

GAP İNŞAAT

2023

www.gapinsaat.com

Integrated
Annual
Report



Gap İnşaat Integrated Annual Report

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About the Report

ABOUT THE REPORT

We are pleased to present our integrated annual report, prepared in accordance with the standards of the International Integrated Reporting Council (IIRC), to you, our valued stakeholders.

In our report, we address all of our activities, both financial and non-financial, from an integrated perspective within the framework of the six capital items proposed by the IIRC. This report contains comprehensive information about our operational activities, financial performance, environmental and social impacts, corporate governance practices, and sustainability governance.

As a company operating in the construction sector, we are committed to adhering to sustainability principles and aim to make our world a more livable place. In our report, we detail how we respond to global and sectoral challenges, our sustainability strategies, and the outcomes of these strategies.

We believe that this report will provide valuable information to all stakeholders and contribute to a better understanding of the steps our company is taking towards sustainable growth. In line with the principles of transparency and accountability, we aim to establish strong communication with our stakeholders. We hope that our report will effectively reflect our sustainability performance and management philosophy. Committed to providing objective updates on our progress, we plan

to continue reporting on our activities annually in the following periods.

In the auditor's report regarding the 2023 Integrated Annual Report, an opinion is provided on whether the financial information contained within the annual activity report is consistent with the complete set of consolidated financial statements and the information obtained during independent audits, as well as whether it reflects reality. The financial information related to the independent auditor's report included in the annual report was audited by Güney Bağımsız Denetim ve SMMM A.Ş. The Integrated Annual Report was prepared in consultancy with PwC Türkiye's Sustainability Team.

As Gap İnşaat, we value stakeholder feedback to continuously improve our reporting processes.

In this regard, you can send any comments regarding the report to surdurulebilirlik@gapinsaat.com. All abbreviations mentioned in the report can be found in the **"Glossary"** section.



REPORTING SCOPE

Our integrated report covering the period from 01 January to 31 December 2023, has been prepared in accordance with the Global Reporting Initiative (GRI) Standards and the International Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC).

The information we disclose, including performance metrics and commitments, pertains to Gap İnşaat Yatırım ve Dış Ticaret A.Ş. Unless otherwise specified, terms such as "we", "our company", "Gap İnşaat" refer to Gap İnşaat Yatırım ve Dış Ticaret A.Ş. Additionally, our integrated report includes our contributions to the United Nations Sustainable Development Goals (SDGs) through our activities.

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MESSAGE FROM THE CHAIRMAN

Ahmet Çalık
Chairman

As the most valuable aspect of 2023, it was a milestone where we celebrated the 100th anniversary of our Republic, the symbol of our freedom and sovereignty.



Dear Stakeholders,

As Çalık Group, we have been tirelessly working for Türkiye's sustainable development. I am extending my thanks to all colleagues and stakeholders contributing our strong performance, which we are presenting in this report based on the principles of transparency and accountability.

2023 was a difficult year, both for our country and on a global scale. The earthquake disasters we experienced in February deeply saddened us all. In the aftermath of this tragic event, Çalık Group and the Ahmet Çalık Foundation united as one with our country and we mobilized all our resources to heal our wounds.

Türkiye continued its steady growth with a GDP of 1,119 billion USD in 2023 despite the natural disasters and global economic challenges. 2023 saw a modest global growth of 3.1% under the shadow of ongoing concerns of recession since the previous year, with Inflationist pressures continuing at the global level and central banks of countries insisting on tight monetary policies to fight against this situation. Geopolitical tensions, which have had a worldwide impact, continued to affect global trade and create disruptions in supply chains in 2023, leading to an ongoing environment of uncertainty.

Nevertheless, businesses struggling due to inflation and high-interest rates discovered new ways to enhance their productivity, particularly through innovations based on artificial intelligence and machine learning. In 2023, issues such as climate change, environmental concerns, decarbonization, and sustainability were more frequently on the agenda.

In 2023, the construction sector was also affected by global inflation, rising raw material costs and geopolitical conflicts. The increasing demand for smart cities, green buildings, and modular construction in emerging and changing markets played a role in shaping the industry. With the positive impact of strict monetary policies aimed at reducing inflationary pressures in our country, the construction sector closed 2023 with a growth rate of 7.8% in Türkiye.

As Gap İnşaat, we continued our sustainable success by nearly doubling our sales in 2023 compared to the previous year, supported by our long-standing experience and strong corporate structure. In 2023, a year in which we continued to create added value and growth for our country and all stakeholders, we successfully carried out our projects spanning three continents with our commitment to strategic targets and our motto of "Investing in the future by adding value to people and the world".

Alongside our ongoing projects, in 2023 we proudly maintained our presence on the list of the world's most prestigious contractors, ENR, where we have been since 2006, thanks to our competent human resources, superior experience, robust corporate structure, financial strength and strategic partnerships.

While creating value for our stakeholders with our successful infrastructure, superstructure, industrial and health projects, we continued to contribute to the environment, natural resources and the economic and social development of the countries in which we operate

In 2023, we continued to include sustainability in everything we do with the aim of contributing to a healthier and more prosperous world for today's and future generations.

As part of our developed sustainability strategy, we have taken steps to create long-term value in economic, environmental and social areas. By implementing effective governance models, we have become a source of hope for better tomorrows through our projects that contribute to social welfare.

In the upcoming periods, with our solid financial strength and commitment to our corporate values, we will continue to generate long-term value in our country and all geographies where we operate. We will maintain our investments in human resources, next-generation digital solutions, and innovation as part of our forward-looking strategy. By focusing on ethical and compliance principles and sustainability approach in all operations, we will carry our competitive position forward in local and global markets.

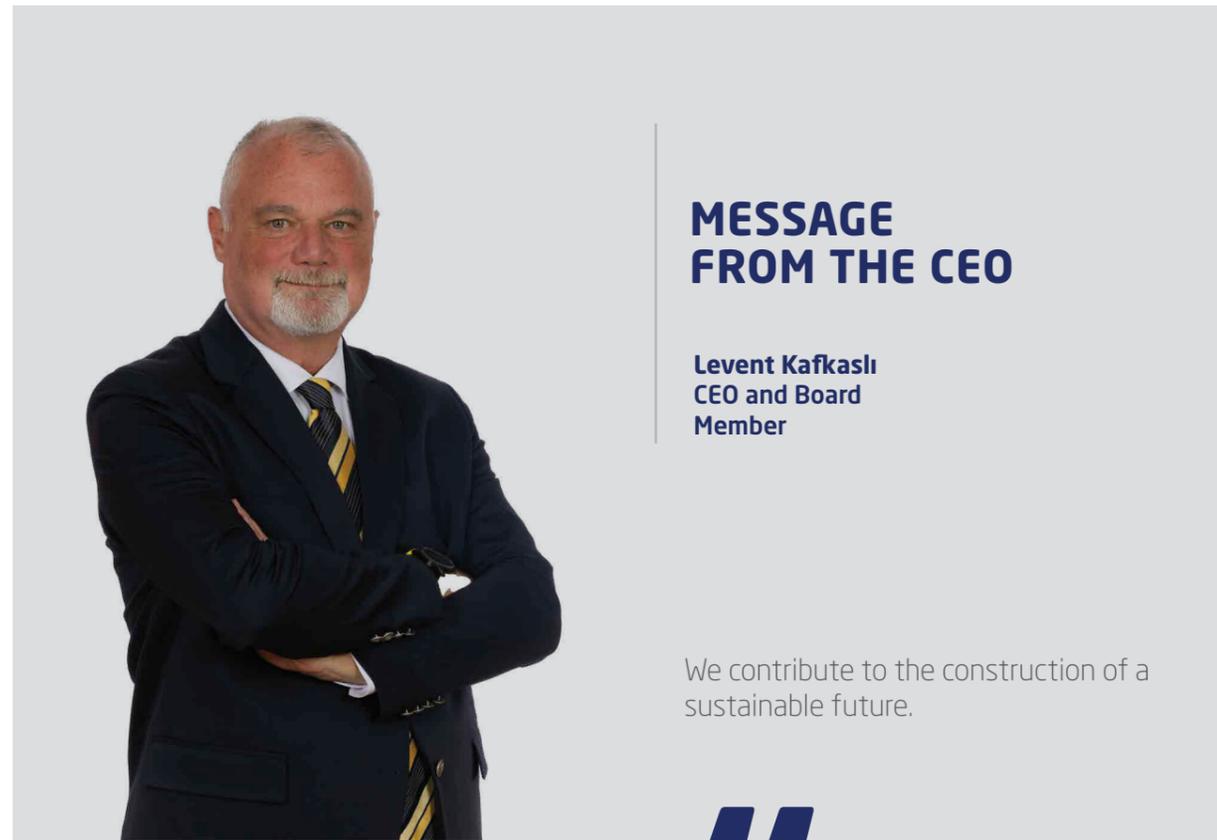
As the most valuable aspect of 2023, it was a milestone where we celebrated the 100th anniversary of our Republic, the symbol of our freedom and sovereignty. I emphasize that we will continue to work with determination and perseverance to create value in the second century of our Republic; I wish for many successful and peaceful centuries for our country.

On behalf of our Board of Directors, I would like to thank all stakeholders and employees who contributed to our financial and sustainability performance for 2023, as well as to the 2023 Integrated Annual Report, where we share our growth journey and impact.

Kind regards,

Ahmet Çalık

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MESSAGE FROM THE CEO

Levent Kafkaslı
CEO and Board Member

We contribute to the construction of a sustainable future.



Dear Stakeholders,

During this special period when we celebrate the 100th anniversary of our Republic with enthusiasm and pride, every project we undertake and every step we take as Gap İnşaat carries the mission of adding value not only to our company but also to the future of our country. The year 2023 has been a significant year for us, marked by important steps in economic growth, social solidarity and sustainability. I would like to express my gratitude to all our employees, business partners, suppliers and valued stakeholders who contributed to this report, which presents our activities and results from an integrated perspective.

The year 2023 has been a period where both our company and our country faced significant challenges. Unfortunately, we were shaken by a major earthquake disaster. During this difficult process, as Gap İnşaat, we participated in relief efforts in the region on a voluntary basis and collaborated with all our group companies to address needs and contribute to the revitalization of regional development.

In addition, we successfully overcame many obstacles such as global economic challenges, inflationary pressures, currency fluctuations and disruptions in the supply chain.

Despite all these adverse conditions, Gap İnşaat continued to add value to our country and the regions where we operate in 2023.

The year 2023 has also been a year in which we achieved significant financial success. Our net sales reached 6.2 billion TRY, marking an increase of 96% compared to the previous year. By increasing our net sales from 3.19 billion TRY to 6.24 billion TRY, we boosted our business volume by 2.5 times. This success is a result of our commitment to sustainable growth targets and our disciplined work.

In 2023, we shaped all our activities in line with the principles of sustainable growth, remaining committed to our short, medium and long-term strategic targets. While quickly adapting to market conditions in the short term, we took concrete steps to enhance our operational efficiency in the medium term. We strengthened our technological investments and prioritized efficient practices in our business processes. In accordance with our long-term strategic objectives, we aimed for growth in international projects and worked to establish a stronger presence in global markets.

Sustainability has been one of the cornerstones of Gap İnşaat's strategic business plan. Our commitment to the United Nations Global Compact provides us with strong guidance in fulfilling our responsibilities. By acting with a responsible and transparent approach in environmental, social and governance areas, we continue to add value to our country and the world.

The year 2023 has also been significant for us as we launched important projects in the field of environmental sustainability. We developed plans necessary for transitioning to a low-carbon economy, initiated efforts to reduce our carbon footprint and engaged in green energy projects. Additionally, we enhanced the effectiveness of our projects in line with environmental sustainability principles through the use of sustainable building materials and the integration of BIM systems.

In the social realm, we developed projects aimed at improving the well-being of our employees. We organized training programs that promote diversity and inclusion,

contributing to the personal and professional development of our staff. In line with our corporate responsibility approach, we continued to provide social benefits in the regions where we operate.

In the area of governance, we have strengthened our management model based on the principles of transparency and accountability. By continuously updating our corporate governance principles, we have further solidified our company's management structure.

The year 2023 marks not only a year of growth but also a period in which significant steps will be taken toward the future. In the upcoming period, we will continue our growth by focusing on a low-carbon economy and innovative solutions. While striving to achieve our sustainability targets, we will continue to develop green building projects that specifically support environmental sustainability. Through our initiatives in digitalization and innovation, we will enhance the efficiency of our business processes and provide sustainable and innovative solutions to all our stakeholders.

Finally, I would like to thank all our employees, business partners and stakeholders who contributed to our growth and development in 2023 and I extend my best wishes for us to continue building a future filled with successes together.

Kind regards,

Levent Kafkaslı

About Gap İnşaat

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ÇALIK HOLDING IN BRIEF

Çalık Holding was established in 1997 with the aim of gathering the companies within the Çalık Group under a single management umbrella. Maintaining its consistent growth performance since then, Çalık Holding now operates in 34 countries in five different sectors, including energy, construction, mining, finance and textiles, with a workforce of over 16,000 employees.

Çalık Holding's main purpose and obligation is to coordinate the financial and administrative functions of all companies operating under its umbrella, to direct their investments, to establish standards in the fields of operation and cost, to determine corporate strategies and policies, and to roll them out and implement them in Group companies. The components of Çalık Holding's corporate strategy include operational excellence, high customer satisfaction, globalization, contribution to society, and full compliance with ethical values.

Çalık Holding is focused on creating lasting value in the surrounding geography centered on Türkiye through investments that aim to accelerate its growth while making its existing portfolio more effective, more efficient and more profitable.

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

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

Obtaining the majority of its income from international projects and investments, Çalık Holding has equity partnerships with large-scale and well-known public companies such as the Mitsubishi Corporation, SSR Mining, SandStorm Gold Royalties and SECOM, and has long-term business and solution partnerships with leading names such as General Electric, Honeywell, Siemens and Hitachi as part of its international operations. Çalık Holding also works in close cooperation with major global financial institutions and export credit institutions such as SERV, NEXI, Commerzbank Credit Suisse.

Çalık Holding became a signatory of the United Nations Global Compact (UN Global Compact) in 2022 and prioritizes diversity, sustainability, and resilience across all sectors and geographies in which it operates. The company acts on the principle of treating all cultures, beliefs, genders and ethnicities equally and adopts an environmentally respectful business approach.

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ABOUT GAP İNŞAAT

Gap İnşaat's journey, which began in Istanbul in 1996, continues today with the services it offers worldwide.

Operating under the motto **"Investing in the future by adding value to people and the world"**, Gap İnşaat conducts projects across three continents to build a sustainable future. The company has gained recognition for undertaking large projects in challenging geographies while successfully completing all types of projects without compromising on time and quality, thereby reinforcing its reliability in the industry. Gap İnşaat operates as a 100% subsidiary of Çalık Holding A.Ş. ("Çalık Holding"), progressing by adopting the Holding's perspective and strategies.

With a professional management team specialized in their fields and experienced employees, Gap İnşaat has proven its competence in delivering turnkey projects both domestically and internationally. Embracing the concept of "Engineering of the Future", the company utilizes modern technology at the highest level to produce environmentally friendly solutions.

As a respected contracting company preferred for infrastructure, superstructure, health, and industrial facility projects, Gap İnşaat maintains its leading position in the industry through its projects across different geographies, demonstrating its commitment to environmental sustainability and prioritizing worker health and safety.

With projects executed primarily in Türkiye, Turkmenistan, Iraq, Qatar and Saudi Arabia, Gap İnşaat has been consistently listed among the world's largest and most prestigious contractors by ENR since 2006. The company continues to be a source of pride for Türkiye in the construction sector by successfully implementing projects both domestically and abroad.

SERVICES AND SOLUTIONS

Gap İnşaat offers high-standard services in infrastructure, superstructure, industrial and healthcare sectors.

The foundation of its operations is built on quality, precision and professionalism. By utilizing the latest technologies to meet the rapidly changing needs of the world, the company connects stakeholders with the world of tomorrow through its infrastructure projects.

In infrastructure works, Gap İnşaat approaches details with great sensitivity to produce reliable and sustainable solutions. It constructs roads, bridges and infrastructure systems that form the lifelines of cities, focusing not only on functionality but also on aesthetic values.

In superstructure projects, the company designs structures that enhance quality of life with modern architectural lines. By combining functionality and aesthetics, Gap İnşaat believes that buildings constructed in accordance with sustainability principles add value to daily life and business cycles. It prioritizes environmental sensitivity in every project to ensure that structures integrate seamlessly into urban life.

In the industrial sector, Gap İnşaat develops complex solutions that enhance efficiency in a globalizing world, undertaking a wide range of projects from energy efficiency to water treatment systems, thereby supporting economic and environmental sustainability.

In healthcare, the company operates with the goal of adding value to humanity, taking pride in its projects that comply with World Health Organization standards and contribute to public health.

Gap İnşaat continues its determination to build the future by providing precision, professionalism and innovative solutions in every field.



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MISSION, VISION AND CORPORATE VALUES

Mission:

At Gap İnşaat, we aim to generate solutions that add value to human life across all the regions where we operate by utilizing our skills and energy. Our goal is to contribute to the enhancement of social welfare through the solutions we provide.

Vision:

As a global player, we envision taking steps towards sustainable tomorrows while building today, developing agile and innovative approaches to offer the most effective solutions to our stakeholders. We aim for sustainable successes with every step we take into the future.

Corporate Values:

Our corporate values, which we take great pride in, guide the way we conduct our business:

Fairness: We always prioritize a sense of rights and justice in our work and principles. We act fairly and honestly, respecting the rights of every individual.

People-Oriented: We dedicate our energy to improving human lives. The happiness and development of our employees, customers and all individuals impacted by the value we create are our top priorities.

Reputation: We place our reputation above all else and maintain our reliability by protecting it.

Work from the Heart: Regardless of conditions, we work wholeheartedly for our institution and targets, demonstrating full dedication in our projects that add value to human life.

Innovation: We continuously improve our solutions and business models, discovering and implementing innovations that differentiate us.

Agility: With our ability to quickly adapt to changing conditions and flexibility, we effectively respond to evolving circumstances.

Sustainability: We prioritize long-term success and responsibility towards our environment by providing sustainable solutions for both the environment and society..



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GAP İNŞAAT IN TÜRKİYE AND THE WORLD



- Turkmenistan
- Türkiye
- Qatar
- Germany
- Saudi Arabia
- United Arab Emirates
- Iraq

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HIGHLIGHTS OF 2023

ENVIRONMENT

<p>✓ Reduction in Total Water Consumption by 20%</p>	<p>Reduction in Total Non-Hazardous Waste Amount by 51%</p>	<p>Greenhouse Gas Emission Calculation for All Projects</p>
<p>✓ Scope 1 Emission 7,805.47 tons CO2</p>	<p>Scope 2 Emissions 18,340.76 tons CO2</p>	<p>Scope 3 Emission 849.78 tons CO2</p>

SOCIAL

<p>✓ 3.606 Hours Head Office Employee Training</p>	<p>0,05 Lost Time Incident Rate (OSHA)</p>	<p>2.688 Health, Safety and Environment Field Inspections</p>
<p>✓ 85.369 Hours HSE Training</p>	<p>%12 New Graduates Recruited</p>	<p>High Customer Satisfaction Rate</p>

GOVERNANCE

<p>✓ Turkish Contractors Association Achievement Award</p>	<p>137 Projects Completed</p>	<p>Total Contract Value Exceeding 6 billion USD in Project Revenue</p>
<p>✓ Achievement of Ranking Among the Top 10 Most Reputable Brands in Türkiye</p>	<p>73% Local Supplier Ratio</p>	<p>Ranked 190th in ENR Magazine's 2023 "World's Largest Contractors" List</p>

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ACCESS TO FINANCIAL RESOURCES

The changing global order, the current economic conditions, fluctuating financial markets, interest rate volatility, currency exchange risks and the political environment arising from inter-country conflicts, along with the devastating Kahramanmaraş earthquake in February 2023 that deeply affected us all, have necessitated the search for new financial resources and the establishment of a more sustainable financing environment.

The World Economic Forum's 2024 Global Risk Report has listed "economic recession", "lack of economic opportunities" and "inflation" risks among the short-term threats for the next two years. According to this annually updated report, economic risks rank among the top ten risks in terms of potential impact over the next two years. These findings emphasize that companies must ensure their financial sustainability, adopt access to new financial resources and integrate them into their corporate strategies for operational efficiency.

As Gap İnşaat, we have prioritized access to financial resources by integrating it into our corporate strategy to adapt to any challenges arising from current conditions in 2023. We have invested in new projects by evaluating opportunities in accessing financial resources in line with our company's growth strategies and objectives.

We have various investment areas both domestically and internationally. In 2023, we commenced construction on projects in Turkmenistan, one of the countries where we invested abroad, including the

International Pediatric Center, Stomatology Center, International Oncology Center and Presidential Ahalteke Equestrian Complex, with a total contract value of 938 million USD.

As Gap İnşaat, we recorded a consolidated revenue of 6.2 billion TRY for the 12-month period of 2023. According to our financial report, our 12-month consolidated net profit for 2023 was 645.6 million TRY. Our gross profit amounted to 920.1 million TRY with a profit margin of 14.7%.

By adhering to our sustainable growth objectives in 2023, we increased our business volume by 2.5 times compared to the previous financial year while raising our sales revenue by 96% to reach 6.2 billion TRY. At the same time, as Gap İnşaat, we increased our gross profit to 920 million TRY with a remarkable increase of 119% compared to last year and improved our gross profit margin by 1.6 points.

¹ The Global Risks Report 2024 19th Edition, WEF

Economic Indicators	Unit	2021	2022	2023
Income	TRY	2.2 billion	3.2 billion	6.2 billion
Total Assets	TRY	11.1 billion	17.6 billion	27.3 billion
Total Equity	TRY	3.4 billion	6.3 billion	10.4 billion
Total amount of donations to charitable organizations	TRY	-	218 thousand	1.7 million

In line with our sustainable growth strategies, we will continue to work on future targets by evaluating opportunities in accessing new financial resources.

For this purpose, we are excited about investing in new areas and opportunities in both domestic and international projects.

GLOBAL AND SECTORAL OVERVIEW FOR 2023

GLOBAL OUTLOOK

Climate Change

The increasing extreme weather events caused by climate change are disrupting economic activities and trade by harming health, cities and properties. The anticipated changes in the natural environment and rising average temperatures over the next decade will affect livability and pose threats to human health, food security and access to water resources. All sectors, companies, public institutions, academics and society as a whole share the responsibility to combat one of the most significant issues of our century: the climate crisis. Reports and statements of various international organizations, particularly the Intergovernmental Panel on Climate Change (IPCC), which focuses on the climate crisis, reveal that efforts to keep the global temperature rise to 1.5°C are insufficient and that this situation increases the risk of failure of climate-related actions.

Global Inflation

Recent societal events such as the COVID-19 pandemic and inter-country wars have led to problems in the global economy. While developed economies have shown a faster recovery than expected in response to these events, the repercussions have manifested as rising inflation, high interest rates and difficulties in economic growth within production sectors in many countries. In 2023, global inflation continued to rise due to a combination of various economic and political factors. Energy prices, especially rising oil and natural gas costs, have been one of the main factors fueling inflation. With the disruptions in energy supply and increasing demand, prices rose rapidly. In particular, wars in countries where critical resources are located have negatively affected trade routes and energy supply. This led to sharp increases in the prices of basic materials such as food and energy.

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Digital Transformation 2.0

Today, technology has gone beyond being a tool that optimizes operations and has become a factor that is reshaping business models, consumer behavior and the industry. In particular, artificial intelligence (AI) and machine learning (ML) technologies continue to lead a major change by improving operational efficiency, automation and decision-making processes in many sectors. As digitalization accelerates, cyber security and data privacy have also gained greater importance. Cyberattacks have notably increased demand for cybersecurity solutions. Cybersecurity and data privacy have become critical focal points for the construction sector as well. Given that the construction industry increasingly utilizes innovative technologies and digital solutions, this digital transformation has compelled companies to become more adept at addressing cybersecurity threats. To prevent potential cyberattacks in the construction sector, companies need to prioritize strengthening their cybersecurity measures and minimizing potential risks.

SECTORAL OUTLOOK

BIM (Building Information Modeling)

The changing global order and sectoral developments have continued to push the construction sector towards transformation in 2023. Legal and political regulations, evolving markets, increasing demand for smart cities and the advancements in modular construction are driving companies toward fundamental transformation and adaptation. All these developments have made it imperative for construction companies to adopt BIM. With 3D modeling through BIM, buildings can be virtually constructed, enhancing physical efficiency on-site. This technology helps companies reduce costs, save time, minimize delays and cost-related issues, and manage

Geopolitical Conflicts

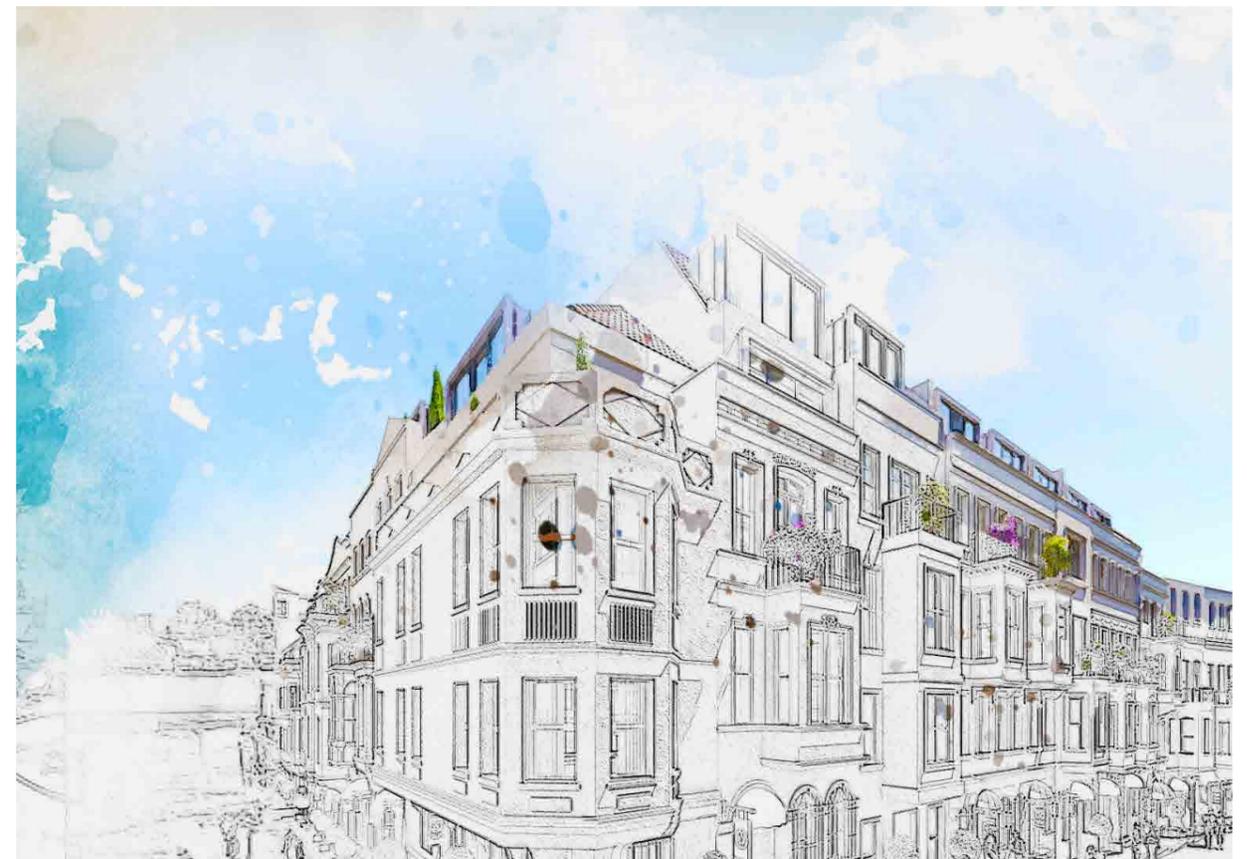
The increasing violence in inter-state conflicts and rising tensions among superpowers and alliances have led countries to prioritize their national security even more. In this tense and blurred geopolitical outlook, companies need to pay more attention to their supply chains and energy security. Due to the multi-layered and interconnected nature of geopolitical uncertainties and risks, the activities of companies require close monitoring. It is critical for companies to adopt flexible and proactive strategies such as reviewing their cost structures and strengthening their supply chains by finding alternative sources of supply in order to increase their efficiency. In order not to be affected by the raw material scarcity and security issues expected to arise with the climate crisis, the tendency towards alternative sourcing methods is increasing. These risks and the policies determined as a result of them also affect the supply chain strategies of companies. Many companies are setting targets and developing responsible supply chain strategies to promote alternative sourcing.

risks effectively. Additionally, by visualizing workflows and life cycles at the project's inception, it provides significant advantages in sustainability areas such as material usage, preventing waste of natural resources, ensuring adequate and correct land use, optimizing labor utilization, managing energy consumption effectively, controlling carbon emissions throughout the life cycle and preserving historical fabric through modeling.

Green Buildings

Countries, companies, sectors and even society as a whole are taking action to keep global temperature rise below 1.5 °C in the fight against climate change. From energy to mining, textile to construction, all sectors go through a transformation and make breakthroughs towards sustainability. Green Buildings that transform the construction sector are preferred for eco-friendly material production, energy efficiency, water savings and low carbon footprint. The World Green Building Council (WorldGBC), a global network of national green building councils promoting the construction of environmentally friendly and sustainable buildings, is working towards achieving net-zero emissions in buildings as part of its climate change mitigation efforts while emphasizing the importance of this issue in every activity. As a result of

its global impact, the World Green Building Council supports the proliferation of green building certifications such as LEED and BREEAM in over 70 countries, facilitating significant steps in this area. The existence of these certifications indicates that all environmental factors are evaluated from the project's design phase through site selection and usage during construction, renewable energy utilization, air quality assessments, water resource usage and wastewater treatment preferences. Consequently, the number of projects seeking these certifications is increasing day by day. Environmental sustainability is crucial for companies to adapt to contemporary necessities as it leads to the development of eco-friendly projects and conservation of natural resources.



Corporate Governance

CORPORATE GOVERNANCE

At Gap İnşaat, our understanding of corporate governance is based on ethics, fairness, accountability and transparency, which are fundamental to our success in executing projects across diverse geographies.

In our corporate governance process, we progress by drawing strength from Çalık Holding's visionary approach, aiming for full compliance with applicable laws and regulations. As a group company, we align our activities with Çalık Holding's central corporate governance practices and strategies.

We establish our corporate governance principles on transparency, accountability and fair treatment. In implementing these principles, we regularly engage with our stakeholders and evaluate the feedback we receive from them. Additionally, we adopt a meticulous approach in defining the roles, authorities and responsibilities at various management levels to create an effective decision-making process.

We implement a robust risk management process for managing both financial and non-financial risks. This process is supported by proactive risk analyses and strategic planning. Through our internal and external audit mechanisms, we strengthen our accountability, ensuring transparency in every step we take.

By offering training and development opportunities, we aim to enhance the competencies of both our board members and employees. This allows us to continuously update and improve our corporate governance understanding. Through sustainability and social responsibility projects, we aim to increase our environmental and social impact. By offering training and development opportunities, we aim to enhance the competencies of both our board members and employees. This allows us to continuously update and improve our corporate governance understanding. Through sustainability and social responsibility projects, we aim to increase our environmental and social impact.

In the future, we will continue to set stronger targets in the field of corporate governance while developing our sustainable growth strategies. In this context, we are determined to deepen our relationships with stakeholders while strengthening our corporate culture.

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

Our Board of Directors consists of members recognized for their extensive experience and expertise in the industry. Each member has achieved significant success in their respective fields and adds value to our company with their knowledge. Our board, which adopts a corporate governance approach, plays a central role in determining and implementing strategies while adhering to the principles of ethics, transparency, accountability, fairness and responsibility. This has established a robust decision-making mechanism that ensures our company achieves its sustainable growth objectives.

During the reporting period, there was 100% attendance at 5 General Assembly meetings and 24 Board of Directors meetings.



Ahmet Çalık
Chairman

Born in 1958 in Malatya and a member of a family that has been active in the textile sector since 1930, Ahmet Çalık launched his first personal ventures in textiles in 1981. Currently, he is one of the significant business leaders in both Türkiye and international economic markets with sustainable investments across five sectors: energy, construction, mining, textiles and finance. In 1997, he established Çalık Holding to unite all Group companies under one roof. Focusing on visionary investments that benefit people and society, Ahmet Çalık is recognized for his reputation, reliability, and long-

term collaborations with international companies through ongoing activities in various regions of the world. Ahmet Çalık has been honored with numerous awards and decorations, including the Japanese State Medal (Order of the Rising Sun with Gold Rays and Neck Ribbon), the Turkmenistan State Medal, the Turkmenistan Mahtumkulu Award, the Turkmenistan Gayrat Medal, the Ellis Island Medal of Honor from the USA, the Albanian Flag Knight's Order, the Republic of Türkiye Superior Service Medal, the Superior Service Medal from the Ministry of Foreign Affairs of the Republic of Türkiye, and the Grand National Assembly of Türkiye Superior Service Award. As the Honorary Consul of Kazakhstan in Bursa, Ahmet Çalık has also been awarded honorary doctorates from Matsumoto University and Kindai University in Japan, Tirana University in Albania and Turgut Özal University in Malatya. He continues to serve as Chairman at Çalık Holding, its companies and the Ahmet Çalık Foundation.

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Mert Çalık
Vice Chairman of the Board

Mert Turgut Çalık completed a Fundamental Business Course at Bellerbys College in London in 2015 and graduated from Westminster University in London with a degree in Marketing Management in 2019. He began his professional career in 2012 in the finance department at Çalık Denim and took on a Board Membership role at the same company in 2019. Mert Çalık serves as a Board Member at BKT Albania and BKT Kosovo and is also the Chairman of CLK's Board of Directors. Additionally, he is a Board Member of the Ahmet Çalık Foundation.



Levent Kafkaslı
CEO and Board Member

Levent Kafkaslı graduated from the Civil Engineering Department at Istanbul Technical University in 1987 and completed his Master's degree in Building Management at Istanbul University in 1988. He began his career in 1990 at Tekfen İnşaat. After serving as a Technical Office Engineer in the Saudi Arabia region for the same company, he subsequently took on roles as Project Coordinator in Istanbul and Project Manager in Azerbaijan. From 1999 to 2000, Kafkaslı served as Vice President at AZFEN Company, and from 2000 to 2002, he worked as Project Manager at Tekfen İnşaat in Kazakhstan, followed by a position as Projects Manager in Azerbaijan from 2002 to 2005. He continued his career at Tekfen İnşaat as Deputy Head of Caspian Region Operations from 2005 to 2013 and then as General Manager of Tekfen İnşaat ve Tesisat A.Ş. from 2013 to 2019. Kafkaslı held a senior management position as the Head of the Contracting Department at Tekfen Holding for 2 years from 2019 to 2022 before joining Çalık Group as a Board Member of Gap İnşaat in 2022. As of 2023, he serves as the CEO and Board Member of Gap İnşaat.



Mustafa Fatih Genç
Board Member

Mustafa Fatih Genç completed his undergraduate degree in Civil Engineering at Middle East Technical University. He has worked for over 34 years at STFA Construction Group in various positions, most recently serving as General Manager. He then held roles as General Manager of IC İçtaş İnşaat, Executive Board Member of IC İçtaş and Country Manager for Taca Construction in Saudi Arabia. In 2017, he rejoined STFA Construction Group and worked as a Project Management Committee Member in Kuwait. Since 2019, Fatih Genç has served as a Board Member of Gap İnşaat and is also a Board Member of Çalık Enerji.



Orhan Gündüz
Board Member

Orhan Gündüz earned two separate undergraduate degrees with honors in International Relations (1993) and Business Administration (1995) from Bilkent University. He completed his MBA with a focus on Finance, General Management and Strategy at Northwestern University's Kellogg School of Management in the USA in 2001. Gündüz began his professional career at PwC and continued sequentially as a Manager at JPMorgan Chase Bank in the USA, Senior Credit Portfolio Manager at Deutsche Bank Türkiye and Credit Portfolio Manager at Lehman Brothers. From 2008 to 2012, he simultaneously held the positions of CFO and General Manager at Akfen GYO, followed by roles at Galataport Liman Yönetim ve Yatırımları from 2013 to 2015 and General Manager of Eczacıbaşı Gayrimenkul Geliştirme ve Yatırım from 2016 to 2020. As of 2020, Orhan Gündüz serves as a senior executive responsible for real estate investments within Çalık Holding companies and is also a Board Member of Gap İnşaat.

QUALITY AND CORPORATE TRUST

Quality and corporate trust are not only objectives but also the cornerstones of Gap İnşaat's sustainable success. The importance of these elements is evident in our international projects. Ensuring our reliability among stakeholders plays a critical role in strengthening our national and international business relationships and successfully completing projects. Meeting the needs of our employers and other stakeholders is made possible through the assurance of quality in these processes.

With this understanding, we aim to maintain our processes and activities in an increasingly systematic manner every day. We conduct our business processes in accordance with procedures established to meet international standards and we accept the requirements of our ISO 9001:2015 Quality Management System, ISO 14001:2015 Environmental Management System and ISO 45001:2018 Occupational Health and Safety Management System certifications as binding agreements. These certifications not only enhance our quality and reliability but also support our sustainable business practices.

We meticulously address all our processes from the engineering phase to commissioning. We go beyond merely meeting the conditions specified in these certifications and integrate best practices into our processes. Our continuously reviewed business processes are supported by implementation plans, procedures and specifications, thereby increasing our competitiveness in the industry. Every engineering detail in our completed and ongoing projects is continuously scrutinized, leading to the development of innovative engineering solutions.

Our "zero accident" policy ensures that we adopt workplace safety as a primary principle. We create safe working environments to protect the safety of our employees and support raising awareness of occupational safety through periodic training. We uphold our understanding of corporate trust not only within our internal processes but also by closely monitoring the quality, occupational safety and environmental performance of our subcontractors.

In line with the principle of transparency, we share corporate information with relevant parties and conduct necessary checks to ensure that our suppliers provide services compliant with quality, occupational safety and environmental standards.

To ensure the effectiveness of our Quality, Occupational Health and Safety and Environmental Management Systems, we monitor our processes through internal and external audits. The findings obtained after audits are tracked through a corrective action system and evaluated within the framework of continuous improvement activities.

We reflect our quality culture at all our locations, both domestically and internationally, through our Quality, HSE and Sustainability Policies. We update these policies by discussing them in detail during the annual Management Review meetings. This approach enables us to integrate a continuous and effective understanding of quality into our business processes to achieve our strategic targets. With our commitment to quality and corporate trust, we aim to enhance our competitiveness in the industry and ensure sustainable success.



COMMITTEES AND POLICIES

In our company, we have developed a structure by establishing committees to ensure that our processes are conducted effectively and transparently while aligning with our corporate governance understanding. When determining the duties and responsibilities of our committees, we adopted a departmental approach. This has allowed us to enhance the efficiency of our processes and improve our management quality by supporting these processes with comprehensive policies.

Our committees contribute to ensuring that our Board of Directors fulfills its duties and responsibilities completely and upholds the principle of transparency in decision-making processes. By providing in-depth expertise in specific areas, our committees strengthen the overall governance understanding of our company. We provide the following benefits to our committees that operate under the Board of Directors:

Audit Committee:

By auditing our financial reporting processes and internal control mechanisms, we enhance our financial transparency and accountability. We help identify potential risks in advance, allowing us to manage these risks effectively. In this way, we instill confidence in our stakeholders and create a solid foundation for the reputation of our company.

Disciplinary Committee:

We create a fair working environment by reviewing disciplinary practices within the company. By enhancing employee motivation, we contribute to building a strong corporate culture and reinforce our ethical values in the workplace.

Occupational Health and Safety Committee:

We prioritize the safety of our employees by taking necessary measures in occupational health and safety. Providing a safe working environment not only reduces

workplace accidents but also increases employee productivity and contributes to creating a healthy atmosphere at work.

Human Resources Committee:

We play an active role in developing and implementing our human resources policies. By enhancing the competencies of our employees, we help acquire a qualified workforce and strengthen employee engagement. This development positively impacts the overall performance of our company.

Procurement Committee:

We aim to increase cost efficiency and quality by managing our procurement processes. By making strategic sourcing decisions, we enhance our competitiveness and ensure the efficient use of our resources, thereby strengthening the financial health of our company.

Our committees play a significant role in supporting our strategic decision-making processes and achieving our company's sustainable growth objectives. The expertise of each committee strengthens our overall governance understanding, reinforces our corporate values, and contributes to creating a more transparent and accountable structure. Therefore, we view our committees not just as support mechanisms but as key elements of our company's success.

Policies

- Human Resources Policy
- Compensation Policy
- HSE and Sustainability Policy
- Quality Policy
- Ethical Principles and Compliance Policy

RISK MANAGEMENT

Risk management is an integral part of the decision-making process in Çalık Holding subsidiaries, including Gap İnşaat, which operate in various geographies and sectors. We place great importance on effectively managing risks to ensure sustainable success and enhance our competitive advantage. In the risk management process, risks are evaluated with a holistic understanding and risk mitigating activities aimed at preserving the company's sustainability are identified.

Risk management efforts at Çalık Holding are meticulously carried out by the executive management team of each company under the oversight and supervision of the Board of Directors. The effective management of risks within Çalık Holding and its group companies is the responsibility of the executive management and all employees. Through risk management, we aim to base decision-making processes on a more rational foundation by considering potential risks, identifying opportunities and threats, and managing them proactively.

Corporate Risk Management forms a significant part of the processes for establishing the company's strategy, setting business objectives, determining geographical and sectoral areas, and making decisions regarding new practices. No decisions are made without completing a risk assessment.

Risk Categories

The risks identified by the group are classified as follows:

Financial Risks:

These include asset-liability risk, creditworthiness, capital/debt relationships, currency risk and other factors that may affect our company's financial situation.

Operational Risks:

These are risks that could impact the effectiveness, efficiency, profitability, reputation and business continuity of our operations in line with our company objectives.

Strategic Risks:

These risks arise from the country, geography and competitive environment in which the company operates and could affect our existence and sustainable growth.

Emergencies and Disasters:

These encompass risks related to situations like fires, earthquakes and floods that could adversely affect business continuity.

These risks are evaluated from a portfolio perspective at Çalık Holding level. While risk management approaches are developed by Çalık Holding's executive management, as Gap İnşaat, we take responsibility for timely identification and management of risks.

At Gap İnşaat, we manage our financial, operational, strategic, compliance, reputation and reporting risks through various internal procedures via a Risk Committee operating under the Çalık Holding Board of Directors. This process enhances the security and sustainability of our business processes, allowing us to continue providing value to our stakeholders.

With an effective understanding of risk management, we aim not only to minimize existing risks but also to stay one step ahead in evaluating opportunities. By acting with this awareness as Gap İnşaat, we become more resilient against market uncertainties while securing our future.

OPERATIONAL RISK MANAGEMENT

Considering the specific challenges of the construction sector, we have established an effective operational risk management system within our organization.

In the context of our risk management system, we identify all significant risks, prioritize them and evaluate them by aligning them with strategic and operational objectives. In our turnkey projects, we meticulously carry out our operational risk management process by identifying, assessing and managing the risks we may encounter in our daily operations. This includes methods for reducing, transferring, accepting or avoiding risks to minimize errors and maintain the highest quality.

Our five-stage operational risk management process is as follows:

1. Comprehensive Risk Identification

Construction projects can involve numerous risk factors. These range from human errors and process deficiencies to supply chain disruptions and external events. Therefore, we implement a comprehensive risk identification process to analyze specific risks that may arise in each project in detail. By adopting a systematic approach during the risk identification process, we detect risks and define their impacts. This results in a comprehensive "Risk List" that includes elements that could threaten the achievement of strategic objectives.

2. In-Depth Risk Analysis

We conduct in-depth analyses of the impact and likelihood of identified risks. Due to the complexity

of construction projects, we utilize risk assessment matrices and process analyses at every stage to determine which risks are of greater significance and where interventions are necessary. We analyze the potential impacts and probabilities that risks may pose to the company across financial, reputational, strategic, operational and compliance domains. These analyses play a critical role in completing our projects on time and within budget.

3. Developing Strategic Risk Responses

Once the risk analysis is completed, we evaluate the cost of actions to be defined in situations where risk mitigation is necessary, within the framework of the company's risk appetite, as well as the level to which the risk can be reduced. Following these evaluations, we determine the method for responding to risks. For specific risk groups, we aim to keep the probability and impact of risks at a minimum level. As part of our corporate SWOT analysis, we develop effective strategies to minimize risks and manage opportunities effectively. To prevent potential issues in construction processes, we implement process improvement methods, comprehensive training programs and internal control systems. We provide regular training to enhance our employees' risk awareness and encourage each employee to take responsibility for identifying and reporting risks. During corporate risk analysis,

we develop our operational plans by considering opportunities that can be viewed as positive risks and threats that could be categorized as negative risks. In this process, we identify which opportunities we can leverage and which threats we should avoid, thereby creating our roadmap. This approach allows us to minimize potential risks while effectively capitalizing on opportunities.

4. Continuous Monitoring and Review

We continuously monitor the effectiveness of the implemented risk management measures. To track progress in construction projects, we establish performance indicators and assess the health of processes through internal audits. Based on the findings obtained, we update our risk management strategies to ensure continuous improvement.

5. Outcomes and Benefits

Our effective operational risk management system not only ensures business continuity in the construction sector but also minimizes financial losses and guarantees the successful completion of projects. In our industry, where projects are complex and involve numerous stakeholders, we gain the trust of our stakeholders through a transparent and systematic approach, providing a reliable business environment.

In conclusion, this system not only manages risks but also enhances our overall corporate and sustainability performance. Considering the dynamics and uncertainties in the construction sector, an effective operational risk management practice forms the cornerstone of successful projects. Thanks to this robust system, we are prepared to face challenges in the industry and can capitalize on opportunities.

COMPLIANCE WITH INTERNATIONAL AND LOCAL ETHICAL VALUES

At Gap İnşaat, we conduct all our activities in alignment with the values established by Çalık Holding, which include fairness, people-oriented, reputation, work from the heart, innovation, agility and sustainability. We adhere to the vision and mission of Çalık Holding and operate in compliance with the legal regulations of all countries where we conduct business or have relationships, primarily following the laws of the Republic of Türkiye.

The ethical rules we implement at Gap İnşaat are organized in accordance with the Business Ethics Rules and Compliance Regulation published by Çalık Holding, as well as the following policies that are annexed to this internal regulation.

- Donation and Social Sponsorship Policy,
- Anti-Bribery and Corruption Policy,
- Economic Sanctions and Export Controls Policy,
- Gifts and Hospitality Policy,
- Supply Chain Compliance Policy,
- Human Rights Policy,
- Competition Law Compliance Policy,
- Corporate Sustainability Policy,
- Personal Data Protection and Processing Policy and
- Social Investment Policy

The ethical rules and compliance topics implemented by Gap İnşaat are as follows:

- Legal Compliance
- Respect for Human Rights
- Responsibilities to Shareholders
- Responsibilities to Customers
- Responsibilities to Suppliers and Business Partners
- Compliance with Competition Regulations
- Social Responsibility, Donations and Sponsorships
- Media Relations and External Communication
- Use of Social Media Accounts
- Political Activities and Relations with Non-Governmental Organizations

- Healthy and Safe Work Environment and Environmental Protection
- Protection of Personal Data, Confidentiality and Trade Secrets
- Management of Conflicts of Interest
- Use of Assets
- Anti-Bribery and Anti-Corruption
- Prevention of Money Laundering
- Gift Acceptance and Hospitality
- Compliance with Economic Sanctions and Export Controls
- Compliance with the Code of Ethic

Within the framework of these principles, we expect all our employees to:

- Act in accordance with relevant laws and regulations under all circumstances,
- Be aware of, understand, internalize and act in accordance with the Code of Ethics of Çalık Holding and all rules, principles and values established by our company in this context,
- Learn the relevant policies and procedures that are applied across Çalık Holding and accepted by our company and consult their managers, the company compliance officer or the Çalık Holding Compliance Manager regarding potential violations related to themselves or others

- Make necessary notifications, including any available information and documents, if they learn or suspect that the Code of Ethics or the laws and regulations applicable to our company have been violated
- Incorporate ethical decision-making methods into all business processes to resolve issues, cooperate with compliance officers, the Çalık Holding Compliance Manager and the Ethics Committee during investigations, and keep all information related to investigations confidential.

In the event of ethical rule violations occurring within Çalık Holding or notifications regarding such violations, these issues are examined and evaluated by the Ethics Committee, which operates under the Chairman of Çalık Holding.

The Ethics Committee is established for the following purposes:

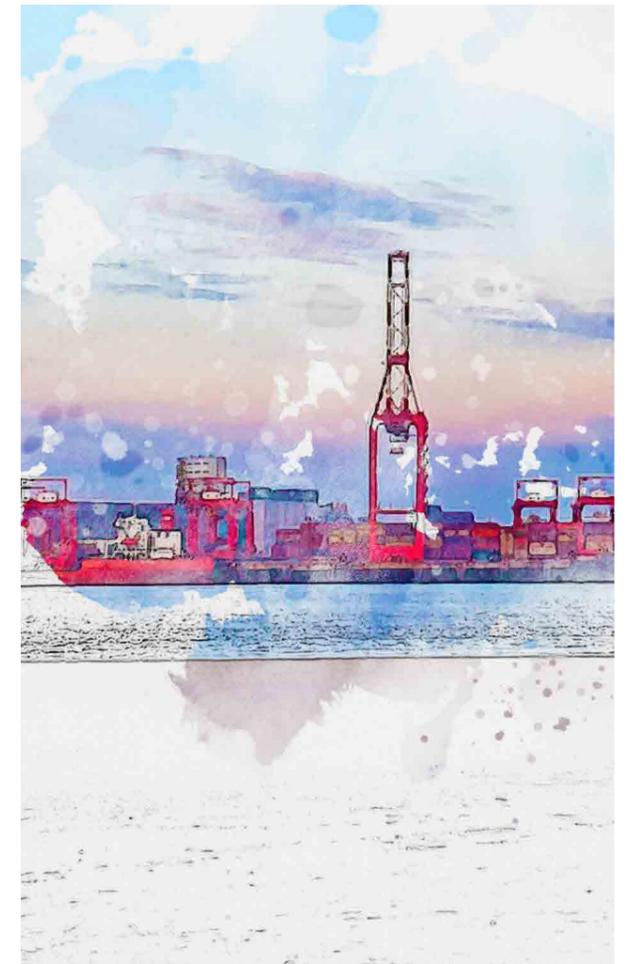
- To resolve conflicts of interest arising under ethical rules,
- To evaluate notifications regarding violations of ethical rules that are communicated to it,
- To provide recommendations on the paths, methods and practices to be followed in cases of ethical rule violations within the managements of group companies.

Additionally, all employees and other stakeholders who believe that ethical rules have been violated can report these violations securely and anonymously to the Çalık Group Ethics Line. The reporting channels for the Ethics Line are available on the website and company bulletin boards, and notifications can be submitted via phone, email, or through the website. Furthermore, all employees can also confidentially report violations to their respective managers, the company compliance officer, the Çalık Holding Compliance Manager or any member of the Ethics Committee. No adverse actions (retaliation) shall be permitted against those who report a behavior that

violates ethical rules in good faith and honesty, those who participate in investigations or those who assist in investigations.

In 2023, our company received four notifications related to Çalık Group's Ethics Line, all of which were resolved.

As Gap İnşaat, we continue to work diligently to comply with international and local ethical values. By adhering to our ethical principles, we aim to create a positive impact not only in the business world but also in society.



COMPLIANCE WITH LEGISLATION

Compliance with legislation and law has always been a primary target for us at Gap İnşaat.

This issue is critical to the success and sustainability of our projects. Given that the construction sector we operate in is subject to complex legal regulations, it is essential to meticulously follow these regulations.

Our legal department closely monitors all legal regulations (laws, regulations, decrees, notifications, etc.) related to our field of activity at the beginning of each project and provides up-to-date information. This allows us to track legislative changes in real-time, inform relevant departments in a timely manner about the potential impacts of these changes on our business processes and make informed decisions at every stage of our projects.

To minimize legal risks, we ensure effective communication between departments and adopt a proactive approach. Our legal department aims to prevent potential issues by providing preventive advice to other departments. These efforts contribute to the healthy progress of our projects.

Complying with international standards and adopting the best practices in the industry are among our fundamental principles. This approach not only enhances our company's reputation but also supports the reliability and sustainability of our projects. Our sensitivity regarding compliance with legislation strengthens our relationships with business partners while increasing customer satisfaction.

Our continuous efforts regarding "compliance with legislation and law", which are among Gap İnşaat's core values, help us achieve our target of developing successful projects at both local and international levels.

INTERNAL CONTROL AND INTERNAL AUDIT

As a company conducting international operations, Gap İnşaat places great importance on effective risk management and internal audit activities.

The independence of internal audits, conducted by a higher authority, is critical for the sustainability and reliability of our company. Therefore, the auditing and review of risk management approaches and processes within companies under Çalık Holding, including Gap İnşaat, are carried out by the Audit Group Presidency of Çalık Holding.

While risks are regularly reviewed, comprehensive risk management plans are also prepared based on the results of these assessments. In this process, a risk assessment model compliant with international standards and a risk-focused audit approach are adopted. Each year, an annual audit plan is created with the approval of the Chairman and the Audit Committee to support our effective risk management objectives.

The Audit Group Presidency of Çalık Holding conducts detailed audit activities in financial, operational, information systems and technical areas within Çalık Holding and its group companies as part of the annual audit plan and provides consulting services when necessary. These audits are conducted regularly to enhance the effectiveness of our internal control system and ensure continuous improvement.

The Audit Group Presidency of Çalık Holding conducts detailed audit activities in financial, operational, information systems and technical areas within Çalık Holding and its group companies as part of the annual audit plan and provides consulting services when necessary. These audits are conducted regularly to enhance the effectiveness of our internal control system and ensure continuous improvement.

The Audit Group operates in accordance with the principle of independence. In this context, its direct reporting to the Chairman of the Board and the Audit Committee ensures that the audit processes are conducted impartially and effectively.

The Audit Group evaluates the internal control systems of Çalık Holding and its subsidiaries by auditing them according to COSO standards and best practices. This approach enhances the effectiveness of internal control processes and improves the overall performance of the company. Gap İnşaat, through this framework, continuously develops its internal control and internal audit systems to comply with international standards, aiming to effectively manage risks and add value to all its stakeholders.



OPERATIONAL MANAGEMENT

At Gap İnşaat, we have been operating since 1996 with the perspective of **“Investing in the future by adding value to people and the world”**. We execute projects across three continents and work towards a sustainable future.

We conduct our Operational Management process in alignment with our sustainability strategy, considering our environmental, social and economic impacts at every step we take.

We continue our efforts to reduce our environmental impact without slowing down. Firstly, we are proud to announce that we have adopted the Zero Waste principle. In this regard, we implement waste separation in the Çalık Holding building, where Gap İnşaat’s head office is located.

We approach water management with sensitivity, conducting necessary assessments through Environmental Impact Assessments to protect water basins. We monitor the entire construction phase with Environmental Monitoring Measurement Plans.

Through projects related to biodiversity, we continue to create positive environmental impacts. The artificial

island we created in Turkmenistan remains a stopover for migratory birds today.

To gain a more comprehensive understanding of our environmental perspective, you can visit the **Environment** section.

To manage our Procurement and Supply Chain more effectively and efficiently, we utilize the Supplier Lifecycle (SLC) Module and Supplier Proposal Module. When selecting suppliers, we consider our corporate and ethical values. Throughout all our operational processes, we show sensitivity towards combating corruption, respecting human rights, not employing child labor, upholding employee rights and environmental concerns, choosing our business partners accordingly.

For a more comprehensive examination of our perspective on suppliers, you can visit the **Supplier and Logistics Management** section.

As Gap İnşaat, we shape all our operational processes around sustainability concerning Environmental, Social and Governance (ESG) matters.

INFORMATION SECURITY

With the increase in digitalization, issues of cybersecurity and data privacy have gained significant importance in the construction sector, as in all industries. PwC’s 26th Trust in Digital World Survey is one of the most comprehensive studies regarding cybersecurity threats and reflects the views of over 3,800 cybersecurity, technology and company executives. In the research, 7 out of 10 senior executives (69% of respondents) stated that their companies will use productive artificial intelligence for cyber defense in the next 12 months.

The World Economic Forum’s 2023 Global Risk Report also states that cybercrime and cybersecurity risks will become more prevalent in the short and long term. According to the report, due to the increasing impact of cyberattacks and data breaches, companies will inevitably take actions to effectively manage information security within the next 10 years. Since 2015, the issues of Information Security and Cyber Threats have emerged as risk factors that will continue to increase in impact according to this annual report.

The rising cyber threats have made it imperative for all companies to implement necessary policies and procedures. The topic of Information Security is managed with sensitivity and care under Çalık Holding, encompassing all its subsidiaries. Aware of this issue, we operate in full compliance with all legal policies and regulations.

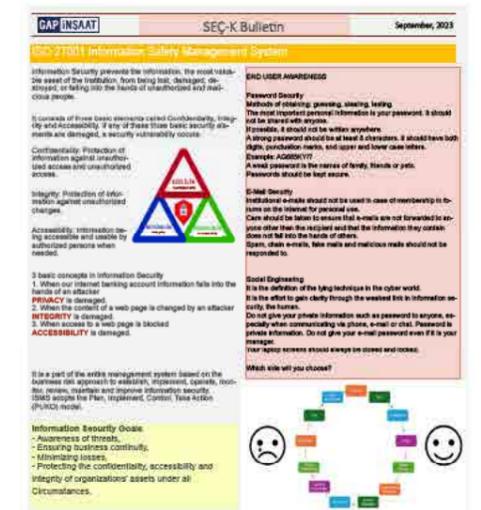
Under Çalık Holding, while protecting the privacy of employees, customers, suppliers and all stakeholders with great care, we at Gap İnşaat also comply with legal regulations by acting in accordance with the Personal Data Protection and Processing Policy.

All our employees are obliged to act in full compliance with the “Çalık Group Personal Data Protection and Processing Policy” and the “Information Systems Usage Instruction” under the Personal Data Protection Law. In addition, they must fully comply with the rules related to the use of technology and act in accordance with the requirements of processes and instructions.

As Gap İnşaat, we continue our efforts to establish the ISO 27001:2022 Information Security Management System to be implemented at our head office and all projects and we maintain a common language regarding information security with the entire world.

To raise awareness among our employees about Information Security, we provide training and publish newsletters in collaboration with the Çalık Holding Information Technology Department and Gap İnşaat.

As in previous years, we will continue to work diligently with our usual understanding to ensure that no situations arise that could lead to any violations.



² PwC Trust in the Digital World Survey
³ The Global Risk Report 2023 19th Edition, WEF

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SUPPLIER AND LOGISTICS MANAGEMENT

Supply Chain and Logistics management enables us to increase our operational efficiency, operate effectively both domestically and internationally and respond quickly and effectively to market demands.

As stated in PwC's comprehensive report "Reinventing Supply Chains 2030", supply chains face issues in political, ecological, technological, social and financial matters. The problems arising from geopolitical conflicts and trade disputes continue to lead to environmental crises. Although companies have navigated the Covid-19 pandemic, there is a need to develop new business models and transform supply chains to support the current recovery situation in the world. The necessity for companies to comply with Environmental, Social, and Governance (ESG) regulations and to consistently incorporate these elements into their supply planning is also clearly emphasized in the report.

As Gap İnşaat, we prioritize acting with an Environment, Social and Governance-focused perspective in all our operations to responsibly manage our supply chain, being aware of the challenges faced by supply chains in all the geographies we operate. Accordingly, we prioritized Supply Chain and Logistics Management in 2023.

To manage our Procurement and Supply Chain effectively and facilitate traceability, we use the Supplier Lifecycle (SLC) Module and Supplier Proposal Module managed by Çalık Holding, which encompasses all Group companies.

We meticulously select our suppliers to provide quality service for our customers without compromising on operational quality. In the process conducted through the Çalık Holding portal, we emphasize that suppliers wishing to be included in our approved supplier pool must have national and international standards such as TSE and ISO certifications, as well as sector-specific certificates and qualifications.

All international transportations of the projects undertaken by our company are managed by the logistics department at the head office. Each of our construction sites has teams that work in coordination with the head office logistics department and all our transportation is tracked through the SAP TM module. Information about the location of materials, material details, customs entry and exit information can be accessed through the system. The site team and requesters of the transported materials can also easily access this system. This system increases the speed and efficiency of inter-departmental communication while allowing us to monitor the performance of logistics activities and obtain annual reports.

In all our operational processes, we consider our suppliers as stakeholders. We require that all suppliers we collaborate with operate in alignment with our corporate values and ethical principles. We conduct our logistics activities not only according to our ethical principles but also in line with the United Nations Sustainable Development Goals, contributing to our value chain every day. With an awareness of acting decently in our supply chain and logistics management, we expect all our partners to show sensitivity towards combating corruption, respecting human rights, not employing child labor, employee rights and environmental issues. We conduct audits on our suppliers against the possibility of employing child labor. In accordance with Çalık Holding's Business Ethics Rules and Compliance Regulation, we impose sanctions in case such incidents occur. Despite numerous projects we carry out in CIS countries, the Middle East, and Gulf regions, we are pleased to report that there have been no cases of child labor this year as well as last year.

In addition to supporting social development, we act with an awareness of increasing our local supplier ratio for our operational sustainability. We prioritize local suppliers in our

purchases of goods and services across all geographies where we operate. We are proud to report that our local supplier ratio was 73% in 2023. Alongside all this, we care about the environmental impacts of our suppliers. To protect the environment in our local areas of operation, while carrying out projects related to EPC and real estate development, we place great importance on delivering our materials to the project site while protecting the local environment within a proper planning and time frame.

In all our domestic and international operations, we continue to grow uninterruptedly with a responsible supplier approach and an Environment, Social and Governance perspective.

We transparently present our supplier data for 2022 and 2023.

73%
LOCAL SUPPLIER
RATIO

Suppliers	2022	2023
Total number of suppliers	549	636
Number of local suppliers	218	464
Number of foreign suppliers	331	172
Number of new suppliers	219	241

⁴ Reinventing supply chains 2030

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SUSTAINABLE PROJECT APPROACH

As one of the strong representatives of the construction sector on a global scale, we carry out signature projects across three continents to build a sustainable future with our motto **“Investing in the future by adding value to people and the world”**, thanks to our integrated management perspective, strong team and solid financial structure. With the belief in building safe tomorrows, we focus on the concept of “Engineering of the Future” in our activities.

We are proud to share that we have been listed in the annual “World’s Largest Contractors” ranking published by ENR Magazine (USA) since 2006.

As Gap İnşaat, we have completed a total of 137 projects with a contract value exceeding 6 billion USD as of the end of 2023. We are aware of the significance of our success in these projects for our company. Based on this understanding, we have prioritized the Sustainable Project Approach as one of our material topics in 2023.

In all the geographies where we operate, we aim to reduce our environmental footprint through eco-friendly practices against risks related to climate change, which ranks high annually in the World Economic Forum’s Global Risk Report. Throughout the life cycles of all the projects we undertake, we strive to keep their ecological footprints at the lowest possible level. In this regard, we evaluate the potential impacts of the climate crisis on our activities in the short, medium and long term through alternative scenarios. Under the UN Sustainable Development Goals (SDGs), we work diligently to increase the positive impact we create. Additionally, all our domestic projects are periodically audited by the Ministry of Labor and Social Security of Türkiye regarding occupational health and safety and by the Ministry of Environment, Urbanization and Climate Change of Türkiye concerning compliance with environmental legislation.

In our company, we question and meticulously examine all engineering details in our completed and ongoing projects in line with the Sustainable Project Approach. To achieve more effective results, we research innovative engineering solutions and continuously improve ourselves in this area.

With global-scale projects carried out primarily in Türkiye, as well as in Turkmenistan, Iraq, Qatar, Saudi Arabia and many other countries around the world, we play a significant role in building a sustainable future.

As Gap İnşaat, we aim to increase our infrastructure and superstructure projects undertaken in Europe in the upcoming periods while focusing on expanding into broader geographies such as Africa and Central Asia.

Our Ongoing and New Projects in 2023

Turkmenistan	Turkmenistan Ashgabat Rehabilitation Center
Turkmenistan	Türkmenistan Uluslararası Fizyoloji Merkezi
Turkmenistan	Medicine State Administrations Building
Turkmenistan	Oncology Center
Turkmenistan	Pediatric Hospital
Turkmenistan	Stomatology Hospital
Türkmenistan	Equine Complex
Qatar	Qatar Military Forces Base Project
Germany	Untergruppenbach Fiber Optics Project
Germany	Löwenstein Fiber Optics Project
Germany	Kirchartd Fiber Optics Project
Germany	Beilstein Fiber Optics Project
Germany	Obersulm Fiber Optics Project
Germany	Ellhofen Fiber Optics Project
Türkiye	Taksim 360 Project

	New Projects
	Ongoing Projects



Turkmenistan Ashgabat Rehabilitation Center

Our project, for which we signed the contract in 2021, is being constructed as the Ashgabat Rehabilitation Center, the 26th health facility in Turkmenistan. The center, which is also under construction in 2023, will be built on an area of 68,700 m² and will serve with a capacity of 400 beds. All phases of our project, which we are carrying out under a turnkey model, including architecture, design, engineering, construction, medical planning and equipment supply, are being handled by us. Our project will have the title of Turkmenistan's first rehabilitation center and will include a training center along with a parking lot for 240 vehicles.



Turkmenistan International Physiology Center

Our project, for which we signed the contract in 2021, is being constructed as the International Physiology Center. The center, which is also under construction in 2023, will be built on an area of 67,500 m² and will be completed with a capacity of 250 beds, including 6 operating rooms and 26 intensive care units. All phases of our project, which we are carrying out under a turnkey model, including architecture, design, engineering, construction, medical planning and equipment supply, are being handled by us. Our project will carry the title of the first and most modern physiology center in Turkmenistan and Central Asia and will also include a parking lot with a capacity for 500 vehicles.



Turkmenistan Ashgabat Municipality State Administrations Building

In our project, for which we signed the contract in 2021, the main building is being constructed along with the Pension Administration Building (Pensiya Building), with the Employer being Ashgabat Municipality. In addition to the main building housing 330 personnel and the Pension Administration Building accommodating 59 personnel, our project will also include an underground parking lot with a capacity for 66 vehicles.



Turkmenistan Oncology Center

Our project, for which we signed the contract in 2023, is being constructed as the Oncology Center. The construction of the center will continue until 2026 and will be built on an area of 91,065 m² with a capacity of 500 beds. All phases of our project, which we are carrying out under a turnkey model, including architecture, design, engineering, construction, medical planning, and equipment supply, are being handled by us. Within the 91,065 m² area, there will be 48 intensive care rooms, 14 operating rooms, 2 angiography rooms, 1 cyclotron and 6 LINACs, 1 technical center, 1 water reservoir and 1 garage building. In addition to this, the construction of a car park with 29 lifts and a shed for 400 cars and the construction of a Waste Incineration Unit are also included in the scope of our project.



Turkmenistan Pediatric Hospital

Our project, for which we signed the contract in 2023, is being constructed as a Pediatric Hospital. The construction of the hospital will continue until 2026 and will be built on a total area of 35,065 m² and a construction area of 95,000 m², providing service with a capacity of 160 beds, including 15 intensive care rooms and 5 operating rooms. All phases of our project, which we are carrying out under a turnkey model, including architecture, design, engineering, construction, medical planning and equipment supply, are being handled by us. Additionally, our project includes the construction of a covered parking lot with a total capacity of 240+100 vehicles.



Turkmenistan Stomatology Hospital

Our project, for which we signed the contract in 2023, is being built as a Stomatology Hospital. The construction of our project will continue until 2026 and will be established on a total area of 33,000 m². It is planned to have 80 beds and 85 dental chairs within an enclosed area of 30,230 m², along with 10 intensive care units (ICU) and 4 main operating rooms; it will also include departments for Jaw and Facial Surgery, Plastic Reconstructive Surgery, Pediatric Dentistry, Implantology, Periodontal Diseases, dental restoration, Endodontics, Orthopedic Dentistry and outpatient clinics. Additionally, the project will include 12 elevators and an environmental arrangement area of 25,307.00 m² around the project. All phases of our project, which we are carrying out under a turnkey model, including architecture, design, engineering, construction, medical planning and equipment supply, are being handled by us.



Turkmenistan Ahalteke Equestrianism Complex

Our project signed in 2023 encompasses the revision and expansion of an existing equestrian complex. It will include 58 newly constructed buildings and 29 buildings to be revised. The construction will continue until 2026 and will involve the renovation of structures such as VIP Building, Spectator Grandstand, Racecourse Area, Administrative Building, Horse Stables, Quarantine Building, Workshop Building, Feed Storage Facilities, Manege Structures, Water Tanks and Technical Buildings. The project area is 731,000 m² with a landscaping area of 273,600 m². Upon completion of our project, it is planned to have 648 horse stalls, a spectator grandstand for 5,027 people and a racetrack on a hardened surface area of 97,300 m².



Qatar Armed Forces Special Forces Integrated Training Center (QTC)

The design, construction, installation and commissioning of the Qatar Special Forces Training Facility are included in this project. The project is financed by the Qatar Armed Forces and supervised by the Engineers Council of the Emir of Qatar. Located in Doha, Qatar, the project commenced in November 2019 and is scheduled for completion in August 2025.



Germany Fiber Optic Projects

With our superior international experience in the construction field, six framework agreements have been signed with Deutsche GigaNetz for trenching totaling 282 km in Untergruppenbach, Löwenstein, Beilstein, Kirchartd, Obersulm and Ellhofen regions to bring fiber optic infrastructure to 27,725 households and to establish fiber optic home connections for 5,383 households; these will be realized under "design & build" model contracts.



Sustainability Approach



SUSTAINABILITY APPROACH

As Gap İnşaat, we are among the respected and prestigious contracting companies in the world. With the motto "Investing in the future by adding value to people and the world", we focus our sustainable growth journey on environmental, social and governance areas to contribute to a more prosperous and healthier world for today's and future generations.



Environmental

We are making a multidimensional and decisive contribution to tackling the climate crisis and building a low-carbon future.



Social

In our value chain, we share value with our suppliers, customers, employees and society through sustainability practices.



Governance

We support the value generation cycle with our corporate governance structure and business model structured on the basis of ethical behaviour, honesty and transparency.

By integrating sustainability into our value chain, we create positive value for our stakeholders and empower each other. We implement an effective governance model in all geographies where we operate, becoming a source of hope for our tomorrows with our projects that contribute to social welfare.

SUSTAINABILITY STRATEGY

We base our sustainability strategy on our motto, "Investing in the future by adding value to people and the world", with the aim of being aware of our values, taking ownership of them and creating value. We incorporate a sustainability perspective into every task we undertake. To define our strategy, we work on updating our policy by combining the risks and opportunities identified through our corporate SWOT analysis with the systemic perspective of our executive management. While creating our own sustainability path, we consider global and national sustainability trends that align with our corporate culture. We aim to establish an organizational structure with solid foundations for the future, based on the management systems within our current organization, while creating long-term value in environmental, social and economic areas. In this regard, both our General Management and managers and employees at every level of our projects support our sustainability efforts. Our sustainability

initiatives are managed by the Health, Safety, Environment and Quality Department under our General Management. Our Sustainability Team consists of employees from different units of our company, led by the Health, Safety, Environment and Quality Department. Through a strategic and holistic approach to our sustainability management, we continue to create value in environmental, social and governance matters.

The update of our policy document, which reflects the integrative perspective of our management on sustainability issues, was completed by the end of 2023. For more comprehensive information about our Health, Safety, Environment and Sustainability Policy, you can visit **our website**.

Departments Comprising Our Sustainability Team



Health, Safety, Environment and Quality Department (Leader)

Legal and Compliance Department

Human Resources Department

Business Development and Proposal Department



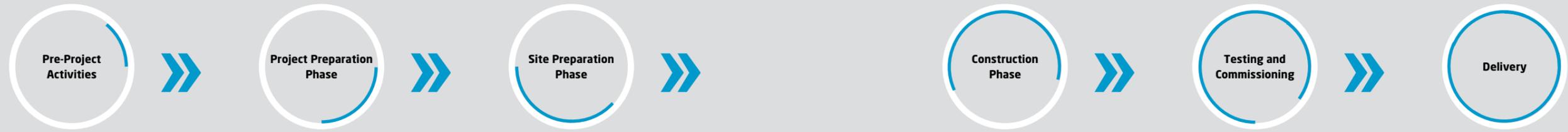
Procurement and Logistics Department

Financial Affairs Department

Corporate Communications Department



VALUE CHAIN



- > Business Development Process
- > Legal Process
- > Financial Affairs Process
- > Proposal Process
- > HSE-Q Process

- > Human Resources Process
- > Architectural Coordination
- > Budget Process
- > Planning Process
- > Procurement Process
- > Machinery Supply Process
- > HSE-Q Process

- > Information Technologies Process
- > Document Management Process
- > Human Resources Process
- > Machinery Supply Process
- > Mobilization Process
- > Procurement Process
- > Subcontractor Management Process
- > Planning and Budget Process
- > HSE-Q Process

- > Construction Process
- > Planning Process
- > Budget Process
- > Financial Affairs Process
- > Procurement Process
- > Machinery Supply Process
- > HSE-Q Process

- > Human Resources Process
- > Test Process
- > Commissioning Process
- > Demobilization Process
- > Document Management Process
- > HSE-Q Process

- > Delivery Process
- > Budget Process
- > Financial Affairs Process
- > Warranty Process
- > HSE-Q Process





VALUE CREATION MODEL

Capital Element	Inputs	Activities	Outputs	Material Topics	Value Created
Financial Capital	<ul style="list-style-type: none"> • 10.4 billion TRY equity • 27.3 billion TRY size of assets • Transparent financial management • Effective risk management system 	<p>Vision</p> <p>As a global player, we envision taking steps towards sustainable tomorrows while building today, developing agile and innovative approaches to offer the most effective solutions to our stakeholders. We aim for sustainable successes with every step we take into the future.</p> <p>Mission</p> <p>At Gap İnşaat, we aim to generate solutions that add value to human life across all the regions where we operate by utilizing our skills and energy. Our goal is to contribute to the enhancement of social welfare through the solutions we provide.</p> <p>Purpose</p> <p>To be among the world's leading companies in the construction sector.</p> <p>Values</p> <p>Sustainability Agility Heartfelt Work Reputation People-Orientedness Innovation Fairness</p> <p>Activities</p> <p>Contracting Services Superstructure Projects Industrial Facility Projects Infrastructure Projects Residential Projects</p> <p>Positive Environmental Value Positive Social Contribution Positive Governance & Global and Sectoral Trends</p> <p>Stakeholders</p> <p>Public Institutions and Organizations, Non-Governmental Organizations, Press, Local Community, Subcontractors, Customers, Banks/Financing (domestic and international), Employees, Executive Management, Universities, Consultants, Suppliers, International Regulatory Bodies, Trade Associations, Çalık Holding Subsidiaries</p> <p>Relevant SDGs</p>	<ul style="list-style-type: none"> • 6.2 billion TRY turnover • 646 million TRY consolidated net profit 	<ul style="list-style-type: none"> -Access to Financing Resources -Compliance with International and Local Ethical Values and Legislation -Quality and Corporate Trust -Operational Risk Management 	<p>With our 3 continents of operations and international co-operations, in addition to adding value to the Turkish economy, we make significant contributions to our country's production and exports. We focus on sustainable growth by increasing our competitiveness in the sector.</p>
Manufactured Capital	<ul style="list-style-type: none"> • Operating in a wide geography including Türkiye, Turkmenistan, Qatar and Germany • Harmonization studies with integrated management systems • Service quality at international standards • Projects we have fulfilled in 3 continents 		<ul style="list-style-type: none"> • 137 projects completed with the concept of engineering of the future • Domestic and international turnkey delivery • Our management system documents • Completed project revenues above 6 billion USD 	<ul style="list-style-type: none"> -Sustainable Project Approach -Quality and Corporate Trust -Operational Risk Management 	<p>We create value together with our stakeholders to achieve continuity and sustainable success.</p>
Intellectual Capital	<ul style="list-style-type: none"> • 28 years of sectoral expertise 		<ul style="list-style-type: none"> • We have been listed in ENR, the world's largest and most prestigious list of contractors, uninterruptedly since 2006. 	<ul style="list-style-type: none"> -Sustainable Project Approach 	<p>We are increasing our reliability in the sector with our sustainable project approach and future-oriented investments.</p>
Human Capital	<ul style="list-style-type: none"> • 307 experts working in their fields • Equal opportunity and diversity approach • "We Grow with Ideas" meetings every two months 		<ul style="list-style-type: none"> • 17% of women in the workforce • 64% of female interns hired • 19% women among first level managers • 33% of female new graduates recruited • 13% of female employees in STEM positions • 24% employee turnover rate • 21 average training per hour of employee • 0 fatal work accidents and 0 occupational diseases • 85,369 hours of OHS training 	<ul style="list-style-type: none"> -Competent Human Resources -Local Employment and Interaction with Local Communities 	<p>As Gap İnşaat, we prioritize the satisfaction, welfare and well-being of our employees with the values of wholehearted work and human orientation, which are an integral part of our corporate culture. We aim to maximize the existing talents and potential of our employees by strengthening our competent human resources.</p>
Social Relations Capital	<ul style="list-style-type: none"> • Customer satisfaction oriented business approach • 636 total number of suppliers • 16 international customers including Turkmenistan, Qatar and Germany • Our Sustainable Supply Chain and Local Procurement approach 		<ul style="list-style-type: none"> • High customer satisfaction rate • 2,688 Health, Safety and Environment Field Inspection • 73% of local suppliers 	<ul style="list-style-type: none"> -Employer and Customer Satisfaction -Supplier and Logistics Management 	<p>We are open with all our stakeholders and focus on better understanding the needs and expectations of our stakeholders in line with our value of trust and solidarity.</p>
Natural Capital	<ul style="list-style-type: none"> • 7,626,039 kWh total energy consumption • 106,778 cubic meters of water consumption 		<ul style="list-style-type: none"> • 26,996 tCO2 Scope 1, Scope 2 and (partial) Scope 3 emissions 	<ul style="list-style-type: none"> -Environmental Footprint and Climate Change -Natural Resource Management -Water and Wastewater Management 	<p>We continue our efforts to reduce our environmental footprint.</p>



MATERIALITY ANALYSIS

To understand the changing expectations of our stakeholders, assess our risks and opportunities and determine the targets we will pursue, we conducted our first materiality analysis in 2021.

To establish the topics for our materiality analysis, we initially held a stakeholder workshop. By addressing the issues that are important to our stakeholders and the Gap İnşaat Board of Directors together, we identified our material topics. In 2021, we determined a total of 20 material topics under the categories of environmental, social, governance and economic issues.

In 2023, we reassessed the material topics identified in 2021 in light of sectoral and global trends relevant to today's new conditions. To take effective action on our focus topics, manage our efforts correctly and facilitate the integration of our strategy with our material topics, we limited our material topics from 20 in 2021 to 13.

2021 Material Topics

2023 Material Topics

Sustainable Project Approach	Sustainable Project Approach
Occupational Health and Safety	Occupational Health and Safety
Competent Human Resources	Environmental Footprint and Climate Change
Corporate Trust	Compliance with International and Local Ethical Values and Legislation
Compliance with International Ethical Values	Employer and Customer Satisfaction
Employer and Customer Satisfaction	Local Employment and Interaction with Local Communities
Water and Wastewater Management	Water and Wastewater Management
Climate Change	Quality and Corporate Trust
Local Employment	Competent Human Resources
Quality	Natural Resource Management
Access to Financial Resources	Access to Financing Resources
Interaction with Local Communities	Operational Risk Management
Compliance with Legislation	Supplier and Logistics Management
Resource Management	
Supplier Management	
Project Management	
Environmental Footprint	
Waste Management	
Operational Risk Management	
Logistics	

- The material topics of Environmental Footprint and Climate Change were combined under a single heading to form the material topic "Environmental Footprint and Climate Change".
- The material topics of Quality and Corporate Trust were merged under a single heading to create the material topic "Quality and Corporate Trust".
- The material topics of Supplier Management and Logistics were combined under a single heading to form the material topic "Supplier and Logistics Management".
- The material topic of Access to Financial Resources became the material topic "Access to Financing Resources".
- The material topics of Local Employment and Interaction with Local Communities were merged under a single heading to create the material topic "Local Employment and Interaction with Local Communities".
- The material topics of Compliance with International Ethical Values and Compliance with Legislation were combined under a single heading to form the material topic "Compliance with International and Local Ethical Values and Legislation".
- The material topic of Resource Management became the material topic "Natural Resource Management".
- The material topic of Project Management was removed from the 2023 material topics.

We submitted our 13 identified material topics for approval from our executive management. As a result of the one-on-one meetings we conducted, we received approval from our executive management for all 13 material topics to be included in our 2023 Integrated Report.



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STAKEHOLDER COMMUNICATION

As Gap İnşaat, we owe our pioneering position in the construction sector to the interactive communication we establish with our stakeholders. As part of our strategy, **“Investing in the future by adding value to people and the world”**, we operate in collaboration with all our stakeholders within our ecosystem. We value understanding the needs, expectations and opinions of our stakeholders through the projects we carry out. We keep our communication in this direction dynamic through different channels.

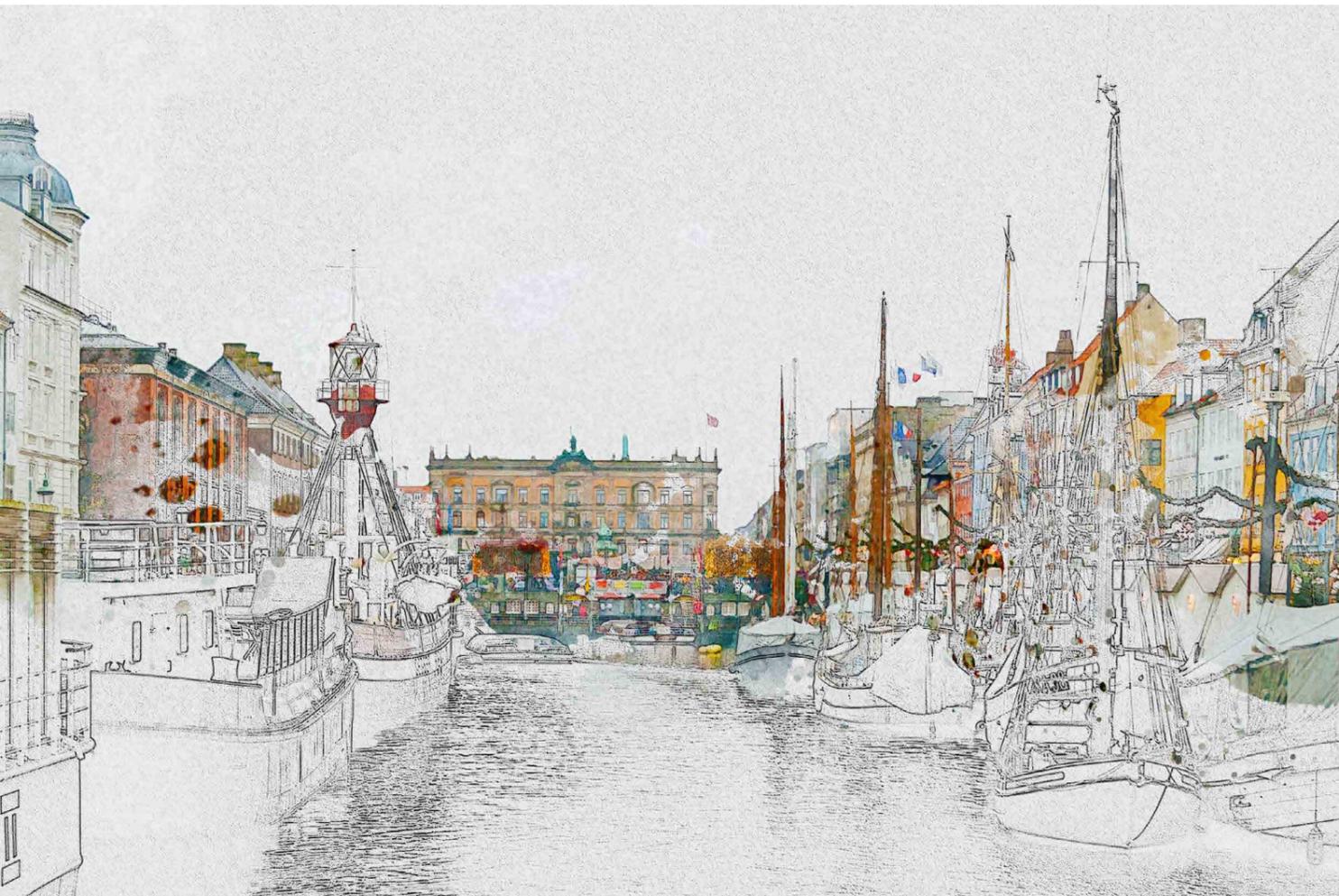
Stakeholder Group	Importance to Gap İnşaat	Communication Method	Communication Frequency
Public Institutions and Organizations	Official Institution Stakeholder	Telephone, e-mail, on-site visits and face-to-face/online meetings	Continuous
Non-Governmental Organizations (NGOs)	Social Stakeholder	Telephone, e-mail, on-site visits and face-to-face/online meetings	Needs-based
Media	Social Stakeholder	Telephone, e-mail, on-site visits and face-to-face/online meetings	Needs-based
Local Communities	Social Stakeholder	Telephone, e-mail, on-site visits and face-to-face/online meetings	Needs-based
Subcontractors	Direct stakeholder/within the project	Telephone, e-mail, on-site visits and face-to-face/online meetings	Continuous
Customers	Direct stakeholder/within the project	Telephone, e-mail, on-site visits and face-to-face/online meetings	Continuous
Banks/Financing (domestic and international)	Direct stakeholder/within the project	Telephone, e-mail, on-site visits and face-to-face/online meetings	Continuous

Stakeholder Group	Importance to Gap İnşaat	Communication Method	Communication Frequency
Employees	Internal Stakeholder	Telephone, e-mail, on-site visits and face-to-face/online meetings	Continuous
Shareholders	Internal Stakeholder	Telephone, e-mail, on-site visits and face-to-face/online meetings	Project-based
Executive Management	Internal Stakeholder	Telephone, e-mail, on-site visits and face-to-face/online meetings	Continuous
Universities	Stakeholder for technical collaboration and promotion of Gap İnşaat	Telephone, e-mail, on-site visits and face-to-face/online meetings	Project-based
Consultants	Direct stakeholder/within the project	Telephone, e-mail, on-site visits and face-to-face/online meetings	Project-based
Suppliers	Direct stakeholder/within the project	Telephone, e-mail, on-site visits and face-to-face/online meetings	Continuous
Competitors	Direct stakeholder/within the project	Telephone, e-mail, on-site visits and face-to-face/online meetings	Continuous
International Regulatory Bodies	Direct stakeholder/within the project	Telephone, e-mail, on-site visits and face-to-face/online meetings	Continuous
Trade Associations	Direct stakeholder/within the project	Telephone, e-mail, on-site visits and face-to-face/online meetings	Continuous
Holding Affiliates	Direct stakeholder/within the project	Telephone, e-mail, on-site visits and face-to-face/online meetings	Continuous

4.6 CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS (SDGs)

Member countries of the United Nations (UN) adopted the Sustainable Development Goals (SDGs) in 2015 as a roadmap to eliminate poverty, protect our planet and combat inequality and injustice, with a target completion date of 2030. The SDGs consist of 17 universal goals designed to be applicable to all countries at varying levels of development, ensuring that no one is left behind. The 17 Sustainable Development Goals are tracked by 169 indicators.

As Gap İnşaat, we aim to enhance and materialize our contribution to the 2030 UN Sustainable Development Goals (SDGs) in every area we operate. In this direction, we continue to work on aligning both our sustainability perspective and our strategy with the SDGs.



SDGs

Our Contribution

Economic



As one of the key participants in the construction sector, which plays a vital role in the Turkish economy, we contribute to SDGs 1, 3 and 8 through our economic performance. We support local development alongside providing employment for our disabled employees. We work to enhance welfare, contribute to poverty alleviation, and improve health and quality of life conditions in all international geographies where we operate.

Environmental



In line with our target of leaving a more livable world for future generations, we consider the environmental impacts of all our activities. We conduct efforts to manage hazardous waste correctly. Additionally, we carry out activities and monitoring studies aimed at preventing pollution of water and terrestrial environments caused by our projects, in accordance with project-specific conditions related to Environmental Impact Assessment (EIA), waste and wastewater management. To make our energy use efficient in our projects, we prefer suitable equipment and natural energy sources that produce lower carbon emissions. We conduct separate collection efforts for recyclable waste to reintegrate it into the circular economy. Through all these systematic efforts, we contribute to climate action and demonstrate our tangible support for limiting global warming to 1.5°C.

Social



As Gap İnşaat, we positively contribute to human life by reaching a broad audience in Türkiye and internationally within the social axis of sustainability. By providing opportunities for our personnel, we ensure decent work and economic growth conditions while also contributing to quality education. On the other hand, we support the creation of sustainable cities and communities through urban renewal projects that generate social value. We uphold gender equality and do not expose our employees to any inequalities due to gender roles.

Governance



With our performance in governance regarding sustainability within our company, we adhere to ethical principles. We place great importance on the proper operation of our corporate governance processes and compliance with applicable regulations in the geographies where we operate as well as rules governing international relations.

Environment

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ENVIRONMENTAL FOOTPRINT

The environmental footprint is one of our most important issues, resulting from our prioritization efforts. Our emission management and energy management processes, which play a significant role in combating climate change, are at the center of this topic. To achieve our sustainability targets, we continuously monitor our environmental impacts and develop strategies to mitigate negative effects..

Emission management forms the foundation of our efforts to reduce greenhouse gas emissions. Each year, we conduct comprehensive calculations in collaboration with our consultants to assess and analyze our Scope 1, Scope 2 and partial Scope 3 emissions. This process helps us consider emission increases related to project growth and identify areas for improvement.

Another critical component of our efforts to reduce our environmental footprint is energy management. We take necessary measures to enhance our energy efficiency and minimize our energy consumption. By ensuring the use of energy-efficient systems at our project sites and utilizing natural energy sources that produce lower carbon emissions, we reduce costs while contributing to the conservation of natural resources.

The management of water and natural resource usage is also of great importance for our sustainability targets. We aim to reduce water consumption by using water resources efficiently and developing conscious practices in this area. In doing so, we contribute to water conservation during our construction processes while minimizing our environmental impacts.

We view managing our environmental footprint not only as a legal requirement but also as part of our social responsibility. With this understanding, as Gap İnşaat, we continue to take decisive steps to ensure environmental sustainability and spread this awareness with every project we undertake.

The update of our policy document, which reflects the integrative perspective of our management on environmental and sustainability issues, was completed by the end of 2023. For more comprehensive information about our Health, Safety, Environment and Sustainability Policy, you can visit **our website**.

To accurately determine and analyze our environmental footprint, we classify all routine and non-routine activities conducted at our head office and projects into normal and emergency situations. Through the **ISO 14001 Environmental Management System** we are implementing, we conduct legal requirement assessments in accordance with regulations applicable to Türkiye and the countries where our projects are located, reviewing them regularly.

To accurately assess the environmental impacts of our project steps, we perform Environmental Aspect and Impact Analyses along with Risk and Opportunity Assessments.

We organize training sessions for all employees to raise awareness about environmental and sustainability issues, and we publish HSE-Q bulletins.



2023 HSE-Q Bulletins:

Bulletins have been published on topics such as **Environmental and Sustainability Waste Management, Recycling, Sustainability, Carbon Footprint, SWOT Analysis under ISO 14001 and other management systems, Leadership, Internal Audit and ISO Management Systems Awareness.**



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CLIMATE CHANGE

The IPCC emphasizes critical points in combating climate change in its Sixth Assessment Report (AR6). The report states that global greenhouse gas emissions must be reduced immediately and rapidly, particularly aiming for a 50% reduction by 2030. It warns that exceeding a 1.5°C temperature increase could lead to severe consequences such as extreme weather events and ecosystem losses. Additionally, the report highlights the importance of adaptation strategies and zero-emission targets to address climate change, proposing solutions in renewable energy transition and energy efficiency. It underscores the necessity of social and economic transformations while stressing the importance of ensuring a just transition. The report also notes the need to enhance policies and sustainable investments, highlighting the crucial role of protecting and restoring natural systems in mitigating climate change effects.⁵

As Gap İnşaat, we are taking decisive steps to minimize our negative impacts on the environment and climate. We follow the latest developments in construction technology to increase our energy efficiency and leverage these innovations in our practices. Our goal is to leave a more livable world for future generations. In this regard, we strive to achieve the lowest possible energy consumption in our activities.

Under our Environmental Management Procedure, we continue our efforts to implement measures against air pollutant emissions. By conducting retrospective data analyses, we aim to better understand our current situation and shape our future strategies accordingly.

Additionally, as part of our Sustainability approach, we regularly calculate our carbon footprint each year. These calculations include Scope 1 direct greenhouse gas emissions from our annual activities, Scope 2 indirect greenhouse gas emissions from externally sourced electricity consumption and Scope 3 other indirect greenhouse gas emissions under the headings of "flights and personnel vehicles". Through our internal and external training and awareness activities, we continue to provide more accurate and transparent data at every step, allowing us to determine our carbon footprint more realistically. In our projects carried out in 2023, it has been observed that there has been an increase in our carbon footprint across all scopes due to our efforts in the data collection phase to make our carbon footprint calculations more accurate and comparable, as well as the increasing number of projects over the years. For the Scope 2 emissions calculated based on the consumption of our Turkmenistan General Directorate in 2022, we expanded our scope in 2023 by including our existing projects and calculated values collected from seven locations. For our Scope 1 emissions, we identified and calculated each emission source we directly generated through in-depth analyses. Our improvement efforts continue to ensure that Scope 3 emissions calculations are more accurate and realistic, as well as to expand their scope.

Identifying the activities and functions that generate our carbon footprint accurately, along with finding solutions and improvement activities that can replace them with lower emissions, is among our targets within our sustainability approach.

⁵ https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC_AR6_SYR_LongerReport.pdf

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Greenhouse Gas Emissions

Metrics	Unit	2021	2022	2023
Scope 1 (direct) greenhouse gas emissions	ton CO ₂ e	1,085.52	5,504.43	7,805.47
Scope 2 (indirect) greenhouse gas emissions	ton CO ₂ e	1,012.94	1,403.88	18,340.76
Scope 3 (indirect) greenhouse gas emissions	ton CO ₂ e	130.48	373.08	849.78

Regarding our projects, we provide guidance on reduction practices and other actions we can implement through the consulting services offered by our central organization.

Additionally, for each specific project and at the project's outset, we conduct necessary risk opportunity analyses to ensure the proper management of environmental aspects of the project and to implement ISO 14001 Environmental Management Systems in accordance with standards. We strive to minimize risks while evaluating opportunities identified within the project scope.

The efforts we demonstrate in combating climate change form a part of the steps we take towards a sustainable future. With this understanding, we continue to contribute to society and natural balance by minimizing our environmental impacts.

ENERGY MANAGEMENT

As Gap İnşaat, we adopt a sustainable approach to energy management. We meet our energy needs through the city grid in the Çalık Holding building where our head office is located. In our project areas, we carefully select the most suitable and efficient energy provider for each project, considering their different characteristics.

The supportive attitude of our executive management regarding compliance with ISO 50001 Energy Management System requirements is critical for establishing our management system and integrating it into the corporate culture. We work together with our employees to make energy efficiency a practical and applicable concept within our company, continuously monitoring our energy performance and conducting regular assessments for compliance with internal targets.

As a project-based firm, we make energy choices that align with energy usage networks and national conditions. In our office building, we use energy-efficient bulbs to enhance the energy efficiency of the lighting system and prevent unnecessary energy consumption with automatic lighting shut-off devices. Through these efforts, we aim to both increase energy efficiency and minimize our environmental impacts.

As a result of regular maintenance and repair work carried out in our head office building, we achieved a 16% improvement in electricity consumption compared to 2022.

Head Office	Unit	2021	2022	2023
Electricity	Kwh	449,120.00	498,945.00	420,346.62
Natural gas	m ³	253,484.00	29,523.00	21,032.25



WASTE MANAGEMENT

In all our activities, we operate with an environmentally conscious approach and prioritize sustainability with a high level of environmental awareness. We aim to prevent environmental pollution by closely monitoring our waste management through our HSE-Q unit.

We proceed in accordance with the Waste Management Procedure published by our company and communicated to all employees, managing our waste in line with the targets we have set in this procedure. Moreover, we ensure that all our employees receive training on waste management and we encourage the adoption of the globally recognized **Waste Management Hierarchy** by all staff.

Preventive Waste Management Practices

In all applicable work areas, we primarily focus on preventing waste generation. In cases where we cannot completely avoid waste formation, we concentrate on reducing the amount of waste produced. To this end, we create a **Waste Management Matrix** to list the types and quantities of waste. By analyzing where and how much waste is generated, we identify potential points of waste generation and conduct **Environmental Risk Analysis** studies to take necessary precautions.

Waste Separation and Recycling

In the Çalık Holding building where our head office is located, we carry out waste separation activities in all areas under the **Zero Waste Certificate** framework.

In our project sites, we prioritize the separation of hazardous and non-hazardous waste in accordance with the Waste Management Regulation and related legislation, focusing on reuse opportunities in line with the waste hierarchy with the help of our existing workshops.

We approach the classification and separation of all waste as hazardous or non-hazardous with great care to minimize the amount of hazardous waste and ensure its recycling. At the same time, we strive to minimize the use of hazardous materials such as chemicals and petroleum products.

Reuse of Materials and Waste

Ensuring the reuse of materials and, where possible, waste plays a significant role in reducing our environmental impacts. As long as our activities allow, we collect materials separately for recovery and deliver them to relevant facilities. We promote energy recovery through the recycling of possible fuel types. Within the capabilities of our project areas, we work to ensure that packaging waste reaches recycling facilities and is converted back into raw materials, contributing to the circular economy.

Supplier Compliance

We expect our suppliers, with whom we collaborate in all the geographies we operate, to share our sensitivity regarding waste management. We carefully review the environmental management documentation of our suppliers, evaluating them based on different criteria for each project. Among the documents we frequently seek are the ISO 14001 Environmental Management System certificate and the ISO 50001 Energy Management System certificate.

With this awareness, we maintain our waste management in compliance with regulations and high standards. We continuously improve our environmental performance and progress steadily toward our sustainability targets by minimizing our negative impacts on the environment.

To achieve this, we implemented a coded entry system for our printers along with a secondary approval step to prevent unnecessary printing. By utilizing appropriate and practical technology for tracking document revisions, we transformed processes into "paperless workflows", significantly reducing our paper usage rates. According to data from 2023, we can see that our efforts have yielded results, as there has been a decrease in the amount of paper collected for recycling.

Through our waste management training programs, we have increased employee awareness of hazardous waste and improved the separation rate of hazardous waste from other types of waste.

Head Office	Unit	2021	2022	2023
Plastic Recycling Amount	tons	0.06	0.12	0.04
Paper Recycling Amount	tons	0.30	0.34	0.03
Hazardous Waste	tons	0.00	0.10	0.72

By applying all these practices carried out in our head office to our projects, we aim to strengthen our Environmental Management System practices and advance more confidently in waste management. Through our awareness-raising efforts, we successfully reduced the total amount of non-hazardous waste from **996** tons in 2022 to **506.41** tons in 2023.

WATER AND WASTEWATER MANAGEMENT

The 2024 World Water Development Report, published by UNESCO (the United Nations Educational, Scientific and Cultural Organization), emphasizes the significant role of sustainable water management in global prosperity and peace under the title "Water for Prosperity and Peace". The report states that when water security is managed with an equitable understanding, it can have positive effects on economic stability, social cohesion and conflict prevention. It also points out that challenges such as water scarcity, pollution and climate change can exacerbate social tensions and poverty, particularly in vulnerable regions.

The report reiterates the importance of achieving Sustainable Development Goal 6 (SDG 6), which aims to ensure accessible water and sanitation services for all and sustainable water management.⁷

As Gap İnşaat, we conduct efforts to ensure the efficient use of water and minimize water consumption in all our projects with an awareness of protecting water resources. Implementing practices aimed at reducing water consumption according to project demands is among our priorities.

During construction phases, we aim to increase our efficiency by monitoring our consumption levels to optimize water usage. We categorize our consumption into drinking water and utility water, aiming to reduce consumption in both categories.

Before our projects commence, we conduct comprehensive risk analysis studies for the protection of water resources and prevention of pollution. We focus on protecting surface and groundwater

resources in or around the project area, aiming to minimize our negative impact on the ecosystem.

In our head office and the offices and living spaces created for our projects, we use sensor-operated faucets to ensure water usage is limited to what is necessary.

Through awareness-raising bulletins published across Gap İnşaat and organized training sessions, we share content related to water conservation with our employees.

Environmental Impact Assessment and Water Use

To minimize our impact on water resources, we conduct detailed Environmental Impact Assessments (EIA) for projects in rural, forested areas or water ecosystems. During the EIA process, the condition of water basins is examined, and these resources are continuously monitored throughout the project duration using Environmental Monitoring and Measurement Plans. We treat our wastewater with packaged treatment systems when necessary and discharge it into areas permitted by relevant authorities after bringing it to legally compliant values.

Social Consensus and Sustainable Water Use

In the regions where we operate, we ensure mutual agreement by consulting with local communities and public institutions before using water resources. We do not extract water from areas used for fishing, and we take care to protect these water sources.

When determining the amount of water needed for processes during the construction phase and dust prevention activities, we carefully examine the status of local water resources. After identifying the required amount of water, we work in collaboration with the local community and relevant authorities as part of the environmental impact assessment processes. Once water use permits and agreements are completed, we begin using water within the established limits.

With this awareness, we maintain our water and wastewater management processes at the highest environmental standards, allowing for the protection of water resources and their transfer to future generations.

Despite an increase in the number of projects in 2023, we successfully reduced our water consumption to lower levels compared to the previous year due to the measures we have taken. We will continue our efforts with the same sensitivity.

Metrics	Unit	2021	2022	2023
Total Water Consumption	m ³	125,712.00	133,548.00	106,778.00

⁷ <https://www.unesco.org/en/articles/united-nations-world-water-development-report-2024-water-prosperity-and-peace>

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NATURAL RESOURCE MANAGEMENT

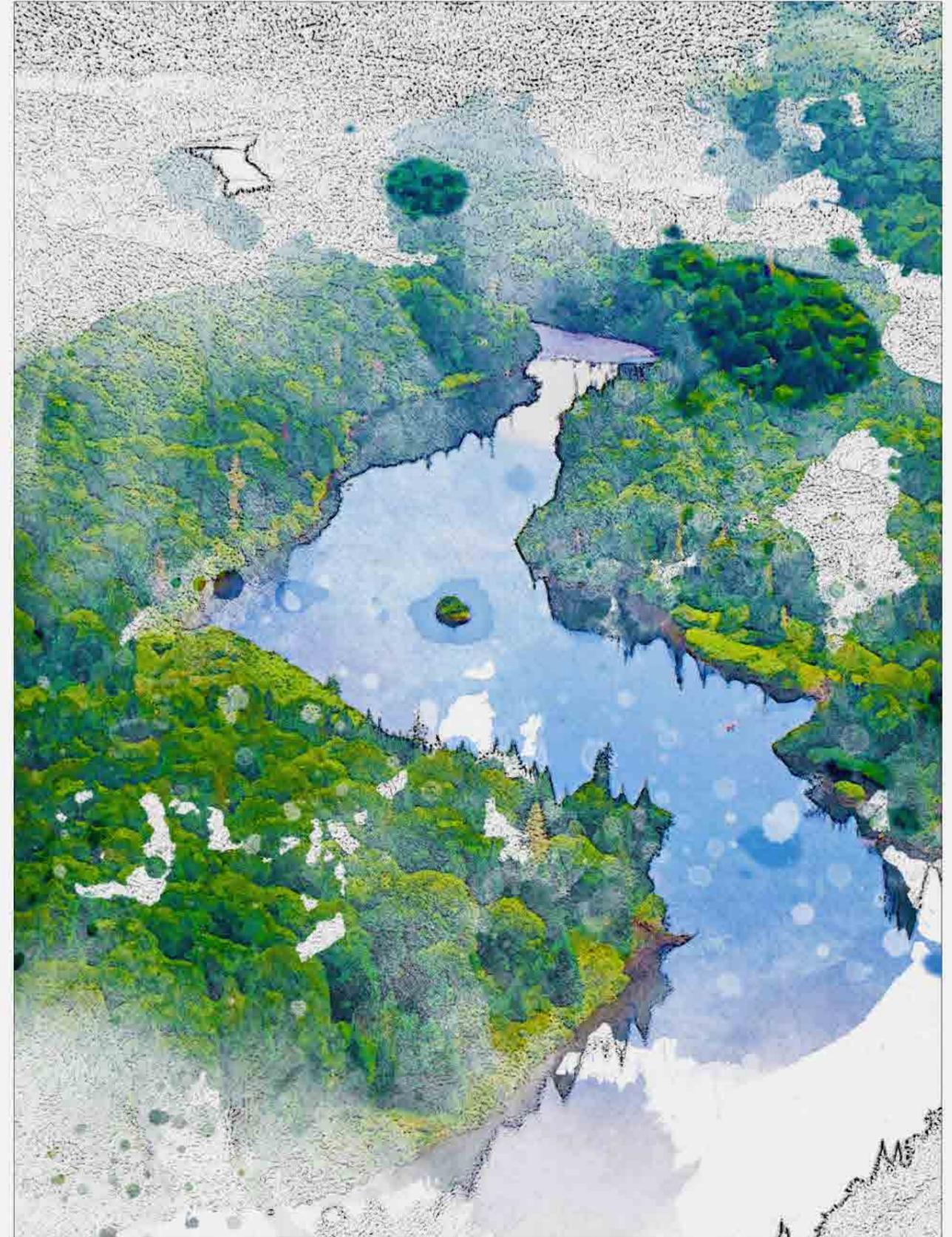
Natural resource management, which is crucial for minimizing our environmental impact, forms a fundamental part of our sustainable construction practices. The effective and responsible use of natural resources contributes to the success of our projects while also aiding environmental protection. In this context, we conduct comprehensive environmental impact assessments (EIA) to identify and evaluate the potential effects of our projects on the environment. EIA studies encompass elements such as the nature of our project, its area of influence and potential environmental impacts. We proceed meticulously at every stage, from planning project management processes to analyzing the current state of the natural environment, from impact assessment to reporting.

The protection of natural resources found in our project area also constitutes an indispensable part of a sustainable construction process. The efficient use of resources such as water, energy and fuel not only reduce environmental impacts but also lowers our costs. Therefore, we take measures regarding the management of water resources, reduction and recycling of waste, preference for clean energy providers, and ensuring energy efficiency. In this framework, minimizing water usage in our construction processes, collecting rainwater through separate lines to prevent increased pollution and utilizing rainwater where applicable contributes to the conservation of natural resources.

At the same time, we prefer sustainable and recyclable materials in our project designs to reduce natural resource consumption, use technologies that provide energy efficiency and create waste management plans. We especially utilize materials that can be reused in our project areas and carry out efforts to reduce our waste rates. These practices not only reduce our environmental impacts but also lower our operating costs.

Biodiversity is critical for the health of our ecosystems. Since our construction projects can have adverse effects on local flora and fauna, we take special measures to protect biodiversity during the planning phase. The preservation of natural habitats within our project area is essential for the continuity of species' living spaces. Additionally, protecting green spaces and natural conservation areas contributes to maintaining ecosystem balance.

In all our efforts, natural resource management is of great importance in terms of sustainability and environmental protection. By implementing the right strategies, we enhance our reputation while striving to minimize our environmental impacts. With this approach, we ensure both the success of our projects and the sustainability of our future.



Social

OCCUPATIONAL HEALTH AND SAFETY

At Gap İnşaat, we prioritize ensuring that all our employees can carry out their work in a safe environment throughout our operations. We view occupational health and safety (OHS) as an integral part of our business. In this regard, we take necessary measures and conduct our efforts to maintain a healthy and safe working environment across our value chain. Therefore, in 2023, we have placed occupational health and safety among our material issues.

With the awareness gained from adopting occupational health and safety as a material issue, we continue to develop our activities in this area. We monitor legal requirements related to health and safety and ensure full compliance with regulations and standards. We manage our activities in accordance with the **ISO 45001 Occupational Health and Safety Management System** and the requirements of occupational health, safety and environmental legislation. Our policy serves as a high-level document guiding Gap İnşaat's management systems and practices regarding our commitment to occupational health and safety. Additionally, we review our OHS performance periodically each year during our Management Review meetings, which are held under the leadership of our management.

As an inseparable whole, OHS is summarized in our policy, which reflects our approach to Environment and Sustainability. The updating work of this policy was completed at the end of the reporting period, and our Health, Safety, Environment, and Sustainability Policy has been shared with all our employees.

For more comprehensive information about our Health, Safety, Environment and Sustainability Policy, you can visit **our website**.

In all our operations, we operate under the principle of "zero accidents" and ensure that we maintain our OHS performance at the highest level through audits we conduct to mitigate risks.

In the event of an accident occurring in any of our operations, we conduct accident investigations and perform root cause analysis. We create corrective action plans and monitor whether the necessary actions are implemented on-site through our action tracking list.

We discuss any delays related to these actions within our committee and strive to identify root causes to address them. To prevent similar situations from recurring, we share the lessons learned with all our projects and units for awareness purposes. As Gap İnşaat, we take pride in announcing that by the end of December 2023, we have achieved approximately 10 million man-hours without accidents in the Qatar Special Forces Integrated Training Center Project (QTC) that we are conducting in Qatar.

We have established a framework to achieve the best occupational health and safety and environmental performance for our employees in all the countries where we operate. As an indication of this, we did not experience any fatal accidents or occupational disease cases during the reporting year. With our OHS and Environmental-focused approach, we commit to acting in accordance with the principles of our policy to reduce any negative impacts on our assets and environment during our activities involving our customers, employees, subcontractors, suppliers and other third parties.

Focusing on our zero-accident principle, we regularly;

- ✔ We carry out ISO 45001 audits and identify non-compliant areas and areas for improvement.
 We carry out studies to identify existing hazards and assess anticipated risks.
We constitute OHS committees both at the head office and in our projects and hold monthly meetings.
- ✔ In case of an accident, we carry out "root cause" analyses by conducting an accident incident investigation.
 We follow our corrective actions within the scope of the action follow-up list.
We regularly publish our HSE-Q bulletin to increase the awareness of our office and project employees about Occupational Safety.





As Gap İnşaat, we comprehensively analyze the risks of all potential hazards, as well as their environmental and social impacts, that may arise during our operations and we manage our risks accordingly.

In the risk identification phase, we adopt the “risk-based approach” principle emphasized in the ISO 45001:2018 Occupational Health and Safety Management System standard and proactively implement the measures identified through our risk analysis. We prepare risk assessments specific to each of our projects. We take measures in accordance with our risk management hierarchy for the identified risks.

We monitor our compliance with our Occupational Health and Safety Management System through periodic internal and external audits.

2.688 NUMBER OF HEALTH, SAFETY AND ENVIRONMENTAL FIELD INSPECTIONS

The findings obtained after audits are followed up with a corrective action system. As part of the audit conducted at the end

of 2023, improvement elements emerged, including a comprehensive review of our entire system, identifying specific training needs and organizing training sessions. In addition to our audits, we also conduct checks to ensure that our subcontractors and suppliers provide suitable services regarding OHS.

According to the hazard classes specified in Law No. 6331 on Occupational Health and Safety, we fall into the “very dangerous” category. In this context, we carry out our activities in full compliance with the law’s guidelines. The OHS Board meets monthly at our head office and projects. We gather employee feedback on OHS and Environmental matters through employee representatives. In these boards, we review our HSE performance for the relevant period and the identified risks. We discuss requests and feedback from our employees regarding methods to eliminate risks; we have decided on actions to be taken in the next period.

We classify all routine and non-routine activities that we conduct or will conduct at our head office and projects as normal or emergency situations. In our classification, we also consider activities carried out periodically or at changing intervals, such as maintenance and repair, even if they are not continuous. Monitoring of our classified activities is conducted by our HSE-Q unit at the head office and HSE units at our projects through OHS Risk and Opportunity Assessment, Environmental Risk and Opportunity Assessment, and Monitoring and Measurement Tracking lists.

Following the determination of significance levels, we implement additional measures for all risks that are deemed unacceptable. The control and management of our risks are determined by the relevant department managers and managed by separate teams at our Head Office and Projects.

We ensure the participation of top management, employer representatives, relevant unit managers and all subcontractor representatives operating in the work area in the risk assessment studies. We value the involvement of our employees in the process of identifying occupational safety hazards and assessing the risks arising from these hazards.

We are aware that training significantly contributes to our employees’ perspectives on OHS and enhances their technical competencies. In this context, in addition to the training required by legal regulations, we also implement comprehensive training programs based on our employees’ needs. Our training begins with OHS orientation training provided on the first working day of our employees and continues with field training specifically to their roles and regular technical training sessions.

In line with our goal of encouraging all stakeholders to contribute to our OHS practices and raising OHS awareness, we regularly publish our HSE-Q bulletin to increase awareness of occupational safety among our office and project employees. Additionally, our HSE-Q Central Department prepares and implements project-specific training plans based on the scope of work to be carried out in our projects. The trainings included in the prepared plan are conducted by experienced internal and external trainers in our field. We also conduct drills related to emergency management during our OHS training.



2023 HSE-Q Bulletins: OHS

Bulletins were published on Eye Fatigue, Ergonomics, Hazard Communication and Near Misses, and on Leadership, Internal Audit and ISO Awareness within the scope of ISO 45001 and other management systems.

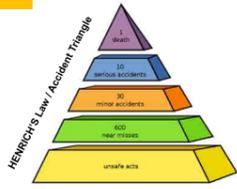
SEÇ-K Bulletin June 2023

GAP İNŞAAT

What is NEar-Miss?



Accidents that occur without injury/loss (close calls) are an important sign that there are some unsafe conditions in the workplace.



According to theory, every 600 near-miss incidents will result in 30 non-injury accidents, 10 serious loss-making accidents, and 1 fatal accident. Therefore, the best way to prevent potential major accidents is to investigate the root causes of the “near misses” and “unsafe conditions and behaviors” that occur and take corrective action.

How Can You Help?

If you witness a “near miss” or detect a dangerous situation, report it to prevent a major accident so that an investigation can be conducted and corrective action can be taken to prevent further accidents from occurring.

REPORT!



We expect employees to report their OHS improvement suggestions and all “Accident, Near-Miss” incidents to the HSE Unit in order to receive their opinions, thoughts and notifications on Occupational Health and Safety issues and to evaluate them by the GAP Construction Occupational Health and Safety Board.



We operate with the awareness that keeping our employees and the environment safe is the most important indicator of our success. We strive to be the best in this regard in all our work and in the countries where we operate. In this direction, we take pride in sharing the results of our successful performance as a result of our dedicated efforts in 2023.

Occupational Health and Safety Training Hours	Unit	2021	2022	2023
Total training hours provided to employees on OHS*	hours	25.149	36.439	85.369
Total Working Hours	hours	6.093.687	11.553.339	15.323.191,5
Number of Accidents	count	8	11	23
Number of Fatal Cases	count	0	0	0
Number of Occupational Diseases	count	0	0	0
Absence Due to Accident	days	68	39	202
Lost Time Injury Frequency Rate (LTIFR)	%	0,16	0,07	0,05

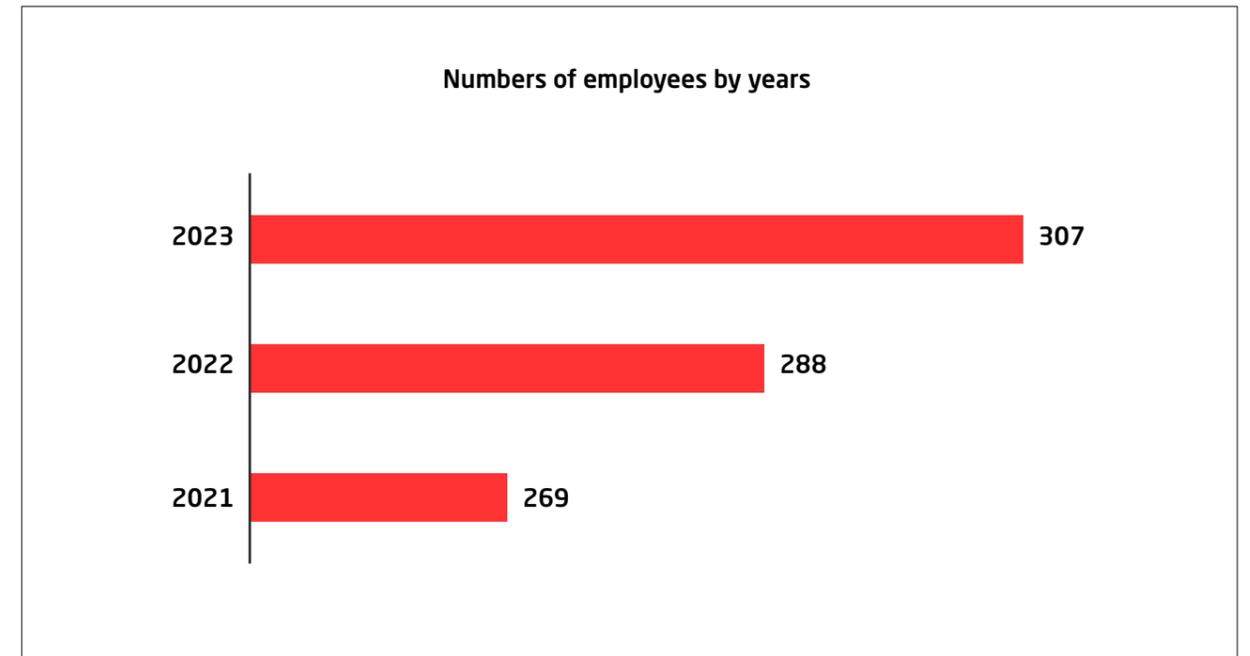
*Our data includes our employees, subcontractors and sub-subcontractors.

For detailed information, you can visit the **Social Performance Indicators** section of our report.

EMPLOYEE DEVELOPMENT AND WELL-BEING

At Gap İnşaat, our journey is centered around our motto, **“Investing in the future by adding value to people and the world”**. We prioritize the mental and physical health integrity of all our employees and ensure they work in an environment where they can develop themselves. By continuously enhancing their competencies, we emphasize corporate and ethical values; we achieve maximum success and ensure sustainability by investing in human capital. With our people-centered perspective, we became a large family of **307** members in 2023, including **291** white-collar and **16** blue-collar employees. We know that as we invest in our employees, who are the magical key to our growth, we will continue to strengthen our value chain and achieve sustainable growth.

In a constantly evolving business world, we aim to secure our competitive advantage through our skilled workforce. To provide equal opportunities for all employees, we organize performance management and career development programs. We operate in full compliance with the labor and security laws of all the countries we work in. In this context, we strengthen local employment by creating flexible structures that can quickly adapt to regional requirements.



COMPETENT HUMAN RESOURCES

As Gap İnşaat, we have shaped our Human Resources Policy and practices in line with the values of Çalık Holding. Accordingly, we ensure that the values of fairness, people-centeredness, reputation, heartfelt work, innovation, agility and sustainability, which are applicable to Çalık Holding and all Group companies, are embraced by every employee and considered in every task performed. We emphasize the development of our employees' knowledge, skills, and competencies to support our long-term success and maintain our

competitive advantage. In this regard, we carefully implement our recruitment strategies and make efforts for the development of all employees who join our company after the recruitment process. As stated in our Human Resources policy, we offer equal job opportunities to all employees. We progress all our processes by focusing on the competencies of our employees without discrimination based on nationality, gender, belief, age, disability status or marital status.

Age Diversity	2021	2022	2023
Percentage of employees under 30 years old	%9,29	%11,46	%14,66
Female	%3,72	%3,47	%4,56
Male	%5,58	%7,99	%10,10
Percentage of employees aged 30-50 years old	%71,38	%72,92	%71,99
Female	%10,78	%11,81	%11,73
Male	%60,59	%61,11	%60,26
Percentage of employees over 50 years old	%19,33	%15,63	%13,36
Female	%1,12	%0,69	%0,98
Male	%18,22	%14,93	%12,38

Recruitment Process:

In all the geographies where we operate, we aim to include skilled individuals with high qualifications and international experience in our workforce. With our "right candidate for the right job" approach, we hire candidates suitable for the job description in our field and head office units without any gender discrimination. We conduct our recruitment process in full compliance with the laws of our country as well as in accordance with our company's internal procedures. In our overseas recruitment activities, we also consider the laws of the relevant country and conduct country-based operations that protect all legal rights of our employees based on the principle of superiority.

Our recruitment processes begin with interviews. After interviews conducted by the human resources team and the manager associated with the relevant position, positively progressing candidates are included in the evaluation process where they undergo personality inventories and language tests. Candidates who complete reference checks and have positive evaluation results proceed to the offer stage. Candidates who accept the offer letter communicated by our Human Resources department officially become Gap İnşaat employees. We provide orientation training to help new employees adopt our company culture and adapt more quickly to our working environment and processes. This way, we support new hires in integrating into our corporate culture more swiftly. We welcome each of our employees with a "Welcome Kit" that we leave on their desk on their first day of work.

Orientation training:

Our orientation process begins with the guide assigned to each employee. Following this, we present our group introduction presentation and show our video titled "Çalık's Smiling Faces". After delivering the company presentation, we share our social media accounts and the intranet usage procedures with our employees. Once

we present our company's organizational chart, each employee participates in occupational health and safety training. Simultaneously, to provide employees with more detailed information about the organization, they meet with the departments involved in our processes, completing their orientation.

Number of newly recruited employees	Unit	2021	2022	2023
Female	person	55	61	4
Male	person	7	15	22
Total	person	62	76	26

We believe that young talents will strengthen our future. In this regard, we see offering them career opportunities as a valuable chance. As Çalık Holding and Group companies, we conduct a New Graduate Recruitment Program every two years. In this context, our new graduate friends are placed in suitable positions regardless of whether they are domestic or international. In 2023, 12% of the employees we hired were new graduates.

**PERCENTAGE OF
NEW GRADUATES
RECRUITED**

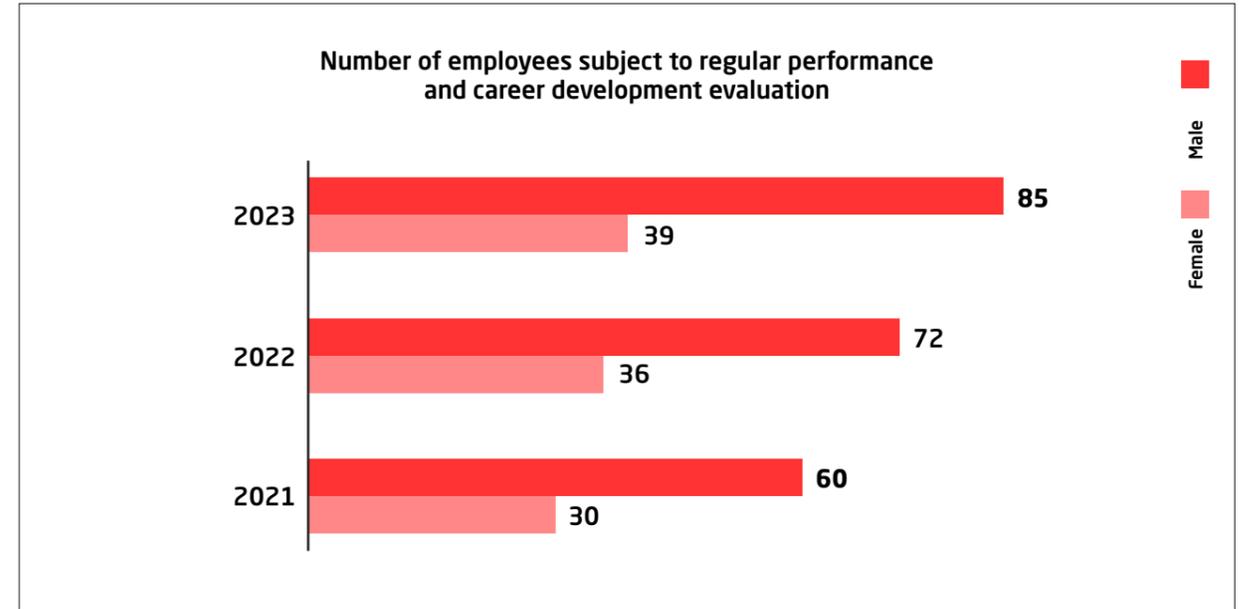
%12

EMPLOYEE DEVELOPMENT

Sustaining the long-term success of companies is becoming increasingly challenging in the competitive environment we operate in. With this awareness, at Gap İnşaat, we incorporate competent professionals into our workforce in alignment with our vision and values. Subsequently, we conduct employee training to track their development and help them advance further. After progressing through a transparent recruitment process, we regularly monitor their performance development at set intervals. Based on the feedback we provide, we guide each employee toward achieving their individual goals. Each year, we embark on a journey aimed at being better than the previous reporting year by reviewing our employees' competencies and conducting interim evaluations. At the end of the year, we review these interim evaluations to assess annual goals and performance. The results obtained throughout the year are evaluated by our company's Board of Directors as Gap İnşaat's report card.

Performance Management

We conduct our performance management system through the Digital Human Resources platform. This allows us to manage our fully digitalized process transparently and fairly. Each year, we carry out a regular target-based performance evaluation process. By conducting feedback meetings during interim periods, we create development plans for each of our employees at the end of the evaluation period. Talent Management, which is a process that affects the performance results of our employees, is also monitored through the digital platform. Through this effectively managed process, we create a more efficient talent pool. As a result, we prioritize internal candidates for our open positions. In 2023, we selected 27% of our open positions from internal candidates.



Talent Management

All training attended by our employees, certifications obtained and projects worked on are recorded in the talent management module of our digital platform and are tracked with open access for our Executive Management. We implement the Organizational Development and Talent Management process once a year across the entire group. We evaluate the results of personality inventories attended by our employees based on their positions alongside the performance evaluation results for that year and place them in a 9-box grid. In this way, we track high potential and potential differentiation, creating development plans for both groups and contributing to the enhancement of our employees' knowledge and skills. During this period, we also monitor Critical Positions and Succession processes.

Career Management

We value helping our employees achieve their career goals in career management. We aim to strengthen our image and enhance motivation and commitment by developing our employees to align with our company culture. Through our mentoring program, we ensure that our employees' career planning takes place in an equal and fair environment. In 2023, we completed our

mentoring process with the participation of **10** mentors and **17** mentees. Our process began with Mentee/Mentor training and continued with eight sessions of meetings. We tracked periodic reports under the leadership of our Human Resources department.

Compensation

At Gap İnşaat, we believe that compensation management is important for our employees and, consequently, for our sustainable success. We ensure that our compensation policy is designed to motivate our employees, basing it on market rules in both our overseas projects and domestic salary assessments. We conduct our compensation policy within a framework of confidentiality and determine entry salaries as well as salary increases for existing employees based on this policy. Salary increases are assessed and implemented once a year during a designated period while considering inflation rates along with internal group criteria. We meet with the Human Resources Department and relevant department managers to obtain approval for the determined salaries. We apply our compensation policy and benefits equally to all employees in compliance with Çalık Holding policies.

EMPLOYEE WELL-BEING

According to the 2022-2023 Global Well-Being Survey, employee well-being is among the top priorities for companies. In our country, attracting and retaining talent is also a priority for companies. In a survey involving **1,138** companies from various sectors in 46 countries, including Türkiye, employee well-being emerged as one of the most important issues with two-thirds of total participants voting for it.

As Gap İnşaat, we always prioritize the well-being of our employees and take actions aimed at development in this direction. We are aware of the benefits that open communication with each of our employees brings to both our company and our employees. Therefore, we continue to implement our Open Door policy. By holding **"We Grow with Ideas"** meetings within our company, we celebrate the power of ideas. This way, we create an open communication environment that brings together our employees and managers.

We are always there for our employees on their special days. We celebrate their birthdays with them and share the happy news of a new birth in the family of an employee with our entire company.

By supporting our employees' education, we develop new training and development plans based on their educational needs analysis. Our Çalık Academy training platform is open to all our employees. Within our training program, we offer nearly 400 different training courses to our employees. Additionally, we support their development through both internal and external training programs. In 2023, we provided a total of **3,606** hours of training to our head office employees.

We apply different benefits according to the job categories of our employees. The benefits we implemented in 2023 include:

- Bonus
- Private health insurance
- Shuttle service
- Meal card
- Company vehicle
- Travel expenses
- Fuel costs
- Phone line

3.606
HOURS OF TRAINING

"We Grow with Ideas"
meetings

OUR SOCIAL CONTRIBUTION

We know that the value provided to society is the best investment we can make for our future. With our motto, **"Investing in the future by adding value to people and the world"**, we implement an effective governance model in the regions where we operate, producing projects that contribute to social welfare and carrying out works that shape tomorrow.

Within our sustainable perspective, our primary goal on the social side is to positively contribute to society by reaching large audiences in Türkiye and international regions.

In this regard, we contribute to the United Nations Sustainable Development Goals, specifically SDG 4 (Quality Education), SDG 8 (Decent Work and Economic Growth) and SDG 11 (Sustainable Cities and Communities). In 2023, we participated in the Wellbees Challenge project to provide social benefit. Throughout November, we walked towards the same goal with 75 companies from various regions of the world. As one of the 22 companies that completed the target, we supported providing winter clothing for children affected by the earthquake. Wellbees donated winter clothing sets containing thermal tops and bottoms, jackets, pants, hats, gloves, scarves, socks and boots to UNICEF TMK on behalf of the 22 companies that completed the target for children in provinces affected by the earthquake.

As Gap İnşaat, we take pride in positively impacting other lives and dream of fulfilling many more projects.



⁸ <https://www.aon.com/global-wellbeing-survey>

LOCAL EMPLOYMENT

As Gap İnşaat, we are aware of the economic and social benefits of local employment. With this perspective, we support local development in all the countries where we operate our domestic and international projects, prioritizing local employment.

Primarily, we provide three different employment options based on the processes for employing foreign workers in the country where the project is being carried out: personnel from Türkiye, local personnel and foreign country personnel. We consider

the required criteria and support local employment by giving priority to the local population in the project's region.

On the other hand, we approach the selection of our suppliers with care and prioritize local suppliers in our purchases of goods and services in the countries where we operate projects. This way, we not only support social development but also obtain benefit for our operational sustainability.

INTERACTION WITH LOCAL COMMUNITIES

As Gap İnşaat, we strive to ensure that our projects do not hinder the daily activities of local communities in the countries and cities where we operate. We make an effort to understand the customs and traditions of the local population as much as possible and to align our priorities with the expectations and needs of the people. We value all interactions with the communities living in the areas where we conduct our activities within our projects and aim to maintain this interaction positively throughout the project duration.

Before starting our construction activities, we assess the social and environmental resources of the region we will be working in from a sustainability perspective; we plan our implementation phase according to project requirements. By conducting resource scans, if there is an opportunity to meet personnel needs through local employment, we prioritize this. For

example, if feasible, we try to purchase or rent equipment or machinery from local cooperatives near the work areas.

During our construction activities, we take precautions to ensure that local communities or the environment are not negatively affected by construction work by considering regional conditions. Our staff members strive to understand, learn about and meet the needs and expectations of the local population whenever possible.

For instance, due to planning requirements, if a transportation line must pass directly through a village, we prefer to route it along a more distant outer line or create a new line to avoid negatively impacting the village residents due to potential dust or creating additional traffic safety hazards by occupying village roads.

To ensure that water usage in the areas designated for the construction site and accommodation does not pose a problem for the local community, we build permanent or temporary water storage facilities, if necessary, under the guidance and knowledge of local authorities. This is to ensure a continuous water supply to the nearby village and to prevent any potential grievances.

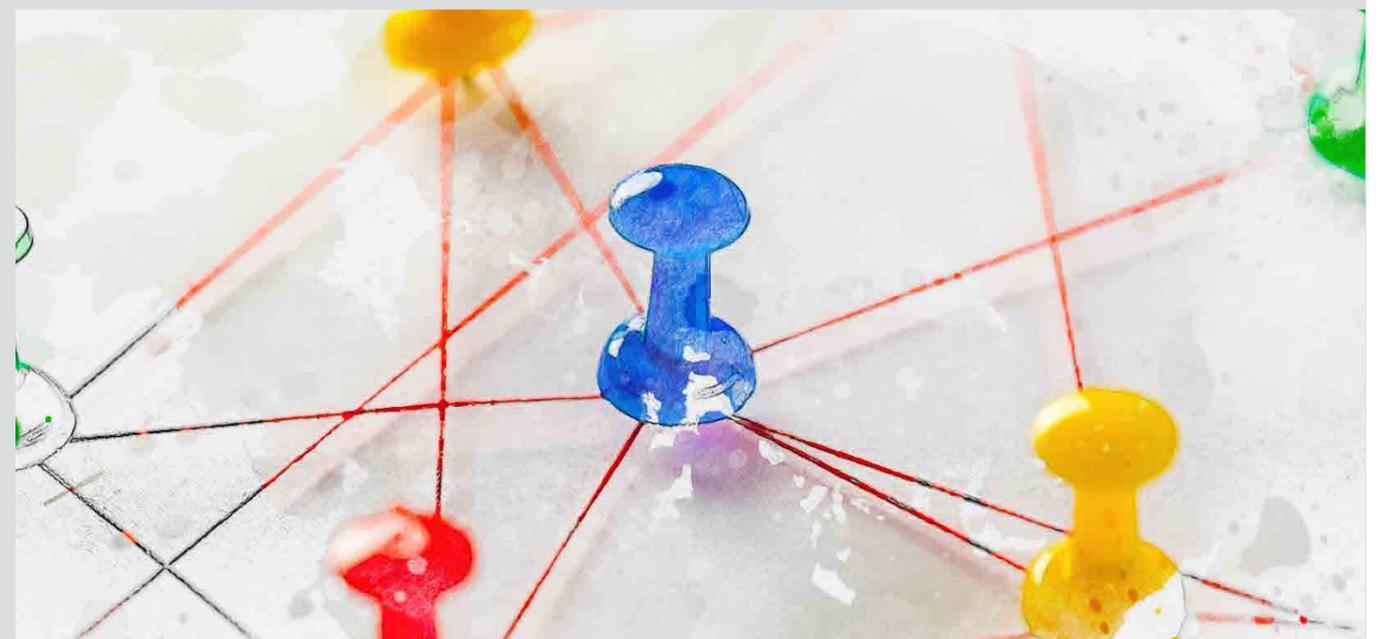
We source all the raw materials needed for our cafeterias from local producers in villages, towns or relevant cities near our construction sites.

For maintenance of construction machinery and vehicles, we procure materials from local firms whenever possible and prioritize employing local labor for the workforce.

We meet the demand for disabled personnel in the project by selecting candidates from the local population based on evaluations such as education level, work experience and competencies. By assessing the performance of disabled personnel included in the project during the construction phase, we also provide references to support their continued employment during the operational phase.

Environmental issues constitute the most significant aspect of our interactions with the community in our projects. We take measures to prevent dust pollution and monitor it to ensure that projects conducted in our activity areas do not adversely affect agricultural and livestock activities. We create passage areas with culverts to facilitate animal crossings on temporary roads, coordinate tree cutting with local cooperatives, use natural materials in sandblasting operations, reduce waste generation and minimize transportation needs for waste disposal. We establish systems to measure the electrical load of each building separately in our facilities to track both the electricity consumption load supplied by local lines and our carbon footprint. Our environmental management practices in our projects intersect with social impact management topics.

As Gap İnşaat, establishing the sustainability of existing resources without hindering current living conditions is our primary goal in our interactions with the local community.



EMPLOYER AND CUSTOMER SATISFACTION

For the continuity of our high productivity, sustainable success and brand reputation, we care that the service we offer to our customers is always of the highest quality. In 2023, we included Employer and Customer Satisfaction among our priorities to maintain our sustainable competitive advantage, create long-term value and meet stakeholder expectations.

With our customer-focused approach, we serve many clients both domestically and internationally. In 2023, we had a total of 16 clients, including 15 foreign and 1 domestic. In our company, we define all complaints, requests, recommendations and expressions of satisfaction communicated in writing or verbally by employers, consultants and controlling individuals or organizations regarding all kinds of goods and services as employer feedback. To monitor and measure employer satisfaction, we collect feedback and conduct surveys. We engage in face-to-face communication to evaluate survey results and ensure the process is managed effectively. If there are any irregularities that lead to complaints or dissatisfaction, we take corrective actions to resolve them as quickly as possible and prevent recurrence. Additionally, we address any negative reactions from the social environment affected by our activities under complaint management and consider them as irregularities. We investigate all complaints received or the reasons for misunderstandings and take necessary actions.

At the beginning of each project, during its implementation and upon its delivery, we act in accordance with the principle of confidentiality. When subcontractors are engaged during the work process, we continue to provide documentation and confidentiality conditions by adding clauses to subcontractor agreements stating that the same confidentiality provisions and practices will apply.

In our contracts, we meticulously follow all obligations related to processing personal data obtained during the execution of work in compliance with regulations, including storage, use and disposal of relevant documents.

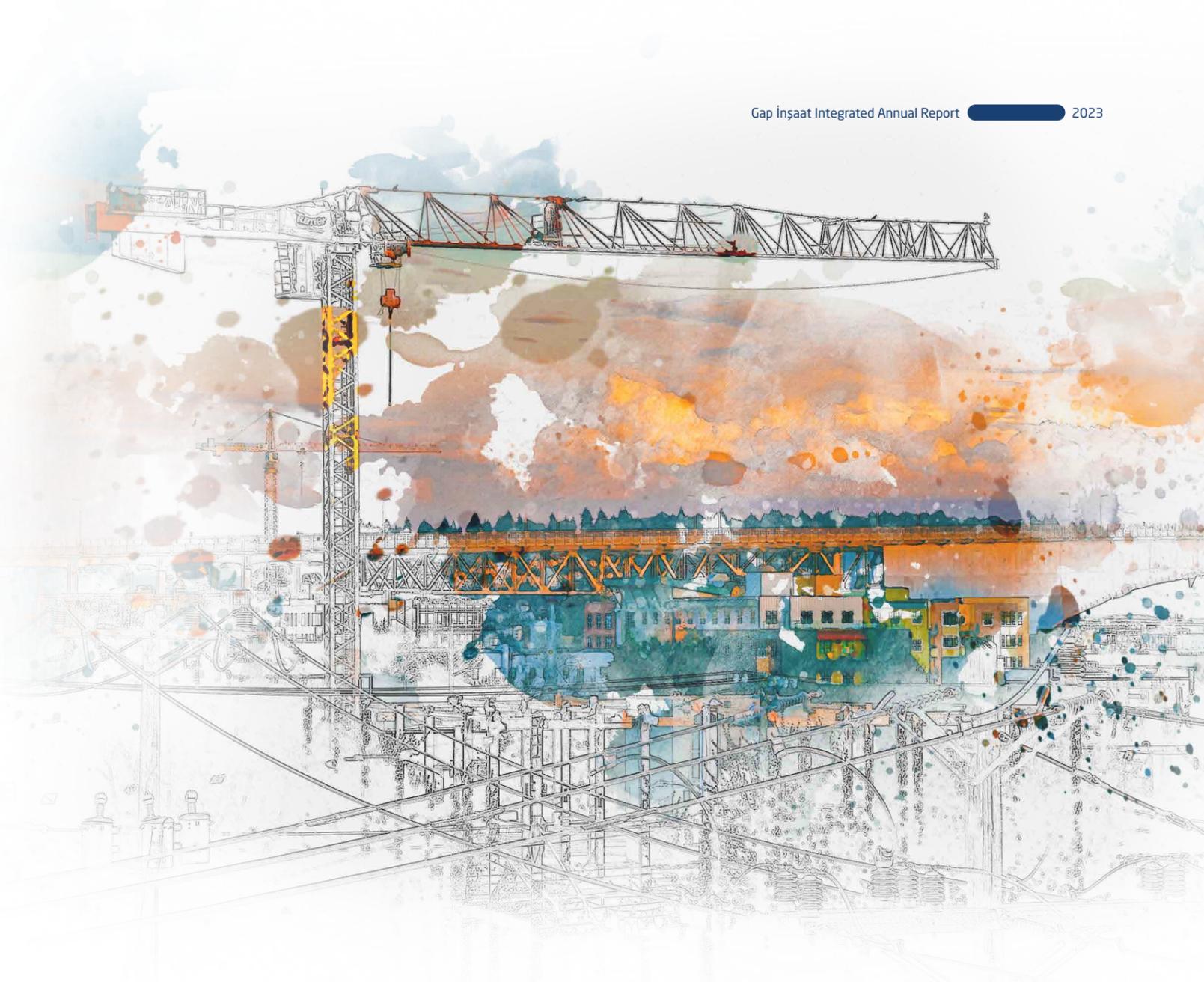
We work diligently to provide quality goods and services to our customers in various regions, primarily in Türkiye but also in countries such as Turkmenistan, Germany and Qatar. To assess customer loyalty, we conduct Customer Satisfaction Surveys and Environmental Satisfaction Surveys.

These surveys are conducted in the official language of each country where our construction sites are located. The analysis of our survey results is carried out by our HSE-Q and Project Implementation units and reported to our Executive Management during Management Review meetings.

High Customer Satisfaction Rate

During Management Review meetings held periodically by our Executive Management, we evaluate the following analysis results:

- Results of satisfaction survey responses
- Number of employer notifications during specific periods
- Distribution of this information by topics
- Rate of resolution for requests and complaints
- Closure times for complaints



We are proud that both our customer satisfaction rate and customer reliability rate are high in our survey results and the trust we receive from our customers, and we are excited to share our performance indicators for 2023.

Total Number of Customers	Unit	2021	2022	2023
Total Number of Customers	Count	9	12	16
Number of Local Customers	Count	2	1	1
Number of Foreign Customers	Count	7	11	15

Annexes

CORPORATE MEMBERSHIPS

Foreign Economic Relations Board (DEİK)



Service Exporters' Association (HİB)



Türkiye Exporters Assembly (TİM)



Turkish Contractors Association (TMB)



AWARDS AND ACHIEVEMENTS

In 2023, the "International Contracting Services Success Awards" ceremony was held by the Turkish Contractors Association (TMB), recognizing Turkish firms listed in the ENR (Engineering News-Record) list, which includes the world's largest contracting companies. During the ceremony, our award was received by our Chairman of the Board, Mr. Ahmet Çalık. As Gap İnşaat, we were ranked 190th on the 2023 list of "The Top 250 International Contractors" announced by ENR, one of the most prestigious publications in the international contracting sector, while also being listed among Türkiye's top 10 most reputable brands.

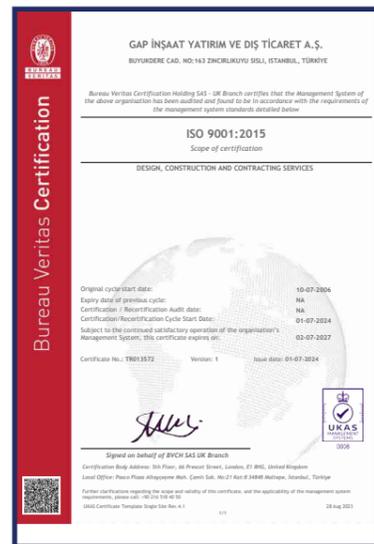


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MANAGEMENT SYSTEM STANDARDS AND OUR CERTIFICATIONS

Our Quality Standards and Certifications

- ISO 9001:2015 Quality Management System
- SO 14001:2015 Environmental Management System
- SO 45001:2018 Occupational Health and Safety Management System
- UKAS United Kingdom Accreditation Service LEED BD+C (Building Design + Construction) Gold Certification
- TSE COVID-19 Safe Service Certificate



PERFORMANCE INDICATORS

ECONOMIC PERFORMANCE INDICATORS

Economic Performance

Economic Indicators	Unit	2021	2022	2023
Income	TRY	2.2 billion	3.2 billion	6.2 billion
Total Assets	TRY	11.1 billion	17.6 billion	27.3 billion
Total Equity	TRY	3.4 billion	6.3 billion	10.4 billion
Total amount of donations to charitable organizations	TRY	-	218 thousand	1.7 billion

Board of Directors

Composition of Board of Directors	2021	2022	2023
Male	5	5	5
Female	1	1	1
Under 30 years old	1	1	1
Between 30-50 years old	2	2	2
50 years and above	3	3	3
Executives	-	1	1
Members of Executive Board	1	1	1
Members of the Audit Board	1	1	1
Average tenure of office	6	7	8

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Board of Directors

Board of Directors Competence Matrix	Unit	2021	2022	2023
Period (15 years and over)	%	17	17	17
Risk Management Experience	%	33	33	33
Manufacturing Experience	%	50	50	50
Financial Sector Experience	%	17	17	17
Sectoral Experience Outside Finance	%	50	50	50
R&D Experience	%	17	17	17
P&D Experience	%	17	17	17
Audit Experience	%	17	17	17
Environmental, Social, and Corporate Governance Experience	%	17	17	17

Annual Meetings

Annual Meetings	2023
General Assembly	5
Board of Directors Meeting	24

Sustainability-related remuneration

Are sustainability topics included in the scorecard of the Board of Directors?	Yes
Are sustainability topics included in the CEO's scorecard?	Yes

ENVIRONMENTAL PERFORMANCE INDICATORS**Environmental Management**

Metrics	Unit	2021	2022	2023
Environmental Expenditure	TRY	0,00	44,590.00	89,573.40
Number of Environmental Penalties and Sanctions	number	0	0	0
Amount of Environmental Penalties and Sanctions	TRY	0	0	0
Percentage of facilities environmentally certified according to ISO 14001, EMAS or other standards	%	%100	%100	%100
Number of Environmental Accidents	number	8	6	0
Amount spent for response after environmental accident	TRY	0	600	0
Number of environment-related emergency drills	number	6	7	9

Energy Management

Metrics	Unit	2021	2022	2023
Electricity	kwh	1,610,945.00	3,190,636.00	7,626,038.72
Natural gas	m ³	138,883.00	173,222.00	55,732.75
Diesel (Forklift + Tractor + Generator + Heating)	Lt	177,703.00	1,355,064.00	2,261,657.72
Diesel (Forklift + Tractor + Generator + Heating)	kWh	1,901,422.10	14,499,184.80	24,199,737.60
Total Energy Consumption	kWh	4,990,082.22	19,532,902.88	32,418,772.78

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Greenhouse Gas Emissions

Metrics	Unit	2021	2022	2023
Scope 1 (direct) greenhouse gas emissions	ton CO ₂ e	1,085.52	5,504.43	7,805.47
Scope 2 (indirect) greenhouse gas emissions	ton CO ₂ e	1,012.94	1,403.88	18,340.76
Scope 3 (indirect) greenhouse gas emissions	ton CO ₂ e	130.48	373.08	849.78
Greenhouse Gas Intensity	ton CO ₂ e/TL incomes	0.000001	0.000002	0.000004

Scope 1 Emissions

Metrics	Unit	2021	2022	2023
Stationary Combustion - Natural Gas	ton CO ₂ e	434.70	541.53	84.80
Stationary Combustion - Diesel	ton CO ₂ e	343.29	739.89	2,461.89
Moving Combustion - Diesel	ton CO ₂ e	137.83	3,486.64	4,209.92
Moving Combustion - Gasoline	ton CO ₂ e	114.73	432.92	103.77
Refrigerant Gas Leaks	ton CO ₂ e	54.85	301.19	900.89
Fire Extinguisher Leak Emissions	ton CO ₂ e	0.12	0.13	11.95

Scope 2 Emissions

Metrics	Unit	2021	2022	2023
Purchased Electricity	ton CO ₂ e	1,012.94	1,403.88	18,340.76

Scope 3 Emissions

Metrics	Unit	2021	2022	2023
Waste Transport	ton CO ₂ e	-	0.58	-
Waste Disposal	ton CO ₂ e	-	13.41	40.21
Business Travel	ton CO ₂ e	122.16	322.10	670.90
Personnel Shuttle	ton CO ₂ e	8.32	36.99	138.67

Waste Management (Head Office)

Metrics	Unit	2021	2022	2023
Total amount of hazardous waste	tons	0.00	0.10	0.72
Total amount of non-hazardous waste	tons	1.99	996.00	506.41
Total amount of waste	tons	1.99	996.10	507.13
Plastic Recycling Amount	tons	0.06	0.12	0.04
Amount of paper recycling	tons	0.30	0.34	0.03

Waste Management by Disposal Method (Head Office)

Metrics	Unit	2021	2022	2023
Recycling	tons	2.00	1.85	0.68
Landfills	tons	-	-	29.24
Energy Recovery	tons	-	-	0.04
Total Disposed Waste	tons	2.00	1.85	29.96

Other Waste Management

Metrics	Unit	2021	2022	2023
Total amount of excavation and construction and demolition waste	tons	0.00	405,378.10	506,993.65

Water Management

Metrics	Unit	2021	2022	2023
Total water consumption	tons	125,712.00	133,547.90	106,778.17

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SOCIAL PERFORMANCE INDICATORS

Number of Employees

Metrics	2021	2022	2023
Total number of employees	269	288	307
Female	42	46	53
Male	227	242	254
Number of white collar employees	227	258	291
Female	42	46	53
Male	185	212	238
Number of blue collar employees	42	30	16
Female	0	0	0
Male	42	30	16
Number of full-time employees	269	288	307
Female	42	46	53
Male	227	242	254
Number of part-time employees	0	0	0
Female	0	0	0
Male	0	0	0
Number of employees in management	62	63	80
Female	8	9	11
Male	54	54	69
Total number of employees covered by collective labor agreements	0	0	0
Female	0	0	0
Male	0	0	0
Number of foreign employees	0	0	0
Female	0	0	0
Male	0	0	0
Number of disabled employees	2	3	3
Female	1	1	2
Male	1	2	1
Number of employees in income-generating positions	16	19	15
Female	4	6	2
Male	12	13	13

*Represents the number of employees excluding subcontractors

Number of Employees by Year

Metrics	2021	2022	2023
Number of people working in the company for 0-5 years	169	178	205
Female	21	24	34
Male	148	154	171
Number of people working in the company for 5-10 years (inclusive)	80	86	69
Female	19	20	15
Male	61	66	54
Number of employees over 10 years in the company	20	24	33
Female	2	2	4
Male	18	22	29

Number of Employees by Age Breakdown

Metrics	2021	2022	2023
Under 30 years old	25	33	45
Female	10	10	14
Male	15	23	31
30-50 (inclusive) years old	192	210	221
Female	29	34	36
Male	163	176	185
Over 50 years old	52	45	41
Female	3	2	3
Male	49	43	38
Manager and above - under 30 years old	0	0	0
Female	0	0	0
Male	0	0	0
Manager and above - 30-50 (inclusive) years old	50	45	60
Female	7	8	10
Male	43	37	50
Manager and above - over 50 years old	12	18	20
Female	1	1	1
Male	11	17	19

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New Recruits

Metrics	2021	2022	2023
Total number of newly recruited employees	62	76	26
Female	55	61	4
Male	7	15	22
Under 30 years old	10	22	0
Female	4	7	0
Male	6	15	0
30-50 (inclusive) years old	43	45	24
Female	3	8	4
Male	40	37	20
Over 50 years old	9	9	2
Female	0	0	0
Male	9	9	2
Number of interns hired in one year	4	7	33
Female	1	2	21
Male	3	5	12
Number of new graduates hired	1	4	3
Female	0	3	1
Male	1	1	2
Number of positions filled with internal candidates	1	2	7
Female	0	2	1
Male	1	0	6
Number of new foreign employees	0	0	0
Female	0	0	0
Male	0	0	0

Turnover Rate

	2021	2022	2023
Total number of employees who left their jobs	54	38	115
Female	12	5	26
Male	42	33	89
Under 30 years old	8	6	16
Female	4	1	8
Male	4	5	8
30-50 (inclusive) years old	35	20	83
Female	8	3	18
Male	27	17	65
Over 50 years old	11	12	16
Female	0	1	0
Male	11	11	16
Number of employees who left work voluntarily	44	11	94
Female	7	3	20
Male	37	8	74
Under 30 years old	6	1	14
Female	2	1	7
Male	4	0	7
30-50 (inclusive) years old	29	7	67
Female	5	1	13
Male	24	6	54
Over 50 years old	9	3	13
Female	0	1	0
Male	9	2	13
Number of employees who left work involuntarily	10	27	21
Female	5	3	6
Male	5	24	15
Under 30 years old	2	5	2
Female	2	0	1
Male	0	5	1
30-50 (inclusive) years old	6	13	16
Female	3	2	5
Male	3	11	11
Over 50 years old	2	9	3
Female	0	0	0
Male	2	9	3
Employee turnover rate	20	13	24

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Gender Diversity

Metrics	2021	2022	2023
Proportion of female employees in total labor force	16.00	16.00	17.26
Proportion of female interns recruited	25.00	28.57	63.64
Proportion of female new graduates recruited	0.00	75.00	33.00
Proportion of female employees in the management	13.00	14.00	14.00
Proportion of non-managerial female employees	13.00	13.00	19.00
Proportion of women on the Board of Directors	16.00	16.00	16.00
Proportion of women in C-level positions	0.00	0.00	0.00
Proportion of women in director positions	17.00	17.00	20.00
Proportion of women in manager positions	13.00	15.00	12.00
Proportion of women in manager and higher positions	13.00	14.00	14.00
Proportion of women among first-level managers	20.00	17.00	19.00
Proportion of women in STEM positions	13.00	13.00	13.00
Proportion of women in income-generating roles	25.00	32.00	13.00
Proportion of female blue-collar employees	0.00	0.00	0.00

Age Diversity

Metrics	2021	2022	2023
Percentage of employees under 30 years old	9.29	11.46	14.66
Female	3.72	3.47	4.56
Male	5.58	7.99	10.10
Percentage of employees aged 30-50 years old	71.38	72.92	71.99
Female	10.78	11.81	11.73
Male	60.59	61.11	60.26
Percentage of employees over 50 years old	19.33	15.63	13.36
Female	1.12	0.69	0.98
Male	18.22	14.93	12.38

Salary Level

Metrics	2021	2022	2023
Entry salary level according to minimum wage	125.00	120.00	56.00
Ratio of women to men's salaries and benefits when comparing jobs of equal value	100.00	100.00	100.00

Employee Well-Being

Metrics	2021	2022	2023
Number of employees entitled to parental leave	2	0	2
Female	2	0	2
Male	0	0	0
Number of employees returning to work after parental leave	0	0	1
Female	0	0	1
Male	0	0	0

Employee Participation

	2021	2022	2023
Number of employees participating in the Employee Loyalty Survey	-	139	-
Percentage of Participation in Employee Loyalty Survey (%)	-	78.00	-
Result of Employee Loyalty Survey	-	60.00	-

Vested Benefits

	2021	2022	2023
Employees Provided with Health Insurance	42.00	47.00	53.00
Employees provided with a company vehicle	9.00	8.00	10.00

Talent Management

Metrics	2021	2022	2023
Number of employees subject to regular performance and career development evaluation	90	108	124
Female	30	36	39
Male	60	72	85

Employee Training

	Unit	2021	2022	2023
Average training hours per employee	hours	42	26	21
Female	hours	28	18	13
Male	hours	13	8	8
Total hours of training provided to employees	person*hour	5,627	3,970	3,606
Female	person*hour	1,792	1,270	1,181
Male	person*hour	3,835	2,700	2,425
Total training and development expenditure	TL	81,582	232,996	387,300
Total hours of training on ethics	person*hour	-	95	-
Average training hours per employee on ethics	hour	-	5	-
Total hours of training on environment/sustainability	person*hour	88	-	296
Average training hours per employee on environment/sustainability	hours	8	-	8
Total hours of training on Environmental Management (#)	person*hour	32	-	5
Average training hours per employee on environmental management	hours	1	-	1
Percentage of employees trained on environmental issues	%	0.15	-	0.13
Total training hours on Data Security and Privacy	person*hour	228	-	78
Average training hours per employee on Data Security and Privacy	hours	4	-	2

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OHS Metrics

Company Employees	2021	2022	2023
Number of accidents	8	11	23
Number of fatal cases	0	0	0
Number of occupational diseases	0	0	0
Absence due to accident	68	39	202
Lost Time Injury Frequency Rate (LTIFR)	0.16	0.07	0.05

OHS Training

Employees	2021	2022	2023
Total training hours given to employees on OHS	25,149	36,439	85,369

Other OHS Performance Indicators

Metrics	2021	2022	2023
Number of Near Misses	28	36	22
Number of Health, Safety and Environmental Field Inspections	1,682	1,684	2,688
Closure rate of HSE Observations	100.00	100.00	100.00
Number of Drills Carried Out	1	7	38

Suppliers

Metrics	2021	2022	2023
Total number of suppliers	-	549	636
Number of local suppliers	-	218	464
Number of Foreign Suppliers	-	331	172
Number of new suppliers	-	219	241
Local Supplier Ratio	-	40.00	73.00
Foreign Supplier Ratio	-	60.00	27.00

Customers

Metrics	2021	2022	2023
Total Number of Customers	9	12	16
Number of Local Customers	2	1	1
Number of Foreign Customers	7	11	15
Customer Satisfaction Rate	100.00	100.00	100.00
Customer Reliability Ratio	100.00	100.00	100.00

GRI CONTENT INDEX

GRI Standards	Notifications	References	Page Numbers	Explanation of Information Not Given
GRI 1: Main 2021				
General Notices				
	2-1 Organizational details	Gap İnşaat in Türkiye and the World	22	
	2-2 Entities included in the organization's sustainability reporting	About the Report	9	
	2-3 Reporting period, frequency and contact point	About the Report	9	
	2-4 Re-statement of statements			No significant change has been observed compared to the previous reporting period.
	2-5 External assurance	About the Report	9	
	2-6 Activities, value chain and other business relationships	Services and Solutions	19	
GRI 2: General Disclosures 2021	2-7 Employees	Employee Development and Well-Being Competent Human Resources	91	
	2-8 Workers who are not employees	Occupational Health and Safety	86	
	2-9 Governance structure and composition	Board of Directors and Executive Management	33	
	2-10 Nomination and selection of the highest governance body	Board of Directors and Executive Management	33	
	2-11 Chair of the highest governance body	Board of Directors and Executive Management	33	
	2-12 Role of the highest governance body in overseeing the management of impacts	Board of Directors and Executive Management	33	
	2-13 Delegation of responsibility for managing impacts	Board of Directors and Executive Management	33	
	2-14 Role of the highest governance body in sustainability reporting	Board of Directors and Executive Management Sustainability Management	33	
	2-15 Conflicts of interest	Compliance with International and Local Ethical Values and Legislation	42	
	2-16 Communication of critical concerns	Compliance with International and Local Ethical Values and Legislation	42	
	2-17 Collective knowledge of the highest governance body	Board of Directors and Executive Management	33	
	2-18 Evaluation of the performance of the highest governance body	Quality and Corporate Trust	36	

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GRI Standards	Notifications	References	Page Numbers	Explanation of Information Not Given
	2-19 Remuneration policies	Employee Development and Well-Being	91	
	2-20 Process to determine remuneration	Employee Development and Well-Being	91	
	2-21 Annual total compensation ratio			This information is not disclosed for confidentiality reasons.
	2-22 Statement on sustainable development strategy	Sustainability Strategy	59	
	2-23 Policy commitments	Committees and Policies	38	
	2-24 Embedding policy commitments	Committees and Policies	38	
	2-25 Processes to remediate negative impacts	Compliance with International and Local Ethical Values and Legislation	42	
	2-26 Mechanisms for seeking advice and raising concerns	Compliance with International and Local Ethical Values and Legislation	42	
	2-27 Compliance with laws and regulations	Compliance with International and Local Ethical Values and Legislation	42	
	2-28 Membership associations	Corporate Memberships	104	
	2-29 Approach to stakeholder engagement	Stakeholder Communication	66	
	2-30 Collective bargaining agreements			Not included in the reporting period.
Material Topics				
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Analysis	64	
	3-2 List of material topics	Materiality Analysis	64	
	3-3 Management of material topics	Materiality Analysis	64	
Compliance with International and Local Ethical Values and Legislation				
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis Compliance with International and Local Ethical Values	64-42	
GRI 205: Anti-Corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Compliance with International and Local Ethical Values	64-42	
GRI 206: Anti-Competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Compliance with International and Local Ethical Values	64-42	
Quality and Corporate Trust				
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis Quality and Corporate Trust Management System Standards and Our Certifications	64-36-106	

GRI Standards	Notifications	References	Page Numbers	Explanation of Information Not Given
Access to Financing Resources				
GRI 3: Material Topics 2021	3-3 Management of priority topics	Materiality Analysis Risk Management Operational Efficiency	64-39-40	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Access to Financing Resources		
	201-2 Financial implications and other risks and opportunities due to climate change	Risk Management Climate Change	39-75	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Operational Efficiency	40	
	203-2 Significant indirect economic impacts	Value Creation Model	62	
Environmental Footprint and Climate Change				
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis Environmental Footprint and Climate Change	64-72-75	
GRI 305: Emisyonlar 2016	305-1 Direct (Scope 1) GHG emissions	Environmental Footprint and Climate Change	72-75	
	305-2 Energy indirect (Scope 2) GHG emissions	Environmental Footprint and Climate Change	72-75	
	305-3 Diğer dolaylı sera gazı emisyonları (Kapsam 3)	Environmental Footprint and Climate Change	72-75	
	305-3 Other indirect (Scope 3) GHG emissions	Environmental Footprint and Climate Change	72-75	
	305-4 GHG emissions intensity	Environmental Footprint and Climate Change	72-75	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Energy Management	77	
	302-2 Energy consumption outside the organization	Energy Management	77	
	302-3 Energy intensity	Energy Management	77	
	302-4 Reduction of energy consumption	Energy Management	77	
	302-5 Reducing the energy requirements of products and services	Energy Management	77	

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Water and Waste Management

GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis Water and Waste Management	64-80
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water and Waste Management	80
	303-3 Water withdrawal	Water and Waste Management	80
	303-5 Water consumption	Water and Waste Management	80
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Water and Waste Management	80
	306-2 Management of significant waste-related impacts	Water and Waste Management	80
	306-3 Waste generated	Water and Waste Management	80
	306-4 Waste diverted from disposal	Water and Waste Management	80
Competent Human Resources			
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis Competent Human Resources	64
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Competent Human Resources	92
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Competent Human Resources	92
	401-3 Parental leave	Competent Human Resources	92
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Competent Human Resources	92
	404-2 Programs for upgrading employee skills and transition assistance programs	Competent Human Resources	92
	404-3 Percentage of employees receiving regular performance and career development reviews	Competent Human Resources	92
Occupational Health and Safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis Occupational Health and Safety	64-86
Occupational Health and Safety	403-1 Occupational health and safety management system	Occupational Health and Safety	86
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety	86
	403-3 Occupational health services	Occupational Health and Safety	86
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety	86
	403-5 Worker training on occupational health and safety	Occupational Health and Safety	86
	403-6 Promotion of worker health	Occupational Health and Safety	86

GRI 403: Occupational Health and Safety 2018

403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety	86
403-8 Workers covered by an occupational health and safety management system	Occupational Health and Safety	86
403-9 Work-related injuries	Occupational Health and Safety	86
403-10 Work-related ill health	Occupational Health and Safety	86

Employer/Customer Satisfaction

GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis Employer/Customer Satisfaction	64-100
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Employer/Customer Satisfaction	100

Local Employment and Interaction with Local Communities

GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis Local Employment Interaction with Local Communities	64-98
GRI 413: Local Communities 2016	413-2 Operations with significant actual and potential negative impacts on local communities	Local Employment Interaction with Local Communities	98

Supplier and Logistics Management

GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis Supplier and Logistics Management	64-48
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Supplier and Logistics Management	48
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Supplier and Logistics Management	48
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Supplier and Logistics Management	48

Sustainable Project Approach

GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis Sustainable Project Approach	64-50
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Operational Risk Management

GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis Risk Management Operational Risk Management	64-39-40
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Natural Resource Management

GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Analysis Natural Resource Management	64-82
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INDEPENDENT AUDITOR'S REPORT

Gap İnşaat Yatırım ve Dış Ticaret Anonim Şirketi and its Subsidiaries

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

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Independent Auditor's Report

To the Board of Directors of Gap İnşaat Yatırım ve Dış Ticaret Anonim Şirketi,

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Gap İnşaat Yatırım ve Dış Ticaret Anonim Şirketi ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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 International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Turkey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 our opinion thereon, and we do not provide a separate opinion on these matters.



The Key Audit Matter	How the matter was addressed in our audit
<p>Revenue Recognition</p> <p>Revenue from construction projects constituted 63% of the Group's total revenue. The revenue from construction contracts of the companies in construction sector is amounting to TL 5.247.798 thousands and total construction cost is amounting to TL 4.815.896 thousands.</p> <p>The construction projects are complex and exposes the Group to various business and financial reporting risks. The revenue from construction contracts is calculated using the input method, and the Group recognizes revenue when it satisfies the performance obligation in accordance with IFRS 15 "Revenue from Contracts with Customers". The Group recognises revenue in accordance with input method to compare proportion of contract costs incurred for performance obligation with expected total contract costs of related performance obligation.</p> <p>The recognition of revenue and the expectation of the outcome of construction contracts with project specific terms require significant management judgement, in particular with respect to expectation the cost to complete and the amounts of variation orders and claims to be recognised. Due to the significance of the estimates, assumptions, the level of judgements and its complex structure, revenue recognition on construction contracts has been identified key audit matter.</p>	<p>Our audit procedures performed for testing the revenue recognition include the following:</p> <ul style="list-style-type: none"> - The terms and conditions of the important construction contracts were examined in terms of evaluating the estimates used by the management and determining whether the revenue was recognized in the relevant periods. - The status of the ongoing projects was discussed with the Group's financial and technical teams was discussed and supporting documents were provided. - The ongoing projects of the Group were visited and the estimated completion rates were observed. - The processes related to the determination of the accuracy and timing of the revenue included in the financial statements were examined and the design, implementation and effectiveness of the controls on the processes were examined. - The ones selected by the sampling method among the costs incurred by the Group in ongoing construction projects have been tested with supporting documents. - Revenues from construction contracts are recalculated by us using the input method. - Comparison of the cost budgets and prospective estimates of construction contracts with the results of the past year was evaluated and the current assumptions of the management regarding the progress levels of construction projects and the change of cost budgets were examined by us. - The explanations in the consolidated financial statement footnotes related to revenue were examined and the adequacy of the information and explanations in the footnotes were evaluated in terms of IFRS.



The Key Audit Matter	How the matter was addressed in our audit
Valuation of Investment Properties	
<p>As disclosed in Note 2.3 and 14, the Group recognizes its investment properties at their fair values, after the initial recognition. As of 31 December 2023, fair value amount of the investment properties disclosed in the consolidated financial statements has been valued at TL 3.614.033 thousand by a POA licensed independent appraisal company and details of the valuation have been disclosed in Note 14.</p> <p>Due to the fact that investment properties are significant part of the Group's assets and applied valuation methods contain significant judgements and assumptions, we have considered the valuation of investment properties as a key audit matter.</p>	<p>We assessed the qualifications, competencies and independence of the professional appraisers engaged by the management:</p> <ul style="list-style-type: none"> - In our audit, we assessed whether the valuation methods as applied by appraisers are acceptable for valuation of the underlying investment property. We reconciled the appraised values in the valuation report with disclosed amount in Note 14. - Among the other audit procedures we performed, we verified the assumptions (including real discount rate and market data) used by the external appraisers in their valuations against external data. For this assessment we involved valuation experts of a firm which is in our audit network to our audit procedures. - Due to the high level of judgment in the valuation of investment property and the existence of alternative assumptions and valuation methods, we assessed if the result of the external valuation is within an acceptable range. - We also examined the suitability of the information in the financial statements and explanatory note, given the importance of this information for users of the financial statements.

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditors' 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 auditors' 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 auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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

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



Kaan Birdal
Partner

June 14, 2024
Istanbul, Turkey

Gap İnşaat Yatırım ve Dış Ticaret Anonim Şirketi and its Subsidiaries

As at 31 December 2023

Consolidated Statement of Financial Position

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

		Current Period	Prior Period
		Audited	Audited
	Note	31 December 2023	31 December 2022
ASSETS			
Current assets			
Cash and cash equivalents	5	1.357.443	389.376
Financial Investments		65	13.312
Trade receivables	7	594.102	309.906
- Due from related parties	4	21.297	24.218
- Due from third parties		572.805	285.688
Other receivables	8	1.862.600	1.969.327
- Due from related parties	4	1.175.143	1.149.066
- Due from third parties		687.457	820.261
Contract assets		3.372.137	1.097.759
- Contract assets from ongoing construction and contracting projects	16	3.372.137	1.097.759
Inventories	9	4.652.862	2.628.473
Prepaid expenses	10	779.802	697.274
Current tax assets	21	10.506	5.360
Other current assets	15	318.688	113.663
Total current assets		12.948.205	7.224.450
Non-current assets			
Trade receivables	7	27.666	10.723
- Due from related parties		-	-
- Due from third parties	7	27.666	10.723
Other receivables	8	10.378.795	6.160.997
- Due from related parties	4	9.371.949	5.983.456
- Due from third parties		1.006.846	177.541
Financial investments		195	1.724.779
- Financial assets measured at fair value	4	-	1.724.584
- Other financial investments		195	195
Investment properties	14	3.614.033	2.190.669
Property, plant and equipment	12	335.992	247.862
Intangible assets	13	770	1.234
Prepaid expenses	10	12.509	6.772
Deferred tax assets	21	3.142	4.198
Total non-current assets		14.373.102	10.347.234
Total assets		27.321.307	17.571.684

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

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Gap İnşaat Yatırım ve Dış Ticaret Anonim Şirketi and its Subsidiaries**As at 31 December 2023****Consolidated Statement of Financial Position**

(Amounts expressed in thousands of ("TL") unless otherwise stated.)

		Current Period	Prior Period
		Audited	Audited
	Note	31 December 2023	31 December 2022
LIABILITIES			
Current liabilities			
Short-term loans and borrowings	17	2.581.791	397.604
Short-term portion of long-term loans and borrowings	17	844.225	1.340.634
Trade payables	7	1.315.184	788.632
- Due to related parties	4	35.267	15.200
- Due to third parties		1.279.917	773.432
Payables related to employee benefits	19	14.967	14.907
Other payables	8	145.353	127.475
- Due to related parties	4	47.331	66.511
- Due to payables to third parties		98.022	60.964
Contract liabilities		767.554	644.732
- Contract liabilities from ongoing construction and contracting projects	20	767.554	644.732
Deferred revenue	11	2.496.198	682.288
Short term provisions	18	58.006	34.103
- Short-term employee benefits		16.921	11.878
- Other-short term provisions		41.085	22.225
Other short-term liabilities	15	52.478	33.741
Total current liabilities		8.275.756	4.064.116
Non-current liabilities			
Long-term loans and borrowings	17	1.008.975	3.419.059
Other payables	8	532.843	307.756
- Due to third parties		532.843	307.756
Contract liabilities		5.653.564	1.512.122
- Contract liabilities from ongoing construction and contracting projects	20	5.653.564	1.512.122
Deferred revenue	11	891.378	1.758.093
Long-term provisions	18	47.425	20.196
- Long-term employee benefits		47.425	20.196
Deferred tax liabilities	21	547.034	234.471
Total non-current liabilities		8.681.219	7.251.697
Total liabilities		16.956.975	11.315.813
Equity			
Paid-in capital	22	896.513	896.512
Other comprehensive income or expense not to be reclassified to profit or loss			
- Defined benefit plans re-measurement loss / profit		(18.955)	(3.619)
- Currency translation differences		6.629.667	3.230.168
Other comprehensive income or expense to be reclassified to profit or loss			
- Currency translation differences		473.083	409.042
Restricted reserves	22	239.078	239.078
Business combination under common control		293.286	293.286
Retained earnings		1.205.994	(158.191)
Profit/ (loss) for the period		645.666	1.349.595
Total Equity		10.364.332	6.255.871
Total Equity and Liabilities		27.321.307	17.571.684

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

Gap İnşaat Yatırım ve Dış Ticaret Anonim Şirketi and its Subsidiaries**Consolidated Statement of Comprehensive Income****For the Year Ended 31 December 2023**

(Amounts expressed in thousands of ("TL") unless otherwise stated.)

		Current Period	Prior Period
		Audited	Audited
	Note	1 January – 31 December 2023	1 January – 31 December 2022
Revenue	23	6.240.244	3.185.825
Cost of sales (-)	23	(5.320.080)	(2.766.184)
Gross profit		920.164	419.641
General administrative expenses (-)	24	(331.941)	(158.799)
Marketing expenses (-)	24	(170.407)	(125.688)
Other incomes	25	264.596	80.999
Other expenses (-)	25	(452.044)	(147.321)
Operating profit/ (loss)		230.368	68.832
Gains from investing activities	26	133.459	988.550
Losses from investing activities (-)	26	-	(17.214)
Operating profit/ (loss) before finance expense		363.827	1.040.168
Finance income	27	942.184	887.068
Finance expenses (-)	27	(499.621)	(517.537)
Monetary gain / loss		(13.484)	-
Profit/ (loss) before tax		792.906	1.409.699
Current tax expense for the period (-)	21	(207)	-
Deferred tax (expense)/ income	21	(147.033)	(60.104)
Profit/ (loss) for the period		645.666	1.349.595
Other comprehensive income / expense			
Items not to be reclassified to profit or loss			
Defined benefit plans re-measurement loss / profit	18	(16.490)	(3.722)
Defined benefit plans re-measurement loss / profit, tax effect	21	1.154	324
Currency translation differences		3.399.499	1.271.588
Items to be reclassified to profit or loss			
Currency translation differences		64.041	1.550
Other comprehensive income		3.448.204	1.269.740
Total comprehensive income		4.093.870	2.619.335

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

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Gap İnşaat Yatırım ve Dış Ticaret Anonim Şirketi and its Subsidiaries

Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2023
(Amounts expressed in thousands of ("TL") unless otherwise stated.)

	Other comprehensive income or expense not to be reclassified to profit or loss		Other comprehensive income or expense to be reclassified to profit or loss		Accumulated Profits				
	Paid in capital	Defined benefit plans re-measurement loss / profit	Currency translation differences	Currency translation differences	Restricted reserves	Business combinations under common control	Retained earnings	Net loss for the period	Total equity
Balances at 1 January 2022	696.512	(221)	1.958.580	407.492	239.078	293.286	98.847	(257.038)	3.436.536
Total comprehensive income/expense									
Profit for the period	-	-	-	-	-	-	-	1.349.595	1.349.595
Other comprehensive income /expense	-	(3.398)	1.271.588	1.550	-	-	-	-	1.269.740
Total comprehensive income	-	(3.398)	1.271.588	1.550	-	-	-	1.349.595	2.619.335
Capital increase	200.000	-	-	-	-	-	-	-	200.000
Transfers	-	-	-	-	-	-	(257.038)	257.038	-
Balances at 31 December 2022	896.512	(3.619)	3.230.168	409.042	239.078	293.286	(158.191)	1.349.595	6.255.871

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

(9)

Gap İnşaat Yatırım ve Dış Ticaret Anonim Şirketi and its Subsidiaries

Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2022
(Amounts expressed in thousands of ("TL") unless otherwise stated.)

	Other comprehensive income or expense to be reclassified to profit or loss		Other comprehensive income and expense to be reclassified to profit or loss		Accumulated Profits				
	Paid in capital	Defined benefit plans re-measurement loss / profit	Currency translation differences	Currency translation differences	Restricted reserves	Business combinations under common control	Retained earnings	Net loss for the period	Total equity
Balances at 1 January 2023 (previously reported)	896.512	(3.619)	3.230.168	409.042	239.078	293.286	(158.191)	1.349.595	6.255.871
Inflation effect	-	-	-	-	-	-	14.590	-	14.590
Balances at 1 January 2023 (revised)	896.512	(3.619)	3.230.168	409.042	239.078	293.286	(143.601)	1.349.595	6.270.461
Total comprehensive income/expense									
Profit for the period	-	-	-	-	-	-	-	645.666	645.666
Other comprehensive income /expense	-	(15.336)	3.399.499	64.041	-	-	-	-	3.448.204
Total comprehensive income	-	(15.336)	3.399.499	64.041	-	-	-	645.666	4.093.870
Capital increase	1	-	-	-	-	-	-	-	1
Transfers	-	-	-	-	-	-	1.349.595	(1.349.595)	-
Balances at 31 December 2023	896.513	(18.955)	6.629.667	473.083	239.078	293.286	1.205.994	645.666	10.364.332

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

(10)

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Gap İnşaat Yatırım ve Dış Ticaret Anonim Şirketi and its Subsidiaries**Consolidated Statement of Cash Flows
For the Year Ended 31 December 2023**

(Amounts expressed in thousands of ("TL") unless otherwise stated.)

		Current Period Audited	Prior Period Audited
	Note	1 January – 31 December 2023	1 January – 31 December 2022
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/ (loss) for the period		645.666	1.349.595
Adjustments to reconcile cash flow generated from operating activities:		4.876.207	1.212.696
Adjustments for depreciation and amortization	12, 13	93.514	75.286
Adjustments for provision for litigation	18	15.272	3.454
Adjustments for provisions for employee benefits	18	5.582	5.736
Adjustments for interest expenses	17, 27	468.143	486.443
Adjustments for interest income		(47.243)	(75.457)
Adjustments for impairment (reversal) of other financial assets or investments		-	17.061
Adjustments for fair value losses (gains) of financial assets		-	(30.587)
Adjustments related to fair value (gains)/ losses of investment property	14	(133.346)	(663.049)
Adjustments for losses (gains) from the disposal of investment property		-	(294.785)
Adjustments to tax expense/ (income)	21	147.240	60.104
Adjustment related to unrealized foreign currency translation differences		4.312.465	1.628.385
Adjustments for the loss on sales of property, plant and equipment, net	26	(10)	105
Adjustments for monetary gain / loss		14.590	-
Changes in working capital		(3.004.495)	(1.930.727)
Adjustments related to (increase)/decrease in inventories		(2.024.389)	(1.129.826)
Adjustments related to (increase)/decrease in trade receivables		(301.139)	461.424
Adjustments related to (increase)/decrease in other current assets		(205.026)	(28.840)
Adjustments related to (increase)/decrease in other receivables		(4.111.071)	(2.418.749)
Adjustment for change in payables related to employee benefits		60	(26.179)
Adjustments related to increase/(decrease) in other liabilities		18.737	20.805
Adjustments related to increase/(decrease) in trade payables		526.552	(822.983)
Adjustments related to increase/(decrease) in prepayments		(88.265)	(370.626)
Adjustments related to increase/(decrease) in deferred income		947.195	1.007.470
Adjustments related to increase/(decrease) in other payables		242.965	181.173
Adjustments related to (increase)/decrease in contract assets		(2.274.378)	(401.311)
Adjustments related to increase/(decrease) in contract liabilities		4.264.264	1.596.915
Cash Flows From/ (Used in) Operating Activities		2.517.378	631.564
Employee termination indemnity paid		(1.926)	(1.260)
Taxes paid/return		(5.353)	5.892
B. Cash Flows From/(Used in) Investing Activities		1.714.440	(934.724)
Proceeds from sale of property and equipment		543	3.455
Cash inflows from the sale of investment property	14	-	738.226
Purchase of other long term financial investments		1.724.584	(1.690.060)
Other cash outflows		-	(19.257)
Acquisition of property, plant and equipment	12	(48.183)	(19.998)
Acquisition of intangible assets	13	(381)	(1.586)
Adjustments for decrease (increase) in financial investments		13.247	(13.312)
Interest received		24.630	67.808
C. Cash Flows From/(Used in) Financing Activities		(3.256.472)	356.188
Proceeds from loans and borrowings	17	3.397.247	2.536.357
Repayment of loans and borrowings	17	(6.004.345)	(1.822.729)
Interest paid	17, 27	(671.988)	(565.089)
Capital increase	22	1	200.000
Interest received	27	22.613	7.649
Effect of Foreign Currency Translation Differences on Cash and Cash Equivalents(A + B + C)		968.067	57.660
D. Cash and Cash Equivalents at the Beginning of the Period		389.376	331.716
Cash and Cash Equivalents at the End of the Period (A+B+C+D)	5	1.357.443	389.376

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

Gap İnşaat Yatırım ve Dış Ticaret 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 ("TL") unless otherwise stated.)

1. Group's organisation and nature of operations

Gap İnşaat Yatırım ve Dış Ticaret Anonim Şirketi (the "Company" or "Gap İnşaat") was established in 1996 in Istanbul, Turkey to operate in construction, contracting and decoration businesses sectors within Turkey and abroad. The address of the registered office is Büyükdere Caddesi No:163 Zincirlikuyu-İstanbul/Türkiye. The Company also operates in mining of all kinds of minerals, marble, lime, clay, coal and stone quarries and trading of stone cutter, spare parts and glazed ceramic tiles within the country and abroad provided that the necessary permits are granted. Gap İnşaat has six branches in Turkmenistan, Qatar, Iraq, Kenya, Saudi Arabia and Russia in order to carry out various construction projects. As of 31 December 2023, the major shareholder of the Company is Çalık Holding Anonim Şirketi ("Çalık Holding").

At 31 December 2023, Gap İnşaat has 10 subsidiaries (31 December 2022: 11 subsidiaries) (referred as "the Group"). The consolidated financial statements of the Group as at and for the year ended 31 December 2023 comprises Gap İnşaat and its subsidiaries.

As at 31 December 2023, the number of employees of the Group is 1.983 (31 December 2022: 1.301).

As of 31 December 2023 and 2022, Gap İnşaat's subsidiaries included in the scope of consolidation and their countries' activities, fields of activity and partnership rates are as follows:

Company Name	Country	Ownership (%)	
		31 December 2023	31 December 2022
Gap İnşaat Construction and Investment Co. Ltd. ("Gap İnşaat Sudan")	Sudan	80	80
Gap İnşaat Dubai FZE ("Gap İnşaat Dubai")	UAE – Dubai	100	100
Gap İnşaat Ukraine Ltd. ("Gap İnşaat Ukraine")	Ukraine	99	99
Gap Construction Co. (Gap İnşaat Libya)	Libya	100	100
Kentsel Dönüşüm İnşaat Anonim Şirketi ("Kentsel Dönüşüm")	Turkey	-	99
Çalık İnşaat Anonim Şirketi ("Çalık İnşaat")	Turkey	99	99
Gap Construction Invest. and Foreign Trade LLC-Qatar ("Gap İnşaat Qatar")	Qatar	100	100
White Construction N.V. ("White Constructicon")	Netherlands	100	100
Innovative Construction Technologies Trading FZE ("Innovative Construction")	UAE – Dubai	100	100
OOO Gap İnşaat (Gap İnşaat Russia)	Russia	100	100
Deutsche Tiefbau Gesellschaft für Infrastrukturentwicklung mbH ("Deutsche Tiefbau")	Germany	100	100

⁽¹⁾ 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.

As subsidiaries of Gap İnşaat; Gap İnşaat Sudan, Gap İnşaat Libya, Kentsel Dönüşüm, Çalık İnşaat, Gap İnşaat Qatar, Gap İnşaat Dubai, Gap İnşaat Ukraine, White Construction and Innovative Construction, OOO Gap İnşaat and Deutsche Tiefbau were established for the purpose of engaging in construction projects in the countries where they operate.

Gap İnşaat and its subsidiaries will be referred as the "Group".

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Gap İnşaat Yatırım ve Dış Ticaret 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 ("TL") unless otherwise stated.)

2. Basis of presentation of consolidated financial statements**2.1 Basis of presentation****a) Statement of compliance**

Group entities operating in Turkey maintain their books of account in Turkish Lira ("TL") in accordance with the accounting principles per Turkish Uniform Chart of Accounts, the Turkish Commercial Code and Tax legislations.

Group's foreign entities maintain their books of account and prepare their statutory financial statements in accordance with the related legislation and generally accepted accounting principles applicable in the countries where they operate. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Approval of consolidated financial statements:

The consolidated financial statements have been approved for issue by the Group management on 14 June 2024. General Assembly and the related regulatory bodies have the authority to modify the consolidated financial statements.

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the significant items:

- Investment properties are measured at fair value.

The methods used to measure the fair values are discussed further in Note 2.3.

c) Functional and presentation currency

The Company's current currency was Turkish Lira (TL) until 30 June 2018. Due to Group's revenue has almost completed their projects in Turkey and focused on foreign projects. In addition, the main operation of the Company concentrated abroad where potential dividend income also can be obtained. Therefore, the management of the Company has decided to change TL to US Dollars as current currency and the current currency of the Company has been changed to US Dollars as of 1 July 2018 in accordance with IAS 21 - "Effects of Changes in Foreign Exchange Rates". Although functional currency has been changed to US Dollars as of 1 July 2018, the presentation currency of the Group has continued to be used in TL and consolidated financial statements are presented in TL.

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Gap İnşaat Yatırım ve Dış Ticaret Anonim Şirketi and its Subsidiaries

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2. Basis of presentation of consolidated financial statements (continued)**2.1 Basis of the presentation (continued)****c) Functional and presentation currency (continued)**

The accompanying consolidated financial statements are presented in "TL" Except as otherwise indicated, financial information presented in TL has been rounded to the nearest thousand.

Financial statements prepared in US Dollars which is the current currency, have been translated into the reporting currency "TL" as described below;

- As of 31 December 2023, balance sheet accounts have been issued by T.C. The Central Bank (TCMB), has been converted into TL with the US Dollar buying rate of 1 USD =29,4382 TL (31 December 2022: 1 USD =18,6983 TL).
- Paid-in capital and restricted reserves are shown in the accompanying consolidated financial statements with their values in the historic records. Other accounts under equity have been converted to TL based on the exchange rate at 1 July 2018 (1 USD = 4,5607 TL) which is the date of functional currency change and the equity movements after this date are followed as TL by the average year rate.
- Profit or loss and other comprehensive income statements for the period ended 31 December 2023 have been converted to TL with an annual average of 1 USD = 23,7776 (31 December 2022 annual average rate 1 USD= 16,5659 TL).

The translation differences resulting from the above translations are shown in the "foreign currency translation differences" account under the Comprehensive Income and Reclassified to Profit or Loss account group.

d) Basis of consolidation**i) Non-controlling interest**

Non-controlling interest are measured at the proportional amount of the net asset value at the date of acquisition of the subsidiary.

Changes in the Group's shares in subsidiaries that do not result in loss of control are accounted for as equity transactions.

The non-controlling interest of the Group on its subsidiaries are calculated by taking into consideration the proportional amounts over the net asset values as of the balance sheet date. It is not included in the consolidated financial statements because it is not significant.

ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

iii) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

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Gap İnşaat Yatırım ve Dış Ticaret 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 ("TL") unless otherwise stated.)

2. Basis of presentation of consolidated financial statements (continued)

2.1 Basis of the presentation (continued)

d) Basis of consolidation (continued)

iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of Company'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. Carrying value of shares owned by the Company and dividends arising from these shares has been eliminated in equity and profit or loss accounts.

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) cannot 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.

e) 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.

The annual changes in the exchange rates that the Group is affected as of the end of the reporting period are as follows:

	31 December 2023	31 December 2022
USD	29,4382	18,6983
EUR	32,5739	19,9349

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2. Basis of presentation of consolidated financial statements (continued)

2.1 Basis of the presentation (continued)

e) Foreign currency (continued)

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.

f) Financial reporting in hyperinflationary economy

The financial statements of the Company and those of the subsidiaries, associates and joint ventures located in Türkiye and Turkish Republic of Northern Cyprus for the year ended 31 December 2023 were restated for the changes in the general purchasing power of Turkish Lira, which is their functional currency, based on International Accounting Standard No. 29 ("IAS 29") "Financial Reporting in Hyperinflationary Economies". IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date and that corresponding figures for previous periods be restated in the same terms.

One characteristic that necessitates the application of IAS 29 is a cumulative three-year inflation rate approaching or exceeding 100%. Cumulative three-year inflation rate in Türkiye reached [•]% as at 31 December 2023, based on the Turkish nation-wide Consumer Price Index ("CPI") announced by the Turkish Statistical Institute ("TSI"). However, IAS 29 does not establish the rate of 100% as an absolute rate at which hyperinflation is deemed to arise. It is a matter of judgment when restatement of financial statements in accordance with IAS 29 becomes necessary. Moreover, hyperinflation is also indicated by characteristics of the economic environment of a country.

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2. Basis of presentation of consolidated financial statements (continued)**2.1 Basis of the presentation (continued)****f) Financial reporting in hyperinflationary economy (continued)**

The table below shows the evolution of CPI in the last three years and as of 31 December 2023:

	2023	2022	2021	2020
Annual Index	1859.38	1128.45	686.95	504.81
Average Index	1488.91	967.71	561.61	469.59
Yearly Inflation	64.8%	64.3%	36.1%	14.6%
Cumulative Inflation (last three years)	268.3%	156.2%	74.4%	54.2%

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. The gain or loss on the net monetary position is included in the statement of profit or loss as monetary gain (loss) item. The Company restated all the non-monetary items in order to reflect the impact of the inflation restatement reporting in terms of the measuring unit current as of 31 December 2023. Consequently, the main items restated were Property, Plant and Equipment, Intangible assets, Right-of-Use Assets, Inventories, Investments in Equity Accounted Associate and Joint Venture and the Equity items. Monetary items have not been restated because they are stated in terms of the measuring unit current as of 31 December 2023.

Comparative figures must also be presented in the current currency of 31 December 2023 and are restated using the general price index of the current year. Therefore, comparative figures for the previous reporting periods have been restated, including foreign subsidiaries, by applying a general price index, so that the resulting comparative financial statements are presented in terms of the current unit of measurement as of the closing date of the reporting period.

In the statement of profit or loss, except for depreciation and amortization which is calculated using inflation adjusted asset basis, items are restated from the dates when the items of income and expense were initially recorded. The Group uses monthly general price index for this purpose.

Similar to statement of profit or loss, all items in the statement of other comprehensive income are expressed in terms of the measuring unit current at balance sheet date. Therefore, all amounts are restated by applying the change in the general price index from the dates when the items of income and expenses were initially recorded in the financial statements. All items in the statement of cash flows are expressed in a measuring unit current at the balance sheet date; they are therefore restated by applying the average conversion factors.

Gap İnşaat Yatırım ve Dış Ticaret Anonim Şirketi and its Subsidiaries**Notes to Consolidated Financial Statements
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(Amounts expressed in thousands of ("TL") unless otherwise stated.)

2. Basis of presentation of consolidated financial statements (continued)**2.1 Basis of the presentation (continued)****f) Financial reporting in hyperinflationary economy (continued)**

The subsidiaries that use functional currencies other than Turkish Lira (foreign companies with economies that are not considered to be hyperinflationary), are not restated for inflation their financial statements, in accordance with IAS 29. The initial items of the statement of changes in equity are reported at the closing rate without modifying its total amount due to the fact that it is translated into the closing exchange rate, which implies that a translation adjustment is recognized under retained earnings and other comprehensive results.

The accompanying consolidated financial statements are based on the statutory records, with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS as issued by the IASB. The financial statements have been prepared on a historical cost basis, except for the following measured at fair value:

- Investment properties,
- Financial investments.

g) Going concern

The consolidated financial statements of the Group are prepared on a going concern basis, which presumes the realization of assets and settlement of liabilities of the Company and its consolidated subsidiaries, jointly controlled entities and associates in the normal course of operations and in the foreseeable future.

h) Changes and errors in accounting estimates

The effect of changes in accounting estimates affecting the current period is recognized in the current period; the effect of changes in accounting estimates affecting current and future periods is recognized in the current and future periods. The accounting estimates used in the preparation of these consolidated financial statements for the period ended December 31, 2023 are consistent with those used in the preparation of financial statements for the year ended December 31, 2022 except for the change of the seniority ceiling used in the calculation of severance pay.

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Notes to Consolidated Financial Statements

As at and for the Year Ended 31 December 2023

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2. Basis of presentation of consolidated financial statements (continued)

2.1 Basis of the presentation (continued)

While the Company management is calculating severance pay in the financial statements of 31 December 2023, 31 based on the seniority ceiling announced in December 2022. In the financial statements of 31 December 2023 re-evaluated the seniority ceiling used for the calculation of severance pay seniority, the Company started to use the announced seniority ceiling in the calculation due to adjustments made in salaries due to economic conditions, 1 January 2023 in order to reflect the effect of the changes in the ceiling on the correct period.

2.2 Changes in accounting policies

Significant changes in the accounting policies are applied to prior periods and financial statements of prior periods are restated. The accounting policies applied in the preparation of the consolidated financial statements as of December 31, 2023 are consistent with those applied in the preparation of the consolidated financial statements of December 31, 2022.

2.3 Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas at estimation uncertainty and critical judgment in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in the following notes:

- Note 3 (c) and (d) – Useful lives of property, plant and equipment and other intangible assets
- Note 14 – Investment property-fair value measurement
- Note 18 – Provisions
- Note 21 – Taxation
- Note 28 – Financial instruments – Fair values and risk management

Measurement of fair value

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):

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2. Basis of presentation of consolidated financial statements (continued)

2.3 Use of estimates and judgements (continued)

Valuation models (continued)

Valuation models

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.

(a) Investments properties

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio every year. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

In the absence of current prices in an active market, the valuations are prepared by considering the estimated rental value of the property. A market yield is applied to the estimated rental value to arrive at the gross property valuation. When actual rents differ materially from the estimated rental value, adjustments are made to reflect actual rents.

Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

Investment property under construction is valued by estimating the fair value of the completed investment property and then deducting from that amount the estimated costs to complete construction, financing costs and a reasonable profit margin.

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2. Basis of presentation of consolidated financial statements (continued)

2.3 Use of estimates and judgements (continued)

(b) Trade and other receivables

The fair value of trade and other receivables, except for the ongoing construction contracts, is estimated as the present value of future cash flows by discounting the market interest rates at the reporting date. The fair value is determined for disclosure purposes or for the first time recording.

(c) Non-derivative financial liabilities

For the purpose of disclosure or for the first time, the fair value is determined by discounting the future principal and interest cash flows to the present value at the market rate of interest at the reporting date.

2.4 Comparative financial information and correction of previous year's financial information

The Group's financial statements are prepared in comparison with the previous period to enable clarification of changes in financial position and performance. The comparable information is reclassified, and material differences are explained when required to provide conformity with current year's financial information. There is no reclassification made on the statement of financial position.

3. Significant accounting policies

The accounting policies described below have been applied consistently by all the companies of the Group presented in the accompanying consolidated financial statements.

The accompanying consolidated financial statements include the accounts of the parent company, Gap İnşaat, its subsidiaries 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.

a) Financial instruments

i. Financial assets

The Company shall recognize a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. A regular way purchase or sale of financial assets shall be recognized and derecognized, as applicable, using trade date accounting or settlement date accounting. Purchase and sale transactions of securities are accounted at the settlement date. The classification of financial instruments at initial recognition depends on the contractual conditions and the relevant business model. Except for the assets in the scope of IFRS 15 Revenue from contracts with customers, at initial recognition, the Bank measures financial asset or financial liabilities at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit/loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial investments, except financial assets classified at fair value through profit or loss and financial assets initially recognized at fair value, are recognized at fair value net of directly attributable transaction costs. Investments are recognized and derecognized on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

Financial assets are classified into the following specified categories: "financial assets at fair value through profit or loss ("FVTPL")", "financial assets measured at amortized cost", and "financial assets at fair value through other comprehensive income ("FVTOCI)".

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3. Significant accounting policies (continued)

a) Financial instruments (continued)

ii. Financial assets at FVTPL

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets at fair value through profit or loss unless they are designated for hedging purposes.

iii. Financial assets measured at amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost. Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from financial assets measured at amortized cost is accounted in income statement.

iv. Financial assets at FVTOCI

Financial assets that are 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 are classified as financial assets at FVTOCI.

Financial assets at fair value through other comprehensive income are measured at fair value subsequent to their initial recognition. However, if the fair values cannot be reliably measured, then those Financial assets at fair value through other comprehensive income with fixed maturity are measured at amortised cost by using effective interest rate model and those available for sale investment securities without fixed maturity are measured by using fair value pricing models or discounted cash flow techniques. Unrecognized gains or losses derived from the changes in fair value of Financial assets at fair value through other comprehensive income and the difference between their fair value and the discounted values calculated per effective interest rate method are recorded in "Fair value reserve" under equity. At the disposal of available for sale investment securities, value increases/decreases recorded in the fair value reserve under equity are transferred to profit or loss.

v. Recognition and Derecognition of Financial Assets and Liabilities

The Group reflects the financial asset or liabilities to the financial statements when it becomes a party to the relevant financial instrument contracts. A financial asset is derecognized when the control over the contractual rights from that asset is lost. A financial liability is derecognized when its contractual obligations are discharged, cancelled or expire.

Gap İnşaat Yatırım ve Dış Ticaret 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 ("TL") unless otherwise stated.)

3. Significant accounting policies (continued)**a) Financial instruments (continued)***vi. Impairment of Financial Assets / Expected Credit Loss*

At each reporting date, the Group shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition. The Group considers the changes in the default risk of financial instrument, when making the assessment. The expected credit loss estimates are required to be unbiased, probability-weighted and include supportable information about past events, current conditions, and forecasts of future economic conditions.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of a provision account. When a trade receivable is uncollectible, it is written off against the provision account. Changes in the carrying amount of the provision are recognized in profit or loss. With the exception of FVOCI equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of FVOCI equity securities, any increase in fair value subsequent to an impairment loss is recognized directly in equity.

vii. Trade receivables

Trade receivables that are created by way of providing goods or services directly to a debtor are measured at amortized cost, using the effective interest rate method. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

Group has preferred to apply "simplified approach" defined in TFRS 9 for the recognition of impairment losses on trade receivables, carried at amortized cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, Group measures the loss allowances regarding its trade receivables at an amount equal to "lifetime expected credit losses" except incurred credit losses in which trade receivables are already impaired for a specific reason.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other operating income.

viii. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

ix. Financial liabilities

Financial liabilities are initially measured at fair value. Financial liabilities other than fair value through profit or loss are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

Gap İnşaat Yatırım ve Dış Ticaret Anonim Şirketi and its Subsidiaries**Notes to Consolidated Financial Statements****As at and for the Year Ended 31 December 2023**

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3. Significant accounting policies (continued)**b) Revenue****General model for accounting of revenue**

In accordance with IFRS 15, a five-stage approach is followed in recognising revenue for all contracts with customers.

Step 1: Identify the contract with a customer

A contract with a customer is in the scope of the new standard when the contract is legally enforceable and certain criteria are met. If the criteria are not met, then the contract does not exist for purposes of applying the general model of the new standard, and any consideration received from the customer is generally recognized as a deposit (liability). Contracts entered into at or near the same time with the same customer (or a related party of the customer) are combined and treated as a single contract when certain criteria are met.

Step 2: Identify the performance obligations in the contract

An entity identifies a

An entity determines whether it promises to transfer either goods or services that are distinct, or a series of distinct goods or services that meet certain conditions. A 'performance obligation' is the unit of account for revenue recognition. An entity assesses the goods or services promised in a contract with a customer and identifies as a performance obligation either a:

(a) good or service (or a bundle of goods or services) that is distinct; or

(b) series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

An entity may define a contract or a service separately from other contractual obligations and define it as a different commodity or service if the customer makes use of such goods or services alone or in combination with other resources available for use. A single contract may contain promises to deliver to the customer more than one good or service. At contract inception, an entity evaluates the promised goods or services to determine which goods or services (or bundle of goods or services) are distinct and therefore constitute performance obligations.

Step 3: Determine the transaction price

When determining the transaction price, an entity assumes that the goods or services will be transferred to the customer based on the terms of the existing contract. In determining the transaction price, an entity considers variables considerations and significant financing components.

Significant financing component

To estimate the transaction price in a contract, the Group adjusts the promised amount of consideration to reflect the time value of money if the contract contains a significant financing component. Significant financing component exists if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. The Group does not have sales transactions which includes significant financing component.

Variable consideration

An entity assesses whether discounts, rebates, refunds, rights of return, credits, price concessions, incentives, performance bonuses, penalties, or similar items may result in variable consideration.

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3. Significant accounting policies (continued)

b) Revenue (continued)

General model for accounting of revenue (continued)

Step 4: Allocate the transaction price to the performance obligations in the contract

The transaction price is allocated to each performance obligation – generally each distinct good or service – to depict the amount of consideration to which an entity expects to be entitled in exchange for transferring the promised goods or services to the customer.

Step 5: Recognise revenue when or as the entity satisfies a performance obligation

An entity recognises revenue over time when one of the following criterias are met:

- The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs
- The entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced
- The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date

For each performance obligation that is satisfied over time, an entity applies a single method of measuring progress toward complete satisfaction of the obligation. The objective is to depict the transfer of control of the goods or services to the customer. To do this, an entity selects an appropriate output or input method. It then applies that method consistently to similar performance obligations and in similar circumstances.

If a performance obligation is not fulfilled in time, then the Company recognizes revenue when the control of goods or services is transferred to the customer.

In cases where the cost to be incurred by the Company exceeding the expected economic benefits to be incurred to fulfill the contractual obligations exceeds the expected economic benefit, the Company provides a provision in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Contract modifications

A 'contract modification' occurs when the parties to a contract approve a change in its scope, price, or both. The accounting for a contract modification depends on whether distinct goods or services are added to the arrangement, and on the related pricing in the modified arrangement

Construction contracts in progress represent the gross unbilled amount expected to be collected from customers for contract work performed to date. It 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 part of trade receivables in the consolidated statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed cost incurred plus recognised profits, then the difference is presented as deferred income in the consolidated statement of financial position.

The asset, "Due from contract assets" represents revenues recognised in excess of amounts billed. The liability, "Due to contract liabilities" represents billings in excess of revenue recognised.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

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(Amounts expressed in thousands of ("TL") unless otherwise stated.)

3. Significant accounting policies (continued)

b) Revenue (continued)

General model for accounting of revenue (continued)

Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

Revenue from the sale of goods and services

Revenue from the sale of goods in the course of 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 but it usually takes place when delivery of the goods is made to the customers or in the case of trading properties, it takes place at the earliest of the delivery or with the transfer of the title deeds. Revenue from the services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

Dividend income

Dividend income is recognised when the collection right of dividend is obtained.

Rent income

In operating lease, the leased assets are classified under investment properties in the balance sheet and the rental income obtained is reflected in the income statement in equal amounts during the lease period. Rent income is reflected to the income statement by linear method during the rental period.

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3. Significant accounting policies (continued)

c) Property, plant and equipment

i) Recognition and measurement

The costs of items of property, plant and equipment of Gap İnşaat's Turkish entities purchased before 1 January 2005 are restated for the effects of inflation in TL units current at 31 December 2004 pursuant to IAS 29. Property, plant and equipment purchased after this date are recorded at their historical cost. Accordingly, property, plant and equipment of the Group are carried at costs, less accumulated depreciation and impairment losses, if any.

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.

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 if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

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 using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property and equipment are as follows:

Description	Year
Land and buildings	10-50
Machinery and equipment	4-20
Leasehold improvements	3-15
Motor vehicles	5-25
Furniture and fixtures	5-10
Other tangibles	5

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives, also on a straight-line basis.

Depreciation methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

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3. Significant accounting policies (continued)

d) Intangible assets

i) Recognition and measurement

Intangible assets of the Group consist of software programs and licenses acquired by the Group, which have finite useful lives, and are measured at cost less accumulated amortisation and any accumulated impairment losses, if any.

ii) 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 goodwill and brands is recognised in profit or loss as incurred.

iii) 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.

Other intangible assets including computer software are amortised between 3 and 15 years.

Amortisation methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

e) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at fair value with any change therein recognised in profit or loss. Property that is being constructed for future use as investment property is accounted for at fair value.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in other income and other expenses. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation surplus is transferred to retained earnings.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

The Group is the lessor in operating leases. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms including lease incentives granted and is included in revenue in profit or loss. Rent income from other real estates are recognized in other income.

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3. Significant accounting policies (continued)**f) Inventories**

Inventories are measured at the lower of cost and net realisable value. Except as discussed in the following paragraphs, the cost of inventories is mainly based on the weighted average, and includes expenditure incurred in acquiring the inventories, production or conversion costs 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 and includes capitalized borrowing costs. Trading properties comprised lands that are held for construction projects and cost of buildings that are constructed or 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.

g) 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 entities operating in Turkey arising from the retirement of the employees 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 TL 35,06 and TL 19,98 at 31 December 2023 and 2022, respectively.

IFRSs 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.

	December 31, 2023	December 31, 2022
Interest rate increase expected in the coming years %	25,05	21,44
Salary increase expected in the coming years % (*)	22,10	48,5-18,90

(*) 22.10% salary increase rate has been taken for all future years.

Actuarial gains/losses are comprised of adjustment of difference between actuarial assumptions and realised and change in actuarial assumptions.

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3. Significant accounting policies (continued)**g) Employee benefits (continued)***i) Reserve for employee severance indemnity (continued)*

Provision for employment termination indemnity is not subject to any statutory funding.

ii) Vacation pay liability

Short-term employee benefit obligations are consisting of reserve for the vacation pay liability for the entities reporting in Turkey, due to the earned and unused vacation rights of its employees and measured on an undiscounted basis and are recognised in profit or loss as the related service is provided.

h) Right of use asset and lease liability*i) Right of use*

The Group accounts its right of use assets at the date of the financial lease agreement (for example, as of the date the relevant asset is available for use. The right of use assets is calculated by deducting the accumulated depreciation and impairment losses from the cost value. In case the financial leasing debts are revalued, this figure is corrected.

The cost of the right of use assets includes:

- the first measurement of the lease liability
- the amount obtained from all lease payments made before or before the lease actually started, by deducting all lease incentives received and
- all initial costs incurred by the Group.

Unless the transfer of the ownership of the underlying asset to the Group is reasonably finalized at the end of the lease term, the Group depreciates its right of use asset until the end of the useful life of the underlying asset.

Right of use assets are subject to impairment assessment.

ii) Lease liability

The Group measures its lease liability at the present value of the lease payments, which were not paid on the date the lease started.

The lease payments included in the measurement of the lease liability at the date of the lease consist of the following payments to be made for the right of use of the underlying asset during the lease period and not paid at the date when the lease started:

- fixed payments,
- variable rental payments based on an index or rate, made using an index or rate at the date when the first measurement was actually started,
- amounts expected to be paid by the Group within the scope of residual value commitments
- the price of use of this option if the Group is reasonably sure that it will use the purchase option and
- in case the rental period shows that the Group will use an option to terminate the lease, penalties for termination of the lease.

Variable lease payments that do not depend on an index or rate are recorded as expenses in the period when the event or condition that triggered the payment occurred.

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3. Significant accounting policies (continued)

h) Right of use asset and lease liability (continued)

ii) Lease liability (continued)

In case the revised discount rate and the implicit interest rate in the lease can be easily determined for the remainder of the group lease period, this rate is; In case it cannot be determined easily, it determines the alternative borrowing interest rate on the date of the Group's re-evaluation.

The group measures the lease liability after the lease starts as follows:

- (a) increases the carrying value to reflect the interest on the lease liability and
- (b) reduces the carrying value to reflect the rent payments made.

In addition, if there is a change in lease duration, a change in substance of fixed lease payments or a change in the assessment of the option to purchase an underlying asset, the value of financial lease liabilities is re-measured.

iii) Short-term leases and leases of low-value assets

The Group applies its short-term lease registration exemption to short term machinery and equipment lease contracts (i.e. assets with a lease period of 12 months or less from the start date and without a purchase option). At the same time, it applies the exemption of accounting for low-value assets to office equipment, the rental value of which is low-value. Short term lease agreements and lease agreements of low value assets are recorded as expense according to the linear method during the lease period.

i) Finance income and finance cost

Finance income comprises interest income obtained from related parties is recognised as it accrues, using the effective interest method and foreign currency gain (excluding those on trade receivables and payables).

Finance costs comprise interest expense on borrowings and due to related parties, and foreign currency losses (excluding those on trade receivables and payables).

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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.

ii) Other income and expenses from operating activities

Other income from operating activities comprises recoveries from provision for doubtful receivables, rediscount gains on payables and foreign currency gains (excluding those on borrowings).

Other expense from operating activities comprises provision expense for doubtful receivables, rediscount expenses 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.

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Notes to Consolidated Financial Statements

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3. Significant accounting policies (continued)

k) 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 on revaluation of investment properties, dividend income from equity accounted investees and other income from investing activities.

Losses from investing activities comprises gain on sale of property, plant and equipment, intangible assets and fair value loss on revaluation of investment properties.

l) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

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.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

ii) 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 is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

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.

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3. Significant accounting policies (continued)**l) Income tax (continued)****ii) Deferred tax (continued)**

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.

The measurement of deferred tax reflects the tax consequences that would follow from the way 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.

m) Provisions, contingent liabilities, contingent assets

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that The Group will be required to settle that obligation.

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

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of receivable can be measured reliably.

n) Subsequent events

Subsequent events represent the events after reporting date comprising any event between the reporting date and the date of authorization for the 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 after reporting date); and

- to have evidences of related subsequent events occurred after reporting date (non-adjusting events after reporting date).

The Group adjusts its consolidated financial statements according to the new condition if adjusting subsequent events arise subsequent to the reporting date. If it is not necessary to adjust the consolidated financial statements according to subsequent events, these subsequent events are disclosed in the notes to the consolidated financial statements.

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3. Significant accounting policies (continued)**o) Statement of cash flows**

The Group presents statement of cash flows as an integral part of other consolidated financial statements to inform the users of consolidated financial statements about the changes in its net assets, its financial structure and its ability to manage the amount and timing of its cash flows under new conditions.

In the statement of cash flows, cash flows are classified according to operating, investment and financing activities. Cash flows from operating activities reflect cash flows mainly generated from main operations of the Group. Cash flows from investment activities express 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 express sources of financial activities and payment schedules of the Group. Cash and cash equivalents comprise cash on hand and demand deposits, 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.

p) 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 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.

A number of transactions are entered into with related parties in the normal course of business.

r) 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 IFRS and IFRIC interpretations effective as of 1 January 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.

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3. Significant accounting policies (continued)

r) The new standards, amendments and interpretations (continued)

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

IFRS 17 - The new Standard for insurance contracts

The IASB issued IFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 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 Standard did not have a significant impact on the financial position or performance of the Group.

Amendments to IAS 8 - Definition of Accounting Estimates

In February 2021, the Board issued amendments to IAS 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 Board. 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 IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, 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 IFRS, the Board decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in IFRS and is widely understood by the users of financial statements, according to the Board. 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.

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3. Significant accounting policies (continued)

r) The new standards, amendments and interpretations (continued)

ii) The new standards, amendments and interpretations which are effective as at 1 January 2023 are as follows (continued) :

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

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized.

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

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

In May 2023, the Board issued amendments to IAS 12, which introduce a mandatory exception in IAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. The amendments clarify that IAS 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.

iii) 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.

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3. Significant accounting policies (continued)

r) The new standards, amendments and interpretations (continued)

iii) Standards issued but not yet effective and not early adopted (continued)

Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In December 2015, IASB 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.

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

In January 2020 and October 2022, IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in October 2022 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, October 2022 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 IAS 8. Early application is permitted. However, an entity that applies the 2020 amendments early is also required to apply the 2022 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 IFRS 16 - Lease Liability in a Sale and Leaseback

In September 2022, the Board issued amendments to IFRS 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 recognize any amount of the gain or loss that relates to the right of use it retains. In applying requirements of IFRS 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 IFRS 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 IAS 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 IAS 8 to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

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

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3. Significant accounting policies (continued)

r) The new standards, amendments and interpretations (continued)

iii) Standards issued but not yet effective and not early adopted (continued)

Amendments to IAS 7 and IFRS 7 - Disclosures: Supplier Finance Arrangements

The amendments issued in May 2023 specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid. The amendments require an entity to provide information about terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those liabilities. In the context of quantitative liquidity risk disclosures required by IFRS 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.

Amendments to IAS 21 - Lack of exchangeability

In August 2023, the Board 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 will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

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. IFRS 18 and the related amendments are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted. IFRS 18 will be applied retrospectively.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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Gap İnşaat Yatırım ve Dış Ticaret 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 ("TL") unless otherwise stated.)

4. Related party disclosures**Related party balances**

As at 31 December 2023 and 2022, the Group had the following balances outstanding from/to its related parties:

	December 31, 2023	December 31, 2022
Short-term trade receivables		
Emlak Girişim Danışmanlığı Anonim Şirketi ⁽²⁾	-	14.179
Çalık Hava Taşımacılık Sanayi ve Ticaret Anonim Şirketi ⁽²⁾	404	3.863
Çalık Enerji Sanayi ve Ticaret Anonim Şirketi ⁽²⁾	3.994	2.031
Çalık Holding Anonim Şirketi ⁽¹⁾	-	1.746
Çalık Pamuk Doğal ve Sentetik Elyaf Ticaret Anonim Şirketi ⁽²⁾	2.499	1.587
CLK İpekyolu Lojistik Ve Ticaret Anonim Şirketi ⁽⁵⁾	-	399
Aktif Yatırım Bankası Anonim Şirketi ⁽²⁾	-	132
Çalık Engineering Danışmanlık Ticaret Anonim Şirketi ⁽²⁾	273	126
Yeşilirmak Elektrik Dağıtım Anonim Şirketi ⁽²⁾	49	25
Çalık Petrol Arama Üretim Sanayi Ve Ticaret Anonim Şirketi ⁽²⁾	-	18
Enrich Teknoloji Yazılım Anonim Şirketi ⁽⁵⁾	10	12
Çalık Dijital ve Bilişim Hizmetleri Anonim Şirketi ⁽²⁾	498	2
Çalık Enerji Sanayi ve Ticaret Anonim Şirketi Türkmenistan Branch ⁽²⁾	12.187	-
Çalık Enerji Sanayi ve Ticaret Anonim Şirketi Katar Branch ⁽²⁾	1.156	-
Other	227	98
Total	21.297	24.218

	December 31, 2023	December 31, 2022
Short-term trade payables		
CLK Transport and Trading FZE ⁽⁵⁾	13.892	1.381
Çalık Holding Anonim Şirketi ⁽¹⁾	9.963	7.503
Gap Pazarlama Anonim Şirketi ⁽²⁾	-	3.364
GAP Pazarlama FZE ⁽²⁾	-	1.479
Yeşilirmak Elektrik Perakende Satış Anonim Şirketi ⁽²⁾	653	813
Lidya Madencilik Sanayi ve Ticaret Anonim Şirketi ⁽²⁾	-	358
CLK İpekyolu Lojistik Ve Ticaret Anonim Şirketi ⁽⁵⁾	703	302
SECOM Aktif Elektronik Güvenlik Çözümleri Anonim Şirketi ⁽²⁾	4.657	-
Çalık Hava Taşımacılık Sanayi ve Ticaret Anonim Şirketi ⁽²⁾	1.754	-
Çalık Enerji Sanayi ve Ticaret Anonim Şirketi Türkmenistan Branch ⁽²⁾	1.823	-
Çalık Denim Tekstil Sanayi ve Ticaret Anonim Şirketi ⁽²⁾	1.207	-
Other	615	-
Total	35.267	15.200

	December 31, 2023	December 31, 2022
Short-term other receivables		
Ahmet Çalık ⁽⁴⁾	1.066.921	1.045.475
Lidya Madencilik Sanayi ve Ticaret Anonim Şirketi ⁽²⁾	53.460	-
Çalık Holding Anonim Şirketi ⁽¹⁾	45.967	91.848
Gap Pazarlama Anonim Şirketi ⁽²⁾	-	9.524
Çalık Denim Tekstil Sanayi ve Ticaret Anonim Şirketi ⁽²⁾	2.183	1.171
Çalık Enerji Sanayi ve Ticaret Anonim Şirketi ⁽²⁾	5.050	691
Çalık Dijital Ve Bilişim Hizmetleri ⁽²⁾	-	357
Other	1.562	-
Total	1.175.143	1.149.066

(1) Parent company

(2) Subsidiary of the parent company

(3) Business partnership of the parent company

(4) Shareholder of the parent company

(5) Business partnership of the members of the Board of Directors

Gap İnşaat Yatırım ve Dış Ticaret 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 ("TL") unless otherwise stated.)

4. Related party disclosures (continued)**Related party balances (continued)**

	December 31, 2023	December 31, 2022
Long-term other receivables		
Delta Netherlands BV ⁽³⁾	9.371.949	5.983.456
Total	9.371.949	5.983.456

	December 31, 2023	December 31, 2022
Short-term other payables		
Çalık Enerji Sanayi ve Ticaret Anonim Şirketi Turkmenistan Branch ⁽²⁾	39.742	54.990
Ahmet Çalık ⁽³⁾	4.803	-
Lidya Madencilik Sanayi ve Ticaret Anonim Şirketi ⁽²⁾	-	11.510
Çalık Holding Anonim Şirketi ⁽¹⁾	-	11
Other	2.786	-
Total	47.331	66.511

	Currency	December 31, 2023	December 31, 2022
Borrowings			
Aktif Bank Sukuk Varlık Kiralama Anonim Şirketi (*) ⁽²⁾	USD	-	2.228.280
Aktif Bank Sukuk Varlık Kiralama Anonim Şirketi (*) ⁽²⁾	TL	439.771	428.384
Total		439.771	2.656.664

⁽¹⁾ In accordance with sukuk agreement between Aktif Bank Sukuk Varlık Kiralama Anonim Şirketi and the Group on 11 January 2017 and 26 March 2020, the Group received USD 118.000 and TL 420.000 thousand from Aktif Bank Sukuk Varlık Kiralama Anonim Şirketi respectively. The Group paid the debt of USD 118.000 on 11 August 2023.

There is no impairment for the Group's balances with related parties for the year ended 31 December 2023 (31 December 2022: None)

31 December 2023				
Private sector bonds – non listed	Currency	Nominal Value	Carrying Value	Interest rate%
Çalık Holding Anonim Şirketi ⁽¹⁾	-	-	-	-
Aktif Bank Sukuk Varlık Kiralama Anonim Şirketi ⁽²⁾	-	-	-	-
		-	-	-

31 December 2022				
Private sector bonds – non listed	Currency	Nominal Value	Carrying Value	Interest rate%
Çalık Holding Anonim Şirketi ⁽¹⁾	USD	188.247	206.846	7,02
Aktif Bank Sukuk Varlık Kiralama Anonim Şirketi ⁽²⁾	USD	1.443.532	1.517.738	4,54-7,11
		1.631.779	1.724.584	

(1) The bond have been obtained on 29 June 2022 having a due date of 25 November 2025.

(2) The bond have been obtained on 24 June 2022 having a due date of 10 May 2024.

(1) Parent company

(2) Subsidiary of the parent company

(3) Shareholder of the parent company

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Gap İnşaat Yatırım ve Dış Ticaret 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 ("TL") unless otherwise stated.)

4. Related party disclosures (continued)

Related party transactions

For the years ended 31 December 2023 and 2022, the revenues earned, and expenses incurred by the Group in relation to transactions with its related parties as summarised below:

	2023						Total
	Revenue	Purchase	Finance income/(costs)	General administrative expenses	Other income	Other expenses	
Çalık Enerji Irak Branch ⁽²⁾	42.514	-	-	-	-	-	42.514
Çalık Enerji Sanayi ve Ticaret A.Ş. ⁽²⁾	24.782	-	1.811	(658)	564	-	26.499
Aktif Yatırım Bankası A.Ş. ⁽²⁾	7.968	-	(215.890)	-	-	-	(207.922)
Çalık Engineering Danışmanlık Ticaret Anonim Şirketi ⁽²⁾	7.520	-	750	-	14	-	8.284
Polimetel Madencilik San. Ve Tic. A.Ş. ⁽⁵⁾	-	-	-	-	-	-	-
Emlak Girişim Danışmanlığı A.Ş. ⁽²⁾	-	-	1.620	-	(4.380)	-	(2.760)
GAP Pazarlama A.Ş. ⁽²⁾	-	-	811	-	(139)	-	672
Çalık Denim Tekstil Sanayi ve Ticaret A.Ş. ⁽²⁾	-	-	315	-	-	-	315
Ahmet Çalık ⁽¹⁾	-	-	679	-	-	-	679
Enrich Teknoloji Yazılım Anonim Şirketi ⁽⁵⁾	484	-	-	-	-	-	484
Çalık Petrol Arama Üretim Sanayi ve Ticaret A.Ş. ⁽²⁾	99	-	-	-	-	-	99
Momentum Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş.	138	-	-	-	-	-	138
Çalık Dijital ve Bilişim Hizmetleri A.Ş. ⁽²⁾	35	-	92	(5)	-	-	122
Çalık Enerji Katar Branch ⁽²⁾	-	-	-	112	-	-	112
Irmak Yönetim Sistemleri A.Ş. ⁽²⁾	28	-	2	-	-	-	30
Başak Yönetim Sistemleri A.Ş. ⁽²⁾	28	-	2	-	-	-	30
Cetel Telekom İletişim Sanayi ve Ticaret A.Ş. ⁽²⁾	28	-	2	-	-	-	30
Demirci Rüzgar Enerjisi Elektrik Üretim A.Ş. ⁽²⁾	28	-	-	-	-	-	28
Atayurt İnşaat A.Ş. ⁽²⁾	28	-	-	-	-	-	28
Yeşilçay Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. ⁽²⁾	28	-	-	-	-	-	28
Ant Enerji Sanayi ve Ticaret Limited Şirketi ⁽²⁾	28	-	-	-	-	-	28
Adacami Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş.	28	-	-	-	-	-	28
Türkmen'in Altın Asrı Elektrik Enerjisi Toptan Satış A.Ş.	28	-	-	-	-	-	28
İkideniz Petrol ve Gaz Sanayi ve İnşaat Ticaret A.Ş.	28	-	-	-	-	-	28
Çalık Limak Adi Ortaklığı ⁽²⁾	28	-	-	-	-	-	28
Taşkent Merkez Park Gayrimenkul Yatırım A.Ş. ⁽²⁾	28	-	-	-	-	-	28
Çalık Rüzgar Enerjisi Elektrik Üretim Limited Şirketi ⁽²⁾	28	-	-	-	-	-	28
TCB İnşaat Yatırım A.Ş. (Eski Ünvan:Atagas Doğalgaz Tic. Çalık Pamuk Doğal ve Sentetik Elyaf Tic. A.Ş. ⁽²⁾	28	-	-	-	-	-	28
Onyx Trading Innovation FZE ⁽²⁾	-	-	-	(4)	-	-	(4)
Çalık Elektrik Dağıtım A.Ş. ⁽²⁾	28	-	(2)	(216)	103	-	(87)
ANT Holding A.Ş. ⁽⁵⁾	(95)	-	-	-	-	-	(95)
Çalık Enerji Özbekistan (Temsilcilik ofisi) ⁽²⁾	-	-	-	(179)	-	-	(179)
Gap Pazarlama FZE Jebel Ali Free Zone ⁽²⁾	873	-	(26)	(1.272)	-	-	(425)
Yeşilirmak Elektrik Dağıtım A.Ş. ⁽²⁾	278	-	(1.059)	-	-	-	(781)
Çalık Denim B.V. ⁽²⁾	-	-	-	(788)	-	-	(788)
CLK İpekyolu Lojistik A.Ş. ⁽⁵⁾	2.501	-	(1.145)	(2.473)	(289)	-	(1.406)
Çalık Hava Taşımacılık Turizm Sanayi ve Ticaret A.Ş. ⁽²⁾	28	(1.416)	518	(352)	-	-	(1.222)
Delta Holding	-	-	-	(1.286)	-	-	(1.286)
Mükafat Portföy Yönetimi A.Ş. ⁽²⁾	-	-	-	-	-	-	-
Yeşilirmak Elektrik Perakende Satış A.Ş.	436	(4.989)	-	-	1	-	(4.552)
Çalık Enerji Türkmenistan Branch ⁽²⁾	-	-	(2)	(11.578)	-	-	(11.580)
Lidya Madencilik Sanayi ve Ticaret A.Ş. ⁽²⁾	4.227	-	(30.273)	(4.166)	12	-	(30.200)
Çalık Holding A.Ş. ⁽¹⁾	27.947	-	(3.466)	(71.290)	(131)	-	(46.940)
Aktif Bank Sukuk Varlık Kiralama A.Ş. ⁽²⁾	-	(920)	(191.757)	-	-	-	(192.677)
Total	120.155	(7.325)	(437.018)	(94.155)	(4.245)	-	(422.588)

- (1) Parent company
(2) Subsidiary of the parent company
(3) Business partnership of the parent company
(4) Shareholder of the parent company
(5) Business partnership of the members of the Board of Directors

Gap İnşaat Yatırım ve Dış Ticaret 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 ("TL") unless otherwise stated.)

4. Related party disclosures (continued)

Related party transactions (continued)

	2022						Total
	Revenue	Purchase	Finance income/(costs)	General administrative expenses	Other income	Other expenses	
Mükafat Portföy Yönetimi A.Ş. ⁽²⁾ (Note 7)	-	-	-	-	294.785	-	294.785
Çalık Enerji Irak Branch ⁽²⁾	86.474	-	-	-	-	-	86.474
Çalık Enerji Sanayi ve Ticaret A.Ş. ⁽²⁾	16.874	-	3.055	(1.108)	2.204	-	21.025
Technovision Mühendislik Danışmanlık ve Dış Tic.Ltd.Şti. ⁽²⁾	3.620	-	37	-	5	-	3.662
Emlak Girişim Danışmanlığı A.Ş. ⁽²⁾	-	-	2.119	-	-	-	2.119
Ahmet Çalık ⁽⁴⁾	-	-	891	-	-	-	891
Enrich Teknoloji Yazılım Anonim Şirketi ⁽⁵⁾	389	-	-	-	-	-	389
Yeşilirmak Elektrik Dağıtım A.Ş. ⁽³⁾	194	-	-	-	-	-	194
Çalık Denim Tekstil Sanayi ve Ticaret A.Ş. ⁽²⁾	-	-	183	-	2	-	185
GAP Pazarlama A.Ş. ⁽²⁾	-	-	135	-	-	-	135
Sigortayeri Sigorta ve Reasürans Brokerliği A.Ş. ⁽²⁾	-	-	-	-	135	-	135
Momentum Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. ⁽²⁾	90	-	-	-	-	-	90
Çalık Dijital ve Bilişim Hizmetleri A.Ş. ⁽²⁾	22	-	66	(6)	-	-	82
Çalık Elektrik Dağıtım A.Ş. ⁽³⁾	18	-	-	-	48	-	66
Çalık Hava Taşımacılık Turizm Sanayi ve Ticaret A.Ş. ⁽²⁾	18	-	37	-	-	-	55
Çalık Petrol Arama Üretim Sanayi ve Ticaret A.Ş. ⁽²⁾	18	-	-	-	-	-	18
İkideniz Petrol ve Gaz Sanayi ve İnşaat Ticaret A.Ş. ⁽²⁾	18	-	-	-	-	-	18
Kızılırmak Enerji Elektrik A.Ş. ⁽²⁾	18	-	-	-	-	-	18
Başak Yönetim Sistemleri A.Ş. ⁽²⁾	18	-	-	-	-	-	18
Çalık Limak Adi Ortaklığı ⁽²⁾	18	-	-	-	-	-	18
Atayurt İnşaat A.Ş. ⁽²⁾	18	-	-	-	-	-	18
Adacami Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. ⁽²⁾	18	-	-	-	-	-	18
Çalık Rüzgar Enerjisi Elektrik Üretim Limited Şirketi ⁽²⁾	18	-	-	-	-	-	18
Demirci Rüzgar Enerjisi Elektrik Üretim A.Ş. ⁽²⁾	18	-	-	-	-	-	18
Cetel Telekom İletişim Sanayi ve Ticaret A.Ş. ⁽²⁾	18	-	-	-	-	-	18
CL Enerji Üretim ve İnşaat Anonim Şirketi ⁽²⁾	18	-	-	-	-	-	18
Irmak Yönetim Sistemleri A.Ş. ⁽²⁾	18	-	-	-	-	-	18
Taşkent Merkez Park Gayrimenkul Yatırım A.Ş. ⁽²⁾	18	-	-	-	-	-	18
Türkmen'in Altın Asrı Elektrik Enerjisi Toptan Satış A.Ş. ⁽²⁾	18	-	-	-	-	-	18
TCB İnşaat Yatırım A.Ş. ⁽²⁾	18	-	-	-	-	-	18
Yeşilçay Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. ⁽²⁾	18	-	-	-	-	-	18
Ant Enerji Sanayi ve Ticaret Limited Şirketi ⁽⁵⁾	18	-	-	-	-	-	18
CLK Transport and Trading FZE ⁽⁵⁾	-	-	-	(33)	-	-	(33)
Secom Aktif Güvenik Yatırım Anonim Şirketi ⁽²⁾	-	-	-	(49)	-	-	(49)
CLK İpekyolu Lojistik A.Ş. ⁽⁵⁾	1.612	(743)	39	(1.120)	12	-	(200)
Onyx Trading Innovation FZE ⁽²⁾	-	-	-	(246)	-	-	(246)
Gap Pazarlama FZE Jebel Ali Free Zone ⁽²⁾	447	-	(65)	(782)	-	-	(400)
Çalık Denim B.V. ⁽²⁾	-	-	-	(1.076)	-	-	(1.076)
Yeşilirmak Elektrik Perakende Satış A.Ş. ⁽²⁾	112	(2.138)	-	-	-	-	(2.026)
Çalık Enerji Türkmenistan Branch ⁽²⁾	-	(994)	-	(7.206)	-	-	(8.200)
Lidya Madencilik Sanayi ve Ticaret A.Ş. ⁽²⁾	2.966	-	(9.952)	(2.908)	-	-	(9.894)
Çalık Holding A.Ş. ⁽¹⁾	18.572	-	(4.095)	(34.950)	29	-	(20.444)
Aktif Yatırım Bankası A.Ş. ⁽²⁾	5.116	-	(102.703)	-	-	-	(97.587)
Aktif Bank Sukuk Varlık Kiralama A.Ş. ⁽²⁾	-	(510)	(231.447)	-	-	-	(231.957)
Total	136.830	(4.385)	(341.700)	(49.484)	297.220	-	38.481

- (1) Parent company
(2) Subsidiary of the parent company
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Transactions with key management personnel

On a consolidated basis, key management costs included in general administrative expenses for the year ended 31 December 2023 amounted to TL 51.237 (2022: TL 25.226).

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Gap İnşaat Yatırım ve Dış Ticaret 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 ("TL") unless otherwise stated.)

5. Cash and cash equivalents

At 31 December 2023 and 2022, cash and cash equivalents comprised the following:

	31 December 2023	31 December 2022
Cash on hand	4.837	1.300
Cash at banks	1.352.606	388.076
-Demand deposits	1.134.029	122.168
-Time deposits (*)	218.577	265.908
Cash and cash equivalents	1.357.443	389.376

(*) As of 31 December 2023, interest rate of time deposits of the Group in Qatar Riyal is 0,25%. The maturity of time deposits is 1 day (31 December 2022: 0,25%).

As at 31 December 2023 and 31 December 2022, there is no restriction on bank accounts.

The Group's exposure to currency risks related to cash and cash equivalents are disclosed in Note 28.

6. Financial investments

As at 31 December 2023 and 2022, financial investments comprised the following:

Short term financial investments:**Financial investments to be held until maturity**

	31 December 2023	31 December 2022
Time deposits – Longer than 3 months	65	13.312
Total	65	13.312

Long term financial investments:

As at 31 December 2023 and 2022, financial investments at fair value through profit or loss comprised the following:

Financial investments measured at fair value through profit or loss:

	31 December 2023	31 December 2022
Financial investments measured at fair value through profit or loss (Note 28)	-	1.724.584
Total	-	1.724.584

Available-for-sale financial investments

As at 31 December 2023 and 2022, available-for-sale financial investments comprised the following:

	Ownership (%)	2023	Ownership (%)	2022
Other	-	195	-	195
Total	-	195	-	195

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

As at 31 December 2023, investments in equity securities amounting to TL 195 (31 December 2022: TL 195) are measured at cost less impairment, if any, as these equity securities are not traded in an active market and have no quoted market price to estimate their fair value reliably.

Gap İnşaat Yatırım ve Dış Ticaret 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 ("TL") unless otherwise stated.)

7. Trade receivables and trade payables**Trade receivables****Short-term trade receivables**

As at 31 December 2023 and 2022, short-term trade receivables comprised the following:

	31 December 2023	31 December 2022
Due from third parties	572.805	285.688
Due from related parties (Note 4)	21.297	24.218
Total	594.102	309.906

As at 31 December 2023 and 2022, short-term trade receivable from third parties comprised the following:

	31 December 2023	31 December 2022
Accounts receivables	549.356	247.186
Notes receivables	23.449	38.502
Total	572.805	285.688

As of 31 December 2023 and 2022, there is no doubtful receivables.

Long-term trade receivables

As at 31 December 2023 and 2022, long-term trade receivables comprised the following:

	31 December 2023	31 December 2022
Due from third parties (*)	27.666	10.723
Total	27.666	10.723

As at 31 December 2023 and 2022, long-term trade receivable from third parties comprised the following:

	31 December 2023	31 December 2022
Accounts receivables (*)	27.666	10.723
Total	27.666	10.723

(*) Consists of receivables from Tarlabası Project. The Group makes a preliminary contract for sale against these receivables. When the areas subject to sale are delivered to the customers, they are recognized as sales. For this reason, the due date of the receivables is the days when the sale will take place. Since sales on these receivables have not been realized yet, such receivables are not included in the provision analysis.

The Group's exposure to currency risks related to trade receivables are disclosed in Note 28.

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7. Trade receivables and trade payables (continued)**Trade Payables****Short-term trade payables**

As at 31 December 2023 and 2022, short-term trade payables comprised the following:

	31 December 2023	31 December 2022
Due to third parties	1.279.917	773.432
Due to related parties (Note 4)	35.267	15.200
Total	1.315.184	788.632

As at 31 December 2023 and 2022, short-term trade payables to third parties comprised the following:

	31 December 2023	31 December 2022
Accounts payables	1.279.917	773.432
Notes payables	-	-
Total	1.279.917	773.432

The Group's exposure to credit and currency risks related to trade receivables and payables and liquidity and currency risks of trade payables are disclosed in Note 28.

8. Other receivables and other payables**Other Receivables****Other short-term receivables**

As at 31 December 2023 and 2022, other short-term receivables comprised the following:

	31 December 2023	31 December 2022
Due from third parties	687.457	820.261
Due from related parties (Note 4)	1.175.143	1.149.066
Total	1.862.600	1.969.327

As at 31 December 2023 and 2022, short-term other receivables from third parties comprised the following:

	31 December 2023	31 December 2022
Deposits and guarantees given (*)	80.361	427.401
Other various receivables (**)	607.096	392.860
Total	687.457	820.261

(*) It includes the deposit and guarantees calculated over progress invoices by the Group for its ongoing projects in Turkmenistan.

(**) It includes the receivables excepts progress payments from the state administration in Turkmenistan.

Other long-term receivables

As at 31 December 2023 and 2022, other long-term receivables comprised the following:

	31 December 2023	31 December 2022
Due from related parties (Note 4) (**)	9.371.949	5.983.456
Deposits and guarantees given (*)	1.006.846	177.541
Total	10.378.795	6.160.997

(*) It includes the deposit and guarantees calculated over progress invoices by the Group for its ongoing projects in Qatar and Turkmenistan.

(**) Maturity for due from related parties is 2026.

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8. Other receivables and other payables (continued)**Other Payables****Other short-term payables**

As at 31 December 2023 and 2022, other short-term payables comprised the following:

	31 December 2023	31 December 2022
Due to related parties (Note 4)	47.331	66.511
Due to third parties	98.022	60.964
Total	145.353	127.475

As at 31 December 2023 and 2022, other short-term payables due to third parties comprised the following:

	31 December 2023	31 December 2022
Deposits and guarantees received	97.928	60.870
Other	94	94
Total	98.022	60.964

Other long-term payables

	31 December 2023	31 December 2022
Deposits and guarantees received (*)	532.843	307.756
Total	532.843	307.756

(*) It includes retention received over the subcontractor progress payments by the Group for its ongoing project in Qatar. The maturity is 2025.

9. Inventories

As at 31 December 2023 and 2022, inventories comprised the following:

	31 December 2023	31 December 2022
Trading properties (*)	3.807.322	2.269.377
Raw materials	837.399	357.214
Trading goods	8.141	1.882
Total	4.652.862	2.628.473

(*) Trading properties comprise under development residential and office buildings, the completion periods of which are no longer than 48 months, in Istanbul for "Taksim 360" project. The Group capitalized interest expense amounting to TL 2.946.409 accumulated on inventories as at 2023 (31 December 2022: TL 1.272.720 accumulated).

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10. Prepaid expenses**Short-term prepaid expenses**

As at 31 December 2023 and 2022, current prepayments comprised the following:

	31 December 2023	31 December 2022
Advances given	767.090	689.302
Prepaid expenses for the following months	12.712	7.972
Total	779.802	697.274

(*) As of 31 December 2023, it consists of the advances given to subcontractors for the ongoing projects in Turkmenistan, Türkiye, Qatar and Germany.

Long-term prepaid expenses

As at 31 December 2023 and 2022, non-current prepayments comprised the following:

	31 December 2023	31 December 2022
Prepaid expenses for the following years	12.509	6.772
Total	12.509	6.772

11. Deferred revenue**Short-term deferred income**

As at 31 December 2023 and 2022, short-term deferred income comprised the following:

	31 December 2023	31 December 2022
Short-term deferred income (*)	2.496.198	682.288
Total	2.496.198	682.288

(*) Included in the deferred income balance at the beginning of the period, the amount of revenue recognized in the financial statements during the reporting period is TL 845.508 in the period ending on December 31, 2023 (2022: 288.062 TL).

Long-term deferred income

As at 31 December 2023 and 2022, long-term deferred income comprised the following:

	31 December 2023	31 December 2022
Long-term deferred income (*)	891.378	1.758.093
Total	891.378	1.758.093

(*) As of 31 December 2023, it consists of the preliminary sales of the Tarlabası urban transformation project of Gap İnşaat.

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12. Property, plant and equipment

Movements of property, plant and equipment and related accumulated depreciation during the years ended 31 December 2023 and 2022 are as follows:

	Land and buildings	Machinery and equipment	Motor vehicles	Furniture and fixtures	Leasehold improvements	Total
Cost						
Balance at 1 January 2023	71.077	1.046.498	147.018	168.783	19.320	1.452.696
Additions	-	43.458	-	4.342	383	48.183
Foreign currency translation differences	40.825	611.667	84.450	97.681	11.188	845.811
Disposals	-	-	-	(264)	-	(264)
Balance at 31 December 2023	111.902	1.701.623	231.468	270.542	30.891	2.346.426
Accumulated depreciation						
Balance at 1 January 2023	(31.364)	(913.680)	(98.231)	(160.404)	(1.155)	(1.204.834)
Charge for the year	(2.937)	(76.431)	(4.533)	(7.350)	(193)	(91.444)
Foreign currency translation differences	(21.730)	(539.382)	(58.024)	(94.815)	(327)	(714.278)
Disposals	-	-	-	122	-	122
Balance at 31 December 2023	(56.031)	(1.529.493)	(160.788)	(262.447)	(1.675)	(2.010.434)
Net carrying values	55.871	172.130	70.680	8.095	29.216	335.992

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Gap İnşaat Yatırım ve Dış Ticaret Anonim Şirketi and its Subsidiaries

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12. Property, plant and equipment (continued)

	Land and buildings	Machinery and equipment	Motor vehicles	Furniture and fixtures	Leasehold improvements	Total
Cost						
Balance at 1 January 2022	51.878	744.060	112.685	174.602	9.958	1.093.183
Additions	9	4.491	1.267	9.491	4.740	19.998
Foreign currency translation differences	20.704	300.094	44.126	61.565	4.622	431.111
Disposals	(1.514)	(2.147)	(11.060)	(76.875)	-	(91.596)
Balance at 31 December 2022	71.077	1.046.498	147.018	168.783	19.320	1.452.696
Accumulated depreciation						
Balance at 1 January 2022	(20.740)	(606.866)	(75.778)	(166.070)	(683)	(870.137)
Charge for the year	(1.663)	(59.543)	(2.752)	(9.854)	(186)	(73.998)
Foreign currency translation differences	(10.177)	(249.394)	(29.605)	(59.303)	(286)	(348.765)
Disposals	1.216	2.123	9.904	74.823	-	88.066
Balance at 31 December 2022	(31.364)	(913.680)	(98.231)	(160.404)	(1.155)	(1.204.834)
Net carrying values	39.713	132.818	48.787	8.379	18.165	247.862

For the year ended 31 December 2023, depreciation amounting to TL 6.033 was allocated to general administrative expenses (31 December 2022: TL 3.640).

For the year ended 31 December 2023, depreciation amounting to TL 85.411 was allocated to cost of sales (31 December 2022: TL 70.358).

As 31 December 2023, property, plant and equipment were insured amounting to TL 1.819.136 (31 December 2022: TL TL 1.130.534).

As 31 December 2023, there is no mortgages over property, plant and equipments against its borrowings (31 December 2022:None).

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13. Intangible assets

Movements of intangible assets and related accumulated amortisation during the years ended 31 December 2023 and 2022 are as follows:

Cost	Licences and other intangible assets
Balance at 1 January 2023	14.256
Foreign currency translation differences	8.539
Additions	381
Disposals	(1.546)
Balance at 31 December 2023	21.630
Amortisation	
Balance at 1 January 2023	(13.022)
Charge for the year	(2.070)
Foreign currency translation differences	(6.923)
Disposals	1.155
Balance at 31 December 2023	(20.860)
Net carrying value	770

Cost	Licences and other intangible assets
Balance at 1 January 2022	9.035
Foreign currency translation differences	3.688
Additions	1.586
Disposals	(53)
Balance at 31 December 2022	14.256
Amortisation	
Balance at 1 January 2022	(8.287)
Charge for the year	(1.288)
Foreign currency translation differences	(3.470)
Disposals	23
Balance at 31 December 2022	(13.022)
Net carrying value	1.234

For the year ended 31 December 2023, amortisation amounting to TL 137 was allocated to general administrative expenses (31 December 2022: TL 63).

For the year ended 31 December 2023, amortisation amounting to TL 1.933 was allocated to cost of sales (31 December 2022: TL 1.225).

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14. Investment properties

As at 31 December 2023 and 2022, investment properties comprised the followings:

	31 December 2023	31 December 2022
Investment property under development	-	1.088.700
Investment property in use	3.614.033	1.101.969
Total	3.614.033	2.190.669

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

	2023	2022
Balance at 1 January	2.190.669	1.382.868
Additions	-	-
Disposals (*)	-	(443.441)
Changes in fair value (Note 26)	133.346	663.049
Foreign currency translation differences	1.290.018	588.193
Balance at 31 December	3.614.033	2.190.669

(*) The company 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.

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 IFRS 13 based on fair value hierarchy are as follows:

31 December 2023	Level 1	Level 2	Level 3	Total
Investment property	-	3.614.033	-	3.614.033
Total	3.614.033	3.614.033	3.614.033	3.614.033
31 December 2022	Level 1	Level 2	Level 3	Total
Investment property	-	2.190.669	-	2.190.669
Total	-	2.190.669	-	2.190.669

As at 31 December, fair value of the investment properties is calculated by using a peer comparison 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.

The Group has no mortgages over its investment properties (31 December 2022: None) against its borrowings.

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15. Other assets and liabilities**Other current assets**

As at 31 December 2023 and 2022, other current assets comprised the following:

	31 December 2023	31 December 2022
VAT carried forward	168.621	61.106
Deductible VAT	97.163	51.955
Advances given to employees	52.904	602
Total	318.688	113.663

Other short-term liabilities

As at 31 December 2023 and 2022, other short-term liabilities comprised the following:

	31 December 2023	31 December 2022
Taxes and funds payable	45.357	29.169
Other liabilities	7.121	4.572
Total	52.478	33.741

16. Contract assets and liabilities

As at 31 December 2023 and 2022, the details of uncompleted contracts were as follows:

	31 December 2023	31 December 2022
Total costs incurred on uncompleted contracts	15.539.051	8.465.229
Estimated earnings/(costs)	1.286.124	1.026.891
Total estimated revenue on uncompleted contracts	16.825.175	9.492.120
Less: Billings to date	(13.922.645)	(8.711.380)
Net amounts due from customers for contract works (*)	2.902.530	780.740

(*) Contract assets from ongoing construction and contracting projects, contract liabilities from ongoing construction and contracting projects and advance received from the ongoing construction and contracting projects amounting to TL 3.372.137, TL 469.608 ve TL 5.951.510 respectively. Net contract liability is TL 3.048.981 (31 December 2022: TL 1.097.759, TL 317.019 and TL 1.839.835 respectively).

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on made-to-order trading goods and trading properties. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

17. Loans and borrowings

As at 31 December 2023 and 2022, loans and borrowings comprised the following:

	31 December 2023	31 December 2022
Short-term loans and borrowings	2.581.791	397.604
Short-term portion of long term loans and borrowings	488.044	991.176
Short-term portion of long term bonds	356.181	349.458
Short-term loans and borrowings	3.426.016	1.738.238
Long-term loans and borrowings	497.575	2.750.252
Long-term bonds	511.400	668.807
Long-term loans and borrowings	1.008.975	3.419.059
Total	4.434.991	5.157.297

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17. Loans and borrowings (continued)

At 31 December 2023 and 2022, the terms and conditions of outstanding loans and borrowings were as follows:

2023					
	Currency	Nominal interest rate %	Maturity	Nominal value	Carrying amount
Unsecured bank loans	TL	10,50-42,40	2024-2025	184.170	192.107
Unsecured bank loans	USD	8,50-12,00	2024	1.999.207	2.046.809
Unsecured bank loans	EUR	6,80-11,00	2024	871.013	888.722
Sukuk agreement	TL	-	2030	420.000	439.772
Bonds	TL	-	2024-2025	837.000	867.581
Total				4.311.390	4.434.991

2022					
	Currency	Nominal interest rate %	Maturity	Nominal value	Carrying amount
Unsecured bank loans	TL	10,50-35,25	2022-2025	521.067	528.160
Unsecured bank loans	USD	8,50-9,00	2022-2023	411.363	414.385
Unsecured bank loans	EUR	3,86-8,25	2023	527.458	529.138
Unsecured bank loans	TMT	12,00	2023	10.685	10.685
Sukuk agreement	USD	7,00	2024	2.206.399	2.228.280
Sukuk agreement	TL	-	2030	420.000	428.384
Bonds	TL	-	2023-2025	1.025.000	1.018.265
Total				5.121.972	5.157.297

There is no mortgage on investment properties against the bank borrowings (31 December 2022: None).

As 31 December 2023, there is no mortgage on property, plant and equipment against the bank borrowings (31 December 2022:Nil).

The redemption schedule of loans and borrowings are as follows:

	2023	2022
2023	-	1.738.238
2024	3.426.016	2.577.804
2025	569.204	412.871
2026 and after	439.771	428.384
Total	4.434.991	5.157.297

Change of Group's liabilities from borrowing activities between 1 January – 31 December 2023 are presented below:

	1 January 2023	Cash inflow	Cash outflows	Non-cash transactions	Interest expense	Interest paid	31 December 2023
Financial borrowings	5.157.297	3.397.247	(6.004.345)	2.088.637	423.877	(627.722)	4.434.991

Change of Group's liabilities from borrowing activities between 1 January – 31 December 2022 are presented below:

	1 January 2022	Cash inflow	Cash outflows	Non-cash transactions	Interest expense	Interest paid	31 December 2022
Financial borrowings	3.556.841	2.536.357	(1.822.729)	965.474	471.629	(550.275)	5.157.297

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18. Provisions, commitments and contingencies

As at 31 December 2023 and 2022, provisions comprised the following items:

	31 December 2023	31 December 2022
Short-term provisions		
Short-term employee benefits	16.921	11.878
Other short-term provisions	41.085	22.225
Total short-term provisions	58.006	34.103
Long-term provisions		
Long-term employee benefits	47.425	20.196
Total long-term provisions	47.425	20.196
Total provisions	105.431	54.299

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

	31 December 2023	31 December 2022
Short-term		
Vacation pay liability	16.921	11.878
Total	16.921	11.878
Long term		
Reserve for severance payments	47.425	20.196
Total	47.425	20.196

As at 31 December 2023 and 2022, movement of vacation pay liability is below:

	2023	2022
Opening balance	11.878	7.449
Additions / (reversals), net	(893)	1.412
Translation differences	5.936	3.017
Closing balance	16.921	11.878

As at 31 December 2023 and 2022, other provisions comprised the following items:

	31 December 2023	31 December 2022
Short-term		
Provision for litigation	41.085	22.225
Total	41.085	22.225

As at 31 December 2023 and 2022, movement of litigation provision is below:

	2023	2022
Opening balance	22.225	16.015
Additions / (reversals), net	15.272	3.454
Translation differences	3.588	2.756
Closing balance	41.085	22.225

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18. Provisions, commitments and contingencies (continued)**Reserve for severance payments**

In accordance with the existing labour law in Turkey, the Group entities operating in Turkey 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.

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

	2023	2022
Balance at the beginning of the year	20.196	12.061
Interest cost	3.395	2.125
Service cost	3.080	2.199
Paid during the year	(1.926)	(1.260)
Actuarial difference	16.490	3.722
Foreign currency translation differences	6.190	1.349
Balance at the end of the year	47.425	20.196

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 difference arises due to the change in interest rate and expected salary increase. Actuarial difference is recognized in other comprehensive income.

The computation of the liability is predicated upon retirement pay ceiling announced by the Government. As at 31 December 2023, the ceiling amount was TL 35,06 thousand (31 December 2022: TL 19,98 thousand).

Commitments and contingencies

Guarantee, pledge and mortgages ("GPM") in respect of commitment and contingencies realised in the ordinary course of business were given as at 31 December 2023 and 2022 are as follows:

	31 December 2023			31 December 2022		
	USD	Other ^(*)	TI Equivalents	USD	Other ^(*)	TI Equivalents
A. Total amount of GPMs given in the name of its own legal personality	232.202	257.826	7.093.438	84.385	155.307	1.733.172
B. Total amount of GPMs given in the name of the consolidated subsidiaries and joint ventures	-	-	-	-	-	-
C. Total amount of GPMs given to be able to conduct ordinary business transactions to secure payables of third parties	-	-	-	-	-	-
D. Other GPMs given	-	-	-	-	-	-
Total GPM	232.202	257.826	7.093.438	84.385	155.307	1.733.172

(*) TL equivalents are given.

The Group gives letter of guarantees amounting to TL 6.878.168 (31 December 2022: TL 1.557.865) for the construction projects to suppliers.

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19. Payables related to employee benefits

As at 31 December 2023 and 2022, payables related to employee benefits comprised the following:

	31 December 2023	31 December 2022
Payable to employees	7.863	12.230
Social security payables	7.104	2.677
Total	14.967	14.907

20. Contract liabilities

The details of short term contract liabilities as of December 31, 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Contract liabilities resulting from ongoing construction and contracting works	767.554	644.732
Total	767.554	644.732

The details of long-term contract liabilities as of December 31, 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Contract liabilities resulting from ongoing construction and contracting works	5.653.564	1.512.122
Total	5.653.564	1.512.122

The amount of revenue recognised in the period ended 31 December 2023 from performance obligations satisfied (or partially satisfied) is amounting TL 6.421.118 (2022: TL 2.156.854). The contract liabilities primarily relate to the advance consideration received from customers for ongoing construction projects located in Turkmenistan and Qatar where revenue is recognised over time. These amounts will be recognised as revenue when the projects are delivered to customers, which is expected to be completed within 1 to 3 years.

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21. TaxationTurkey

Corporate income tax is levied on the statutory corporate income tax base, which is determined by modifying income for certain tax exclusions and allowances.

In Turkey, the corporate tax rate is 25% (31 December 2022: 23%). This rate is applicable to the tax base derived upon exemptions and deductions stated in the tax legislation and by addition of disallowable expenses to the commercial revenues of the companies with respect to the tax legislation. Corporate tax is required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid by the end of the fourth month.

The tax legislation provides for a temporary tax of 25% to be calculated based on earnings generated for each quarter. Temporary tax is declared by the 14th day of the second month following each quarter and corresponding tax is payable by the 17th day of the same month. The amounts thus calculated and paid are offset against the final corporate tax liability for the year. If there is excess temporary tax paid even if it is already offset, this amount may be refunded or offset.

According to the Corporate Tax Law, for assets purchased before July 15, 2023, 50 percent of the income from the sales of subsidiaries and real estate owned for at least two years is subject to tax exemption if it is recorded in equity accounts within five years from the date of sale. The remaining 50 percent is subject to corporate tax.

There is also a withholding tax on the dividends paid and is accrued only at the time of such payments. According to the amendments in the tax legislations, which became effective from 24 April 2003, dividends that are paid to the shareholders from the profits of the years between 1999 and 2002 are immune from the withholding tax, if such profits are exempted from corporation tax bases of the companies. As per the decision no.2006/10731 of the Council of Ministers published in the Official Gazette no.26237 dated 23 July 2006, certain duty rates included in the articles no.15 and 30 of the new Corporate Tax Law no:5520 revised.

Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the non resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions was increased from 10 percent to 15 percent. In applying the withholding tax rates on dividend payments to the non resident institutions and the individuals the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account.

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(Amounts expressed in thousands of "TL" unless otherwise stated.)

21. Taxation (continued)Turkey (continued)

In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes shown in the consolidated financial statements reflects the total amount of taxes calculated on each entity that are included in the consolidation.

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within four months following the close of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue reassessments based on their findings.

Transfer pricing regulations

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If a tax payer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes

Tax applications for foreign subsidiaries of the GroupUnited Arab Emirates

As at 31 December 2023, the Group has two 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 2023, the Group's subsidiary operating in Dubai is not subject to corporate tax.

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

Qatar

As of 31 December 2023, the Group has a branch and a subsidiary operating in Qatar. 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.

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Gap İnşaat Yatırım ve Dış Ticaret 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 "TL" unless otherwise stated.)

21. Taxation (continued)*Deferred tax*

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax at the balance sheet date.

While deferred tax liability is calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated provided that it is highly probable to benefit from these differences by obtaining taxable profit in the future.

Provided that they are subject to the tax legislation of the same country and there is a legally enforceable right to offset current tax assets from current tax liabilities, deferred tax assets and liabilities are mutually offset from each other.

Tax recognised in profit or loss

Income tax expense for the years ended 31 December 2023 and 2022 comprised the following items:

	2023	2022
Current year tax expense	(207)	-
Deferred tax income	(147.033)	(60.104)
Tax expenses recognised in profit or loss	(147.240)	(60.104)
Tax recognised in other comprehensive income	1.154	324
Total income tax benefit	(146.086)	(59.780)

As at December 31, 2023 and 2022, all of the deferred tax income recognized in other comprehensive income is related to actuarial differences in the provision for severance pay.

Reconciliation of effective tax rate

The reported income tax expense for the years ended 31 December 2023 and 2022 are different than the amounts computed by applying statutory tax rate to profit before tax as shown in the following reconciliation:

	1 January- 31 December 2023	1 January- 31 December 2022
Profit/ (loss) before taxation	792.906	1.409.699
Tax rate	%25	%23
Taxes on profit or loss per statutory tax rate	(198.227)	(324.231)
Disallowable expenses	(71.419)	(31.423)
Carry forward tax losses used in the current period for which deferred tax not booked in previous periods	48.246	15.647
Current period previous year losses for which deferred tax asset is recognized	353	446
Tax exempt income	57.046	35.096
Unrecognized deferred tax over temporary differences	(6.066)	(13.190)
Effect of other non-taxable income and other	22.827	257.551
Tax income	(147.240)	(60.104)

Gap İnşaat Yatırım ve Dış Ticaret 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 "TL" unless otherwise stated.)

21. Taxation (continued)**Taxes payable on income**

	31 December 2023	31 December 2022
Prepaid taxes and funds	10.506	5.360
Prepaid taxes, net	10.506	5.360

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.

Recognised deferred tax assets and liabilities

Deferred tax assets and deferred tax liabilities at 31 December 2023 and 2022 are attributable to the items detailed in the table below:

	Assets		Liabilities		Net	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Provision for severance payment	2.919	1.121	-	-	2.919	1.121
Property, plant and equipment and intangible assets	30	-	(4.761)	(188)	(4.731)	(188)
Inventories	60	-	(235.649)	(79.677)	(235.589)	(79.677)
Investment property	-	-	(401.620)	(183.106)	(401.620)	(183.106)
IAS 39 effect on loans and borrowings	8.579	-	-	(1.563)	8.579	(1.563)
Contract Progress	-	-	(36.474)	(13.185)	(36.474)	(13.185)
Tax losses carried forward	41.065	24.873	-	-	41.065	24.873
Deferred revenue	65.152	20.343	-	-	65.152	20.343
Other temporary differences	16.807	1.109	-	-	16.807	1.109
Total deferred tax assets/(liabilities)	134.612	47.446	(678.504)	(277.719)	(543.892)	(230.273)
Set off of tax	(131.470)	(43.248)	131.470	43.248	-	-
Deferred tax assets/(liabilities), net	3.142	4.198	(547.034)	(234.471)	(543.892)	(230.273)

According to the Tax Procedural Law in Turkey, statutory losses can be carried forward maximum for five years. Consequently, 2027 is the latest year for recovering the deferred tax assets arising from such tax losses carried forward. At the end of the reporting period, the Group has a financial loss of TL 164.259 (31 December 2022: TL 980.765) that can be offset against future profits. The table below shows the expiration date of the tax losses (deferred tax effect) carried forward:

Date of expire	2023	2022
2023	-	6.791
2024	1.494	1.494
2025	4.686	4.686
2026	156.668	965.854
2027	-	1.940
2028	1.411	-
Total	164.259	980.765

(*) As at December 31, 2023 deferred tax asset recognized from tax losses carried forwards is amounting to TL 164.259 (31 December 2022: TL 124.367).

Gap İnşaat Yatırım ve Dış Ticaret 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 "TL" unless otherwise stated.)

22. Capital and reserves*Paid in capital*

At 31 December 2023, the Company's statutory nominal value of authorised and paid-in share capital is TL 1.001.503 (31 December 2022: TL 1.001.502) comprising of 1.001.503.262 registered shares (31 December 2022: 1.001.502.262) having per value of TL 1 full (31 December 2022: TL 1 full) nominal each. Business combination under common control account includes paid-in share capital amounting to TL 109.580 (31 December 2022: TL 109.580).

Based on the Extraordinary General Assembly Decision on April 18, 2023, the Company merged with Kentsel Dönüşüm İnşaat Anonim Şirketi. As a result of the merger, the Company increased its capital by 1 TL from TL 1.001.502 to TL 1.001.503.

At 31 December, the shareholding structure of Gap İnşaat based on the number of shares is presented below:

	31 December 2023		31 December 2022	
			TL	%
Çalık Holding Anonim Şirketi	889.212	99,7	889.211	99,7
Other	2.711	0,3	2.711	0,3
	891.923	100%	891.922	100%
Inflationary effect	4.590		4.590	
Total	896.513		896.512	

Legal 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. In the accompanying consolidated financial statements, the total of the legal reserves of the consolidated entities amounted to TL 239.078 as at 31 December 2023 (31 December 2022: TL 239.078).

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Gap İnşaat Yatırım ve Dış Ticaret 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 "TL" unless otherwise stated.)

23. Revenue and cost of sales

For the years ended 31 December 2023 and 2022, revenue comprised the following:

	1 January- 31 December 2023	1 January- 31 December 2022
Revenue	6.240.244	3.185.825
Export sales	5.292.209	2.845.761
Domestic sales	948.035	340.064
Sales discounts (-)	-	-
Cost of sales (-)	(5.320.080)	(2.766.184)
Gross profit	920.164	419.641

For the years ended 31 December 2023 and 2022, details of the revenue comprised the following:

	1 January- 31 December 2023	1 January- 31 December 2022
Revenue from customer contracts	5.247.798	2.758.929
Revenue from sales of real estates	845.508	288.062
Rental income	129.973	128.470
Other operations	16.965	10.364
Total	6.240.244	3.185.825

For the years ended 31 December 2023 and 2022, cost of sales comprised the following:

	1 January- 31 December 2023	1 January- 31 December 2022
Change in inventories and materials used (*)	4.309.385	2.235.366
Personnel expenses	703.837	368.544
Depreciation and amortisation expenses (Note 12,13)	87.344	71.583
Taxes, duties and fees	73.863	20.237
Maintenance and repair expenses	33.254	17.044
Travel and accommodation expenses	11.344	11.075
Rent expenses	22.970	9.282
Consultancy expenses	22.489	5.792
Representation expenses	7.479	7.068
Office expenses	10.837	3.767
Insurance expenses	5.539	3.239
Other	31.739	13.187
Total	5.320.080	2.766.184

(*) During the year 2023, the Group received an amount of QAR 54,886 as Government grant pertains to reimbursement of costs as compensation for expenses already incurred. Out of the amount received, the Group distributed QR 26,844 to the subcontractors for their respective claims within the year. Accordingly, the Group received QR 28,042 as compensation to cost escalations in past years. The Group considered this as Government grant received to compensate the cost and netted off with the subcontractor cost.

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Gap İnşaat Yatırım ve Dış Ticaret 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 “TL” unless otherwise stated.)

24. General administrative, marketing expenses and expenses by nature

	1 January- 31 December 2023	1 January- 31 December 2022
General administrative expenses	331.941	158.799
Marketing expenses	170.407	125.688
Total	502.348	284.487

General administrative expenses

For the years ended 31 December 2023 and 2022, general administrative expenses comprised the following:

	1 January- 31 December 2023	1 January- 31 December 2022
Personnel expenses	173.419	66.476
Service expenses	71.736	33.999
Travel and accommodation expenses	13.298	23.336
Consultancy expenses	27.808	12.265
Rent expenses	16.851	6.694
Representation expenses	10.408	6.630
Depreciation and amortisation expenses (Note 12, 13)	6.170	3.703
Taxes, duties and fees	789	571
Maintenance and repair expenses	1.116	419
Communication and information expenses	505	113
Other	9.841	4.593
Total	331.941	158.799

Marketing expenses

For the years ended 31 December 2023 and 2022, marketing expenses comprised the following:

	1 January- 31 December 2023	1 January- 31 December 2022
Commission expenses	85.444	82.737
Personnel expenses	23.079	12.047
Advertisement and promotion expenses	19.158	11.131
Travel and accommodation expenses	17.490	7.590
Consultancy expenses	13.807	6.916
Representation expenses	2.203	2.790
Taxes, duties and fees	2.100	713
Rent expenses	663	527
Communication and information expenses	379	229
Other	6.084	1.008
Total	170.407	125.688

Gap İnşaat Yatırım ve Dış Ticaret 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 “TL” unless otherwise stated.)

24. General administrative expenses, marketing expenses and expenses by nature (continued)**Expenses by nature**

For the years ended 31 December 2023 and 2022, expenses by nature comprised the following:

	1 January- 31 December 2023	1 January- 31 December 2022
Change in inventories and materials used	4.309.385	2.235.366
Personnel expenses	900.335	447.067
Depreciation and amortisation expenses (Note 12, 13)	93.514	75.286
Commission expenses	85.444	82.737
Consultancy expenses	64.104	24.973
Service expenses	71.736	33.999
Travel and accommodation expenses	42.132	42.001
Taxes, duties and fees	76.752	21.521
Rent expenses	40.484	16.503
Advertising and promotion expenses	19.158	11.131
Representation expenses	20.090	16.488
Maintenance and repair expenses	34.370	17.463
Insurance expenses	5.539	3.239
Office expenses	10.837	3.767
Communication and information expenses	884	342
Other	47.664	18.788
Total	5.822.428	3.050.671

For the years ended 31 December 2023 and 2022, personnel expenses comprised the following:

	1 January- 31 December 2023	1 January- 31 December 2022
Personnel expenses		
Wage and salaries	898.409	445.807
Severance compensations (note 18)	1.926	1.260
Total	900.335	447.067

For the years ended 31 December 2023 and 2022, depreciation and amortisation expenses were allocated as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Depreciation and amortisation expenses		
Cost of sales	87.344	71.583
General administrative expenses	6.170	3.703
Total	93.514	75.286

Gap İnşaat Yatırım ve Dış Ticaret 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 “TL” unless otherwise stated.)****25. Other income and expenses**

For the years ended 31 December 2023 and 2022, other income comprised the following:

	1 January- 31 December 2023	1 January- 31 December 2022
Provisions no longer required (*) (**)	-	73.245
Foreign exchange gains	241.357	4.486
Other income from operating activities	23.239	3.268
Total	264.596	80.999

(*) Within the scope of the Turkmenbaşı Port Project, there was a dispute between the Company and the subcontractor, Bedeschi SPA, an Italian company. In accordance with the relevant clause in the contract, the parties took the dispute to the International Chamber of Commerce Paris. The result of the arbitration was processed by Bedeschi as an recognition and enforcement action in Turkey in accordance with international law. During the enforcement proceedings, the parties reached an external agreement. Since Bedeschi waived its lawsuit, the court decided to dismiss the lawsuit. Since the amount paid to Bedeschi is less than the liability in the Company's financial statements, TL 19.195 is recognized as income.

(**) The Company signed an agreement with Mikrocerrahi Sağlık Hizmetleri A.Ş. (Mikrocerrahi) for the lease of the Company's own building located in Mecidiyeköy 115 parcel as a hospital. As Mikrocerrahi withdraw the agreement without the consent of the Company, the Company filed a lawsuit against Mikrocerrahi for the compensation of the expenses incurred for the use of the building as a hospital. Mikrocerrahi also filed a counterclaim for the return of USD 1,000, which it had given as an advance payment at the beginning of the transactions. During the course of the lawsuits, the Company won the lawsuit and while the process continued at the Court of Cassation, the settlement request from Mikrocerrahi was evaluated and an agreement was reached to eliminate all mutual receivables and debts. As a result of the related settlement, an income amounting to TL 54.050 has been recognized in the consolidated financials of the Group.

For the years ended 31 December 2023 and 2022, other expenses comprised the following:

	1 January- 31 December 2023	1 January- 31 December 2022
Foreign exchange losses	396.498	107.086
Other expense from operating activities	7.472	22.261
Provision expenses	48.074	16.353
Rediscount interest expenses	-	1.621
Total	452.044	147.321

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As at and for the Year Ended 31 December 2023
(Amounts expressed in thousands of “TL” unless otherwise stated.)****26. Gains and losses from investing activities**

For the years ended 31 December 2023 and 2022, gains from investing activities comprised the following:

	1 January- 31 December 2023	1 January- 31 December 2022
Increase in the fair value of investment properties (Note 14)	133.346	663.049
Gain on sales of investment property (Note 14)	-	294.785
Fair value gains of financial assets	-	30.587
Dividend income	103	81
Gain on sale of property, plant and equipment	10	48
Total	133.459	988.550

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

	1 January- 31 December 2023	1 January- 31 December 2022
Impairment of other investments	-	17.061
Loss on sale of property, plant and equipment	-	153
Total	-	17.214

27. Finance income / (expense)**Finance income**

For the years ended 31 December 2023 and 2022, finance income comprised the following:

	1 January- 31 December 2023	1 January- 31 December 2022
Foreign exchange gains on loans and financing	894.941	811.611
Interest income	24.630	67.808
Interest income from receivables	22.613	7.649
Total	942.184	887.068

Finance expenses

For the years ended 31 December 2023 and 2022, finance expense comprised the following:

	1 January- 31 December 2023	1 January- 31 December 2022
Interest expenses on borrowings	423.877	471.629
Bank commission expenses	13.159	18.409
Other bank charges	12.672	11.453
Foreign exchange losses on loans and financing	4.109	893
Expenses on letters of guarantee obtained	1.538	339
Interest expenses	44.266	14.814
Total	499.621	517.537

Gap İnşaat Yatırım ve Dış Ticaret 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 "TL" unless otherwise stated.)

28. 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

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 Çalık Holding Anonim Şirketi, the Company 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.

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 accounts receivable. Credit evaluations are performed on all customers requiring credit over a certain amount on individual level.

On a certain real estate development project in Turkey, the Group works with state-owned enterprise and for the abroad construction projects, the customers of the Group are state-owned enterprises. Therefore, the Group assess its credit risk as low for those customers. Also, the Group places its cash at reputable banks.

At reporting date, there were significant concentrations of credit risk which are derived from receivables state owned enterprises. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

Gap İnşaat Yatırım ve Dış Ticaret 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 "TL" unless otherwise stated.)

28. 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 2023 is:

31 December 2023	Receivables				Cash and cash equivalent	Contract Asset
	Trade receivables		Other receivables			
	Related party	Third party	Related party	Third party		
Maximum credit risk exposure at reporting date (A+B+C+D)	21.297	600.471	10.547.092	1.694.303	1.352.605	3.372.137
-Portion of maximum risk covered by guarantees	-	-	-	-	-	-
A. Carrying value of financial assets that are neither past due nor impaired	21.297	530.887	10.547.092	1.694.303	1.352.605	3.372.137
B. Carrying value of financial assets that are past due but not impaired	-	69.584	-	-	-	-
C. Carrying value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- 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	-	-	-	-	-	-

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Gap İnşaat Yatırım ve Dış Ticaret 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 "TL" unless otherwise stated.)

28. Financial instruments – Fair values and risk management (continued)

Credit risk (continued)

Exposure to credit risk (continued)

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at 31 December 2022 was:

31 December 2022	Receivables				Cash and cash equivalent	Contract Asset
	Trade receivables		Other receivables			
	Related party	Third party	Related party	Third party		
Maximum credit risk exposure at reporting date (A+B+C+D)	24.218	296.411	7.132.522	997.802	388.077	1.097.759
-Portion of maximum risk covered by guarantees	-	-	-	-	-	-
A. Carrying value of financial assets that are neither past due nor impaired	24.218	266.575	7.132.522	997.802	388.077	1.097.759
B. Carrying value of financial assets that are past due but not impaired	-	29.836	-	-	-	-
C. Carrying value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- 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	-	-	-	-	-	-

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Gap İnşaat Yatırım ve Dış Ticaret 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 "TL" unless otherwise stated.)

28. Financial instruments – Fair values and risk management (continued)

Credit risk (continued)

Impairment losses

The aging of trade receivables at the reporting date was:

	31 December 2023		31 December 2022	
	Trade receivables	Other receivables	Trade receivables	Other receivables
Past due 0-30 days	5.155	-	4.205	-
Past due 31-120 days	32.400	-	4.343	-
Past due 121-365 days	8.005	-	4.594	-
More than one year	24.024	-	16.694	-

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.

As at 31 December 2023 and 2022, the followings are carrying amounts, contractual cash flows and the contractual maturities of financial liabilities;

	31 December 2023					
	Carrying amount	Contractual cash flows	3 months or less	3-12 months	1-5 years	More than five year
Non-derivative financial liabilities						
Borrowings	3.567.410	4.405.388	1.558.015	1.704.667	542.785	599.921
Bonds	867.581	1.150.960	64.287	338.980	747.693	-
Trade payables	1.315.184	1.315.184	-	1.315.184	-	-
Other payables	678.196	678.196	-	145.353	532.843	-
Employee benefit obligations	14.967	14.967	-	14.967	-	-
	6.443.338	7.564.695	1.622.302	3.519.151	1.823.321	599.921

	31 December 2022					
	Carrying amount	Contractual cash flows	3 months or less	3-12 months	1-5 years	More than five year
Non-derivative financial liabilities						
Borrowings	4.139.032	4.805.241	548.361	1.110.892	2.607.607	538.381
Bonds	1.018.265	1.484.432	53.724	336.065	1.094.643	-
Trade payables	788.632	788.632	-	788.632	-	-
Other payables	435.231	435.231	-	435.231	-	-
Employee benefit obligations	14.907	14.907	-	14.907	-	-
	6.396.067	7.528.443	602.085	2.685.727	3.702.250	538.381

Gap İnşaat Yatırım ve Dış Ticaret 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 "TL" unless otherwise stated.)

28. Financial instruments – Fair values and risk management (continued)**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.

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 reprice 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 repricing 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 2023 and 2022, the interest rate profile of the Group's interest-bearing financial instruments was as follows:

		2023	2022
	Fixed-rate instruments		
Financial liabilities	TL	192.108	528.160
Financial liabilities	USD	2.046.809	2.642.665
Financial liabilities	EUR	888.722	529.138
Financial liabilities	TMT	-	10.685
	Variable-rate instruments		
Financial liabilities	TL	439.771	428.384
Financial liabilities	TL	867.581	1.018.265

Fair value sensitivity analysis for variable rate instruments

The Group is exposed to interest rate risk due to bonds and sukuk agreements with variable interest rate. A change of 1% points in interest rates as at 31 December 2023 would have increased / (decreased) profit or loss by TL 6.248 (31 December 2022: TL 2.431). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Gap İnşaat Yatırım ve Dış Ticaret Anonim Şirketi and its Subsidiaries**Notes to Consolidated Financial Statements****As at and for the Year Ended 31 December 2023**

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28. Financial instruments – Fair values and risk management (continued)**Market risk (continued)****Currency risk**

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated are TL and Euro.

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.

At 31 December 2023, the currency risk exposures of the Group in TL equivalents are as follows:

	31 December 2023			
	TL equivalent	TL	EUR	Other ⁽¹⁾
1. Trade receivables	30.124	30.124	-	-
2a. Monetary financial assets (including cash on hand, bank deposits) (*)	1.729.203	962.029	1.631	714.042
2b. Non-monetary financial assets	-	-	-	-
3. Other	216.017	83.014	2.056	66.027
4. Current assets (1+2+3)	1.975.344	1.075.167	3.687	780.069
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	928	928	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	928	928	-	-
9. Total assets (4+8)	1.976.272	1.076.095	3.687	780.069
10. Trade payables	(202.351)	(71.917)	(3.078)	(30.165)
11. Financial liabilities	(1.023.011)	(182.585)	(25.799)	-
12a. Other monetary liabilities	(51.683)	(37.381)	(284)	(5.050)
12b. Other non-monetary liabilities	-	-	-	-
13. Short term liabilities (10+11+12)	(1.277.045)	(291.883)	(29.161)	(35.215)
14. Trade payables	-	-	-	-
15. Financial liabilities	(497.571)	(449.294)	(1.482)	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Long term liabilities (14+15+16)	(497.571)	(449.294)	(1.482)	-
18. Total liabilities (13+17)	(1.774.616)	(741.177)	(30.643)	(35.215)
19. Net position of off-statement of financial position derivative instruments (19a+19b)	-	-	-	-
19a. Total hedged assets(**)	-	-	-	-
19b. Total hedged liabilities(**)	-	-	-	-
20. Net statement of financial position (9+18+19)	201.656	334.918	(26.956)	744.854
21. Net statement of monetary items (IFRS 7.b23) (=1+2a+5+6a+10+11+12a+14+15+16a)	(14.361)	251.904	(29.012)	678.827

⁽¹⁾ TL equivalents are given.

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Gap İnşaat Yatırım ve Dış Ticaret 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 "TL" unless otherwise stated.)

28. Financial instruments – Fair values and risk management (continued)

Market risk (continued)

Currency risk (continued)

At 31 December 2022, the currency risk exposures of the Group in TL equivalents are as follows:

CURRENCY POSITION STATEMENT	31 December 2022			
	TL equivalent	TL	EUR	Other ^(*)
1. Trade receivables	23.723	20.055	184	-
2a. Monetary financial assets (including cash on hand, bank deposits) (*)	1.381.630	971.409	1.226	385.781
2b. Non-monetary financial assets	-	-	-	-
3. Other	125.070	59.396	473	56.245
4. Current assets (1+2+3)	1.530.423	1.050.860	1.883	442.026
5. Trade receivables	-	-	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	-	-	-	-
9. Total assets (4+8)	1.530.423	1.050.860	1.883	442.026
10. Trade payables	(238.891)	(46.254)	(1.083)	(171.048)
11. Financial liabilities	(1.323.847)	(784.030)	(26.543)	(10.685)
12a. Other monetary liabilities	(80.880)	(34.010)	(292)	(41.050)
12b. Other non-monetary liabilities	-	-	-	-
13. Short term liabilities (10+11+12)	(1.643.618)	(864.294)	(27.918)	(222.783)
14. Trade payables	-	-	-	-
15. Financial liabilities	(1.190.779)	(1.190.779)	-	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Long term liabilities (14+15+16)	(1.190.779)	(1.190.779)	-	-
18. Total liabilities (13+17)	(2.834.397)	(2.055.073)	(27.918)	(222.783)
19. Net position of off-statement of financial position derivative instruments (19a+19b)	-	-	-	-
19a. Total hedged assets(**)	-	-	-	-
19b. Total hedged liabilities (**)	-	-	-	-
20. Net statement of financial position (9+18+19)	(1.303.974)	(1.004.213)	(26.035)	219.243
21. Net statement of monetary items (IFRS 7.b23) (=1+2a+5+6a+10+11+12a+14+15+16a)	(1.429.044)	(1.063.609)	(26.508)	162.998

(*) TL equivalents are given.

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(Amounts expressed in thousands of "TL" unless otherwise stated.)

28. Financial instruments – Fair values and risk management (continued)

Market risk (continued)

Currency risk (continued)

Sensitivity analysis

In the event that the US Dollar depreciates / gains 10 percent against the following currencies as of December 31, 2023 and 2022, profit or loss and equity before tax will increase (decrease) in the amounts shown below. In this analysis, it is assumed that other variables, especially interest rates, remain constant.

Currency risk sensitivity analysis table		
31 December 2023		
	Profit/(loss)	
	Strengthening of foreign currency	Weakening of foreign currency
Increase/(decrease) 10% of Eur parity		
1- Eur net asset / liability	(87.812)	87.812
2- Hedged portion of Eur amounts(-)	-	-
3- Net effect of Eur (1+2)	(87.812)	87.812
Increase/(decrease) 10% of other parity		
4- Other net asset / liability	74.485	(74.485)
5- Hedged portion of other amounts(-)	-	-
6- Net effect of other (4+5)	74.485	(74.485)
Increase/(decrease) 10% of TL parity		
7- TL net asset / liability	985.938	(985.938)
8- Hedged portion of TL amounts(-)	-	-
9- Net effect of TL (7+8)	985.938	(985.938)
Total (3+6+9)	972.611	(972.611)

Currency risk sensitivity analysis table		
31 December 2022		
	Profit/(loss)	
	Strengthening of foreign currency	Weakening of foreign currency
Increase/(decrease) 10% of Eur parity		
1- Eur net asset / liability	(51.901)	51.901
2- Hedged portion of Eur amounts(-)	-	-
3- Net effect of Eur (1+2)	(51.901)	51.901
Increase/(decrease) 10% of other parity		
4- Other net asset / liability	21.924	(21.924)
5- Hedged portion of other amounts(-)	-	-
6- Net effect of other (4+5)	21.924	(21.924)
Increase/(decrease) 10% of TL parity		
7- TL net asset / liability	(100.421)	100.420
8- Hedged portion of TL amounts(-)	-	-
9- Net effect of TL (7+8)	(100.421)	100.420
Total (3+6+9)	(130.398)	130.397

Gap İnşaat Yatırım ve Dış Ticaret Anonim Şirketi and its Subsidiaries

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28. 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.

The Group's debt to equity ratio at the end of year was as follows:

	2023	2022
Total debts including loans and borrowings	4.434.991	5.157.297
Less: cash and cash equivalents	(1.357.443)	(389.376)
Net debt	3.077.548	4.767.921
Equity	10.364.332	6.255.871
Debt to equity ratio at 31 December	%29,7	%76,2

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.

Investment property

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio every year. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

In the absence of current prices in an active market, the valuations are prepared by considering the estimated rental value of the property. A market yield is applied to the estimated rental value to arrive at the gross property valuation. When actual rents differ materially from the estimated rental value, adjustments are made to reflect actual rents.

Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

Investment property under construction is valued by estimating the fair value of the completed investment property and then deducting from that amount the estimated costs to complete construction, financing costs and a reasonable profit margin.

Gap İnşaat Yatırım ve Dış Ticaret Anonim Şirketi and its Subsidiaries

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28. Financial instruments – Fair values and risk management (continued)

Fair value information (continued)

The table below provides reconciliation between line items in the consolidated statement of financial position and categories of financial instruments.

31 December 2023	Financial assets at amortised cost	Fair value difference to profit/loss measured by reflection financial assets	Other financial liabilities	Total carrying amount
Cash and cash equivalents	1.357.443	-	-	1.357.443
Financial investments	260	-	-	260
Trade receivables	621.768	-	-	621.768
Other receivables	12.241.395	-	-	12.241.395
Total assets	14.220.866	-	-	14.220.866
Borrowings	-	-	4.434.991	4.434.991
Trade payables	-	-	1.315.184	1.315.184
Other payables	-	-	678.196	678.196
Total liabilities	-	-	6.428.371	6.428.371

31 December 2022	Financial assets at amortised cost	Fair value difference to profit/loss measured by reflection financial assets	Other financial liabilities	Total carrying amount
Cash and cash equivalents	389.376	-	-	389.376
Financial investments	13.507	1.724.584	-	1.738.091
Trade receivables	320.629	-	-	320.629
Other receivables	8.130.324	-	-	8.130.324
Total assets	8.853.836	1.724.584	-	10.578.420
Borrowings	-	-	5.157.297	5.157.297
Trade payables	-	-	788.632	788.632
Other payables	-	-	435.231	435.231
Total liabilities	-	-	6.381.160	6.381.160

(76)

Gap İnşaat Yatırım ve Dış Ticaret Anonim Şirketi and its Subsidiaries**Notes to Consolidated Financial Statements****As at and for the Year Ended 31 December 2023**

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28. 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):

Valuation models

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.

Gap İnşaat Yatırım ve Dış Ticaret Anonim Şirketi and its Subsidiaries**Notes to Consolidated Financial Statements****As at and for the Year Ended 31 December 2023**

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29. Fees for services received from an independent audit firm/independent auditor

The Company's explanation of the fees for services received from the independent audit firms, which is prepared due to Board Decision published in the Official Gazette on March 30, 2021 by POA and preparation principles are based on the letter dated August 19, 2021 of POA, are as follows:

	31 December 2023	31 December 2022
Independent audit fee for the reporting period ^(*)	3.404	1.671
Fee for the tax consultancy ^{(*) (**)}	266	-
Total	3.670	1.671

^(*) The foreign currency fees of the foreign subsidiary are translated into TL using the annual average rate of the relevant year.

^(**) It consists of the transfer pricing and master file/ local file services fee.

The above fees determined to include all subsidiaries' statutory audit and other related service fees.

30. Subsequent events

None.

GLOSSARY

IIRC: International Integrated Reporting Council

SKA: Sustainable Development Goals

ENR: Engineering News-Record

IPCC: Intergovernmental Panel on Climate Change

LEED: Leadership in Energy and Environmental Design

BREAM: Building Research Establishment Environmental Assessment Method

COSO: Committee of Sponsoring Organizations

SLC: Supplier Life Cycle

UNESCO: United Nations Educational, Scientific and Cultural Organization

EIA: Environmental Impact Assessment

UNICEF: United Nations International Children's Emergency Fund

SWOT: Strengths, Weaknesses, Opportunities, and Threats

CIS: Commonwealth of Independent States

EPC: Engineering Procurement and Construction

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