

**GAP iNŞAAT**

**SUCCESS:  
FROM LOCAL  
TO GLOBAL**

ANNUAL REPORT 2021





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Ranked no.  
**162**  
in the “World’s Top 250  
Contractors” list of the  
US-based international  
contracting and  
construction magazine,  
ENR.

**GAP iNŞAAT**

At GAP İNŞAAT, we have been adding value to life and delivering benefits to people with our enduring projects for over 25 years.

We are moving forward driven by our unrivaled projects and efficient business model. We are proud to serve as a model of success in our industry.

We are building more secure tomorrows with a focus on “engineering the future.” We constantly upgrade the standards in the projects we develop. We are an industry pioneer with the capability of realizing turnkey projects in the industrial, substructure, superstructure, and healthcare segments. Since 2006, we have consistently ranked among the world’s top contractors – a global source of pride for Turkey.

We have a major responsibility. To always achieve better, we are continuously improving our global structure and bolstering our competitive strength.



# DESIGNING THE FUTURE IS OUR BUSINESS

We are a strong representative of the Turkish construction-contracting industry in the international arena. In line with our integrated management approach, we develop landmark projects in diverse regions across the world. We create a value chain in collaboration, interaction, and communication with a large stakeholder audience.

12  
Countries of  
Operation





Our company started off with the mission of introducing solutions that will add value to human life and prosperity in all regions where we operate. Toward this end, we embrace a human-centered approach while developing our projects. We add value to human life with our social responsibility efforts. We are further boosting the prosperity of people to the best of our ability, particularly through the convenient, comfortable, and state-of-the-art hospital facilities in the field of healthcare.

## **BUILDINGS THAT ADD VALUE TO HUMAN LIFE**





As a demonstration of our environmental sensitivity, we took regional migratory birds into account while constructing a port in Turkmenistan. After forming an artificial island in the middle of the sea, we built a nest for migratory birds. We pumped the sand and waste from construction of the port to another area for this unique natural conservation effort. As part of the Taksim360 Project, one of Turkey's largest restoration projects, we authentically preserved more than 200 historically registered buildings for future generations.

# HERITAGE PROJECTS FOR FUTURE GENERATIONS





# FOR A SUSTAINABLE FUTURE

We place great importance on smart climate solutions, digitalization, and innovation. We aim to reduce carbon emissions to build sustainable cities and living spaces. We focus on the prosperity of people and the future of our planet as we prioritize diversity, sustainability, and durability in all industries and regions where we operate.

TL **16** million  
**Social  
Responsibility  
Investment**





## Çalık Holding in Brief

Celebrating its 40<sup>th</sup> anniversary in 2021, Çalık Holding moves forward with the vision of being a global group by pursuing sustainable growth while contributing to Turkey's economic development and international reputation with its world-class business operations.

Founded by Ahmet Çalık in 1981, Çalık Holding currently conducts business operations in 31 countries located across a wide area spanning Central Asia, the Middle East, Africa, the Balkans, and Eastern Europe. Employing 14 thousand people, the Group carries out activities that will add value to people and the world in seven industries: energy, construction, finance and banking, textile, mining, telecommunication, and digital.

Celebrating its 40<sup>th</sup> anniversary in 2021, Çalık Holding moves forward with the vision of being a global group by pursuing sustainable growth while contributing to Turkey's economic development and international reputation with its world-class business operations.

Today, Çalık Holding is widely recognized for its solid reputation, reliability, robust financial structure, and long-term collaborations with international companies as part of its ongoing business activities in various regions of the world. Çalık Holding is a shareholder of leading public companies such as Mitsubishi Corporation, SECOM, SSR Mining, and Sand Storm. In addition, Çalık Holding has long-term business and solution partnerships with global giants like General Electric, Honeywell, Siemens, and Thyssenkrupp.

Çalık Holding is the first Turkish company to be invited to become a member of the Japanese Business Federation Keidanren. Furthermore, Çalık Holding works in close cooperation with major international financial institutions and export credit institutions such as JBIC, JICA, EULER HERMES, and UKEF.

Since its founding, Çalık Holding has embraced the core principle of generating permanent solutions that will add value to human life. Çalık Holding sees sustainability as one of its core values. The Holding aims to realize pioneering projects and initiatives that add value to society and the world with the business processes, products and services developed under its sustainability approach.



**31**  
Countries  
of operation

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

**ÇALIK HOLDING**  
**EMPLOYS 14 THOUSAND**  
**PEOPLE.**

### Business Areas

Operations in seven sectors in total including energy, construction, finance and banking, textile, mining, telecommunication and digital

### Goals

To rank among the leading players in all the industries in which the Group operates, with strong and reliable brands To achieve sustainable growth through innovative investments

### Competitive Advantages

- > Deep expertise and know-how
- > Reliability associated with the "Çalık" brand in all its businesses
- > Dynamic and innovative management
- > Top priority given to employee satisfaction
- > Consistent growth with prudent investment decisions
- > Strong, long-lasting partnerships in international markets
- > Strategies aimed at delivering customer satisfaction beyond expectations
- > Renewing while achieving breakthroughs
- > Ongoing investments in digital transformation





## GAP İNŞAAT in Brief

As a reputable and preferred contracting company in infrastructure, superstructure, healthcare, and industrial facility projects, GAP İNŞAAT (GAP CONSTRUCTION) is a pioneering, innovative, environmentally, and nature-friendly solution partner that maximizes the use of advanced technology.

Founded in 1996, GAP İNŞAAT (GAP CONSTRUCTION) has ranked in the "World's Top 250 International Contractors List" announced by the US-based international contracting and engineering magazine ENR (Engineering News Record) from its start. With Çalık Holding as its main shareholder, GAP İNŞAAT is headquartered in Istanbul.

GAP İNŞAAT is an esteemed contractor preferred in infrastructure, superstructure, health care, and industrial facility projects. The company conducts business operations on three continents to build a sustainable future guided by the slogan "Value to People. Value to the Future."

To date, GAP İNŞAAT has completed 136 projects with a total contract value of USD 6.36 billion. Currently, four company projects are underway in Turkey, Turkmenistan, and Qatar, which amount to USD 1.04 billion.

Having completed the Gediktepe Mine Site Project Gold and Silver Production Facilities in Balıkesir, GAP İNŞAAT delivered the project to Lidya Madencilik at the end of 2021. At present, GAP İNŞAAT is engaged in the Ashgabat Rehabilitation Center Project, the Physiology Center Project, Qatar Special Forces Integrated Training Center Project, and Taksim360 Project.

This year, GAP İNŞAAT ranked 162<sup>nd</sup> in the "World's Top 250 International Contractors" list compiled by Engineering News Record (ENR) on the basis of turnover.

GAP İNŞAAT is a pioneering, innovative, environmentally, and nature-friendly solution partner that maximizes the use of advanced technology. In 2021, the company published its first Sustainability Report. Boasting a successful track record of using its advanced logistics, engineering, and supply capabilities without compromising on time and quality, GAP İNŞAAT is also committed to environmental protection with its nature-friendly solutions for development projects.



**136**  
Completed  
projects

This year, GAP İNŞAAT ranked 162<sup>nd</sup> in the "World's Top 250 International Contractors" list compiled by Engineering News Record (ENR) on the basis of turnover.

**GAP İNŞAAT OPERATES  
WITH A VISION OF  
A SUSTAINABLE FUTURE.**





## Our Vision, Mission and Corporate Values

At GAP İNŞAAT, the happiness and development of its employees, customers, and all the people whose lives are touched throughout its value chain are a top priority.

### Our Vision

Our Group aims to grow fourfold on four continents by our 44<sup>th</sup> anniversary in 2025, adding value to the lives we touch in all our areas of operation, with reliable teams motivated by our entrepreneurial spirit and innovativeness.

### Our Mission

Our mission is to contribute to rising prosperity by generating solutions that add value to human life in all our regions of operation with skill and drive.

### Corporate Values

#### Fairness

At work and in our principles, we are a family that is motivated by what is right and fair.

#### People-Oriented

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

#### Reputation

We put our good name above all else.

#### Work from the Heart

Regardless of the conditions, we work diligently for our company, for our goals and for our projects that we believe will add value to human life.

#### Innovation

We constantly improve our solutions and business models, and discover what will make us different.

#### Agility

We have the flexibility and speed to overcome all challenges.

#### Sustainability

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



## Shareholding Structure





## Operation Map

GAP İNŞAAT reinforces its success with the projects it implemented in three continents and in numerous countries.





## Certificates and Awards

Achievement of GAP İNŞAAT which carries out its activities in accordance with national and international standards was recognized with many awards from Turkey and abroad.



### STANDARDS, CERTIFICATES AND DOCUMENTS

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

### ACCREDITATIONS

- > UK Accreditation Service

### AWARDS

- > GAP İNŞAAT ranked fifth in all industries, and first in Construction and Contracting category at the "Turkey's Top 500 Service Exporters" award ceremony organized by the Turkish Exporters' Assembly (TİM).

- > Having taken place successively in the "World's Top 250 International Contractors" list announced by the U.S.-based international contracting and engineering magazine ENR (Engineering News Record), since 1996, GAP İNŞAAT became the 162<sup>nd</sup> largest contractor with global-scale projects also in 2021.
- > With the audits and studies carried out in 2018, GAP İNŞAAT was granted the "5 Star Occupational Health and Safety Excellence Award" by the British Safety Council, one of the world's leading organizations on occupational health and safety. It became the first Turkish company in its industry to be eligible for this award.
- > The International Turkmenbashi Seaport, which was built by GAP

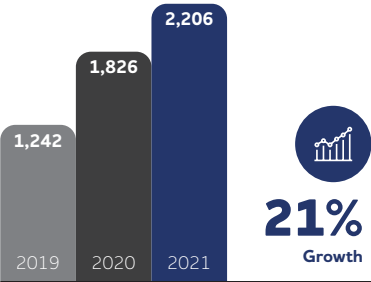
İNŞAAT and will make Turkmenistan a center for world logistics, was the winner of the first prize in the "Airport/ Seaport" category in the "Global Best Projects" competition, where projects in 23 categories were evaluated by the New York-based ENR in 2018.

- > GAP İNŞAAT confirms the importance it attaches to the environment with the nature-friendly solutions built into its projects. GAP İNŞAAT, which prioritizes workers' health and occupational safety above all else, achieved 22 million man/hours without a lost-time injury.

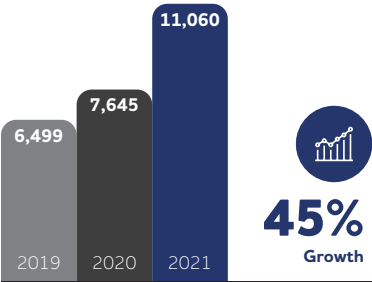
## Key Financial Indicators

Having constructed over 100 projects on three continents since its establishment, GAP İNŞAAT is one of Turkey's leading contracting companies which is a source of pride worldwide.

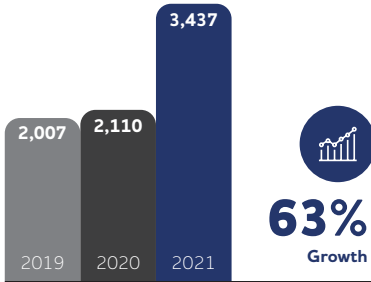
Net Sales  
(TL Million)



Total Assets  
(TL Million)



Shareholder's Equity  
(TL Million)



TL Million	2021	2020	2019	2018	2017
Net Sales	2,206	1,826	1,242	2,020	5,133
Turkey	255	279	459	647	708
International	1,951	1,547	783	1,373	4,425
Operating Profit	-281	-112	164	-630	325
EBITDA	-12	28	193	-592	365
Net Profit for the Period	-257	-304	172	-701	477
Investment Expenses (Net)	14	17	24	26	15
Total Assets	11,060	7,645	6,499	6,518	7,624
Shareholder's Equity	3,437	2,110	2,007	1,587	1,907
Net Financial Debt	3,225	2,241	1,422	1,044	864
Gross Profit Margin (%)	1.41%	2.40%	16.77%	-27.03%	8.27%
Operating Profit Margin (%)	-13%	-6%	13%	-31%	6%
Return on Equity (%)	-7.48%	-14.42%	8.55%	-44.15%	25.01%
Earnings before Interest Taxes Depreciation and Amortization	-0.55%	1.51%	15.53%	-29.28%	7.11%
Net Profit Margin (%)	-11.65%	-16.66%	13.82%	-34.68%	9.29%
Return on Assets (%)	-2.32%	-3.98%	2.64%	-10.75%	6.26%



## Message from the Chairman

Our primary goal is to add value to human life in every region where we operate and in every project we develop. At GAP İNŞAAT, we are pioneers in developing economies, boosting the prosperity of residents in our operating regions.



Dear Stakeholders,

In 2021, the coronavirus pandemic once again set the global agenda as in the previous year. However, the pandemic was brought under control to a great extent this year thanks to intensive mass vaccination efforts. As a result, the world's economies entered into recovery and the process of normalization. Nevertheless, turbulent conditions caused by the pandemic continued to negatively affect economies around the globe.

Severe disruptions in global supply chains resulted in extreme fluctuations in commodity prices. With the gradually worsening energy crisis, inflation drifted steadily upward across the world. These aggravating factors led to limited growth in the global economy. Despite the adverse economic conditions and currency volatility, Turkey demonstrated an above average growth performance driven by all-time high exports.

The global pandemic, unprecedented to such a degree for the last 100 years, radically altered many diverse components of the construction industry – sales, construction systems, the structure of buildings, materials used, consumer behavior, and general trends.

### Key driver industry of Turkey's economy

After coming to a near halt at the onset of the Covid-19 pandemic, the construction industry rebounded in 2021 thanks to supportive measures taken mid-year. Nevertheless, extreme currency volatility caused the industry to stagnate this year.

Owing to its domestic and international experience and accumulated know-how, the Turkish construction industry can act in an agile and flexible way to a large extent. With this strategic advantage, the recovery in Turkey's construction sector got underway in 2021.

The total overseas project value of the Turkish construction industry nearly doubled this year from USD 15.2 billion in 2020 despite lingering pandemic conditions. The sector's target in the medium term for overseas projects jumped to USD 50 billion.

At GAP İNŞAAT, a prestigious brand of the Turkish construction industry, we play a major role in this remarkable achievement by executing projects on three continents to build a sustainable future with our guiding slogan: "Value to People, Value to the Future."

### We rank among the top global players again this year

With our professional management team, expert employees, and ability to undertake turnkey projects in-country and abroad, GAP İNŞAAT is taking confident steps forward to become a regional player in a Turkey-centered area within a zone spanning a five-hour flight time from the country.

Making difference in the industry with its technological, structural, financial, and corporate structure advantages required to compete globally, GAP İNŞAAT generates solutions for the needs of today's rapidly changing world. In addition, GAP İNŞAAT contributes to the development of the countries where it operates, with its specialization and experience in successful infrastructure, superstructure, industrial and healthcare projects.

In recognition of its exceptional performance, GAP İNŞAAT was ranked in the list of the International Contracting Services Success Awards held by the Turkish Contractors Association. In addition, GAP İNŞAAT rose to number 162 in the "World's Top 250 International Contractors" list of the US-based ENR. We have appeared on this prestigious list continuously every year since 2006.

### Sustainability-focused success

At GAP İNŞAAT, we actively support the United Nations Sustainable Development Goals (SDGs). Within this framework, we published the first Sustainability Report in GAP İNŞAAT's history in 2021.

This report details the efforts we conducted for seven of the UN's Sustainable Development Goals. GAP İNŞAAT's successful international operations support SDG 17: Partnerships for the Goals. Our business activities foster international trade, boost exports of developing countries, and help create a fair, equitable and open trade system that benefits everyone and is based on universal rules.

GAP İNŞAAT adopts systematic policies based on continuous development in all aspects of its operations. We manage the social impact that our business activities have on our stakeholders via our Social Impact Management Policy. This policy is designed to achieve the following goals for projects post-tender:

- > Ensuring that employers and customers carry out projects in accordance with their specifications and laws, thus developing positive relations with social groups,
- > Identifying risk areas in advance in relations with social groups and managing these risks with stakeholder participation,
- > Recording complaints lodged about projects on a regular basis and notifying corrections and improvements related to complaints to interested parties in writing,
- > Raising awareness of social responsibility among GAP İNŞAAT employees and subcontractors, establishing good relations with social groups, and adding value to societies.

### We are ready for the future today

Currently, the construction industry is undergoing a seismic shift due to macro trends such as rapid urbanization, resource shortages, the growing skills gap in addition to climate change. Digital technologies are slowly entering the construction industry and fundamentally altering design, construction, operation, and maintenance of infrastructure, buildings, and other structural assets. According to Boston Consulting Group, the global construction

sector is projected to record total savings of 12–20% per year, i.e. approximately USD 1 trillion to USD 1.7 trillion, after complete digitalization of the industry within 10 years.

We expect that urban structuring and renewable energy investments will rise significantly over the next 10 years due to these macro trends. Green buildings, autonomous systems, digital adaptation, and the use of innovative building materials in particular are likely to expand in the coming decade.

Creating the world of the future with its forward-looking projects and innovative perspective, GAP İNŞAAT is preparing for tomorrow with its robust corporate structure and agile approach.

Similar to other global companies, GAP İNŞAAT has adopted digitalization and optimization in project management as a strategic priority. Generating sustainable income with new financing models, GAP İNŞAAT is focusing its business development efforts around EPC-F, PPP, and rental income opportunities. With this perspective, GAP İNŞAAT sees time, quality, and cost as the most critical components of project management.

At GAP İNŞAAT, we aim to secure our position in the rapidly changing global market by keeping pace with the evolving world dynamics. We plan to undertake more infrastructure and superstructure projects in Europe, an advanced developed market. We intend to transfer the valuable experience we gained in the Taksim360 renovation project in Istanbul to the European market. We also aim to expand in a wider geography by focusing on the African and Central Asian markets.

On behalf of GAP İNŞAAT, I extend my gratitude to all our stakeholders – especially our employees who have contributed the most to our success to date and who are our biggest asset on the path forward to our future targets.

Best regards,

**Ahmet Çalık**  
Chairman



# Board of Directors



**AHMET ÇALIK**  
**Chairman**

Born in 1958 in Malatya, as a member of a prominent family operating in the textile business since the 1930s; Ahmet Çalık the Chairman of the Board of Directors of Çalık Holding, started his first personal business ventures in 1981. Currently as one of the business leaders in both the Turkish and international markets with sustainable investments in 6 sectors including energy, construction, mining, textiles, finance and digital technology Ahmet Çalık, established Çalık Holding in 1997 to bring together all Group companies under a single roof. Focusing on projects that benefit society through his visionary investments, Ahmet Çalık is known for his integrity, reliability, strong financial assets; and long-term collaborations with international companies throughout his activities in diverse regions of the world. Ahmet Çalık, has been honored with numerous awards and badges at domestically and abroad, particularly including the Japanese Order of The Rising Sun, Gold Rays and Neck Ribbon, the Turkmenistan Order of Merit, Turkmenistan Mahdum Guli Award, Turkmenistan Gayrat Medal, USA Ellis Island Medal of Honor, Republic of Turkey State Medal of Distinguished Service, Ministry of Foreign Affairs of Turkish Republic State Medal of Distinguished Service, and the Turkish Grand National Assembly Distinguished Service Award. Honorary Consul to Bursa of the Republic of Kazakhstan, Mr. Ahmet Çalık has been bestowed upon honorary doctorate by Matsumoto Dental University and Kindai University in Japan, the University of Tirana in Kazakhstan and Malatya Turgut Özal University in Turkey. Ahmet Çalık currently serves as Board Chairman at Çalık Holding and Group Companies.



**İZZETİYE KEÇECİ**  
**Board Member**

İzzetiye Keçeci graduated in International Relations from Istanbul University's Faculty of Economics in 1997 and began her professional career in the same year at GAP Tekstil, a Çalık Holding company. Subsequently, she held various Human Resources positions at Group companies, and between 2009-2017 she was the Human Resources Director at Çalık Holding. Keçeci, who continued her career as Çalık Holding's Operations Group President as of March 2017, is also a Board Member at GAP İNŞAAT, a Group company. She holds ICF Coaching and NLP Practitioner certificates.



**ALİ İHSAN KURALKAN**  
**Board Member**

Ali Kuralkan graduated from the Department of Electronic Engineering at Eastern Mediterranean University and obtained an MBA degree in International Management and an INSEAD diploma in Telecommunications Marketing. Having started his professional career in Belgium, he worked at Alcatel-Lucent for around 14 years. Following his tenure as Commercial Director at Alcatel-Lucent, he led the Middle East Europe Region service provider at Cisco Systems and served as the Central Asia General Manager. Between 2012 and 2018, he served as Netaş's General Manager of International Markets, and finally, as CEO of MTH Technologies. Ali Kuralkan has been General Manager and Board Member at Çalık Digital since October 2020.



**MUSTAFA FATİH GENÇ**  
**Board Member**

Fatih Genç completed his bachelor's degree in the Civil Engineering Department of the Middle East Technical University in 1978. He worked at various levels at STFA Construction Group for more than 34 years, ultimately holding the position of General Manager. He was later appointed General Manager at İçtaş & Astaldi partnership, IC İçtaş Executive Board Member, and Taca Construction Saudi Arabia Country Manager. Fatih Genç who crossed paths with STFA Construction Group again in 2017, acted as a Project Management Committee Member in Kuwait. Since 2019, he has been a Board Member of Çalık Enerji and GAP İNŞAAT.



**ORHAN GÜNDÜZ**  
**Board Member**

Orhan Gündüz received two separate bachelor's degrees with honors at Bilkent University from the Department of International Relations in 1993 and Business Administration in 1995. In 2001, he completed his MBA program in Finance, General Management, and Strategy at Northwestern University Kellogg School of Business in the USA. Gündüz started his professional career at PwC company and continued as a Manager at JPMorgan Chase Bank in the USA, as a Senior Credit Portfolio Manager at Deutsche Bank Turkey, and Credit Portfolio Manager at Lehman Brothers, respectively. He simultaneously served as CFO and General Manager at Akfen REIT between 2008-2012, as General Manager at Galataport Port Management and Investments between 2013-2015, and at Eczacıbaşı Property Development and Investment between 2016-2020. Since 2020 Orhan Gündüz has been serving as a senior manager responsible for property investments at Çalık Holding companies, and as a Board Member of GAP İNŞAAT.



Message from the Executive Management

GAP İNŞAAT exited 2021, a year that saw the ongoing global impacts of the pandemic, with a focus on efficiency, by consolidating its existing businesses and penetrating new markets worldwide.

Dear Stakeholders,

The effects of the coronavirus pandemic persisted in 2021 and further transformed the construction industry like all sectors of the global economy.

According to the Construction Global Market Report: Opportunities to 2030 of The Business Research Company, the global construction industry is projected to post average annual growth of 7.5% between 2021 and 2023, climbing to USD 15.5 trillion. The Asia-Pacific region is expected to account for 42% of the total construction market by 2030, in further consolidation of that region's market dominance. TBRC's report forecasts that urban development and renewable energy investments will expand significantly over the next 10 years. Green buildings, autonomous systems, digital adaptation, and the use of innovative building materials are expected to be focus areas for construction industry players in the following decade.

The number of homes sold, a key indicator of the construction sector, increased to 1 million 491 thousand during the year in Turkey thanks to accelerated economic growth and a rebound in housing demand partly driven by the unleashing of deferred demand. Mortgage sales declined from 573 thousand to 294 thousand with the effect of interest rate hikes. Since 2017, an average of 1 million 400 thousand homes were sold each year in Turkey. A remarkable jump was recorded in the sale of non-residential real estate, including tracts of land, fields, workplaces, factories, office space, warehouses and industrial sites. In 2021, sales in this category rose by 29.6% compared to the previous year, reaching 1 million 528 thousand – an all-time high.

In 2021, Turkish contractors registered the most business and total project value

in Russia, as was the case over the prior two years. After Russia, Iraq has ranked second for Turkey's construction contractors since 2019. Both countries are poised to maintain their importance for the Turkish industry in coming year. Sub-Saharan Africa has become a center of attraction for contracting services, especially Tanzania and Zambia. The Turkish Contractors Association is actively engaging in efforts to connect the local market information of Turkey's contractors in Africa with the strong financing opportunities of countries such as Japan, Austria, Sweden, and Switzerland.

During the pandemic risk and fund management and socio-psychological factors are understood to be as least as important as macroeconomic variables, and the lack of organization in these various issues drew attention in particular. At this stage of its development, Turkey's construction sector would be well-served to undergo an environment-friendly structural transformation to ensure sustainable growth.

GAP İNŞAAT exited 2021, a year that saw the ongoing global impacts of the pandemic, with a focus on efficiency, by consolidating its existing businesses and penetrating new markets worldwide.

To date, GAP İNŞAAT has completed 136 international projects. Currently, four separate projects are underway in Turkey, Turkmenistan, and Qatar.

GAP İNŞAAT is also carrying out joint projects with Çalık Enerji and Japanese Mitsubishi Corporation in Uzbekistan and Iraq. Construction of the Gediktepe Mine Site Project – Gold and Silver Production Facilities in Balıkesir was completed and delivered to Lidya Madencilik at year-end 2021. The Iraq Basra Port Expansion

To date, GAP İNŞAAT has completed 136 international projects. Currently, four separate projects are underway in Turkey, Turkmenistan, and Qatar.

At GAP İNŞAAT, we place great importance on smart climate solutions, digitalization, and innovation to reduce carbon emissions and create sustainable cities and living spaces.



Project, in which all construction was performed by sea, was also completed at the end of 2021. As part of this project, a 250 m long dock was built for dredging ships to dock.

As Turkey's first urban renewal effort conducted by public-private partnership, the Taksim360 Project is designed as a modern residential area befitting Istanbul's singular texture and meeting the needs of urbanites. With nine blocks and 824 units, the Taksim360 development consists of residential, office, and commercial sections, hotels, shopping, and concept streets complementing Istanbul's social scene. Named "Europe's Best Urban Renewal Project" at the European Property Awards, the Taksim360 site is being constructed in a historic area in accordance with LEED Gold criteria in line with a commitment to sustainability. Deliveries have already been made in the residential block, the second phase of the project. The remainder of the Taksim360 Project is scheduled for completion by the end of 2023.

GAP İNŞAAT has integrated sustainability, the heart of its future vision, into all its business processes and operations. Thanks to its integrated management approach, GAP İNŞAAT achieves sustainable success by managing all relevant components of quality, environment, work safety, and information security in a seamless way.

GAP İNŞAAT maintains its quality standards with an integrated and systematic approach by implementing the ISO 9001 Quality Management System, ISO 14001 Environmental Management System, and ISO 45001 Occupational Health and Safety Management System. With a strategic focus on automation, GAP İNŞAAT realized its digital transformation by utilizing advanced information technologies such as BIM and Revit.

At GAP İNŞAAT, we place great importance on smart climate solutions, digitalization, and innovation to reduce carbon emissions and create sustainable cities and living spaces. To these ends, GAP İNŞAAT is committed to implementing innovative process management solutions in its superstructure, industrial and infrastructure projects. In preparation for the post-internet era in the construction sector, GAP İNŞAAT is making investments to use wireless sensors, lasers, robots and artificial intelligence-based products and services at its construction sites. In addition, GAP İNŞAAT demonstrates its commitment to the environment with nature-friendly solutions integrated into its construction projects. GAP İNŞAAT aims to use solutions that qualify for LEED Gold certification and lower carbon emissions pursuant to its sustainability goals.

In 2021, GAP İNŞAAT significantly reduced its paper usage by digitalizing the company's human resources processes. With the hybrid work model, we mitigated greenhouse gas emissions arising from consumption activities related to office work such as transport, heating, and electricity. Hybrid work also reduced water consumption at the company.

As part of its integrated management approach, GAP İNŞAAT diligently manages its business activities in every aspect, from ensuring unconditional employer/customer satisfaction and efficiently using energy and natural resources, to fostering an egalitarian, inclusive and safe working environment for its employees to contributing to society.

We owe a tremendous debt of gratitude to our employees who are taking our brand forward into the future and enabling us to contribute to a sustainable world with our guiding slogan "Value to People, Value to the Future," and to our business partners, employers, and all stakeholders for their ongoing support.

Kind regards,

GAP İNŞAAT Executive Management



## Executive Management

Name Surname	Company	Duty	Title
Rıza Ađın	GAP İNŞAAT A.Ş.	Deputy General Manager of Financial Affairs	Deputy General Manager
Sadettin Korkmaz	GAP İNŞAAT A.Ş.	Technical Deputy General Manager	Deputy General Manager
Kaan Alkan	GAP İNŞAAT A.Ş.	Industry Projects Deputy General Manager	Deputy General Manager
Aziz Çengel	GAP İNŞAAT Qatar	Business Development Deputy General Manager and Qatar Country Director	Deputy General Manager
Gonca Özgöl	GAP İNŞAAT A.Ş.	Sales and Marketing Deputy General Manager	Deputy General Manager
Ömer Aydın	GAP İNŞAAT A.Ş.	Turkmenistan Country Director	Director
Mehmet Dernek	GAP İNŞAAT A.Ş.	Real Estate Advisor to the Board	Director
Cüneyt Altınok	GAP İNŞAAT A.Ş.	Application Director	Director
Hamit Mehmet Eşigök	GAP İNŞAAT A.Ş.	Application Director	Director
Berna Nalciođlu	GAP İNŞAAT A.Ş.	Human Resources Director	Director
Mehmet Gel	GAP İNŞAAT A.Ş.	Director of the Corporate Communications	Director

## An Overview of the Industry in 2021

Turkey’s construction sector, which attracts foreign currency to the country’s economy with its overseas contracting activities while providing significant employment opportunities to the Turkish labor force, grew rapidly in the international market in 2021. The total value of new international construction projects rose from USD 15.2 billion in 2020 to USD 30 billion 2021, up by nearly double year-on-year.



Like other sectors of the economy, the construction industry was negatively affected in terms of operations and demand at the onset of the global pandemic in 2020. However, the construction sector entered a period of recovery as of early 2021. Despite successful mass vaccination efforts, new coronavirus variants continued to impact the world economy and social life during the year. As a result, economic recovery remains slow. The GYODER Indicator 4<sup>th</sup> Quarter Report warns that the pandemic and vaccination efforts are key issues that need to be followed very closely by public finance authorities and financial decision-makers.

In addition to the ongoing pandemic, another major issue globally is the elevated and widespread cost inflation that commenced in the second half of 2021. The change in demand structure and disruption of production processes led to supply and logistics bottlenecks worldwide. Volatile, upward trending raw material costs fueled inflation around the globe. Countries that had been pursuing expansionary monetary and fiscal policies since the beginning of the pandemic began to abandon such approaches. This situation lowered demand and affected many sectors, including construction.

The International Monetary Fund (IMF)’s World Economic Outlook January 2022, published with title: “Rising Caseloads, A Disrupted Recovery, and Higher Inflation,” highlighted that the global economic recovery was slowing while inflationary trends were growing stronger.



# An Overview of the Industry in 2021

Boosting the country’s economy with its overseas contracting activities while providing significant employment opportunities to the Turkish labor force, Turkey’s construction industry grew rapidly in the international market in 2021.

### Turkish Construction Industry

In 2021, the Turkish construction sector contracted by 0.9%. With this performance, the sector has now recorded a contraction for four consecutive years. Demand is the most significant factor in the construction industry. Measures to support the construction and housing sector against the negative effects of the pandemic started to stimulate demand from its previously weakened state. The number of homes sold, a key indicator of the construction sector, increased to 1 million 491 thousand during the year in Turkey thanks to accelerated economic growth and a rebound in housing demand partly driven by the unleashing of deferred demand. A remarkable jump was recorded in the sale of non-residential real estate, including tracts of land, fields, workplaces, factories, office space, warehouses and industrial sites. In 2021, sales in this category rose by 29.6% compared to the previous year, reaching 1 million 528 thousand – an all-time high.

Boosting the country’s economy with its overseas contracting activities while providing significant employment opportunities to the Turkish labor force, Turkey’s construction industry grew rapidly in the international market in 2021. The total value of new international construction projects rose from USD 15.2

billion in 2020 to USD 30 billion 2021, up by nearly double year-on-year. In the medium-term, Turkey’s construction industry aims to boost this figure to USD 50 billion.

In 2021, Turkish contractors registered the most business and total project value in Russia, as was the case over the prior two years. After Russia, Iraq has ranked second for Turkey’s construction contractors since 2019. That Middle East country is poised to maintain its importance for the Turkish industry in the coming year. However, the course of the Russia-Ukraine war will also determine the ranking in future years. In Iraq, major cooperations are anticipated to emerge following the formation of a new government. Positive results of political relationships, which are growing warmer, are expected in the Middle East. Cooperation with the UAE in third countries, especially in Iraq, is on the agenda.

Sub-Saharan Africa has become a center of attraction for contracting services, especially Tanzania and Zambia. The Turkish Contractors Association is actively engaging in efforts to connect the local market information of Turkey’s contractors in Africa with the strong financing opportunities of countries such as Japan, Austria, Sweden, and Switzerland.

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## THE TURKISH CONSTRUCTION INDUSTRY GREW RAPIDLY IN THE INTERNATIONAL MARKET IN 2021.





# Projects

Named “Europe’s best urban renewal project” at the European Property Awards, the Taksim360 Project is being constructed in the historical area in accordance with the LEED Gold criteria. The project is due to be completed by the end of 2023.

## Ongoing Projects in 2021



Started in Qatar’s capital Doha in 2019, the Qatar Military Training Facility Project is the most prestigious project carried out by GAP İNŞAAT in the Gulf Region. The project which is expected to become one of the simulation and training centers in the world with its high technology equipment is planned to be completed in 2023.



As the first urban renewal project conducted by public-private partnerships in Turkey, the Taksim360 project is designed as a modern residential area befitting Istanbul’s singular texture and meeting the needs of urbanites. With nine blocks and 824 units, Taksim360 Project consists of residential, office, commercial sections, shopping and concept streets serving social life.

The project with a total construction area of 165 thousand square meters draws attention with its facade facing the boulevard with a length of 220 meters. In Taksim360, one of the largest restoration projects in Turkey, traditional and modern life is presented with a distinct architectural interpretation. In Taksim360 Project, which will bring the past to the present with its concept streets, the streets closed to traffic for a total of 1.4 km will be the new attraction area in the most central part of the city.

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Being the 26<sup>th</sup> hospital built by GAP İNŞAAT in Turkmenistan, the Ashgabat Rehabilitation Center is the first rehabilitation center in Turkmenistan. The Rehabilitation Center Project with 400 beds which will be constructed on an area of 68 thousand 700 square meters features also a training center and a 240-car parking lot. The end date of the project kicked off in 2021 was set as 2024.



Turkmenistan International Center for Physiology Project, the construction of which was undertaken by GAP İNŞAAT will be built on an area of 67 thousand 225 square meters. The center will have the title of the first and most modern Physiology Center of Turkmenistan and Central Asia. Turkmenistan International Center for Physiology with 250 beds will include 6 operating rooms and 26 intensive care units. As part of the project, a 500-vehicle parking lot will be built as well. It is planned to bring the project into completion within three years.



# Projects

In the Iraq Basra Port Extension Project, three types of quay structures were built in two different locations. The project which started in 2018 was delivered at the end of 2021.

## Projects Completed in 2021



**Gediktepe Mine Site Project**  
**Gold and Silver Production Facilities**

Gediktepe Mine Site Project Gold and Silver Production Facilities Project consists of oxidized gold and silver on top, located in Balkesir province. In the lower regions, the site is a polymetallic mineralization area containing copper, gold, and silver with economic value. The mine site completed at the end of 2021 was delivered to Lidya Madencilik.



**Iraq Basra Port Extension Project**

In the Iraq Basra Port Extension Project, three types of quay structures were built in two different locations. The building on the first site within the Khor-Al-Zubair Harbor is a 340 m long and 20 m wide fuel-filling structure that allows ships of 60,000 and 10,000 DWT to dock. All construction activities were carried out by sea. At the second site near the Umm-Qasr Port, a 250 m long dock was built for dredging ships to dock. The project which started in 2018 was delivered at the end of 2021.





R&D Activities

GAP İNŞAAT which demonstrates the weight it gives to the environment with the nature-friendly solutions built into its projects seeks innovative solutions in the superstructure, industrial and infrastructure projects.



GAP İNŞAAT attaches importance to smart climate solutions, digitalization, and innovation for fewer carbon emissions to achieve its goal of producing sustainable cities and living spaces. For this reason, the Company seeks innovative solutions in superstructure, industrial and infrastructure projects it undertakes. GAP İNŞAAT confirms the importance it attaches to the environment with the nature-friendly solutions built into its projects.

Having a significant experience with the health care projects abroad, GAP İNŞAAT completed the production of special air cleaning appliances developed in its R&D centers in the last period and donated them to the hospitals which fight against COVID-19. The appliance features that it mitigates the risk of contracting the disease for all health personnel by reducing the density of viruses in closed areas. The Company works on a mobile product that can be switched on remotely to deactivate viruses, and two new dynamic products which apply UVC on surfaces in any location.



Special air cleaning appliance

GAP İNŞAAT completed the production of special air cleaning appliances developed in its R&D centers in the last period and donated them to the hospitals which fight against COVID-19.

GAP İNŞAAT GIVES WEIGHT TO SMART CLIMATE SOLUTIONS, DIGITALIZATION AND INNOVATION.

Information Technologies

Accepted as the most significant CRM solution in the world in 2021, the Salesforce program was adapted to the activities. The Salesforce platform enabled GAP İNŞAAT to keep pace with the digital transformation and to maximize the process and team efficiency.



Giving weight to automation, GAP İNŞAAT realized its transformation by utilizing the information technologies such as BIM and Revit.

Accepted as the most significant CRM solution in the world in 2021, the Salesforce program was adapted to the activities. The Salesforce platform enabled the Company to keep pace with the digital transformation in Business Development activities and to maximize the process and team efficiency.

Salesforce is a platform where business processes can be tracked, records of potential customers and active customers can be kept, sales processes can be managed from a single platform via mobile or web and regular and multi-purpose reports can be prepared. Besides, the media groups with a focus on different economic and commercial news were adapted to the program, thereby expanding the customer information & news network.

The media groups with a focus on different economic and commercial news were adapted to Salesforce, thereby expanding the customer information & news network.

DIGITALIZATION IS OUR PRIORITY FOR AUTOMATION WITH TECHNOLOGICAL INFRASTRUCTURE INVESTMENTS



## Sustainability Approach

GAP İNŞAAT stands behind the United Nations Sustainable Development Goals. GAP İNŞAAT which focuses on the UN's 17 sustainability goals published the first Sustainability Report in 2021.

GAP İNŞAAT which designs sustainable work and production processes through R&D studies by using sustainable technologies acknowledges the "Sustainable Development Goals" of the United Nations which need to be achieved for a livable world by 2030.

GAP İNŞAAT stands behind the United Nations Sustainable Development Goals. In this context, GAP İNŞAAT focuses on 17 sustainability goals of the United Nations and published its first Sustainability Report in 2021. In this report, the studies conducted for 7 of the UN's sustainability goals were described.

With the successful international operations it carried out successfully, GAP İNŞAAT which supports the purpose of "Partnerships for the Goals" (17), contributes to the development of international trade, to the increase in exports of developing countries, and to the creation of a fair and open trade system that benefits everyone and is based on universal rules and is equitable.

GAP İNŞAAT integrated sustainability, which is at the heart of its future vision, into all processes. Thanks to its integrated management mentality, the Company attains sustainable success by managing all relevant components of quality, environment, work safety, and information security management systems in a smooth way.

GAP İNŞAAT maintains its standard requirements as integrated and systematically within the scope of the ISO 9001 Quality Management System, ISO 14001 Environmental Management System, and ISO 45001 Occupational Health and Safety Management System standards it holds.

Within the scope of its integrated management approach, GAP İNŞAAT diligently handles its activities in every field, from ensuring unconditional employer/customer satisfaction to effective management of energy and natural resources and from creating an egalitarian, inclusive and safe working environment for its employees to contributing to society.

GAP İNŞAAT maintains its standard requirements as integrated and systematically within the scope of the ISO 9001 Quality Management System, ISO 14001 Environmental Management System, and ISO 45001 Occupational Health and Safety Management System standards it holds.

# GAP İNŞAAT INTEGRATED SUSTAINABILITY INTO ALL PROCESSES.





Human Resources

GAP İNŞAAT pays attention to ensure that every employee adopts, and takes into consideration in each step taken, the values that apply to Çalık Holding and all Group companies: fairness, people-oriented approach, reputation, working from the heart, innovation, agility and sustainability.

GAP İNŞAAT believes that the key point of sustainable success is qualified human resources.

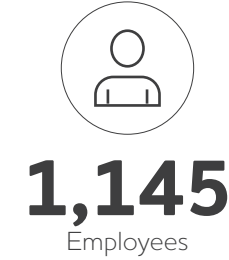
Within the framework of the Human Resources Policy and Practices shaped based on the values of Çalık Holding, GAP İNŞAAT pays attention to ensure that every employee adopts, and takes into consideration in each step taken, the values that apply to Çalık Holding and all Group companies: fairness, people-oriented approach, reputation, working from the heart, innovation, agility and sustainability.

GAP İNŞAAT ensures sustainable labor productivity with its professionally executed human resources processes. In 2021, a Human Resources Committee comprised by the Board Members was established to develop the Human Resources processes. A detailed study of the processes is currently conducted together with the Committee.

The primary human resources processes carried out by GAP İNŞAAT are as follows:

**Recruitment Process**  
GAP İNŞAAT aims to recruit a qualified workforce that is highly qualified, comprising experts in their fields, and one with experience on international platforms, having worked on projects of a similar scale in its respective countries of operation and Turkey. The competencies, training and experience of employees are taken into account in recruitment. There is no gender discrimination in field and center personnel. The philosophy of the right candidate for the right job is adopted and compliance with the job description is sought.

The recruitment activities performed with such an understanding are carried out per the Company's basic processes and procedures. In addition, these activities are carried out following the obligations stated in the relevant regulations and laws. Considering the laws of the operating country and those of Turkey, based on the principle of superiority, processes are created on a country basis to protect all employees' legal rights. In addition to human resources interviews, second interviews in the recruitment process are conducted with interview committees according to their areas of technical/ expertise. Relevant procedures determine the conduct and composition of the interview committees.



GAP İNŞAAT ensures sustainable labor productivity with its professionally executed human resources processes.

THE KEY TO SUSTAINABLE  
SUCCESS IS QUALIFIED  
HUMAN RESOURCES.

English tests and similar applications are performed as an assessment method for candidates whose interviews are deemed successful. Recruitment can vary globally depending on the employment processes for foreign employees of the operating country, concerning Turkish, local, and foreign national personnel. Turkish employees are the priority; then, considering the criteria sought by the operating country, recruitments are made from the international workforce. Recruitment platforms are used to reach candidates through placed advertisements.

An orientation training program is prepared within the framework of the orientation procedure for recruited employees. The orientation program aims to accelerate newly recruited employees' adaptation to the Corporate culture, working environment, processes, and practices and foster their maximum contribution and loyalty to the Company. During the orientation process, the new employee is assigned a mentor. Orientation training begins with the presentation of the group promotional film, the group promotional presentation, the film called Smiling Faces of Çalık, and the Company's promotional presentation by the Recruitment Officer. After that, the Company's intranet and social media accounts are shared with the employee, along with the Company organization chart.

Participation in the department visits scheduled is ensured while employees complete the Occupational Health and Safety training. A new employee is greeted with a "welcome" kit at their desk on the first working day.

**Dynamic Performance Management**  
Performance Management is a mechanism that aligns individual goals and performance with the Company's goals and strategies to bring the vision and mission to life. The aim is to make all processes compatible with the requirements of a rapidly changing world compared to previous years, perform better every year per the Company's strategies and vision, annually review employee competencies, and achieve excellence in all processes with improving performance.



At the end of each year, interim assessments and reviews are evaluated to estimate the goals and performance levels of the coming year. The results obtained by the Company together with employees are reviewed by the Board as the Company performance, and a Company report card is created. Employees work with the principle of superior performance in processes that will bring added value to the Company's results through their performance.

The Performance Management System operates through the ÇalıkZone system, a Digital Human Resources Platform. Within GAP İNŞAAT, where all human resources processes have been digitalized, performance results constitute an input of talent management processes. Talent management reviews the digital platform for all the employees every year, and the platform is updated with the new positions by high and normal potential. All information of the employees (training attended, certificates received, projects they worked on, language knowledge, etc.) is kept in the talent management module and monitored by the Senior Management. In parallel to the talent management processes, employees' knowledge, skills, and qualifications are developed with their personal development plans each year.

In 2021, Competence Sets were created and integrated into the system. As part of this, the competencies expected from employees were integrated into recruitment, performance, and career management processes, thereby carrying out both process-oriented and systemic developments.

Performance evaluations are performed regularly every year. Its outcomes support the career backup processes. In May 2021, promotion processes were implemented based on this policy, and 15 employees were promoted to upper roles.

- Career Management Open to Continuous Development**
- > **Employees:** The career management process aims for employees to achieve career goals, strengthen the Company's image, increase motivation and loyalty, and ensure compliance with the organizational culture.
  - > **Universities:** GAP İNŞAAT, which aims to provide employment opportunities to young talented university graduates, carries out a New Graduate Recruitment Program that is repeated every two years, and in which it participates together with Çalık Holding and Group companies. Young new graduates are placed in appropriate positions, whether at home or abroad.



## Human Resources

Wage Management at GAP İNŞAAT is determined and implemented based on providing, protecting, rewarding, and motivating the human resources required for the Company's sustainable success.

### Wage Management

Wage Management at GAP İNŞAAT is determined and implemented based on providing, protecting, rewarding, and motivating the human resources required for the Company's sustainable success. As a basic principle, the wage policy is established in confidentiality and specific to individual companies. The recruitment wages and wage increase rate of existing employees are adjusted through this policy. Though a wage increase occurs once a year during the period determined by the Company, it has multiple criteria. Within the framework of internal/external developments, term performance notes, and the promotion/assignment process, the process is completed by notifying the employee upon the determination of the Human Resources Department with the Qualification Managers of respective Departments and final Board approval.

Remuneration policy and benefits are implemented to everyone objectively in accordance with the policies of Çalık Holding. Market scales constitute the basis for overseas projects and domestic wage assessments.

### Effective Internal Communication Processes

Effective internal communication applications are being implemented within GAP İNŞAAT. An Open-Door policy is applied and friendly communication is maintained. To increase employees' in-house motivation, their birthdays are celebrated, and the celebration of newborn children is shared with all Company employees in a personalized mail design. On official days, the occasion is shared by Company employees through mail featuring a day-specific design, and relevant posts are made on the Company's social media accounts.



The "We Grow with Ideas" meeting is held every two months within the company. In this context, employees, managers, and HR meetings are organized. The Managers Meeting is held once a year within the Holding. In the Managers Meeting organized on December 3-4, awareness is created by discussing the sustainability theme.

In the Employee Satisfaction survey made in 2021, a satisfaction score of 74.4% was achieved.

### Continuous Training Activities

The development of human resources and efficient work execution is crucial to the competitiveness of GAP İNŞAAT. Within this framework, training activities are carried out for the development of human resources. Training needs analyses are carried out to increase the competencies of the employees, whereby training plans are prepared for the coming year. In line with the training needs analysis, new training and development programs are devised and discussed with specialized training institutions.



Training is discussed under two titles of personal and professional development. The primary training provided to employees by GAP İNŞAAT is as follows:

- > Recruitment and On-Job Training
- > Orientation Training
- > Technical Training
- > Sustainability Training
- > Occupational Health and Safety Training
- > Environmental Training

As part of the training activities, a total of 342 hours of training was provided to 1,106 employees in 2021. PMP training was organized for 33 employees and 32 employees entitled to receive specialization certificates in 2021.

Çalık Academy was also established in 2021. Via Çalık Academy, the best instructors in Turkey gave training to employees on the digital platform.

### Targets for 2022

The activities planned to improve the Human Resources processes in 2022 are as follows:

- > Renewal of Performance Management on the basis of behaviors
- > Assessment Center's study for managers and upper positions and 360 degrees performance evaluation study
- > Internal communication activities
- > Leaders' Summit for Managers
- > Success Factors EC (Employees Center) application containing information about employees and the organization

### GAP İNŞAAT Human Resources Policy

- > As GAP İNŞAAT Human Resources, we aim to leverage our competitive advantage with our qualified workforce in the ever-changing business world.
- > We act with the values of "fairness" and "people orientation" of Çalık Holding. We focus on performance management and career and backup plans to provide equal job opportunities to all employees.
- > With "agility," another value of Çalık Holding, we comply with the labor and social security laws of Turkey, as well as of all the countries where we operate.

We create organizations that can swiftly adapt to the demands of other countries and provide local employment.

- > In addition, we adopt corporate business principles that provide an essential roadmap for Çalık Holding to advance through sustainable growth.
- > On principle, we ensure that today's realities are understood, and that preparation is made for potential future scenarios. We thus continue to build solid and dynamic structures.

### GAP İNŞAAT Corporate Business Principles

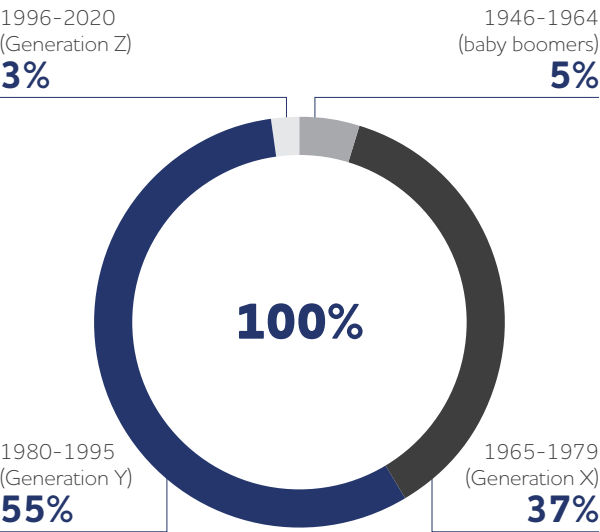
- > An open business approach based on transparency
- > A creative, efficient, and effective business management
- > An environment of effective communication and continuous training
- > Innovative and formative business values
- > Up-to-date use of technology
- > Customer-oriented work approach
- > A working environment based on amiability and respect
- > Business processes that are sensitive and respectful to the beliefs and core values of society



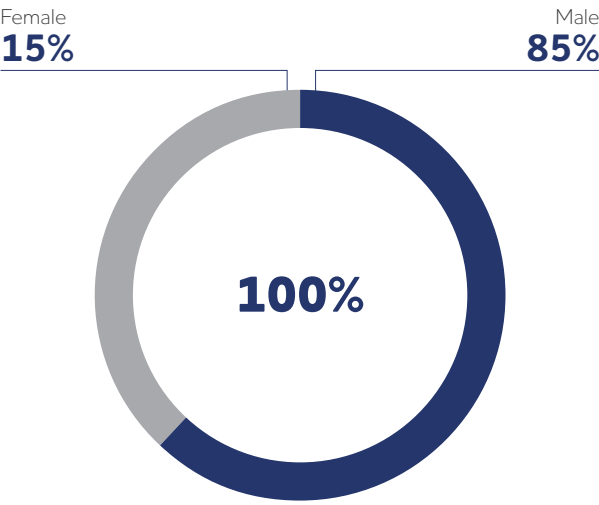
Human Resources

1,145 people, 15% of which are female are employed at GAP İNŞAAT.

Employee Distribution by Age Groups

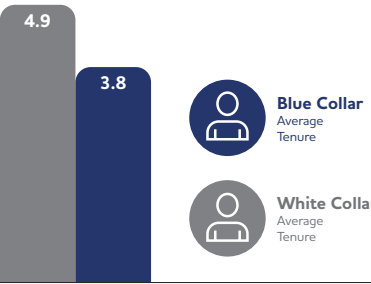


Employee Distribution by Gender

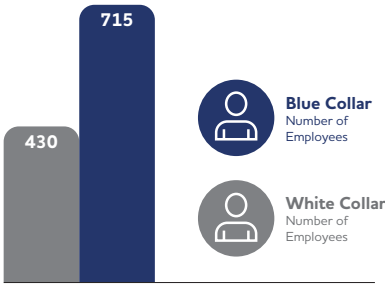


Total Number of Employees: 1,145 (Blue+White Collar)  
Rate of Disabled Employees: 3%

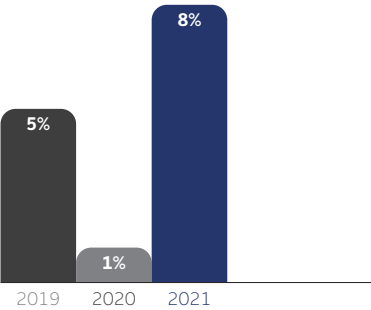
Employee Seniority Distribution



Distribution Across White Collar and Blue Collar



Labor Turnover Rate



Training Statistics

Istanbul	2019	2020	2021
White Collar Annual Training (Total Hours)	262	2,211.5	5,046
Blue Collar Annual Training (Total Hours)	-	-	-

Turkmenistan	2019	2020	2021
White Collar Annual Training (Total Hours)	60	42	65 people (390 hours)
Blue Collar Annual Training (Total Hours)	550	362	571 people (3,426 hours)

Qatar	2020	2021
OHS Training (Total Hours) - White Collar	5,809	16,074
Technical Training (Total Hours) - White Collar	10,195	148

2021 Istanbul Headquarters and Projects	Duration Hours	Number of Participants	Person Hours
Finance for Purchasing Officers	40	15	120
Law of Contract and Contract Management	24	12	96
Supplier Performance and Relationship Management	35	15	105
Labor Law for Managers and Social Security Practices	7	6	42
Sustainability.	24	11	88
Risk Management in Supply Chain	32	15	120
Next Generation Human Resources Applications Training - "HR Metrics" and "Big Data and HR"	14	12	168
Compulsory Occupational Health Training 1 <sup>st</sup> Session	8	376	752
Compulsory Occupational Health Training 2 <sup>nd</sup> Session	8	376	752
Negotiation Techniques	32	15	120
Information Security Awareness Training	28	57	228
Carbon Footprint Awareness Training (Opening)	1	32	32
Digitalization of Legal Request Forms	1	120	120
Logistics Training	1	4	4
PMP Training	66	33	2,244
Emergency and Search & Rescue	4	1	4
Basic First Aid	16	3	48
Fire Safety-Search/Rescue/Evacuation Training	1	3	3
Total	342	1,106	5,046



# Occupational Health and Safety

GAP İNŞAAT is the first Turkish company to have been granted the “5 Star Occupational Health and Safety Excellence Award” by the British Safety Council, one of the world’s leading organizations on occupational health and safety.

GAP İNŞAAT reflects its corporate culture on Occupational Health and Safety with its OHSE Policy. Occupational Health and Safety Policy is a high-level document that guides GAP İNŞAAT management systems and applications as a commitment of the Management to occupational health and safety. This policy is discussed and reviewed under the leadership of the Management in Management Review meetings held each year. GAP İNŞAAT makes the regulations required for eliminating risks in terms of occupational health and safety unremittingly.

GAP İNŞAAT is among the first companies that switched from OHSAS 18001 Occupational Health and Safety Management System to ISO 45001:2018 Occupational Health and Safety Management System in the construction industry following the studies and audits carried out in 2018.

GAP İNŞAAT reviews its Occupational Health and Safety Management System with internal audits performed periodically. The findings obtained after the Internal Audit are followed up with an corrective action systematics. Evaluation activities and OHS standardization studies are continued within the scope of continuous development activities.

GAP İNŞAAT convenes monthly OHSE Committees at its headquarters and projects and receives the opinions of its employees on OHSE issues through employee representatives.

Apart from OHS committees, OHS coordination meetings are held periodically as part of the projects. Participation of the subcontractor’s OHS officer and managers in these meetings is ensured.

The Company conducts checks to ensure that its subcontractors and suppliers provide appropriate services on OHS. GAP İNŞAAT acts within the framework of legal compliance in all its business processes. GAP İNŞAAT, which carried out a large number of projects in CIS countries, the Middle East and the Gulf regions up to date, never allows child labor to be employed in sub-employer staffs. The Company is against discrimination based on religion, language and race among its local and foreign employees and offers equal opportunities to all its employees.

With the audits and studies carried out in 2018, GAP İNŞAAT was granted the “5 Star Occupational Health and Safety Excellence Award” by the British Safety Council, one of the world’s leading organizations on occupational health and safety. It was the first Turkish company in its sector to be eligible for this award.

## Occupational Health and Safety & Environmental Policy

GAP İNŞAAT is committed to acting according to the following principles as well as implementing these principles in order to minimize or eliminate the possible negative impacts on customers, employees, subcontractors, suppliers, and other third parties together with the environment and goods during its activities.

### Purpose

This policy is a framework for GAP İNŞAAT’s employees all over the world to achieve the best Occupational Health and Safety & Environment (OHSE) performance.

GAP İNŞAAT reviews its Occupational Health and Safety Management System with internal audits performed periodically. The findings obtained after the Internal Audit are followed up with an corrective action systematics.

GAP İNŞAAT is among the first companies that switched from OHSAS 18001 Occupational Health and Safety Management System to ISO 45001:2018 Occupational Health and Safety Management System in the construction industry following the studies and audits carried out in 2018.

## Commitment

As one of our core values, we are committed to performing at an exceptional level in protecting our employees and the environment. Keeping our employees and the environment safe is the most important indicator of success. We try to be the best in all our projects and in our operating countries.

- To take our OHSE program further, we are committed to:
- > Proceeding from the principle of “Zero Accident,” ensuring healthy and safe working conditions so that those who enter the GAP İNŞAAT site are not injured and their health is not impaired due to our activities, and also planning their activities in such a way as to ensure the protection of the environment,
  - > Setting Occupational Health and Safety & Environment targets in line with the “Zero Accident” principle and ensuring their follow-up,
  - > Implementing a highly effective OHSE management system that provides continuous review and improvement,
  - > Assuring that risks and opportunities in the workplace are proactively identified and managed,
  - > Appropriately satisfying employer requirements and all Occupational Health and Safety & Environment rules and regulations in sectoral, local, international and national levels,
  - > Developing a safety culture with high awareness where our employees accept the safety of themselves and others as a responsibility,
  - > Improving our goals of pollution prevention, protection of natural resources and environmental sustainability,
  - > Setting and satisfying assertive OHSE performance goals to promote continuous improvement,
  - > Ensuring that our employees and stakeholders work together in consultation to continuously improve the OHSE performance,
  - > Being aware of and rewarding those that contribute to excellent OHSE performance,
  - > Trying to make GAP İNŞAAT the preferred supplier globally as it has safely conducted its construction and contracting work,



The commitment of GAP İNŞAAT’s leaders, management and employees to this policy is the basis for a safe and environmentally friendly workplace, operational excellence and long-term business success.

## Expectations

Safety and Environment are among the core values of GAP İNŞAAT and the key to its success. We want everyone to be with us on the Company’s journey to continuously improve the “Zero Accident” culture dedicated to health, safety, and environmental excellence.

- For this purpose, we want:
- > Our leaders, managers, and employees to demonstrate their commitment to their decisions and practices to ensure that everyone arrives home safely each day,
  - > Our employees to adopt occupational health and safety and environmental protection as core values at work and outside the workplace,
  - > Every employee to be committed to ensuring the safety of himself/herself and his/her colleagues,
  - > To incorporate GAP İNŞAAT’s life protection principles into our business planning and implementation.

- > To identify and manage risks and opportunities in the workplace proactively and aggressively,
- > To train and prepare our employees so that they have the knowledge, skills, competencies and equipment needed to work safely,
- > To stop the work until it is made safe if the work activities cannot be carried out safely or the conditions, or behaviors in the activity are unsafe,
- > Changes may result in risks and opportunities. To take action to mitigate the negative impacts and/or to evaluate the opportunities by reviewing the results of the changes, if necessary,
- > All employees to get over safety, health, and environmental incidents quickly, to report unsafe conditions and at-risk behaviors to their managers immediately, and to work diligently to solve the problem.

Our OHSE expectations will be realized with the leadership shown, compliance with legal and other requirements, and the participation of GAP İNŞAAT personnel. This Policy will be reviewed once a year to ensure that it meets the needs of GAP İNŞAAT and will be made available to everyone.



Occupational Health and Safety

GAP İNŞAAT which has not compromised on occupational health and safety since its establishment achieved 4 million man/hours without a lost-time injury in the Special Forces Integrated Training Center Project (QTC) conducted in Qatar, by the end of December 2021.

Occupational Health and Safety Practices

GAP İNŞAAT regards its employees as a member of a family. Therefore, Çalık Enerji has always procured the resources necessary for construction sites and workplaces by investing in safe equipment and establishing safe working environments, believing in the zero-accident goal and adopting the approach for prevention of occupational diseases.

The Company organizes regular OHS trainings and emergency management drills, encourages all stakeholders to contribute to the OHS system and aims to increase awareness of OHS.

Foreseeing potential emergencies and accidents in terms of OHS, GAP İNŞAAT employs a risk-based thinking system and places importance on emergency risk assessments, developing corrective actions to minimize risks and following preventive approaches. Çalık Enerji has identified all risks as well as environmental and social impacts of all incidents that may occur during business activities.

GAP İNŞAAT strives to fulfill the legal legislation requirements in Turkey and in every country where it operates, as well as to meet the requirements of ISO 45001:2018 Occupational Health and Safety Management System. The Company also monitors the OHS performance of subcontractors. Çalık Enerji exhibits full transparency while sharing the corporate knowledge gained through these processes.

Occupational Health and Safety Practices Implemented on Project Basis

Qatar

GAP İNŞAAT which has not compromised on occupational health and safety since its establishment achieved 4 million man/hours without a lost-time injury in the Special Forces Integrated Training Center Project (QTC) conducted in Qatar, by the end of December 2021. As a consequence of this success, the Company is entitled to receive the letter and certificate granted by the employer. In memory of this achievement, a glass having the logos of GAP and QECE was prepared commemoratively and delivered to all stakeholders. In addition,

- > Weekly occupational safety field walks continue.
- > Training sessions are provided daily.
- > Information, awareness, and health surveillance activities regarding the coronavirus continue to be organized.
- > Within the framework of a program, an OHS audit is carried out in the workers' camp of the subcontractor.
- > Acceptance of heavy machinery to the field and their controls go on.
- > Weekly OHS Coordination meetings continue to be held with subcontractors.
- > Distribution of the Occupational Health and Safety, and Environment Manual prepared for the Qatar project, to all project staff continues.
- > Inspections for the storage and use of hazardous materials on the site continue.

GAP İNŞAAT maintained the lasting values it has created in Turkmenistan in the 2021 operating period by utilizing modern technologies to the maximum extent, with pioneering innovative approaches and without compromising on occupational health and safety.



> Monthly environmental compliance audits performed on the site are maintained.

Turkmenistan Hospital Projects

GAP İNŞAAT which conducted construction and contracting works for public projects in Turkmenistan for long years maintained the permanent values it created in Turkmenistan, also in the year of activity 2021 with leading innovative approaches by utilizing modern technologies to the fullest extent and without compromising on occupational health and safety. Thanks to the modern design of the human-centered new building where the Company moved in 2016, and the minimum energy consumption-focused systems inside such as illumination, ventilation, heating, cooling, etc., it managed to adapt to the developing technology easily and align the regulations quickly.

Some of the Occupational Health and Safety Practices implemented based on the projects are as follows:

- > Occupational Safety Compliance Certificate was obtained from Turkmenistan State Standards for the projects every year.
- > 2021 Internal audits for the Integrated Management Systems were performed.

- > On-the-job speeches (toolbox training) are organized once a week with the participation of all site employees.
- > OHSE training is provided and recorded at the beginning of the employment and in three-month periods.
- > Weekly OHSE Field Visits are made with the site management.
- > OHSE committee meetings are held every month for the projects.
- > Training is given and recorded based on the annual OHSE training plan.
- > Trainings are provided and drills are conducted according to the annual emergency training and drill plan.
- > HSE site manuals (in Turkish, Russian, and Turkmen) are delivered to all employees.
- > Occupational safety slogans in Turkish, English, and Turkmen, made of canvas were prepared and hung in the areas visible to employees.
- > Occupational safety warning signs in Turkish and Turkmen were prepared and hung in the areas visible to employees.
- > As part of the fight against the COVID-19 pandemic, the necessary regulations were made and measures continued to be taken for the work environment as per the rules of the Turkmenistan Ministry of Health (fever measurements, hygiene, disinfection activities, mask, distance measures, information posters, plates, training, PCR tests, vaccination applications, etc.).
- > Within the scope of construction site environmental measures, waste areas were established and environmental trainings and drills went on.
- > Daily OHSE non-conformities are detected, actions are taken and improvements are made.
- > Special storages were built for hazardous materials and relevant measures were taken, and the controls about this issue continued.
- > Controls of construction machinery and equipment in terms of occupational safety and environment are continuously performed.

- > Electrical safety measures were taken and periodical controls are made (grounding, equipment control, color coding, panels, locks, etc.).
- > Fire measures were taken and the controls for this issue continued (fire extinguisher tubes, booths, etc.).
- > Personal protection equipment of all employees was provided and checked regularly.
- > Vehicle lanes and pedestrian ways were arranged at the site. Measures were taken on the sides of excavation field.

It will be aimed to achieve maximum efficiency and safety by closely monitoring the conformance of the work environment also in the future with leading, innovative, and environmentally- and nature-friendly solutions.

Taksim360 Project

To ensure more effective field audits in 2022, field audit forms and control forms were revised and started to be applied in the field. Our training presentations were updated to make the orientation training more productive. To highlight the importance of working at height, a two-hour working at height training was planned for the newly-hired staff. Forms for work leave systems were prepared to eliminate the non-conformities in the field with a proactive approach.

Emergency plans will be revised towards the end of 2022. An evacuation drill was planned. Ensuring active participation of the employees in the occupational health and safety organization was targeted by placing near-miss and request boxes in the field and receiving their opinions and requests in this way.

Every phase of the system will be evaluated and the missing points will be revised in 2023.

GAP İNŞAAT DOES NOT COMPROMISE ON OCCUPATIONAL HEALTH AND SAFETY.

Occupational Health and Safety Statistics	2019	2020	2021
Total Working Hours	7,727,058	5,045,489	6,093,687
Lost Time Injury Frequency Rate (LTIFR)	0.10	0.32	0.16
Total Recordable Injury Frequency Rate (TRIFR)	0.18	0.59	3.12
Number of Accidents Resulting in Death	-	-	-



## Environmental Policies

GAP İNŞAAT supports the reduction of environmental pollution and waste by taking an environmentally friendly approach in all its activities and aims to ensure that the environment is protected and passed on to future generations.

GAP İNŞAAT reflects its corporate culture on environment with its OHSE Policy. This policy was formed in accordance with ISO 14001 Environmental Management System Standard. The Environmental Policy is a high-level document that guides GAP İNŞAAT management systems and applications as a commitment of the Management to the environment. This policy is discussed and reviewed under the leadership of the Management in Management Review meetings held each year.

GAP İNŞAAT Environmental Management incorporates waste management, air quality emissions management, water management, noise management, effective energy and emission management, and awareness activities for increasing the environmental awareness of employees.

The activities are controlled through internal and external audits. As part of the independent external audits, compliance with ISO 14001 Environmental Management System Standard is revised every year.

The Company attaches importance to the environmental training process and aims for raising awareness through its efforts to increase environmental sensitivity every passing day. Environmental awareness and waste management training are provided to the newly-hired employees within the orientation training. In addition, training is given to raise awareness about environmental accidents, environmental management in emergencies, the disposal process of hazardous materials, environmental risks and precautions to be taken, environmental legislation, and waste management. In 2021, environmental training was increased.

### Waste Management

GAP İNŞAAT which creates effective natural resource management strategies, carries out effective waste management activities in its operating regions. The Company believes that a waste management policy is a prerequisite for the struggle against global climate change and the protection of the life cycle.

GAP İNŞAAT carries out waste management in the light of the following principles.

- > Listing wastes by creating a waste management matrix,
- > Striving to use hazardous substances, including chemicals and petroleum products, to a lesser extent in order to minimize the amount of hazardous waste,
- > Reducing waste and carrying out disposal in the following scope,
  - > Ensuring the disposal or reduction of waste with the selection of appropriate procedures or technologies,
  - > Ensuring the reuse of materials,
  - > Recycling the materials for reuse where possible,
  - > Recycling the possible types of fuel for reuse,

GAP İNŞAAT, which creates effective natural resource management strategies, carries out effective waste management activities in its operating regions.

## ENVIRONMENTAL TRAINING SESSIONS WERE INCREASED IN 2021.



- > Discharging wastewater in accordance with the legal legislation (After it was brought to an acceptable state),
- > Transporting waste in accordance with the relevant waste transportation inspection and control regulations,
- > Classifying all resulting wastes as hazardous or non-hazardous, parsing all hazardous or non-hazardous wastes,
- > Carrying out waste disposal only by the appointment of competent persons,
- > Informing the relevant parties about the waste disposal zones,
- > Assessing possible impacts before starting the transportation of harmless or non-hazardous waste to be given to third parties for reuse or disposal,
- > Making all liquids appropriate to standards before discharge and disposing of them,

- > Disposing of all solid waste after it is brought into compliance with the standards of western countries,
- > Following the "Procedure for Preventing Leaks" in order to prevent the spread of all debris, and dangerous liquids (For example; oil, diesel fuel, and chemicals).

### Air Quality

GAP İNŞAAT strives to prevent the air pollution which may arise from its operations. Workplace environment measurements of the Company's headquarters are carried out at least once a year with relative humidity measurements at periods deemed necessary by the Occupational Safety Specialist. The Administrative Affairs Department did not conduct a study on this issue since values did not exceed the limit.

The measures to combat air pollution in the project regions of the Company are as follows:

- > Use of technological and modern construction equipment and materials,
- > Regular daily, weekly and monthly maintenance of equipment,
- > Replacement of worn, loose, or unstable machine parts that cause vibration,
- > Installation of high-quality silencer(s) on motorized equipment,
- > Keeping the machine parts well lubricated to reduce friction,
- > Erecting acoustic enclosures and barriers around generators,
- > Planning activities that will create noise pollution to be carried out within the most appropriate time frames.



# Environmental Policies

Workplace environment measurements of GAP İNŞAAT Headquarters are performed under the control and coordination of the Occupational Health and Safety professionals.

### Water Management

Water is needed for operations in the construction process and for dust prevention activities. In this context, GAP İNŞAAT first examines the water condition of its operating regions in order to benefit from water resources in these regions. After the examination, the quantity of water that may be used is determined. After determining the quantity of water that may be used, mutual agreement is reached through negotiations held between the local people and public institutions. After the water use right agreement and permit procedures are completed, water is used.

### Noise Management

Construction activities emit noise into the environment. For this reason, keeping the resulting noise pollution under control allows the Company to eliminate or reduce disturbance to the environment. GAP İNŞAAT, which carries out activities with this awareness, makes studies to determine the noise condition of the construction site environment before the construction process begins. All stakeholder groups located near the construction zone are identified and communicated with.

Workplace environment measurements of GAP İNŞAAT Headquarters are performed under the control and coordination of the Occupational Health and Safety professionals.

The Company's activities aimed at preventing noise pollution in its operating regions are as follows:

- > Use of technological and modern construction equipment and materials,
- > Regular weekly and monthly maintenance of equipment,
- > Replacement of worn, loose, or unstable machine parts that cause vibration,
- > Installation of high-quality silencer(s) on motorized equipment,
- > Keeping the machine parts well lubricated to reduce friction,
- > Erecting acoustic enclosures and barriers around generators,
- > Planning activities that will create noise pollution to be carried out within the most appropriate time frames.

GAP İNŞAAT carries out studies to determine the noise condition of the construction site environment before the construction process begins.

## GAP İNŞAAT CONDUCTS ITS ACTIVITIES WITH ENVIRONMENTAL AWARENESS.



### Energy and Emission Management

Focusing on leaving a more livable world for the next generations, GAP İNŞAAT realizes a minimum level of energy consumption in its activities. Carrying on its activities to minimize the negative effects on the environment and climate, the Company utilizes the latest developments in construction technology to enhance its energy efficiency.

### LEED Certification Processes

GAP İNŞAAT which carries out all its projects according to international environmental standards, was awarded the LEED Certificate with the office block of the Taksim360 project. The LEED BD+C (Building Design + Construction) Gold certificate, which covers new construction or heavily renovated projects, is a pioneer in its field in Turkey.

### Biodiversity

GAP İNŞAAT, which carries out all its activities in the light of environmental impact assessment, built and completed the Turkmenistan Seaport Project worth USD 1.5 billion, with an environmentally friendly approach. In the project built according to eco-friendly port standards, the nesting areas located on the birds' migration route were turned into a special bird sanctuary as a sign of respect for nature. The artificial island of 3.1 million m², built so that migratory birds can fly free, is an exemplary project for transferring biodiversity to future generations.



## Corporate Social Responsibility Activities

The fertilizer production plants built by GAP İNŞAAT in Central Asia contributed to development of the regional agriculture considerably. Thanks to the port project constructed in this region, the logistic path between east and west got shorter from 45 days to 15 days, share of the region’s countries in global trade increased with the acceleration of merchandise trade, and a contribution was made to prosperity.



GAP İNŞAAT stands behind the United Nations Sustainable Development Goals. The Company, which makes community investments in its operating regions, carries out social responsibility activities in its operating regions in line with Quality Education (4) and Decent Work and Economic Growth Goal (8).

Taksim360 Project, which reflects GAP İNŞAAT’s experience and expertise in the field of property development, is located in the Beyoğlu District of Istanbul. Focusing on carrying the historical heritage of Beyoğlu into the future, a large number of historical buildings are being preserved, restored, and carry them into the future.

Taksim360 Project participated in the “Beyoğlu Investors Group,” which consists of investors investing in Beyoğlu and was established with the aim of protecting Beyoğlu’s values and bringing the region to national and international platforms. Regular communication and promotion activities of the project and the Beyoğlu region at home and abroad were carried out under the roof of BIG. The Company participated at MIPIM, one of the world’s leading property organizations, organized in Cannes, France, and in the Cityscape Fair organized in Qatar/ Dubai with the Taksim360 Project under the roof of BIG.

The communication activities performed for Taksim360 Project created a positive perception among the B2C target audience. Included in the route of the Beyoğlu Culture Road Project of the Ministry of Culture and Tourism, the Taksim360 Project reveals the values it owns, by hosting cultural and artistic activities. The Istanbul Photos Exhibition held as part of Step Istanbul and the Beyoğlu Culture Road Event contributed to the formation of such positive perception.

GAP İNŞAAT supported the Beyoğlu Culture Road Festival organized by the T.R. Ministry of Culture and Tourism between October 30 and November 14, 2021. The “Istanbul with Photos” exhibition was held at Taksim360 by GAP İNŞAAT in collaboration with the Turkish Photography Foundation. With the exhibition, the unique frames of 11 photographers met with art lovers.

Similarly, support was provided for the restoration of a large historical building in cooperation with the Beyoğlu Municipality, and positive efforts were made for the transformation of the derelict building into an R&D and technology center.

GAP İNŞAAT supported the Beyoğlu Culture Road Festival organized by the T.R. Ministry of Culture and Tourism between October 30 and November 14, 2021.

As part of the educational support of GAP İNŞAAT, 1,500 students received a non-refundable grant.



### East-West convergence boosted trade

Turkmenistan International Turkmenbashi Seaport Project built by the seashore of the Caspian Sea shortened the logistic path between east and west, thus a contribution was made to regional prosperity with the increased trade volume.

### Turkmenistan

GAP İNŞAAT, which was carrying out EPC projects in Turkmenistan for a long time, continued to create positive social impact on its stakeholders during its 2021 activity period. Works purchased from local artists were evaluated in completed projects and thus, art was supported.

As part of the educational support of GAP İNŞAAT, 1,500 students received a non-refundable grant.

Within the framework of the measures taken by the Ministry of Health of Turkmenistan, material and building contributions were made for the mandatory quarantine practices applied in entering the country, during the global pandemic.

Local Turkmen dishes were served weekly on definite days within the dining hall-kitchen organization, the operation of which belongs to GAP İNŞAAT. Thus, the regional culture was introduced to the foreign staff.

### Qatar

With the aim of making a positive impact on the stakeholders of the Qatar Special Forces Integrated Training Center Project implemented by GAP İNŞAAT in Qatar, the Company enabled various training sessions to be given to the staff of the Qatar Ministry of Defense to improve their personal development and project management skills. Comprehensive training packages were created for 67 employees working at the employer’s side. As part of the training; Microsoft Office, Autodesk Programs, PMP Programs, IT, and Security trainings were provided. Also, an IPMT (Integrated Project Management Training) training package was created for five engineers of the employer. In this package, engineers were trained on a rotational basis in certain departments of the construction site.

Moreover, a contribution was made to the relevant region by means of local purchases. 95% of the total purchases were performed locally.

GAP İNŞAAT will keep creating the strongest perception before its stakeholders with the totally new projects to be launched in terms of corporate social responsibility in the upcoming period.



The historical building in Beyoğlu transformed into R&D and Technology Center.



# **GAP İNŞAAT YATIRIM VE DIŞ TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**

Consolidated Financial Statements As at and for the Year Ended  
31 December 2021 With Independent Auditor's Report



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Building a better  
working world

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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, 2021, 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, 2021, 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
<b>Revenue Recognition</b>	
<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 1.380.555 thousands and total construction cost is amounting to TL 1.299.826 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"> <li>- 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.</li> <li>- The status of the ongoing projects was discussed with the Group's financial and technical teams was discussed and supporting documents were provided.</li> <li>- The ongoing projects of the Group were visited and the estimated completion rates were observed.</li> <li>- 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.</li> <li>- The ones selected by the sampling method among the costs incurred by the Group in ongoing construction projects have been tested with supporting documents.</li> <li>- Revenues from construction contracts are recalculated by us using the input method.</li> <li>- 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.</li> <li>- 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.</li> </ul>

The Key Audit Matter	How the matter was addressed in our audit
<b>Valuation of Investment Properties</b>	
<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 2021, fair value amount of the investment properties disclosed in the consolidated financial statements has been valued at TL 1.382.868 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"> <li>- 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.</li> <li>- 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.</li> <li>- 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.</li> <li>- 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.</li> </ul>

#### Other matter

Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as whole. The supplementary information included in Appendix I is presented for the purposes of additional analysis and is not a required part of the basic consolidated financial statements. The US Dollar amounts presented in Appendix I are solely for the convenience of the reader as additional analysis and have not been subjected to the audit procedures applied in the audit of the basic consolidated financial statements. Accordingly, we do not express an opinion on this supplementary information.



***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



March 10, 2022  
İstanbul, Turkey



GAP İNŞAAT Yatırım ve Dış Ticaret Anonim Şirketi and its Subsidiaries

As at 31 December 2021  
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 2021	31 December 2020
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	331.716	289.982
Trade receivables	7	200.462	569.926
- Due from related parties	4	45.475	21.539
- Due from third parties		154.987	548.387
Other receivables	8	1.246.043	1.123.072
- Due from related parties	4	429.350	11.051
- Due from third parties		816.693	1.112.021
Contract assets		696.448	476.737
- Contract assets from ongoing construction and contracting projects	16	696.448	476.737
Inventories	9	1.498.647	824.403
Prepaid expenses	10	326.933	357.345
Current tax assets	21	11.252	4.401
Other current assets	15	84.824	44.986
<b>Total current assets</b>		<b>4.396.325</b>	<b>3.690.852</b>
<b>Non-current assets</b>			
Trade receivables	7	581.591	251.430
- Due from related parties	4	-	3.624
- Due from third parties		581.591	247.806
Other receivables	8	4.465.532	2.348.960
- Due from related parties	4	4.265.280	2.348.960
- Due from related parties		200.252	-
Financial investments	6	195	195
Investment properties	14	1.382.868	1.169.585
Property, plant and equipment	12	223.046	175.178
Intangible assets	13	748	241
Prepaid expenses	10	6.487	3.420
Deferred tax assets	21	3.618	5.290
<b>Total non-current assets</b>		<b>6.664.085</b>	<b>3.954.299</b>
<b>Total assets</b>		<b>11.060.410</b>	<b>7.645.151</b>

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

GAP İNŞAAT Yatırım ve Dış Ticaret Anonim Şirketi and its Subsidiaries

As at 31 December 2021  
Consolidated Statement of Financial Position

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

		Current Period	Prior Period
		Audited	Audited
	Note	31 December 2021	31 December 2020
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Short-term loans and borrowings	17	533.746	608.715
Short-term portion of long-term loans and borrowings	17	514.836	235.652
Trade payables	7	1.611.615	1.135.066
- Due to related parties	4	17.341	8.225
- Due to third parties		1.594.274	1.126.841
Payables related to employee benefits	19	41.086	18.366
Other payables	8	128.781	231.702
- Due to related parties	4	3.280	147.294
- Due to payables to third parties		125.501	84.408
Contract liabilities		150.883	278.425
- Contract liabilities from ongoing construction and contracting projects	20	150.883	278.425
Deferred revenue	11	205.818	154.698
Short term provisions	18	23.464	11.506
- Short-term employee benefits		7.449	3.141
- Other-short term provisions		16.015	8.365
Other short-term liabilities	15	12.936	3.539
<b>Total current liabilities</b>		<b>3.223.165</b>	<b>2.677.669</b>
<b>Non-current liabilities</b>			
Long-term loans and borrowings	17	2.508.259	1.687.095
Other payables	8	125.277	-
- Due to third parties		125.277	-
Contract liabilities		409.056	342.027
- Contract liabilities from ongoing construction and contracting projects	20	409.056	342.027
Deferred revenue	11	1.227.093	671.439
Long-term provisions	18	12.061	4.944
- Long-term employee benefits		12.061	4.944
Deferred tax liabilities	21	118.963	151.922
<b>Total non-current liabilities</b>		<b>4.400.709</b>	<b>2.857.427</b>
<b>Total liabilities</b>		<b>7.623.874</b>	<b>5.535.096</b>
<b>Equity</b>			
Paid-in capital	22	696.512	508.780
Other comprehensive income or expense not to be reclassified to profit or loss			
- Defined benefit plans re-measurement loss / profit		(221)	1.618
- Revaluation and measurement gain / loss		-	(1.325)
Other comprehensive income or expense to be reclassified to profit or loss			
- Currency translation differences		2.366.072	968.446
Restricted reserves	22	239.078	239.078
Business combination under common control		293.286	293.286
Retained earnings		98.847	404.533
Loss for the period		(257.038)	(304.361)
<b>Total Equity</b>		<b>3.436.536</b>	<b>2.110.055</b>
<b>Total Equity and Liabilities</b>		<b>11.060.410</b>	<b>7.645.151</b>

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 2021

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

		Current Period	Prior Period
		Audited	Audited
	Note	1 January – 31 December 2021	1 January – 31 December 2020
Revenue	23	2.206.364	1.826.379
Cost of sales (-)	23	(2.175.174)	(1.782.523)
Gross profit		31.190	43.856
General administrative expenses (-)	24	(80.170)	(65.609)
Marketing expenses (-)	24	(30.047)	(19.707)
Other income	25	7.340	3.998
Other expenses (-)	25	(209.021)	(74.141)
Operating loss		(280.708)	(111.603)
Gains from investing activities	26	226	2.563
Losses from investing activities (-)	26	(500.349)	(255.327)
Operating loss before finance expense		(780.831)	(364.367)
Finance income	27	782.551	159.714
Finance expenses (-)	27	(357.506)	(196.619)
Loss before tax		(355.786)	(401.272)
Current tax expense for the period (-)	21	(3.737)	-
Deferred tax income	21	102.485	96.911
Loss for the period		(257.038)	(304.361)
Other comprehensive income / expense			
Items not to be reclassified to profit or loss			
Defined benefit plans re-measurement loss / profit	18	(2.116)	1.207
Defined benefit plans re-measurement loss / profit, tax effect	21	277	(118)
Revaluation and measurement gain / loss		-	(1.325)
Items to be reclassified to profit or loss			
Currency translation differences		1.397.626	398.334
Other comprehensive income		1.395.787	398.098
Total comprehensive income		1.138.749	93.737

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 Changes in Equity  
For the Year Ended 31 December 2021

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

	Other comprehensive income or expense to be reclassified to profit or loss					Accumulated Profits		
	Paid in capital	Revaluation and measurement gain / loss	Currency translation differences	Business combinations under common control	Net profit / loss for the period	Retained earnings	Total equity	
Balances at 1 January 2020	508.780	-	570.112	239.078	284.092	232.942	171.591	2.007.124
Total comprehensive income / expense	-	-	-	-	-	-	(304.361)	(304.361)
Loss for the period	-	(1.325)	398.334	-	-	-	-	398.098
Other comprehensive income/expense	-	(1.325)	398.334	239.078	284.092	232.942	(304.361)	93.737
Total comprehensive income	508.780	(1.325)	398.334	239.078	284.092	232.942	(304.361)	93.737
Transfers	-	-	-	-	-	171.591	(171.591)	-
Acquire of control for the companies which are controlled by common control	-	-	-	-	9.194	-	-	9.194
Balances at 31 December 2020	508.780	(1.325)	968.446	239.078	293.286	404.533	(304.361)	2.110.055

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 Changes in Equity  
For the Year Ended 31 December 2021  
(Amounts expressed in thousands of ("TL") unless otherwise stated.)

	Other comprehensive income or expense to be reclassified to profit or loss					Accumulated Profits		
	Paid in capital	Revaluation and measurement gain / loss	Currency translation differences	Business combinations under common control		Retained earnings	Net loss for the period	Total equity
				Restricted reserves	control			
Balances at 1 January 2021	508.780	(1.325)	968.446	239.078	293.286	404.533	(304.361)	2.110.055
Total comprehensive income/expense	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	-	(257.038)	(257.038)
Other comprehensive income /expense	-	(1.839)	1.397.626	-	-	-	-	1.395.787
Total comprehensive income	-	(1.839)	1.397.626	-	-	-	(257.038)	1.138.749
Capital increase	187.732	-	-	-	-	-	-	187.732
Transfers	-	1.325	-	-	-	(305.686)	304.361	-
Balances at 31 December 2021	696.512	(221)	2.366.072	239.078	293.286	98.847	(257.038)	3.436.536

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 Cash Flows  
For the Year Ended 31 December 2021

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

	Note	Current Period	Prior Period
		Audited	Audited
		1 January – 31 December 2021	1 January – 31 December 2020
A. CASH FLOWS FROM OPERATING ACTIVITIES		138.723	(363.108)
Loss for the period		(257.038)	(304.361)
Adjustments to reconcile cash flow generated from operating activities:		2.435.898	819.826
Adjustments for depreciation and amortization	12, 13	66.991	69.018
Adjustments for provision for litigation	18	6.463	2.435
Adjustments for provisions for employee benefits	18	4.879	2.418
Adjustments for interest expenses	17	328.787	137.537
Adjustments for interest income		(2.751)	(2.803)
Adjustments related to fair value loss of investment property	14	500.346	255.327
Adjustments to tax income	21	(98.748)	(96.911)
Adjustment related to unrealized foreign currency translation differences		1.630.047	455.306
Adjustments for the loss on sales of property, plant and equipment, net	26	(116)	(2.501)
Changes in working capital		(2.029.405)	(895.737)
Adjustments related to (increase)/decrease in inventories		(674.244)	(94.185)
Adjustments related to decrease/ (increase) in financial investments		-	24.330
Adjustments related to (increase)/decrease in trade receivables		39.303	(168.192)
Adjustments related to (increase)/decrease in other current assets		(39.838)	(28.645)
Adjustments related to (increase)/decrease in other receivables		(2.239.543)	(731.947)
Adjustment for change in payables related to employee benefits		22.720	9.023
Adjustments related to increase/(decrease) in other liabilities		9.397	(26.855)
Adjustments related to increase/(decrease) in trade payables		476.549	438.252
Adjustments related to increase/(decrease) in prepayments		27.345	(266.956)
Adjustments related to increase/(decrease) in deferred income		606.774	18.618
Adjustments related to increase/(decrease) in other payables		22.356	(266.099)
Adjustments related to (increase)/decrease in contract assets		(219.711)	112.343
Adjustments related to (increase)/decrease in contract liabilities		(60.513)	84.576
Cash Flows From/ (Used in) Operating Activities		149.455	(380.272)
Employee termination indemnity paid		(144)	(641)
Taxes paid/return		(10.588)	17.805
B. Cash Flows From/(Used in) Investing Activities		(10.977)	(7.722)
Proceeds from sale of property and equipment		2.770	9.061
Acquisition of investment properties	14	(7.208)	(13.665)
Acquisition of property, plant and equipment	12	(5.758)	(3.118)
Acquisition of intangible assets	6	(781)	-
C. Cash Flows From/(Used in) Financing Activities		(86.012)	383.728
Proceeds from loans and borrowings	17	1.423.521	1.284.294
Repayment of loans and borrowings	17	(1.333.135)	(693.039)
Interest paid	17	(366.881)	(210.330)
Capital increase	22	187.732	-
Interest received	27	2.751	2.803
Effect of Foreign Currency Translation Differences on Cash and Cash Equivalents(A + B + C)		41.734	12.898
D. Cash and Cash Equivalents at the Beginning of the Period		289.982	277.084
Cash and Cash Equivalents at the End of the Period (A+B+C+D)	5	331.716	289.982

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 2021  
(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 İstanbul, 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 two branches in Turkmenistan and Qatar in order to carry out various construction projects. As of 31 December 2021, the major shareholder of the Company is Çalık Holding Anonim Şirketi (“Çalık Holding”).

At 31 December 2021, Gap İnşaat has 11 subsidiaries (31 December 2020: 9 subsidiaries) (referred as “the Group). The consolidated financial statements of the Group as at and for the year ended 31 December 2021 comprises Gap İnşaat and its subsidiaries.

As at 31 December 2021, the number of employees of the Group is 223 (31 December 2020: 206).

As of 31 December 2021 and 2020, 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	31
		December 2021	December 2020
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	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 Construciton”)	Netherlands	100	100
Innovative Construction Technologies Trading FZE (“Innovative Construction”)	UAE – Dubai	100	100
OOO Gap İnşaat (Gap İnşaat Russia)	Russia	100	-
Deutsche Tiefbau Gesellschaft für Infrastrukturentwicklung mbH (“Deutsche Tiefbau”)	Germany	100	-

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 Insaat 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”.

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 2021  
(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 Board of Directors on 10 March 2022. 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.



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 2021  
(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)

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 2021, 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 =13,3290 TL (31 December 2020: 1 USD =7,3405TL).
- 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 2021 have been converted to TL with an annual average of 1 USD = 8,8719 (31 December 2020 annual average rate 1 USD=7.0034 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.

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 2021  
(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 2021	31 December 2020
USD	13,3290	7,3405
EUR	15,0867	9,0079



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 2021  
(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)

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) Adjustment of the financial statements in high inflation periods

In the announcement published by the Public Oversight Accounting and Auditing Standards Authority on January 20, 2022, it is stated that TAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the TFRS financial statements as of December 31, 2021, since the cumulative change in the general purchasing power of the last three years according to Consumer Price Index (CPI) is 74.41%. In this respect, consolidated financial statements as of December 31, 2021 are not adjusted for inflation in accordance with TAS 29.

With the "Law Amending the Tax Procedure Law and the Corporate Tax Law", which was accepted on the agenda of the Turkish Grand National Assembly on January 20, 2022, the application of inflation accounting was postponed starting from the balance sheet dated on December 31, 2023.

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, 2021 are consistent with those used in the preparation of financial statements for the year ended December 31, 2020 except for the change of the seniority ceiling used in the calculation of severance pay.

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 2021  
(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)

While the Company management is calculating severance pay in the financial statements of 31 December 2020, 31 based on the seniority ceiling announced in December 2020. In the financial statements of 31 December 2021 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 2022 in order to reflect the effect of the changes in the ceiling on the correct period.

As of 31 December 2020, the Company has announced the seniority of the above-mentioned 1 January had used the ceiling, the provision for severance pay for the current period would have been TL 5.212, the current period provision effect would be 761 TL.

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, 2021 are consistent with those applied in the preparation of the consolidated financial statements of December 31, 2020.

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.

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- 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 amortised 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.



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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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- 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 10,84 and TL 7,11 at 31 December 2021 and 2020, 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, 2021	December 31, 2020
Interest rate increase expected in the coming years %	19,10	12,40
Salary increase expected in the coming years % (*)	39,00 – 16,60	9,00

(\*) It is taken as 39.00% for 2022 and 16.60% for the following 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:

- (a) the first measurement of the lease liability
- (b) the amount obtained from all lease payments made before or before the lease actually started, by deducting all lease incentives received and
- (c) 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:

- (a) fixed payments,
- (b) 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,
- (c) amounts expected to be paid by the Group witjin the scope of residual value commitments
- (d) the price of use of this option if the Group is reasonably sure that it will use the purchase option and
- (e) in case the rental period shows that the Group will use an option the 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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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.

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 2021  
(Amounts expressed in thousands of ("TL") unless otherwise stated.)

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.



# 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 2021  
(Amounts expressed in thousands of ("TL") unless otherwise stated.)

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 at December 31, 2021 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 2021 and thereafter. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

# 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 2021  
(Amounts expressed in thousands of ("TL") unless otherwise stated.)

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 2021 are as follows:
  - Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
  - Amendments to IFRS 16 - Covid-19-Related Rent Concessions and Covid-19-Related Rent Concessions beyond 30 June 2021

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

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

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

- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IFRS 3 – Reference to the Conceptual Framework
- Amendments to IAS 16 – Proceeds before intended use
- Amendments to IAS 37 – Onerous contracts – Costs of Fulfilling a Contract
- IFRS 17 - The new Standard for insurance contracts
- Amendments to IAS 1- Classification of Liabilities as Current and Non-Current Liabilities
- Amendments to IAS 8 - Definition of Accounting Estimates
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Annual Improvements – 2018–2020 Cycle

Improvements are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted for all.

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



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 2021  
(Amounts expressed in thousands of (“TL”) unless otherwise stated.)

4. Related party disclosures  
Related party balances

As at 31 December 2021 and 2020, the Group had the following balances outstanding from/to its related parties:

	December 31, 2021	December 31, 2020
Short-term trade receivables		
Polimetal Madencilik Sanayi ve Ticaret Anonim Şirketi <sup>(1)</sup>	24.368	-
Emlak Girişim Danışmanlığı Anonim Şirketi <sup>(2)</sup>	10.871	7.797
Ant Filo Hizmetleri Anonim Şirketi <sup>(5)</sup>	7.258	10.509
Çalık Pamuk Doğal ve Sentetik Elyaf Ticaret Anonim Şirketi <sup>(2)</sup>	1.131	623
Çalık Enerji Sanayi ve Ticaret Anonim Şirketi <sup>(2)</sup>	763	-
Anagold Madencilik Sanayi ve Ticaret Anonim Şirketi <sup>(3)</sup>	354	318
Çalık Dijital ve Bilişim Hizmetleri Anonim Şirketi <sup>(2)</sup>	281	-
Çalık Engineering Danışmanlık Ticaret Anonim Şirketi <sup>(2)</sup>	220	-
Enrich Teknoloji Yazılım Anonim Şirketi <sup>(5)</sup>	76	-
Aktif Yatırım Bankası Anonim Şirketi <sup>(2)</sup>	69	2.088
Çalık Petrol Arama Üretim Sanayi Ve Ticaret Anonim Şirketi <sup>(2)</sup>	33	16
CLK İpekyolu Lojistik Ve Ticaret Anonim Şirketi <sup>(5)</sup>	24	150
Yeşilırmak Elektrik Dağıtım Anonim Şirketi <sup>(2)</sup>	2	35
Other	25	3
	45.475	21.539
	December 31, 2021	December 31, 2020
Long-term trade receivables		
Ant Filo Hizmetleri Anonim Şirketi <sup>(5)</sup>	-	3.624
	-	3.624
	December 31, 2021	December 31, 2020
Short-term trade payables		
Gap Pazarlama Anonim Şirketi <sup>(2)</sup>	9.972	5.221
CLK Transport and Trading FZE <sup>(5)</sup>	3.457	96
Çalık Holding Anonim Şirketi <sup>(1)</sup>	2.177	2.333
GAP Pazarlama FZE <sup>(2)</sup>	813	-
SECOM Aktif Elektronik Güvenlik Çözümleri Anonim Şirketi <sup>(2)</sup>	734	-
Aras Elektrik Perakende Satış Anonim Şirketi <sup>(3)</sup>	188	125
Emlak Girişim Danışmanlığı Anonim Şirketi <sup>(2)</sup>	-	11
CLK İpekyolu Lojistik Ve Ticaret Anonim Şirketi <sup>(5)</sup>	-	439
	17.341	8.225
	December 31, 2021	December 31, 2020
Short-term other receivables		
Çalık Holding Anonim Şirketi <sup>(1)</sup>	282.419	-
Ahmet Çalık <sup>(4)</sup>	143.594	-
Gap Pazarlama Anonim Şirketi <sup>(2)</sup>	2.292	1.695
Çalık Denim Tekstil Sanayi ve Ticaret Anonim Şirketi <sup>(2)</sup>	669	-
Çalık Enerji Sanayi ve Ticaret Anonim Şirketi <sup>(2)</sup>	299	7.378
Lidya Madencilik Sanayi ve Ticaret Anonim Şirketi <sup>(2)</sup>	-	1.572
Technovision Mühendislik Danışmanlık ve Dış Ticaret Limited Şirketi <sup>(5)</sup>	-	169
Çalık Dijital Ve Bilişim Hizmetleri <sup>(2)</sup>	-	128
Enrich Teknoloji Yazılım Anonim Şirketi <sup>(5)</sup>	-	60
Other	77	49
	429.350	11.051

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

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

	December 31, 2021	December 31, 2020
Long-term other receivables		
Delta Netherlands BV <sup>(2)</sup>	4.265.280	2.348.960
Total	4.265.280	2.348.960
	December 31, 2021	December 31, 2020
Short-term other payables		
Çalık Enerji Turkmenistan Branch <sup>(2)</sup>	3.280	456
Ahmet Çalık <sup>(4)</sup>	-	102.647
Çalık Holding Anonim Şirketi <sup>(1)</sup>	-	41.095
Çalık Enerji Dubai FZE <sup>(2)</sup>	-	2.995
Gap Pazarlama Dubai FZE <sup>(2)</sup>	-	101
Total	3.280	147.294
	December 31, 2021	December 31, 2020
Borrowings	Currency	
Aktif Bank Sukuk Varlık Kiralama Anonim Şirketi (*) <sup>(2)</sup>	USD	1.588.205
Aktif Bank Sukuk Varlık Kiralama Anonim Şirketi (*) <sup>(2)</sup>	TL	433.092
Total		2.021.297

(\*) 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.

There is no impairment for the Group's balances with related parties for the year ended 31 December 2021 (31 December 2020: None)

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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 2021  
(Amounts expressed in thousands of (“TL”) unless otherwise stated.)

4. Related party disclosures (continued)

Related party transactions

For the years ended 31 December 2021 and 2020, the revenues earned, and expenses incurred by the Group in relation to transactions with its related parties as summarised below:

	2021						
	Revenue	Purchase	Finance income/(costs)	General administrative expenses	Other income	Other expenses	Total
Adacami Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. <sup>(2)</sup>	13	-	-	(1)	-	-	12
Aktif Bank Sukuk Varlık Kiralama A.Ş. <sup>(2)</sup>	-	-	(161.427)	-	426	-	(161.001)
Aktif Yatırım Bankası A.Ş. <sup>(2)</sup>	3.298	-	(88.872)	-	28	-	(85.546)
Ant Enerji Sanayi ve Ticaret Limited Şirketi <sup>(5)</sup>	13	-	-	-	5	-	18
Artmin Madencilik Sanayi ve Ticaret A.Ş. <sup>(3)</sup>	2.440	-	-	-	1	-	2.441
Atayurt İnşaat A.Ş. <sup>(2)</sup>	13	-	-	-	-	-	13
Başak Yönetim Sistemleri A.Ş. <sup>(2)</sup>	13	-	2	-	-	-	15
Calik Denim B.V. <sup>(2)</sup>	-	-	-	(442)	-	-	(442)
Çalık Denim Tekstil Sanayi ve Ticaret A.Ş. <sup>(2)</sup>	-	-	64	-	-	-	64
Çalık Dijital ve Bilişim Hizmetleri A.Ş. <sup>(2)</sup>	15	-	41	-	-	-	56
Çalık Elektrik Dağıtım A.Ş. <sup>(2)</sup>	13	-	-	-	-	-	13
Çalık Enerji A.Ş.-Malavi	-	-	-	-	2	-	2
Çalık Enerji Dubai FZE <sup>(2)</sup>	-	-	-	(635)	-	-	(635)
Çalık Enerji Irak Şube <sup>(2)</sup>	2.662	-	-	-	-	-	2.662
Çalık Enerji Özbekistan (Temsilcilik ofisi) <sup>(2)</sup>	-	-	-	-	-	(6)	(6)
Çalık Enerji Özbekistan Taşkent PE <sup>(2)</sup>	-	-	-	-	-	(8)	(8)
Çalık Enerji Sanayi ve Ticaret A.Ş. <sup>(2)</sup>	7.841	-	297	(700)	486	(4)	7.920
Çalık Enerji TRM Branch <sup>(2)</sup>	-	-	-	(3.105)	1.153	-	(1.952)
Çalık Hava Taşımacılık Turizm Sanayi ve Ticaret A.Ş. <sup>(2)</sup>	13	-	479	(1.658)	-	-	(1.166)
Çalık Holding A.Ş. <sup>(1)</sup>	9.935	-	244	(20.189)	23	(3)	(9.990)
Çalık Limak Adi Ortaklığı <sup>(3)</sup>	13	-	-	-	-	-	13
Çalık Petrol Arama Üretim San. ve Tic. A.Ş. <sup>(2)</sup>	13	-	-	-	-	-	13
Çalık Rüzgar Enerjisi Elektrik Üretim Limited Şirketi <sup>(2)</sup>	13	-	-	-	-	-	13
Cetel Telekom İletişim Sanayi ve Ticaret A.Ş. <sup>(2)</sup>	13	-	2	-	-	-	15
CL Enerji Üretim ve İnşaat Anonim Şirketi <sup>(2)</sup>	13	-	-	-	-	-	13
CLK İpekyolu Lojistik ve Tic. A.Ş. <sup>(5)</sup>	935	61	(28)	(750)	116	(411)	(77)
CLK Transport and Trading FZE <sup>(5)</sup>	-	9	-	-	-	-	9
Demircili Rüzgar Enerjisi Elektrik Üretim A.Ş. <sup>(2)</sup>	13	-	-	-	-	-	13
Emlak Girişim Danışmanlığı A.Ş. <sup>(2)</sup>	-	-	1.406	-	-	-	1.406
Enrich Teknoloji Yazılım Anonim Şirketi <sup>(5)</sup>	260	-	4	(26)	6	-	244
GAP Pazarlama A.Ş. <sup>(2)</sup>	-	-	(27)	-	-	-	(27)
Gap Pazarlama FZE Jebel Ali Free Zone <sup>(2)</sup>	239	-	(11)	(272)	-	-	(44)
İkideniz Petrol ve Gaz Sanayi ve İnşaat Ticaret A.Ş. <sup>(2)</sup>	13	-	-	-	-	-	13
İrmak Yönetim Sistemleri A.Ş. <sup>(2)</sup>	13	-	2	-	-	-	15
Kızılırmak Enerji Elektrik A.Ş. <sup>(2)</sup>	13	-	-	-	-	-	13
Lıdya Madencilik Sanayi ve Ticaret A.Ş. <sup>(2)</sup>	1.106	-	50	-	4	(230)	930
Momentum Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. <sup>(2)</sup>	64	-	-	-	-	-	64
Polimetal Madencilik San. Ve Tic. A.Ş. <sup>(5)</sup>	164.086	-	-	-	-	-	164.086
Secom Aktif Elektronik Güvenlik Çözümleri <sup>(2)</sup>	-	-	-	-	-	(3)	(3)
Taşkent Merkez Park Gayrimenkul Yat. A.Ş. <sup>(2)</sup>	13	-	-	-	-	-	13
TCB İnşaat Yatırım A.Ş. (Eski Ünvan:Atagas Doğalgaz Tic. A.Ş.) <sup>(2)</sup>	13	-	-	-	-	-	13
Technovision Mühendislik Danışmanlık ve Dış Ticaret Limited Şirketi <sup>(2)</sup>	1.409	-	-	(20)	-	-	1.389
Türkmen'in Altın Asrı Elektrik Enerjisi Toptan Satış A.Ş. <sup>(2)</sup>	13	-	-	-	-	-	13
Yeşilçay Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. <sup>(2)</sup>	13	-	-	-	-	-	13
Yeşilırmak Elektrik Dağıtım A.Ş. <sup>(2)</sup>	114	-	-	-	11	-	125
Yeşilırmak Elektrik Perakende Satış A.Ş. <sup>(2)</sup>	65	-	-	-	-	-	65
<b>Total</b>	<b>194.716</b>	<b>70</b>	<b>(247.774)</b>	<b>(27.798)</b>	<b>2.261</b>	<b>(665)</b>	<b>(79.190)</b>

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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.)

4. Related party disclosures (continued)

Related party transactions (continued)

	2020						
	Revenue	Purchase	Finance income/(costs)	General administrative expenses	Other income	Other expenses	Total
Emlak Girişim Danışmanlığı A.Ş. <sup>(2)</sup>	8.608	-	2.031	-	-	-	10.639
Çalık Enerji Sanayi ve Ticaret A.Ş. <sup>(2)</sup>	5.556	(3)	714	(952)	308	-	5.623
Çalık Enerji Iraq Branch <sup>(2)</sup>	2.878	-	-	-	-	-	2.878
Lıdya Madencilik Sanayi ve Ticaret A.Ş. <sup>(2)</sup>	430	-	296	-	5	-	731
Artmin Madencilik Sanayi ve Ticaret A.Ş. <sup>(3)</sup>	503	-	-	-	-	-	503
Technovision Mühendislik Danışmanlık ve Dış Ticaret Limited Şirketi <sup>(2)</sup>	241	(73)	3	-	2	-	173
Çalık Petrol Arama Üretim Sanayi Ve Ticaret A.Ş. <sup>(2)</sup>	9	-	-	-	-	164	173
Yeşilırmak Elektrik Dağıtım A.Ş. <sup>(2)</sup>	116	-	-	14	-	-	130
Çalık Denim Tekstil Sanayi ve Ticaret A.Ş. <sup>(2)</sup>	-	-	66	-	41	-	107
Çalık Dijital ve Bilişim Hizmetleri A.Ş. <sup>(2)</sup>	43	-	18	-	5	-	66
Enrich Teknoloji Yazılım Anonim Şirketi <sup>(5)</sup>	39	-	3	-	7	-	49
Momentum Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. <sup>(2)</sup>	47	-	-	-	1	-	48
Anagold Madencilik Sanayi ve Ticaret Anonim Şirketi <sup>(3)</sup>	-	-	-	-	37	-	37
Yeşilırmak Elektrik Perakende Satış A.Ş. <sup>(2)</sup>	18	-	-	-	2	-	20
Taşkent Merkez Park Gayrimenkul Yatırım A.Ş. <sup>(2)</sup>	9	-	7	-	-	-	16
Adacami Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. <sup>(2)</sup>	9	-	-	-	1	-	10
Çalık Limak Adi Ortaklığı <sup>(3)</sup>	9	-	1	-	-	-	10
Çalık Elektrik Dağıtım A.Ş. <sup>(2)</sup>	9	-	-	-	-	-	9
Çalık Rüzgar Enerjisi Elektrik Üretim Limited Şirketi <sup>(2)</sup>	9	-	-	-	-	-	9
Ant Enerji Sanayi ve Ticaret Limited Şirketi <sup>(5)</sup>	9	-	-	-	-	-	9
Atayurt İnşaat A.Ş. <sup>(2)</sup>	9	-	-	-	-	-	9
Başak Yönetim Sistemleri A.Ş. <sup>(2)</sup>	9	-	-	-	-	-	9
Çalık Finansal Hizmetler A.Ş. <sup>(2)</sup>	9	-	-	-	-	-	9
Çalık NTF Elektrik Üretim ve Madencilik A.Ş. <sup>(2)</sup>	9	-	-	-	-	-	9
Cetel Telekom İletişim Sanayi ve Ticaret A.Ş. <sup>(2)</sup>	9	-	-	-	-	-	9
İrmak Yönetim Sistemleri A.Ş. <sup>(2)</sup>	9	-	-	-	-	-	9
Kızılırmak Enerji Elektrik A.Ş. <sup>(2)</sup>	9	-	-	-	-	-	9
Petrotrans Enerji A.Ş. <sup>(2)</sup>	9	-	-	-	-	-	9
Türkmen'in Altın Asrı Elektrik Enerjisi Toptan Satış A.Ş. <sup>(2)</sup>	9	-	-	-	-	-	9
Yeşilçay Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. <sup>(2)</sup>	9	-	-	-	-	-	9
CL Enerji Üretim Ve İnşaat Anonim Şirketi <sup>(2)</sup>	9	-	-	-	-	-	9
Demircili Rüzgar Enerjisi Elektrik Üretim A.Ş. <sup>(2)</sup>	9	-	-	-	-	-	9
Gap Elektrik Dağıtım Sanayi Ve Ticaret A.Ş. <sup>(2)</sup>	9	-	-	-	-	-	9
İkideniz Petrol Ve Gaz Sanayi Ve İnşaat Ticaret A.Ş. <sup>(2)</sup>	9	-	-	-	-	-	9
Tcb İnşaat Yatırım A.Ş. <sup>(2)</sup>	9	-	-	-	-	-	9
Çalık Enerji A.Ş.- Malavi <sup>(2)</sup>	-	-	-	-	4	-	4
Gap Pazarlama FZE Jebel Ali Free Zone <sup>(2)</sup>	189	-	(58)	(253)	-	-	(122)
GAP Pazarlama A.Ş. <sup>(2)</sup>	-	-	(253)	(8)	-	-	(261)
Çalık Denim B.V. <sup>(2)</sup>	-	-	-	(334)	-	-	(334)
Çalık Enerji Dubai FZE <sup>(2)</sup>	-	-	-	(474)	-	-	(474)
Çalık Hava Taşımacılık Turizm Sanayi ve Ticaret A.Ş. <sup>(2)</sup>	9	(699)	(8)	(239)	-	(1)	(938)
Çalık Enerji Turkmenistan Branch <sup>(2)</sup>	-	(1.008)	(4)	(2.353)	4	-	(3.361)
CLK İpekyolu Lojistik Ve Ticaret A.Ş. <sup>(5)</sup>	558	(3.675)	(215)	(12)	-	13	(3.331)
CLK Transport And Trading FZE <sup>(5)</sup>	-	(5.832)	-	(21)	123	-	(5.730)
Aktif Yatırım Bankası Anonim Şirketi <sup>(2)</sup>	5.123	-	(21.872)	-	59	11	(16.679)
Çalık Holding A.Ş. <sup>(1)</sup>	8.344	-	(18.141)	(18.628)	41	-	(28.384)
Aktifbank Sukuk Varlık Kiralama A.Ş. <sup>(2)</sup>	-	-	(89.405)	-	-	-	(89.405)
<b>Total</b>	<b>32.900</b>	<b>(11.290)</b>	<b>(126.817)</b>	<b>(23.260)</b>	<b>640</b>	<b>187</b>	<b>(127.640)</b>

- (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

Transactions with key management personnel

On a consolidated basis, key management costs included in general administrative expenses for the year ended 31 December 2021 amounted to TL 14.667 (2020: TL 11.973).



## GAP İNŞAAT Yatırım ve Dış Ticaret Anonim Şirketi and its Subsidiaries

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#### 5. Cash and cash equivalents

At 31 December 2021 and 2020, cash and cash equivalents comprised the following:

	31 December 2021	31 December 2020
Cash on hand	421	506
Cash at banks	331.295	289.476
-Demand deposits	161.105	147.514
-Time deposits	170.190	141.962
<b>Cash and cash equivalents</b>	<b>331.716</b>	<b>289.982</b>

As of 31 December 2021, interest rate of time deposits of the Group in Qatar Riyal is 0,25%. The maturity of time deposits is 1 day (31 December 2021: 0,75%).

As at 31 December 2021 and 31 December 2020, 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

##### Available-for-sale financial investments

As at 31 December 2021 and 2020, available-for-sale financial investments comprised the following:

	Ownership (%)	2021	Ownership (%)	2020
Other	-	195	-	195
<b>Total</b>	<b>-</b>	<b>195</b>	<b>-</b>	<b>195</b>

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

As at 31 December 2021, investments in equity securities amounting to TL 195 (31 December 2020: 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.

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#### 7. Trade receivables and trade payables

##### Trade receivables

##### Short-term trade receivables

As at 31 December 2021 and 2020, short-term trade receivables comprised the following:

	31 December 2021	31 December 2020
Due from third parties	154.987	548.387
Due from related parties (Note 4)	45.475	21.539
<b>Total</b>	<b>200.462</b>	<b>569.926</b>

As at 31 December 2021 and 2020, short-term trade receivable from third parties comprised the following:

	31 December 2021	31 December 2020
Accounts receivables	135.177	531.622
Notes receivables	19.810	16.765
<b>Total</b>	<b>154.987</b>	<b>548.387</b>

As of 31 December 2021 and 2020, there is no doubtful receivables.

##### Long-term trade receivables

As at 31 December 2021 and 2020, long-term trade receivables comprised the following:

	31 December 2021	31 December 2020
Due from third parties (*)	581.591	247.806
Due from related parties (Note 4) (*)	-	3.624
<b>Total</b>	<b>581.591</b>	<b>251.430</b>

As at 31 December 2021 and 2020, long-term trade receivable from third parties comprised the following:

	31 December 2021	31 December 2020
Accounts receivables (*)	581.591	247.806
<b>Total</b>	<b>581.591</b>	<b>247.806</b>

(\*) 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 2021 and 2020, short-term trade payables comprised the following:

	31 December 2021	31 December 2020
Due to third parties	1.594.274	1.126.841
Due to related parties (Note 4)	17.341	8.225
<b>Total</b>	<b>1.611.615</b>	<b>1.135.066</b>

As at 31 December 2021 and 2020, short-term trade payables to third parties comprised the following:

	31 December 2021	31 December 2020
Accounts payables	1.522.245	1.059.906
Notes payables	72.029	66.935
<b>Total</b>	<b>1.594.274</b>	<b>1.126.841</b>

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 2021 and 2020, other short-term receivables comprised the following:

	31 December 2021	31 December 2020
Due from third parties	816.693	1.112.021
Due from related parties (Note 4)	429.350	11.051
<b>Total</b>	<b>1.246.043</b>	<b>1.123.072</b>

As at 31 December 2021 and 2020, short-term other receivables from third parties comprised the following:

	31 December 2021	31 December 2020
Deposits and guarantees given (*)	439.732	864.243
Other various receivables	376.961	247.778
<b>Total</b>	<b>816.693</b>	<b>1.112.021</b>

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

##### Other long-term receivables

As at 31 December 2021 and 2020, other long-term receivables comprised the following:

	31 December 2021	31 December 2020
Due from related parties (Note 4) (**)	4.265.280	2.348.960
Deposits and guarantees given (*)	200.252	-
<b>Total</b>	<b>4.465.532</b>	<b>2.348.960</b>

(\*) It includes the deposit and guarantees given over progress invoices by the Group for its ongoing project in Qatar.

(\*\*) Maturity for due from related parties is 2023.

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#### 8. Other receivables and other payables (continued)

##### Other Payables

##### Other short-term payables

As at 31 December 2021 and 2020, other short-term payables comprised the following:

	31 December 2021	31 December 2020
Due to related parties (Note 4)	3.280	147.294
Due to third parties	125.501	84.408
<b>Total</b>	<b>128.781</b>	<b>231.702</b>

As at 31 December 2021 and 2020, other short-term payables due to third parties comprised the following:

	31 December 2021	31 December 2020
Deposits and guarantees received	125.201	82.958
Other	300	1.450
<b>Total</b>	<b>125.501</b>	<b>84.408</b>

##### Other long-term payables

	31 December 2021	31 December 2020
Deposits and guarantees received (*)	125.277	--
<b>Total</b>	<b>125.277</b>	<b>--</b>

(\*) It includes retention received over the subcontractor progress payments by the Group for its ongoing project in Qatar. The maturity is 2023.

#### 9. Inventories

As at 31 December 2021 and 2020, inventories comprised the following:

	31 December 2021	31 December 2020
Trading properties (*)	1.387.344	745.496
Raw materials	110.512	78.728
Trading goods	791	179
<b>Total</b>	<b>1.498.647</b>	<b>824.403</b>

(\*) 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 745.192 accumulated on inventories as at 2021 (31 December 2020: TL 398.838 accumulated).



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10. Prepaid expenses

Short-term prepaid expenses

As at 31 December 2021 and 2020, current prepayments comprised the following:

	31 December 2021	31 December 2020
Advances given	323.609	354.057
Prepaid expenses for the following months	3.324	3.288
<b>Total</b>	<b>326.933</b>	<b>357.345</b>

Long-term prepaid expenses

As at 31 December 2021 and 2020, non-current prepayments comprised the following:

	31 December 2021	31 December 2020
Prepaid expenses for the following years	6.487	3.420
<b>Total</b>	<b>6.487</b>	<b>3.420</b>

11. Deferred revenue

Short-term deferred income

As at 31 December 2021 and 2020, short-term deferred income comprised the following:

	31 December 2021	31 December 2020
Short-term deferred income (*)	205.818	154.698
<b>Total</b>	<b>205.818</b>	<b>154.698</b>

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 69.294 in the period ending on December 31, 2021.

Long-term deferred income

As at 31 December 2021 and 2020, long-term deferred income comprised the following:

	31 December 2021	31 December 2020
Long-term deferred income (*)	1.227.093	671.439
<b>Total</b>	<b>1.227.093</b>	<b>671.439</b>

(\*) As of 31 December 2021, 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 2020 and 2019 are as follows:

	Land and Buildings	Machinery and equipment	Motor vehicles	Furniture and fixtures	Leasehold improvements	Total
<b>Cost</b>						
Balance at 1 January 2021	28.585	409.889	65.036	103.112	4.750	611.372
Additions	-	716	667	3.488	887	5.758
Foreign currency translation differences	23.311	341.546	51.250	72.455	4.321	492.883
Disposals	(18)	(8.091)	(4.268)	(4.453)	-	(16.830)
<b>Balance at 31 December 2021</b>	<b>51.878</b>	<b>744.060</b>	<b>112.685</b>	<b>174.602</b>	<b>9.958</b>	<b>1.093.183</b>
<b>Accumulated depreciation</b>						
Balance at 1 January 2021	(7.625)	(300.780)	(39.025)	(88.446)	(318)	(436.194)
Charge for the year	(1.877)	(46.095)	(2.024)	(16.331)	(184)	(66.511)
Foreign currency translation differences	(11.256)	(268.074)	(36.888)	(65.209)	(181)	(381.608)
Disposals	18	8.083	2.159	3.916	-	14.176
<b>Balance at 31 December 2021</b>	<b>(20.740)</b>	<b>(606.866)</b>	<b>(75.778)</b>	<b>(166.070)</b>	<b>(683)</b>	<b>(870.137)</b>
<b>Net carrying values</b>	<b>31.138</b>	<b>137.194</b>	<b>36.907</b>	<b>8.532</b>	<b>9.275</b>	<b>223.046</b>



12. Property, plant and equipment (continued)

	Land and Buildings	Machinery and equipment	Motor vehicles	Furniture and fixtures	Leasehold improvements	Total
<b>Cost</b>						
Balance at 1 January 2020	25.114	354.730	54.753	78.082	5.106	517.785
Additions	-	956	-	2.162	-	3.118
Foreign currency translation differences	6.996	74.191	12.971	25.076	1.132	120.366
Disposals	-	(19.988)	(2.688)	(2.208)	(1.488)	(26.372)
Transfers to investment properties (*)	(3.525)	-	-	-	-	(3.525)
<b>Balance at 31 December 2020</b>	<b>28.585</b>	<b>409.889</b>	<b>65.036</b>	<b>103.112</b>	<b>4.750</b>	<b>611.372</b>
<b>Accumulated depreciation</b>						
Balance at 1 January 2020	(5.077)	(214.360)	(30.915)	(57.568)	(2.164)	(310.084)
Charge for the year	(1.376)	(48.887)	(2.408)	(15.942)	(143)	(68.756)
Foreign currency translation differences	(1.172)	(52.251)	(7.960)	(16.349)	566	(77.166)
Disposals	--	14.718	2.258	1.413	1.423	19.812
<b>Balance at 31 December 2020</b>	<b>(7.625)</b>	<b>(300.780)</b>	<b>(39.025)</b>	<b>(88.446)</b>	<b>(318)</b>	<b>(436.194)</b>
<b>Net carrying values</b>	<b>20.960</b>	<b>109.109</b>	<b>26.011</b>	<b>14.666</b>	<b>4.432</b>	<b>175.178</b>

(\*) Transfer has been realized from property, plant and equipment to investment property amounting to TL 3.525.

For the year ended 31 December 2021, depreciation amounting to TL 2.034 was allocated to general administrative expenses (31 December 2020: TL 2.112).  
For the year ended 31 December 2021, depreciation amounting to TL 64.477 was allocated to cost of sales (31 December 2020: TL 66.644).

As 31 December 2021, property, plant and equipment were insured amounting to TL 1.141.445 (31 December 2020: TL TL 641.523).

As 31 December 2021, there is no mortgages over property, plant and equipments against its borrowings (31 December 2020:None).

13. Intangible assets

Movements of intangible assets and related accumulated amortisation during the years ended 31 December 2021 and 2020 are as follows:

Cost	Licences and other intangible assets
<b>Balance at 1 January 2021</b>	<b>4.438</b>
Foreign currency translation differences	3.816
Disposals	781
<b>Balance at 31 December 2021</b>	<b>9.035</b>
<b>Amortisation</b>	
<b>Balance at 1 January 2021</b>	<b>(4.197)</b>
Charge for the year	(480)
Foreign currency translation differences	(3.610)
Disposals	-
<b>Balance at 31 December 2021</b>	<b>(8.287)</b>
<b>Net carrying value</b>	<b>748</b>

Cost	Licences and other intangible assets
<b>Balance at 1 January 2020</b>	<b>3.464</b>
Foreign currency translation differences	974
Disposals	-
<b>Balance at 31 December 2020</b>	<b>4.438</b>
<b>Amortisation</b>	
<b>Balance at 1 January 2020</b>	<b>(2.464)</b>
Charge for the year	(262)
Foreign currency translation differences	(1.471)
Disposals	-
<b>Balance at 31 December 2020</b>	<b>(4.197)</b>
<b>Net carrying value</b>	<b>241</b>

For the year ended 31 December 2021, amortisation amounting to TL 15 was allocated to general administrative expenses (31 December 2020: TL 8).

For the year ended 31 December 2021, amortisation amounting to TL 465 was allocated to cost of sales (31 December 2020: TL 254).



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#### 14. Investment properties

As at 31 December 2021 and 2020, investment properties comprised the followings:

	31 December 2021	31 December 2020
Investment property under development	825.000	726.115
Investment property in use	557.868	443.470
<b>Total</b>	<b>1.382.868</b>	<b>1.169.585</b>

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

	2021	2020
<b>Balance at 1 January</b>	<b>1.169.585</b>	<b>1.149.665</b>
Additions	7.208	13.665
Changes in fair value (note 26)	(500.346)	(255.327)
Foreign currency translation differences	706.421	259.382
Transfer from tangible assets	-	3.525
Transfer to revaluation reserve	-	(1.325)
<b>Balance at 31 December</b>	<b>1.382.868</b>	<b>1.169.585</b>

The Group obtained independent appraisal reports for each item of investment property and measured them at their fair values. Fair value information for all investment property within the scope of IFRS 13 based on fair value hierarchy are as follows:

31 December 2021	Level 1	Level 2	Level 3	Total
Investment property	-	1.382.868	-	1.382.868
<b>Total</b>	<b>-</b>	<b>1.382.868</b>	<b>-</b>	<b>1.382.868</b>

31 December 2020	Level 1	Level 2	Level 3	Total
Investment property	-	1.169.585	-	1.169.585
<b>Total</b>	<b>-</b>	<b>1.169.585</b>	<b>-</b>	<b>1.169.585</b>

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 provided mortgages over its investment properties amounting to TL 2.665.800 (31 December 2020: TL 1.468.100) against its borrowings.

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#### 15. Other assets and liabilities

##### Other current assets

As at 31 December 2021 and 2020, other current assets comprised the following:

	31 December 2021	31 December 2020
VAT carried forward	49.817	22.040
Deductible VAT	26.399	15.872
Advances given to employees	8.608	7.074
<b>Total</b>	<b>84.824</b>	<b>44.986</b>

##### Other short-term liabilities

As at 31 December 2021 and 2020, other short-term liabilities comprised the following:

	31 December 2021	31 December 2020
Taxes and funds payable	10.098	2.660
Other liabilities	2.838	879
<b>Total</b>	<b>12.936</b>	<b>3.539</b>

#### 16. Contract assets

As at 31 December 2021 and 2020, the details of uncompleted contracts were as follows:

	31 December 2021	31 December 2020
Total costs incurred on uncompleted contracts	11.167.801	6.859.688
Estimated earnings/(costs)	1.219.993	886.939
Total estimated revenue on uncompleted contracts	12.387.794	7.746.627
Less: Billings to date	(11.691.346)	(7.269.890)
<b>Net amounts due from customers for contract works</b>	<b>696.448</b>	<b>476.737</b>

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 2021 and 2020, loans and borrowings comprised the following:

	31 December 2021	31 December 2020
Short-term loans and borrowings	422.240	608.715
Short-term bonds	111.506	-
Short-term portion of long term loans and borrowings	462.985	235.652
Short-term portion of long term bonds	51.851	-
<b>Short-term loans and borrowings</b>	<b>1.048.582</b>	<b>844.367</b>
Long-term loans and borrowings	2.207.486	1.687.095
Long-term bonds	300.773	-
<b>Long-term loans and borrowings</b>	<b>2.508.259</b>	<b>1.687.095</b>
<b>Total</b>	<b>3.556.841</b>	<b>2.531.462</b>



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#### 17. Loans and borrowings (continued)

At 31 December 2021 and 2020, the terms and conditions of outstanding loans and borrowings were as follows:

2021					
	Currency	Nominal interest rate %	Maturity	Nominal value	Carrying amount
Unsecured bank loans	TL	10,50-22,90	2022-2025	601.873	593.830
Unsecured bank loans	USD	6,35-7,00	2022	199.935	199.947
Unsecured bank loans	EUR	2,32-4,20	2022	277.276	277.637
Sukuk agreement	USD	7,00	2024	1.572.822	1.588.205
Sukuk agreement	TL	-	2030	420.000	433.092
Bonds	TL	-	2022-2024	487.000	464.130
<b>Total</b>				<b>3.558.906</b>	<b>3.556.841</b>
2020					
	Currency	Nominal interest rate %	Maturity	Nominal value	Carrying amount
Unsecured bank loans	TL	9,50-20,50	2021-2025	1.030.110	1.045.305
Unsecured bank loans	USD	6,10-8,60	2021	164.941	165.144
Unsecured bank loans	EUR	2,40-3,60	2021	31.411	31.488
Sukuk agreement	USD	7,00	2024	866.179	866.179
Sukuk agreement	TL	-	2030	420.000	423.346
<b>Total</b>				<b>2.512.641</b>	<b>2.531.462</b>

There are mortgages on investment properties amounting to TL 2.665.800 against the bank borrowings (31 December 2020: TL TL 1.468.100).

As 31 December 2021, there is no mortgage on property, plant and equipment against the bank borrowings (31 December 2020:Nil).

The redemption schedule of loans and borrowings are as follows:

	2021	2020
2021	-	844.367
2022	1.048.582	152.690
2023	279.311	177.727
2024	1.788.118	929.703
2025	7.738	426.975
2026	433.092	-
<b>Total</b>	<b>3.556.841</b>	<b>2.531.462</b>

Change of Group's liabilities from borrowing activities between 1 January – 31 December 2021 are presented below:

	1 January 2021	Cash inflow	Cash outflows	Non-cash transactions	Interest expense	Interest paid	31 December 2021
Financial borrowings	2.531.462	1.423.521	(1.333.135)	973.087	328.787	(366.881)	3.556.841

Change of Group's liabilities from borrowing activities between 1 January – 31 December 2020 are presented below:

	1 January 2020	Cash inflow	Cash outflows	Non-cash transactions	Interest expense	Interest paid	31 December 2020
Financial borrowings	1.699.035	1.284.294	(693.039)	313.965	137.537	(210.330)	2.531.462

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#### 18. Provisions, commitments and contingencies

As at 31 December 2021 and 2020, provisions comprised the following items:

	31 December 2021	31 December 2020
<b><u>Short-term provisions</u></b>		
Short-term employee benefits	7.449	3.141
Other short-term provisions	16.015	8.365
<b>Total short-term provisions</b>	<b>23.464</b>	<b>11.506</b>
<b><u>Long-term provisions</u></b>		
Long-term employee benefits	12.061	4.944
<b>Total long-term provisions</b>	<b>12.061</b>	<b>4.944</b>
<b>Total provisions</b>	<b>35.525</b>	<b>16.450</b>

As at 31 December 2021 and 2020, short-term and long-term employee benefits comprised the following items:

	31 December 2021	31 December 2020
<b><u>Short-term</u></b>		
Vacation pay liability	7.449	3.141
<b>Total</b>	<b>7.449</b>	<b>3.141</b>
<b><u>Long term</u></b>		
Reserve for severance payments	12.061	4.944
<b>Total</b>	<b>12.061</b>	<b>4.944</b>

As at 31 December 2021 and 2020, movement of vacation pay liability is below:

	2021	2020
Opening balance	<b>3.141</b>	<b>2.536</b>
Additions / (reversals), net	1.372	402
Translation differences	2.936	203
<b>Closing balance</b>	<b>7.449</b>	<b>3.141</b>

As at 31 December 2021 and 2020, other provisions comprised the following items:

	31 December 2021	31 December 2020
<b><u>Short-term</u></b>		
Provision for litigation	16.015	8.365
<b>Total</b>	<b>16.015</b>	<b>8.365</b>

As at 31 December 2021 and 2020, movement of litigation provision is below:

	2021	2020
Opening balance	<b>8.365</b>	<b>4.799</b>
Additions / (reversals), net	6.463	2.435
Translation differences	1.187	1.131
<b>Closing balance</b>	<b>16.015</b>	<b>8.365</b>

#### Major ongoing lawsuits:

Within the scope of Türkmenbaşı Port Project, there is a dispute between the subcontractor Bedeschi SPA company of Italian origin and the Company. In the aforementioned dispute resolution, she applied to the International Chamber of Commerce Paris with a request for arbitration. On the other hand, the Company has applied to the International Chamber of Commerce Paris with a counterclaim demand of USD 3.950. The process is ongoing and the Company management has not made any provision in the consolidated financial statements.



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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:

	2021	2020
Balance at the beginning of the year	4.944	4.451
Interest cost	1.742	995
Service cost	1.765	1.021
Paid during the year	(144)	(641)
Actuarial difference	2.116	(1.207)
Foreign currency translation differences	1.638	325
Balance at the end of the year	12.061	4.944

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 2021, the ceiling amount was TL 10,84 thousand (31 December 2020: TL 7,11 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 2021 and 2020 are as follows:

	31 December 2021			31 December 2020		
	USD	Other (*)	TI Equivalents	USD	Other (*)	TI Equivalents
A. Total amount of GPMs given in the name of its own legal personality	203.745	119.258	2.834.970	205.151	86.893	1.592.806
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	203.745	119.258	2.834.970	205.151	86.893	1.592.806

(\*) TL equivalents are given.

The Group gives letter of guarantees amounting to TL 169.170 (31 December 2020: TL 124.706) for the construction projects to suppliers.

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19. Payables related to employee benefits

As at 31 December 2021 and 2020, payables related to employee benefits comprised the following:

	31 December 2021	31 December 2020
Payable to employees	40.036	17.636
Social security payables	1.050	730
Total	41.086	18.366

20. Contract liabilities

The details of short term contract liabilities as of December 31, 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Contract liabilities resulting from ongoing construction and contracting works	150.883	278.425
Total	150.883	278.425

The details of long-term contract liabilities as of December 31, 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Contract liabilities resulting from ongoing construction and contracting works	409.056	342.027
Total	409.056	342.027

The amount of revenue recognised in the period ended 31 December 2021 from performance obligations satisfied (or partially satisfied) is amounting TL 559.939. 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 2 years.



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21. Taxation

Turkey

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%. However, in accordance with the addition of temporary 10th article to the Corporate Tax Law, 23% corporate tax rate will be applied to the profits of the entities related to 2023 tax periods and after 2023, 20% corporate tax rate will be applied to the profits of the entities. (for the entities with special accounting period, tax periods commenced in the related year) rather than 25%. 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% (23% for 2022, %20 for 2023 and after 2023 tax periods) 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.

75 percent of the income derived by entities from the sale of participation shares, immovable property, preferential rights, founders' shares and redeemed shares which are carried in assets at least for two years is exempt from corporate tax as of 31 December 2018. However, according to the amendments by Law numbered 7061, this rate is reduced from 75 percent to 50 percent and tax declarations starting from 2019 will be calculated using 50 percent for the properties held In order to be able to benefit from the exemption, the relevant income should be kept under a fund account in the liabilities and should not be withdrawn from the enterprise for 5 years. The sales amount should be collected by the end of the second calendar year following the year of sale. However companies engaged in developing and selling or rental of properties are not entitled to this exemption.

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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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 Group

United Arab Emirates

As at 31 December 2021, 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 2021, 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 2021, 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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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.

In the deferred tax calculation for the period of 1 January-31 December 2021; Deferred tax assets or liabilities, which are included in the measurement heading of TAS-12 "Income Taxes" standard, "are based on tax rates (and tax laws) that are in force as of the end of the reporting period (and tax laws), which are expected to be applied in the periods when assets are converted into income or liabilities are paid." calculated using the In the deferred tax calculation of the Company and its subsidiaries in Turkey, 23% for short-term assets and liabilities and 20% for long-term assets and liabilities for 2022 are taken into account.

Tax recognised in profit or loss

Income tax expense for the years ended 31 December 2021 and 2020 comprised the following items:

	2021	2020
Current year tax expense	(3.737)	-
Deferred tax income	102.485	96.911
<b>Tax expenses recognised in profit or loss</b>	<b>98.748</b>	<b>96.911</b>
Tax recognised in other comprehensive income	277	(118)
<b>Total income tax benefit</b>	<b>99.025</b>	<b>96.793</b>

As at December 31, 2021 and 2020, 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 2021 and 2020 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 2021	1 January- 31 December 2020
Loss before taxation	(355.786)	(401.272)
Tax rate	%25	%22
Taxes on profit or loss per statutory tax rate	88.947	88.280
Disallowable expenses	(31.386)	(1.872)
Current period previous year losses for which no deferred tax asset is recognized	76.179	-
Current period previous year losses for which deferred tax asset is recognized	862	-
Previous year losses used in the current period for which no deferred tax asset is recognized	(25.847)	-
Tax exempt income	19.529	31.403
Unrecognized deferred tax over temporary differences	(21.255)	(12.496)
Effect of change in tax rate and other	(8.281)	(8.404)
<b>Tax income</b>	<b>98.748</b>	<b>96.911</b>

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21. Taxation (continued)  
Taxes payable on income

	31 December 2021	31 December 2020
Prepaid taxes and funds	11.252	4.401
<b>Prepaid taxes, net</b>	<b>11.252</b>	<b>4.401</b>

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 2021 and 2020 are attributable to the items detailed in the table below:

	Assets		Liabilities		Net	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Provision for severance payment	706	327	-	-	706	327
Property, plant and equipment and intangible assets	-	111	(607)	-	(607)	111
Inventories	-	-	(37.776)	(61.403)	(37.776)	(61.403)
Investment property	-	-	(94.778)	(134.992)	(94.778)	(134.992)
IAS 39 effect on loans and borrowings	-	-	(11.503)	(1.001)	(11.503)	(1.001)
Contract Progress	-	-	-	(1.228)	-	(1.228)
Tax losses carried forward	24.485	49.623	-	-	24.485	49.623
Other temporary differences	4.128	1.931	-	-	4.128	1.931
<b>Total deferred tax assets/(liabilities)</b>	<b>29.319</b>	<b>51.992</b>	<b>(144.664)</b>	<b>(198.624)</b>	<b>(115.345)</b>	<b>(146.632)</b>
Set off of tax	(25.701)	(46.702)	25.701	46.702	-	-
<b>Deferred tax assets/(liabilities), net</b>	<b>3.618</b>	<b>5.290</b>	<b>(118.963)</b>	<b>(151.922)</b>	<b>(115.345)</b>	<b>(146.632)</b>

According to the Tax Procedural Law in Turkey, statutory losses can be carried forward maximum for five years. Consequently, 2026 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 1.146.566 (31 December 2020: TL 248.115 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	2021	2020
2023	6.791	13.582
2024	61.845	134.805
2025	49.484	99.728
2026	1.028.446	-
<b>Total</b>	<b>1.146.566</b>	<b>248.115</b>

(\*) As at December 31, 2021 deferred tax asset recognized from tax losses carried forwards is amounting to TL 122.425 (31 December 2020: TL 248.115).

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22. Capital and reserves

Paid in capital

At 31 December 2021, the Company’s statutory nominal value of authorised and paid-in share capital is TL 801.502 (31 December 2020: TL 613.770) comprising of 801.502.262 registered shares (31 December 2020: 613.770.262) having per value of TL 1 full (31 December 2020: TL 1 full) nominal each. Business combination under common control account includes paid-in share capital amounting to TL 109.580.

The Company has increased the share capital from TL 613.770 to TL 801.502 by TL 187.732 in accordance with the decision taken in extraordinary general assembly meeting on 30 December 2021.

At 31 December, the shareholding structure of Gap İnşaat based on the number of shares is presented below:

	31 December 2021		31 December 2020	
	TL	%	TL	%
Çalık Holding Anonim Şirketi	689.211	99,6	501.479	99,5
Other	2.711	0,4	2.711	0,5
	<b>691.922</b>	<b>100%</b>	<b>504.190</b>	<b>100%</b>
Inflationary effect	4.590		4.590	
<b>Total</b>	<b>696.512</b>		<b>508.780</b>	

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 2021 (31 December 2020: TL 239.078).

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

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23. Revenue and cost of sales

For the years ended 31 December 2021 and 2020, revenue comprised the following:

	1 January- 31 December 2021	1 January- 31 December 2020
Revenue	<b>2.206.364</b>	<b>1.826.379</b>
Export sales	1.999.780	1.585.122
Domestic sales	255.227	279.257
Sales discounts (-)	(48.643)	(38.000)
<b>Cost of sales (-)</b>	<b>(2.175.174)</b>	<b>(1.782.523)</b>
<b>Gross profit</b>	<b>31.190</b>	<b>43.856</b>

For the years ended 31 December 2021 and 2020, details of the revenue comprised the following:

	1 January- 31 December 2021	1 January- 31 December 2020
Revenue from customer contracts	1.380.555	981.714
Revenue from sales of trading goods	727.023	569.151
Revenue from sales of real estates	69.294	250.284
Rental income	25.960	22.651
Other operations	3.532	2.579
<b>Total</b>	<b>2.206.364</b>	<b>1.826.379</b>

For the years ended 31 December 2021 and 2020, cost of sales comprised the following:

	1 January- 31 December 2021	1 January- 31 December 2020
Change in inventories and materials used	1.923.479	1.569.603
Personnel expenses	145.349	102.052
Depreciation and amortisation expenses (Note 12,13)	64.942	66.898
Taxes, duties and fees	10.084	16.095
Rent expenses	6.640	5.224
Maintenance and repair expenses	5.398	4.452
Representation expenses	4.536	3.840
Office expenses	1.406	2.589
Travel and accommodation expenses	1.856	2.418
Insurance expenses	1.505	974
Consultancy expenses	1.032	676
Other	8.947	7.702
<b>Total</b>	<b>2.175.174</b>	<b>1.782.523</b>



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#### 24. General administrative, marketing expenses and expenses by nature

	1 January- 31 December 2021	1 January- 31 December 2020
General administrative expenses	80.170	65.609
Marketing expenses	30.047	19.707
<b>Total</b>	<b>110.217</b>	<b>85.316</b>

##### General administrative expenses

For the years ended 31 December 2021 and 2020, general administrative expenses comprised the following:

	1 January- 31 December 2021	1 January- 31 December 2020
Personnel expenses	37.561	25.309
Service expenses	13.307	18.219
Consultancy expenses	9.518	7.840
Travel and accommodation expenses	8.375	4.420
Rent expenses	3.206	3.404
Representation expenses	2.555	2.327
Depreciation and amortisation expenses (Note 12, 13)	2.049	2.120
Maintenance and repair expenses	563	502
Taxes, duties and fees	309	166
Communication and information expenses	47	45
Other	2.680	1.257
<b>Total</b>	<b>80.170</b>	<b>65.609</b>

##### Marketing expenses

For the years ended 31 December 2021 and 2020, marketing expenses comprised the following:

	1 January- 31 December 2021	1 January- 31 December 2020
Commission expenses	13.382	9.857
Advertisement and promotion expenses	7.996	6.312
Consultancy expenses	2.792	595
Personnel expenses	2.462	1.802
Travel and accommodation expenses	2.085	204
Taxes, duties and fees	424	455
Representation expenses	243	151
Communication and information expenses	187	126
Rent expenses	133	109
Other	343	96
<b>Total</b>	<b>30.047</b>	<b>19.707</b>

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#### 24. General administrative expenses, marketing expenses and expenses by nature (continued)

##### Expenses by nature

For the years ended 31 December 2021 and 2020, expenses by nature comprised the following:

	1 January- 31 December 2021	1 January- 31 December 2020
Change in inventories and materials used	1.923.479	1.569.603
Personnel expenses	185.372	129.163
Depreciation and amortisation expenses (note 12, 13)	66.991	69.018
Commission expenses	13.382	9.857
Consultancy expenses	13.342	9.111
Service expenses	13.307	18.219
Travel and accommodation expenses	12.316	7.042
Taxes, duties and fees	10.817	16.716
Rent expenses	9.979	8.737
Advertising and promotion expenses	7.996	6.312
Representation expenses	7.334	6.318
Maintenance and repair expenses	5.961	4.954
Insurance expenses	1.505	974
Office expenses	1.406	2.589
Communication and information expenses	234	171
Other	11.970	9.055
<b>Total</b>	<b>2.285.391</b>	<b>1.867.839</b>

For the years ended 31 December 2021 and 2020, personnel expenses comprised the following:

	1 January- 31 December 2021	1 January- 31 December 2020
<b>Personnel expenses</b>		
Wage and salaries	185.228	128.522
Severance compensations (note 18)	144	641
<b>Total</b>	<b>185.372</b>	<b>129.163</b>

For the years ended 31 December 2021 and 2020, depreciation and amortisation expenses were allocated as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
<b>Depreciation and amortisation expenses</b>		
Cost of sales	64.942	66.898
General administrative expenses	2.049	2.120
<b>Total</b>	<b>66.991</b>	<b>69.018</b>

#### 25. Other income and expenses

For the years ended 31 December 2021 and 2020, other income comprised the following:

	1 January- 31 December 2021	1 January- 31 December 2020
Foreign exchange gains	4.372	1.601
Other income from operating activities	2.968	2.397
<b>Total</b>	<b>7.340</b>	<b>3.998</b>

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#### 25. Other income and expenses (continued)

For the years ended 31 December 2021 and 2020, other expenses comprised the following

	1 January- 31 December 2021	1 January- 31 December 2020
Foreign exchange losses	193.975	69.155
Other expense from operating activities	14.674	4.502
Rediscount interest expenses	372	484
<b>Total</b>	<b>209.021</b>	<b>74.141</b>

#### 26. Gains and losses from investing activities

For the years ended 31 December 2021 and 2020, gains from investing activities comprised the following:

	1 January- 31 December 2021	1 January- 31 December 2020
Gain on sale of property, plant and equipment	119	2.501
Dividend income	107	62
<b>Total</b>	<b>226</b>	<b>2.563</b>

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

	1 January- 31 December 2021	1 January- 31 December 2020
Decrease in the fair value of investment properties (Note 14)	500.346	255.327
Loss on sale of property, plant and equipment	3	-
<b>Total</b>	<b>500.349</b>	<b>255.327</b>

#### 27. Finance income / (expense)

##### Finance income

For the years ended 31 December 2021 and 2020, finance income comprised the following:

	1 January- 31 December 2021	1 January- 31 December 2020
Foreign exchange gains on loans and financing	775.294	156.881
Interest income	2.751	2.803
Interest income from receivables	4.506	30
<b>Total</b>	<b>782.551</b>	<b>159.714</b>

##### Finance expenses

For the years ended 31 December 2021 and 2020, finance expense comprised the following:

	1 January- 31 December 2021	1 January- 31 December 2020
Interest expenses on borrowings	328.787	137.537
Bank commission expenses	11.672	2.224
Other bank charges	10.414	15.753
Foreign exchange losses on loans and financing	4.115	17.473
Expenses on letters of guarantee obtained	2.090	1.000
Interest expenses	428	22.632
<b>Total</b>	<b>357.506</b>	<b>196.619</b>

## GAP İNŞAAT Yatırım ve Dış Ticaret Anonim Şirketi and its Subsidiaries

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#### 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.



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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 2021 is:

31 December 2021		Receivables				Cash and cash equivalent
		Trade receivables		Other receivables		
		Related party	Third party	Related party	Third party	
Maximum credit risk exposure at reporting date (A+B+C+D)		45.475	736.578	4.694.630	1.016.945	331.295
-Portion of maximum risk covered by guarantees		-	-	-	-	-
A. Carrying value of financial assets that are neither past due nor impaired		45.475	682.949	4.694.630	1.016.945	331.295
B. Carrying value of financial assets that are past due but not impaired		-	53.629	-	-	-
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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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 2020 was:

31 December 2020		Receivables				Cash and cash equivalent
		Trade receivables		Other receivables		
		Related party	Third party	Related party	Third party	
Maximum credit risk exposure at reporting date (A+B+C+D)		25.163	796.193	2.360.011	1.112.021	289.476
-Portion of maximum risk covered by guarantees		-	-	-	-	-
A. Carrying value of financial assets that are neither past due nor impaired		25.163	757.846	2.360.011	1.112.021	289.476
B. Carrying value of financial assets that are past due but not impaired		-	38.347	-	-	-
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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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 2021		31 December 2020	
	Trade receivables	Other receivables	Trade receivables	Other receivables
Past due 0-30 days	24.713	-	7.850	-
Past due 31-120 days	10.837	-	1.498	-
Past due 121-365 days	1.009	-	16.419	-
More than one year	17.070	-	12.580	-

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 2021 and 2020, the followings are carrying amounts, contractual cash flows and the contractual maturities of financial liabilities;

31 December 2021						
	Carrying amount	Contractual cash flows	3 months or less	3-12 months	1-5 years	More than five year
<b>Non-derivative financial liabilities</b>						
Borrowings	3.092.711	4.130.852	393.777	721.731	2.319.822	695.522
Bonds	464.130	619.231	140.895	54.462	423.874	-
Trade payables	1.611.615	1.611.615	-	1.611.615	-	-
Other payables	254.058	254.058	-	128.781	125.277	-
Employee benefit obligations	41.086	41.086	-	41.086	-	-
	<b>5.463.600</b>	<b>6.656.842</b>	<b>534.672</b>	<b>2.557.675</b>	<b>2.868.973</b>	<b>695.522</b>
31 December 2020						
	Carrying amount	Contractual cash flows	3 months or less	3-12 months	1-5 years	More than five year
<b>Non-derivative financial liabilities</b>						
Borrowings	2.531.462	3.716.814	284.938	711.689	1.939.888	780.299
Trade payables	1.135.066	1.135.066	-	1.135.066	-	-
Other payables	231.702	231.702	-	231.702	-	-
Employee benefit obligations	18.366	18.366	-	18.366	-	-
	<b>3.916.596</b>	<b>5.101.948</b>	<b>284.938</b>	<b>2.096.823</b>	<b>1.939.888</b>	<b>780.299</b>

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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 2021 and 2020, the interest rate profile of the Group's interest-bearing financial instruments was as follows:

		2021	2020
	<b>Fixed-rate instruments</b>		
Financial liabilities	TL	593.830	1.045.305
Financial liabilities	USD	1.788.152	1.031.323
Financial liabilities	EUR	277.637	31.488
	<b>Variable-rate instruments</b>		
Financial liabilities	TL	433.092	423.346
Financial liabilities	TL	464.130	-

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 2021 would have increased / (decreased) profit or loss by TL 1.222 (31 December 2020: TL 3.473). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.



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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 2021, the currency risk exposures of the Group in TL equivalents are as follows:

CURRENCY POSITION STATEMENT	31 December 2021			
	TL equivalent	TL	EUR	Other <sup>(*)</sup>
1.Trade receivables	25.376	23.971	72	319
2a.Monetary financial assets (including cash on hand, bank deposits) (*)	715.718	299.583	999	401.063
2b.Non-monetary financial assets	-	-	-	-
3. Other	87.455	72.938	765	2.975
4. Current assets (1+2+3)	828.549	396.492	1.836	404.357
5. Trade receivables	7.067	7.067	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	7.067	7.067	-	-
9. Total assets (4+8)	835.616	403.559	1.836	404.357
10. Trade payables	(1.154.354)	(81.278)	(70.304)	(12.421)
11. Financial liabilities	(848.638)	(570.997)	(18.403)	-
12a. Other monetary liabilities	(18.612)	(14.299)	(244)	(632)
12b. Other non-monetary liabilities	-	-	-	-
13. Short term liabilities (10+11+12)	(2.021.604)	(666.574)	(88.951)	(13.053)
14. Trade payables	-	-	-	-
15. Financial liabilities	(920.055)	(920.055)	-	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Long term liabilities (14+15+16)	(920.055)	(920.055)	-	-
18. Total liabilities (13+17)	(2.941.659)	(1.586.629)	(88.951)	(13.053)
19. Net position of off-statement of financial position derivate instruments (19a+19b)	-	-	-	-
19a. Total hedged assets(**)	-	-	-	-
19b. Total hedged liabilities (**)	-	-	-	-
20. Net statement of financial position (9+18+19)	(2.106.043)	(1.183.070)	(87.115)	391.304
21. Net statement of monetary items (IFRS 7.b23) (=1+2a+5+6a+10+11+12a+14+15+16a)	(2.193.498)	(1.256.008)	(87.880)	388.329

(\*) TL equivalents are given.

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28. Financial instruments – Fair values and risk management (continued)

Market risk (continued)

Currency risk (continued)

At 31 December 2020, the currency risk exposures of the Group in TL equivalents are as follows:

CURRENCY POSITION STATEMENT	31 December 2020			
	TL equivalent	TL	EUR	Other <sup>(*)</sup>
1.Trade receivables	216.094	10.966	304	202.390
2a.Monetary financial assets (including cash on hand, bank deposits) (*)	217.475	11.718	10.768	108.760
2b.Non-monetary financial assets	-	-	-	-
3. Other	81.230	74.228	741	326
4. Current assets (1+2+3)	514.799	96.912	11.813	311.476
5. Trade receivables	9.510	9.510	-	-
6a. Monetary financial assets	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	-	-	-	-
8. Non-current assets (5+6+7)	9.510	9.510	-	-
9. Total assets (4+8)	524.309	106.422	11.813	311.476
10. Trade payables	(712.333)	(56.922)	(71.981)	(7.014)
11. Financial liabilities	(679.226)	(647.734)	(3.496)	-
12a. Other monetary liabilities	(89.171)	(87.186)	(117)	(931)
12b. Other non-monetary liabilities	-	-	-	-
13. Short term liabilities (10+11+12)	(1.480.730)	(791.842)	(75.594)	(7.945)
14. Trade payables	-	-	-	-
15. Financial liabilities	(820.916)	(820.916)	-	-
16a. Other monetary liabilities	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-
17. Long term liabilities (14+15+16)	(820.916)	(820.916)	-	-
18. Total liabilities (13+17)	(2.301.646)	(1.612.758)	(75.594)	(7.945)
19. Net position of off-statement of financial position derivate instruments (19a+19b)	-	-	-	-
19a. Total hedged assets(**)	-	-	-	-
19b. Total hedged liabilities (**)	-	-	-	-
20. Net statement of financial position (9+18+19)	(1.777.337)	(1.506.336)	(63.781)	303.532
21. Net statement of monetary items (IFRS 7.b23) (=1+2a+5+6a+10+11+12a+14+15+16a)	(1.858.567)	(1.580.564)	(64.522)	303.205

(\*) TL equivalents are given.

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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, 2021 and 2020, 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 2021		
	Profit/(loss)	
	Strengthening of foreign currency	Weakening of foreign currency
Increase/(decrease) 10% of Eur parity		
1- Eur net asset / liability	(131.428)	131.428
2- Hedged portion of Eur amounts(-)	-	-
3- Net effect of Eur (1+2)	(131.428)	131.428
Increase/(decrease) 10% of other parity		
4- Other net asset / liability	39.131	(39.131)
5- Hedged portion of other amounts(-)	-	-
6- Net effect of other (4+5)	39.131	(39.131)
Increase/(decrease) 10% of TL parity		
7- TL net asset / liability	(118.307)	118.307
8- Hedged portion of TL amounts(-)	-	-
9- Net effect of TL (7+8)	(118.307)	118.307
Total (3+6+9)	(210.604)	210.604

Currency risk sensitivity analysis table		
31 December 2020		
	Profit/(loss)	
	Strengthening of foreign currency	Weakening of foreign currency
Increase/(decrease) 10% of Eur parity		
1- Eur net asset / liability	(57.453)	57.453
2- Hedged portion of Eur amounts(-)	-	-
3- Net effect of Eur (1+2)	(57.453)	57.453
Increase/(decrease) 10% of other parity		
4- Other net asset / liability	30.353	(30.353)
5- Hedged portion of other amounts(-)	-	-
6- Net effect of other (4+5)	30.353	(30.353)
Increase/(decrease) 10% of TL parity		
7- TL net asset / liability	(150.634)	150.634
8- Hedged portion of TL amounts(-)	-	-
9- Net effect of TL (7+8)	(150.634)	150.634
Total (3+6+9)	(177.734)	177.734

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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:

	2021	2020
Total debts including loans and borrowings	3.556.841	2.531.462
Less: cash and cash equivalents	(331.716)	(289.982)
Net debt	3.225.125	2.241.480
Equity	3.436.536	2.110.055
Debt to equity ratio at 31 December	94%	106%

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.



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 2021	Financial assets at amortised cost	FVOCI – debt instruments	Other financial liabilities	Total carrying amount
Cash and cash equivalents	331.716	-	-	331.716
Financial investments	-	195	-	195
Trade receivables	782.053	-	-	782.053
Other receivables	5.711.575	-	-	5.711.575
<b>Total assets</b>	<b>6.825.344</b>	<b>195</b>	<b>-</b>	<b>6.825.539</b>
Borrowings	-	-	3.556.841	3.556.841
Trade payables	-	-	1.611.615	1.611.615
Other payables	-	-	254.058	254.058
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>5.422.514</b>	<b>5.422.514</b>

31 December 2020	Financial assets at amortised cost	FVOCI – debt instruments	Other financial liabilities	Total carrying amount
Cash and cash equivalents	289.982	-	-	289.982
Financial investments	-	195	-	195
Trade receivables	821.356	-	-	821.356
Other receivables	3.472.032	-	-	3.472.032
<b>Total assets</b>	<b>4.583.370</b>	<b>195</b>	<b>-</b>	<b>4.583.565</b>
Borrowings	-	-	2.531.462	2.531.462
Trade payables	-	-	1.135.066	1.135.066
Other payables	-	-	231.702	231.702
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>3.898.230</b>	<b>3.898.230</b>

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.

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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 2021	31 December 2020
Independent audit fee for the reporting period (*)	902.768	723.931
Fee for other assurance services (**)	-	28.150
Fees for tax consultancy services (*) (***)	-	29.414
<b>Total</b>	<b>902.768</b>	<b>781.495</b>

(\*) The foreign currency fees of the foreign subsidiary are translated into TL using the annual average rate of the relevant year.

(\*\*) Other assurance services as of 31 December 2020; includes BRSA and CBRT services fees. Agreements for assurance services for 31 December 2021 have not been signed yet.

(\*\*\*) It consists of the tax service fee received from the KPMG Qatar office, which is the subsidiary of the Group and operates in Qatar. Agreements for tax services for 31 December 2021 have not been signed yet.

The above fees determined to include all subsidiaries' statutory audit and other related service fees.

### 30. Subsequent events

The tension between Russia and Ukraine since January 2022 has turned into a crisis and an armed conflict as of the date of the report. The Group does carry out activities in Russia that is subject to the crisis. Considering the geographies in which the Company/Group operates, no direct impact is expected on Group operations. However, as of the date of this report, it is not possible to reasonably estimate the effects of the global developments and their potential impact on the global and regional economy, on the Group's operations because of the uncertainty about how the crisis will evolve.

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

### Appendix I: Supplementary information

The USD amounts shown in the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income on the following pages have been included solely for the convenience of the reader. For the current year's consolidated financial statements, USD amounts are translated from TL consolidated statement of financial position using the official TL exchange rate of TL/USD 13,3290 prevailing on 31 December 2021 except equity items and TL consolidated statement of profit and loss and other comprehensive income using TL average exchange rate of TL/USD 8,8719 for the year ended 31 December 2021. Equity items are presented with their historic values. For the prior year's consolidated financial statements, USD amounts are translated from TL consolidated statement of financial position using the official TL exchange rate of TL/USD 7,3405 prevailing on 31 December 2020 except equity items and TL consolidated statement of profit and loss and other comprehensive income using TL average exchange rate of TL/USD 7.0034 for the year ended 31 December 2020. Equity items are presented with their historic values.

Such translation should not be construed as a representation that the TL amounts have been converted into USD pursuant to the requirements of IFRSs or Generally Accepted Accounting Principles in the United States of America or in any other country.



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 2021  
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Appendix I: Supplementary information (continued)

	31 December 2021	31 December 2020
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	24.887	39.504
Trade receivables	15.040	77.641
- Due from related parties	3.412	2.934
- Due from third parties	11.628	74.707
Other receivables	93.484	152.996
- Due from receivables from related parties	32.212	1.505
- Due from third parties	61.272	151.491
Contract assets	52.251	64.946
- Contract assets from ongoing construction and contracting projects	52.251	64.946
Inventories	112.435	112.309
Prepaid expenses	24.528	48.681
Current tax assets	844	600
Other current assets	6.364	6.128
<b>Total current assets</b>	<b>329.833</b>	<b>502.805</b>
<b>Non-current assets</b>		
Trade receivables	43.634	34.253
- Due from related parties	-	494
- Due from third parties	43.634	33.759
Financial investments	15	27
Other receivables	335.024	320.000
- Due from related parties	320.000	320.000
- Due from third parties	15.024	--
Investment property	103.749	159.333
Property, plant and equipment	16.734	23.865
Intangible assets	56	33
Prepaid expenses	487	466
Deferred tax assets	271	721
<b>Total non-current assets</b>	<b>499.970</b>	<b>538.698</b>
<b>Total Assets</b>	<b>829.803</b>	<b>1.041.503</b>

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Notes to Consolidated Financial Statements  
As at and for the Year Ended 31 December 2021  
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Appendix I: Supplementary information (continued)

	31 December 2021	31 December 2020
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Short-term borrowings	40.044	82.926
Short-term portion of long-term borrowings	38.625	32.103
Trade payables	120.910	154.630
- Due to related parties	1.301	1.120
- Due to third parties	119.609	153.510
Payables related to employee benefits	3.082	2.502
Other payables	9.662	31.565
- Due to related parties	246	20.066
- Due to third parties	9.416	11.499
Contract liabilities	11.320	37.930
- Contract liabilities from ongoing construction and contracting projects	11.320	37.930
Deferred revenue	15.441	21.075
Short term provisions	1.761	1.568
- Short-term employee benefits	559	428
- Other short-term provisions	1.202	1.140
Other short-term liabilities	971	482
<b>Total current liabilities</b>	<b>241.816</b>	<b>364.781</b>
<b>Non-current liabilities</b>		
Long term borrowings	188.181	229.834
Other trade payables	9.399	-
- Due to third parties	9.399	-
Contract liabilities	30.689	46.595
- Contract liabilities from ongoing construction and contracting projects	30.689	46.595
Deferred revenue	92.062	91.470
Long term provisions	905	674
- Long term employee benefits	905	674
Deferred tax liabilities	8.925	20.696
<b>Total non-current liabilities</b>	<b>330.161</b>	<b>389.269</b>
<b>Total liabilities</b>	<b>571.977</b>	<b>754.050</b>
<b>EQUITY</b>		
<b>Equity attributable to owners of the Company</b>		
Paid-in capital	299.927	283.445
Other comprehensive income or expense not to be reclassified to profit or loss		
- Defined benefit plans re-measurement loss / profit	(16)	191
- Revaluation and measurement gain / loss	-	(189)
Other comprehensive income or expense to be reclassified to profit or loss		
- Currency translation differences	(302.878)	(285.948)
Legal reserves	58.473	58.473
Business combination under common control	76.738	76.738
Retained earnings	154.554	198.202
Loss for the period	(28.972)	(43.459)
<b>Total Equity</b>	<b>257.826</b>	<b>287.453</b>
<b>Total Equity and Liabilities</b>	<b>829.803</b>	<b>1.041.503</b>

# 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 2021  
(Amounts expressed in thousands of (“TL”) unless otherwise stated.)

Appendix I: Supplementary information (continued)

	1 January- 31 December 2021	1 January- 31 December 2020
Revenue	248.691	260.785
Cost of sales (-)	(245.176)	(254.523)
<b>Gross profit</b>	<b>3.515</b>	<b>6.262</b>
General administrative expenses	(9.036)	(9.368)
Marketing expenses	(3.387)	(2.814)
Other income	827	571
Other expenses (-)	(23.560)	(10.586)
<b>Operating profit</b>	<b>(31.641)</b>	<b>(15.935)</b>
Gains from investing activities	25	366
Losses from investing activities (-)	(56.397)	(36.458)
<b>Operating profit before finance expense</b>	<b>(88.013)</b>	<b>(52.027)</b>
Finance income	88.206	22.805
Finance expenses (-)	(40.296)	(28.075)
<b>Profit before tax</b>	<b>(40.103)</b>	<b>(57.297)</b>
<b>Tax expense</b>		
Current tax expense for the period (-)	(421)	-
Deferred tax income	11.552	13.838
<b>Profit for the period</b>	<b>(28.972)</b>	<b>(43.459)</b>
<b>Other comprehensive income / expense</b>		
<b>Items not to be reclassified to profit or loss</b>		
Defined benefit plans re-measurement loss / profit	(208)	186
Defined benefit plans re-measurement loss / profit, tax effect	31	(31)
Revaluation and measurement gain / loss	-	(189)
<b>Items to be reclassified to profit or loss</b>		
Currency translation differences	(16.930)	(8.361)
<b>Other comprehensive income</b>	<b>(17.107)</b>	<b>(8.395)</b>
<b>Total comprehensive income</b>	<b>(46.079)</b>	<b>(51.854)</b>





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**GAP iNŞAAT**