	--	--	
3. Other	277.171	5.405	16.685	20.046	
<b>4. Current assets (1+2+3)</b>	<b>2.871.264</b>	<b>33.745</b>	<b>105.745</b>	<b>1.242.173</b>	
5. Trade Receivables	630	530	--	100	
6a. Monetary financial assets	1.779.902	1.832	78.229	597.858	
6b. Non-monetary financial assets	--	--	--	--	
7. Other	4.724	117	23	4.256	
<b>8. Non-current assets (5+6+7)</b>	<b>1.785.256</b>	<b>2.479</b>	<b>78.252</b>	<b>602.214</b>	
<b>9. Total Assets (4+8)</b>	<b>4.656.520</b>	<b>36.224</b>	<b>183.997</b>	<b>1.844.387</b>	
10. Trade payables	(158.594)	(25.307)	(7.709)	(16.989)	
11. Financial liabilities	(641.965)	(66.414)	(12.791)	(382.581)	
12a. Other monetary liabilities	(3.075.488)	(6.829)	(145.970)	(866.451)	
12b. Other non-monetary liabilities	(10.089)	--	(38)	(9.524)	
<b>13. Short term liabilities (10+11+12)</b>	<b>(3.886.136)</b>	<b>(98.550)</b>	<b>(166.508)</b>	<b>(1.275.545)</b>	
14. Trade payables	(5)	--	--	--	
15. Financial liabilities	(250.968)	(91.376)	(5.118)	(82.379)	
16a. Other monetary liabilities	(434.132)	--	(27.264)	(22.814)	
16b. Other non-monetary liabilities	(1)	(1)	--	--	
<b>17. Long term liabilities (14+15+16)</b>	<b>(685.106)</b>	<b>(91.377)</b>	<b>(32.382)</b>	<b>(105.193)</b>	
<b>18. Total liabilities (13+17)</b>	<b>(4.571.242)</b>	<b>(189.927)</b>	<b>(198.890)</b>	<b>(1.380.738)</b>	
<b>19. Outside of the financial statements derivatives instruments net assets / (liability) position (19a+19b)</b>	<b>31.004</b>	<b>3</b>	<b>6.628</b>	<b>(68.987)</b>	
19a. Hedged portion of assets amount	720.783	3	11.636	545.238	
19b. Hedged portion of liabilities amount	(689.779)	--	(5.008)	(614.225)	
<b>20. Net foreign currencies assets / (liability) position (9+18+19)</b>	<b>116.282</b>	<b>(153.700)</b>	<b>(8.265)</b>	<b>394.662</b>	
<b>21. Monetary items Net foreign currencies assets / (liability) position (TFRS 7.b 23) (=1+2a+5+6a+10+11+12a+14+15+16a)</b>	<b>(186.527)</b>	<b>(159.224)</b>	<b>(31.563)</b>	<b>448.871</b>	

(\*) USD equivalents are given.



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

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### 37 Financial instruments – Fair values and risk management (continued)

#### Currency risk (continued)

##### Sensitivity analysis

A 10 percent strengthening/weakening of the USD against the other currencies below would have increased/ (decreased) the comprehensive income and profit/loss (excluding the tax effect) of 31 December as follows:

31 December 2022	Profit / (Loss)		Equity	
	Strengthening of USD	Weakening of USD	Strengthening of USD	Weakening of USD
<b>Increase/(decrease) 10 percent of TL parity</b>				
1-TL net asset / liability	(12.239)	12.239	--	--
2-Hedged portion of TL amounts (-)	--	--	--	--
<b>3-Net effect of TL (1+2)</b>	<b>(12.239)</b>	<b>12.239</b>	<b>--</b>	<b>--</b>
<b>Increase/(decrease) 10 percent of EUR parity</b>				
4-EUR net asset / liability	5.721	(5.721)	--	--
5-Hedged portion of EUR amounts (-)	--	--	--	--
<b>6-Net effect of EUR (4+5)</b>	<b>5.721</b>	<b>(5.721)</b>	<b>--</b>	<b>--</b>
<b>Increase/(decrease) 10 percent of other parities</b>				
7-Other foreign currency net asset / liability	(43.969)	43.969	--	--
8-Hedged portion of other foreign currency amounts (-)	--	--	--	--
<b>9-Net effect of other foreign currencies (7+8)</b>	<b>(43.969)</b>	<b>43.969</b>	<b>--</b>	<b>--</b>
<b>TOTAL (3+6+9)</b>	<b>(50.487)</b>	<b>50.487</b>	<b>--</b>	<b>--</b>

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

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### 37 Financial instruments – Fair values and risk management (continued)

#### Currency risk (continued)

31 December 2021	Profit / (Loss)		Equity	
	Strengthening of USD	Weakening of USD	Strengthening of USD	Weakening of USD
<b>Increase/(decrease) 10 percent of TL parity</b>				
1-TL net asset / liability	15.370	(15.370)	--	--
2-Hedged portion of TL amounts (-)	--	--	--	--
<b>3-Net effect of TL (1+2)</b>	<b>15.370</b>	<b>(15.370)</b>	<b>--</b>	<b>--</b>
<b>Increase/(decrease) 10 percent of EUR parity</b>				
4-EUR net asset / liability	12.468	(12.468)	--	--
5-Hedged portion of EUR amounts (-)	--	--	--	--
<b>6-Net effect of EUR (4+5)</b>	<b>12.468</b>	<b>(12.468)</b>	<b>--</b>	<b>--</b>
<b>Increase/(decrease) 10 percent of other parities</b>				
7-Other foreign currency net asset / liability	(39.466)	39.466	--	--
8-Hedged portion of other foreign currency amounts (-)	--	--	--	--
<b>9-Net effect of other foreign currencies (7+8)</b>	<b>(39.466)</b>	<b>39.466</b>	<b>--</b>	<b>--</b>
<b>TOTAL (3+6+9)</b>	<b>(11.628)</b>	<b>11.628</b>	<b>--</b>	<b>--</b>

#### Capital management

The Group's objectives when managing capital include:

- to comply with the capital requirements required by the regulators of the financial markets where the Group operates;
- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders.

# Çalık Holding Anonim Şirketi and its Subsidiaries

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As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

### 37 Financial instruments – Fair values and risk management (continued)

#### Capital management (continued)

##### Banking:

##### Aktifbank

BRSA sets and monitors capital requirements for the Aktifbank regularly.

The capital adequacy ratio calculations are made in accordance with the “Regulation on Measurement and Evaluation of Capital Adequacy of Banks” published in Official Journal No 28337 of 28 June 2012 from 1 July 2012. Standard Method is used to calculate market risk, which is included in computation of capital adequacy ratio.

In implementing current capital requirements of BRSA requires Aktifbank to maintain a 12 percent ratio of total capital to total risk-weighted assets.

As at 31 December 2022, the Aktifbank’s capital adequacy ratio is 16,29 percent (31 December 2021: 13,75 percent).

##### BKT

BKT’s policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholder’s return is also recognised and BKT recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. There have been no material changes in BKT’s management of capital during the period.

Regulatory capital: BKT monitors the adequacy of its capital using, among other measures, the rules and ratios established by the Albanian regulator, the Bank of Albania (“BoA”), which ultimately determines the statutory capital required to underpin its business. The regulation “On capital adequacy” is issued pursuant to Law No. 8269 date 23 December 1997 “On the Bank of Albania”, and Law No. 9662 dated 18 December 2006 “On Banks in the Republic of Albania”.

The Capital Adequacy Ratio is the proportion of the regulatory capital to risk weighted exposures, calculated as the sum of the risk-weighted exposure amounts, on- and off-statement of financial position for credit risk and for credit counterparty risk, capital requirement for market and operational risk. The minimum Capital Adequacy Ratio required by Bank of Albania is 12 percent, while BKT has maintained this ratio at 15,98 percent as at 31 December 2022 (31 December 2021: 15,98 percent).

In December 2022, BKT has reported Regulatory Capital Ratio, Tier 1 Capital Ratio and Common Equity Tier 1 Ratio as 15,98 percent, 15,25 percent and 15,25 percent, respectively. (31 December 2021: 15,98 percent, 15,25 percent and 15,25 percent, respectively).

Risk-Weighted Assets (RWAs): For calculation of credit risk, exposures, on- and off-statement of financial position are classified in 15 exposure classes. In general terms, client/ issuer type, loan destination and collateral are the main determinants of the exposure class. Each exposure class has its own specific requirements on how to assess the appropriate risk weight and respective risk weighted exposures. For credit risk and counterparty risk is applied the Standardised Approach. Market risk capital requirements are calculated in case the BKT has a trading portfolio that fulfils the requirements defined by the regulation and/ or a total net open currency position that is larger than the defined minimum threshold. Operational risk capital requirement is calculated based on the Basic Indicator Approach.

Compliance: BKT and its individually regulated operations have complied with all internally and externally imposed capital requirements throughout the year.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

### 37 Financial instruments – Fair values and risk management (*continued*)

#### *Operational risk*

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group’s processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group’s operations.

The Group’s objective is to manage operational risk to balance the avoidance of financial losses and damage to the Group’s reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions,
- compliance with regulatory and other legal requirements,
- documentation of controls and procedures,
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified,
- requirements for the reporting of operational losses and proposed remedial action,
- development of contingency plans,
- training and professional development,
- ethical and business standards,
- risk mitigation, including insurance where this is effective.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by Internal Audit.

#### *Fair value information*

Fair value is 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 in the principal or in its absence, the most advantageous market to which the Group has access at that date.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted market price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs.



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 37 Financial instruments – Fair values and risk management (continued)

#### Fair value information

The table below shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2022	Amortised costs	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income	Total book value	Level 1	Level 2	Level 3	Total net realisable value
<b>Financial assets measured at fair value</b>								
Financial investments (**)	--	679.732	2.458.184	<b>3.137.916</b>	2.021.342	879.882	236.692	<b>3.137.916</b>
Derivatives (**)	--	14.192	--	<b>14.192</b>	--	14.192	--	<b>14.192</b>
<b>Financial assets not measured at fair value</b>								
Financial investments (**)	909.064	--	--	<b>909.064</b>	390.614	518.450	--	<b>909.064</b>
Trade receivables	419.564	--	--	<b>419.564</b>	--	--	--	--
Other receivables	524.806	--	--	<b>524.806</b>	--	--	--	--
Cash and cash equivalents	1.043.602	--	--	<b>1.043.602</b>	--	--	--	--
Receivables related to finance sector operations	2.401.234	--	--	<b>2.401.234</b>	--	--	--	--
<b>Total</b>	<b>5.298.270</b>	<b>693.924</b>	<b>2.458.184</b>	<b>8.450.378</b>	<b>2.411.956</b>	<b>1.412.524</b>	<b>236.692</b>	<b>4.061.172</b>
<b>Financial liabilities measured at fair value</b>								
Derivatives (**)	--	4.907	--	<b>4.907</b>	--	4.907	--	<b>4.907</b>
<b>Financial liabilities not measured at fair value</b>								
Loans and borrowings (**)	1.773.188	--	--	<b>1.773.188</b>	--	--	1.773.183	<b>1.773.183</b>
Trade payables	295.479	--	--	<b>295.479</b>	--	--	--	--
Payables related to finance sector operations	5.902.038	--	--	<b>5.902.038</b>	--	--	--	--
Other payables (*)	15.158	--	--	<b>15.158</b>	--	--	--	--
<b>Total</b>	<b>7.985.863</b>	<b>4.907</b>	<b>--</b>	<b>7.990.770</b>	<b>--</b>	<b>4.907</b>	<b>1.773.183</b>	<b>1.778.090</b>

(\*) Deposits and guarantees given are excluded from other liabilities.

(\*\*) Carrying value and fair value of this assets and liabilities are the same.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 37 Financial instruments – Fair values and risk management (continued)

#### *Fair value information (continued)*

The table below shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2021	Amortised costs	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income	Total book value	Level 1	Level 2	Level 3	Total net realisable value
<b>Financial assets measured at fair value</b>								
Financial investments (**)	--	465.934	2.696.451	<b>3.162.385</b>	1.867.900	1.017.226	277.259	<b>3.162.385</b>
Derivatives (**)	--	27.610	--	<b>27.610</b>	--	27.610	--	<b>27.610</b>
<b>Financial assets not measured at fair value</b>								
Financial investments (**)	279.795	--	--	<b>279.795</b>	80.500	199.295	--	<b>279.795</b>
Trade receivables	513.903	--	--	<b>513.903</b>	--	--	--	--
Other receivables	439.147	--	--	<b>439.147</b>	--	--	--	--
Cash and cash equivalents	1.271.777	--	--	<b>1.271.777</b>	--	--	--	--
Receivables related to finance sector operations	2.321.523	--	--	<b>2.321.523</b>	--	--	--	--
<b>Total</b>	<b>4.826.145</b>	<b>493.544</b>	<b>2.696.451</b>	<b>8.016.140</b>	<b>1.948.400</b>	<b>1.244.131</b>	<b>277.259</b>	<b>3.469.790</b>
<b>Financial liabilities measured at fair value</b>								
Derivatives (**)	--	4.112	--	<b>4.112</b>	--	4.112	--	<b>4.112</b>
<b>Financial liabilities not measured at fair value</b>								
Loans and borrowings (**)	2.069.574	--	--	<b>2.069.574</b>	--	--	2.069.575	<b>2.069.575</b>
Trade payables	284.649	--	--	<b>284.649</b>	--	--	--	--
Payables related to finance sector operations	5.488.852	--	--	<b>5.488.852</b>	--	--	--	--
Other payables (*)	23.751	--	--	<b>23.751</b>	--	--	--	--
<b>Total</b>	<b>7.866.826</b>	<b>4.112</b>	--	<b>7.870.938</b>	--	<b>4.112</b>	<b>2.069.575</b>	<b>2.073.687</b>

(\*) Deposits and guarantees given are excluded from other liabilities.

(\*\*) Carrying value and fair value of this assets and liabilities are the same.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

### As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

#### 37 Financial instruments – Fair values and risk management (continued)

##### *Fair value information (continued)*

##### *Fair value hierarchy*

The fair value hierarchy consists of three levels, depending upon whether fair values are determined based on quoted prices in an active market (Level 1), valuation techniques with observable inputs (Level 2) or valuation techniques that incorporate inputs which are unobservable and which have significant impact on the fair value of the instrument (Level 3):

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: This category includes inputs that are quoted market prices (unadjusted) in active markets for identical instruments. These are instruments where the fair value can be determined directly from prices which are quoted in active, liquid markets and where the instrument observed in the market is representative of that being priced in the Group’s portfolio.
- Level 2: This category includes inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: This category includes all instruments where the valuation technique uses inputs based on unobservable data, which could have a significant effect on the instrument’s valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant, unobservable adjustments or assumptions are required to reflect differences between instruments. Unobservable in this context means that there is little or no current market data available from which the price at which an arm’s length transaction would be likely to occur can be derived.

##### *Valuation models*

The Group uses following assumptions to estimate the fair value of financial instruments:

**Equity securities:** Fair values of publicly traded equity securities are based on quoted market prices where available. In the case of where no quoted market is available, fair value is determined based on quoted prices for similar securities or other valuation techniques. Valuation techniques include discounted cash flow models and transaction multiple methods.

Valuation of equity securities designated as at fair value through profit or loss was carried out by an independent appraiser firm as at 31 December 2022. Discounted cash flow method was used as valuation method and the fair value of this investment was assessed USD 590.090 (31 December 2021: USD 275.608).

**Debt securities:** Fair values are based on quoted market prices, where available. Quoted market prices may be obtained from an exchange, dealer, broker, pricing service or regulatory service. If quoted prices in an active market are not available, fair value is based on an analysis of available market inputs, which may include values obtained from one or more pricing services or by a valuation technique that discounts expected future cash flows using a market interest rate curves, referenced credit spreads and maturity of the investment.

## Çalık Holding Anonim Şirketi and its Subsidiaries

### Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

#### 37 Financial instruments – Fair values and risk management (continued)

##### *Fair value information (continued)*

##### *Valuation models (continued)*

**Derivative assets and liabilities:** Derivatives are valued using valuation techniques. The valuation techniques and inputs depend on the type of derivative and the nature of the underlying instruments. Observable prices or model inputs are usually available in the market for exchange-traded derivatives and simple over-the-counter derivatives.

Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. The principal technique used to value these instruments are based on discounted cash flows. These valuation models calculate the present value of expected future cash flows. Inputs to valuation models are determined from observable market data where possible. The inputs used include prices available from exchanges, dealers, brokers or providers of consensus pricing, yield curves, credit spreads, default rates, recovery rates, volatility of underlying interest rates, equity prices and foreign currency exchange rates. These inputs are determined with reference to quoted prices, recently executed trades, independent market quotes, where available.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the Group believes that a third party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and the counterparty where appropriate. For measuring derivatives, fair values taken into account both credit valuation adjustments and debit valuation adjustments.



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

### As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

## 38 Group enterprises

The consolidated financial statements aggregate financial information from the following entities:

### Subsidiaries

The table below sets out the subsidiaries and their shareholding structure at 31 December:

Company name	Direct controlling interest of Çalık Holding and its subsidiaries		Effective ownership interest of Çalık Holding and its Subsidiaries	
	2022	2021	2022	2021
Adacami Enerji (1)	99,95	99,95	95,38	95,38
Aktif Portföy (5)	80	80	79,89	79,89
Aktif Ventures (5) (*****)	--	100	--	99,87
Aktifbank	99,43	99,43	99,87	99,87
Aktiftech (5) (****)	100	--	99,87	--
Akuamarin (5)	100	100	99,87	99,87
Albtelecom (***)	--	80,27	--	74,78
Amethyst (6) (***)	--	100	--	99,29
Ametist Solar (5)	100	100	99,87	99,87
Anateks (4) (****)	100	--	99,91	--
Ant Enerji (1)	100	100	95,42	95,42
Artmin (6)	70	70	69,50	69,5
Atayurt İnşaat (1)	99,5	99,5	95,20	95,2
Attivo (5)	90	90	89,88	89,88
Aytaşı (5)	100	100	99,87	99,87
Başak Yönetim	100	100	100,00	100
BKT (7)	100	100	100,00	100
BKT Kosova	100	100	100,00	100
Calik Denim B.V. (3)	100	100	99,80	99,8
CE Solaire 1 (1)	95	95	90,65	90,65
CE Solaire 2 (1)	95	95	90,65	90,65
Ce Solar D. Skopje (1) (****)	86,39	--	95,42	--
Cetel Telekom	100	93,16	100,00	93,16
Çalık Albania Wind (1) (****)	86,39	--	95,42	--
Çalık Alexandria (4)	94	94	99,81	99,81
Çalık Denim	99,8	99,8	99,80	99,8
Çalık Dijital	100	100	100,00	100
Çalık Enerji	99,9	95,42	95,42	95,42
Çalık Enerji Swiss A.G. (1)	100	100	95,42	95,42
Çalık Georgia (1)	95,42	100	95,42	95,42
Çalık Hava	100	100	100,00	100
Çalık İnşaat (2)	100	99,98	99,33	99,16
Çalık Japan (1)	100	100	95,42	95,42
Çalık Pamuk (7)	99,8	86,39	86,39	86,39
Çalık Petrol	86,39	--	80,00	--
Çalık Proje (1)	100	100	96,75	96,69
Çalık Rüzgar (1)	95	95	90,65	90,65
Çalık Tarım (8)	100	100	86,39	86,39
ÇEDAŞ (1)	99,90	99,9	95,38	95,38
Çiğdem (5)	100	100	99,87	99,87
ÇL Enerji (1)	100	100	95,42	95,42
Defne (5)	100	100	99,87	99,87
Demircili (1)	85	85	81,11	81,11
Deniz Güneş Enerjisi (5)	100	100	99,87	99,87
Deutsche Tiefbau (2)	100	100	99,33	99,17

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

### As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

#### 38 Group enterprises (continued)

##### Subsidiaries (continued)

Company name	Direct controlling interest of Çalık Holding and its subsidiaries		Effective ownership interest of Çalık Holding and its Subsidiaries	
	2022	2021	2022	2021
Doğal Hayat Jeotermal	50	--	40,00	--
Duru (5)	100	100	99,87	99,87
E-Kent (5)	99,87	100	99,73	99,87
Eko Biokütle (5)	100	100	99,87	99,87
Emlak Girişim (5)	100	100	99,87	99,87
E-Post (5)	100	99,86	99,87	99,87
Esen (5)	100	100	99,87	99,87
Eurokos (1)	75	75	71,57	71,57
Gap Construction Co. (2)	100	100	99,33	98,91
Gap İnşaat	99,33	99,16	99,33	99,17
Gap İnşaat Dubai (2)	100	100	99,33	99,17
Gap İnşaat Katar (2)	100	100	99,33	98,91
Gap İnşaat Sudan (2)	100	80	99,33	98,22
Gap İnşaat Ukraine (2)	99	99	98,34	98,18
Gap Pazarlama	99,91	99,77	99,91	99,77
Gap Pazarlama FZE (4)	100	100	99,91	99,77
Gappa (4)	100	100	99,91	99,77
Gelincik (5)	100	100	99,87	99,87
Güneştaşı (5)	100	100	99,87	99,87
Innovative Construction (2)	100	100	100,00	99,17
Irmak Yönetim	100	100	100,00	100
İkideniz Petrol	99,99	99,99	99,99	99,99
İnovaban İnovasyon (5)	67	67	66,91	66,91
İpek (5)	100	100	99,87	99,87
Jasper Trading (1)	99	99	94,47	94,47
JSC Georgia (1)	85	85	84,89	81,11
Kaplan Gözü (5)	100	100	99,87	99,87
Kasımpatı (5)	100	100	99,87	99,87
Kentsel Dönüşüm (2)	99,67	99,67	99,25	99,09
Kızılırmak (1)	100	99,3	95,42	94,86
Kuvars (5)	100	100	99,87	99,87
Lapis (5)	100	100	99,87	99,87
Leylak (5)	100	100	99,87	99,87
Lidya Aurasia (6)	100	100	99,29	99,29
Lidya Maden	99,28	99,28	99,29	99,29
Lidya Mali (****)	100	--	99,29	--
Lilyum (5)	100	100	99,87	99,87
Machinego Tekn. (****)	66,67	--	65,10	--
Malatya Boya (3)	100	100	99,80	99,8
Martı (5)	100	100	99,87	99,87
Mehtap (5)	100	100	99,87	99,87
Mercan (5) (***)	--	100	99,87	99,87
Momentum Enerji (1)	100	100	95,42	95,42
Nilüfer (5)	100	100	99,87	99,87
N-Kolay (5)	90,04	90,04	89,92	89,92
Nouvelle Frontiere (6) (***)	--	100	--	99,29

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

### As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

## 38 Group enterprises (continued)

### Subsidiaries (continued)

Company name	Direct controlling interest of Çalık Holding and its subsidiaries		Effective ownership interest of Çalık Holding and its Subsidiaries	
	2022	2021	2022	2021
Oniki Teknoloji (5) (*)	--	100	--	99,87
Oniks (5)	100	100	99,87	99,87
Onyx (1)	100	100	95,42	95,42
OOO GAP (2)	100	100	99,33	99,17
Opal (5)	100	100	99,87	99,87
Passo Spor (5)	100	75	99,80	74,9
Pavo (5)	100	100	99,87	99,87
Polimetal Madencilik (6)	100	100	99,87	99,29
Polimetal Mineral (6) (**)	--	100	--	99,29
Saudi Jalik Energy Company (1)	100	100	95,42	95,42
Seher (5)	100	100	99,87	99,87
Sigortayeri (5)	100	100	99,87	99,87
Tanyeri (5)	100	100	99,87	99,87
Taşkent Merkez (1)	100	100	95,42	95,42
TCB İnşaat (1)	100	100	95,42	95,42
Technological Energy (1)	100	100	95,42	95,42
Tura Moda (4)	100	100	99,91	99,77
Turkuvaz (5)	100	100	99,87	99,87
Türkmen Elektrik (1)	95,50	95,5	92,63	92,63
Ufuk (5)	100	100	99,87	99,87
UPT (5)	100	100	99,87	99,87
Uztur (1)	100	100	95,42	95,42
White Construction N.V (2)	100	100	99,33	99,17
Workindo (6)	66,67	66,67	65,10	65,1
Yakamoz (5)	100	100	99,87	99,87
YEDAŞ (1)	100	100	95,38	95,38
YEPAŞ (1)	100	100	95,38	95,38
Yeşilçay Enerji (1)	100	100	95,42	95,42

(\*) The (\*) E-post Elektronik Retail Otomasyon Satış Ticaret A.Ş. It is united in it.

(\*\*) Lidya Madencilik A.Ş. merged with.

(\*\*\*) Closed in 2022

(\*\*\*\*) It was established in 2022.

(\*\*\*\*\*) Ownership changed in 2022.

(\*\*\*\*\*) Transferred to an investment fund in 2022.

1 Consolidated first under Çalık Enerji and then under the Group.

2 Consolidated first under Gap İnşaat and then under the Group.

3 Consolidated first under Çalık Denim, then under the Group.

4 Consolidated first under Gap Pazarlama and then under the Group.

5 Consolidated first under Aktifbank and then under the Group.

6 Consolidated first under Lidya Maden and then under the Group.

7 Consolidated first under Çalık Pamuk and then under the Group.

## Çalık Holding Anonim Şirketi and its Subsidiaries

### Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

## 38 Group enterprises (continued)

### Joint ventures

The table below sets out the joint ventures and their shareholding structure at 31 December:

	<i>Direct controlling interest of Çalık Holding and its subsidiaries</i>		<i>Effective ownership interest of Çalık Holding and its Subsidiaries</i>	
	2022	2021	2022	2021
CYK Enerji Adi Ortaklığı (1)	99	99	95,42	95,42
Çalık Limak Adi Ortaklığı (1)	50	50	47,69	47,69
Doğu Aras Enerji Yatırımları Anonim Şirketiv	40	40	60	38,17
Dtm Enerji Yatırımları Adi Ortaklığı (1)	50	50	47,71	47,71
HMC Digital (5)	33,33	33,33	33,29	33,29
Kartaltepe Madencilik Sanayi ve Ticaret Anonim Şirketi (6)	50	50	49,64	49,64
Kosova Çalık Limak Energy Sh.A. (1)	50	50	47,71	47,71
LC Electricity Supply and Trading d.o.o. (1)	50	50	46,31	46,31
Machinego Teknoloji Danışmanlık ve İş Makinaları Anonim Şirketi (5)	33,33	--	33,33	--
Pkn Enerji Hizmetleri Adi Ortaklığı (1)	50	50	47,71	47,71

### Associates

The table below sets out the associates and their shareholding structure at 31 December:

	<i>Direct controlling interest of Çalık Holding and its subsidiaries</i>		<i>Effective ownership interest of Çalık Holding and its Subsidiaries</i>	
Şirket adı	2022	2021	2022	2021
Aktif Bank Sukuk Varlık Kiralama Anonim Şirketi (5)	100	100	99,87	99,87
Aktif Fortis Enerji Anonim Şirketi (“Aktif Fortis”) (5)	50	50	49,93	49,93
Albania Leasing Company (5)	29,99	29,99	29,99	29,99
Cydev Investment Ltd. (5)	99,99	99,99	25,53	25,53
Dome Zero Inc.v	1,98	1,98	1,98	1,98
Emyap Development Limited (5)	51	51	13,02	13,02
Euroasian Leasing Company (5) (***)	--	36,71	--	36,66
Euro-Mediterranean Investment Company Limited (5)	25,57	25,57	25,54	25,54
Halk Yenilenebilir Enerji Anonim Şirketi (5)	50	50	49,93	49,93
Idea Farm Ventures Limited (5)	30	30	29,96	29,96
Kazakhstan Ijara Company KIC Leasingv	14,32	14,32	14,3	14,3
Kıbrıs Besicilik ve Çiftçilik Teşebbüsleri Limited (5) (***)	--	99,99	--	22,53
Secom Aktif Elektronik Güvenlik Çözümleri A.Ş. (5)	100	100	49,93	49,93
Secom Aktif Güvenlik Yatırım Anonim Şirketi (5)	50	50	49,93	49,93
Silent Valley Partnership (5)	51	51	13,02	13,02
Tasfiye Halinde Haliç Finansal Kiralama Anonim Şirketi (5)	32	32	31,96	31,96
Bakırtepe Madencilik (6)	30	50	49,64	49,64
Lor Dafrique Sarlu (6)	100	100	99,29	99,29
Balkan Dokuma TGPJ (3)	31	31	31	31
Gap Türkmen-Türkmenbaşı Jeans Kompleksi (3)	34,8	34,8	34,7	34,7
Serdar Pamuk Egrigi Fabriği ÇJB (3)	10	10	10	10
Türkmenbaşı Tekstil Kompleksi (3)	32	32	32	32



## Çalık Holding Anonim Şirketi and its Subsidiaries

### Notes to Consolidated Financial Statements

#### As at and for the Year Ended 31 December 2022

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

#### 39 Fees for services received from independent auditor/independent audit firm

The explanation of the services fee provided by independent audit firms prepared by the Group regarding the Board decision of the POA published in the Official Gazette on March 30, 2021 is as follows. The preparation principles are based on the POA letter dated August 19, 2021.

	31 December 2022	31 December 2021
Independent audit fee for the reporting period	855.747	806.730
Fee for other assurance services	3.622	1.127
Fees for tax consultancy services	67.367	72.082
<b>Total</b>	<b>926.736</b>	<b>879.939</b>

(\*) The foreign currency fees of the foreign subsidiary are translated into USD using the annual average rate of the relevant year.

#### 40 Subsequent events

An earthquake occurred in the southeastern part of Turkey that affected many of our cities. Considering the region in which the Group operates, no direct impact is expected on Group operations.

The regulation dismantling the retirement age requirement for employees who started their working life before 8 September 1999 was published in the Official Gazette on 3 March 2023. Accordingly, the employees who have completed the number of premium days and social insurance period are entitled to retirement. The regulation is expected to have an impact on the timing and probability of settlement of severance payments. The regulation is not expected to have a significant impact on the Group’s financial position and financial performance.

With the amendment made by the Law No. 7440 on the "Restructuring of Certain Receivables and Amending Some Laws" published in Official Gazette on 12 March 2023, a one-time additional tax will be collected from corporate taxpayers over the amounts of exemptions and deductions provided by Corporate Tax Law No. 5520 and by other laws as well as tax bases subject to reduced corporate tax according to Law No. 5520 by submitting the tax in corporate tax return for 2022. Some exceptions and deductions listed in the Law No. 7440 are excluded from the scope of the additional tax. In addition, corporate taxpayers in the provinces and districts affected by the Kahramanmaraş earthquake are exempt from the additional tax. Efforts to determine the additional tax amount to be accrued continue. The tax amount will be recognized as expense in the financial statements for 2023

According to the decision of the board of directors dated March 27, 2023, the subsidiary of the Group, Gap İnşaat Yatırım ve Dış Ticaret A.Ş., was transferred to AktifBank Sukuk Varlık Kiralama A.Ş. (“VKŞ”), within the framework of the Capital Markets Board regulations and other relevant legislation provisions, it is aimed to issue ownership-based lease certificates up to TL 970.000.000 to be sold to qualified investors in the country. Therefore, it has been decided to sign the necessary contracts between the company and VKŞ, to establish all necessary works and transactions regarding the issuance of lease certificates before the Capital Markets Board and other official authorities, stock exchanges and other parties, and to carry out all kinds of transactions within this scope.

On May 8, 2023; Lidya Madencilik Sanayi ve Ticaret A.Ş. 10 percent of all shares of Artmin Madencilik Sanayi ve Ticaret A.Ş. to Alacer Gold Corporation for 120 million USD. The total transfer based on the sales contract; consists of USD 270 million equivalent of 40 percent of the shares. Remaining from the sale is the transfer of 30 percent of shares with a value of 150 million USD; It will be partially completed between the initial investment phase of the Hod Mining project, which is a part of Artmin Madencilik Sanayi ve Ticaret A.Ş., and the first anniversary phase of the project's transition to commercial production. At the end of the whole process, the new capital structure of Artmin Madencilik Sanayi ve Ticaret A.Ş is 40 percent of Alacer Gold Corporation, 30 percent of Mariana Turkey Limited and 30 percent of Lidya Madencilik Sanayi ve Ticaret A.Ş.

## GRI CONTENT INDEX

GRI CONTENT INDEX

For the Content Index - Essentials Service, GRI Services reviewed that the GRI content index has been presented in a way consistent with the requirements for reporting in accordance with the GRI Standards, and that the information in the index is clearly presented and accessible to the stakeholders. The service was performed on the Turkish version of the Report.

STATEMENT OF USE	Çalık Holding A.Ş. has reported the information cited in this GRI content index for the period 01.01.2022-31.12.2022 in accordance with the GRI Standards.
GRI 1 USED	GRI 1: Foundation 2021
SECTOR STANDARD	N/A

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: GENERAL DISCLOSURES 2021	GENERAL DISCLOSURES	
	2-1 Organizational details	Fields of Operation, Page: 8-9 Regions of Activity, Page: 10-11 About Çalık Holding, Page: 15  <a href="https://www.calik.com/en/about-us/calik-holdings">https://www.calik.com/en/about-us/calik-holdings</a>
	2-2 Entities included in the organization’s sustainability reporting	About the Report, Page: 3
	2-3 Reporting period, frequency and contact point	About the Report, Page: 3 Annual
	2-4 Restatements of information	There is no statement readjusted based on information provided in previous reports.
	2-5 External assurance	The report has not been externally assured.
	2-6 Activities, value chain and other business relationships	Fields of Operation, Page: 8-9 Regions of Activity, Page: 10-11 About Çalık Holding, Page: 15
	2-7 Employees	HUMAN RESOURCES, PAGE: 198-205
	2-8 Workers who are not employees	HUMAN RESOURCES, PAGE: 198-205
	2-9 Governance structure and composition	Çalık Holding Board of Directors, Page: 176-177 Executive Management, Page: 178-181 Organizational Structure, Page: 182  <a href="https://www.calik.com/en/investor-relations/corporate-governance">https://www.calik.com/en/investor-relations/corporate-governance</a>
	2-10 Nomination and selection of the highest governance body	Board of Directors’ Business Approach, Page: 184
	2-11 Chair of the highest governance body	Çalık Holding Chairman, Page: 6-7
	2-12 Role of the highest governance body in overseeing the management of impacts	Business Model, Page: 28-29 Board of Directors’ Business Approach, Page: 184
	2-13 Delegation of responsibility for managing impacts	Corporate Governance Understanding, Page: 183 Board of Directors’ Business Approach, Page: 184
	2-14 Role of the highest governance body in sustainability reporting	Business Model, Page: 28-29 Board of Directors’ Business Approach, Page: 184

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: GENERAL DISCLOSURES 2021	2-15 Conflicts of interest	Ethics and Compliance, Page: 192
	2-16 Communication of critical concerns	Corporate Governance Understanding, Page: 183 Board of Directors’ Business Approach, Page: 184
	2-17 Collective knowledge of the highest governance body	Analysis of Material Issues and the Materiality Matrix/ Corporate Governance, Page: 33 Çalık Holding Board of Directors, Page: 176-177 Executive Management, Page: 178-181
	2-18 Evaluation of the performance of the highest governance body	Analysis of Material Issues and the Materiality Matrix/ Corporate Governance, Page: 33
	2-19 Remuneration policies	Human Resources/Remuneration and Benefits Management, Page: 204
	2-20 Process to determine remuneration	Human Resources/Remuneration and Benefits Management, Page: 204
	2-21 Annual total compensation ratio	Human Resources/Remuneration and Benefits Management, Page: 204
	2-22 Statement on sustainable development strategy	Strategy and Portfolio Management Principles, Page: 24 Business Model, Page: 28-29
	2-23 Policy commitments	<a href="https://www.calik.com/uploads/20230804112821129.pdf">https://www.calik.com/uploads/20230804112821129.pdf</a>
	2-24 Embedding policy commitments	<a href="https://www.calik.com/uploads/20230804112821129.pdf">https://www.calik.com/uploads/20230804112821129.pdf</a>
	2-25 Processes to remediate negative impacts	Risk Management, Page: 186 Internal Audit, Page: 187
	2-26 Mechanisms for seeking advice and raising concerns	Ethics and Compliance, Page: 194-195
	2-27 Compliance with laws and regulations	Ethics and Compliance, Page: 188-193
	2-28 Membership associations	National and International Memberships, Page: 38
	2-29 Approach to stakeholder engagement	Stakeholder Communication, Page: 36
	2-30 Collective bargaining agreements	Since Çalık Holding is the portfolio manager who manages companies operating in 5 sectors, there is no collective bargaining agreement.
MATERIAL TOPICS		
GRI 3: MATERIAL TOPICS 2021	3-1 Process to determine material topics	Analysis of Material Issues and the Materiality Matrix, Page: 32
	3-2 List of material topics	Analysis of Material Issues and the Materiality Matrix, Page: 32
SUSTAINABLE PROFITABILITY		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Message from the Chairman, Page: 4-5 Analysis of Material Issues and the Materiality Matrix, Page: 33-35
GRI 201: ECONOMIC PERFORMANCE 2016	201-1 Direct economic value generated and distributed	Fields of Operation, Page: 8-9 Main Indicators, Page: 22-23 Value Creation Model, Page: 26-27  <a href="https://www.calik.com/en/value-creation-model">https://www.calik.com/en/value-creation-model</a>
	201-3 Defined benefit plan obligations and other retirement plans	Financial Information/Consolidated Financial Statements and Independent Auditor’s Report, Page: 57-58, 110-111

GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	LOCATION
GRI 203: INDIRECT ECONOMIC IMPACTS 2016	203-1 Infrastructure investments and services supported	Fields of Operation, Page: 8-9 Topics that Differentiate, Page: 25 Value Creation Model, Page: 26-27  <a href="https://www.calik.com/en/value-creation-model">https://www.calik.com/en/value-creation-model</a>
	203-2 Significant indirect economic impacts	ENVIRONMENTAL SUSTAINABILITY, PAGE: 196-197 Human Resources, Page: 198-199, 203-204, 207-210 Corporate Social Responsibility, Page: 214-217
GRI 207: TAX 2019	207-4 Country-by-country reporting	FINANCIAL INFORMATION/CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR’S REPORT, PAGE: 114-120
DIGITAL TRANSFORMATION AND INNOVATION		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Message from the Chairman, Page: 4-5 ANALYSIS OF MATERIAL ISSUES AND THE MATERIALITY MATRIX, PAGE: 33-35 Human Resources, Page: 210
RESPONSIBLE PURCHASING AND SUPPLY CHAIN		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Message from the Chairman, Page: 4-5 Analysis of Material Issues and the Materiality Matrix, Page: 33-35 Supplier Relations, Page: 40-41 Ethics and Compliance, Page: 189  <a href="https://www.calik.com/uploads/20230804112821129.pdf">https://www.calik.com/uploads/20230804112821129.pdf</a>
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016	308-1 New suppliers that were screened using environmental criteria	Supplier Relations, Page: 40-41
	308-2 Negative environmental impacts in the supply chain and actions taken	There were no significant negative environmental impacts in the supply chain during the reporting period.
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016	414-1 New suppliers that were screened using social criteria	Supplier Relations, Page: 40-41
	414-2 Negative social impacts in the supply chain and actions taken	There were no significant negative social impacts in the supply chain during the reporting period.
EMPLOYEE SATISFACTION AND SUPPORTING EMPLOYEE DEVELOPMENT		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Message from the Chairman, Page: 4-5 Analysis of Material Issues and the Materiality Matrix, Page: 33-35 Human Resources, Page: 198-210
GRI 404: TRAINING AND EDUCATION 2016	404-2 Programs for upgrading employee skills and transition assistance programs	Value Creation Model, Page: 26-27 Human Resources/Training and Development Management, Page: 206-210
	404-3 Percentage of employees receiving regular performance and career development reviews	Human Resources, Page: 198, 203

GRI STANDARD	DISCLOSURE	LOCATION
SUSTAINABLE BUSINESS MODEL		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Message from the Chairman, Page: 4-5 Strategy and Portfolio Management Principles, Page: 24 Value Creation Model, Page: 26-27 Business Model, Page: 28-29 Management Systems and Certificates at the Çalık Group, Page: 31 Analysis of Material Issues and the Materiality Matrix, Page: 33-35
CLIMATE CHANGE/RENEWABLE ENERGY INVESTMENTS		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Message from the Chairman, Page: 4-5 Analysis of Material Issues and the Materiality Matrix, Page: 33-35 Environmental Sustainability, Page: 196-197
GRI 201: ECONOMIC PERFORMANCE 2016	201-2 Financial implications and other risks and opportunities due to climate change	Value Creation Model, Page: 26-27 Environmental Sustainability, Page: 196-197
	302-1 Energy consumption within the organization	Environmental Sustainability, Page: 196-197
GRI 302: ENERGY 2016	302-2 Energy consumption outside of the organization	Environmental Sustainability, Page: 196-197
	302-3 Energy intensity	Environmental Sustainability, Page: 196-197
	302-4 Reduction of energy consumption	Environmental Sustainability, Page: 196-197
	302-5 Reductions in energy requirements of products and services	Environmental Sustainability, Page: 196-197
GRI 303: WATER AND EFFLUENTS 2018	303-1 Interactions with water as a shared resource	Environmental Sustainability, Page: 196-197
	303-2 Management of water discharge-related impacts	Environmental Sustainability, Page: 196-197
	303-3 Water withdrawal	Environmental Sustainability, Page: 196-197
	303-4 Water discharge	Environmental Sustainability, Page: 196-197
	303-5 Water consumption	Environmental Sustainability, Page: 196-197
GRI 305: EMISSIONS 2016	305-1 Direct (Scope 1) GHG emissions	Environmental Sustainability, Page: 196-197
	305-2 Energy indirect (Scope 2) GHG emissions	Environmental Sustainability, Page: 196-197
	305-3 Other indirect (Scope 3) GHG emissions	Environmental Sustainability, Page: 196-197



GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	LOCATION
GRI 306: WASTE 2020	306-1 Waste generation and significant waste-related impacts	Environmental Sustainability, Page: 196-197
	306-2 Management of significant waste-related impacts	Environmental Sustainability, Page: 196-197
	306-3 Waste generated	Environmental Sustainability, Page: 196-197
	306-4 Waste diverted from disposal	Environmental Sustainability, Page: 196-197
	306-5 Waste directed to disposal	Environmental Sustainability, Page: 196-197
DEVELOPMENT OF RELATIONS WITH INTERNATIONAL FINANCIAL RESOURCES		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Message from the Chairman, Page: 4-5 Milestones, Page: 16-19 Strategy and Portfolio Management Principles, Page: 24 Value Creation Model, Page: 26-27 Business Model, Page: 28-29 Analysis of Material Issues and the Materiality Matrix, Page: 33-35 International Business Partners, Page: 37
CORPORATE GOVERNANCE		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Message from the Chairman, Page: 4-5 Strategy and Portfolio Management Principles, Page: 24 Value Creation Model, Page: 26-27 Business Model, Page: 28-29 Analysis of Material Issues and the Materiality Matrix, Page: 33-35 Corporate Governance Understanding, Page: 183 Board of Directors' Business Approach, Page: 184
GRI 205: ANTI-CORRUPTION 2016	205-1 Operations assessed for risks related to corruption	Ethics and Compliance, Page: 188-195
	205-2 Communication and training about anti-corruption policies and procedures	Ethics and Compliance, Page: 188-195
	205-3 Confirmed incidents of corruption and actions taken	There were no confirmed incidents of corruption during the reporting period.
GRI 206: ANTI-COMPETITIVE BEHAVIOR 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There were no legal actions for anti-competitive behavior, anti-trust, and monopoly practices during the reporting period.
GRI 406: NON-DISCRIMINATION 2016	406-1 Incidents of discrimination and corrective actions taken	There were no incidents of discrimination during the reporting period..
GRI 408: CHILD LABOR 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Çalık Holding does not employ child labor.
GRI 409: FORCED OR COMPULSORY LABOR 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	There were no incidents of forced or compulsory labor at Çalık Holding.

GRI STANDARD	DISCLOSURE	LOCATION
EFFECTIVE RISK MANAGEMENT		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Message from the Chairman, Page: 4-5 Strategy and Portfolio Management Principles, Page: 24 Value Creation Model, Page: 26-27 Business Model, Page: 28-29 Analysis of Material Issues and the Materiality Matrix, Page: 33-35 Risk Management, Page: 186 Internal Audit, Page: 187
EQUAL OPPORTUNITY AND DIVERSITY		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Message from the Chairman, Page: 4-5 Analysis of Material Issues and the Materiality Matrix, Page: 33-35 Human Resources, Page: 198-210
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016	405-1 Diversity of governance bodies and employees	Human Resources, Page: 198-202
COLLABORATIONS/PARTNERSHIPS MANAGEMENT		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Message from the Chairman, Page: 4-5 Milestones, Page: 16-19 Strategy and Portfolio Management Principles, Page: 24 Value Creation Model, Page: 26-27 Business Model, Page: 28-29 Analysis of Material Issues and the Materiality Matrix, Page: 33-35 International Business Partners, Page: 37
GEOGRAPHICAL DIVERSITY		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Message from the Chairman, Page: 4-5 Fields of Operation, Page: 8-9 Regions of Activity, Page: 10-11 About Çalık Holding, Page: 15

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