**(Convenience translation of the limited review report and financial statements originally issued in Turkish)**

# Koza Altın İşletmeleri Anonim Şirketi

## Financial statements as at December 31, 2020 and independent auditor’s report

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# INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of Koza Altın İşletmeleri Anonim Şirketi**

## A) Report on the Audit of the Financial Statements

### 1) Qualified Opinion

We have audited the financial statements of Koza Altın İşletmeleri Anonim Şirketi (the Company), which comprise the statement of financial position as at December 31, 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards (TFRS).

### 2) Basis for Qualified Opinion

1) As explained in detail in Note 17, pursuant to the decision of the Ankara 5th Criminal Court of Peace dated October 26, 2015, the management of the Company was transferred to the Board of Trustees and then to the Savings Deposit Insurance Fund ("SDIF") on September 22, 2016 and various examinations and studies are continuing before the Company by the Prosecutor's Office, the Police Financial Crimes Branch and the CMB as of the balance sheet date. Regarding the reports that will constitute the basis of the relevant decision and the status of the ongoing legal process, we could not obtain sufficient and appropriate audit evidence as to whether any correction is required in the financial statements of the Company.

2) As explained in detail in Note 9, the control over the Company's UK-based subsidiary Koza Ltd was lost as a result of the General Meeting of the company on September 11, 2015 and its registration in England on November 2, 2015. The legal process initiated by the CMB regarding loss of control pursuant to its decision dated February 4, 2016 continues as of the date of this report. Due to the fact that the Company could not present the fair value determination work to be done in accordance with the provisions of TFRS 9 - Financial Instruments Standard, since the shares of the Company are accounted as financial assets and TFRS 10 - Consolidated Financial Statements Standard after loss of control, we could not obtain sufficient appropriate audit evidence as to whether any adjustments to the financial statements are necessary.

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## 3) Emphasis of Matter

We draw attention to Note 29 explaining that the independently audited financial statements of the Company for the years ended December 31, 2016, 2017, 2018 and 2019 were approved and published by the Board of Directors with the resolutions dated April 24, 2018, April 30, 2018, February 28, 2019 and February 27, 2020, respectively by excluding the possible cumulative reflections of the works and transactions belonging to the previous financial periods on the tables in accordance with the provisions of Article 401/4 of the Turkish Commercial Code No. 6102 ("TCC"). Independently audited financial statements for the year ended December 31, 2015, on the other hand, were not approved by the Board of Directors in accordance with the provisions of Article 401/4 of the TCC. Ordinary general assembly meetings of the Company for the years 2015, 2016, 2017, 2018 and 2019 could not be held due to the reasons stated in the paragraph of the basis for qualified conclusion and the financial statements of the relevant periods could not be submitted to the approval of the General Assembly. However, this issue does not affect the result announced by us.

## 4) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

| **Key Audit Matter** | **How key matters addressed in the audit** |
|---|---|
| **Capitalized Mining Assets** | |
| The company capitalizes the expenses made in the following cases;<br><br>- Where the development costs incurred in the mine sites are highly likely to obtain an economic benefit in the future from the mine in question, can be defined for certain mining areas and the cost can be measured reliably,<br><br>- When there are direct costs incurred during stripping work that facilitates access to the defined part of the ore in each open pit ore deposit and overhead costs associated with stripping<br><br>- When the provision for expenses that are likely to be spent during the closure and rehabilitation of mines are reduced cost values as of the balance sheet date, reclamation, rehabilitation and closure costs according to the current conditions of the mine fields that arise due to the open pit mine development activities and the production in the open pit<br><br>Due to the share of the capitalized development costs in the financial statements dated December 31, 2020 and the management judgments applied during the capitalization of the related costs, this issue has been identified as a key audit matter. | The following audit procedures have been applied for the mining assets capitalized during our audit:<br><br>- Evaluation of the content of development costs capitalized for each mine site,<br><br>- Meeting with the managers of the company's departments responsible for mining sites,<br><br>- Detai testings on development, stripping and rehabilitation costs,<br><br>- Checking the compliance of management evaluations with the independent valuation report on mineral reserves of expected future economic benefit,<br><br>- Testing the capitalized rehabilitation, land and rights costs by comparing them with the actualized ones. |

## 5) Other Matter

The financial statements of the company as of December 31, 2019 were audited by another independent audit company and a qualified opinion was given in the independent audit report dated February 27, 2020 regarding these financial statements.

## 6) Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

## 7) Auditor's Responsibilities for the Audit of the Financial Statements

In an independent audit, our responsibilities as the auditors are:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS 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 financial statements.

As part of an audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Company's internal control.

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- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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## B) Report on Other Legal and Regulatory Requirements

1) It was decided to appoint a trustee to the Company in accordance with the decision of Ankara 5th Criminal Judgeship of Peace dated October 26, 2015 and paragraph 1 of Article 133 of the Criminal Procedure Code. Since there is no regulation in the capital market legislation regarding the issue, it has been decided not to seek the provisions regarding the structuring of the board of directors in accordance with the Capital Market legislation. Therefore, the Company does not have an Early Detection of Risk Committee.

2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period January 1 - December 31, 2020 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.

3) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Mehmet Can Altıntaş.

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

Mehmet Can Altıntaş, SMMM
Partner

March 1, 2021
Ankara, Türkiye

**Koza Altın İşletmeleri Anonim Şirketi**

**Statement of financial position as at December 31, 2020**
**(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)**

| | | | *Reclassified (Note 2.6)* |
|---|---|---|---|
| | | ***Audited*** | *Audited* |
| | | ***Current period*** | *Prior period* |
| **Assets** | **Notes** | **December 31, 2020** | December 31, 2019 |
| **Current assets** | | **6.408.428** | 4.817.149 |
| Cash and cash equivalents | 3 | 5.921.786 | 4.383.735 |
| Trade receivables | | | |
| - Due from third parties | 4 | 102 | 317 |
| Other receivables | | | |
| - Due from third parties | 5 | 32.516 | 29.166 |
| Inventories | 6 | 406.068 | 380.930 |
| Prepaid expenses | 7 | 46.998 | 20.714 |
| Other current assets | 8 | 958 | 2.287 |
| **Non-current assets** | | **1.972.554** | 1.531.465 |
| Financial investments | 9 | 300.800 | 302.118 |
| Other receivables | | | |
| - Due from related parties | 5,25 | 726.987 | 371.809 |
| - Due from third parties | 5 | 816 | 738 |
| Right-of-use assets | 10 | 12.341 | 4.506 |
| Investment property | 11 | 117.905 | 101.794 |
| Property, plant and equipment | 12 | 659.474 | 571.383 |
| Intangible assets | | | |
| - Goodwill | 13 | 11.232 | 14.017 |
| - Other intangible assets | 13 | 1.093 | 1.440 |
| Prepaid expenses | 7 | 3.839 | 38.175 |
| Deferred tax assets | 23 | 110.060 | 102.181 |
| Other non-current assets | 8 | 28.007 | 23.304 |
| **Total assets** | | **8.380.982** | 6.348.614 |

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

## Koza Altın İşletmeleri Anonim Şirketi

## Statement of financial position as at December 31, 2020
**(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)**

| | | | |
|---|---|---|---|
| | | | *Reclassified (Note 2.6)* |
| | | ***Audited*** | *Audited* |
| | | ***Current period*** | *Prior period* |
| **Liabilities** | **Notes** | **December 31, 2020** | December 31, 2019 |
| **Current liabilities** | | **614.311** | 405.977 |
| Short-term lease liabilities | | | |
| - Lease liabilities | 14 | 5.383 | 3.902 |
| Trade payables | | | |
| - Due to third parties | 4 | 103.579 | 67.591 |
| Payables related to employee benefits | 15 | 21.870 | 17.742 |
| Other payables | | | |
| - Due to related parties | 25 | 503 | 657 |
| - Due to third parties | | 119 | 92 |
| Deferred income | | 439 | 331 |
| Current income tax liabilities | 23 | 118.037 | 139.425 |
| Short-term provisions | | | |
| - Provisions for employee benefits | 17 | 10.059 | 9.653 |
| - Other short-term provisions | 17 | 352.463 | 165.402 |
| Other current liabilities | | 1.859 | 1.182 |
| **Non-current liabilities** | | **203.039** | 184.212 |
| Long-term lease liabilities | | | |
| - Lease liabilities | 14 | 8.855 | 545 |
| Other payables | | | |
| - Due to third parties | 16 | 40.308 | 32.619 |
| Long-term provisions | | | |
| - Provisions for employee benefits | 17 | 34.384 | 25.689 |
| - Other long-term provisions | 17 | 119.492 | 125.359 |
| **Equity** | | **7.563.632** | 5.758.425 |
| Paid-in share capital | 18 | 152.500 | 152.500 |
| Adjustment to share capital | 18 | 3.579 | 3.579 |
| Other comprehensive income / expense not to be reclassified to profit or loss | | | |
| *- Actuarial gain / (loss) fund for employee benefits* | | (3.728) | (4.094) |
| Other comprehensive income / expense to be reclassified to profit or loss | | | |
| *- Fair value losses and gains* | | - | 5.538 |
| Restricted reserves | 18 | 137.390 | 137.390 |
| Retained earnings | | 5.463.512 | 3.696.220 |
| Net profit for the period | | 1.810.379 | 1.767.292 |
| **Total liabilities and equity** | | **8.380.982** | 6.348.614 |

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

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## Koza Altın İşletmeleri Anonim Şirketi

### Statement of profit or loss and other comprehensive income
### for the year ended December 31, 2020
**(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)**

| | | | *Reclassified (Note 2.6)* |
|---|---|---|---|
| | | ***Audited*** | *Audited* |
| | | ***Current period*** | *Prior period* |
| | **Notes** | **January 1 – December 31, 2020** | January 1 – December 31, 2019 |
| Revenue | 19 | 3.249.641 | 2.849.270 |
| Cost of sales (-) | 19 | (1.177.297) | (955.284) |
| **Gross profit** | | **2.072.344** | 1.893.986 |
| Research and development expenses (-) | 20 | (119.019) | (136.849) |
| Marketing, sales and distribution expenses (-) | 20 | (3.916) | (6.597) |
| General administrative expenses (-) | 20 | (247.333) | (152.352) |
| Other operating income | 21 | 60.977 | 30.321 |
| Other operating expenses (-) | 21 | (55.498) | (16.750) |
| **Operating profit** | | **1.707.555** | 1.611.759 |
| Income from investing activities | 22 | 647.289 | 646.716 |
| Expenses from investing activities (-) | | (3.747) | - |
| **Operating profit before financial income** | | **2.351.097** | 2.258.475 |
| Financial income / (expenses) | | - | - |
| **Profit before tax from continued operations** | | **2.351.097** | 2.258.475 |
| **Tax expense from continuing operations** | | **(540.718)** | (491.183) |
| - Current tax expense (-) | 23 | (547.126) | (512.452) |
| - Deferred tax income / (expense) (-) | 23 | 6.408 | 21.269 |
| **Net profit for the period** | | **1.810.379** | 1.767.292 |
| **Other comprehensive income /(expense)** | | (5.172) | 3.457 |
| **Total other comprehensive income not to be classified to profit or loss in subsequent years** | | | |
| Gains / (losses) on remeasurements of defined benefit plans | | 457 | (2.668) |
| Gains / (losses) on remeasurements of defined benefit plans, tax effect | | (91) | 587 |
| **Total other comprehensive income to be reclassified to profit or loss in subsequent years** | | | |
| Gains / (losses) on financial assets at fair value through other comprehensive income | | (7.100) | 7.100 |
| Gains / (losses) on financial assets measured at fair value through other comprehensive income, tax effect | | 1.562 | (1.562) |
| **Total comprehensive income** | | **1.805.207** | 1.770.749 |
| **Earnings per 100 share** | | | |
| - common stock ( TL) | **24** | **11,871** | 11,589 |

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

## Koza Altın İşletmeleri Anonim Şirketi

### Statement of changes in shareholders' equity
### for the year ended December 31, 2020
**(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)**

| | | | Other comprehensive income/expense not to be reclassified to profit or loss | Other comprehensive income/expense to be reclassified to profit or loss | | Retained earnings | | |
|---|---|---|---|---|---|---|---|---|
| | Paid in capital | Adjustment to capital | Actuarial (loss) / gain fund for employment termination benefit | Gains / (losses) on financial assets at fair value through other comprehensive income | Restricted reserve | Retained earnings | Net profit for the year | Total equity |
| Balances as of January 1, 2019 | 152.500 | 3.579 | (2.013) | - | 137.390 | 2.522.473 | 1.173.747 | 3.987.676 |
| Net profit for the year | - | - | - | - | - | - | 1.767.292 | 1.767.292 |
| Other comprehensive income/ (loss) | - | - | (2.081) | 5.538 | - | - | - | 3.457 |
| Total comprehensive income/ (loss) | - | - | (2.081) | 5.538 | - | - | 1.767.292 | 1.770.749 |
| Transfers | - | - | - | - | - | 1.173.747 | (1.173.747) | - |
| Balance as of December 31, 2019 | 152.500 | 3.579 | (4.094) | 5.538 | 137.390 | 3.696.220 | 1.767.292 | 5.758.425 |
| **Balance as of January 1, 2020** | **152.500** | **3.579** | **(4.094)** | **5.538** | **137.390** | **3.696.220** | **1.767.292** | **5.758.425** |
| Net profit for the year | - | - | - | - | - | - | 1.810.379 | **1.810.379** |
| Other comprehensive income/ (loss) | - | - | 366 | (5.538) | - | - | - | **(5.172)** |
| Total comprehensive income/ (loss) | - | - | 366 | (5.538) | - | - | 1.810.379 | **1.805.207** |
| Transfers | - | - | - | - | - | 1.767.292 | (1.767.292) | **-** |
| **Balances as of December 31, 2020** | **152.500** | **3.579** | **(3.728)** | **-** | **137.390** | **5.463.512** | **1.810.379** | **7.563.632** |

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

**Koza Altın İşletmeleri Anonim Şirketi**

## Statement of cash flows
## for the year ended December 31, 2020
**(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)**

| | Notes | ***Audited*** Current period January 1 – December 31, 2020 | *Audited* Prior year January 1 – December 31, 2019 |
|---|---|---|---|
| **A. Cash flows from operating activities** | | **1.308.579** | 1.496.405 |
| **Profit for the period from the continuing operations** | | 1.810.379 | 1.767.292 |
| **Adjustments to reconcile profit for the period** | | | |
| Adjustments to depreciation and amortization | 10,11,12,13 | 225.166 | 224.847 |
| Adjustments for derecognition of tangible assets | 12 | 1.767 | - |
| Adjustments for recognition/ (derecognition) impairment of other financial assets or investments | | - | (3.980) |
| Adjustments for recognitiıon/ (derecognition) impairment of receivables | | 3.167 | 2.639 |
| Adjustments for recognition impairment of goodwill | | 2.785 | - |
| Adjustments for recognition impairment of inventory | 6 | 36.598 | - |
| Adjustments for provisions | 17 | | |
| - Adjustment for lawsuits and/ or penalty provisions | | 13.199 | 4.743 |
| - Adjustments for sectoral provisions | | 316.854 | 108.144 |
| - Adjustments for debt provisions | | (2.710) | - |
| - Adjustments for provisions for employee benefits | | 8.479 | 2.695 |
| Adjustments for tax expense | 23 | 540.718 | 491.183 |
| Adjustments for interest expenses | | 7.053 | - |
| Adjustments for interest income | 22 | (568.489) | (559.017) |
| Adjustments for loss / (gains) arising from disposal of tangible assets | | | |
| Adjustments for fair value gain | 12 | (127) | 74.005 |
| Adjustments for unrealized foreign exchange gain | | - | 6.398 |
| **Total adjustments** | | **584.460** | 351.657 |
| Dcrease in trade receivables | 4 | (2.926) | 1.052 |
| Increase in other receivables from related parties | 5 | (355.178) | (99.918) |
| Decrease / (increase) in other receivables | | (142.879) | (35.308) |
| Increase in inventories | 6 | (61.736) | (73.595) |
| Increase in prepaid expenses | 7 | 8.052 | (16.046) |
| Decrease in trade payables | 4 | 35.988 | 14.735 |
| Increase in other payables | 16 | 7.670 | 3.655 |
| (Decrease) / increase in payables related to employee benefits | 15 | 4.128 | 2.183 |
| (Increase) / decrease in other assets related to activities | 8 | (23.126) | (1.059) |
| Increase in other liabilities related to activities | | 20.989 | 8.215 |
| Payments of employee retirement benefits | 17 | (2.004) | 3.506 |
| Payments related to other provisions | 17 | (146.149) | (56.937) |
| Taxes paid | 23 | (429.089) | (373.027) |
| **Net cash from operating activities** | | **(1.086.260)** | (622.544) |
| **B. Cash flows from investing activities** | | **230.526** | 303.134 |
| Cash outflows from purchase of tangible assets | | (299.930) | (146.052) |
| Cash outflows from purchase of intangible assets | | (835) | (808) |
| Cash outflows from investment property purchase | 11 | (18.500) | - |
| Cash inflows from the sale of tangible and intangible assets | | 521 | 468 |
| Interest received | | 569.543 | 559.017 |
| Changes in financial investments | 9 | (5.782) | (102.635) |
| Cash outflows related to lease liabilities (-) | 14 | (14.491) | (6.856) |
| **C. Net cash from financing activities** | | **-** | - |
| **Net increase in cash and cash equivalents** | | **1.539.105** | 1.799.539 |
| **Cash and cash equivalents at the beginning of the year** | 3 | **4.358.257** | 2.558.718 |
| **Cash and cash equivalents at the end of the year** | **3** | **5.897.362** | 4.358.257 |

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

## 1. Company's organization and nature of the operations

Koza Altın İşletmeleri A.Ş. ("Koza Altın" or the "Company") was established on September 6, 1989 under the name of Eurogold Madencilik A.Ş. for the operation of the gold mine in Ovacık-Bergama, İzmir. Its name was changed to Normandy Madencilik A.Ş. ("Normandy Madencilik") with regard to the purchase of all shares of Eurogold Madencilik A.Ş. by Normandy Mining Ltd.

The name of the Company was registered as Koza Altın İşletmeleri A.Ş. on August 29, 2005 after ATP İnşaat ve Ticaret A.Ş. ("ATP"), a subsidiary of Koza İpek Holding A.Ş. ("Koza İpek Holding") acquired all shares of Normandy Madencilik from Autin Investment on March 3, 2005.

As of December 31, 2020, including the stocks traded in Borsa Istanbul ("BIST"), 45.01% of the Company's shares owned by ATP and 24.99% owned by Koza İpek Holding (December 31, 2019: 45.01% owned by ATP and 24.99% by Koza İpek Holding), the Company management was transferred to the Board of Trustees, pursuant to the decision of Ankara 5th Criminal Court of Peace, dated October 26, 2015, and subsequently transferred to the Savings Deposit Insurance Fund ("SDIF") on September 22, 2016. As of December 31, 2020, shares corresponding to 30% of the Company's shares (December 31, 2019: 30%) are traded on BIST.

Within the scope of the investigations initiated throughout the country, a trustee has been appointed to the Koza Altın İşletmeleri A.Ş. management pursuant to the decision of the Ankara 5th Criminal Judgeship of Peace dated October 26, 2015.

As of this date, all the authories of the management have been transferred to the trustees appointed to the management of Koza Altın İşletmeleri A.Ş. and it has been decided to establish new management by these trustees.

With the Decree Law No. 674 on Making Some Regulations under the State of Emergency ("Decree") published on September 1, 2016, it was decided to transfer all the powers previously given to the trustees assigned to companies by the courts to the Savings Deposit Insurance Fund ("SDIF"). In this context, on September 22, 2016, it has decided to terminate all the powers given to the trustees assigned to Koza Altın İşletmeleri A.Ş. on the basis of the article 19/1 of the aforementioned Decree and transfer Koza Altın İşletmeleri A.Ş. to the SDIF.

The Company's financial statements for the years ended December 31, 2016, 2017, 2018 and 2019 have been approved by the Board of Directors with the board decisions dated April 24, 2018, April 30, 2018, February 28, 2019 and February 27, 2020 respectively and published by excluding the possible cumulative effects of the works and transactions belonging to the previous financial periods, whose judgment process continues, in accordance with the provisions of Article 401/4 of the Turkish Commercial Code No. 6102 ("TCC"). Audited financial statements for the year ended December 31, 2015 were not approved by the Board of Directors in accordance with the provisions of Article 401/4 of the TCC. Ordinary general assembly meetings of the Company for the years 2015, 2016, 2017, 2018 and 2019, as explained in detailed in Note 9, could not be carried out due to various examinations and works by the Prosecutor's Office, the Police Financial Crimes Branch and the CMB, and these financial statements of the Company could not be submitted to the approval of the General Assembly.

The main activities of the Company are operating seven mines in five regions which are Ovacık-Bergama-İzmir, Çukuralan-İzmir, Kaymaz-Eskişehir, Mastra- Gümüşhane and Himmetdede-Kayseri, searching for gold mines generally in Turkey regions and improving the mine fileds of on going projects.

The Company sales consist gold dore bars with a right of first refusal to domestic banks on consignment to be sold to the Central Bank of the Republic of Turkey and silver to a domestic refinery on consignment. Due to the fact that the sales are made on demand and the customer is corporate, the Company effectively manages the receivable risk, taking into account the past experiences.

## 1. Company's organization and nature of the operations (continued)

The Company has established UK based Koza Ltd., which owns 100%, in order to establsihabroad mining ventures on March 31, 2014. The control of Koza Ltd, which the Company was consolidated until September 11, 2015, was lost as a result of the General Assembly held on September 11, 2015. The legal process initiated by the CMB regarding loss of control pursuant to decision dated February 4, 2016 continues as of the date of this financial statements. Under financial statements, the Company has presented Koza Ltd. under the "Financial Investments" account with a cost value amounting to 218.325 thousand TL (December 31, 2019: 218.325 thousand TL).

As of December 31, 2020, the number of employees is 2.355 people (December 31, 2019: 2.127).

The registered address of the Company is below:
Uğur Mumcu Mahallesi, Fatih Sultan Mehmet Bulvarı, İstanbul Yolu 10. Km, No: 310, 06370, Yenimahalle - Ankara, Türkiye.

Approval of financial statements

The financial statements dated December 31, 2020 were approved by the Board of Directors and authorized to be published on March 1, 2021.

## 2. Basis of presentation of financial statements

### 2.1 Basis of presentation

**Financial reporting standards**

The Company and its subsidiaries established in Turkey, prepare its financial statements in accordance with the Turkish Commercial Code (TCC) numbered 6102, tax legislation and the Uniform Chart of Accounts published by the Ministry of Finance.

The accompanying financial statements are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets", which were published in the Resmi Gazete No:28676 on June 13, 2013. The accompanying financial statements are prepared based on the Turkish Financial Reporting Standards and Interpretations ("TAS/TFRS") that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA").

The financial statements and notes are presented in accordance with the "2019 TAS Taxonomy" announced by the POA with the principle decision dated June 7, 2019.

The financial statements are based on legal records and expressed in TL, and have been prepared by subjecting to some corrections and classification changes in order to present the Companys status according to TAS and TFRS. These adjustments generally consist of deferred taxes, provisions, depreciation of tangible assets and intangible asset amortization on economic life and pro-rata basis, and the valuation of buildings, investment properties and some financial assets.

**Foreign currency**

*Functional and reporting currency*

Financial statements are presented in TL, which is the functional and presentation currency of the Company.

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

### 2.1 Basis of presentation (continued)

*Foreign currency transactions and balances*

Foreign currency transactions have been converted over the exchange rates valid on the dates of the transaction. Monetary assets and liabilities based on foreign currency are converted using the exchange rates valid on the date of the statement of financial position. Exchange difference income or expense arising from foreign currency-based operational transactions (trade receivables and debts) is presented under the "other income / expenses from operating activities", while the exchange difference income or expense arising from the translation of other foreign currency based monetary assets and liabilities is presented under "finance income / expenses" in the statement of profit or loss.

**Going concern**

The Company has prepared its financial statements according to the going concern principle.

**Declaration of conformity to TFRS**

The Company has prepared its financial statements for the period ending on December 31, 2020, in accordance with the CMB's Communiqué Serial: II-14.1 and its announcements clarifying this communiqué. The financial statements and notes are presented in accordance with the formats recommended by CMB and including the required information.

### 2.2 Accounting policies, changes in accounting estimates and errors

Accounting policy changes arising from the implementation of a new TAS / TFRS for the first time are applied retrospectively or prospectively in accordance with the transition provisions of the TAS / TFRS, if any. If there is no transition requirement, significant optional changes in accounting policies or detected accounting errors are applied retrospectively and the financial statements of the previous period are restated.

Changes in accounting estimates are applied in the current period when the change is made if they are related to only one period, and if they are related to future periods, they are applied both in the period of change and prospectively.

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

### 2.3 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the financial statements as at December 31, 2020 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2020. The effects of these standards and interpretations on the Company’s financial position and performance have been disclosed in the related paragraphs.

**i) The new standards, amendments and interpretations which are effective as at January 1, 2020 are as follows:**

- Definition of a Business (Amendments to TFRS 3)
- Amendments to TFRS 9, TAS 39 and TFRS 7- Interest Rate Benchmark Reform
- Definition of Material (Amendments to TAS 1 and TAS 8)
- Amendments to TFRS 16 – Covid-19 Rent Related Concessions

The amendments did not have an impact on the financial position or performance of the the Company.

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

- TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)
- TFRS 17 - The new Standard for insurance contracts
- Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities
- Amendments to TFRS 3 – Reference to the Conceptual Framework
- Amendments to TAS 16 – Proceeds before intended use
- Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract
- Interest Rate Benchmark Reform – Phase 2 – Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16

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

**iii) Annual Improvements – 2018–2020 Cycle**

- TFRS 1 First-time Adoption of International Financial Reporting Standards
- TFRS 9 Financial Instruments – Fees in the “10 per cent test” for derecognition of financial liabilities
- TAS 41 Agriculture – Taxation in fair value measurements

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

The Company is in the process of assessing the impact of the amendments / improvements on financial position or performance of the Company.

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

### 2.4 Summary of significant accounting policies

Significant accounting policies adopted in the preparation of financial statements are summarized below:

**Related parties**

If one of the below listed criteria exists the party is regarded as related with the Group:

(a) A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a).
(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

**Revenue from contracts with customers**

In accordance with TFRS 15 "Revenue from Customer Contracts", effective from January 1, 2018, the Company has started to use the five-step model below to recognize revenue.

- Identification of customer contracts
- Identification of performance obligations
- Determination of the transaction price in the contracts
- Allocation of transaction price to the performance obligations
- Recognition of revenue when the performance obligations are satisfied

Company evaluates each contracted obligation separately and respective obligations, committed to deliver the distinct goods or perform services, are determined as separate performance obligations.

According to this model, firstly, the goods or services in the contract with the customers are assessed and each commitment for transfering the goods or services is determined as a separate performance obligation. Then it is assessed whether the performance obligations will be fulfilled at a point in time or over time. When the Company transfers control of a good or service over time, and therefore fulfilles a performance obligation over time, then the revenue is recognised over time by measuring the progress of completion. Revenue is recognized when control of the goods or services is transferred to the customers.

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

### 2.4 Summary of significant accounting policies (continued)

**Revenue from contracts with customers (continued)**

Following indicators are considered while evaluating the transfer of control of the goods and services:

a) presence of Group's collection right of the consideration for the goods or services,
b) customer's ownership of the legal title on goods or services,
c) physical transfer of the goods or services,
d) customer's ownership of significant risks and rewards related to the goods or services,
e) customer's acceptance of goods or services.

The main activities of the Company are operating seven mines in five regions which are Ovacık-Bergama-İzmir, Çukuralan-İzmir, Kaymaz-Eskişehir, Mastra- Gümüşhane and Himmetdede-Kayseri, searching for gold mines generally in Turkey regions and improving the mine fileds of on going projects. The Company sales consist gold dore bars with a right of first refusal to domestic banks on consignment to be sold to the Central Bank of the Republic of Turkey and silver to a domestic refinery on consignment. Due to the fact that the sales are made on demand and the customer is corporate, the Company effectively manages the receivable risk, taking into account the past experiences.

At contract inception, if the Company expects that the period between the transfer of the promised good or service and the payment is one year or less, the Company applies the practical expedient and does not make any adjustment for the effect of a significant financing component on the promised amount of consideration. On the other hand, when the contract effectively constitutes a financing component, the transaction price for these contracts is discounted, using the interest rate implicit in the contract. The difference between the discounted value and the nominal amount of the consideration is recognised on an accrual basis as other operating income.

**Interest income**

Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash fows through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Interest and foreign exchange gains and losses arising from trading transactions are recognized in other operating income and expense.

**Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand and short-term time deposits. Short-term time deposits are highly liquid that can be easily converted into cash without a risk of losing its value. Cash and cash equivalents are presented in the statement of financial position with the sum of acquisition cost and accured interest. Deposits from which interest income is obtained despite being blocked are classified under long-term financial investments.

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

### 2.4 Summary of significant accounting policies (continued)

#### Trade receivables

Company sales of the product, the content of dore bars of gold pre-emptive right with a bank on the domestic as consignment to be sold to the Central Bank of Turkey, while the sale of silver on domestic refinery is still done on a consignment basis.

The "simplified approach" is applied within the scope of the impairment calculations of trade receivables originating from other activities of the Company, which are accounted at amortized cost in the financial statements and do not contain a significant financing component (with a term of less than 1 year). With the application of this approach, in cases where the trade receivables are not impaired for certain reasons (except for the realized impairment losses), the loss allowance for trade receivables is measured at an amount equal to "lifetime expected credit losses". Following the allocation of a provision for impairment, if all or a portion of the impaired receivable is collected, the collected amount is deducted from the provision for the impairment allocated and recorded in other operating income.

#### Inventories

The cost of inventories comprises all costs incurred in bringing the inventories to their present location and condition. The components of the cost included in inventories are material, labor and overhead costs. The cost of inventories is determined on the weighted average basis. Inventories are stated at the lower of cost and net realizable value.

The Compony's invenoires consists of mining inventories, chemicals, operating materials and spare parts. Mining inventories consists of ready to be processed and mined ore clusters, solution obtained by treating mining inventories through tank leaching (heap leach) and gold and silver bars in the production process or ready for shipment. The ore clusters ready to be processed and the costs of gold and dore bars made ready for shipment in the production process are calculated by taking into account the amount of gold they contain on an ounce basis and the recycling rate calculated based on the processing in the facility.

The quantities of ready-to-work, mined ore clumps and dore bars made of gold and silver are determined by periodic counts. Depreciation and amortization of mineral assets and other fixed assets related to production are included in the costs of the inventory at the relevant production location and stage.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

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

### 2.4 Summary of significant accounting policies (continued)

**Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**i. Financial assets**

**<u>Initial recognition and measurement</u>**

At initial recognition Company classifies its financial assets in three categories as; financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit of loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

**Subsequent measurement and classification**

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

**a. Financial assets measured at amortized cost**

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit of loss:

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

- it is its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes cash and cash equivalents, trade receivables and other receivables.

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

## 2.4 Summary of significant accounting policies (continued)

### Financial instruments (continued)

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

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through other comprehensive income when they are not held for trading. The classification is determined on an instrument-byinstrument basis. The Company elected to classify irrevocably its non-listed equity investments under this category .

The accounting policies below apply to gains and losses from subsequent measurements:

| | |
|---|---|
| **Debt instruments measured at fair value through other comprehensive income** | These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss. |
| **Equity instruments measured at fair value through other comprehensive income** | These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss. |

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

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss.

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

## 2.4 Summary of significant accounting policies (continued)

### Financial instruments (continued)

### Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The contractual rights to receive cash flows from the asset have expired, or

- The Company has transferred its contractual rights to receive cash flows from the asset, or retains the contractual rights to receive the cash flows of the financial asset but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company transfers a financial asset, it evaluates the extent to which it retains the risks and rewards of ownership of the financial asset. When the Company has transferred its contractual rights to receive cash flows from an asset and neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement.

### Impairment

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

ECLs are recognised in two stages:

- 12-month ECL: For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months,

- Lifetime ECL: For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure.

For trade receivables, other receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The expected credit losses were calculated based on a provision matrix that is based on the Company's historical credit loss experience, considering for forward-looking factors.

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

## 2.4 Summary of significant accounting policies (continued)

### Financial instruments (continued)

### ii. Financial liabilities

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables.

**Subsequent measurement**

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- **Financial liabilities at fair value through profit or loss**

This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by TFRS 9. Gains and losses are recognised in the statement of profit or loss.

- **Financial liabilities at amortised cost**

After initial recognition, borrowings and trade and other payables are subsequently measured at amortised cost using the effective inerest rate method. Gains and losses are recognised in the statement of profit or loss.

**Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

### iii. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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

## 2.4 Summary of significant accounting policies (continued)

### Investment properties

Properties those are held for long term rental yields or capital appreciation or both, rather than in the production of supply of goods and services or administrative purposes or for the sale in the ordinary course of business are classified as "Investment property". Investment properties are carried at cost less accumulated depreciation. Depreciation is provided for investment properties on a straight-line basis over their estimated useful lives.

Investment properties are reviewed for possible impairment losses and where the carrying amount of the investment property is greater than the estimated recoverable amount, it is written down to its recoverable amount. Recoverable amount of the investment property is the higher of the estimated future cash flows discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or fair value less costs of disposal.

### Leases

The Company has applied TFRS 16 as of January 1,2019. Accounting policies applied prior to January 1,2019 are explained in detail in the notes to the financial statements as of December 31, 2018.

### a) Company – as a lessee

At inception of a contract, the Company assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company recognises a right-of-use asset and a lease liability at the commencement date of the lease following the above mentoned assessments.

### i. Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the following:

a) the amount of the initial measurement of the lease liability,
b) any lease payments made at or before the commencement date, less any lease incentives received,
c) any initial direct costs incurred by the Company, and
d) an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories)

Useful lives of right-of-use assets are as follows:

| | |
|---|---|
| Buildings | 4 years |
| Motor vehicles | 2-4 years |

Right-of-use assets are subject to impairment.

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

### 2.4 Summary of significant accounting policies (continued)

**Leases (continued)**

**ii. Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

a) Fixed payments, less any lease incentives receivable,
b) ariable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
c) amounts expected to be paid under residual value guarantees
d) exercise price of a purchase option reasonably certain to be exercised by the Company
e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, Company measures the lease liability by:

a) increasing the carrying amount to reflect interest on the lease liability,
b) reducing the carrying amount to reflect the lease payments made, and
c) remeasuring the carrying amount to reflect any reassessment or lease modifications. The Company recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

**Significant judgement in determining the lease term of contracts with renewal options**

Company assesses the contractual options to extend or to terminate the lease when determining the lease liability. Most of the options to extend and terminate are exercisable both by the Company and the respective lessor. Company determines the lease term of a lease considering the periods covered by options to extend and terminate the lease if the options are exercisable by the Company and the Company is reasonably certain to exercise those options. If a significant change in circumstances takes place, related lease term assessment is revisited by the Company.

**Practical expedients**

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

The Company applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The Company applies a single discount rate to a portfolio of leases which have similar characteristics (asset classes which have similar remaining rent periods in a similar economic environment).

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

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

### 2.4 Summary of significant accounting policies (continued)

**Leases (continued)**

**Variable lease payments**

Some lease contracts of the Company contain variable payment terms. Variable lease payments are recognised in the statement of profit or loss in the related period.

**b) Company – as a lessor**

All the leases that Company is the lessor are operating leases. Assets leased out under operating leases are classified under investment properties or operating leases in the financial position. Rental income is recognised in the statement of income on a straight-line basis over the lease term.

**Property, plant and equipment**

Tangible fixed assets are based on the adjusted acquisition costs expressed in the purchasing power of TL at December 31, 2004 for items acquired before January 1, 2005, and accumulated depreciation and, if any, on the acquisition costs for items acquired after January 1, 2005. They are accounted in the financial statements with its net value after deducting the impairment.

Property, plant and equipments are depreciated with the linear depreciation method in accordance with the useful life principle. The useful lives of buildings, machinery, facilities and devices are limited by the useful life of the respective mines. Land is not depreciated as it is deemed to have an indefinite useful life. Depreciation commences when the assets are ready for their intended use.

The cost of the property, plant and equipment consists of acquisition cost, import taxes, non-refundable taxes, and expenses incurred to make the asset ready for use. After the asset is started to be used, expenses such as repair and maintenance are recognized as an expense in the period they occur. If the expenditures provide an economic value increase for the related asset in its future use, these expenses are added to the cost of the asset.

Assets in the construction phase are shown by deducting the impairment loss, if any, from their cost. When these assets are built and ready for use, they are classified into the relevant fixed asset item. Such assets are subject to depreciation when they are ready for use, as in the depreciation method used for other fixed assets.

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

| | Useful lives |
|---|---|
| Land imrovements | (During the useful life of the relevant mine) 2-15 years |
| Buildings | (During the useful life of the relevant mine) 2-50 years |
| Machinery and equipments | (During the useful life of the relevant mine) 2-20 years |
| Motor vehicles | 2-15 years |
| Furniture and fixtures | 3-20 years |

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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

### 2.4 Summary of significant accounting policies (continued)

**Property, plant and equipment (continued)**

Repair and maintenance expenses are charged to the income statements during the period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits more than the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their net carrying amounts and are classified under “gains/losses from investing activities” in the current period.

**Mining assets**

Mining assets consist of mine site development, mining rights, mining plots, deferred mining costs and discounted costs associated with the rehabilitation, rehabilitation and closure of mine sites. For items acquired before January 1, 2005, mineral assets are reflected in the financial statements with the accumulated depreciation over the adjusted acquisition costs expressed by the purchasing power of TL on December 31, 2004 and the net value after deducting the permanent impairment, if any. For items acquired after January 1, 2005, they are reflected in the financial statements with their net value after deducting the accumulated depreciation and permanent impairment, if any, over their acquisition costs.

Mining assets begin to be amortized with the commencement of production. The depreciation expenses of the mining assets are associated with the production costs on the basis of the relevant mining sites.

The mine site development costs include the evaluation and development of new ore veins, as well as the opening of underground galleries, excavation and construction of roads for the continuation and development of existing ore seams. Mine development costs are capitalized in cases where it is highly likely to obtain an economic benefit in the future from the mine in question, can be identified for specific mining areas and the cost can be measured reliably. Costs incurred during production are capitalized as long as they are directly related to the development of the mine site. Production-related costs are reflected as expense in the statement of profit or loss and other comprehensive income.

In cases where mining site development expenses cannot be distinguished from research and evaluation expenses, the said expenses are recorded as expense in the profit or loss and other comprehensive income statement in the period they occur.

Mining assets are depreciated when their capacity is ready to be used fully and their physical conditions meet the production capacity determined by the Company management. Mine development costs are capitalized in cases where it is highly probable to obtain economic benefit in the future and are subject to depreciation considering the economic benefit. Mine development costs are distributed to the departments to the extent that they can be defined on the basis of the relevant mining areas as soon as they are first recorded, and the departments in each mine area are subjected to depreciation by using the units of production method, taking into account the economic benefits separately.

The large-scale and important revision works carried out at the said mine, which will increase the economic benefits to be obtained during the life of the relevant mine, are capitalized. Maintenance and repair expenses, excluding large-scale and significant revisions, that can be evaluated within this scope are recorded as expense in the profit or loss and other comprehensive income statement of the period in which they occur.

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

### 2.4 Summary of significant accounting policies (continued)

**Mining assets (continued)**

The mine development costs at each mine site are depreciated over the redemption rate found by dividing the total amount of gold in ounce mined from the relevant mine by the total ounce of visible and possible workable remaining gold reserves in the said mine during the period. The visible and possible reserve amounts in each mine site indicate the known and measurable resource that can be extracted and processed economically in the foreseeable future.

Apart from the land on which the production facilities are built and where the wastes are stored, the Company also purchases land for mining exploration activities. These lands are followed in mineral assets and are reflected in the financial statements over their acquisition costs. These lands begin to be depreciated over the depreciation rate found by dividing the total ounce of visible and possible workable reserve in the said mine by the remaining gold reserve amount as soon as the ore is started to be extracted in the relevant mine site.

The deferred mining costs consist of the direct costs incurred during stripping, which facilitates access to the defined part of the ore in each open pit ore deposit during the period, and the general production costs associated with the stripping work. It is subject to depreciation taking into account the deferred extraction rate, which is calculated based on the usable remaining life of each open pit.

The production costs corresponding to the part of the benefit generated in the stripping work realized in the form of manufactured products are accounted for by including the cost of inventories. The removal costs of each open pit ore deposit and, as long as it is measurable, for phases related to each ore deposit are accounted by taking into account the calculated rates.

Deferred mining costs are depreciated over the amortization rate found by dividing the total ounce of gold mined from the relevant mine by the total ounce of visible and possible workable remaining gold reserves in the said mine. The visible and possible reserve amounts in each mine site indicate the known and measurable resource that can be extracted and processed economically in the foreseeable future.

The actual mineral extraction rate is calculated by proportioning the amount of waste and ore extracted from each open pit until the balance sheet date. The estimated mineral extraction rate, which is calculated by taking into account the remaining useful life of each open pit, is calculated by proportioning the estimated cumulative pass and ore amounts to each other in tonnes to be prospectively extracted from each open pit connected to the reserve.

Accordingly, if the actual extraction rate is higher than the estimated extraction rate calculated by taking into account the useful life of each related open pit, part of the estimated cumulative passage during the year and the cost incurred for ore extraction is capitalized in line with the said rates.

If the estimated mineral extraction rate calculated considering the useful life of the mine is higher than the actual extraction rate, the related costs are accounted as production expense in the profit or loss and other comprehensive income statement, taking into account the depreciation rate stated above. The useful life of the mine is reviewed annually and changes in the deferred extraction rate are accounted for prospectively.

Mining rights are accounted in the financial statements at the acquisition cost. It is amortized by using the lower of the depreciation rate found by dividing the remaining economic lives of the relevant mine or the ounce amount of gold extracted from underground and open pit during the period by the amount of visible and possible workable remaining ounce of gold reserves.

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

### 2.4 Summary of significant accounting policies (continued)

**Mining assets (continued)**

Reclamation, rehabilitation and closure costs according to the current conditions of the mine fields that arise due to the open pit mine development activities and the production in the open pit; Provision for expenses that are likely to be spent during the closure and rehabilitation of mines is reflected in the financial statements at their reduced cost values as of the balance sheet date.

These provisions are reduced to their values at the balance sheet date, taking into account the risk of interest and liability in the markets, with a pre-tax discount rate that does not include the risk of future cash flow estimates, and the calculations are reviewed in each balance sheet period. Changes resulting from changes in management estimates used in the computation of the reclamation, rehabilitation and closure provision of mine sites are reflected in the cost of rehabilitation, rehabilitation and closure of mine sites.

On the other hand, for each mine, the costs of rehabilitation, rehabilitation and closure of the respective mine sites; It is amortized by using the lower of the depreciation rate found by dividing the remaining economic lives of the relevant mine or the ounce amount of gold extracted from the relevant open pit during the period by the remaining visible and possible workable reserve amount in ounce. The costs incurred in relation to the prevention of environmental pollution and protection of the environment within the scope of the existing programs are reflected in the profit or loss and other comprehensive income statement as expense in the period they occur.

**Mineral exploration, evaluation and development expenses**

Pre-license costs are expensed in the period in which they occur.

After the license acquisition, mineral exploration and evaluation expenses include all kinds of technical services from the initial prospecting and exploration stages of a mine site to the realization of a mining project. These technical services; All kinds of geological studies from mining activities to reserve calculation, all kinds of ore production planning from exploitable reserve calculation to production method, optimization and organization, construction and implementation of ore enrichment projects for determination of complete flow chart, from process mineralogy to market analysis, necessary financing It includes activities such as feasibility studies in every scope up to its source.

Mine site development costs are capitalized in cases where it is highly likely that an economic benefit will be obtained from the mine in question in the future, can be identified for specific mine sites and the costs can be measured reliably. The costs incurred during the research and evaluation are capitalized as long as they are directly related to the development of the mine site.

At the point where production is decided at the mine site, all costs incurred are transferred to the mining assets account. However, when it is decided that there is no future economic benefit, all costs incurred are reflected in the income statement. As the production starts after the preparation period, mineral assets begin to be depreciated.

For the capitalized valuation costs, the Company management evaluates on each balance sheet date whether there is any indication of depreciation, such as a significant decrease in the reserve amount, expiration of the rights acquired for mining sites, and failure to renew or cancel. If there is such an indicator, the relevant recoverable value, which is determined as the higher of the amount to be recovered through sale after deducting the expenses required for the use or sale of the said asset, is estimated and the impairment losses are reflected as expense in the profit or loss and other comprehensive income statement. the carried value is reduced to its recoverable value.

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

### 2.4 Summary of significant accounting policies (continued)

**Intangible assets**

Intangible assets are comprised of rights, computer software. They are initially recognised at acquisition cost and amortised on a straight-line basis over their estimated useful lives. Intangible assets are based on adjusted acquisition costs expressed in the purchasing power of TL at December 31, 2004 for items acquired before January 1, 2005, and accumulated amortization over acquisition costs for items acquired after January 1, 2005. and, if any, the net value after deduction of the impairment and amortized linearly over their estimated useful lives. Whenever there is an indication that the intangible is impaired, the carrying amount of the intangible asset is reduced to its recoverable amount and the impairment loss is recognised as an expense.

Any gain or loss arising on the disposal of an item of intangible asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss as “gains from investment activities”.

*Computer software and rights*

Computer software and rights are recognized at their acquisition cost. They are amortized on a straight-line basis over their estimated useful lives and carried at cost less accumulated amortization. Their estimated useful lives are between 3 and 5 years.

**Business combination and goodwill**

Business combinations are accounted for by using the purchase method in the scope of TFRS 3 “Business combinations”. Any excess of the cost of acquisition over the acquirer’s interest in the (i) net fair value of the acquiree’s identifiable assets and contingent liabilities as of the acquisition date, (ii) amount of any non-controlling interest in the acquired entity and (iii) fair value of any equity interest previously held by acquirer is accounted for as goodwill. If those amounts are less than fair value of the net identifiable assets of the business acquired, the difference is recognised directly in “Gains from investment activities” as a gain from bargain purchase.

Under this method, the cost of an acquisition is measured over the fair value of cash and other assets given as of the acquisition date, equity instruments issued or liabilities incurred. If a business combination contract includes clauses that enable adjustments in the cost of business combination depending on events after the acquisition date; in case the adjustment is measurable and more probable than not, than the cost of business combination at acquisition date is adjusted. Costs related to the purchase are recognized as expense in the period in which they are incurred.

Identifiable assets, liabilities and contingent liabilities of the business acquired are measured initially at their fair values at the acquisition date in the scope of TFRS 3.

Goodwill recognised in business combinations is tested for impairment annually (as of December 31) or more frequently if events or changes in circumstances indicate impairment, instead of amortisation. Impairment losses on goodwill are not reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Legal mergers between entities controlled by the Company are not considered within the scope of TFRS 3. Therefore, goodwill is not recognized in such transactions.

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

### 2.4 Summary of significant accounting policies (continued)

**Business combination and goodwill (continued)**

In business combinations involving entities under common control, assets and liabilities subject to a business combination are recognised at their carrying amounts in the consolidated financial statements. In addition, statements of income are consolidated from the beginning of the financial year in which the business combination takes place. Similarly, comparative consolidated financial statements are restated retrospectively for comparison purposes. As a result of these transactions, no goodwill is recognised. The difference arising in the elimination of the carrying value of the investment held and share capital of the acquired company is directly accounted under "transactions under common control" in "prior years' income".

**Impairment on non-financial assets**

At each financial position date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to other comprehensive income. For such properties, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

When an impairment loss subsequently reversed, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

**Trade payables**

Trade payables refer to the payments to be made for goods and services provided from suppliers in ordinary activities. Trade payables are initially measured at fair value and amortized cost calculated by effective interest method in the subsequent measurements.

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

## 2.4 Summary of significant accounting policies (continued)

**Provisions, contingent assets and liabilities**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the effect of the time value of money is material, the amount of provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are not included in the financial statements and treated as contingent assets or liabilities.

**Environmental rehabilitation, rehabilitation of mining sites and mine closure provision**

The Company records the present value of the estimated costs of legal and constructive obligations required to restore the operating places in the period in which the obligation occurred (Note 17). These restoration activities include the dismantling and removal of structures, the rehabilitation of mines and waste dams, the dismantling of operating facilities, the closure and restoration of factories and waste areas, and the remediation and greening of the affected areas. The requirement usually occurs when the asset is set up or the place / environment in the production area is adversely affected. When the liability is first recorded, the present value of the estimated costs is capitalized by increasing the net book value of the relevant mining assets up to the amount at which the development / construction of the mine will take place. The liability that is discounted over time is increased by the change in the present value, which depends on the discount rates reflecting the market evaluations in the current period and the risks specific to the liability.

The periodic fluctuation of the discount is recognized as a financial cost in the income statement. Additional disruptions or changes in rehabilitation costs are reflected in the respective assets and rehabilitation liabilities as purchase or expense as they occur.

**Provisions for employee benefits**

**a) Provision for employment termination benefits**

The provision for employment termination benefits, as required by Turkish Labour Law represents the present value of the future probable obligation of the Company arising from the retirement of its employees based on the actuarial projections.

TAS 19 "Employee Benefits" requires actuarial assumptions (net discount rate, turnover rate to estimate the probability of retirement etc.) to estimate the entity's obligation for employment termination benefits. The effects of differences between the actuarial assumptions and the actual outcome together with the effects of changes in actuarial assumptions compose the actuarial gains / losses and recognised under other comprehensive income.

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

## 2.4 Summary of significant accounting policies (continued)

### Provisions for employee benefits (continued)

### b) Defined benefit plans

The Company has to pay contributions to the Social Security Institution on a mandatory basis. The Company has no further payment obligations once the contributions have been paid. These contributions are recognised as an employee benefit expense when they are accrued.

### c) Unused vacation rights

Liabilities arising from unused vacations of the employees are accrued in the period when the unused vacations are qualified.

### Paid in capital

Ordinary shares are classified in equity. Costs related to the issuance of new shares and options are recognized in equity with an amount equal to collected amount less tax effects.

### Taxes on income

Taxes include current period income tax liabilities and deferred tax liabilities. A provision is recognised for the current period tax liability based on the period results of the Company at the financial position date.

Deferred income tax is provided for 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 financial statements. Currently enacted tax rates are used to determine deferred income tax.

Deferred tax liabilities are recognised for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences (including unused incentive amounts and carried forward tax losses of prior years) are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised.

The parent company recognizes deferred tax asset for all deductible temporary differences arising from investments in Subsidiaries, only to the extent that:

- the temporary difference will reverse in the foreseeable future; and
- taxable profit will be available against which the temporary difference can be utilised.

The parent company recognizes deferred tax liability for all taxable temporary differences associated with investments in Subsidiaries except to the extent that both of the following conditions are satisfied:

- the parent is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

Government grants allowing reduced corporate tax payment are evaluated within the scope of TAS 12 Income Taxes standard and are recognised as deferred tax asset by the qualified tax advantage amount, to the extent it is highly probable that future taxable profits will be available against which the unused investment tax credits can be utilised.

The tax effects of the transactions that are accounted directly in the equity are also reflected to the equity.

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

## 2.4 Summary of significant accounting policies (continued)

### Taxes on income (continued)

When the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority with the condition of being same taxpayer entity and there is a legally enforceable right to set off current tax assets against current tax liabilities, deferred tax assets and deferred tax liabilities are offset accordingly.

### Earnings per share

Earnings per share disclosed in the income statement are determined by dividing net income attributable to equity holders of the parent by the weighted average number of shares outstanding during the period concerned.

In Turkey, companies can increase their share capital through a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and inflation adjustment to equity. For the purpose of earnings per share computations, the weighted average number of shares in existence during the period has been adjusted in respect of bonus share issues without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and each earlier period as if the event had occurred at the beginning of the earliest period reported.

### Events after financial position date

The Company adjusts the amounts recognised in its financial statements to reflect the adjusting events after the financial position date. If non-adjusting events after the financial position date have material influence on the economic decisions of users of the financial statements, they are disclosed in the notes to the financial statements.

### Discontinued operations and liabilities due to asset groups held for sale

Discontinued operation is a major line of business or geographical area of operations that is part of a single coordinated plan to be disposed of or is held-for-sale.

A single amount on the face of the income statements comprising the total of the after-tax profit or loss of discontinued operations and the details of the after-tax profit or loss of the discontinued operations are disclosed in the notes to the financial statements. Also, the net cash flows of the discontinued operations associated with the operating, investment and financing activities are specified in the related note.

Group of non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Liabilities directly associated with those assets are also classified similarly.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. These assets are not depreciated.

### Government grants

Government grants along with investment, research and development grants are accounted on accrual basis with their fair values when the application of grants is approved. These grants are accounted for as deferred income in the statement of financial position and are credited to income statement on a straight-line basis over the expected lives of related assets. Government grants allowing reduced corporate tax practice are evaluated within the scope of TAS 12 Income Taxes standard.

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

### 2.4 Summary of significant accounting policies (continued)

**Statement of cash flows**

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities represent the cash flows generated from the Company's activities.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Company (tangible and intangible assets and financial assets).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Company and the repayments of these funds.

**Segment reporting**

Operating segments are reported in a manner consistent with the reporting provided to the chief operating decisionmaker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. The sectors reported under "Other" do not meet the required minimum quantitative thresholds to be a reportable segment; hence they have been merged for segment reporting.

For an operating segment to be identified as a reportable segment it has to meet any of the following quantitative thresholds:

i. its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10 per cent or more of the combined revenue, internal and external, of all operating segments
ii. the absolute amount of its reported profit or loss is 10 per cent or more of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss.
iii. its assets are 10 per cent or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered as reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

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

### 2.6 Comparative information and correction of previous period financial statements

The financial statements of the Company are prepared in comparison with the previous period in order to allow the determination of financial status and performance trends. In order to comply with the presentation of the current period financial statements, comparative information is reclassified when necessary and significant differences are explained.

- The VAT refund receivables amounting to TL 29.166, which were recognized under other current assets in the statement of financial position as of December 31, 2019, were classified into other receivables from third parties.

- Deposits and guarantees accounted under other non-current assets in the statement of financial position dated December 31, 2019, amounting to TL 738 were classified into other long-term receivables from third parties.

- Tax payable amounting to TL 8.084, which was accounted under other short-term liabilities in the statement of financial position dated December 31, 2019, was classified into payables related to employee benefits.

- Deposits and guarantees taken, amounting to TL 92, which were accounted under other short-term liabilities in the statement of financial position dated December 31, 2019, were classified under other payables to the third parties.

- Advances received, amounting to TL 331, which were accounted under other short-term liabilities in the statement of financial position as of December 31, 2019, were classified into deferred income.

- Blocked deposits amounting to TL 71.296, which were accounted under cash and cash equivalents in the statement of financial position dated December 31, 2019, were classified into financial investments.

- Deferred VAT amounting to 23.304, which was accounted under other current assets in the statement of financial position dated December 31, 2019, was classified into other non-current assets.

- Other receivables amounting to TL 371.809 which were accounted under Short-term other receivables from related parties in the statement of financial position dated December 31, 2019 were classified into long-term other receivables from related parties.

- Foreign exchange loss related to trading activities amounting to TL 16.657, which were recognized under other operating expenses in the profit or loss statement for the period January 1 - December 31, 2019, were classified into other income from operating activities.

**(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)**

## 3. Cash and cash equivalents

| | **December 31, 2020** | December 31, 2019 |
|---|---|---|
| Cash | 185 | 143 |
| Banks | | |
| - Demand deposits | 1.121 | 3.203 |
| - Time deposits | 5.920.480 | 4.380.389 |
| **Total** | 5.921.786 | 4.383.735 |
| Less: Interest accruals | (24.424) | (25.478) |
| **Cash and cash equivalents presented in the cash flow statement** | **5.897.362** | 4.358.257 |

The details of the Company's time deposits as of December 31, 2020 are as follows;

| **Currency** | **Interest rate** | **Maturity** | **Currency amount** | **TL Equivalent** |
|---|---|---|---|---|
| TL | %15 - %18 | 1-35 Days | 5.366.390 | 5.366.390 |
| USD | %3 - %4 | 1-35 Days | 75.484 | 554.090 |
| **Total** | | | | **5.920.480** |

The details of the Company's time deposits as of December 31, 2019 are as follows;

| Currency | Interest rate | Maturity | Currency amount | TL Equivalent |
|---|---|---|---|---|
| TL | %10,25-%12,00 | 1-35 Days | 3.721.567 | 3.721.567 |
| USD | %2,00-%2,10 | 1-35 Days | 110.909 | 658.822 |
| Total | | | | 4.380.389 |

The Company's blocked deposits of 82.047 TL have been presented under financial investments account (December 31, 2019: 71.296 TL).

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

## 4. Trade receivables and trade payables

### a- Trade receivables

The trade receivables of the Company as of December 31, 2020 and 2019 are as follows;

| | **December 31, 2020** | December 31, 2019 |
|---|---|---|
| Trade receivables | 72.829 | 69.903 |
| Provision for doubtful trade receivables (-) | (72.727) | (69.586) |
| **Total** | 102 | 317 |

The movement of provision for doubtful trade receivables is as follows;

| | **2020** | 2019 |
|---|---|---|
| January 1 | 69.586 | 70.248 |
| Additions / (cancellations), net | 3.141 | (662) |
| **December 31** | **72.727** | 69.586 |

### b- Trade payables

The trade payables of the Company as of December 31, 2020 and 2019 are as follows;

| | **December 31, 2020** | December 31, 2019 |
|---|---|---|
| Trade payables | 103.579 | 67.591 |
| **Total** | **103.579** | 67.591 |

## 5. Other receivables

The other receivables of the Company as of December 31, 2020 and 2019 are as follows;

### i- Short-term other receivables

### a- Other receivables from third parties

| | **December 31, 2020** | December 31, 2019 |
|---|---|---|
| VAT refund receivables | 32.516 | 29.166 |
| **Total** | **32.516** | 29.166 |

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

## 5. Other receivables (continued)

### ii- Long-term other receivables

### a- Other receivables from related parties

| | **December 31, 2020** | December 31, 2019 |
|---|---|---|
| Other receivables from related parties | 726.987 | 371.809 |
| **Total** | 726.987 | 371.809 |

### b- Other receivables form third parties

| | **December 31, 2020** | December 31, 2019 |
|---|---|---|
| Deposits and guarantees given | 816 | 738 |
| **Total** | 816 | 738 |

## 6. Inventories

The inventories of the Company as of December 31, 2020 and 2019 are as follows;

| | **December 31, 2020** | December 31, 2019 |
|---|---|---|
| Ready to be processed and mined ore clusters | 100.520 | 117.667 |
| Gold and silver in the production process and gold and silver bars | 166.094 | 122.980 |
| Spare parts (*) | 101.465 | 79.712 |
| Chemicals and operating materials | 74.587 | 60.571 |
| Provision for inventory impairment (-) | (36.598) | - |
| **Total** | **406.068** | 380.930 |

(*) Spare parts are used for the ongoing operations of the gold mines that continue their operations.

The movement of the provision for inventory impairment is as follows:

| | **2020** | 2019 |
|---|---|---|
| January 1 | - | - |
| Addition | 36.598 | - |
| **December 31** | **36.598** | - |

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

## 7. Prepaid expenses

The prepaid expenses of the Company as of December 31, 2020 and 2019 are as follows;

### i. Short-term prepaid expenses

| | **December 31, 2020** | December 31, 2019 |
|---|---|---|
| Advances given | 40.232 | 19.421 |
| Prepaid expenses | 6.766 | 1.293 |
| **Total** | **46.998** | 20.714 |

### ii. Long-term prepaid expenses

| | **December 31, 2020** | December 31, 2019 |
|---|---|---|
| Advances given | 7 | 4.213 |
| Other | 3.832 | 33.962 |
| **Total** | **3.839** | 38.175 |

## 8. Other current and non-current assets

### i- Other current assets

The other current assets of the Company as of December 31, 2020 and 2019 are as follows;

| | **December 31, 2020** | December 31, 2019 |
|---|---|---|
| VAT receivables | - | 1.500 |
| Job advances given | 706 | 518 |
| Advances given to personnel | 252 | 269 |
| **Total** | **958** | 2.287 |

### ii- Other non-current assets

| | **December 31, 2020** | December 31, 2019 |
|---|---|---|
| VAT receivables | 28.007 | 23.304 |
| **Total** | **28.007** | 23.304 |

## 9. Financial investments

The financial investments of the Company as of December 31, 2020 and 2019 are as follows;

| | **December 31, 2020** | December 31, 2019 |
|---|---|---|
| Shares in subsidiaries (*) | 218.753 | 218.753 |
| Blocked deposits | 82.047 | 71.296 |
| Bonds and bills (**) | - | 12.069 |
| **Total** | **300.800** | 302.118 |

(*) With the decisions taken at the General Assembly meeting held on September 11, 2015 and the amendment of the articles of association on the same date of Koza Ltd. which is the subsidiary of the Company with 100% share, two A Group shares each worth 1 GBP ("GBP") and the control has transferred to A Group shareholders. Pursuant to the amendment to the articles of association made as of September 11, 2015, savings regarding all operational and managerial activities of Koza Ltd., decision and approval of the articles of association, approval of liquidation transactions and share transfer transactions, etc. rights are given to directors. As a result of the mentioned changes, the Company has lost the control over Koza Ltd. and Koza Ltd. was excluded from the scope of consolidation. It has been accounted in the financial statements at cost since the date the control has ended. As of the report date, fair value measurement could not be calculated due to uncertainties arising from the ongoing legal processes about Koza Ltd.

A legal process has been initiated by the CMB with the decision dated February 4, 2016 regarding the General Assembly and the resolutions taken, in cases where the final judicial decisions regarding this decision differ from the initially recorded amounts, these differences will be accounted in the period determined.

(**) As of December 31, 2019, the bonds and bills are in US Dollars and the average interest rate of the said bonds and bills are 3,94%. There isn't any bonds and bills as of December 31, 2020.

## 10. Right of use assets

The right of use assets of the Company as of December 31, 2020 and 2019 are as follows;

| | **January 1, 2020** | **Addition** | **December 31, 2020** |
|---|---|---|---|
| **Cost:** | | | |
| Buildings | - | 11.957 | 11.957 |
| Vehicles | 10.143 | 7.795 | 17.938 |
| **Total** | **10.143** | **19.752** | **29.895** |
| **Accumulated amortization:** | | | |
| Buildings | - | 2.995 | 2.995 |
| Vehicles | 5.637 | 8.922 | 14.559 |
| **Total** | **5.637** | **11.917** | **17.554** |
| **Net book value** | **4.506** | | **12.341** |

**(Amounts expressed in Turkish Lira (“TL”) unless otherwise stated)**

## 10. Right of use assets (continued)

| | January 1, 2019 | Addition | December 31, 2019 |
|---|---|---|---|
| Cost: | | | |
| Vehicles | - | 10.143 | 10.143 |
| Total | - | 10.143 | 10.143 |
| Accumulated amortization | | | |
| Vehicles | - | 5.637 | 5.637 |
| Total | - | 5.637 | 5.637 |
| Net book value | - | | 4.506 |

## 11. Investment properties

The investment properties of the Company as of December 31, 2020 and 2019 are as follows;

| | **January 1, 2020** | **Addition** | **Disposals** | **December 31, 2020** |
|---|---|---|---|---|
| **Cost** | | | | |
| Buildings | 112.040 | 18.500 | - | 130.540 |
| **Total** | **112.040** | **18.500** | **-** | **130.540** |
| **Accumulated amortization** | | | | |
| Buildings | 10.246 | 2.389 | - | 12.635 |
| **Total** | **10.246** | **2.389** | **-** | **12.635** |
| **Net book value** | **101.794** | | | **117.905** |

**(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)**

## 11. Investment properties (continued)

| | January 1 2019 | Addition | Disposals | December 31, 2019 |
|---|---|---|---|---|
| Cost | | | | |
| Buildings | 112.040 | - | - | 112.040 |
| Total | 112.040 | - | - | 112.040 |
| Accumulated amortization | | | | |
| Buildings | 8.020 | 2.226 | - | 10.246 |
| Total | 8.020 | 2.226 | - | 10.246 |
| Net book value | 104.020 | | | 101.794 |

Depreciation expenses are accounted under general administrative expenses.

No rental income was earned from investment properties in 2020 (2019: None).

Investment properties amounting of thousand TL 89.978 in the buildings are located in United Kingdom and members of the İpek Family live in these apartments. The lease agreement has not been signed due to the current legal processes. When the legal processes are end, the necessary evaluations will be made by the Company management in accordance with the market practices. Investment properties amounting of thousand TL 22.062 in the buildings consist of dormitory buildings in Gümüşhane and Bergama. There isn't any rental agreement. As of December 31, 2020, there are annotations placed by the General Directorate of National Real Estate on the Company's domestic real estate properties.

## 12. Property, plant and equipment

The property, plant and equipment of the Company as of December 31, 2020 and 2019 are as follows:

| | **December 31, 2020** | December 31, 2019 |
|---|---|---|
| Mining assets | 226.221 | 222.055 |
| Other tangible assets | 433.253 | 349.328 |
| **Total** | **659.474** | 571.383 |

### a) Mining assets

As of December 31, 2020 and December 31, 2019, mining assets consists of mining rights, mine site development costs, deferred stripping costs, mining lands, and closing and rehabilitation of mines, and the net book values of these mining assets are as follows.

| | **December 31, 2020** | December 31, 2019 |
|---|---|---|
| Lands | 32.330 | 27.960 |
| Mine site development cost | 123.039 | 104.695 |
| Deferred stripping costs | 11.318 | 16.646 |
| Rehabilitation of mining facility | 22.118 | 44.791 |
| Mining rights | 37.416 | 27.963 |
| **Total** | **226.221** | 222.055 |

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

## 12. Property, plant and equipment (continued)

### a) Mining assets (continued)

The movements of mining assets are as follows;

| | January 1, 2020 | Addition | Disposals | December 31, 2020 |
|---|---|---|---|---|
| **Cost** | | | | |
| Lands | 60.607 | 9.939 | - | 70.546 |
| Mine site development cost | 415.548 | 35.500 | - | 451.048 |
| Deferred stripping costs | 246.609 | 17.385 | - | 263.994 |
| Rehabilitation of mining facility | 184.922 | 46.211 | - | 231.133 |
| Mining rights | 40.895 | 9.975 | (105) | 50.765 |
| **Total** | **948.581** | **119.010** | **(105)** | **1.067.486** |
| **Accumulated depreciation** | | | | |
| Lands | 32.647 | 5.569 | - | 38.216 |
| Mine site development cost | 310.853 | 17.156 | - | 328.009 |
| Deferred stripping costs | 229.963 | 22.713 | - | 252.676 |
| Rehabilitation of mining facility | 140.131 | 68.884 | - | 209.015 |
| Mining rights | 12.932 | 417 | - | 13.349 |
| **Total** | **726.526** | **114.739** | - | 841.265 |
| **Net book value** | **222.055** | | | **226.221** |

**(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)**

## 12. Property, plant and equipment (continued)

### a) Mining assets (continued)

| | January 1, 2019 | Additions | Disposals | December 31, 2019 |
|---|---|---|---|---|
| Cost | | | | |
| Lands | 60.321 | 286 | - | 60.607 |
| Mine site development cost | 452.565 | 36.988 | (74.005) | 415.548 |
| Deferred stripping costs | 223.389 | 23.220 | - | 246.609 |
| Rehabilitation of mining facility | 142.728 | 42.194 | - | 184.922 |
| Mining rights | 28.235 | 12.660 | - | 40.895 |
| Total | 907.238 | 115.348 | (74.005) | 948.581 |
| Accumulated depreciation | | | | |
| Lands | 27.027 | 5.620 | - | 32.647 |
| Mine site development cost | 290.777 | 20.076 | - | 310.853 |
| Deferred stripping costs | 186.388 | 43.575 | - | 229.963 |
| Rehabilitation of mining facility | 73.095 | 67.036 | - | 140.131 |
| Mining rights | 12.404 | 528 | - | 12.932 |
| Total | 589.691 | 136.835 | - | 726.526 |
| Net book value | 317.547 | | | 222.055 |

Depreciation expenses are accounted under the cost of goods sold.

There isn't any mortgage on mining assets as of December 31, 2020 (December 31, 2019: None).

The costs of the lands, mining rights and mine site development costs of the Company, which have been fully depreciated as of December 31, 2020, but are in use, are amounting to TL 102.593 (December 31, 2019: TL 63.636).

**(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)**

## 12. Property, plant and equipment (continued)

### b) Other tangible assets

Movements of other tangible assets during the period as of December 31, 2020 and 2019 are as follows;

| | January 1, 2020 | Additions | Disposals | Transfers | December 31, 2020 |
|---|---|---|---|---|---|
| **Maliyet** | | | | | |
| Land, buildings and land improvements | 253.466 | 6.632 | (69) | 38.563 | 298.592 |
| Machinery and equipment | 654.327 | 83.486 | (88) | 3.902 | 741.627 |
| Motor vehicles | 71.281 | 30.633 | (390) | | 101.524 |
| Furnitures and fixtures | 52.903 | 9.313 | (95) | 3.603 | 65.724 |
| Construction in progress (*) | 12.637 | 50.856 | (1.662) | (46.068) | 15.763 |
| **Total** | **1.044.614** | **180.920** | **(2.304)** | **-** | **1.223.230** |
| **Accumulated depreciation** | | | | | |
| Buildings and land improvements | 127.859 | 26.734 | (7) | - | 154.586 |
| Machinery and equipment | 492.741 | 47.732 | (10) | - | 540.463 |
| Motor vehicles | 41.044 | 13.858 | (185) | - | 54.717 |
| Furnitures and fixtures | 33.642 | 6.615 | (46) | - | 40.211 |
| **Total** | **695.286** | **94.939** | **(248)** | **-** | **789.977** |
| **Net book value** | **349.328** | | | | **433.253** |

(*) As of December 31, 2020, the disposals from construction in progress account consist of the investments made by the Company related to the canceled Söğüt project.

Depreciation expenses amounting to TL 88.841 (2019: TL 72.701) have been accounted under cost of the goods and amounting to TL 6.098 (2019: TL 6.067) under general administrative expenses.

There isn't any mortgage on other tangible assets as of December 31, 2020 (December 31, 2019: None). As of December 31, 2020, the insurance amount on the tangible assets and inventories of the Company is TL 184.773 (December 31, 2019: TL 20.667).

The cost of other tangible assets of the Company, which have been fully depreciated as of December 31, 2020, but are in use, is amounting to TL 358.732 (December 31, 2019: TL 311.224).

There are no financing expenses capitalized on property, plant and equipment.

(Amounts expressed in Turkish Lira (“TL”) unless otherwise stated)

## 12. Property, plant and equipment (continued)

### b) Other tangible assets (continued)

| | January 1, 2019 | Additions | Disposals | Transfers | December 31, 2019 |
|---|---|---|---|---|---|
| Cost | | | | | |
| Land, buildings and land improvements | 226.960 | 6.929 | - | 19.577 | 253.466 |
| Machinery and equipment | 610.945 | 42.185 | (8) | 1.205 | 654.327 |
| Motor vehicles | 67.755 | 3.946 | (420) | - | 71.281 |
| Furnitures and fixtures | 45.528 | 7.415 | (40) | - | 52.903 |
| Construction in progress | 20.996 | 12.423 | - | (20.782) | 12.637 |
| Total | 972.184 | 72.898 | (468) | - | 1.044.614 |
| Accumulated depreciation | | | | | |
| Buildings and land improvements | 104.637 | 23.222 | - | - | 127.859 |
| Machinery and equipment | 455.812 | 36.929 | - | - | 492.741 |
| Motor vehicles | 29.584 | 11.780 | (320) | - | 41.044 |
| Furnitures and fixtures | 26.839 | 6.837 | (34) | - | 33.642 |
| Total | 616.872 | 78.768 | (354) | - | 695.286 |
| Net book value | 355.312 | | | | 349.328 |

## 13. Intangible assets

### a. Goodwill

As of December 31, 2020 and 2019 the details of the Company’s intangible assets are as follows:

| | **December 31, 2020** | December 31, 2019 |
|---|---|---|
| Goodwill related to Newmont Altın purchase | 11.232 | 11.232 |
| Goodwill related to Mastra purchase | - | 2.785 |
| **Total** | **11.232** | 14.017 |

***Purchase of Newmont Gold:***

The Company purchased 99.84% of Newmont Altın’s shares in order to gain competitive advantage and create synergy by benefiting from the mining fields owned by Newmont Altın on June 28, 2010, in accordance with the “Share Purchase Agreement” with Newmont Overseas and Canmont. As of the same date, control of Newmont Altın was transferred to Koza Altın.

Koza Altın has paid 538 thousand USD and 2.462 thousand USD, which constitute part of the total purchase price of 8.500 thousand US dollars, for 99.84% Newmont Altın shares, on June 28, 2010 and July 2, 2010, respectively. The remaining 5.500 thousand USD of the purchase price, 3.000 thousand USD will be paid after the start of the Diyadin project, which is planned for at least one year after the balance sheet date, and the remaining 2.500 thousand USD will be paid one year after the second payment.

## 13. Intangible assets (continued)

### a) Goodwill

As of December 31, 2020, it is highly probable that a sufficient amount of visible and probable reserves will be found in the mentioned mine sites in the coming years according to the estimates of the gold price made by the management, geological and geochemical studies and expert reports. As a result of these evaluations, no impairment is expected in the goodwill arising from the acquisition of Newmont Altın as of December 31, 2020.

***Purchase of Mastra Madencilik:***

The Company has acquired 50.43% of Mastra Madencilik, which previously owned 49.57% of its founding shares, to Dedeman Holding A.Ş. and Dedeman Family for TL 4.241 thousand in exchange of USD 3.217 thousand on August 12, 2005. The difference of TL 2.785 thousand between the fair value of the net assets obtained in return for the purchase is reflected in the financial statements as goodwill. Mastra Madencilik has legally merged under Koza Altın as of September 15, 2005 in parallel with the Turkish Commercial Code and the Corporate Tax Law.

As a result of the impairment tests performed over the fair value after the costs required for sales, impairment was detected in the goodwill generated by the acquisition of Mastra Madencilik as of December 31, 2020. Since the price of gold on an ounce basis is an independent market data, the Company uses the impairment test by deducting the net book value of the mining assets and other tangible and intangible assets in the site from the amount of visible and probable workable reserve amount valued at current market prices by comparing the value of the possible workable net reserve with the carried value of the goodwill.

Since the net value of the visible and probable net reserve after deducting the cost of the relevant investments is not higher than the carried value of the goodwill, impairment was detected.

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

## 13. Intangible assets (continued)

### b. Other intangible assets

The details of the Company's other intangible assets as of December 31, 2020 and 2019 are as follows:

| | **January 1, 2020** | **Additions** | **December 31, 2020** |
|---|---|---|---|
| **Costs** | | | |
| Rights | 10.286 | 835 | 11.122 |
| Total | **10.286** | **835** | **11.122** |
| **Accumulated depreciation** | | | |
| Rights | 8.846 | 1.182 | 10.029 |
| **Total** | **8.846** | **1.182** | **10.029** |
| **Net book value** | **1.440** | | **1.093** |

| | January 1, 2019 | Additions | December 31, 2019 |
|---|---|---|---|
| Cost | | | |
| Rights | 9.478 | 808 | 10.286 |
| Total | 9.478 | 808 | 10.286 |
| Accumulated depreciation | | | |
| Rights | 7.111 | 1.735 | 8.846 |
| Total | 7.111 | 1.735 | 8.846 |
| Net book value | 2.367 | | 1.440 |

**(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)**

## 14. Lease liabilities

| | **December 31, 2020** | December 31, 2019 |
|---|---|---|
| Short-term lease liabilities | **5.383** | 3.902 |
| Long-term lease liabilities | **8.855** | 545 |
| **Total** | **14.238** | 4.447 |

Movement of lease liabilities for the year ended on December 31, 2020 and 2019 is as follows:

| | **2020** | 2019 |
|---|---|---|
| January 1 | **4.447** | 10.143 |
| Paid during the period | **(14.491)** | (6.856) |
| Additions | **20.312** | - |
| Interest accrued | **3.970** | 1.160 |
| **December 31** | **14.238** | 4.447 |

## 15. Payables relating to the benefits provided to employees

| | **December 31, 2020** | December 31, 2019 |
|---|---|---|
| Social Security Institution premiums to be paid | 12.040 | 9.477 |
| Taxes and funds payable | 9.830 | 8.084 |
| Due to personnel | - | 181 |
| **Total** | **21.870** | 17.742 |

## 16. Other payables

The details of the Company's other payables as of December 31, 2020 and 2019 are as follows:

### i- Long-term other payables

| | **December 31, 2020** | December 31, 2019 |
|---|---|---|
| Other payables due to third parties (*) | 40.308 | 32.619 |
| **Total** | **40.308** | 32.619 |

(*) The account results from the the Company's purchase of Newmont Gold in 2010.

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

## 17. Provisions, contingent assets and liabilities

As of December 31, 2020 and 2019, the details of the Company's provisions, contingent assets and liabilities are as follows:

### a) Short-term provisions

| | **December 31, 2020** | December 31, 2019 |
|---|---|---|
| State right expense provision | 255.413 | 107.470 |
| Environmental rehabilitation, rehabilitation of mining sites and mine closure provision | 74.211 | 45.582 |
| Provisions for lawsuit | 21.780 | 8.581 |
| Other provisions | 1.059 | 3.769 |
| **Total** | **352.463** | 165.402 |

The movement table for state right expense provision is as follows;

| | **2020** | 2019 |
|---|---|---|
| **January 1** | 107.470 | 48.317 |
| Paid during the period | (113.735) | (46.055) |
| Effect of changes in estimates and assumptions | 6.264 | (2.262) |
| Additions / (cancellations), net | 255.414 | 107.470 |
| **December 31** | **255.413** | 107.470 |

The movement table for provision for lawsuits is as follows;

| | **2020** | 2019 |
|---|---|---|
| **January 1** | 8.581 | 3.837 |
| Paid during the period | (13.516) | - |
| Effect of changes in estimates and assumptions | 4.935 | - |
| Additions / (cancellations), net | 21.780 | 4.744 |
| **December 31** | **21.780** | 8.581 |

### b) Long-term provisions

| | **December 31, 2020** | December 31, 2019 |
|---|---|---|
| Environmental rehabilitation, rehabilitation of mining sites and mine closure provision | 119.492 | 125.359 |
| **Total** | **119.492** | 125.359 |

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

## 17. Provisions, contingent assets and liabilities (continued)

### b) Long-term provisions (continued)

The movement table for environmental rehabilitation, rehabilitation of mining sites and provision for mine closure is as follows;

| | **2020** | 2019 |
|---|---|---|
| **January 1** | 170.941 | 129.778 |
| Paid during the period | (32.414) | (10.882) |
| Discount effect | 15.928 | 10.222 |
| Currency effect | 40.282 | 17.219 |
| Effect of changes in estimates and assumptions | 5.098 | 22.155 |
| Additions / (cancellations), net | (6.132) | 2.449 |
| **December 31** | **193.703** | 170.941 |

### c) Provisions for employee benefits

### i - Short-term provisions for employee benefits

| | **December 31, 2020** | December 31, 2019 |
|---|---|---|
| Provision for unused vacation | 10.059 | 9.653 |
| **Total** | **10.059** | 9.653 |

The movement of provision for unused vacation is as follows;

| | **2020** | 2019 |
|---|---|---|
| January 1 | **9.653** | 6.147 |
| Additions / (cancellations), net | **406** | 3.506 |
| **December 31** | **10.059** | 9.653 |

### ii- Long-term provisions for employee benefits

| | **December 31, 2020** | December 31, 2019 |
|---|---|---|
| Provision for employee termination benefits | 34.384 | 25.689 |
| **Total** | **34.384** | 25.689 |

Under the Turkish Labour Law, the Company is required to pay employment termination benefits to each employee who has qualified for such benefits as the employment ended. Also, employees who are entitled to a retirement are required to be paid retirement pay in accordance with Law No: 2422 dated March 6, 1981 and No: 4447 dated August 25, 1999 and the amended Article 60 of the existing Social Insurance Code No: 506. Some transition provisions related to the pre-retirement service term were excluded from the law since the related law was changed as of May 23, 2002.

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

## 17. Provisions, contingent assets and liabilities (continued)

### c) Provisions for employee benefits (continued)

### ii- Long-term provisions for employee benefits (continued)

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the real rate net of expected effects of inflation. The severance pay ceiling is revised in every six months, and the ceiling amount of TL 7.638,96 (January 1, 2020: TL 6.730,15) as of January 1, 2021 was taken into consideration in the calculation of the provision for severance pay. TFRS requires actuarial valuation methods to be developed to estimate the provision for severance pay. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

| | **December 31, 2020** | December 31, 2019 |
|---|---|---|
| Net discount rate | %3,67 | %1,29 |
| Turnover rate related the probability of retirement (rate of employees to remain to retirement) | %96,62 | %92,62 |

The movements of the provision for severance pay within the accounting periods of December 31, 2020 and 2019 are as follows:

| | **2020** | 2019 |
|---|---|---|
| **January 1** | **25.689** | 20.913 |
| Interest cost | 3.083 | 141 |
| Service cost | 8.073 | 4.491 |
| Actuarial loss / (gain) | (457) | 2.668 |
| Severance paid | (2.004) | (2.524) |
| **December 31** | **34.384** | 25.689 |

Liability of employment termination benefits is not subject to any funding as there isn't an obligation. Provision is calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. TAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the Company's obligation under the defined benefit plans. The following actuarial assumptions are used in the calculation of the total liability.

The sensitivity analysis of the important assumptions used in the calculation of the provision for employee termination benefits as of December 31, 2020 is as follows:

| | **Discount rate** | | **Rate of retirement** | |
|---|---|---|---|---|
| | 0,50% increase | 0,50% decrease | 0,50% increase | 0,50% decrease |
| **2020** | (2.294) | 2.543 | 611 | (580) |

## 17. Provisions, contingent assets and liabilities (continued)

### d) Important ongoing cases

#### i - Lawsuits related to the Ovacık mine

For the cancellation of the EIA positive decision issued for the Ovacık 3rd waste storage facility, the İzmir 3rd Administrative Court's case numbered 2017/1432 E. Was filed against the Ministry of Environment and Urbanization, and the Company intervened to the case. The court delivered a judgement of dismissal on March 12, 2020, in favor of the Company, which is open to appeal to the Council of State. It was appealed by the plaintiffs with a request for a stay of execution. As a result, with the decision of the 6th Chamber of the Council of State to reject the appeal requests of the plaintiffs on the merits and the approval of the local court decision in this direction, some of the plaintiffs have not been able to file a lawsuit, so the decision was made to overturn the judgment for procedural reasons, which will not affect the merits.

For the cancellation of the EIA affirmative decision issued for the Ovacık gold mine in accordance with the provisions of the 2009/7 circular, Izmir 6th Administrative Court's case numbered 2017/1317 E. was filed against the Ministry of Environment and Urbanization and the Company intervened to the case. İzmir 6th Administrative Court rejected the case in favor of the Company in the case file numbered 2017/1317 E., and file numbered 2020/350 E in the same court the Council of State dismissed the appeal requests of the plaintiffs and ordered to change of venue by delivering the file to the local court for procedural rules of law, not for the substantive ones. In this respect, the trial continues and does not affect the activities of the Company. Therefore, the Company continues activities of production within the scope of the relevant EIA affirmative report.

The results of other lawsuits regarding the Ovacık gold mine are not such as to affect the Company's activities.

#### ii- Lawsuits related to Kaymaz mine

The Company has filed lawsuits in Eskisehir 1st Administrative Court numbered 2014/1084 E. And Eskişehir 1st Administrative Court numbered 2014/760 E. Requesting cancellation and stay of execution against the operations related to the cessation of operations in the agricultural lands of the Kaymaz gold mine located in the field bearing aregistration number of 43539 and 82567. Among these lawsuits, with respect to the lawsuit numbered 2014/760 E. İn Eskisehir 1st Administrative Court filed regarding the field with license number of İR 43539 and the lawsuit numbered 2014/1084 E. regarding the field with license number of İR 82567; the court ordered to the cancellation of proceedings subject to the case, with open appeal. Both cases were concluded in favor of the Company. Upon the appeal of the plaintiffs in both files, the Council of State ordered to suspend the execution of the court decisions. Substantial examination of the appeal continues in terms of both files and the trial is ongoing.

The Company intervened in the case along with the defendant Ministry of Environment and Urbanization which was filed for the cancellation and stay of execution of the EIA affirmative decision given regarding the 2nd Waste Storage Facility project planned to be made in the field site with the operation license number of 82567 and the trial is ongoing.

#### iii- Lawsuits related to other mines

These lawsuits are related to the expansion of the activities in some licensed fields and / or the permits and licenses of the new areas to be operated.

## 17. Provisions, contingent assets and liabilities (continued)

### iii- Lawsuits related to other mines (continued)

**Lawsuits related to Çukuralan mine:**

A lawsuit numbered 2017/1656 E. was filed against the Ministry of Environment and Urbanization in İzmir 6th Administrative Court for the cancellation of the EIA affirmative report issued for the 3rd capacity increase Project of Çukuralan mining facility, and the Company intervened in the case. In the file, an exploratory examination was carried out by the expert and court committee on April 4, 2018. On August 9, 2018, the court ordered to a stay of execution and the transaction in question was canceled with the court decision dated September 28, 2018. As a result of the appeal review by the Council of State, the decision of the local court was overturned by the decision numbered 2018/5434 E. And 2019/1606 K. Dated March 5, 2019 in favor of the Company on grounds that it was inappropriate. The trial continues in Izmir 6th Administrative Court with the case number of 2019/574. The Company continues its activities with the EIA affirmative report received within the scope of 3rd capacity increase.

The lawsuit no 2019/1120 E. (former basis 2019/171 E.) was filed at Izmir 6th Administrative Court, and the defendant was intervened by the Ministry of Environment and Urbanization as well as the company for the cancellation of the Environmental Impact Assessment Affirmative Decision regarding the 3rd capacity increase 2009/7 project of Çukuralan Gold Mine, which is planned to be carried out by Koza Gold enterprises in Dikili district of İzmir province.

For the annulment of the decision given by the defendant administration that the EIA is not required, a lawsuit was filed at the Izmir 6th Administrative Court with the number 2020/1479 E for the Çukuralan Gold Mine Crushing and Screening Plant Project planned to be built by Koza Gold Operations Inc. in Çukuralan Site. The trial is ongoing.

**Lawsuit related to Çanakkale Project:**

In the lawsuit filed for the annulment and suspension of the EIA positive decision regarding the S: 201001197 Gold and Silver Mine Project, which is planned to be made in the vicinity of Serçiler and Terziler villages in the central district of Çanakkale, the company intervenes with the Ministry of Environment and Urbanization. The trial is ongoing.

### iv- Lawsuits regarding the Company's subsidiary abroad

Legal actions has been initiated against the amendment in the main contract and establishment of privileged share as well as the board change with respect to London-based Koza Ltd., in which the Company owns 100% shares, and the legal process is ongoing before London courts. On the date of January 23, 2019, it has been decided by the 10th Commercial Court of First Instance of Ankara (case file number 2017/349 E) with an open appeal within two weeks from the notification date that 60.000.000 British Pounds shall be taken from the defendants to Koza Altın İşletmeleri A.Ş. as of September 1, 2015, together with the interest to be accrued according to the article 4 / a of the law numbered 3095. Following an appeal filed by the defendants against this court decision, the 21st Civil Chamber of Ankara Regional Court of Justice, which is the court of appeal, ordered to deem the defendants' request of appeal has not been filed for procedural reasons, with the decision numbered 2019/699 E. And 2019/1189 K. An appeal has been filed by the defendants against this decision, and the appeal process continues.

**(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)**

## 17. Provisions, contingent assets and liabilities (continued)

### v- Liability lawsuits filed against former managers

As a result of the evaluations made by the CMB after the decision to appoint a trustee, the Company was instructed to file a liability lawsuit against previous board members for various reasons, and various liability lawsuits were filed against former managers on behalf of Ankara Commercial Courts, and the lawsuits are still pending. Lawsuits that may affect the activities of the Company are announced on the public disclosure platform in legal periods.

### vi- Other legal processes

Pursuant to the decision of the 5th Criminal Court of Peace in Ankara, the management of the Company was transferred to the Board of Trustees and then to the Savings Deposit Insurance Fund ("SDIF") on September 22, 2016. The indictment issued by the Ankara Chief Public Prosecutor's Office regarding the events that led to the appointment of a trustee was accepted by the Ankara 24th High Criminal Court and their trial was initiated with the file number 2017/44 E. And the case was resolved by the court of first instance.It has been decided by the court of first instance to confiscate the Company shares that belonged to the previous board members who were judged. Until the decision is finalized, it has been decided that the above-described measure of appointing a trustee will be continued. The decision is not finalized yet. In the case file of the Ankara 24th High Criminal Court numbered 2017/44 E., it has been further ordered by the court that the actions be severed with respect to the former members of the board of directors who could not have been tried due to their nonappearance in court and that the judgement to be continued through this new file and the aforementioned measure of the appointment of trustees to be sustained until the end of the trial. The new file severed is registered in the number of 2020/20 E under the Ankara 24th High Criminal Court's jurisdiction. The trial is ongoing.

### vi- Employee lawsuits and cases of contract receivables

As of December 31, 2020, the provision amount accounted for ongoing employee and other lawsuits against the Company is amounting to TL 21.780 Thousand (December 31, 2019: TL 8.581 Thousand).

### e) Commitments and contingent liabilities

### i- Letter of guarantees given

The details of the letter of guarantees given by the Company as of December 31, 2020 and 2019 are as follows:

| | **December 31, 2020** | December 31, 2019 |
|---|---|---|
| A. CPM's given on behalf of own legal entity | 54.990 | 28.972 |
| *- Guarantee* | *54.990* | *28.972* |
| *- Mortgage* | - | - |
| B. CPM's given in favor of partnerships which are fully consolidated | - | - |
| C. CPM's given for assurance of third parties debts in order to conduct usual business activities | - | - |
| D. Total amount of other CPM's given | - | - |
| i. Total amount of CPM's given in favor of the parent company | - | - |
| ii. Total amount of CPM's given in favor of other group companies which are not in scope of B and C | - | - |
| iii. Total amount of CPM's given on behalf of third parties which are not in scope of C | - | - |
| **Total** | **54.990** | 28.972 |

**(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)**

## 17. Provisions, contingent assets and liabilities (continued)

### e) Commitments and contingent liabilities (continued)

### ii- Letter of guarantees received

The details of the Company's letter of guarantees received as of December 31, 2020 and 2019 are as follows:

| | **December 31, 2020** | December 31, 2019 |
|---|---|---|
| Guarantee cheques | 493.695 | 304.613 |
| Guarantee letters | 87.371 | 136.694 |
| Security bonds | 422 | 1.537 |
| **Total** | **581.488** | 442.844 |

### iii- Government grants

The 80% percentage of the income tax calculated on the social security employer's share and wages calculated for the Company's employees in the mine processing facility in Mastra-Gümüşhane, is covered by the Treasury within the scope of the Law No. 5084 on "Incentives for Investments and Employment and Making Amendments to Certain Laws". The Company also benefits from 5% insurance premium on employer's share incentive at all workplaces within the scope of "Social Insurance and General Health Insurance Law" numbered 5510.

The Company benefits from the investment incentive in the Çukuralan – İzmir. The Company benefits from the 80% and 40% corporate tax reduction rate and investment contribution rate, respectively, within the scope of incentive.

An incentive certificate was obtained for Himmetdede on May 8, 2018. The aforementioned document has a duration of 3 years as of December 21, 2017 and has ended on December 21, 2020. Time extension will be requested.

## 18. Equity

As of December 31, 2020, the Company's paid-in capital is amounting to TL 152.500 Thousand (December 31, 2019: TL 152.500 Thousand) and consists of 15.250.000.000 shares with a nominal share value of 1 Kuruş (December 31, 2019: 15.250.000.000 units).

| | **December 31, 2020** | | | December 31, 2019 | |
|---|---|---|---|---|---|
| **Equity** | **Share Group** | **Share Rate** | **Share amount** | Share Rate | Share amount |
| ATP İnşaat ve Ticaret A.Ş. | A, B | 45,01 | 68.636 | 45,01 | 68.636 |
| Koza İpek Holding A.Ş. | A, B | 24,99 | 38.114 | 24,99 | 38.114 |
| Other | A | 30,00 | 45.750 | 30,00 | 45.750 |
| **Total** | | **100** | **152.500** | 100 | 152.500 |
| Capital adjustment differences | | | 3.579 | | 3.579 |
| **Paid-in capital** | | | **156.079** | | 156.079 |

## 18. Equity (continued)

The Board of Directors of the Company consists of six members and four of these six persons are elected by the general assembly from among the candidates nominated by (A) group registered shareholders, and two independent members from among the candidates nominated in the general assembly. At its meeting after each ordinary general assembly or each general assembly where members are elected, the board of directors elects a chairman and a vice chairman among the members representing the (A) group registered shareholders. Apart from this, (A) and (B) group shares do not have any other privileges. According to the decision of Ankara 5th Criminal Court of Peace dated October 26, 2015, trustees have been appointed to the Company, and a regulation has been made regarding the transfer of the powers of the trustees working in the companies that have been decided to be appointed to the SDIF by the judge or the court with the Decree No.674 on Making Some Regulations under the State of Emergency, published in the Resmi Gazete dated August 15, 2016. With the decision of Ankara 4th Criminal Judgeship dated September 6, 2016 and numbered 2016/4628 D, it was decided to terminate the duties of the trustees on the day the procedures for their trusteeship powers were completed. The board of directors was established by the SDIF with the decision of the SDIF Board dated September 22, 2016 and numbered 2016/206. For this reason, the privileges of the (A) and (B) share groups cannot be used.

Capital adjustment differences amounting to TL 3.579 Thousand (December 31, 2019: TL 3.579 Thousand), from the difference between the total amount of the Company's capital adjusted for inflation and the capital amount before the inflation correction of the Company, offsetting accumulated losses in 2006 and remaining after the transfer to the paid-in capital refers to the amount.

Public companies make their dividend distributions according to the CMB's "Dividend Communiqué" numbered II19.1, which entered into force as of February 1, 2014.

According to the "Communiqué on Procedures and Principles Regarding the Implementation of Provisional Article 13 of the Turkish Commercial Code No. 6102" published in the Resmi Gazete dated May 17, 2020 and numbered 31130:

- Capital companies will be able to decide to distribute only up to 25 percent of the net profit for the year 2019 in cash until September 30, 2020. Retained earnings and free reserves cannot be included. This limitation will not be applied for capital increase to be made from internal resources in accordance with Article 462 of the Turkish Commercial Code.

- Dividend advance power will not be authorized by the general assembly until September 30, 2020 in capital companies. If the board of directors was authorized by the General Assembly to distribute dividend advance payments, advance payments will be postponed until December 31, 2020.

- If a dividend distribution decision has been taken before April 17, 2020, when the temporary article 13 of the Turkish Commercial Code came into force and the shareholders have not yet been paid or partial payments have been made, all payments regarding the unpaid portion will be postponed until December 31, 2020 if the distribution decision is taken from the free reserves, although the payments exceeding 25% of the net profit of the 2019 period have been lost in the accounting period. No interest will be accrued on deferred payments.

Companies distribute their profits within the framework of profit distribution policies to be determined by their general assemblies and in accordance with the provisions of the relevant legislation, by the decision of the general assembly. Within the scope of the said communique, a minimum distribution rate has not been determined. Companies pay dividends as specified in their articles of association or profit distribution policies. In addition, dividends can be paid in installments of equal or different amounts and dividend advances can be distributed over the profit in the financial statements.

**(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)**

## 18. Equity (continued)

Unless the reserves that should be set aside according to the TCC and the dividend determined for the shareholders in the articles of association or in the profit distribution policy are reserved; it cannot be decided to allocate other reserves, to transfer profits to the next year, and to distribute dividends to dividend owners, members of the board of directors, company employees and persons other than shareholders, and no dividends can be distributed to these persons unless the dividend determined for shareholders is paid in cash.

The Company's restricted reserves are as follows:

| | **December 31, 2020** | December 31, 2019 |
|---|---|---|
| Restricted reserves | 137.390 | 137.390 |
| **Total** | **137.390** | 137.390 |

According to the Turkish Commercial Code, legal reserves consist of first and second legal reserves. The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in share capital. The second legal reserve is 10% of the distributed profit in excess of 5% of the paid-in share capital. According to the Turkish Commercial Code, as long as the legal reserves do not exceed 50% of the paid-in capital, they can only be used to offset the losses, it is not possible to use them in any other way.

## 19. Revenue and cost of sales

The details of the Company's revenue and cost of sales as of January 1 – December 31, 2020 and 2019 are as follows:

### a) Revenue

| | **January 1 – December 31, 2020** | January 1 – December 31, 2019 |
|---|---|---|
| Domestic sales | 3.249.641 | 2.849.270 |
| **Total sales** | **3.249.641** | 2.849.270 |
| **Cost of sales** | (1.177.297) | (955.284) |
| **Gross profit** | **2.072.344** | 1.893.986 |

The distribution of the Company's revenues by product type as of January 1 – December 31, 2020 and 2019 are as follows:

| | **January 1 – December 31, 2020** | January 1 – December 31, 2019 |
|---|---|---|
| Sales of gold bars | 3.233.349 | 2.835.876 |
| Sales of silver bars | 16.291 | 13.393 |
| Other | 1 | 1 |
| **Total** | **3.249.641** | 2.849.270 |

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

## 19. Revenue and cost of sales (continued)

### b- Cost of sales

| | **January 1 – December 31, 2020** | January 1 – December 31, 2019 |
|---|---|---|
| State right, fees and other taxes | 259.870 | 108.085 |
| Personnel expenses | 239.343 | 191.544 |
| Depreciation and amortisation expense | 207.912 | 205.313 |
| Direct materials used | 160.701 | 143.293 |
| Repair and maintenance expenses | 108.351 | 86.800 |
| Electricity and fuel expenses | 100.830 | 89.942 |
| Transportation costs | 21.805 | 36.366 |
| Stripping and crusher feeding expenses | 17.331 | 93.853 |
| Rent expenses | 16.084 | 20.976 |
| Rehabilitation expenses | 8.965 | 6.243 |
| Other | 62.072 | 26.775 |
| Yarı mamül ve mamüldeki değişim | (25.967) | (53.906) |
| **Total** | **1.177.297** | 955.284 |

## 20. Expenses by nature

Research and development, marketing, sales and distribution and general administrative expenses

| | **January 1 – December 31, 2020** | January 1 – December 31, 2019 |
|---|---|---|
| Research expenses | 115.261 | 136.849 |
| Personnel expenses | 86.813 | 73.589 |
| Dues, donations and aids | 53.010 | 2.002 |
| Advertising and marketing expenses | 20.370 | 3.609 |
| Depreciation and amortisation expense | 17.254 | 10.885 |
| Legal expenses | 12.373 | 10.463 |
| Outsourced security expenses | 10.231 | 8.514 |
| State right, fees and other taxes | 7.403 | 2.920 |
| Electricity and fuel expenses | 5.133 | 4.941 |
| Gold sales and refinery expenses | 3.916 | 6.597 |
| Audit and consultancy expenses | 2.817 | 4.046 |
| Insurance expenses | 2.159 | 1.656 |
| Communication expenses | 1.652 | 1.397 |
| Travel expenses | 652 | 1.097 |
| Other | 31.224 | 27.233 |
| **Total** | **370.268** | 295.798 |

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

## 21. Other operating income and expenses

The details of the Company's other operating income and expenses as of January 1 – December 31, 2020 and 2019 are as follows:

### a- Other operating income

| | **January 1 – December 31, 2020** | January 1 – December 31, 2019 |
|---|---|---|
| Foreign exchange income related to trading activities | 18.911 | 1.738 |
| Other (*) | 42.066 | 28.583 |
| **Total** | **60.977** | 30.321 |

(*) As of December 31, 2020, 28,000 thousand TL of the balance is due to the sale of all know-how information about the mine field in Bilecik province Söğüt district to Gübre Fabrikaları T.A.Ş.

### b- Other operating expense

| | **January 1 – December 31, 2020** | January 1 – December 31, 2019 |
|---|---|---|
| Lawsuit provision expenses | 13.199 | 8.581 |
| Doubtful receivable expenses | 3.141 | 3.363 |
| Other (**) | 39.158 | 4.806 |
| **Total** | **55.498** | 16.750 |

(**) As of December 31, 2020, TL 24.676 thousand of the balance is due to the expense of the interest and principal amount paid in 2016 for the state rights case between 2010-2015.

## 22. Income from investing activities

The details of the Company's revenue and cost of sales as of January 1 – December 31, 2020 and 2019 are as follows:

| | **January 1 – December 31, 2020** | January 1 – December 31, 2019 |
|---|---|---|
| Interest income | 568.489 | 559.017 |
| Foreign exchange income | 78.540 | 82.439 |
| Other | 260 | 5.260 |
| **Total** | **647.289** | 646.716 |

(Amounts expressed in Turkish Lira (“TL”) unless otherwise stated)

## 23. Income tax

### Current income tax

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, dividend income from domestic companies, other exempt income and investment incentives utilized.

The effective tax rate applied in 2020 is 22% (2019: 22%).

20% tax rate that is specified in the first paragraph of Article 32 of the Corporate Tax Law No. 5520 and the Law No. 7061 “Amending Some Tax Laws and Some Other Laws” adopted on November 28, 2018 will be applied as 22% for corporate earnings for the 2018, 2019 and 2020 taxation periods has been added with a provisional article. Also with the same regulation and stated in 5520 numbered Law No, 5, 75% of exemption from corporate tax rate the profits arising from the sale of real estates (immovables) which is in assets for at least two full years has been changed to 50%.

In Turkey, tax returns are filed on a quarterly basis. Corporate income tax rate applied in 2020 is 22% (2019: 22%). Losses can be carried forward for offset against future taxable income for up to 5 years. However, losses cannot be carried back for offset against profits from previous periods.

Furthermore, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

### Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied in between April 24, 2003 and July 22, 2006 is 10% and commencing from July 22, 2006, this rate has been changed to 15% upon the Council of Minister’s’ Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Withholding tax at the rate of 19,8% is still applied to investment allowances related with investment incentive certificates obtained before April 24, 2003. No tax withholding is imposed on investment expenditures without incentive certificate after this date.

Corporate tax liabilities recognized in the balance sheet as of December 31, 2020 and December 31, 2019 are as follows:

| | **December 31, 2020** | December 31, 2019 |
|---|---:|---:|
| Current tax expense | 547.126 | 512.452 |
| Prepaid taxes (-) | (429.089) | (373.027) |
| **Current income tax liability** | **118.037** | 139.425 |

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

## 23. Income tax (continued)

Tax expense details recognized in the income statement as of December 31, 2020 and 2019 are as follows:

| | **December 31, 2020** | December 31, 2019 |
|---|---|---|
| Current tax expense | (547.126) | (512.452) |
| Deferred tax expense / (income) | 6.408 | 21.269 |
| **Total tax expense** | **(540.718)** | (491.183) |

### Deferred taxes

The Company recognizes deferred tax assets and liabilities for temporary differences arising from differences between its tax base legal financial statements and its financial statements prepared in accordance with TMS / TFRS. The aforementioned differences are generally due to the fact that some income and expense items are included in different periods in the financial statements subject to tax and the financial statements prepared in accordance with TMS / TFRS, and these differences are stated below. In the calculation of deferred tax assets and liabilities, the tax rates expected to be applied in the periods when assets are converted into income or debts are paid are taken into account. (December 31, 2019: 22%).

| | **December 31, 2020** | | December 31, 2019 | |
|---|---|---|---|---|
| | **Cumulative temporary differences** | **Deferred tax** | Cumulative temporary differences | Deferred tax |
| Tangible and intangible assets | 229.139 | 45.828 | 151.047 | 33.230 |
| Employee termination benefit | 34.384 | 6.877 | 25.096 | 5.521 |
| Lawsuit provision | 16.329 | 3.266 | 8.581 | 1.888 |
| Provision for unused vacation | 10.059 | 2.012 | 9.653 | 2.124 |
| Investment incentives | - | - | 24.539 | 24.539 |
| Provisions for doubtful receivables | 3.080 | 616 | 57.240 | 12.593 |
| State right provision | 255.413 | 51.083 | 107.470 | 23.643 |
| Fair value differences | - | - | (7.100) | (1.562) |
| Expense accruals | 1.897 | 378 | 3.501 | 770 |
| Leasing transactions | - | - | (59) | (13) |
| Interest income from bonds | - | - | (2.507) | (552) |
| Total deferred tax assets | | **110.060** | | 102.181 |
| **Deferred tax assets, net** | | **110.060** | | 102.181 |

Movement of deferred tax is as follows:

| | **2020** | 2019 |
|---|---|---|
| **January 1** | 102.181 | 81.887 |
| Deferred tax expense recognized in equity | 1.471 | (975) |
| Deferred tax income recognized in income statement | 6.408 | 21.269 |
| **December 31** | **110.060** | 102.181 |

**(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)**

## 23. Income tax (continued)

The reconciliation of the tax is as follows:

| | **2020** | 2019 |
|---|---|---|
| **Profit before tax** | **2.351.097** | 2.258.475 |
| Effective tax rate | 22% | 22% |
| Tax calculated using effective tax rate | 517.241 | 496.864 |
| Effect of investment incentive allowance | (19.533) | (1.486) |
| Different tax rate effect | 11.006 | - |
| Temporary differences not subject to deferred tax | 26.945 | - |
| Effect of non-deductible expenses | 4.199 | 1.607 |
| Other | 860 | (5.803) |
| **Current tax expense** | **540.718** | 491.182 |

## 24. Earnings per share

Earnings per share is calculated by dividing the current year net profit of the parent company by the weighted average number of shares traded throughout the year.

Companies in Turkey have right to increase its capital through the distribution of bonus shares to be met from the re-valuation fund or accumulated profits. During the calculation of earnings per share, these increases are accepted as shares distributed as dividends. Dividend distributions added to the capital are also evaluated in the same way. Therefore, while calculating the average number of shares, it is assumed that such shares are in circulation throughout the year. For this reason, the weighted average of the number of shares used in calculating the earnings per share is determined by considering the retroactive effects.

The earnings per share of the Company as of December 31, 2020 and 2019 are as follows:

| | **January 1 – December 31, 2020** | January 1 – December 31, 2019 |
|---|---|---|
| Net profit attributable to the owners of the Company | 1.810.379 | 1.767.292 |
| Weighted average number of share certificates | **15.250.000.000** | 15.250.000.000 |
| **Earnings per 100 share** | **11,871** | 11,589 |
| Total comprehensive income attributable to the owners of the Company | 1.805.207 | 1.770.750 |
| **Earnings per 100 shares from total comprehensive income** | **11,837** | 11,611 |

**(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)**

## 25. Related party disclosures

Trade receivables from related parties generally arise from sales transactions. Receivables are unsecured, interest is paid in every 3 months.

Trade payables to related parties generally arise from purchase transactions and their maturity is approximately two months. Payables are not subject to interest.

The other trade payables and other receivables of the Company consist of the payables and receivables given and received in order to meet the financing needs of the Company and its related parties during the year. Other payables and other receivables do not have a certain maturity, and the Company accrues interest on the related payables and receivables at the end of the period, using the current interest rate determined monthly, taking into account the evaluations made by the Company management and the developments in the markets. In this context, the current interest for December 2020 was applied as 11,01% per year (December 31, 2019: 17,34%).

Transactions with related parties are classified according to the following groups and include all related party disclosures in this note:

(1) Main shareholders
(2) Subsidiaries of other company of the main shareholders
(3) Other

The details of the transactions between the Company and other related parties are explained as below.

### a) Related party balances

Other receivables of the Company from related parties as of December 31, 2020 and December 31, 2019 are as follows:

| | **December 31, 2020** | December 31, 2019 |
|---|---|---|
| ATP İnşaat ve Ticaret A.Ş. (1) | 597.381 | 264.587 |
| Koza İpek Holding A.Ş.(1) | 129.412 | 105.018 |
| Other (3) | 194 | 2.204 |
| **Total** | **726.987** | 371.809 |

Other payables of the Company to related parties as of December 31, 2020 and December 31, 2019 are as follows:

| | **December 31, 2020** | December 31, 2019 |
|---|---|---|
| İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş. (2) | 295 | 117 |
| ATP Koza Turizm Seyahat ve Ticaret A.Ş. (2) | 209 | 255 |
| Other (3) | - | 285 |
| **Total** | **503** | 657 |

**(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)**

## 25. Related party disclosures (continued)

### b) Transactions with related parties

The purchases of the Company from related parties between January 1 - December 31, 2020 and 2019 are as follows;

| | **January 1 – December 31, 2020** | | | January 1 – December 31, 2019 | | |
|---|---|---|---|---|---|---|
| | **Rent** | **Service** | **Other** | Rent | Service | Other |
| İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş. (2) | 4.369 | - | - | 3.741 | - | 257 |
| Koza İpek Sigorta A.Ş. (2) | - | 3.158 | - | - | 2.405 | - |
| Other (3) | - | - | 990 | - | - | 572 |
| **Total** | **4.369** | **3.158** | **990** | 3.741 | 2.405 | 829 |

Sales of the Company to related parties between January 1 - December 31, 2020 and 2019 are as follows;

| | **January 1 – December 31, 2020** | | | January 1 – December 31, 2019 | | |
|---|---|---|---|---|---|---|
| | **Interest** | **Service** | **Other** | Interest | Service | Other |
| ATP İnşaat ve Ticaret A.Ş. (1) | 29.287 | - | 10 | 29.839 | -- | 15 |
| Koza İpek Holding A.Ş. (1) | 12.910 | - | 50 | 15.466 | -- | 59 |
| Other (3) | - | - | 490 | -- | 268 | 285 |
| **Total** | **42.197** | **-** | **550** | 45.305 | 268 | 359 |

**c) Compensations provided to key management;** The Company's key management consist of the general manager and assistant general managers. Compensations provided to senior management include benefits such as wages and bonuses. Total amount of wages and similar benefits paid to key management between January 1 - December 31, 2020 is amounting to TL 6.411 thousand. The entire amount consists of the wages. (January 1 - December 31, 2019: TL 3.730 thousand).

## 26. Nature and level of risks arising from financial instruments

The main financial instruments of the Company consist of cash and short-term deposits. The main purpose of financial instruments is to provide financing for the Company's activities. Apart from these, the Company has financial instruments such as trade receivables and payables that arise as a result of its activities.

The Company is exposed to market risk, which consists of currency, cash flow and interest rate risks, capital risk, credit risk and liquidity risk, due to operations. Risk management policy is to focus on unexpected changes in the financial markets.

The management policy of financial risks should be made by the Company's senior management and commercial and financial affairs department in line with the policies and strategies approved by the Board of Directors. The Board of Directors should prepare general principles and policies for the management of currency, interest and capital risks, and closely monitor financial and operational risks (especially arising from fluctuations in gold prices). The Company does not have an Early Risk Detection Committee.

The purpose that the Company should set to manage financial risks can be summarized as follows:

- Ensuring the continuity of the cash flow obtained from the activities and main assets of the Company, taking into account the exchange rate and interest risks,
- Keeping a sufficient amount of credit resources available to be used effectively and efficiently under the most appropriate conditions in terms of type and maturity,
- Keeping the risks arising from the counterparty at a minimum level and following them effectively.

The main risks arising from the financial instruments of the Company are interest rate risk, foreign currency risk, credit risk and liquidity risk. The policies of the management regarding to manage these risks are summarized below.

### a) Credit risk:

The risk of financial loss of the Company due to the failure of one of the parties to the financial instrument to fulfill its contractual obligation is defined as credit risk. Financial instruments of the Company that may cause a significant concentration of credit risk mainly consist of cash and cash equivalents and trade receivables. The maximum credit risk that the Company may be exposed to is up to the amounts reflected in the financial statements.

The Company has cash and cash equivalents in various financial institutions. The Company manages this risk by continuously evaluating the reliability of the financial institutions.

In order to measure the expected credit loss, the Company first grouped its trade receivables and contract assets by considering their maturity and credit risk characteristics. The expected credit loss rate for each class of trade receivables and contract assets is calculated by using past credit loss experiences, current conditions and prospective macroeconomic indicators and the expected credit loss allowance is calculated by multiplying the determined rate with the totals of trade receivables and contract assets.

The Company sales consist gold dore bars with a right of first refusal to domestic banks on consignment to be sold to the Central Bank of the Republic of Turkey and silver to a domestic refinery on consignment. Due to the fact that the sales are made on demand and the customer is corporate, the Company effectively manages the receivable risk, taking into account the past experiences.

(Amounts expressed in Turkish Lira (“TL”) unless otherwise stated)

## 26. Nature and level of risks arising from financial instruments (continued)

### a) Credit risk (continued)

The analysis of the Company's credit risk as of December 31, 2020 and December 31, 2019 are as follows:

| | Trade receivables | | Other receivables | | Cash and cash equivalents |
|---|---|---|---|---|---|
| **December 31, 2020** | **Related party** | **Third party** | **Related party** | **Third party** | **Deposits in banks** |
| **Maximum credit risk exposure as of the reporting date (A+B+C+D+E) *** *Portion of the maximum risk that is guaranteed with a collateral, etc* | **-** | **102** | **726.987** | **33.332** | **5.921.601** |
| A. Net book value of financial assets that are not overdue or not impaired | - | 102 | 726.987 | 33.332 | 5.921.601 |
| B. The book value of financial assets whose conditions have been renegotiated or that would be deemed overdue or impaired | - | - | - | - | - |
| C. Net book value of assets that are overdue but not impaired | - | - | - | - | - |
| D. Net book values of impaired assets | - | - | - | - | - |
| Overdue (gross book value) | - | - | - | - | - |
| Impairment (-) | - | 72.727 | - | - | - |
| The part of net value under guarantee with collateral, etc | - | (72.727) | - | - | - |
| | | | | | - |
| Not due (gross book value) | - | - | - | - | - |
| Impairment (-) | - | - | - | - | - |
| The part of net value under guarantee with collateral, etc | - | - | - | - | - |
| E. Off-balance sheet items with credit risk | - | - | - | - | - |

(*) In determining the amount, factors that increase credit reliability, such as guarantees received, have not been taken into account.

**(Amounts expressed in Turkish Lira ("TL") unless otherwise stated)**

## 26. Nature and level of risks arising from financial instruments (continued)

### a) Credit risk (continued)

| | Trade receivables | | Other receivables | | Cash and cash equivalents |
|---|---|---|---|---|---|
| December 31, 2019 | Related party | Third party | Related party | Third party | Deposits in banks |
| Maximum credit risk exposure as of the reporting date (A + B + C + D + E) (*) | - | 317 | 371.809 | 29.904 | 4.383.592 |
| *Portion of the maximum risk that is guaranteed with a collateral, etc* | - | - | - | - | - |
| A. Net book value of financial assets that are not overdue or not impaired | - | 317 | 371.809 | 29.904 | 4.383.592 |
| B. The book value of financial assets whose conditions have been renegotiated or that would be deemed overdue or impaired | - | - | - | - | - |
| C. Net book value of assets that are overdue but not impaired | - | - | - | - | - |
| D. Net book values of impaired assets | - | - | - | - | - |
| Overdue (gross book value) | - | - | - | - | - |
| Impairment (-) | - | 69.586 | - | - | - |
| The part of net value under guarantee with collateral, etc | - | (69.586) | - | - | - |
| Not due (gross book value) | - | - | - | - | - |
| Impairment (-) | - | - | - | - | - |
| The part of net value under guarantee with collateral, etc | - | - | - | - | - |
| E. Off-balance sheet items with credit risk | - | - | - | - | - |

(*) In determining the amount, factors that increase credit reliability, such as guarantees received, have not been taken into account.

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

## 26. Nature and level of risks arising from financial instruments (continued)

### b) Market risk

Due to operations, the Company is exposed to financial risks related to changes in exchange rates and interest rates. Market risks encountered by the Company are measured on the basis of sensitivity analysis. In the current year, there isn't any change in the market risk that the Company is exposed to, or the method of handling the encountered risks or the method used to measure these risks, compared to the previous year.

*Currency risk*

Transactions in foreign currency cause exchange risk. The Company controls this risk through a natural precaution that occurs by netting foreign currency assets and liabilities.

The distribution of the monetary and non-monetary assets and monetary and non-monetary liabilities of the Company in foreign currency as of the date of financial position is as follows:

| **December 31, 2020** | **TL Equivalent** | **Usd** | **Euro** | **Gbp** |
|---|---|---|---|---|
| Cash and cash equivalents | 554.311 | 75.415 | 31 | 45 |
| Trade receivables | 37 | - | 3 | 1 |
| Other receivables | 330.356 | 44.672 | 271 | - |
| Prepaid expenses | 24.723 | 565 | 1.995 | 262 |
| Current assets | 909.427 | 120.652 | 2.300 | 308 |
| **Total assets** | **909.427** | **120.652** | **2.300** | **308** |
| Trade payables | 34.602 | 263 | 3.245 | 346 |
| Other payables | 40.307 | 5.491 | - | - |
| Current liabilities | 74.909 | 5.754 | 3.245 | 346 |
| **Total liabilities** | **74.909** | **5.754** | **3.245** | **346** |
| **Net foreign currency position** | **834.518** | **114.898** | **(945)** | **(38)** |

| December 31, 2019 | TL Equivalent | Usd | Euro | Gbp |
|---|---|---|---|---|
| Cash and cash equivalents | 660.888 | 110.761 | 15 | 366 |
| Other receivables | 58.383 | 9.525 | 271 | - |
| Prepaid expenses | 2.302 | 79 | 272 | 3 |
| Current assets | 721.573 | 120.365 | 558 | 369 |
| Total assets | 721.573 | 120.365 | 558 | 369 |
| Trade payables | 10.158 | 165 | 1.311 | 59 |
| Other payables | 85 | 12 | 2 | - |
| Current liabilities | 10.243 | 177 | 1.313 | 59 |
| Total liabilities | 10.243 | 177 | 1.313 | 59 |
| Net foreign currency position | 711.330 | 120.188 | (755) | 310 |

## 26. Nature and level of risks arising from financial instruments (continued)

## b) Market risk (continued)

*Sensitivity analysis;*

The Company is exposed to currency risk mainly in US Dollars and Euro.

The table below shows the sensitivity of the Company to 10% increase and decrease in US Dollar and Euro exchange rates. The sensitivity analysis includes only open monetary items in foreign currency at the end of the period and shows the effects of the 10% exchange rate change at the end of the year. Positive value indicates an increase in profit / loss and other equity items.

| **December 31, 2020** | Profit / Loss | | Equity | |
|---|---|---|---|---|
| | Appreciation of foreign currency | Depreciation of foreign currency | Appreciation of foreign currency | Depreciation of foreign currency |
| **In case of 10% appreciation / depreciation of USD against TL** | | | | |
| 1- USD net asset/liability | 84.341 | (84.341) | 84.341 | (84.341) |
| 2- Portion protected from USD risk (-) | - | - | - | - |
| **3- USD net effect (1+2)** | **84.341** | **(84.341)** | **84.341** | **(84.341)** |
| **In case of 10% appreciation / depreciation of EUR against TL** | | | | |
| 4- EUR net asset/liability | (851) | 851 | (851) | 851 |
| 5- Portion protected from EUR risk (-) | - | - | - | - |
| **6-EUR net effect (4+5)** | **(851)** | **851** | **(851)** | **851** |
| **In case of 10% appreciation / depreciation of GBP against TL** | | | | |
| 7-GBP net asset/liability | (38) | 38 | (38) | 38 |
| 8- Portion protected from GBP risk (-) | - | - | - | - |
| **9-GBP Net effect (7+8)** | **(38)** | **38** | **(38)** | **38** |
| **Total (3+6+9)** | **83.452** | **(83.452)** | **83.452** | **(83.452)** |

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

## 26. Nature and level of risks arising from financial instruments (continued)

### b) Market risk (continued)

| | Profit / Loss | | Equity | |
|---|---|---|---|---|
| December 31, 2019 | Appreciation of foreign currency | Depreciation of foreign currency | Appreciation of foreign currency | Depreciation of foreign currency |
| In case of 10% appreciation / depreciation of USD against TL | | | | |
| 1- USD net asset/liability | 71.394 | (71.394) | 71.394 | (71.394) |
| 2- Portion protected from USD risk (-) | - | - | - | - |
| 3- USD net effect (1+2) | 71.394 | (71.394) | 71.394 | (71.394) |
| In case of 10% appreciation / depreciation of EUR against TL | | | | |
| 4-EUR net asset/liability | (502) | 502 | (502) | 502 |
| 5- Portion protected from EUR risk (-) | - | - | - | - |
| 6-EUR net effect (4+5) | (502) | 502 | (502) | 502 |
| In case of 10% appreciation / depreciation of GBP against TL | | | | |
| 7-GBP net asset/liability | 241 | (241) | 241 | (241) |
| 8- Portion protected from EUR risk (-) | - | - | - | - |
| 9-GBP net effect (7+8) | 241 | (241) | 241 | (241) |
| Total (3+6+9) | 71.133 | (71.133) | 71.133 | (71.133) |

Price risk

The most important operational risk of the Company is the gold price risk.

The operational profitability of the Company and the cash flows it provides from its operations are affected by the changes in gold prices in the markets. I f the gold prices decrease comparing under the cash-based operational production costs of the Company and continue in this way for a certain period, the operational profitability of the Company may decrease.

The Company does not expect any change in gold prices to drop significantly in the near future. Accordingly, the Company has not used any derivative instruments to hedge the risk of falling gold prices and has not made a similar agreement.

(Amounts expressed in Turkish Lira (“TL”) unless otherwise stated)

## 26. Nature and level of risks arising from financial instruments (continued)

### c) Capital risk management:

While managing the capital, the Company's objectives are to maintain the most appropriate capital structure in order to benefit its shareholders and reduce the cost of capital and to ensure the continuity of the Company's activities.

In order to return capital to shareholders, the Company could maintain or reorganize its capital structure, issue new shares, and sell assets to reduce borrowing.

The Company uses the net financial debt / equity ratio to monitor the capital structure. Net debt is calculated by deducting cash and cash equivalents from the total debt amount (including loans and other payables to related parties as shown in the balance sheet).

Company management should follow the net debt / equity ratio regularly and update it when necessary. The Company does not have an Early Detection of Risk Committee.

Net debt / equity ratios as of December 31, 2020 and December 31, 2019 are as follows:

| | **December 31, 2020** | December 31, 2019 |
|---|---:|---:|
| Financial liabilities | 14.238 | 4.447 |
| Less: Cash and cash equivalents (Note 3) | (5.921.786) | (4.383.735) |
| **Net debt** | **(5.907.548)** | (4.379.288) |
| Total equity | 7.563.632 | 5.758.425 |
| **Net debt / equity ratio** | **(%78)** | (%76) |

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

## 27. Financial instruments (fair value disclosures and disclosures within the framework of hedge accounting)

Fair value of the financial instruments

The Company classifies the fair value measurements of the financial instruments measured at their fair values in the financial statements according to the source of the inputs of each financial instrument class, using a three-level hierarchy as follows.

- First level: Quotation prices (unadjusted prices) in active markets for identical assets and liabilities that the entity can reach at the measurement date.

- Second level: These are directly or indirectly observable inputs for the asset or liability and other than quoted prices within Level 1.

- Third level: These are unobservable inputs to the asset or liability.

Level classifications of financial assets measured at their fair values:

| **December 31, 2020** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| **Assets:** | **-** | **-** | **218.753** | **218.753** |
| Measured at fair value through other comprehensive income | - | - | 218.753 | 218.753 |

| December 31, 2019 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets: | 12.069 | - | 218.753 | 230.822 |
| Measured at fair value through other comprehensive income | 12.069 | - | 218.753 | 230.822 |

## 28. Subsequent events after balance sheet date

None.

## 29. Other matters that significantly affect the financial statements or are required to be disclosed for the financial statements to be clear, interpretable and understandable

The Company's independently audited financial statements for the years ended December 31, 2016, 2017, 2018 and 2019, the possible cumulative reflections of the business and transactions of the previous financial periods, the judgment process of which are ongoing, on the statements of the Turkish Commercial Code No.6102 ("TCC"). ") Excluding the provisions of article 401/4, it has been approved and published by the Board of Directors with the resolutions dated April 24, 2018, April 30, 2018, February 28, 2019 and February 27, 2020, respectively. Independently audited financial statements for the year ended December 31, 2015, on the other hand, were not approved by the Board of Directors in accordance with the provisions of Article 401/4 of the TCC. Ordinary general assembly meetings of the Group for the years 2015, 2016, 2017, 2018 and 2019, as explained in detail in footnote number 10, in accordance with the decision of the Ankara 5th Criminal Court of Peace, dated October 26, 2015, the management of the Group, the Board of Trustees, followed by the Board of Trustees on September 22, 2016. was transferred to the Savings Deposits Insurance Fund ("SDIF"). As of the date of the report, due to the fact that various examinations and studies are ongoing by the Prosecutor's Office, the Police Department of Financial Crimes and the CMB, the financial statements of the relevant periods were not submitted to the approval of the General Assembly.

## 29. Other matters that significantly affect the financial statements or are required to be disclosed for the financial statements to be clear, interpretable and understandable (continued)

### Uncertainties Regarding the Covid-19 Outbreak

The necessary actions have been taken by the Company management to minimize the possible effects of COVID-19, which originates in China, spreads to various countries around the world, and causes potentially fatal respiratory infections, on the Company's activities and financial status.

Since the developments regarding the course of the epidemic and the vaccination process remain somewhat uncertain, explanations regarding the effects of the process on our activities and financials will be periodically included in this footnote.