

# **Çalık Holding Anonim Şirketi and its Subsidiaries**

**Consolidated Financial Statements  
As at and for the Year Ended 31 December 2023  
With Independent Auditor's Report**

14 August 2024

This report includes 5 pages of independent auditor's report and 122 pages of consolidated financial statements together with their explanatory notes.

# **Çalık Holding Anonim Şirketi and its Subsidiaries**

## **Table of Contents**

Independent Auditor's Report
Consolidated Statement of Financial Position
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

## **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, 2023, 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, 2023, 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.

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 813.395 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>

TAS 29 Financial Reporting Practice in High Inflation Economies	
<p>As explained in footnote 2.1 of Turkish Lira, the functional currency of the Group, Since it is considered a high-inflation economy currency as of December 31, 2023, the Group has started to apply the "TAS 29 Financial Reporting in High-Inflation Economies" standard in the preparation of the attached consolidated financial statements as of the same date.</p> <p>In accordance with TAS 29, the financial statements and comparative financial information for previous periods have been restated to reflect changes in the general purchasing power of the Turkish Lira and, as a result, are presented in terms of the purchasing power of the Turkish Lira as of the reporting date.</p> <p>TAS 29 application has a widespread and significant impact on financial statements. However, considering the additional work spent to audit the application in question, the implementation of TAS 29 has been determined by us as a key audit matter.</p> <p>In accordance with the guidelines of TAS 29, the Company has used Turkish consumer price indices to prepare inflation-sensitive financial statements. Accounting policies and related explanations regarding the application of TAS 29 standard are included in Note 2.1.</p>	<p>During our audit, the following audit procedures were applied regarding the application of TMS 29 "Financial Reporting in High Inflation Economies" standard:</p> <ul style="list-style-type: none"> <li>- Checking that the distinction between monetary and non-monetary items made by the group management is made in accordance with TMS 29.</li> <li>- Providing detailed lists of non-monetary items and testing through sampling that historical cost and purchase dates are correctly included in the calculation by comparing them with supporting documents.</li> <li>- Checking the index coefficients used in the calculations by comparing them with the coefficients obtained from the Consumer Price Index in Turkey published by TURKSTAT.</li> <li>- Testing the mathematical accuracy of non-monetary items, income statement and cash flow statement rearranged with inflation effects.</li> <li>- Evaluation of the adequacy of the disclosures in the footnotes of the consolidated financial statements regarding the application of TMS 29 according to TFRS.</li> </ul>

#### Other Matter

We have expressed an unqualified opinion in our auditor's report dated July 31, 2024 on the consolidated financial statements of the Group for the period of 1/1/2023-31/12/2023, 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 in 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.



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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 2023 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 Başınmaz Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of Ernst & Young Global Limited



Kaan Birdal, SMMM  
Partner

August 14, 2024  
Istanbul, Turkey

# Çalık Holding Anonim Şirketi and its Subsidiaries

As at 31 December 2023

## Consolidated Statement of Financial Position

(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>Assets</b>	<b>Notes</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Current assets</b>			
Cash and cash equivalents	9	1.119.562	1.043.602
Financial investments	10	2.064.058	1.581.909
Financial assets related to concession agreements	11	126.069	61.989
Trade receivables	12	420.896	387.332
<i>Due from related parties</i>	8	167.671	161.382
<i>Due from third parties</i>		253.225	225.950
Receivables related to finance sector operations	13	998.810	902.290
<i>Due from related parties</i>	8	391	7.890
<i>Due from third parties</i>		998.419	894.400
Other receivables	14	115.941	161.264
<i>Due from related parties</i>	8	51.609	62.721
<i>Due from third parties</i>		64.332	98.543
Contract assets	23	425.119	275.544
<i>Contract assets arising from ongoing construction and contracting works</i>		425.119	275.544
Inventories	15	360.003	330.945
Derivatives	25	16.016	14.192
Prepayments	16	103.420	159.455
Current tax assets	29	5.367	22.327
Other current assets	22	863.479	783.590
<b>Subtotal</b>		<b>6.618.740</b>	<b>5.724.439</b>
Assets held for sale	6	60.057	41.684
<b>Total current assets</b>		<b>6.678.797</b>	<b>5.766.123</b>
<b>Non- current assets</b>			
Trade receivables	12	27.086	32.232
<i>Due from related parties</i>	8	--	1.660
<i>Due from third parties</i>		27.086	30.572
Receivables related to finance sector operations	13	1.550.043	1.498.944
<i>Due from related parties</i>		14.013	--
<i>Due from third parties</i>		1.536.030	1.498.944
Other receivables	14	370.224	363.542
<i>Due from related parties</i>	8	318.361	320.000
<i>Due from third parties</i>		51.863	43.542
Financial investments	10	2.372.560	2.465.071
Financial assets related to concession agreements	11	161.717	190.745
Investments in equity-accounted investees	17	349.663	193.570
Investment properties	21	233.912	189.964
Property, plant and equipment	18	363.716	245.794
Intangible assets	19	249.984	131.533
<i>Goodwill</i>		7.425	1.387
<i>Other intangible assets</i>		242.559	130.146
Right of use assets	20	22.908	20.543
Prepayments	16	26.787	18.965
Deferred tax assets	29	142.812	174.744
Other non-current assets		1.131	450
<b>Total non-current assets</b>		<b>5.872.543</b>	<b>5.526.097</b>
<b>Total assets</b>		<b>12.551.340</b>	<b>11.292.220</b>

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



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Consolidated Statement of Financial Position

As at 31 December 2023 (*continued*)

(Amounts expressed in thousands of USD unless otherwise stated.)

		Current period	Previous Period
		Audited	Audited
Liabilities	Notes	31 December 2023	31 December 2022
<b>Short term liabilities</b>			
Short term loans and borrowings	24	957.636	1.160.914
Short term portion of long-term loans and borrowings	24	168.032	196.737
Derivatives	25	4.967	4.907
Trade payables	12	219.357	295.479
<i>Due to related parties</i>	8	1.725	4.631
<i>Due to third parties</i>		217.632	290.848
Payables related to finance sector operations	13	5.801.842	5.108.257
<i>Due to related parties</i>	8	20.305	26.384
<i>Due to third parties</i>		5.781.537	5.081.873
Payables related to employee benefits	26	12.444	10.212
Other payables	14	79.569	61.023
<i>Due to related parties</i>	8	2.395	10
<i>Due to third parties</i>		77.174	61.013
Contract liabilities	23	357.430	261.683
<i>Contract liabilities arising from ongoing construction and contracting works</i>		46.224	80.677
<i>Other contract liabilities</i>		311.206	181.006
Deferred revenue	16	123.553	109.695
Current tax liabilities	29	11.147	38.178
Short term provisions	27	39.654	38.808
<i>Short term employee benefits</i>	27	22.213	18.678
<i>Other short-term provisions</i>	27	17.441	20.130
Other short-term liabilities	22	78.986	92.727
<b>Subtotal</b>		<b>7.854.617</b>	<b>7.378.620</b>
Liabilities held for sale	6	--	--
<b>Total short-term liabilities</b>		<b>7.854.617</b>	<b>7.378.620</b>
<b>Long term liabilities</b>			
Long term loans and borrowings	24	381.845	415.537
Trade payables	12	46	--
<i>Due to third parties</i>		46	--
Payables related to finance sector operations	13	916.924	793.781
<i>Due to third parties</i>		916.924	793.781
Other payables	14	23.492	21.162
<i>Due to third parties</i>		23.492	21.162
Contract liabilities	23	192.049	80.869
<i>Contract liabilities arising from ongoing construction and contracting works</i>		192.049	80.869
Deferred revenue	16	30.308	93.542
Long term provisions	27	32.096	15.803
<i>Long term employee benefits</i>	27	19.890	15.766
<i>Other long-term provisions</i>	27	12.206	37
Deferred tax liabilities	29	58.649	26.354
Other long-term liabilities		51	--
<b>Total long-term liabilities</b>		<b>1.635.460</b>	<b>1.447.048</b>
<b>Total liabilities</b>		<b>9.490.077</b>	<b>8.825.668</b>

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

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Consolidated Statement of Financial Position

As at 31 December 2023 (*continued*)

(Amounts expressed in thousands of USD unless otherwise stated.)

		Current period	Previous Period
		Audited	Audited
Equity	Notes	31 December 2023	31 December 2022
<b>Equity attributable to the owners of the Company</b>			
Share capital	30	210.761	210.761
Adjustment to share capital		3.388	3.388
Other comprehensive income that is or will not be reclassified to profit or loss		(14.174)	(9.187)
<i>Accumulated re-measurements loss of defined benefit plans</i>		(14.174)	(9.187)
Other comprehensive income that is or may be reclassified to profit or loss		(1.336.890)	(1.214.886)
<i>Currency translation differences</i>		(1.280.698)	(1.129.954)
<i>Fair value of debt financial assets at fair value</i>		(56.192)	(84.932)
Restricted reserves	30	664.833	768.993
Retained earnings		3.011.983	1.679.111
Profit for the year		299.129	840.497
<b>Total equity attributable to the owners of the Company</b>		<b>2.839.030</b>	<b>2.278.677</b>
<b>Total non-controlling interests</b>	30	<b>222.233</b>	<b>187.875</b>
<b>Total equity</b>		<b>3.061.263</b>	<b>2.466.552</b>
<b>Total equity and liabilities</b>		<b>12.551.340</b>	<b>11.292.220</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 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

		Current period	Previous Period
		Audited	Audited
Profit or loss	Notes	31 December 2023	31 December 2022
<b>Continuing operations</b>			
Revenue	31	2.192.242	2.004.460
Revenue from finance sector operations	31	695.673	574.568
<b>Total revenue</b>	<b>31</b>	<b>2.887.915</b>	<b>2.579.028</b>
Cost of sales (-)	31	(1.726.838)	(1.508.431)
Cost of revenues from finance sector operations (-)	31	(277.845)	(211.801)
<b>Total cost</b>	<b>31</b>	<b>(2.004.683)</b>	<b>(1.720.232)</b>
<b>Gross profit</b>	<b>31</b>	<b>883.232</b>	<b>858.796</b>
General and administrative expenses (-)	32	(309.315)	(228.657)
Selling, marketing and distribution expenses (-)	32	(41.163)	(43.795)
Research and development expenses (-)	32	(22.944)	(14.825)
Other income from operating activities	33	136.772	185.421
Other expenses from operating activities (-)	33	(93.676)	(155.607)
<b>Operating profit</b>		<b>552.906</b>	<b>601.333</b>
Gain from investing activities	34	251.551	306.962
Loss from investing activities (-)	34	(199.324)	(70.684)
Loss and gain from share of profit of equity accounted investees	17	108.105	25.287
<b>Operating profit before finance costs</b>		<b>713.238</b>	<b>862.898</b>
Finance income	35	38.586	146.985
Finance costs (-)	35	(84.226)	(178.113)
Net monetary gain / loss arising from hyperinflationary economies		(240.153)	--
<b>Net finance costs</b>		<b>(285.793)</b>	<b>(31.128)</b>
<b>Profit before tax from continuing operations</b>		<b>427.445</b>	<b>831.770</b>
Current tax expense (-)	29	(103.685)	(103.368)
Deferred tax benefit	29	(9.967)	132.387
<b>Total tax expense</b>		<b>(113.652)</b>	<b>29.019</b>
<b>Profit for the year from continuing operations</b>		<b>313.793</b>	<b>860.789</b>

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

## Çalık Holding Anonim Şirketi and its Subsidiaries

### Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2023 (*continued*)

(Amounts expressed in thousands of USD unless otherwise stated.)

		Current Period	Previous Period
		Audited	Audited
Other comprehensive income	Notes	31 December 2023	31 December 2022
<b>Profit for the year from continuing operations</b>		<b>313.793</b>	<b>860.789</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		(130.395)	(246.588)
Change in fair value of available-for-sale financial assets	10	27.771	(135.542)
Deferred tax benefit/(expense)	29	(6.943)	33.885
<b>Total</b>		<b>(109.567)</b>	<b>(348.245)</b>
<b>Items that are or will not be reclassified to profit or loss</b>			
Actuarial losses	27	(5.442)	(5.255)
Deferred tax income		1.360	1.313
<b>Total</b>		<b>(4.082)</b>	<b>(3.942)</b>
<b>Total other comprehensive loss</b>		<b>(113.649)</b>	<b>(352.187)</b>
<b>Total comprehensive income</b>		<b>200.144</b>	<b>508.602</b>
<b>Net profit attributable to:</b>			
Equity holders of the parent		299.129	840.497
Non-controlling interests		14.664	20.292
<b>Net profit for the year</b>		<b>313.793</b>	<b>860.789</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the parent		163.325	481.333
Non-controlling interests		36.819	27.269
<b>Total other comprehensive income</b>		<b>200.144</b>	<b>508.602</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 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

	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				
USD	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
Balances at 31 December 2022 (previously reported)	210.761	3.388	768.993	--	(9.187)	(84.932)	(1.129.954)	1.679.111	840.497	2.278.677	187.875	2.466.552
Inflation effect	--	--	39.372	--	(918)	7.903	1.829	349.676	--	397.862	15.204	413.066
Balances at 1 January 2023	210.761	3.388	808.365	--	(10.105)	(77.029)	(1.128.125)	2.028.787	840.497	2.676.539	203.079	2.879.618
Total comprehensive income for the period	--	--	--	--	--	--	--	--	--	--	--	--
Profit for the period	--	--	--	--	--	--	--	--	299.130	299.130	14.663	313.793
Other comprehensive income	--	--	--	--	--	--	--	--	--	--	--	--
Net fair value change in financial assets available-for-sale	--	--	--	--	--	20.837	--	--	--	20.837	(9)	20.828
Actuarial gains	--	--	--	--	(4.069)	--	--	--	--	(4.069)	(13)	(4.082)
Foreign currency translation differences for foreign operations and reporting currency translation differences	--	--	--	--	--	--	(152.573)	--	--	(152.573)	22.178	(130.395)
Other comprehensive income	--	--	--	--	(4.069)	20.837	(152.573)	--	--	(135.805)	22.156	(113.649)
Total comprehensive income for the period	--	--	--	--	(4.069)	20.837	(152.573)	--	299.130	163.325	36.819	200.144
Transactions with owners, recorded directly in equity												
Participation by non-controlling shareholders in subsidiaries' capital increases	--	--	--	--	--	--	--	--	--	--	(84)	(84)
Addition and disposal of subsidiaries	--	--	--	--	--	--	--	--	--	--	(13.649)	(13.649)
Decrease due to other changes	--	--	--	--	--	--	--	(667)	--	(667)	(133)	(800)
Dividends paid	--	--	--	--	--	--	--	--	--	--	(3.966)	(3.966)
Transfers	--	--	(143.532)	--	--	--	--	984.030	(840.498)	--	--	--
Change in non-controlling interest in consolidated subsidiaries without change in control	--	--	--	--	--	--	--	10	--	10	(10)	--
Increase and decrease due to share buyback transactions	--	--	--	--	--	--	--	(177)	--	(177)	177	--
Total transactions with owners	--	--	(143.532)	--	--	--	--	983.196	(840.498)	(834)	(17.665)	(18.499)
Balances at 31 December 2023	210.761	3.388	664.833	--	(14.174)	(56.192)	(1.280.698)	3.011.983	299.129	2.839.030	222.233	3.061.263

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 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

	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				
USD	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>	<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>
<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>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(4.034)</b>	<b>(101.686)</b>	<b>(253.445)</b>	<b>--</b>	<b>--</b>	<b>(359.165)</b>	<b>6.978</b>	<b>(352.187)</b>
<b>Total comprehensive income for the period</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(4.034)</b>	<b>(101.686)</b>	<b>(253.445)</b>	<b>--</b>	<b>840.498</b>	<b>481.333</b>	<b>27.269</b>	<b>508.602</b>
<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>	<b>--</b>	<b>--</b>	<b>48.126</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(25.648)</b>	<b>474.916</b>	<b>(523.067)</b>	<b>(25.673)</b>	<b>(2.742)</b>	<b>(28.415)</b>
<b>Balances at 31 December 2022</b>	<b>210.761</b>	<b>3.388</b>	<b>768.993</b>	<b>--</b>	<b>(9.187)</b>	<b>(84.932)</b>	<b>(1.129.954)</b>	<b>1.679.111</b>	<b>840.497</b>	<b>2.278.677</b>	<b>187.875</b>	<b>2.466.552</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 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

		<i>Reclassified (Note 2.f)</i>	
		Current period	Previous period
		Audited	Audited
	Notes	31 December 2023	31 December 2022
<b>A .CASH FLOWS FROM OPERATING / (USED IN) ACTIVITIES</b>		<b>1.131.270</b>	<b>47.161</b>
<b>Profit for the period</b>		<b>313.793</b>	<b>860.789</b>
<b>Adjustments to reconcile cash flow generated from operating activities:</b>		<b>318.647</b>	<b>(1.020.444)</b>
Adjustments for depreciation and amortisation	18-19-20	103.185	55.717
Loss/(gain) on sale of derivative financial instruments	34	945	618
Adjustments for fair value gains of financial investments	10	104.499	(859.199)
Adjustments for dividends	34	(13.245)	(47.111)
Adjustments for provision for doubtful receivables	12	13.153	677
Adjustments for inventory impairment, net	15	(1.706)	1.047
Adjustments for impairment (reversal) of other financial assets or investments	10	(6.649)	9.231
Adjustments for provision for long term employee benefits	27	12.823	12.528
Adjustments for provisions (cancellation) reserved for possible risks	13	23.074	44.513
Adjustments for fair value (gain) / loss of investment property	21	(40.741)	(31.818)
Adjustment for business acquisition	17, 18, 19, 20	18.553	34.389
Adjustments for gains(losses) on acquisitions or sale of associates, joint ventures and other financial investments	34	2.751	2.734
Adjustments for provision for litigation	27	(1.300)	1.636
Adjustments for other provisions	27	13.485	1.967
Adjustments for share of (profit)/ loss of equity accounted investees	17	(108.042)	(24.534)
Adjustments for interest income, expenses and interest rediscounts		(204.224)	(147.634)
Adjustments from sale of business		--	1.294
Rediscount interest (gain) / losses, net		(8.916)	(4.310)
Adjustments for tax expense	29	113.652	(29.019)
Provision for impairment in value of associates	34	--	21.157
Unrealized foreign currency loss/(income)		297.350	(58.579)
Other adjustments	13	--	(5.738)
<b>Changes in working capital</b>		<b>311.588</b>	<b>62.719</b>
Adjustments for change in inventories		(28.376)	(40.582)
Adjustments for change in trade receivables		(43.797)	83.296
Adjustments for change in payables related to employee benefits		2.232	2.583
Adjustments for change in other receivables, other current assets and other non-current assets related with operating activities		(41.929)	(149.419)
Changes in contract assets and liabilities		57.352	112.990
Adjustments for change in financial assets related to concession		(161.744)	(145.683)
Adjustments for change in assets held for sale		(18.373)	18.265
Adjustments for change in liabilities held for sale		--	(739)
Adjustments for change in receivables from finance sector operations		(182.558)	(123.308)
Adjustments for change in payables from finance sector operations		816.728	413.186
Change in restricted cash and cash equivalents		(15.508)	(21.851)
Adjustments for change in trade payables		(76.076)	29.888
Adjustments for change in prepayments		48.213	(52.908)
Adjustments for change in deferred income (except liabilities arising from consumer contracts)		(49.376)	(89.504)
Adjustments for change in other payables and other liabilities related with operating activities		4.800	26.505

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 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

		Current period	Previous period
	Notes	31 December 2023	31 December 2022
<b>Cash flows from operating activities</b>		<b>187.242</b>	<b>144.097</b>
Employee termination indemnity paid	27	(5.591)	(2.518)
Financial sector activities receivables	13	7.860	9.245
Interest received		464.576	403.055
Interest paid		(195.258)	(180.910)
Collection from doubtful receivables	12	1.021	702
Taxes paid	29	(85.366)	(85.477)
<b>B. CASH FLOWS USED IN INVESTING ACTIVITIES</b>		<b>(562.528)</b>	<b>(53.129)</b>
Proceeds from sales of property, plant and equipment and intangible assets		26.774	19.464
Acquisition of property, plant and equipment	18	(65.281)	(153.659)
Acquisition of intangible assets	19	(69.639)	(30.142)
Acquisition of investment property	21	(2.579)	--
Proceeds from sales of investment property	21, 34	963	44.563
Cash outflows due to share purchase or capital increase in affiliates and/or joint ventures	17	(9.188)	(2.421)
Cash inflows from dividends and other financial instruments	17, 34	17.981	50.785
Cash outflows on purchases to obtain control of subsidiaries		(13.649)	(25.976)
Proceeds from formation and capital increase of subsidiaries without change in control		(658)	(328)
Proceeds from / (repayment of) derivative financial instruments		(2.709)	13.595
Proceeds from redemption of financial assets at amortized cost	10	866.812	234.154
Proceeds from sales of financial assets at FVTOCI	10	1.593.120	2.068.300
Proceeds from the sale of investments in financial assets at FVTPL	10	405.695	804.705
Acquisition of financial assets at amortised costs	10	(882.590)	(774.762)
Acquisition of financial assets at FVTOCI	10	(1.954.500)	(1.240.413)
Acquisitions of financial assets at FVTPL	10	(472.996)	(1.072.857)
Capital increase in non-controlling shares	30	(84)	4.102
Other cash inflows/outflows	5	--	7.761
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(337.390)</b>	<b>(244.057)</b>
Proceeds from the funding of related parties		2.385	32.263
Dividend payment	30	(3.966)	(3.870)
Proceeds from / (repayment of) loans and borrowings, net		(270.715)	(197.940)
Interest paid		(65.094)	(74.510)
<b>D. NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		<b>231.352</b>	<b>(250.025)</b>
Inflation impact on cash and cash equivalents		(139.884)	--
<b>E. CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE PERIOD</b>		<b>983.696</b>	<b>1.233.721</b>
<b>F. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+E)</b>	<b>9</b>	<b>1.075.164</b>	<b>983.696</b>

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



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### Notes to the consolidated financial statements

<u>Notes</u>	<u>Description</u>	<u>Pages</u>
1	Reporting entity	12-17
2	Basis of preparation	17-24
3	Significant accounting policies	25-52
4	Acquisition and disposals of subsidiary and non-controlling interest	53
5	Business acquisitions	54-55
6	Disposal group held for sale	55-56
7	Operating segments	56-59
8	Related party disclosures	59-60
9	Cash and cash equivalents	61
10	Financial investments	62-63
11	Financial assets related to concession agreements	64
12	Trade receivables and payables	65-66
13	Receivables and payables related to finance sector operations	67-69
14	Other receivables and payables	69-70
15	Inventories	71
16	Prepayments and deferred revenue	71-72
17	Investments in equity-accounted investees	72-76
18	Property, plant and equipment	77-78
19	Intangible assets	79-80
20	Right of use assets	81
21	Investment properties	81-82
22	Other assets and liabilities	82-83
23	Due from/due to customers for contract work	83
24	Loans and borrowings	84-85
25	Derivatives	85
26	Payables related to employee benefits	85
27	Provisions	86-87
28	Commitments and contingencies	88-89
29	Taxation	89-94
30	Capital and reserves	95-96
31	Revenue and cost of sales	96
32	General and administrative expenses, selling marketing and distribution expenses, research and development expenses and expense by nature	96-98
33	Other income and expense from operating activities	98
34	Gain and loss from investing activities	99
35	Finance income and finance cost	99-100
36	Disclosure of interests in other entities	100
37	Financial instruments – Fair values and risk management	101-117
38	Group enterprises	118-121
39	Independent Auditor's Fee	122
40	Subsequent events	122

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of 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, construction, real estate, investment, banking and finance and marketing to make investments in these industries.

Çalık Holding was established at its registered office address is Büyükdere Caddesi No: 163 Zincirlikuyu İstanbul/Türkiye, on 20 March 1997.

As at 31 December 2023, Çalık Holding has 115 (31 December 2022: 111) subsidiaries (“the Subsidiaries”), 12 (31 December 2022: 10) joint ventures (“the Joint Ventures”), and 14 (31 December 2022: 20) associates (“the Associates”) (referred to as “the Group” or “Çalık Group” here in 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.

As at 31 December 2023, the number of employees of the Group is 15.069 (31 December 2022: 12.812).

As explained in more detail in Note 7, as of 31 December 2023 the Group operates mainly under six segments; Energy, Construction, Textile, Marketing, Mining, Banking and Finance.

As of 31 December 2023, the new addition to the group as follows:

Company Name	Type of partnership	Country	Sector
Agata Trading S.R.L.	Subsidiary	Italy	Energy
CME Al Wakra Water WLL	Subsidiary	Qatar	Energy
Çe Yenilenebilir Enerji Limited Şirketi	Subsidiary	Türkiye	Energy
E-Kent Europe GMBH	Subsidiary	Germany	Banking and Finance
UPTION Europe GmbH	Subsidiary	Germany	Banking and Finance
AB Sukuk Varlık Kiralama A.Ş.	Subsidiary	Türkiye	Banking and Finance
Yeni Malatya Gayrimenkul Tekstil Sanayi ve Ticaret A.Ş.	Subsidiary	Türkiye	Textile

#### Agata Trading S.R.L.(“Agata Trading”)

Agata Trading was established in Italy in 2023 to combine the procurement of goods and services for international EPC projects.

#### CME Al Wakra Water WLL (“Wakra”)

CME Wakra was established on August 31, 2023 in Qatar for the construction and repair of irrigation channels and irrigation pipelines.

# **Çalık Holding Anonim Şirketi and its Subsidiaries**

## **Notes to the Consolidated Financial Statements**

**As at and for the Year Ended 31 December 2023**

*(Amounts expressed in thousands of USD unless otherwise stated.)*

### **1 Reporting entity (continued)**

#### **Çe Yenilenebilir Enerji Limited Şirketi (“Çe Yenilenebilir”)**

Çe Yenilenebilir Enerji Limited Türkiye was established in Türkiye in 2023 for the purpose of building, rental and operating of renewable electricity power plants.

#### **E-Kent Europe GMBH**

Within the scope of the projection of expanding its field of activity and business volume, E-Kent established the subsidiary titled E-Kent Europe GmbH, of which it is a 100% shareholder, in Germany on February 20, 2023, with a capital of USD 26.595, equivalent to EUR 25.000.

#### **UPTION Europe GmbH**

Within the scope of the projection of expanding its field of activity and business volume, UPT established the subsidiary titled UPTION Europe GmbH, of which it is a 100% shareholder, in Germany on March 8, 2023, with a capital of USD 26.673, uequivalent to EUR 25.000.

#### **AB Sukuk Varlık Kiralama A.Ş.**

AB Sukuk Varlık Kiralama A.Ş. (“AB Sukuk”) was established by Aktif Bank on December 13, 2023 with a paid-in capital of USD 3.451, in accordance with the Capital Markets Law No. 6362, the relevant Communiqué and regulations of the Capital Markets Board, for the purpose of issuing “Lease Certificates”. As of December 31, 2023, it has not yet commenced its commercial operations.

#### **Yeni Malatya Gayrimenkul Tekstil Sanayi ve Ticaret A.Ş.**

Yeni Malatya Gayrimenkul Tekstil San. Tic. A.Ş. is a joint stock company established in Malatya, Türkiye on November 21, 2023. Yeni Malatya operates in textile industry raw materials and real estate trade.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 1 Reporting entity (continued)

#### 1.1 Entities in Energy Segment

Company Names	Types of Partnership	Country
Adacami Enerji Elektrik Üretim Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Türkiye
Agata Trading S.R.L. (*) (**)	Subsidiary	Italy
Ant Enerji Sanayi ve Ticaret Limited Şirketi	Subsidiary	Türkiye
Asya Center Enerji İnşaat Sanayi Ticaret Anonim 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	Macedonia
CME Wakra Water WLL (*) (**)	Subsidiary	Qatar
CYK Enerji Adi Ortaklığı	Joint ventures	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 ventures	Türkiye
Çalık Proje Mühendislik A.Ş.	Subsidiary	Türkiye
Çalık Rüzgar Enerjisi Elektrik Üretim Limited Şirketi	Subsidiary	Türkiye
Çe Yenilenebilir Enerji İşletme ve Bakım Limited Şirketi (**) (***)	Subsidiary	Türkiye
Demircili Rüzgar Enerjisi Elektrik Üretim Anonim Şirketi	Subsidiary	Türkiye
Doğu Aras Enerji Yatırımları Anonim Şirketi	Joint ventures	Türkiye
Dtm Enerji Yatırımları Adi Ortaklığı (*)	Joint ventures	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 ventures	Kosovo
LC Electricity Supply and Trading d.o.o.	Joint ventures	Serbia
Machinego Teknoloji Danışmanlık ve İş Makinaları Anonim Şirketi	Joint ventures	Türkiye
Momentum Enerji Elektrik Üretim Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Türkiye
Onyx Trading Innovation FZE	Subsidiary	BAE
Pkn Enerji Hizmetleri Adi Ortaklığı (*)	Joint ventures	Türkiye
Saudi Jalik Energy Company (*)	Subsidiary	Saudi Arabia
TCB İnşaat Yatırım Anonim Şirketi	Subsidiary	Türkiye
Technological Energy N.V.	Subsidiary	Netherlands
Türkmen'in Altın Asrı Elektrik Enerjisi Toptan Satış Anonim Şirketi	Subsidiary	Türkiye
UZTUR Investment and Development Limited	Subsidiary	Uzbekistan
Workindo Teknoloji ve İnsan Kaynakları Danışmanlık A.Ş. (*)	Joint ventures	Türkiye
Yeşilçay Enerji Elektrik Üretim Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Türkiye
Yeşilirmak Elektrik Dağıtım Anonim Şirketi	Subsidiary	Türkiye
Yeşilirmak Elektrik Perakende Satış A.Ş.	Subsidiary	Türkiye

(\*) Çalık Georgia LLC, CME AI Wakra Water WLL, Agata Trading, Saudi Jalik Energy Company, Workindo Teknoloji ve İnsan Kaynakları Danışmanlık A.Ş., Jasper Trading, DTM Enerji Yatırımları Adi Ortaklığı, PKN Enerji Hizmetleri Adi Ortaklığı, Çalık Enerji Japan G.K, Eurokos D.d L.L.C. subsidiaries of the Group, 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 2023.

(\*\*) Established in 2023.

(\*\*\*) Title changed in 2023.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 1 Reporting entity (continued)

#### 1.2 Entities in construction segment

Company Names	Types 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	Qatar
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 Şirketi (“Gap İnşaat”)	Subsidiary	Türkiye
Innovative Construction Technologies Trading FZE (“Innovative Construction”)	Subsidiary	UAE
OOO Gap İnşaat (“Gap İnşaat Rusya”)	Subsidiary	Russia
White Construction N.V. (“White Construction”)	Subsidiary	Netherlands

#### 1.3 Entities in textile segment

Company Names	Types of Partnership	Country
Calik Denim B.V.	Subsidiary	Netherlands
Çalık Denim Tekstil Sanayi ve Ticaret Anonim Şirketi (“Çalık Denim”)	Subsidiary	Türkiye
Malatya Boya ve Emprime Anonim Şirketi (“Malatya Boya”)	Subsidiary	Türkiye
Yeni Malatya Gayrimenkul Tekstil Sanayi ve Ticaret A.Ş. (*)	Subsidiary	Türkiye

(\*) The company was established in 2023.

#### 1.4 Entities in marketing segment

Company Names	Types of Partnership	Country
Anateks Anadolu Tekstil Fabrikaları	Subsidiary	Türkiye
Çalık Alexandria For Readymade Garments	Subsidiary	Egypt
Gap Pazarlama Anonim Şirketi	Subsidiary	Türkiye
Gap Pazarlama FZE Jebel Ali Free Zone	Subsidiary	UAE
Gappa Textile Inc.	Subsidiary	USA
Tura Moda Mağazacılık ve Elektronik Tic. A.Ş.	Subsidiary	Türkiye

#### 1.5 Entities in mining segments

Company name	Types of partnership	Country
Artmin Madencilik Sanayi ve Ticaret Anonim Şirketi	Joint ventures	Türkiye
Bakırtepe Madencilik ve Sanayi ve Ticaret Anonim Şirketi	Joint ventures	Türkiye
Kartaltepe Madencilik Sanayi ve Ticaret Anonim Şirketi	Joint ventures	Türkiye
Lidya Aurasia	Subsidiary	Uzbekistan
Lidya Madencilik Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Türkiye
Lidya Mali SA	Subsidiary	Mali
Polimetel Madencilik Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Türkiye
Tunçpınar Madencilik Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Türkiye

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 1 Reporting entity (continued)

#### 1.6 Entities in banking and finance segment

Company name	Types of partnership	Country
Aktif Bank Sukuk Varlık Kiralama Anonim Şirketi	Associate	Türkiye
AB Sukuk Varlık Kiralama A.Ş. (*)	Subsidiary	Türkiye
Aktif Fortis Enerji A.Ş. ("Aktif Fortis")	Associate	Türkiye
Aktif Portföy Yönetimi A.Ş. ("Mükafat Portföy Yönetimi")	Subsidiary	Türkiye
Aktif Yatırım Bankası Anonim Şirketi ("Aktifbank")	Subsidiary	Türkiye
Aktiftech Teknoloji Anonim Şirketi	Subsidiary	Türkiye
Akuamarin Solar Enerji Üretim Anonim Şirketi	Subsidiary	Türkiye
Albania Leasing Company ("Albania Leasing")	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 Europe GMBH (*)	Subsidiary	Germany
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 ("Euro-Mediterranean")	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
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
Kasımpa Solar Enerji Üretim Anonim Şirketi	Subsidiary	Türkiye
Kazakhstan İjara Company KIC Leasing ("Kazakhstan İjara")	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 Teknik Servis Elektrik ve Elektronik Sanayi ve Ticaret Anonim Şirketi	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 Anonim Şirketi ("Sigortayeri")	Subsidiary	Türkiye
Silent Valley Partnership	Associate	TRNC
Tanyeri Güneş Enerjisi Üretim Anonim Şirketi	Subsidiary	Türkiye
Tasfiye Halinde Haliç Finansal Kiralama A.Ş.	Associate	Türkiye
Turkuvaz Solar Enerji Üretim Anonim Şirketi	Subsidiary	Türkiye
Ufuk Güneş Enerjisi Üretim Anonim Şirketi	Subsidiary	Türkiye
UPT Ödeme Hizmetleri ve Elektronik Para Anonim Şirketi	Subsidiary	Türkiye
UPTION Europe GmbH (*)	Subsidiary	Germany
Yakamoz Güneş Enerjisi Üretim Anonim Şirketi	Subsidiary	Türkiye

(\*) The company was established in 2023.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 1 Reporting entity (continued)

#### 1.7 Entities in other segments

Company name	Types of partnership	Country
Başak Yönetim Sistemleri Anonim Şirketi	Subsidiary	Türkiye
Cetel Telekom İletişim Sanayi ve Ticaret Anonim Şirketi ("Cetel	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 Lisanslı Depoculuk Anonim Şirketi	Subsidiary	Türkiye
Enrich Girişim ve Bilişim Yatırımları Anonim Şirketi	Subsidiary	Türkiye
Irmak Yönetim Sistemleri Anonim Şirketi	Subsidiary	Türkiye
İkideniz Petrol ve Gaz Sanayi ve Ticaret Anonim Şirketi	Subsidiary	Türkiye

### 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 International 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 Management on 14 August 2024 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) Financial reporting in hyperinflationary economy

Entities applying TFRSs have started to apply inflation accounting in accordance with TAS 29 Financial Reporting in Hyperinflation Economies as of financial statements for the annual reporting period ending on or after 31 December 2023 with the announcements made by the Public Oversight Accounting and Auditing Standards Authority (POA) on 23 November 2023. TAS 29 is applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy.

All non-monetary assets and liabilities and profit or loss statements of subsidiaries whose functional currency of the Group is Turkish Lira have been adjusted using the Consumer Price Index. As a result of the correction made according to the inflation effect; The effect of TAS 29 indexation until 1 January 2023 is accounted under equity, and the effect of TAS 29 indexation from 1 January 2023 until 31 December 2023 is accounted for in the consolidated statement of profit or loss.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 2 Basis of preparation (continued)

On the application of TAS 29, the entity used the conversion coefficient derived from the Customer Price Indexes (CPI) published by Türkiye Statistical Institute according to directions given by POA. The CPI for current and previous year periods and corresponding conversion factors since the time when the Turkish lira previously ceased to be considered currency of hyperinflationary economy, i.e., since January 1, 2005 were as follow:

Year end	Index numbers	Index, %	Conversion Factor
2004	113,86	13,86	16,33041
2005	122,65	7,72	15,16005
2006	134,49	9,65	13,82541
2007	145,77	8,39	12,75557
2008	160,44	10,06	11,58925
2009	170,91	6,53	10,87929
2010	181,85	6,40	10,22480
2011	200,85	10,45	9,25756
2012	213,23	6,16	8,72007
2013	229,01	7,40	8,11921
2014	247,72	8,17	7,50597
2015	269,54	8,81	6,89835
2016	292,54	8,53	6,35599
2017	327,41	11,92	5,67906
2018	393,88	20,30	4,72068
2019	440,50	11,84	4,22107
2020	504,81	14,60	3,68333
2021	686,95	36,08	2,70672
2022	1128,45	64,27	1,64773
2023	1859,38	64,77	1,00000

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

Components of shareholders' equity in the statement of financial position and all items in the statement of profit or loss and other comprehensive income have also been restated by applying the conversion factors.

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



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 2 Basis of preparation (continued)

#### b) Financial reporting in hyperinflationary economy (continued)

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

#### c) Basis of Measurements

The consolidated financial statements have been prepared on the historical cost basis except for the financial assets and investment properties shown with their fair values and for the Group's Turkish entities having Turkish Lira functional currency as adjusted for the effects of inflation.

#### d) Functional and presentation currency

Çalık Holding determined its functional currency as 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 as at 1 July 2018, The Group changed its functional currency into USD in accordance with TAS 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. 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 functional currency, have been translated into the reporting currency "TL" as described below;

As of 31 December 2023, balance sheet accounts for all currencies have been issued by T.C. The Central Bank (TCMB) has been converted into TL with the US Dollar buying rate of 1 USD = 29,4382 TL (31 December 2022: 1 USD = 18,6983 TL).

Profit or loss and other comprehensive income statements for the period ended 31 December 2023 for companies whose functional currency is other than TL have been converted to TL with an annual average of 1 USD = 23,7776 TL (31 December 2022: 1 USD = 16,5659 TL for all currencies).

Profit or loss and other comprehensive income statements for the period ended 31 December 2023 for companies whose functional currency is TL have been converted to TL with the US Dollar buying rate of 1 USD = 29,4382 TL. Since the Group's functional currency is USD, no changes have been made to the consolidated financial statements figures as of December 31, 2022. The consolidated TL financial statements prepared in accordance with TFRS were converted on 31 December 2022, the balance sheet was converted with the TCCB buying rate, and the profit or loss statement was converted with the annual average exchange rate.

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 the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 2 Basis of preparation (continued)

#### e) Significant accounting evaluations, estimates and assumptions

While preparing the consolidated financial statements, management made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the amounts of reported assets, liabilities, income and expenses. Actual amounts may vary from estimated amounts.

Estimates and associated assumptions are reviewed on an ongoing basis. Changes to estimates are accounted for prospectively.

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, plant and equipment and intangible assets
- 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*)

#### f) Comparative information and adjustment of prior period financial statements

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.

	31.12.2022		
	<i>Previously Reported</i>	<i>Resclassified</i>	<i>Classifications</i>
Inventories	289.605	330.945	41.340
Investment property	86.250	189.964	103.714
Property, plant and equipment	390.848	245.794	(145.054)

Construction in progress which was shown under property, plant and equipment amounting to USD 103.714 and USD 41.340 are reclassified to investment property and inventories, respectively as of December 31, 2022.

#### g) The new standards, amendments and interpretations

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

# **Çalık Holding Anonim Şirketi and its Subsidiaries**

## **Notes to the Consolidated Financial Statements**

**As at and for the Year Ended 31 December 2023**

*(Amounts expressed in thousands of USD unless otherwise stated.)*

### **2 Basis of preparation (continued)**

#### **g) The new standards, amendments and interpretations (continued)**

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

###### **Amendments to TAS 8 - Definition of Accounting Estimates**

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

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

###### **Amendments to TAS 1 - Disclosure of Accounting Policies**

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

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

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

In August 2021, POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability 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.

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

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 2 Basis of preparation (continued)

#### g) The new standards, amendments and interpretations (continued)

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

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

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

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

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

##### **TFRS 17 - The new Standard for insurance contracts**

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

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

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

*(Amounts expressed in thousands of USD unless otherwise stated.)*

### 2 Basis of preparation *(continued)*

#### g) *The new standards, amendments and interpretations (continued)*

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

In March 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.

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

##### **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.

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

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

The amendments issued by POA in September 2023 specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid.

# **Çalık Holding Anonim Şirketi and its Subsidiaries**

## **Notes to the Consolidated Financial Statements**

**As at and for the Year Ended 31 December 2023**

*(Amounts expressed in thousands of USD unless otherwise stated.)*

### **2 Basis of preparation (continued)**

#### **g) The new standards, amendments and interpretations (continued)**

The amendments require an entity to provide information about terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those liabilities. In the context of quantitative liquidity risk disclosures required by TFRS 7, supplier finance arrangements are also included as an example of other factors that might be relevant to disclose. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

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

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

The following amendments to IAS 21 and IFRS 18 are issued by IASB but not yet adapted/issued by POA. Therefore, they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the amendments and new Standard are issued and become effective under TFRS.

#### **Amendments to IAS 21 - Lack of exchangeability**

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

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

#### **IFRS 18 – The new Standard for Presentation and Disclosure in Financial Statements**

In April 2024, IASB issued IFRS 18 which replaces IAS 1. IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. IFRS 18 requires an entity to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, there are consequential amendments to other accounting standards, such as IAS 7, IAS 8 and IAS 34.

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 the Consolidated Financial Statements**

**As at and for the Year Ended 31 December 2023**

*(Amounts expressed in thousands of 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.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### a) Basis of consolidation (continued)

##### 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.

##### 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.



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### a) Basis of consolidation (continued)

##### vii) Joint arrangements(continued)

- 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.

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.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### b) Foreign currency (continued)

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- an investment in equity securities designated as at FVOCIa 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.
- The following significant foreign exchange rates are applied as at 31 December 2023 and 31 December 2022 are as follows:

<u>End of month</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
EUR / TL	32,5739	19,9349
USD / TL	29,4382	18,6983
EUR / USD	1,1065	1,0661
<u>Cumulative average</u>		
EUR / TL	25,7198	17,3775
USD / TL	23,7776	16,5659
EUR / USD	1,0817	1,0490

#### 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.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### c) Financial instruments (continued)

##### 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:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- 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.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### c) Financial instruments (Continued)

##### b. Financial assets measured at fair value through other comprehensive income (continued)

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.

##### 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.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### c) Financial instruments (continued)

##### c. Financial assets at fair value through profit or loss (continued)

#### 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.

#### 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.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### c) Financial instruments (continued)

##### c. Financial assets at fair value through profit or loss (continued)

#### 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.

#### 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 the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### c) Financial instruments (continued)

##### c Financial assets at fair value through profit or loss (continued)

##### 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".

#### (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.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### (e) Property, plant and equipment (continued)

##### i) Recognition and measurement (continued)

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.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

<b><u>Description</u></b>	<b><u>Year</u></b>
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.



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### 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.

#### 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.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### 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.

#### 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).

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### i) Construction contracts in progress / deferred revenue (continued)

##### *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 the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of 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.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### 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.

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 1.190 and USD 1.068 (equivalent to TL 35.058,58 and TL 19.982,83 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 1.191 (31 December 2022: USD 918) 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.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### l) Employee benefits (continued)

##### i) Reserve for employee severance indemnity

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.

##### 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.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### m) Provisions (continued)

##### 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.

#### 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.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### n) Revenue (continued)

##### 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.

##### *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.



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### n) Revenue (continued)

##### *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

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.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### n) Revenue (continued)

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.

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.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### n) Revenue (continued)

##### i) Energy business (continued)

#### *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".

#### *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.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 3 Significant accounting policies (continued)

#### n) Revenue (continued)

##### i) Energy business (continued)

###### 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

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 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 the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of 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 the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of 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 the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of 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 the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of 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 the Consolidated Financial Statements**

**As at and for the Year Ended 31 December 2023**

*(Amounts expressed in thousands of 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 the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of 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 2023

##### *Kentsel Dönüşüm İnşaat A.Ş.*

Based on the Extraordinary General Assembly Decision on April 18, 2023, Kentsel Dönüşüm İnşaat Anonim Şirketi merged with Gap İnşaat Yatırım ve Dış Ticaret A.Ş.

#### 4.2 Acquisitions of non-controlling interests with change in control during 2023

##### *Artmin Madencilik Sanayi Ve Ticaret A.Ş.*

Artmin Madencilik Sanayi ve Ticaret A.Ş. (formerly AMG Mineral Mining Joint Stock Company) was established in Ankara in 2011 in order to obtain exploration and operation licenses for all kinds of mines, to purchase and sell all kinds of mine sites, to operate mine sites and to participate in mining tenders. Artmin Madencilik started to be controlled by the group companies Lidya Madencilik in 2015 and the ownership rate is 60%.

On May 8, 2023, Alacer Gold Corporation and Lidya Madencilik reached an agreement to acquire an up to 40% interest from the Company in, and operational control of, the Hod Maden gold-copper development project, located in northeastern Türkiye (the "Transaction"). In 2023, upon closing of the Transaction, Alacer Gold Corporation made a 120M USD cash payment to the Company to acquire a 10% interest in Artmin. Alacer Gold Corporation has the option to acquire an additional 30% interest in Artmin from the Company for 120M USD in structured payments tied to the completion of project construction spending milestones. Additionally, Alacer Gold Corporation will make contingent payments to the Company including 30M USD in milestone payments payable in accordance with an agreed upon schedule beginning at the start of construction and ending on the first anniversary of commercial production and 84M USD payable upon the delineation of an additional 500,000 gold equivalent ounces of mineral reserves at the Hod Maden project in excess of the project's current mineral reserves and mineral resources. The Company has changed its consolidation method from full consolidation to equity method since the Company has lost control after sale of 10% of the shares.

#### 4.3 Acquisitions of non-controlling interests without change in control during 2022

##### *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.

##### *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.

#### 4.4 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.

##### *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.

##### *Anateks Anadolu Tekstil Fabrikaları A.Ş.*

Anateks Anadolu Tekstil Fabrikaları A.Ş. was transferred to Gap Pazarlama A.Ş on 1 December 2022.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 5 Business acquisitions

#### Acquisition of Cetel Telekom İletişim Firm by 4iG Nyilvánosan 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% of the entire share capital of the Company. 80.27% 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 sales</b>	<b>(1.539)</b>

As of February 28, 2022, the fair values of the identifiable net assets and liabilities of Albtelecom SH.A are 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>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.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 5 Business acquisitions (continued)

#### 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>
	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>

### 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 2023, assets including those of discontinued operations are USD 60.057 (31 December 2022: USD 41.684), respectively, and details are as follows:

Assets held for sale	31 December 2023	31 December 2022
Property, plant and equipment (*)	60.057	41.684
	<b>60.057</b>	<b>41.684</b>

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 6 Discontinued operation and disposal group held for sale (continued)

(\*) Tangible fixed assets include real estate held for sale acquired in return for trade receivables in the marketing sector amounting to USD 1.044 (December 31, 2022: USD 1.044) and real estate acquired as a result of legal follow-up of loans and receivables in the banking sector amounting to USD 59.013 (December 31, 2022: USD 40.640). As of December 31, 2023, there are no assets and liabilities held for sale in the textile sector (December 31, 2022: None.)

### 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.

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 Türkiye 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, 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 31 December 2022.

## Çalık Holding Anonim Şirketi and its Subsidiaries

### Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of 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.

31 December 2023									
	Energy	Construction	Textile	Marketing	Mining	Banking and Finance	Other	Elimination	Total
Revenue	1.564.425	262.442	155.655	52.233	73.628	856.720	61.261	(138.449)	2.887.915
Gross profit	332.852	38.699	30.329	4.773	28.840	497.950	33.910	(84.121)	883.232
Other income/(expenses), net	(151.228)	(29.577)	(1.825)	(8.532)	(35.033)	(288.939)	(54.916)	(430)	(570.480)
<b>Results from operating activities</b>	<b>181.624</b>	<b>9.122</b>	<b>28.504</b>	<b>(3.759)</b>	<b>(6.193)</b>	<b>209.011</b>	<b>(21.006)</b>	<b>(84.551)</b>	<b>312.752</b>
Gains /(loss) from investing activities	(2.033)	5.613	(2.727)	52	4.387	3.649	256.661	(213.375)	52.227
Share of profit/(loss) of equity accounted investees	114.331	--	657	--	(3.642)	(2.584)	--	(657)	108.105
Interest expense	(25.800)	(17.827)	(20.742)	(3.233)	(5.005)	(320)	(17.577)	25.410	(65.094)
Finance income/(expenses), net	(1.025)	36.440	(32.146)	6.366	3.856	(2.310)	10.840	(2.566)	19.455
<b>Consolidated income/(loss) before tax</b>	<b>267.097</b>	<b>33.348</b>	<b>(26.454)</b>	<b>(574)</b>	<b>(6.597)</b>	<b>207.446</b>	<b>228.918</b>	<b>(275.739)</b>	<b>427.445</b>
Tax benefit/(expense)	45.412	(6.193)	(7.348)	1.838	(26.492)	(40.870)	(8.309)	(71.690)	(113.652)
<b>Net profit/(loss) for the period</b>	<b>312.509</b>	<b>27.155</b>	<b>(33.802)</b>	<b>1.264</b>	<b>(33.089)</b>	<b>166.576</b>	<b>220.609</b>	<b>(347.429)</b>	<b>313.793</b>

	Energy	Construction	Textile	Marketing	Mining	Banking and Finance	Other	Elimination	Total
Segment assets	2.025.925	928.091	297.861	103.282	423.449	9.037.339	1.164.867	(1.429.474)	12.551.340
Segment liabilities	(870.869)	(576.020)	(178.254)	(38.123)	(88.380)	(7.988.014)	(145.707)	395.290	(9.490.077)
Capital expenditure	28.156	2.042	7.060	460	18.525	43.250	40.156	--	139.649
Depreciation and amortization (*)	(25.984)	(3.933)	(13.419)	(1.379)	(17.113)	(32.697)	(2.820)	(787)	(98.132)

(\*) Additions and depreciation related to right of use assets are not included.

## Çalık Holding Anonim Şirketi and its Subsidiaries

### Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

#### 7 Operating segments (continued)

	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	25.331	59.898	13.160	24.250	446.184	37.213	(56.452)	858.796
Other income/(costs), net	(69.991)	(21.176)	(8.199)	(14.161)	(11.610)	(100.227)	(47.962)	15.863	(257.463)
<b>Results from operating activities</b>	<b>239.221</b>	<b>4.155</b>	<b>51.699</b>	<b>(1.001)</b>	<b>12.640</b>	<b>345.957</b>	<b>(10.749)</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	(11.931)	50.777	(20.020)	6.467	57.371	(33.651)	23.173	(28.804)	43.382
<b>Consolidated profit / (loss) before tax</b>	<b>291.930</b>	<b>85.097</b>	<b>16.379</b>	<b>(20.180)</b>	<b>202.818</b>	<b>306.374</b>	<b>109.362</b>	<b>(160.009)</b>	<b>831.771</b>
Income tax benefit / (expense)	58.913	(3.628)	35.691	203	3.600	(65.531)	(339)	110	29.019
<b>Net profit/(loss) for the year</b>	<b>350.843</b>	<b>81.469</b>	<b>52.070</b>	<b>(19.977)</b>	<b>206.418</b>	<b>240.843</b>	<b>109.023</b>	<b>(159.899)</b>	<b>860.790</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	(1.428.790)	<b>11.292.220</b>
Segment liabilities	(795.194)	(605.177)	(169.719)	(45.729)	(64.386)	(7.277.641)	(289.771)	421.949	<b>(8.825.668)</b>
Capital expenditure <sup>(*)</sup>	124.827	1.303	3.198	39	15.842	27.275	11.317	--	<b>183.801</b>
Depreciation and amortization <sup>(*)</sup>	(11.702)	(4.545)	(5.453)	(616)	(10.500)	(13.627)	(3.386)	(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 2023

(Amounts expressed in thousands of 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:

	2023	2022
<b><u>Revenue</u></b>		
Türkiye	1.788.542	1.629.007
Albania	278.198	202.662
Dubai	263.620	196.617
Türkmenistan	214.724	95.772
Uzbekistan	150.977	4.680
Other	191.854	450.290
<b>Total</b>	<b>2.887.915</b>	<b>2.579.028</b>
<b><u>Non-current Assets</u></b>		
Albania	3.604.479	3.302.547
Türkiye	1.708.732	1.624.498
Dubai	322.661	327.004
Uzbekistan	136.341	196.548
Türkmenistan	24.964	18.644
Other	75.366	56.856
<b>Total</b>	<b>5.872.543</b>	<b>5.526.097</b>

### 8 Related party balances

As explained 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:

	2023				
	Shareholders	Associates	Joint ventures	Other	Total
Other receivables (*)	354.603	2.049	13.215	103	369.970
Trade receivables	--	37.981	3.642	126.048	167.671
Financial Investments	--	28.259	--	--	28.259
Receivables related to financial sector operations	--	--	--	14.404	14.404
Prepaid expenses	--	--	--	2.217	2.217
Trade payables	(76)	(55)	(635)	(959)	(1.725)
Other payables	(2.395)	--	--	--	(2.395)
Payables related to finance sector operations	(167)	(186)	(4.314)	(15.638)	(20.305)
Borrowings	--	(28.259)	--	--	(28.259)
<b>Total</b>	<b>351.965</b>	<b>39.789</b>	<b>11.908</b>	<b>126.175</b>	<b>529.837</b>

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 8 Related party balances (continue)

	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>

(\*) As of December 31, 2023, USD 320.000 of the other receivables from the partners (31 December 2022: USD 320.000) consists of the receivables of GAP İnşaat Dubai FZE from Delta Netherlands B.V.

No impairment losses have been recognised against balances outstanding as at 31 December 2023 (31 December 2022: 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:

	2023				
	Shareholders	Associates	Joint ventures	Other	Total
Revenue(*)	71	13.137	5.074	1.033	19.315
Cost of sales	(9)	(1.975)	(1.262)	(489)	(3.735)
General and administrative expenses	(117)	(9)	(27)	(173)	(326)
Selling, marketing and distribution expenses	--	--	--	(27)	(27)
Income from investment activities	(13.695)	146	13.519	120.464	120.434
Income / (Expense) from other operations	(1.166)	3.016	1.331	3	3.184
Income/(expense) from financing activities	362	(289)	(1)	(49)	23
<b>Total</b>	<b>(14.554)</b>	<b>14.026</b>	<b>18.634</b>	<b>120.762</b>	<b>138.868</b>

  

	2022				
	Shareholders	Associates	Joint ventures	Other	Total
Revenue(*)	16	36.479	1.900	679	39.074
Cost of sales	(14)	(3.960)	(322)	(405)	(4.701)
General and administrative expenses	--	--	(17)	(220)	(237)
Selling, marketing and distribution expenses	--	--	(3)	(58)	(61)
Income from investment activities	--	30.963	10.776	124.202	165.941
Income / (Expense) from other operations	--	12	241	8.724	8.977
Income/(expense) from financing activities	338	(3.715)	--	15	(3.362)
<b>Total</b>	<b>340</b>	<b>59.779</b>	<b>12.575</b>	<b>132.937</b>	<b>205.631</b>

(\*) As of December 31, 2023, USD 120.000 of the income from investment activities consists of the sale amount of 10% of the shares of Artmin Mining Industry and Trade Inc.

### Transactions with key management personnel

On a consolidated basis, key management costs included in general and administrative expenses for the year ended 31 December 2023 amounted to USD 38.918 (2022: USD 23.532).

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 9 Cash and cash equivalents

At 31 December, cash and cash equivalents comprised the following:

<b>2023</b>	<b>Finance (*)</b>	<b>Non-finance (**)</b>	<b>Total</b>
Cash on hand	116.156	1.594	<b>117.750</b>
Cash at banks	525.579	192.634	<b>718.213</b>
-Demand deposits	366.764	142.935	<b>509.699</b>
-Time deposits	158.815	49.699	<b>208.514</b>
Balances at central bank (excluding statutory reserve)	128.106	--	<b>128.106</b>
Other cash and cash equivalents (***)	155.246	247	<b>155.493</b>
<b>Cash and cash equivalents</b>	<b>925.087</b>	<b>194.475</b>	<b>1.119.562</b>
Restricted amounts	(39.031)	(5.367)	(44.398)
<b>Cash and cash equivalents in the consolidated statement of cash flows</b>	<b>886.056</b>	<b>189.108</b>	<b>1.075.164</b>

<b>2022</b>	<b>Finance (*)</b>	<b>Non-finance (**)</b>	<b>Total</b>
Cash on hand	95.992	384	<b>96.376</b>
Cash at banks	675.486	115.481	<b>790.967</b>
-Demand deposits	352.762	57.922	<b>410.684</b>
-Time deposits	322.724	57.559	<b>380.283</b>
Balances at central bank (excluding statutory reserve)	80.188	--	<b>80.188</b>
Other cash and cash equivalents (***)	59.815	16.256	<b>76.071</b>
<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>

(\*) 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.

(\*\*\*) As of 31 December 2023, other cash and cash equivalents mainly consist of liquid funds to USD 1,6 (31 December 2022: USD 16.154), credit card receivables amounting to USD 2.020 (31 December 2022: USD 572), money in transit amounting to none (31 December 2022: USD 119) and other cash and cash equivalents USD 524 (31 December 2022: USD 388). As of 31 December 2023, repo transactions is USD 152.947 (31 December 2022: 58.828)

As of 31 December 2023, the Group's cash and cash equivalents amounting to USD 44.398 (31 December 2022: USD 59.906) are blocked and therefore this balance cannot be used in daily activities.

Mandatory restricted account amount resulting from the Group's banking activities in Albania and Türkiye is USD 39.030 (31 December 2022: USD 45.818). As collateral for the loans used, USD 285 (31 December 2022: USD 6.155) is kept mandatory in domestic banks, and USD 4 (31 December 2022: USD 7) is kept blocked by the court based on expropriation lawsuits. USD 52 of the remaining amount (31 December 2022: USD 2.811) is kept as a cash guarantee given to İstanbul 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 ("MTI"), the balance in banks in Türkiye is USD 5.027 (31 December 2022: USD 5.114).

The foreign currency risk that the Group is exposed to for cash and cash equivalents is explained in Note 37.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 10 Financial investments

At 31 December, financial investments comprised the following:

	2023		
	Current	Non-current	Total
Financial assets at FVTOCI	1.164.375	1.280.813	2.445.188
Financial assets at FVTPL (*)	343.884	183.263	527.147
Financial assets at amortised costs	555.799	908.484	1.464.283
<b>Total</b>	<b>2.064.058</b>	<b>2.372.560</b>	<b>4.436.618</b>

  

	2022		
	Current	Non-current	Total
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>

(\*) As at 31 December 2023 and 2022, 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 2023, an increase in fair value for this investment amounting to USD 110.696 (31 December 2022 USD 10.745) 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 2.076 / USD 1.973 (31 December 2022: USD 3.913 / USD 4.840), respectively.

### 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:

	2023	2022
	<u>Carrying amount</u>	<u>Carrying amount</u>
<b>Financial investments of finance sector companies' entities</b>		
Public sector bonds, notes and bills	1.971.467	2.021.342
Private sector bonds, notes and bills	495.076	582.316
Investment funds	264.294	138.594
Equity securities – listed	20.748	63.867
Asset backed securities and lease certificates	34.574	50.193
Other	77.435	44.911
<b>Equity securities – non-listed</b>		
Anagold	92.800	226.800
Bursagaz Bursa Şehiriçi Doğal Gaz Dağıtım Ticaret ve Taahhüt Anonim Şirketi	5.022	5.263
Kayserigaz Kayseri Doğalgaz Dağıtım Pazarlama Ticaret Anonim Şirketi	7.944	4.428
Other	2.975	201
<b>Total</b>	<b>2.972.335</b>	<b>3.137.915</b>

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 10 Financial investments (continued)

#### *Financial assets measured at cost that are not traded in an active market*

As at 31 December 2023, investments in equity securities amounting to USD 2.975 (31 December 2022: USD 201) 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:

	31 December 2023	31 December 2022
	<b>Carrying Amount</b>	<b>Carrying amount</b>
Public sector bonds, notes and bills	960.225	390.614
Private sector bonds, notes and bills	459.255	444.094
Asset backed securities and lease certificates	19.743	68.858
Other	25.060	5.499
<b>Total</b>	<b>1.464.283</b>	<b>909.065</b>

The movements in financial investments during the year ended 31 December 2023 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 2023</b>	<b>2.458.183</b>	<b>909.065</b>	<b>679.732</b>
Additions through purchases	1.954.500	882.590	472.996
Fair value gains/ (losses)	9.511	6.122	(120.132)
Disposals (sale and redemption)	(1.593.120)	(866.812)	(405.695)
Impairment	10.630	(3.981)	--
Foreign currency translation differences	(394.516)	537.300	(99.754)
<b>At 31 December 2023</b>	<b>2.445.188</b>	<b>1.464.284</b>	<b>527.147</b>

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	--	(9.220)	(11)
Foreign currency translation differences	(258.953)	98.000	(65.088)
<b>At 31 December 2022</b>	<b>2.458.183</b>	<b>909.065</b>	<b>679.732</b>

The Group's exposure to credit, currency and interest rate risks related to investment securities are disclosed in Note 37.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 11 Financial assets related to concession agreements

As at 31 December, financial assets related to concession agreements comprised the following:

	2023	2022
Current financial assets related to concession agreements	126.069	61.989
Non-current financial assets related to concession agreements	161.717	190.745
<b>Total</b>	<b>287.786</b>	<b>252.734</b>

Movements of Financial assets related to concession agreements for the years ended 31 December were as follows:

	2023	2022
<b>Financial asset at the beginning of the period</b>	<b>252.734</b>	<b>173.480</b>
Investments during the year	84.205	63.313
<b>Collections</b>	<b>(81.845)</b>	<b>(69.969)</b>
<i>Principal collections</i>	<i>(51.034)</i>	<i>(43.509)</i>
<i>Financial income collections</i>	<i>(30.811)</i>	<i>(26.460)</i>
Financial income	159.383	152.339
Translation difference	(126.691)	(66.429)
<b>End of period financial asset</b>	<b>287.786</b>	<b>252.734</b>

As at 31 December, the maturity breakdown of the financial assets related to concession agreements:

	2023	2022
Up to 1 year	126.069	61.989
Up to 1 - 3 years	120.287	92.144
Up to 3 - 5 years	31.857	21.258
Over 5 years	9.573	77.343
<b>Total</b>	<b>287.786</b>	<b>252.734</b>

## Çalık Holding Anonim Şirketi and its Subsidiaries

### Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

#### 12 Trade receivables and payables

##### Trade receivables

##### Short-term trade receivables

As at 31 December, short-term trade receivables comprised the following:

	2023	2022
Due from related parties	167.671	161.382
Due from third parties	253.225	225.950
<b>Total</b>	<b>420.896</b>	<b>387.332</b>

As at 31 December, short-term trade receivables comprised the following:

	2023	2022
Accounts receivables	404.349	359.923
Doubtful receivables	31.145	29.124
Notes receivables (*)	16.309	25.016
Postdated cheques received	34	1.969
Other trade receivables	241	514
<b>Subtotal</b>	<b>452.078</b>	<b>416.546</b>
Allowances for doubtful trade receivables (-)	(31.145)	(29.124)
Discount on trade receivables (-)	(37)	(90)
<b>Total</b>	<b>420.896</b>	<b>387.332</b>

(\*) As of 31 December, USD 14.387 of notes receivable belongs to Çalık Denim (31 December 2022: USD 21.019), USD 1.125 belongs to Gap Pazarlama (31 December 2022: USD 1.915) and USD 797 consists of bills purchased within the scope of Gap İnşaat's commercial activities (31 December 2022: USD 2.082).

Movements of allowance for doubtful receivables for the year ended at 31 December were as follows:

	2023	2022
<b>Balance at 1 January (previously reported)</b>	<b>29.124</b>	<b>54.216</b>
Inflation effect	5.841	--
<b>Balance at 1 January (revised)</b>	<b>34.965</b>	<b>54.216</b>
Allowance for the period	18.727	6.305
Foreign currency translation difference	(15.962)	(7.923)
Addition of business acquisition	10	--
Collections (-)	(1.021)	(702)
Canceled allowance for the period (-)	(5.574)	(5.628)
Disposals from the scope of consolidation	--	(17.144)
<b>Balance at 31 December</b>	<b>31.145</b>	<b>29.124</b>

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 12 Trade receivables and payables (continued)

#### Long-term trade receivables

As at 31 December long-term trade receivables comprised the following:

	2023	2022
Due from related parties	--	1.660
Due from third parties	27.086	30.572
<b>Total</b>	<b>27.086</b>	<b>32.232</b>

As at 31 December, long-term trade receivables comprised the following:

	2023	2022
Accounts receivables	27.086	32.232
<b>Total</b>	<b>27.086</b>	<b>32.232</b>

#### Short-term trade payables

As at 31 December, short-term trade payables comprised the following:

	2023	2022
Due from related parties	1.725	4.631
Due from third parties	217.632	290.848
<b>Total</b>	<b>219.357</b>	<b>295.479</b>

	2023	2022
Accounts payables (*)	218.424	293.491
Notes payable	--	171
Other trade payables	933	1.817
<b>Total</b>	<b>219.357</b>	<b>295.479</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:

	2023	2022
Accounts payables	46	--
<b>Total</b>	<b>46</b>	<b>--</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.



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 13 Receivables and payables from finance sector activities

Short term receivables from finance sector activities

As at 31 December, current receivables related to finance sector activities comprised the following:

Short term receivables related to finance sector activities	2023	2022
Due from related parties	391	7.890
Due from third parties	998.419	894.400
<b>Total</b>	<b>998.810</b>	<b>902.290</b>

Short term receivables related to finance sector activities	2023	2022
Loans and receivables from customers	916.231	789.219
Loans and receivables from banks	82.907	112.678
Non-performing loans and receivables	16.755	23.041
<b>Subtotal</b>	<b>1.015.893</b>	<b>924.938</b>
Provision for impairment in value of loans and receivables	(17.083)	(22.648)
<b>Total</b>	<b>998.810</b>	<b>902.290</b>

As at 31 December, long term receivables related to finance sector activities comprised the following:

Long Term Receivables related to finance sector activities	2023	2022
Due from related parties	14.013	--
Due from third parties	1.536.030	1.498.944
<b>Total</b>	<b>1.550.043</b>	<b>1.498.944</b>

Long Term Receivables related to finance sector activities	2023	2022
Loans and receivables from customers	1.634.572	1.571.035
Loans and receivables from banks	37.552	33.217
<b>Subtotal</b>	<b>1.672.124</b>	<b>1.604.252</b>
Provision for impairment in value of loans and receivables	(122.081)	(105.308)
<b>Total</b>	<b>1.550.043</b>	<b>1.498.944</b>

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 13 Receivables and payables from finance sector activities (continued)

Movements of provision for impairment in value of loans and receivables for the years ended 31 December were as follows:

	2023	2022
<b>Specific allowances for impairment</b>		
Balance at 1 January	120.243	98.411
Impairment loss for the year	14.635	34.757
- Charge for the year	18.925	39.251
- Recoveries	(4.290)	(4.494)
Other	--	(5.748)
Foreign currency translation difference	(1.192)	(7.177)
<b>Balance at 31 December</b>	<b>133.686</b>	<b>120.243</b>
<b>Collective allowances for impairment</b>		
Balance at 1 January	7.713	10.185
Impairment loss for the year	579	511
- Charge for the year	4.149	5.262
Recoveries	(3.570)	(4.751)
Foreign currency translation difference	(2.814)	(2.983)
<b>Balance at 31 December</b>	<b>5.478</b>	<b>7.713</b>
<b>Total allowances for impairment</b>	<b>139.164</b>	<b>127.956</b>

### Short term payables related to finance sector activities

As at 31 December, short term payables related to finance sector activities comprised the following:

Short term payables related to finance sector activities	2023	2022
Due from related parties	20.305	26.384
Due from third parties	5.781.537	5.081.873
<b>Total</b>	<b>5.801.842</b>	<b>5.108.257</b>

As at 31 December, short-term payables to third parties comprised the following:

Short term payables related to finance sector activities	2023	2022
<b>Due to banks</b>	<b>55.411</b>	<b>62.931</b>
Time deposits	52.179	55.063
Current accounts	3.232	7.868
<b>Due to customers</b>	<b>4.546.900</b>	<b>3.797.665</b>
Individual	3.362.806	2.789.867
Private enterprises	1.007.127	763.558
Public institutions	126.865	144.363
Other	50.102	99.877
<b>Customer Accounts(*)</b>	<b>758.317</b>	<b>568.885</b>
<b>Funds from repo transactions</b>	<b>441.214</b>	<b>678.776</b>
<b>Total</b>	<b>5.801.842</b>	<b>5.108.257</b>

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 13 Receivables and payables from finance sector activities (continued)

(\*) The customer accounts represent the transitory balances of loan customers for the respective transactions. As at 31 December 2023.

#### Long term payables related to finance sector activities

As at 31 December, long term payables related to finance sector activities comprised the following:

Long term payables related to finance sector activities	2023	2022
Payables from finance sector activities to third parties	916.924	793.781
<b>Total</b>	<b>916.924</b>	<b>793.781</b>

  

Long term payables related to finance sector activities	2023	2022
<b>Due to banks</b>	<b>11</b>	<b>10</b>
Time deposits	11	10
<b>Due to customers</b>	<b>916.913</b>	<b>793.771</b>
Individual	810.912	713.755
Private enterprises	73.142	60.047
Public institutions	32.854	19.962
Other	5	7
<b>Total</b>	<b>916.924</b>	<b>793.781</b>

### 14 Other receivables and other payables

#### Other short-term receivables

As at 31 December, other short-term receivables comprised the following:

	2023	2022
Due from related parties	51.609	62.721
Due from third parties	64.332	98.543
<b>Total</b>	<b>115.941</b>	<b>161.264</b>

As at 31 December, other short-term receivables comprised the following:

	2023	2022
Due from shareholders	36.907	75.706
Due from joint ventures	11.678	13.179
Receivables from tax authorities	10.961	2.823
Deposits and guarantees given	3.387	23.377
Receivables from personnel	41	33
Other receivables	59.061	52.246
<b>Subtotal</b>	<b>122.035</b>	<b>167.364</b>
Allowance for other doubtful receivables (-)	(6.094)	(6.100)
<b>Total</b>	<b>115.941</b>	<b>161.264</b>

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 14 Other receivables and other payables (continued)

#### Other long-term receivables

As at 31 December, other long-term receivables comprised the following:

	2023	2022
Due from related parties	318.361	320.000
Due from third parties	51.863	43.542
<b>Total</b>	<b>370.224</b>	<b>363.542</b>

As at 31 December, other long-term receivables comprised the following:

	2023	2022
Due from shareholders	318.361	320.000
Deposits and guarantees given	35.469	11.734
Other receivables	16.394	31.808
<b>Total</b>	<b>370.224</b>	<b>363.542</b>

#### Other short-term payables

As at 31 December, other short-term payables comprised the following:

	2023	2022
Due from related parties	2.395	10
Due from third parties	77.174	61.013
<b>Total</b>	<b>79.569</b>	<b>61.023</b>

As at 31 December, other short-term payables comprised the following:

	2023	2022
Deposits and guarantees received	54.003	50.274
Shareholders	2.683	256
Other payables	22.883	10.493
<b>Totalw</b>	<b>79.569</b>	<b>61.023</b>

#### Other long-term payables

As at 31 December, other long-term payables comprised the following:

	2023	2022
Due to third parties	23.492	21.162
<b>Total</b>	<b>23.492</b>	<b>21.162</b>

As at 31 December, other long-term payables to third parties comprised the following:

	2023	2022
Deposits and guarantees received (*)	18.366	16.753
Other	5.126	4.409
<b>Total</b>	<b>23.492</b>	<b>21.162</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.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

### As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

#### 15 Inventories

As at 31 December, inventories comprised the following:

	2023	2022
Trading properties (*)	129.333	122.402
Raw materials	108.285	74.703
Trading goods	60.744	82.654
Finished goods	35.345	27.142
Semi finished goods in production	24.494	22.933
Other inventories	3.718	4.465
Allowance for impairment of inventories (-)	(1.916)	(3.354)
<b>Total</b>	<b>360.003</b>	<b>330.945</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 2023, the Group capitalised borrowing costs amounting to USD 100.088 (accumulated) on trading properties under development (31 December 2022: USD 68.066 (accumulated)).

Movements of provision for inventories for the year ended at 31 December were as follows:

	2023	2022
<b>Beginning balance</b>	<b>3.354</b>	<b>6.414</b>
Inflation effect	646	--
<b>Balance at 1 January, 2023 (revised)</b>	<b>4.000</b>	<b>6.414</b>
Current year provision	29	1.048
Refusal of provision due to sale	(1.735)	(1)
Disposals from the scope of consolidation	--	(3.117)
Foreign currency translation differences	(378)	(990)
<b>Ending balance</b>	<b>1.916</b>	<b>3.354</b>

#### 16 Prepayments and deferred revenue

##### Current prepayments

As at 31 December, current portion of prepayments comprised the following:

	2023	2022
Advances given (*)	89.674	148.884
Other	13.746	10.571
<b>Total</b>	<b>103.420</b>	<b>159.455</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:

	2023	2022
Advances given for property, plant and equipment acquisitions	200	658
Other	26.587	18.307
<b>Total</b>	<b>26.787</b>	<b>18.965</b>

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 16 Prepayments and deferred revenue (continued)

#### Short term deferred revenue

As at 31 December, short-term portion of deferred revenue comprised the following:

Short term deferred revenue	2023	2022
Advances received (*)	37.743	75.849
Short term deferred income	85.810	33.846
<b>Total</b>	<b>123.553</b>	<b>109.695</b>

As at 31 December, long term deferred revenue comprised the following:

Long term deferred revenue	2023	2022
Long term deferred income (**)	30.308	93.542
<b>Total</b>	<b>30.308</b>	<b>93.542</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 30.280 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 2022: USD 94.024).

### 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 Distribuim 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.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 17 Investments in equity-accounted investees (continued)

#### Doğu Aras Enerji Yatırımları Anonim Şirketi ("Doğu Aras") (continued)

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. After the mentioned public offering, Çalık Enerji's ownership rate in Doğu Aras became 40%. As of December 31, 2023, by including the shares in the stock exchange, the ownership increased to 45,34%.

#### 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.

#### Bakırtepe Madencilik Sanayi ve Ticaret A.Ş. ("Bakırtepe")

Bakırtepe Madencilik Sanayi ve Ticaret A.Ş. was established in 2021. Bakırtepe is registered in Ankara, Türkiye and is engaged in the operation of mining in Gümüşhane region. As at reporting date, Bakırtepe is a associate of Lidya Madencilik Sanayi ve Ticaret A.Ş. and Alacer with an ownership structure of 30% and 70%, respectively.

#### Artmin Madencilik Sanayi ve Ticaret A.Ş. ("Artmin")

Artmin Madencilik Sanayi ve Ticaret A.Ş. (formerly AMG Mineral Mining Joint Stock Company) was established in Ankara in 2011 in order to obtain exploration and operation licenses for all kinds of mines, to purchase and sell all kinds of mine sites, to operate mine sites and to participate in mining tenders. With the partial sale of 10% shares of Alacer Gold Corporation in 2023, control authority passed to Alacer Gold Corp Corporation. Artmin Madencilik started to be controlled by the Group in 2015 and the ownership rate is 60%.

Investments in equity-accounted joint ventures and the Group's share of control as follows:

	31 December 2023		31 December 2022	
Joint ventures	<u>Carrying value</u>	<u>% of ownership</u>	<u>Carrying value</u>	<u>% of ownership</u>
<b>Assets</b>				
Doğu Aras	202.430	45,34	93.454	40,00
KÇLE	111.849	50,00	91.886	50,00
Artmin (*)	23.236	60	--	--
Bakırtepe	1.275	30	531	30,00
LC Electricity	10	50,00	10	50,00
Çalık Limak Adi Ortaklığı	--	50,00	282	50,00
	<b>338.800</b>		<b>186.163</b>	

(\*) On May 8, 2023, Alacer Gold Corporation and the Lidya Maden reached an agreement to acquire an up to 40% interest from the Lidya Maden in, and operational control of, the Hod Maden gold-copper development project, located in northeastern Türkiye (the "Transaction"). As of December 31, 2023, upon closing of the Transaction, Alacer Gold Corporation made a 120M USD cash payment to acquire a 10% interest in Artmin. As a result of the Transaction, Lidya Maden has lost control on Artmin and has changed its consolidation method from full consolidation to equity method since Lidya Maden has lost control after sale of 10% of the shares

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

### 17 Investments in equity-accounted investees (continued)

#### i) Joint ventures (continued)

For the years ended 31 December, the movements in net investments in joint ventures were as follows:

	2023	2022
<b>Balance at 1 January (previously reported)</b>	<b>186.163</b>	<b>168.786</b>
Inflation effect	22.160	--
<b>Balance at 1 January (revised)</b>	<b>208.323</b>	<b>168.786</b>
Share of profit of equity accounted investees	110.689	25.165
Share capital increases	6.637	1.601
Change in share of associates	22.544	(2.254)
Dividend distribution	(4.736)	(3.674)
Currency translation difference	(4.657)	(3.461)
<b>Balance at 31 December</b>	<b>338.800</b>	<b>186.163</b>

#### ii) Associates

Investments in equity-accounted Associates and the Group's share of control are as follows:

Associates	31 December 2023		31 December 2022	
	<u>Carrying value</u>	<u>% of ownership</u>	<u>Carrying value</u>	<u>% of ownership</u>
<b>Assets</b>				
Kazakhstan Ijara Company KIC Leasing	3.165	14,31	2.817	14,31
Haliç Leasing	1.440	32,00	525	32,00
Idea Farm	1.269	30,00	433	30,00
Secom Aktif Güvenlik Yatırım A.Ş.	1.039	50,00	--	50,00
Workindo Teknoloji ve İnsan Kaynakları Danışmanlık A.Ş.	970	33,33	200	33,33
Euro-Mediterranean	969	25,57	1.328	25,57
Albania Leasing	934	29,99	1.091	29,99
Machinego Tek. Dan. ve İş Mak. A.Ş.	538	33,33	444	33,33
Aktif Fortis Enerji A.Ş.	410	50,00	379	50,00
Dome Zero inch.	129	1,96	44	1,96
HMC Dijital	--	--	146	33,33
<b>Total</b>	<b>10.863</b>		<b>7.407</b>	

For the years ended 31 December, the movements in investments in associates were as follows:

	2023	2022
<b>Balance at 1 January (previously reported)</b>	<b>7.407</b>	<b>8.832</b>
Inflation effect	7.796	--
<b>Balance at 1 January (revised)</b>	<b>15.203</b>	<b>8.832</b>
Capital contribution to share capital increase in joint ventures	2.551	820
Share of gain of equity accounted associates	(2.584)	122
Capital contribution to share increase in associates	(63)	(753)
Translation difference	(4.244)	(1.614)
<b>Balance at 31 December</b>	<b>10.863</b>	<b>7.407</b>



## Çalık Holding Anonim Şirketi and its Subsidiaries

### Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of USD unless otherwise stated.)

#### 17 Investments in equity-accounted investees (continued)

Summary financial information for equity-accounted associates were presented below:

31 December 2023													
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)
Secom Aktif Yatırım Güv. AŞ	31 December	50,00%	9.550	6.917	16.467	1.575	8.640	10.215	6.252	(11.719)	3.126	1.039	(2.573)
Halk Yenilenebilir Enerji A. Ş	31 December	50,00%	342	--	342	173	--	173	169	58	85	--	--
Idea Farm Ventures	31 December	30,00%	1.421	--	1.421	--	--	--	1.421	(1)	426	1.269	--
Dome Zero	31 December	1,96%	13	--	13	--	--	--	13	--	--	129	--
Workindo	31 December	33,33%	781	391	1.172	133	11	144	1.028	300	343	970	15
HMC Dijital	31 December	0,00%	--	--	--	--	--	--	--	--	--	--	(257)
Machinego	31 December	33,33%	681	135	816	188	4	192	624	2.857	208	538	(24)
Aktif Fortis Enerji A.Ş.	31 December	50,00%	118	--	118	6	--	6	112	(6)	56	410	(241)
Kazakhstan Ijara Company Jsc	31 December	14,31%	3.270	31.614	34.884	12.649	--	12.649	22.235	2.208	3.182	3.165	316
Euro Mediterranean	31 December	25,57%	9.265	3.085	12.350	8.134	--	8.134	4.216	488	1.078	969	125
Haliç Finansal Kiralama	31 December	32,00%	1.311	1	1.312	108	--	108	1.204	174	385	1.440	55
Albania Leasing	31 December	29,99%	2.616	4.166	6.782	1.102	1.835	2.937	3.845	(253)	1.153	934	--
<b>Total</b>												<b>10.863</b>	<b>(2.584)</b>

Summary financial information for equity-accounted joint ventures were presented below:

31 December 2023													
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%	125.498	184.518	310.016	107.340	26.511	133.851	176.165	37.408	88.083	111.849	18.704
Doğu Aras	31 December	45,34%	174.506	389.455	563.961	106.074	124.136	230.210	333.751	179.699	151.323	202.430	94.810
Çalık Limak Adi Ortaklığı	31 December	50,00%	3.835	10	3.845	3.844	--	3.844	1	1.634	1	--	817
LC Electricity	31 December	50,00%	--	--	--	--	--	--	--	--	--	10	--
Bakırtepe	31 December	30,00%	1.528	2.899	4.427	176	--	176	4.251	326	1.275	1.275	98
Artmin	31 December	60,00%	10.085	52.301	62.386	1.756	21.904	23.660	38.726	-6.233	23.236	23.236	(3.740)
<b>Total</b>												<b>338.800</b>	<b>110.689</b>

## Çalık Holding Anonim Şirketi and its Subsidiaries

### Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of 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)
KÇLE	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%	2.638	--	2.638	868	--	868	1.770	(3.899)	531	531	(1.170)
Kartaltepe	31 December	20,00%	687	1.675	2.362	6.636	267	6.903	(4.541)	--	(908)	--	--
<b>Total</b>												<b>186.163</b>	<b>25.165</b>

## Çalık Holding Anonim Şirketi and its Subsidiaries

### Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of 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, 2023 (previously reported)</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>Reclassified effect (Note 2.f)</b>	--	--	--	--	--	(145.054)	--	<b>(145.054)</b>
Inflation effect	61.427	230.924	11.451	21.999	118	4.695	5.878	<b>336.492</b>
<b>Balance as of January 1, 2023 (indexed)</b>	<b>206.788</b>	<b>421.876</b>	<b>36.337</b>	<b>81.158</b>	<b>36.918</b>	<b>19.111</b>	<b>17.178</b>	<b>819.366</b>
Additions	5.669	8.344	14.906	9.352	17.919	8.183	908	<b>65.281</b>
Transfers to non-current assets	--	--	--	--	--	(439)	--	<b>(439)</b>
Transfers	369	863	--	101	--	(13.117)	--	<b>(11.784)</b>
Translation differences and inflation effect	9.866	10.221	(4.723)	(894)	1.661	(1.593)	649	<b>15.187</b>
Additions and disposals of business acquisitions (*)	(2.386)	18	(52)	18	--	(2.173)	1.657	<b>(2.918)</b>
Outflow	(26.804)	(24)	(2.739)	(2.721)	(7.640)	(3)	(4)	<b>(39.935)</b>
<b>Balance at 31 December 2023</b>	<b>193.502</b>	<b>441.298</b>	<b>43.729</b>	<b>87.014</b>	<b>48.858</b>	<b>9.969</b>	<b>20.388</b>	<b>844.758</b>
<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	<b>153.659</b>
Transfers to non-current assets	--	--	--	--	(291)	35	(35)	<b>(291)</b>
Transfers	272	1.876	--	774	(664)	(108.849)	--	<b>(106.591)</b>
Foreign currency translation difference	(22.507)	(65.472)	(2.392)	(10.856)	(819)	(29.499)	(2.256)	<b>(133.801)</b>
Addition and disposal of business acquisition	20.252	6.601	--	1.063	49	--	--	<b>27.965</b>
Disposals from the scope of consolidation	(46.912)	(169.413)	(1.235)	(29.356)	(39)	(1.860)	--	<b>(248.815)</b>
Outflow	(12.375)	(655)	(3.458)	(8.396)	(4.505)	(3.681)	(3.807)	<b>(36.877)</b>
<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>14.416</b>	<b>11.300</b>	<b>482.874</b>

As at 31 December 2023, total insurance coverage on property, plant and equipment is USD 604.070 (31 December 2022: USD 626.271).

As at 31 December 2023, mortgages on property, plant and equipment is USD 40.054 (31 December 2022: 48.132).

(\*) On May 8, 2023, Alacer Gold Corporation and the Lidya Maden reached an agreement to acquire an up to 40% interest from the Lidya Maden in, and operational control of, the Hod Maden gold-copper development project, located in northeastern Türkiye (the "Transaction"). As of December 31, 2023, upon closing of the Transaction, Alacer Gold Corporation made a 120M USD cash payment to acquire a 10% interest in Artmin. As a result of the Transaction, Lidya Maden has lost control on Artmin and has changed its consolidation method from full consolidation to equity method since Lidya Maden has lost control after sale of 10% of the shares. In addition, Lidya Maden liquidated L'Or D'Afrique SARL in 2023 and disposed property, plant and equipment of L'Or D'Afrique SARL in 2023.

## Çalık Holding Anonim Şirketi and its Subsidiaries

### Notes to the Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of 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, 2023</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>
Inflation effect	(20.656)	(137.066)	(8.769)	(17.962)	(108)	--	(5.846)	(190.407)
<b>Balance at 1 January, 2023 (revised)</b>	<b>(60.295)</b>	<b>(248.377)</b>	<b>(26.859)</b>	<b>(56.076)</b>	<b>(23.665)</b>	<b>--</b>	<b>(12.215)</b>	<b>(427.487)</b>
Current year amortization	(5.747)	(29.531)	(3.420)	(8.379)	(2.437)	--	(1.040)	(50.554)
Transfers	(52)	--	(1)	--	(2)	--	--	(55)
Translation differences and inflation effect	(3.955)	(10.148)	3.485	(103)	(2.674)	--	(1.073)	(14.468)
Additions and disposals of business acquisitions	82	107	29	170	--	--	--	388
Disposals	5.300	193	2.402	2.284	443	--	512	11.134
<b>Balance at 31 December 2023</b>	<b>(64.667)</b>	<b>(287.756)</b>	<b>(24.364)</b>	<b>(62.104)</b>	<b>(28.335)</b>	<b>--</b>	<b>(13.816)</b>	<b>(481.042)</b>
<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>
Depreciation	(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	6.601	142	2.625	7.128	46	--	943	17.485
<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>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>
<b>Reclassified effect (Note 2.f)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(145.054)</b>	<b>--</b>	<b>(145.054)</b>
<b>Inflation effect</b>	<b>40.771</b>	<b>93.858</b>	<b>2.682</b>	<b>4.037</b>	<b>10</b>	<b>4.695</b>	<b>32</b>	<b>146.085</b>
<b>1 January 2023 net book value (remastered)</b>	<b>146.493</b>	<b>173.499</b>	<b>9.478</b>	<b>25.082</b>	<b>13.253</b>	<b>19.111</b>	<b>4.963</b>	<b>391.879</b>
<b>Net carrying value at 31 December 2023</b>	<b>128.835</b>	<b>153.542</b>	<b>19.365</b>	<b>24.910</b>	<b>20.523</b>	<b>9.969</b>	<b>6.572</b>	<b>363.716</b>

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(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 2023 and 2022 were as follows:

Cost	Goodwill	Licences & software	Electricity distribution rights	Brand names	Other intangibles	Total
<b>Balance at 1 January, 2023 (previously reported)</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>
Inflation effect	708	32.991	106.956	12.152	(70.634)	82.173
<b>Balance at 1 January, 2023</b>	<b>2.095</b>	<b>90.183</b>	<b>137.635</b>	<b>34.863</b>	<b>39.840</b>	<b>304.616</b>
Addition	4.969	17.988	--	12.695	33.987	69.639
Transfers from tangible assets	--	--	--	--	439	439
Translation differences and inflation effect	361	89.702	30.530	22.582	28.403	171.578
Addition and disposal of business acquisition (*)	--	--	--	(34.181)	(38)	(34.219)
Disposal	--	(69)	--	--	--	(69)
<b>Balance at 31 December 2023</b>	<b>7.425</b>	<b>197.804</b>	<b>168.165</b>	<b>35.959</b>	<b>102.631</b>	<b>511.984</b>
<b>Balance at 1 January, 2023 (previously reported)</b>	<b>--</b>	<b>(41.402)</b>	<b>(14.434)</b>	<b>(6.695)</b>	<b>(28.379)</b>	<b>(90.910)</b>
Inflation effect	--	(36.739)	(46.838)	1.872	7.783	(73.922)
<b>Balance at 1 January, 2023</b>	<b>--</b>	<b>(78.141)</b>	<b>(61.272)</b>	<b>(4.823)</b>	<b>(20.596)</b>	<b>(164.832)</b>
Current year amortization	--	(19.645)	(6.667)	(12.947)	(8.379)	(47.638)
Translation differences and inflation effect	--	(22.658)	(13.591)	(3.124)	(10.242)	(49.615)
Addition and disposal of business acquisition (*)	--	--	--	--	36	36
Disposals	--	49	--	--	--	49
<b>Balance at 31 December 2023</b>	<b>--</b>	<b>(120.395)</b>	<b>(81.530)</b>	<b>(20.894)</b>	<b>(39.181)</b>	<b>(262.000)</b>

(\*) On May 8, 2023, Alacer Gold Corporation and the Company reached an agreement to acquire an up to 40% interest from the Company in, and operational control of, the Hod Maden gold-copper development project, located in northeastern Türkiye (the "Transaction"). In 2023, upon closing of the Transaction, Alacer Gold Corporation made a 120M USD cash payment to acquire a 10% interest in Artmin. As a result of the Transaction, the Company has lost control on Artmin and has changed its consolidation method from full consolidation to equity method since the Company has lost control after sale of 10% of the shares. In addition, the Group liquidated L'Or D'Afrique SARL in 2023 and has disposed intangible assets of L'Or D'Afrique SARL in 2023.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

19

### Intangible assets (continued)

Cost	Goodwill	Licences & software	Electricity distribution rights	Brand names	Other intangibles	Total
<b>Balance at 1 January, 2022 (previously reported)</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 tangible assets	--	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>(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)
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>
<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>
<b>Inflation effect</b>	<b>708</b>	<b>(3.748)</b>	<b>60.118</b>	<b>14.024</b>	<b>(62.851)</b>	<b>8.251</b>
<b>Net carrying value at 31 December 2022</b>	<b>2.095</b>	<b>12.042</b>	<b>76.363</b>	<b>30.040</b>	<b>19.244</b>	<b>139.784</b>
<b>Net carrying value at 31 December 2023</b>	<b>7.425</b>	<b>77.409</b>	<b>86.635</b>	<b>15.065</b>	<b>63.450</b>	<b>249.984</b>

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

### 20 Right of use assets

For the years ended 31 December, movements in right of use assets were as follows:

Right of use sssets	1 January 2023	Inflation effect	Balance at 1 January, 2023	Additions	Disposals	Additions of business acquisitions	Translation differences and inflation effect	31 December 2023
Right of use assets	32.435	638	33.073	5.040	(639)	357	4.198	42.029
Right of use assets depreciation	(11.892)	(198)	(12.090)	(4.993)	119	(510)	(1.647)	(19.121)
<b>Net carrying value</b>	<b>20.543</b>	<b>440</b>	<b>20.983</b>	<b>47</b>	<b>(520)</b>	<b>(153)</b>	<b>2.551</b>	<b>22.908</b>

Right of use assets	Balance at 1 January 2022	Additions	Mergers	Disposal	Foreign currency translation differences	Balance at 31 December 2022
Right of use assets	64.991	2.094	(26.650)	(119)	(7.881)	32.435
Right of use assets depreciation	(17.918)	(3.848)	6.752	225	2.897	(11.892)
<b>Net carrying 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>

### 21 Investment properties

As at 31 December, investment property comprised the following:

	2023	2022
Investment property under development	233.912	161.939
Investment property in use	--	28.025
<b>Total</b>	<b>233.912</b>	<b>189.964</b>

For the years ended 31 December, movements in investment property were as follows:

	2023	2022
<b>Balance at 1 January (previously reported)</b>	<b>86.250</b>	<b>81.584</b>
Reclassified effect (Note 2.f)	103.714	28.836
Inflation effect	108	--
<b>Net carrying value at 1 January</b>	<b>190.072</b>	<b>110.420</b>
Additions / disposals	2.579	(26.768)
Transfers from tangible assets	11.784	74.879
Changes in fair value	40.741	31.818
Currency translation difference	(11.264)	(385)
<b>Balance at 31 December</b>	<b>233.912</b>	<b>189.964</b>

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

### 21 Investment properties (continue)

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>31 December 2023</b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>	<b><u>Total</u></b>
Investment properties	--	103.322	130.590	<b>233.912</b>
<b>Total</b>	--	<b>103.322</b>	<b>130.590</b>	<b>233.912</b>

<b>31 December 2022</b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>	<b><u>Total</u></b>
Investment properties	--	86.250	103.714	189.964
<b>Total</b>	--	<b>86.250</b>	<b>103.714</b>	<b>189.964</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 2023, there is no mortgage on the Group’s investment properties (31 December 2022: None).

### 22 Other assets and liabilities

#### Other current assets

As at 31 December, other current assets comprised the following:

	<b>2023</b>	<b>2022</b>
Reserve deposits at Central Banks (*)	799.879	702.110
Value added tax (“VAT”) receivables	35.696	36.101
Personnel advances	1.914	301
Other income accruals	2.946	5.371
Other current assets	23.044	39.707
<b>Total</b>	<b>863.479</b>	<b>783.590</b>

(\*) As at 31 December 2023 and 2022, this amount consists only of reserve deposits, which represents the mandatory deposit and is not available in the Group’s day-to-day operations.



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

### 22 Other assets and liabilities(continue)

#### Other short-term liabilities

As at 31 December, other short-term liabilities comprised the following:

	2023	2022
Taxes and funds payable	22.573	35.440
Turkish Football Federations’ share on collection of card sales	2.146	2.160
Blockage on corporate collection account	1.353	2.318
Value Added Tax (“VAT”) payables	1.065	1.228
Other short-term liabilities	51.849	51.581
<b>Total</b>	<b>78.986</b>	<b>92.727</b>

### 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:

	2023	2022
Current amounts due from customers for contract work	425.119	275.544
Current liabilities due to customers for contract work	(46.224)	(80.677)
Non-current liabilities due to customers for contract work	(192.049)	(80.869)
<b>Total</b>	<b>186.846</b>	<b>113.998</b>

As at 31 December, the details of uncompleted contracts were as follows:

	2023	2022
Total costs incurred on uncompleted contracts	1.585.610	1.257.052
Estimated earnings	237.119	238.646
<b>Total estimated revenue on uncompleted contracts</b>	<b>1.822.729</b>	<b>1.495.698</b>
Less: Billings to date	(1.635.883)	(1.381.700)
<b>Net amounts due from customers for contract work</b>	<b>186.846</b>	<b>113.998</b>

As of 31 December, the details of other contractual obligations are as follows:

	2023	2022
Other contractual liabilities (*)	(311.206)	(181.006)
<b>Total</b>	<b>(311.206)</b>	<b>(181.006)</b>

(\*) Other contractual obligations consist of contract advances received from Taurus Arm For Power Generation Company for the BZC and BZS2 projects in Iraq, from West African Energy SA for the SNC project in Senegal, from Rompetrol Energy SA for the RPE project in Romania, from Gulf Cooperation Council Interconnection Authority for the AFT project in Iraq and Turkmenistan, and from Mitsubishi Corporation for the TPC2 and NAV3 projects in Uzbekistan.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

### 24 Loans and borrowings

As at 31 December, loans and borrowings comprised the following:

2023			
Short term loans and borrowings	Finance	Non Finance	Total
Securities issued	599.844	--	599.844
Funds borrowed by the Group’s banking subsidiaries	221.926	--	221.926
Current portion of long term bank loans	5.257	152.198	157.455
Bank loans	1	118.832	118.833
Issued bonds	--	12.711	12.711
Factoring payables	102	10.556	10.658
Lease obligations	2.815	1.426	4.241
<b>Total</b>	<b>829.945</b>	<b>295.723</b>	<b>1.125.668</b>

  

Long term loans and borrowings	Finance	Non Finance	Total
Securities issued	147.605	23.414	171.019
Bank loans	94	111.875	111.969
Subordinated liabilities	37.602	--	37.602
Funds borrowed by the Group’s banking subsidiaries	29.974	--	29.974
Lease obligations	12.784	3.558	16.342
Sukuk agreement	--	14.939	14.939
<b>Total</b>	<b>228.059</b>	<b>153.786</b>	<b>381.845</b>

  

2022			
Short term loans and borrowings	Finance	Non Finance	Total
Securities issued	710.576	--	710.576
Funds borrowed by the Group’s banking subsidiaries	299.724	--	299.724
Short-term portion of long-term loans	--	177.092	177.092
Bank loans	2	139.850	139.852
Issued bonds	--	19.699	19.699
Factoring payables	--	5.538	5.538
Financial lease debts	2.350	2.820	5.170
<b>Total</b>	<b>1.012.652</b>	<b>344.999</b>	<b>1.357.651</b>

## Çalık Holding Anonim Şirketi and its Subsidiaries

### Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

#### 24 Loans and borrowings (continued)

Long term loans and borrowings	Finance	Non Finance	Total
Sukuk agreement	--	142.080	142.080
Bank loans	34	122.614	122.648
Subordinated liabilities	50.152	--	50.152
Securities issued	48.619	--	48.619
Issued bonds	--	30.324	30.324
Financial leasing debts	12.825	3.778	16.603
Funds borrowed by the Group's banking subsidiaries	4.743	--	4.743
Lease obligations	65	303	368
<b>Total</b>	<b>116.438</b>	<b>299.099</b>	<b>415.537</b>

As of 31 December 2023, there is no mortgage on the investment properties under construction (31 December 2022: USD 58.225) in return for the bank loans used. (December 31, 2022: Not available). In addition, there are bank letters of guarantee in the amount of USD 1.107, EUR 20.783 ve TL 403.005 (31 December 2022: USD 2.086, EUR 21.539 ve TL 73.440) regarding the Exim Bank loans received.

There are pledges to a bank over Çalık Enerji's shares of YEDAŞ, YEPAS and ÇEDAŞ with number of shares by 85 (TL 0,00085), 115 (TL 0,00115), 377.622.000 (TL 377.622 thousands), respectively and ÇEDAŞ's shares of YEPAS and YEDAŞ, with number of shares by 6.358.770.388 (TL 63.587 thousands) and 35.700.685.312 (TL 357.006 thousands), as a guarantee for the cash and non-cash bank borrowings used or will be used from that bank by Çalık Holding, ÇEDAŞ, YEDAŞ and YEPAS.

#### 25 Derivatives

The carrying values of derivative instruments held at 31 December, were as follows:

	31 December 2023		31 December 2022	
	Assets	Liabilities	Assets	Liabilities
Swap transactions	14.000	(3.429)	9.687	(1.371)
Forward transactions	970	(510)	3.525	(2.521)
Futures transactions	10	(111)	13	(290)
Currency options	1.036	(917)	967	(725)
<b>Total</b>	<b>16.016</b>	<b>(4.967)</b>	<b>14.192</b>	<b>(4.907)</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.

#### 26 Payables related to employee benefits

As at 31 December, payables related to employee benefits comprised the following:

	2023	2022
Due to personnel	7.043	7.002
Social security premiums payable	5.401	3.210
<b>Total</b>	<b>12.444</b>	<b>10.212</b>

## Çalık Holding Anonim Şirketi and its Subsidiaries

### Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

#### 27 Provisions

As at 31 December, provisions comprised the following items:

	2023	2022
<b><u>Short term provisions</u></b>		
Short term employee benefits	22.213	18.678
Other short-term provisions	17.441	20.130
<b>Total short-term provisions</b>	<b>39.654</b>	<b>38.808</b>
<b><u>Long term provisions</u></b>		
Long term employee benefits	19.890	15.766
Other long-term provisions	12.206	37
<b>Total long-term provisions</b>	<b>32.096</b>	<b>15.803</b>
<b>Total provisions</b>	<b>71.750</b>	<b>54.611</b>

As at 31 December 2023 and 2022, short-term and long term employee benefits comprised the following items:

	2023	2022
<b><u>Short-term</u></b>		
Bonus provisions	16.972	13.774
Vacation pay liability	5.241	4.904
<b>Total</b>	<b>22.213</b>	<b>18.678</b>
<b><u>Long term</u></b>		
Employee termination benefits	19.890	15.766
<b>Total</b>	<b>19.890</b>	<b>15.766</b>

As at 31 December, other provisions comprised the following items:

	2023	2022
Provision for litigations	7.973	11.262
Provisions for expenses	7.352	7.151
Other current provisions	14.322	1.754
<b>Total</b>	<b>29.647</b>	<b>20.167</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.

For the years ended 31 December, the movements in the reserve for employee severance indemnity were as follows:

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 27 Provisions (continued)

	2023	2022
<b>Balance at 1 January</b>	<b>15.766</b>	<b>10.770</b>
Inflation effect	3.616	--
<b>Balance at 1 January (revised)</b>	<b>19.382</b>	<b>10.770</b>
Interest cost	1.881	2.191
Cost of services	2.588	2.135
Paid during the year	(5.591)	(2.518)
Addition of business acquisitions	7	--
Translation differences and inflation effect	(6.938)	(4.148)
Actuarial difference	8.561	7.336
<b>Balance at 31 December</b>	<b>19.890</b>	<b>15.766</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:

	2023	2022
Discount rate	2,42%	3,00%
Interest rate	25,05%	21,44%
Inflation rate	22,10%	17,90%

The computation of the liability is predicated upon retirement pay ceiling announced by the Government. As at 31 December 2023, the ceiling amount was USD 0,79 (31 December 2022: USD 0,82).

For the years ended 31 December, the movements in the provisions were as follows:

2023	1 January	Inflation effect	Balance at 1 January, (revised)	Provision for the period	Recoveries/ payments during the year	Currency translation difference	31 December
Bonus provisions	13.774	--	13.774	7.464	(404)	(3.862)	16.972
Provision for litigations	11.262	230	11.492	2.333	(3.633)	(2.840)	7.352
Vacation pay liability	4.903	389	5.292	1.854	(560)	(1.345)	5.241
Other expense provisions	8.906	--	8.906	17.434	(3.949)	(96)	22.295
<b>Total</b>	<b>38.845</b>	<b>619</b>	<b>39.464</b>	<b>29.085</b>	<b>(8.546)</b>	<b>(8.143)</b>	<b>51.860</b>

2022	1 January	Provision for the period	Recoveries/ payments during the year	Disposals from the scope of consolidation	Currency translation difference	31 December
Provision for litigations	12.635	1.855	(219)	(767)	(2.242)	11.262
Bonus provisions	10.093	9.813	(3.258)	--	(2.874)	13.774
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>

## Çalık Holding Anonim Şirketi and its Subsidiaries

### Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

#### 28 Commitments and contingencies

Guarantee, pledge and mortgages (“GPM”) in respect of commitment and contingencies realised in the ordinary course of business outside the finance sector were given as at 31 December 2023 are as follows:

31 December 2023	Original currency (USD equivalent)			
	USD	TL	Others	Total
A. Total amount of GPMs given in the name of its own legal personality	327.730	23.746	101.875	453.351
B. Total amount of GPMs given in the name of the consolidated subsidiaries and joint ventures	--	94.466	--	94.466
- Total amount of GPMs given in the name of the consolidated subsidiaries	--	94.466	--	94.466
C. Total amount of GPMs given to be able to conduct ordinary business transactions to secure payables of third parties	--	--	--	--
D. Other GPMs given	475	277	--	752
<b>Total</b>	<b>328.205</b>	<b>118.489</b>	<b>101.875</b>	<b>548.569</b>

GPMs in respect of commitment and contingencies realised in the ordinary course of business outside the finance sector 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	293.246	65.625	52.981	411.852
B. Total amount of GPMs given in the name of the consolidated subsidiaries and joint ventures	--	44.699	--	44.699
- Total amount of GPMs given in the name of the consolidated subsidiaries	--	44.699	--	44.699
C. Total amount of GPMs given to be able to conduct ordinary business transactions to secure payables of third parties	--	--	--	--
D. Other GPMs given (*)	--	130	--	130
<b>Total</b>	<b>293.246</b>	<b>110.454</b>	<b>52.981</b>	<b>456.681</b>

(\*) As at 31 December 2023, the ratio of other GPMs given to total equity is 0,02 percent (31 December 2022: 0,05 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:

	2023	2022
Given for ongoing EPC projects	381.924	136.091
Pledge on shares	73.090	44.699
Given to banks	39.102	147.135
TETAŞ and TEİAŞ	21.376	21.382
Given to EMRA	1	2
Given to other suppliers and government agencies	33.076	107.372
<b>Total contingent liabilities</b>	<b>548.569</b>	<b>456.681</b>

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

### 28 Commitments and contingencies (continued)

#### *Litigation and claims*

As at 31 December 2023, the expected cash outflow amount for the pending claims filed against to the Group is USD 7.352 (31 December 2022: USD 11.262). As at 31 December 2023, 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 25 percent for 2023 (31 December 2022: 23 percent) and tax returns are filed for permanent business purposes. This rate is included in 25 percent of 2023. For banks and institutions, the rate was accepted as 30 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.

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.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 29 Taxation (continued)

#### Turkiye (continued)

##### Transfer pricing regulations (continued)

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.

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 2022: 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 2022: 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 2022: 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 2023, 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 2022: 21 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 2022: 15 percent).



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

### 29 Taxation (continued)

#### Tax applications for foreign subsidiaries and joint ventures of the Group (continued)

##### *Uzbekistan*

The applicable corporate tax rate in Uzbekistan is 15 percent. As at 31 December 2023 the Group’s operation in Uzbekistan aren’t subject to corporate tax due to dispensation.

##### *Libya*

The corporate tax rate is 20 percent (31 December 2022: 20 percent). In addition to the 20 percent tax rate, a Jihad tax is levied by 4 percent.

##### *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 Turkiye is tax exempt in Turkiye. Besides, revenue arising from sales of machinery and equipment which are exported from Turkiye and included in construction cost in those countries are subject to corporate tax in Turkiye.

##### *The Netherlands*

The tax rate on the worldwide income of Dutch institutions is 25.8 percent (31 December 2022: 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 (2022: 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 2023

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

### 29 Taxation (continued)

#### Serbia

The applicable corporate tax rate in Serbia is 15 percent (31 December 2022: 15 percent).

#### Qatar

As of 31 December 2023, 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

	<i>Continuing Operations</i>		<i>Discontinued operations</i>		<i>Total</i>	
	2023	2022	2023	2022	2023	2022
Current corporation and income taxes	103.685	103.368	--	--	103.685	103.368
Deferred tax expense / (benefit)	9.967	(132.387)	--	--	9.967	(132.387)
<b>Total income tax expense / (benefit)</b>	<b>113.652</b>	<b>(29.019)</b>	<b>--</b>	<b>--</b>	<b>113.652</b>	<b>(29.019)</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:

	2023		2022	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Reported profit before taxation	427.445		831.770	--
Taxes on reported profit per statutory tax rate of the Company	(106.861)	(25,00)	(191.307)	(23,00)
<b>Permanent differences:</b>				
Disallowable expenses	(14.004)		(12.685)	
Tax exempt income	64.943		152.073	
Effect of different tax rates in foreign jurisdictions	12.010		10.947	
Unrecorded deferred tax assets	8.410		42.446	
Effect of share of profit of equity-accounted investees and other consolidated adjustments	24.946		5.816	
Effect of consolidated adjustments on taxes	(69.089)		(114.285)	
Revaluation effect of tangible and intangible assets	30.034		100.965	
Monetary gain/loss	(36.513)		--	
Others, net	(27.528)		35.049	
<b>Tax expense</b>	<b>(113.652)</b>		<b>29.019</b>	

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(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:

	31 December 2023	31 December 2022
Taxes on income	103.685	103.368
Less: Corporation taxes paid in advance	(85.366)	(85.477)
Foreign currency translation difference	(12.539)	(2.040)
<b>Current tax liabilities/(assets), net</b>	<b>5.780</b>	<b>15.851</b>

As at 31 December 2023, current tax liabilities on income amounting to USD 11.147 (31 December 2022: USD 38.177) is not offset with prepaid taxes amounting to USD 5.367 (31 December 2022: USD 22.327) 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 2023, deferred tax assets amounting to USD 5.250 have not been recognised with respect to the statutory tax losses carried forward as at 31 December 2023 (31 December 2022: USD 12.239). Such losses carried forward expire until 2025. 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:

	2023	2022
2023	--	920
2024	1.073	130
2025	2.250	842
2025	8.493	56.620
2027	5.912	2.683
2028	1.607	--
<b>Toplam</b>	<b>19.335</b>	<b>61.195</b>

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

### 29 Taxation (continued)

#### Unrecognised deferred tax assets and liabilities (continue)

##### 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:

#### Unrecognised deferred tax assets and liabilities (continued)

	2023		2022	
	<u>Asset</u>	<u>Liability</u>	<u>Asset</u>	<u>Liability</u>
Vacation pay liability	564	--	523	--
Employee severance indemnity	3.618	(61)	2.485	(2)
Provisions for litigations	1.157	7	931	(1)
Impairment provision of credits and receivables	347	--	368	--
Allowance for doubtful receivables	2.521	(1.214)	2.116	(1.015)
Provisions	3.621	--	2.046	(8)
Financial assets at FVTPL	--	(11.462)	1.670	(10.133)
Financial assets at FVTOCI	--	156	--	(306)
Financial assets at FVTOCI	4.051	--	9.967	--
Revaluation of financial investments	3.527	(3.709)	--	(3.988)
Inventories	(460)	(8.005)	464	(4.284)
Property, plant and equipment and intangible assets	125.496	(20.708)	175.581	(28.050)
Rights of use	(17)	(3.051)	15	(4.958)
Investment property	494	(17.254)	1.950	(8.093)
Construction in progress	(168)	--	--	(75)
Investment incentives	10.421	--	17.346	--
Tax losses carried forward	1.643	--	2.450	--
Trade and other receivables (including rediscount)	147	--	30	--
Service concession receivables	--	(46.837)	--	(23.146)
Security deposits	6.037	--	4.101	--
IAS 39 effect on loans and borrowings	1.771	(1.649)	854	(382)
IFRS 9, 15 and IFRIC 22 effects	3.858	--	2.459	(47)
Monetary gain/loss	15.656	--	--	--
Other temporary differences	18.988	(4.663)	22.311	(16.592)
Completion rate	580	(1.239)	2.511	(708)
<b>Total deferred tax assets/(liabilities)</b>	<b>203.852</b>	<b>(119.689)</b>	<b>250.178</b>	<b>(101.788)</b>
Set off of tax	(61.040)	61.040	(75.434)	75.434
<b>Deferred tax assets/(liabilities), net</b>	<b>142.812</b>	<b>(58.649)</b>	<b>174.744</b>	<b>(26.354)</b>

According to the Tax Procedural Law in Türkiye, statutory losses can be carried forward maximum for five years. Consequently, 2028 is the latest year for recovering the deferred tax assets arising from such tax losses carried forward.

At 31 December 2023, the Group’s statutory nominal value of authorised and paid-in share capital is USD 210.761 (31 December 2022: USD 210.761) (comprising of 400.000.000 registered shares (31 December 2022: 400.000.000) having par value of TL 1 at full terms (31 December 2022: TL 1 at full terms) each).

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of United States Dollar ("USD") unless otherwise stated.)

### 30 Capital and reserves

#### *Paid in capital*

At 31 December, the shareholding structure of Çalık Holding based on the number of shares are presented below:

	2023		2022	
	Thousands of s shares	%	Thousands of shares	%
Ahmet Çalık	368.000	92	368.000	92
Delta Netherlands B.V. (*)	32.000	8	32.000	8
	<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 TL 32.000.000 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 2023, 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 220.470 (31 December 2022: USD 175.120).

In the accompanying consolidated financial statements, the total legal restricted reserves excluding the non-controlling interest portion amounted to USD 664.833 as at 31 December 2023 (31 December 2022: USD 768.993).

#### *Non-controlling interests*

For the years ended 31 December, movements of the non-controlling interest were as follows:

	2023	2022
<b>Non-controlling interest at the beginning of the year</b>	<b>187.875</b>	<b>163.348</b>
Inflation effect	15.204	--
<b>Balance at 1 January (revised)</b>	<b>203.079</b>	<b>163.348</b>
Foreign currency translation differences and inflation effect	22.178	20.291
Net profit for the year attributable to non controlling interests	14.663	6.857
Change in fair value of FVOCI	--	29
Increase and decrease due to share buyback transactions	177	--
Addition and disposal of subsidiaries	--	3.186
Change of control in a subsidiaries	(13.649)	(6.415)
Change in fair value of available for sale investments	(9)	--
Actuarial gains/losses	(13)	92
Effect of the acquisition/(disposal) of non-controlling interests	(84)	4.102
Dividend distribution	(3.966)	(3.870)
Adjustment of change in share of non controlling interest in subsidiaries	(10)	--
Decrease due to other changes	(133)	255
<b>Balance at the end of the year</b>	<b>222.233</b>	<b>187.875</b>

## Çalık Holding Anonim Şirketi and its Subsidiaries

### Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

#### 30 Capital and reserves (continued)

##### 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:

	2023	2022
Domestic sales	1.288.797	934.420
Export sales	892.153	1.068.189
Other sales	22.389	14.099
Sales discounts (-)	(11.097)	(12.248)
<b>Subtotal</b>	<b>2.192.242</b>	<b>2.004.460</b>
Cost of sales (-)	(1.726.838)	(1.508.431)
<b>Gross profit from non-finance operations</b>	<b>465.404</b>	<b>496.029</b>
Revenue from finance sector operations	695.673	574.568
Cost of revenues from finance sector operations (-)	(277.845)	(211.801)
<b>Gross profit from finance sector activities</b>	<b>417.828</b>	<b>362.767</b>
<b>Gross profit</b>	<b>883.232</b>	<b>858.796</b>

The depreciation and amortization expenses of USD 58.985 was recognized in the cost of sales (2022: USD 34.860)

#### 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:

	2023	2022
Personel expenses	136.067	97.879
Depreciation and amortisation expenses	35.731	18.700
Commission expense	21.523	14.682
Insurance expenses	17.115	13.520
Maintenance, repair and technology expenses	16.003	13.580
Card Expenses	15.928	12.283
Taxes, duties and fees other than on income	10.830	8.151
Consulting expenses	8.078	7.339
Representation expenses	8.067	5.348
Telecommunication expenses	6.335	5.731
Travel and accommodation expenses	5.755	5.666
Rent expense	4.701	3.261
Other expenses	1.493	1.455
Other	21.689	21.062
<b>Total</b>	<b>309.315</b>	<b>228.657</b>

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(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, selling, marketing and distribution expenses comprised the following:

	2023	2022
Advertising and promotion expenses	14.250	15.883
Personel expenses	9.268	7.667
Commission expense	5.180	7.655
Transportation expenses	2.439	2.997
Travel and accommodation expenses	1.726	1.725
Consulting expenses	1.547	1.963
Sample expenses	1.467	1.577
Rent expense	938	801
Depreciation and amortisation expenses	705	552
Maintenance and repair expenses	456	329
Taxes, duties and fees	351	287
Telecommunication expenses	47	58
Other	2.789	2.301
<b>Total</b>	<b>41.163</b>	<b>43.795</b>

For the year ended 31 December, research and development expenses comprised the following:

	2023	2022
Personnel expenses	5.507	3.749
Depreciation and amortization expenses	4.876	1.198
Field research expenses (*)	4.430	4.766
Consulting expenses	2.944	2.323
Taxes, duties and fees	2.100	606
Travel and accommodation expenses	999	1.527
Representation expenses	607	356
Other	1.481	300
<b>Total</b>	<b>22.944</b>	<b>14.825</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.

	2023	2022
<b><u>Personnel expenses</u></b>		
Cost of sales	156.109	114.038
General and administrative expenses	136.067	97.879
Selling, marketing and distribution expenses	9.268	7.667
Research and development expenses	5.507	3.749
<b>Total</b>	<b>306.951</b>	<b>223.333</b>

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(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)

	2023	2022
<b><u>Depreciation and amortization expenses</u></b>		
Cost of sales	58.985	34.860
General and administrative expenses	35.731	18.700
Selling, marketing and distribution expenses	705	552
Research and development expenses	4.876	1.198
<b>Total (*)</b>	<b>100.297</b>	<b>55.310</b>

(\*) The depreciation and amortization expense of USD 2.888 was recognised in the inventory. (31 December 2022: USD 574).

### 33 Other income and expense from operating services

For the years ended 31 December, other income from operating activities comprised the following:

	2023	2022
Foreign exchange gains	85.652	72.337
Recoveries/reversals of provisions made	22.037	45.960
Rediscount interest income	8.916	4.310
Gain on sale of marketable securities	4.384	60.581
Interest income related to income ceiling regulation, net	1.832	43
Investment incentive income	558	534
Other	13.393	1.656
<b>Total</b>	<b>136.772</b>	<b>185.421</b>

For the year ended 31 December, other expense from operating activities comprised the following:

	2023	2022
Provision expense for receivables from financial sector activities	23.073	44.513
Foreign exchange losses	--	59.838
Provision for doubtful receivables	18.730	9.622
Effect of waiver of other receivables from shareholders	15.743	--
Royalty payments (*)	5.235	--
Land lease line expenses	382	359
Realized guarantee cost expenses	60	17.701
Other	30.453	23.574
<b>Total</b>	<b>93.676</b>	<b>155.607</b>

(\*) For the period ended December 31, 2023, royalty payments consist of payments related with net smelter return.



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

### 34 Gain and loss from investing activities

For the years ended 31 December, gains from investing activities comprised the following:

	2023	2022
Gain on sale of subsidiary (*)	115.558	140.389
Gain on financial assets at FVTPL (Note 10)	58.242	51.422
Fair value gain on investment properties	44.070	31.818
Dividend income from equity securities held	13.245	47.111
Gain on sale of Investment properties (**)	963	17.795
Gain of derivative financial instruments	8.525	4.452
Gain on sale of property, plant and equipment	--	3
Other	10.948	13.972
<b>Total</b>	<b>251.551</b>	<b>306.962</b>

(\*) Lidya Maden has sold 10% shares of Artmin Madencilik Sanayi ve Ticaret A.Ş. for an amount of USD 120 million in 2023 and recognized USD 115.558 gain from this sale. Lidya Maden has sold 30% shares of Kartaltepe Madencilik Sanayi ve Ticaret A.Ş. for an amount of USD 150 million in 2022 and recognized USD 140.191 gain from this sale.

(\*\*) Gap İnşaat Yatırım ve Dış Ticaret A.Ş. has sold 43% of its investment property with a value of USD 61.895 (TL 825,000) to Mükafat Portföy Yönetimi A.Ş. İkinci Gayrimenkul Yatırım Fonu. The sale price is USD 44.410 (TL 739.242) and the profit from sale amounting to USD 17.795 (TL 294.785) has been recognized in income from investment activities.

For the years ended 31 December, losses from investing activities comprised the following:

	2023	2022
Loss on financial assets at FVTPL (note 10)	178.374	40.677
Loss of derivative financial instruments	9.470	5.070
Fair value loss on investment properties	3.329	--
Loss on sale of subsidiary (**)	2.751	2.734
Loss on sale of property, plant and equipment	2.048	50
Provision for impairment/(loss) in value of associates (note 5) (*)	--	21.157
Other	3.352	996
<b>Total</b>	<b>199.324</b>	<b>70.684</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 USD 20.412 calculated over the net assets of the company at the merger date was recognized as an impairment loss.

(\*\*) The Company liquidated “L’Or D’Afrique SARL” in 2023 and “Amethyst Holding N.V.” and “Nouvelle Frontiere SARLU” in 2022.

### 35 Finance income and finance cost

For the years ended 31 December, finance income comprised the following:

	2023	2022
Foreign exchange gains related to borrowings	30.509	137.408
Interest Income	7.906	9.331
Other	171	246
<b>Total</b>	<b>38.586</b>	<b>146.985</b>

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

### 35 Finance income and finance cost (continued)

For the years ended 31 December, finance cost comprised the following:

	2023	2022
Interest expenses related to borrowings	65.094	74.510
Foreign exchange gains related to borrowings	--	78.113
Bank commission expenses	4.254	4.317
Letters of guarantees commission expenses	6.496	4.587
Other charges and commission expenses	8.382	16.586
<b>Total</b>	<b>84.226</b>	<b>178.113</b>

### 36 Disclosure of interests in other entities

Information regarding the subsidiaries in which the Group has major non-controlling interests is as follows:

Subsidiaries	Non-controlling interests	Profit attributable to non-controlling interests	Cumulative non-controlling interests	Dividends paid to non-controlling interests
<b><u>Çalık Enerji</u></b>				
31 December 2023	4,58	14.313	47.845	(2.930)
31 December 2022	4,58	14.236	36.724	(3.870)

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 2023	31 December 2022
Cash and cash equivalents	75.406	53.909
Trade receivables	289.188	258.928
Other current assets	635.977	543.901
Non-current assets	1.025.354	743.597
<b>Total assets</b>	<b>2.025.925</b>	<b>1.600.335</b>
Short term liabilities	78.847	38.452
Short term portion of long-term loans and borrowings	38.371	58.463
Other short-term liabilities	626.037	617.904
Long term liabilities	127.614	80.375
<b>Total liabilities</b>	<b>870.869</b>	<b>795.194</b>
<b>Total equity</b>	<b>1.155.056</b>	<b>805.141</b>
<b>Total equity and liabilities</b>	<b>2.025.925</b>	<b>1.600.335</b>
<b>Summary of Çalık Enerji’s statement of profit or loss</b>	<b>2023</b>	<b>2022</b>
Revenue	1.564.425	1.373.601
Cost of sales	(1.231.573)	(1.064.389)
Other expenses from operating activities	(151.228)	(69.990)
Gain from investing activities	112.298	71.642
Finance income / (cost)	(26.825)	(18.934)
Tax incomes / (expenses)	45.412	58.914
<b>Profit for the period</b>	<b>312.509</b>	<b>350.844</b>

# **Çalık Holding Anonim Şirketi and its Subsidiaries**

## **Notes to Consolidated Financial Statements**

**As at and for the Year Ended 31 December 2023**

*(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

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

### 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 2023

(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 2023	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)	167.671	280.311	369.970	116.195	873.706	3.965.400	2.548.853	16.016
Portion of maximum risk covered by guarantees	--	13.498	--	--	--	--	--	-
A. Carrying value of financial assets that are neither past due nor impaired	167.222	161.780	369.970	116.195	873.706	3.965.400	2.428.348	16.016
B. Carrying value of financial assets that are past due but not impaired	449	118.531	--	--	--	--	--	--
C. Carrying value of impaired assets	--	-	--	--	--	--	120.505	--
Past due (gross carrying amount)	--	31.146	--	6.065	--	--	165.815	--
- Impairment (-)	--	(31.146)	--	(6.065)	--	--	(45.310)	--
- 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 2023

(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 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)	163.042	256.522	382.721	142.085	867.038	3.562.916	2.401.234	14.192
Portion of maximum risk covered by guarantees	--	13.642	-	-	-	-	-	-
A. Carrying value of financial assets that are neither past due nor impaired	163.042	180.693	306.044	141.119	867.038	3.562.916	2.315.039	14.192
B. Carrying value of financial assets that are past due but not impaired	-	75.829	76.677	966	-	-	-	-
C. Carrying value of impaired assets	-	-	-	-	-	-	86.195	-
Past due (gross carrying amount)	-	29.124	-	6.055	-	-	147.089	-
- Impairment (-)	-	(29.124)	-	(6.055)	-	-	(60.894)	-
- 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 2023

(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 2023, and 2022, 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 2023</b>			
Past due 0-30 days	9.871	--	--
Past due 1-3 months	13.739	--	--
Past due 3-12 months	2.111	--	--
More than one years	93.259	--	--
<b>Total</b>	<b>118.980</b>	<b>--</b>	<b>--</b>

	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	--	--
More than one years	47.223	77.643	--
<b>Total</b>	<b>75.829</b>	<b>77.643</b>	<b>--</b>

#### 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 2023

(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 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 2023</b>						
<b>Contractual maturities</b>						
<i>Non-derivative financial liabilities</i>						
Payables related to finance sector operations	(6.718.766)	(6.724.078)	(4.580.312)	(1.226.842)	(864.296)	(52.628)
Loans and borrowings	(1.507.513)	(1.624.234)	(906.841)	(291.806)	(321.538)	(104.049)
	<b>(8.226.279)</b>	<b>(8.348.312)</b>	<b>(5.487.153)</b>	<b>(1.518.648)</b>	<b>(1.185.834)</b>	<b>(156.677)</b>
<b>Expected maturities</b>						
<i>Non-derivative financial liabilities</i>						
Trade payables	(219.403)	(219.402)	(176.238)	(43.118)	(46)	--
Other payable	(103.061)	(103.061)	(75.945)	(3.624)	(23.492)	--
Payable related to employee benefits	(12.444)	(12.444)	(11.512)	(932)	--	--
	<b>(334.908)</b>	<b>(334.907)</b>	<b>(263.695)</b>	<b>(47.674)</b>	<b>(23.538)</b>	<b>--</b>
<b>Derivative financial instruments</b>						
Inflow	16.016	16.016	16.016	--	--	--
Outflow	(4.967)	(5.015)	(5.015)	--	--	--



# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(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 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>(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	7.251	6.350	858	--
Outflow	(4.907)	(4.975)	(2.495)	(2.185)	(295)	--

#### 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 2023

(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:

<b>Fixed rate instruments</b>	<b>2023</b>	<b>2022</b>
Financial assets	1.247.350	1.792.368
Financial liabilities	7.930.002	7.304.673
<b>Variable rate instruments</b>		
Financial assets	4.460.875	4.489.038
Financial liabilities	296.278	370.553

As of 31 December 2023, 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 41.646 (31 December 2022: USD 46.486) 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 41.646. This analysis assumes that all other variables remain constant (31 December 2022: USD 46.486).

#### *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.

#### 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. Such transactions with a currency other than the functional currency pose a currency risk.

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.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(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 2023, the currency risk exposures of the Group in USD equivalents are as follows:

CURRENCY POSITION STATEMENT	31 December 2023			
	USD equivalent	TL	EUR	Other <sup>(*)</sup>
1. Trade Receivables	83.291	182.878	32.401	41.227
2a. Monetary financial assets	3.012.962	4.845.822	1.395.400	1.304.317
2b. Non-monetary financial assets	--	--	--	--
3. Other	381.769	687.586	301.925	24.326
<b>4. Current assets (1+2+3)</b>	<b>3.478.022</b>	<b>5.716.286</b>	<b>1.729.726</b>	<b>1.369.870</b>
5. Trade Receivables	3.692	56	742	2.869
6a. Monetary financial assets	2.238.054	24.435	1.605.482	460.728
6b. Non-monetary financial assets	--	--	--	--
7. Other	1.868	3.192	526	1.179
<b>8. Non-current assets (5+6+7)</b>	<b>2.243.614</b>	<b>27.683</b>	<b>1.606.750</b>	<b>464.776</b>
<b>9. Total Assets (4+8)</b>	<b>5.721.636</b>	<b>5.743.969</b>	<b>3.336.476</b>	<b>1.834.646</b>
10. Trade payables	(71.902)	(419.013)	(21.020)	(34.409)
11. Financial liabilities	(3.428.973)	(543.545)	(2.562.049)	(575.556)
12a. Other monetary liabilities	(1.096.098)	(211.735)	(245.425)	(817.338)
12b. Other non-monetary liabilities	(26)	--	--	(26)
<b>13. Short term liabilities (10+11+12)</b>	<b>(4.596.999)</b>	<b>(1.174.293)</b>	<b>(2.828.494)</b>	<b>(1.427.329)</b>
14. Trade payables	--	--	--	--
15. Financial liabilities	(786.665)	(449.294)	(581.036)	(128.477)
16a. Other monetary liabilities	(15.351)	--	(13.041)	(921)
16b. Other non-monetary liabilities	--	--	--	--
<b>17. Long term liabilities (14+15+16)</b>	<b>(802.016)</b>	<b>(449.294)</b>	<b>(594.077)</b>	<b>(129.398)</b>
<b>18. Total liabilities (13+17)</b>	<b>(5.399.015)</b>	<b>(1.623.587)</b>	<b>(3.422.571)</b>	<b>(1.556.727)</b>
<b>19. Outside of the financial statements derivatives instruments net assets / (liability) position (19a+19b)</b>	<b>189.150</b>	<b>(22.000)</b>	<b>70.028</b>	<b>112.411</b>
19a. Hedged portion of assets amount	974.328	--	207.613	744.601
19b. Hedged portion of liabilities amount	(785.178)	(22.000)	(137.585)	(632.190)
<b>20. Net foreign currencies assets / (liability) position (9+18+19)</b>	<b>511.771</b>	<b>4.098.382</b>	<b>(16.067)</b>	<b>390.330</b>
<b>21. Monetary items Net foreign currencies assets / (liability) position (TFRS 7.b23) (=1+2a+5+6a+10+11+12a+14+15+16a)</b>	<b>(60.990)</b>	<b>3.429.604</b>	<b>(388.546)</b>	<b>252.440</b>

(\*) USD equivalents are given.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(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 2022, the currency risk exposures of the Group in USD equivalents are as follows:

CURRENCY POSITION STATEMENT	31 December 2022			
	USD equivalent	TL	EUR	Other <sup>(*)</sup>
1. Trade receivables	87.225	319.192	31.540	36.528
2a. Monetary financial assets	2.551.608	3.428.647	1.102.917	1.192.384
2b. Non-monetary financial assets	--	--	--	--
3. Other	313.411	94.607	262.876	28.090
<b>4. Current assets (1+2+3)</b>	<b>2.952.244</b>	<b>3.842.446</b>	<b>1.397.333</b>	<b>1.257.002</b>
5. Trade Receivables	(266)	--	--	(267)
6a. Monetary financial assets	2.120.837	23.532	1.420.736	604.883
6b. Non-monetary financial assets	--	--	--	--
7. Other	4.225	7.309	251	3.567
<b>8. Non-current assets (5+6+7)</b>	<b>2.124.796</b>	<b>30.841</b>	<b>1.420.987</b>	<b>608.183</b>
<b>9. Total Assets (4+8)</b>	<b>5.077.040</b>	<b>3.873.287</b>	<b>2.818.320</b>	<b>1.865.185</b>
10. Trade payables	(108.881)	(427.395)	(32.704)	(51.157)
11. Financial liabilities	(505.360)	(1.239.866)	(138.866)	(291.001)
12a. Other monetary liabilities	(3.426.104)	(328.012)	(2.226.200)	(1.035.133)
12b. Other non-monetary liabilities	(31.735)	--	(1.192)	(30.464)
<b>13. Short term liabilities (10+11+12)</b>	<b>(4.072.080)</b>	<b>(1.995.273)</b>	<b>(2.398.962)</b>	<b>(1.407.755)</b>
14. Trade payables	--	--	--	--
15. Financial liabilities	(183.012)	(1.028.307)	(85.266)	(37.112)
16a. Other monetary liabilities	(548.340)	(133.113)	(485.249)	(23.880)
16b. Other non-monetary liabilities	--	--	--	--
<b>17. Long term liabilities (14+15+16)</b>	<b>(731.352)</b>	<b>(1.161.420)</b>	<b>(570.515)</b>	<b>(60.992)</b>
<b>18. Total liabilities (13+17)</b>	<b>(4.803.432)</b>	<b>(3.156.693)</b>	<b>(2.969.477)</b>	<b>(1.468.747)</b>
<b>19. Outside of the financial statements derivatives instruments net assets / (liability) position (19a+19b)</b>	<b>146.699</b>	<b>1.150</b>	<b>97.492</b>	<b>42.697</b>
19a. Hedged portion of assets amount	1.067.098	1.150	331.748	713.348
19b. Hedged portion of liabilities amount	(920.399)	--	(234.256)	(670.651)
<b>20. Net foreign currencies assets / (liability) position (9+18+19)</b>	<b>420.307</b>	<b>717.744</b>	<b>(53.665)</b>	<b>439.136</b>
<b>21. Monetary items Net foreign currencies assets / (liability) position (=1+2a+5+6a+10+11+12a+14+15+16a)</b>	<b>(12.293)</b>	<b>614.678</b>	<b>(413.092)</b>	<b>395.245</b>

(\*) USD equivalents are given.

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

### 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 2023		31 December 2022	
	Profit / (Loss)		Profit / (Loss)	
	Strengthening of USD	Weakening of USD	Strengthen ing of USD	Weakening of USD
<b>Increase/(decrease) 10% of TL parity</b>				
1-TL net asset / liability	(13.922)	13.922	(3.389)	3.389
2-Hedged portion of TL amounts (-)	--	--	--	--
<b>3-Net effect of TL (1+2)</b>	<b>(13.922)</b>	<b>13.922</b>	<b>(3.389)</b>	<b>3.389</b>
<b>Increase/(decrease) 10% of EUR parity</b>				
4-EUR net asset / liability	1.778	(1.778)	5.721	(5.721)
5-Hedged portion of EUR amounts (-)	--	--	--	--
<b>6-Net effect of EUR (4+5)</b>	<b>1.778</b>	<b>(1.778)</b>	<b>5.721</b>	<b>(5.721)</b>
<b>Increase/(decrease) 10% of other parities</b>				
7-Other foreign currency net asset / liability	(39.033)	39.033	(43.914)	43.914
8-Hedged portion of other foreign currency amounts (-)	--	--	--	--
<b>9-Net effect of other foreign currencies (7+8)</b>	<b>(39.033)</b>	<b>39.033</b>	<b>(43.914)</b>	<b>43.914</b>
<b>TOTAL (3+6+9)</b>	<b>(51.177)</b>	<b>51.177</b>	<b>(42.032)</b>	<b>42.032</b>

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

### 37 Financial instruments – Fair values and risk management (continued)

#### 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.

#### 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, öö 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 2023, the Aktifbank’s capital adequacy ratio is 19,35 percent (31 December 2022: 16,29 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 17,60 percent as at 31 December 2023 (31 December 2022: 17,20 percent).

In December 2023, BKT has reported Regulatory Capital Ratio, Tier 1 Capital Ratio and Common Equity Tier 1 Ratio as 17,60 percent, 16,52 percent and 16,52 percent, respectively. (31 December 2022: 17,22 percent, 15,87 percent and 15,87 percent, respectively).

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(Amounts expressed in thousands of United States Dollar (“USD”) unless otherwise stated.)

### 37 Financial instruments – Fair values and risk management (continued)

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.

#### *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 2023

(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 2023	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 (**)	--	527.147	2.445.188	<b>2.972.335</b>	1.971.467	892.127	108.741	<b>2.972.335</b>
Derivatives (**)	--	16.016	--	<b>16.016</b>	--	16.016	--	<b>16.016</b>
<b>Financial assets not measured at fair value</b>								
Financial investments (**)	1.464.284	--	--	<b>1.464.284</b>	960.225	504.059	--	<b>1.464.284</b>
Trade receivables	447.982	--	--	<b>447.982</b>	--	--	--	--
Other receivables	486.165	--	--	<b>486.165</b>	--	--	--	--
Cash and cash equivalents	1.119.562	--	--	<b>1.119.562</b>	--	--	--	--
Receivables related to finance sector operations	2.548.853	--	--	<b>2.548.853</b>	--	--	--	--
<b>Total</b>	<b>6.066.846</b>	<b>543.163</b>	<b>2.445.188</b>	<b>9.055.197</b>	<b>2.931.692</b>	<b>1.412.202</b>	<b>108.741</b>	<b>4.452.635</b>
<b>Financial liabilities measured at fair value</b>								
Derivatives (**)	--	4.967	--	<b>4.967</b>	--	4.967	--	<b>4.967</b>
<b>Financial liabilities not measured at fair value</b>								
<b>Liabilities</b>								
Loans and borrowings (**)	1.507.513	--	--	<b>1.507.513</b>	--	--	1.507.513	<b>1.507.513</b>
Trade payables	219.403	--	--	<b>219.403</b>	--	--	--	--
Payables related to finance sector operations	6.718.766	--	--	<b>6.718.766</b>	--	--	--	--
Other payables (*)	30.692	--	--	<b>30.692</b>	--	--	--	--
<b>Total</b>	<b>8.476.374</b>	<b>4.967</b>	--	<b>8.481.341</b>	--	<b>4.967</b>	<b>1.507.513</b>	<b>1.512.480</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 2023

(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)*

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	1.773.183
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 these 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 2023

(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 2023. Discounted cash flow method was used as valuation method and the fair value of this investment was assessed USD 106.781 (31 December 2022: USD 236.692).

**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 2023

(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 2023

(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	
	2023	2022	2023	2022
Adacami Enerji (1)	99,95	99,95	95,38	95,38
Agata Trading (1) (***)	100	--	95,42	--
Aktif Portföy (5)	80	80	79,89	79,89
Aktifbank	99,43	99,43	99,87	99,87
Aktiftech (5)	100	100	99,87	99,87
AB Sukuk Varlık (5) (***)	100	--	99,87	--
Akuamarin (5)	100	100	99,87	99,87
Ametist Solar (5)	100	100	99,87	99,87
Anateks (4)	100	100	99,91	99,91
Ant Enerji (1)	100	100	95,42	95,42
Asya Center (1)	100	100	95,42	95,42
Atayurt İnşaat (1)	99,75	99,75	95,20	95,20
Attivo (5)	99,88	99,88	99,74	99,74
Aytaşı (5)	100	100	99,87	99,87
Başak Yönetim	100	100	100	100,00
BKT	100	100	100	100,00
BKT Kosova (5)	100	100	100	100,00
Calik Denim B.V. (3)	100	100	99,80	99,80
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)	100	100	95,42	95,42
CME Wakra Water WLL (1) (***)	25	--	23,86	--
Cetel Telekom	100	100	100	100,00
Çalık Albania Wind (1)	100	100	95,42	95,42
Çalık Alexandria (4)	100	100	99,86	99,86
Çalık Denim	99,80	99,80	99,80	99,80
Çalık Dijital	100	100	100	100,00
Çalık Enerji	99,9	99,9	95,42	95,42
Çalık Enerji Swiss A.G. (1)	100	100	95,42	95,42
Çalık Georgia (1)	100	100	95,42	95,42
Çalık Hava	100	100	100	100,00
Çalık İnşaat (2)	100	100	99,33	99,33
Çalık Japan (1)	100	100	95,42	95,42
Çalık Pamuk	86,39	86,39	86,39	86,39
Çalık Petrol	80	80	80	80,00
Çalık Proje (1)	100	100	96,75	96,75
Çalık Rüzgar (1)	95	95	90,65	90,65
Çalık Tarım (7)	100	100	86,39	86,39
ÇE Yenilebilir Enerji (1) (***)	100	--	95,42	--
ÇEDAŞ (1)	99,95	99,95	95,38	95,38
Çiğdem (5)	100	100	99,87	99,87
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	99,33

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(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	
	2023	2022	2023	2022
Doğal Hayat Jeotermal	50	50	40	40
Duru (5)	100	100	99,87	99,87
E-Kent (5)	100	99,87	99,87	99,73
E-Kent Europe Gmbh (5) (***)	100	--	99,87	--
Eko Biokütle (5)	100	100	99,87	99,87
Emlak Girişim (5)	100	100	99,87	99,87
Enrich Girişim (7) (***)	100	--	86,39	--
E-Post (5)	100	100	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	99,33
Gap İnşaat	99,33	99,33	99,33	99,33
Gap İnşaat Dubai (2)	100	100	99,33	99,33
Gap İnşaat Katar (2)	100	100	99,33	99,33
Gap İnşaat Sudan (2)	100	100	98,55	98,55
Gap İnşaat Ukraine (2)	99	99	98,34	98,34
Gap Pazarlama	99,91	99,91	99,91	99,91
Gap Pazarlama FZE (4)	100	100	99,91	99,91
Gappa (4)	100	100	99,91	99,91
Gelincik (5)	100	100	99,87	99,87
Güneştaşı (5)	100	100	99,87	99,87
Innovative Construction (2)	100	100	99,33	99,33
İrmak Yönetim	100	100	100	100,00
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)	100	99	95,42	94,47
JSC Georgia (1)	85	85	81,11	81,11
Kaplan Gözü (5)	100	100	99,87	99,87
Kasımpatı (5)	100	100	99,87	99,87
Kentsel Dönüşüm (2) (*)	--	99,67	--	99,25
Kızılırmak (1)	100	100	95,42	95,42
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	99,29	99,29	99,29	99,29
Lidya Mali (6)	100	100	99,29	99,29
Lilyum (5)	100	100	99,87	99,87
Malatya Boya (3)	100	100	99,80	99,80
Martı (5)	100	100	99,87	99,87
Mehtap (5)	100	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

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(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	
	2023	2022	2023	2022
Oniks (5)	100	100	99,87	99,87
Onyx (1)	100	100	95,42	95,42
OOO GAP (2)	100	100	99,33	99,33
Opal (5)	100	100	99,87	99,87
Passo Spor (5)	100	100	99,87	99,87
Pavo (5)	100	100	99,87	99,87
Polimetal Madencilik (6)	100	100	99,29	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	--	95,42
TCB İnşaat (1)	100	100	95,42	95,42
Technological Energy (1)	100	100	95,42	95,42
Tunçpınar Madencilik (6)	70	50	69,50	49,64
Tura Moda (4)	100	100	99,91	99,91
Turkuvaz (5)	100	100	99,87	99,87
Türkmen’in Altın Asrı Elektrik (1)	97	97	92,63	92,63
Ufuk (5)	100	100	99,87	99,87
UPT (5)	100	100	99,87	99,87
Uption Europe Gmbh (5) (***)	100	--	99,87	--
Uztur (1)	100	100	95,42	95,42
White Construction N.V (2)	100	100	99,33	99,33
Yakamoz (5)	100	100	99,87	99,87
YEDAŞ (1)	100	100	95,38	95,38
Yeni Malatya (3) (***)	100	--	99,80	--
YEPAS (1)	100	100	95,38	95,38
Yeşilçay Enerji (1)	100	100	95,42	95,42

# Çalık Holding Anonim Şirketi and its Subsidiaries

## Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

(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>	
	2023	2022	2023	2022
Artmin Madencilik San. Ve Tic. A.Ş. (6)	60	70	59,57	69,50
Bakırtepe Madencilik San. Ve Tic. A.Ş. (6)	30	30	29,79	29,79
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 Şirketi (1)	45,34	40	43,26	38,17
Dtm Enerji Yatırımları Adi Ortaklığı (1)	50	50	47,71	47,71
HMC Digital (5) (**)	--	33,33	--	33,29
Kartalpepe Madencilik Sanayi ve Ticaret Anonim Şirketi (6)	20	20	19,86	19,86
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	33,33	33,33
Pkn Enerji Hizmetleri Adi Ortaklığı (1)	50	50	47,71	47,71
Workindo (1)	66,67	66,67	65,10	65,10

#### Associates

The table below sets out the associates and their shareholding structure at 31 December:

<i>Şirket adı</i>	<i>Direct controlling interest of Çalık Holding and its subsidiaries</i>		<i>Effective ownership interest of Çalık Holding and its Subsidiaries</i>	
	2023	2022	2023	2022
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	99,87	99,87
Dome Zero Inc.(5)	1,98	1,98	1,98	1,98
Emyap Development Limited (5)	13,04	13,04	13,02	13,02
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 İjara Company KIC Leasing (5)	14,32	14,32	14,30	14,30
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
Lor Dafrique Sarlu (6) (**)	--	100	--	99,29

(\*) Gap İnşaat A.Ş. merged with.

(\*\*) Closed in 2023.

(\*\*\*) It was established in 2023.

(\*\*\*\*) Ownership changed in 2023.

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 Financesector 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 2023

(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 2023	31 December 2022
Independent audit fee for the reporting period	1.920	856
Fee for other assurance services	78	4
Fees for tax consultancy services	302	67
<b>Total</b>	<b>2.300</b>	<b>927</b>

### 40 Subsequent events

Discussions are ongoing with ACG Acquisition Company Limited ("ACG") regarding the transfer of shares in Polimetal Madencilik San. ve Tic. A.Ş., a 100% subsidiary of Lidya Madencilik, and the process is ongoing.

On December 1, 2023, Çalık Enerji signed USD 2.345.000.000 (full amount) worth of contract with "Türkmenenergo" State Power Corporation of Ministry of Energy of Turkmenistan for the construction of a 1574 megawatt combined power plant in the Turkmenbashi district of the Balkan province, for the construction of the electrical energy transmission systems required for its connection to the energy system and for supply of spare parts for existing state power plants. Within the scope of this contract, an advance payment of USD 586.250.000 (full amount) was collected on March 12, 2024. At the Extraordinary General Assembly meeting held on April 4, 2024, Çalık Enerji increased its capital from USD 79.974.866,22 (full amount) to USD 125.000.266,08 (full amount) to be covered from profit reserves and extraordinary reserves (internal sources). The relevant capital increase was registered with the Turkish Trade Registry Gazette dated 15 April 2024 and numbered 11062.

Based on the Board of Directors' Decision numbered 2024/7 dated June 10, 2024 of Gap Pazarlama A.Ş., a subsidiary of the Group, the company's capital was increased from USD 53.012 to USD 60.372, and the entire amount of the increased USD 7.359 was covered by the Company's shareholder Çalık Holding A.Ş. Based on the Board of Directors' decision numbered 2024/9 dated June 30, 2024 of Gap Pazarlama A.Ş., it was decided to take over 100% of CLK İpekyolu Lojistik ve Ticaret A.Ş. shares belonging to CLK Logistics Holding N.V., 100% of CLK Transport and Trading FZE shares, 100% of Shanghai CLK International Trading CO. shares, 100% of CLK USA INC. shares, 60% of CB Int.Digital J.S.C. shares and 30% of AC Agro SSO. shares.

Çalık Petrol, after as of 31 December 2023, a subsidiary of the Group, has made a cash capital increase. The capital amount after the increase is USD 12.311.000.

The Group's energy group decided to partially split Çalık Elektrik Dağıtım Anonim Şirketi without any consideration in accordance with the Board of Directors' decision numbered 2024/04 dated 26 March 2024 and registered the split on 31 May 2024. The split Company became Çalık Infrastructure and Electric Services Joint Stock Company and the transferred Company started to operate as Genvera Energy Joint Stock Company.