

**(CONVENIENCE TRANSLATION OF THE INDEPENDENT  
AUDITOR'S REPORT AND THE FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH)**

**UĞURAS KIYMETLİ MADENLER SANAYİ VE DİŐ  
TİCARET ANONİM ŐİRKET**

**FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2023 AND  
INDEPENDENT AUDITOR'S REPORT**

## INDEPENDENT AUDITORS' REPORT ON ANNUAL FINANCIAL STATEMENTS

**To The General Assembly of  
Uğuras Kıymetli Madenler Sanayi ve Dış Ticaret A.Ş.  
İstanbul**

### Report on Financial Statements

#### *Opinion*

We have audited the financial statements of Uğuras Kıymetli Madenler Sanayi ve Dış Ticaret A.Ş. (hereinafter referred to as the "Company"), which comprise the statement of financial position as at 31 December 2023 and the statement of profit or loss, statement of other 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023 and its financial performance and its cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards ("TFRS") and other regulations issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey.

#### *Basis for opinion*

We conducted our audit in accordance with Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("KGK") that are part of the Turkish Auditing Standards. Our responsibilities under those Standards are described in detail in the Independent Auditor's Responsibilities for the Independent Audit of the Financial Statements section of our report. We declare that we are independent of the Company in accordance with the ethical requirements applicable in the Turkish legislation in relation to our audit of the financial statements. We have fulfilled our other ethical responsibilities in accordance with those provisions. We believe that the audit evidence we have obtained during our audit is sufficient and appropriate to provide a basis for our opinion.

#### *Other Information*

The statements of financial position of the Company as at 31 December 2023, 31 December 2022 and 31 December 2021 and the statements of profit or loss for the years then ended and the statements of financial position of the Company as at 31 December 2023, 31 December 2022 and 31 December 2021 prepared in accordance with the Law No. 6762, tax legislation and various other legislations other than TFRSs have not been audited by us and we have expressed no opinion on them.

The prior period financial statements of the Company were audited by another auditor, whose independent auditor's report dated 20 June 2023 expressed an unqualified opinion on those financial statements.

### *Emphasis of Matter*

Within the scope of the "Announcement on Inflation Adjustment of Financial Statements of Companies Subject to Independent Audit" dated 23 November 2023 published by KGK, financial statements as of 31 December 2023 are subject to inflation adjustment in accordance with TMS 29 "Financial Reporting in Hyperinflationary Economies". In this context, we draw attention to footnote 2.1, which includes explanations about the transition to inflation accounting. This matter does not affect our opinion.

### *Key audit matters*

From the matters communicated to those charged with governance, we determine those matters that were of most significance in our audit of the financial statements of the current period and are therefore key audit matters.

Key audit matters are not disclosed in our auditor's report unless disclosed:

- Disclosure of the relevant matter to the public is prevented by legislation or
- In very exceptional circumstances, where the adverse consequences of disclosing a matter to the public could reasonably be expected to outweigh the benefits to the public interest that would result from such disclosure, we decide not to disclose the matter in our auditor's report.

Key Audit Matters are those matters that, in our professional judgement, 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. We concluded that there were no other key audit matters to report other than those disclosed in our report.

### *Cash and cash equivalents*

Cash and cash equivalents constitute 80% of the Company's financial statements as of 31 December 2023. Therefore, the issue of whether the cash and cash equivalents financial statement item meets the requirements of TMS 7 'Statement of Cash Flows' was considered as an important issue for our audit.

During our audit, we performed the following audit procedures related to whether the cash and cash equivalents financial statement item meets the requirements of TMS 7 "Statement of Cash Flows":

- Evaluating the appropriateness of the Company's accounting policy for cash and cash equivalents in accordance with TFRSs,
- Analysing whether the Company's time deposits have a maturity of three months or less,
- Obtaining and controlling all bank reconciliation letters related to cash and cash equivalents,

As a result of the audit procedures performed in relation to whether the cash and cash equivalents financial statement item meets the requirements of TMS 7 "Statement of Cash Flows", we did not encounter any significant anomalies.

### *Inventories*

Inventories, which form the basis of project costs as an element of the Company's core business and are one of the most important asset items, were assessed as a key audit matter as a result of analytical reviews. In particular, the concept of serious risk related to the existence and valuation of inventories was emphasised. Inventories are valued at their net realisable values in accordance with TFRS and market values published by the Istanbul Gold Exchange. The Company uses the average cost method for the valuation of inventories other than those valued at market value. Within the scope of our audit procedures, we mostly examined the relevant internal control procedures, with a particular focus on inventory-cost transactions generated by periodic inventory cycle counts and recording sales according to the completion rate. Calculations related to the reflection of inventories on costs were analysed in more detail, the accounting policy and appropriateness of the provision for inventory impairment were assessed, and actual margins and valuation movements were examined in more detail. In analysing the cost calculations, a full reconciliation between inventory movements and cost accounts has been attempted as far as possible, rather than using a sample method. Detailed testing of purchases and pricing was performed by increasing the sample levels in proportion to the risk level determination. The compatibility of inventory values with market values was checked. Based on the audit procedures performed, nothing has come to our attention that causes us to believe that there are any material misstatements contradicting management's assertions about the existence and valuation of inventories.

### *Property, Plant and Equipment*

Although the Company's tangible fixed assets constitute 7% of total assets, they are considered as a significant item especially in terms of the application of inflation accounting. The Company has adopted the cost model as its accounting policy and property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses, if any. The Company management monitors whether there is any impairment in property, plant and equipment at each period. We considered depreciation calculations, review of impairment and control of estimates and assumptions used in determining the recoverable amount of property, plant and equipment as key audit matters.

In addition to our existing audit procedures, we tested controls and performed the following audit procedures to verify the Company's property, plant and equipment

- The accrual and payment transactions of purchases and sales made in the current period were verified with invoices and other documents.
- All depreciation calculations of the Company were checked by recalculation method, accounting estimates related to useful life were tested for reasonableness and consistency with the prior period, and the calculated depreciation was reconciled with the records.

### *Financial Reporting in Hyperinflationary Economies*

TMS 29 "Financial Reporting in Hyperinflationary Economies" has been applied in the financial statements of the Company for the year ended 31 December 2023. In accordance with the standard, the financial statements and financial information of prior periods have been restated to reflect the changes in the purchasing power of the Turkish Lira and presented in terms of the purchasing power of the Turkish Lira at the reporting date. The application of inflation adjustments has a significant effect on the financial statements, both on a widespread and consistent basis. Accordingly, the application of inflation adjustments has been identified as a key audit matter by us due to its complexity and technical difficulty.

The Company's accounting policies related to Financial Reporting in Hyperinflationary Economies are disclosed in Note 2.1.

During our audit, we performed the following audit procedures related to the application of inflation adjustments:

- Checking whether the distinction between monetary and non-monetary items made by the management is made in accordance with TMS 29,
- Testing the completeness and mathematical accuracy of the lists subject to calculation,
- Evaluating the calculation methods used by management and testing their consistency,
- Checking the general price index rates used in the calculations with the coefficients obtained from the Consumer Price Index in Turkey published by the Turkish Statistical Institute,
- Confirming the materiality of the calculations by analytical examination and recalculation method.
- Checking the adequacy of the disclosures required to be included in the notes to the financial statements as a result of inflation adjustment in accordance with TMS 29.

#### *Assessing the Going Concern of the Entity*

It has been determined by us that the most important assumption used in the assessment of the Company's ability to continue as a going concern is the expected future profitability of trade sales as a key determinant of the estimated capital position. In addition, the Company management declares that since the Company has achieved high capital strength by executing transactions with market-making financial institutions in developed countries for cost minimisation and profit maximisation with arbitrage and funding differences in local and global markets, this issue is material in going concern analyses. The provisions for these transactions are carried out in accordance with the margin call principle in accordance with Takasbank regulations. The calculations supporting this assessment may require management to make subjective judgements and estimated future adjustments to certain amounts to reflect the requirements of the applicable financial reporting framework. These estimates are based on judgements and assumptions about future performance and form the basis for assessing whether the basis of accounting used in the preparation of the financial statements is appropriate. In assessing the appropriateness of this assumption, within the framework of the audit work performed by us, estimates and studies regarding the expected future sales rates, agreements made today, fair value of assets and return on investment rates have been examined and evaluated by us whether the accounts are based on realistic assumptions.

We have found these assumptions and estimates to be balanced and have concluded that the disclosures made by the Company appropriately disclose the significant inherent uncertainties in the estimates and the potential impact of subsequent revisions on these estimates. We have not identified any impropriety in the calculations.

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

The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with the Turkish Financial Reporting Standards ("TFRS") and the regulations issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("KGK"), and for establishing and maintaining such internal controls 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.

### *Auditor's Responsibility*

In an independent audit, we, the independent auditors, are responsible for the following:

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 on those financial statements based on our audit. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing which is a component of the Turkish Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. Misstatements 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.

Our audit consists of auditing the financial statements in accordance with Standards on Auditing which is a component of the Turkish Standards on Auditing issued by KGG. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the independent auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also consider:

- 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. (Since fraud may involve collusion, dishonesty, wilful neglect, misrepresentation or breach of internal control, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement due to error).
- 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.
- 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 report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the independent auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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.

The responsible engagement partner of this audit is Üzeyir Kara.

### **Report on Other Obligations Arising from Legislation**

Pursuant to Article 402 of the Turkish Commercial Code No. 6102 ("TCC"), the Board of Directors has made the necessary explanations and provided all the required documents. Nothing has come to our attention that may cause us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2023 is not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting and that the annual report is not in conformity with the financial statements forming a basis for our audit report.

According to Article 378 of the Turkish Commercial Code No. 6102, in companies whose shares are traded on the stock exchange, the board of directors is required to establish a specialised committee for the purposes of early identification of causes that jeopardise the existence, development and continuity of the company, applying the necessary measures and remedies in this regard, and managing the risks, and to operate and improve the system. In other companies, this committee shall be established immediately upon the written notification of the auditor to the board of directors and shall submit its first report at the end of one month following its establishment. According to paragraph 4 of Article 398 of the same law, the auditor is required to prepare a separate report, the principles of which are determined by KGK, explaining whether the board of directors has established the system and the authorised committee stipulated in Article 378 in order to identify the risks that threaten or may threaten the company in a timely manner and to perform risk management, and if such a system exists, its structure and the practices of the committee, and submit this report to the board of directors together with the audit report.

As a result of our audit, the Company's shares are not traded on the stock exchange. Although the Company, whose shares are not traded on the stock exchange, does not have any committee members specifically assigned for early detection of risk within the scope of Article 378 of the TCC, upon examination of the Company's internal control and risk management system, it was understood that this task is fulfilled by the entire team at periodic meetings attended by the Board of Directors, the General Manager and all department managers, Pursuant to Borsa İstanbul regulations, all of which are in line with OECD criteria, at least one of the senior executives of the Company, which carries out its activities on its own behalf and account, is obliged to specialise in the financial sector, and the Undersecretariat of Treasury requires that he/she has a business, economics and banking background. The Company is also subject to mandatory supply chain audits due to the precious metals traded within the scope of Borsa İstanbul legislation. Therefore, since the Company's senior executives responsible for risk assessment consist of human resources with the necessary financial experience, it has been observed that a sufficient internal control environment has been established at a level that does not require the establishment of an additional committee in terms of international customer identification (KYC) processes and internal audit and compliance criteria. No problems have been detected in the functioning of the internal control environment and the internal control system, and there is no indication that the scope of the internal control system is inadequate in terms of the Company's functioning, business line and structure. Therefore, it has been assessed that there is no need to establish a separate specialised committee for the purposes of early detection of causes that jeopardise the existence, development and continuity of the Company, applying the necessary measures and remedies in this regard, and managing the risk.

Istanbul, 24 June 2024  
CNS Bağımsız Denetim A.Ş.  
Member of **MSI Global Alliance**

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# UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2023 unless otherwise stated.)

	Notes	Current year 31 December 2023	Previous year 31 December 2022
<b>ASSETS</b>			
<b>Current Assets</b>		<b>974,323,054</b>	<b>989,619,822</b>
Cash and Cash Equivalents	40	839,937,744	356,026,489
Other Receivables	7	116,216,767	161,227,878
<i>Due from Third Parties</i>		116,216,767	161,227,878
Inventories	8	13,991,660	15,837,551
Prepaid Expenses	10	173,113	453,038,150
Other Assets Related to Current Period Taxation	34	3,130,547	1,187,084
Other Current Assets	23	873,223	2,302,670
<b>Non-Current Assets</b>		<b>77,990,581</b>	<b>75,791,700</b>
Financial Investments	35	24,614	24,614
Investment Properties	11	57,408,995	59,109,242
Property, Plant and Equipment	12	15,512,939	16,644,344
Intangible Assets	13	10,706	13,500
<i>Other Intangible Assets</i>	13	10,706	13,500
Deffered Tax Assets	34	5,033,327	-
<b>TOTAL ASSETS</b>		<b>1,052,313,635</b>	<b>1,065,411,522</b>

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

# UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2023 unless otherwise stated.)

	Notes	Current year 31 December 2023	Previous year 31 December 2022
<b>LIABILITIES</b>			
<b>Current Liabilities</b>		<b>456,574,867</b>	<b>346,066,282</b>
Financial Borrowings	35	48,337,522	251,827,631
Derivatives	35	-	526,563
Other Financial Liabilities	35	60,252	987,806
Trade Payables	6	397,085,160	2,858,681
<i>Due to Third Parties</i>		<i>397,085,160</i>	<i>2,858,681</i>
Liabilities Related with			
Employee Benefits	22	120,443	153,519
Other Payables	7	10,556,822	85,748,621
<i>Due to Related Parties</i>	5	<i>10,556,822</i>	<i>85,748,621</i>
Deferred Income	10	371,291	-
Corporate Tax Liability	34	-	3,927,030
Short Term Provisions		43,377	36,431
<i>Provision for Employee     Termination Benefits</i>	20	<i>43,377</i>	<i>36,431</i>
<b>Non-Current Liabilities</b>		<b>140,539</b>	<b>74,565,190</b>
Financial Borrowings	35	-	61,760,163
Long Term Provisions		140,539	71,872
<i>Provision for Employee     Termination Benefits</i>	22	<i>140,539</i>	<i>71,872</i>
Deferred Tax Liabilities	34	-	12,733,155
<b>TOTAL LIABILITIES</b>		<b>456,715,406</b>	<b>420,631,472</b>
<b>EQUITY</b>		<b>595,598,229</b>	<b>644,780,050</b>
Share Capital	24	325,000,000	220,000,000
Capital adjustments	24	387,316,018	384,738,204
Additional Capital Contributions of Shareholders	24	165,000,000	200,611,127
Other Accumulated Comprehensive Income That will Not Be Reclassified in Profit or Loss		3,934	13,717
<i>Accumulated Remeasurement Gains/Losses     on Defined Benefit Plans</i>	22, 32	<i>3,934</i>	<i>13,717</i>
Restricted Reserves	24	1,849,596	577,913
Retained Earnings		(190,095,815)	(104,132,291)
Loss for The Period		(93,475,504)	(57,028,620)
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>1,052,313,635</b>	<b>1,065,411,522</b>

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

# UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

## STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

	Notes	Current year 1 January- 31 December 2023	Previous year 1 January- 31 December 2022
Revenue	25	99,437,777,105	59,007,264,263
Cost of Sales (-)	25	(99,388,560,043)	(58,944,932,042)
<b>Gross Profit</b>		<b>49,217,062</b>	<b>62,332,221</b>
Administrative Expenses (-)	27	(8,716,459)	(4,545,209)
Sales and Marketing Expenses (-)	27	(4,004,793)	(3,032,510)
Other Operational income	28	3,469,946	12,874,837
Other Operational Expense	28	(7,018,218)	(14,600,544)
<b>Operational Profit</b>		<b>32,947,538</b>	<b>53,028,795</b>
Investment Income	29	38,653,776	10,379,798
<b>OPERATING PROFIT / (LOSS) BEFORE FINANCIAL EXPENSES</b>		<b>71,601,314</b>	<b>63,408,593</b>
Financial Expenses (-)	31	(25,441,279)	(14,996,614)
Monetary Position Income/(Expense), net		(152,395,097)	(89,750,950)
<b>PROFIT / (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION</b>		<b>(106,235,062)</b>	<b>(41,338,971)</b>
Tax Expense from Continuing Operations		12,759,558	(15,689,647)
Current tax Expense	34	-	(3,927,030)
Deferred Tax Income/(Expense)	34	12,759,558	(11,762,617)
<b>LOSS FOR THE YEAR</b>		<b>(93,475,504)</b>	<b>(57,028,618)</b>

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

# UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

## STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

	Note References	Current year 1 January 2023- 31 December 2023-	Previous year 1 January 2022- 31 December 2022-
<b>PROFIT / (LOSS) FOR THE YEAR</b>		<b>(93,475,504)</b>	<b>(57,028,620)</b>
<b>OTHER COMPREHENSIVE INCOME/EXPENSES</b>			
<b>Other comprehensive income/expenses that will not be reclassified in profit or loss</b>		<b>(9,782)</b>	<b>13,717</b>
Remeasurement Gains/Losses on Defined Benefit Plans	22, 32	(13,043)	18,288
Taxation on other comprehensive income/expenses that will not be reclassified in profit or loss - <i>Deferred Tax Income / (Expense)</i>	22, 34	3,261 3,261	(4,571) (4,571)
<b>Other comprehensive income/expenses that will be reclassified in profit or loss</b>		<b>-</b>	<b>-</b>
<b>OTHER COMPREHENSIVE INCOME / (EXPENSES)</b>		<b>(9,782)</b>	<b>13,717</b>
<b>TOTAL COMPREHENSIVE INCOME / (EXPENSE)</b>		<b>(93,485,286)</b>	<b>(57,014,903)</b>

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

UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

	Capital		Capital adjustment differences	Accumulated Remeasurement Gains/Losses on Defined Benefit Plans		Additional capital contributions of shareholders	Profit reserves	Retained earnings	Profit for the year	Total
	Capital	adjustment differences		Accumulated Remeasurement Gains/Losses on Defined Benefit Plans	Additional capital contributions of shareholders					
<b>Balances as of 1 January 2022</b>										
- opening balances	80,000,000	384,738,204	-	189,470,825	577,913	(146,868,012)	42,735,721	550,654,651		
Transfers	-	-	-	-	-	42,735,721	(42,735,721)	-		
Capital increase	140,000,000	-	-	-	-	-	-	140,000,000		
Capital contributions of shareholders	-	-	-	51,750,000	-	-	-	51,750,000		
Loss for the year	-	-	-	13,717	-	-	(57,028,620)	(57,014,903)		
<b>Balances as of 31 December 2022</b>										
- closing balances	220,000,000	384,738,204	13,717	241,220,825	577,913	(104,132,291)	(57,028,620)	685,389,748		
<b>Balances as of 1 January 2023</b>										
- opening balances	220,000,000	384,738,204	13,717	241,220,825	577,913	(104,132,291)	(57,028,620)	685,389,748		
Transfers	-	-	-	-	-	(57,028,620)	57,028,620	-		
Capital increase	105,000,000	2,577,814	-	-	1,271,683	(28,934,904)	-	79,914,593		
Capital contributions of shareholders	-	-	-	40,000,000	-	-	-	40,000,000		
Loss for the year	-	-	-	(9,783)	-	-	(93,475,504)	(93,485,287)		
<b>Balances as of 31 December 2023</b>										
- closing balances	325,000,000	387,316,018	3,934	281,220,825	1,849,596	(190,095,815)	(93,475,504)	711,819,054		

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

# UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

	Notes	Current year 1 January- 31 December 2023	Previous year 1 January- 31 December 2022
<b>A. Cash flows from operating activities</b>		<b>630,294,527</b>	<b>(75,507,128)</b>
Cash flows from operating activities			
Profit/loss for the period		(106,244,738)	(41,338,972)
Adjustments to reconcile profit/loss for the period			
Adjustments related to depreciation and amortization expenses	11,12,13	2,794	1,494,005
Adjustments related to provisions			
- Adjustments related to provision for vacation pay	20	26,559	22,110
- Adjustments related to provision for employee termination benefit	20	132,730	92,278
- Adjustments related to provision for income taxes	20	(2,976,309)	4,579,310
Adjustments related to interest income and expenses		221,522	735,661
Adjustments related to unrealized currency translation differences		12,480,811	(58,071,860)
Adjustments related to gain/loss on fair value		(2,120,140)	924,183
Adjustments related to increase/decrease in inventories		272,054,198	(277,929,243)
Adjustments related to increase/decrease in other receivables		(18,368,286)	(51,483,971)
Adjustments related to increase/decrease in trade payables		395,350,239	1,390,153
Adjustments related to increase/decrease in other payables		(38,233,634)	1,813,600
Monetary gain/loss		119,504,280	295,042,252
Income tax returns/Income taxes paid		(2,382,374)	46,914,212
Other cash inflows/outflows			
Increase/decrease in prepaid expenses and deferred income		(66,819)	(14,066)
Increase/decrease in other current and non-current assets		559,406	310,497
Increase/decrease in other current liabilities		2,007	69,441
Increase/decrease in advances received		371,286	-
Payments for employee termination benefit	22	(19,005)	(56,718)
<b>B. Cash flows from investing activities</b>		<b>(167,678)</b>	<b>(3,062,019)</b>
Payments for acquisition of property, plant and equipment and intangible assets	12	(177,354)	(3,077,838)
Other cash inflows/outflows		9,676	15,819
<b>C. Cash flows from financing activities</b>		<b>(22,823,686)</b>	<b>343,938,714</b>
Cash inflows from issue of shares or other equity instruments		79,914,593	140,000,000
Cash inflows for additional capital contributions of shareholders		40,000,000	51,750,000
Cash inflows from borrowings		232,007,659	356,854,875
Cash used for repayment of borrowings		(374,206,695)	(205,155,334)
Other cash inflows/outflows		(539,243)	489,173
<b>Net increase/(decrease) in cash and cash equivalents before the effect of exchange rate changes (A+B+C)</b>		<b>607,303,163</b>	<b>265,369,567</b>
<b>D. Effects of exchange rate changes on cash and cash equivalents</b>		<b>16,563,692</b>	<b>58,071,860</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C+D)</b>		<b>623,866,855</b>	<b>323,441,427</b>
<b>E. Cash and cash equivalents at the beginning of the period</b>	40	<b>356,026,489</b>	<b>467,020,303</b>
<b>E. Effect of inflation adjustments on cash and cash equivalents</b>		<b>(139,955,600)</b>	<b>(434,435,241)</b>
<b>Cash and cash equivalents at the end of the period (A+B+C+D+E)</b>		<b>839,937,744</b>	<b>356,026,489</b>

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

# UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

### 1. ORGANIZATION AND NATURE OF THE BUSINESS

Uğuras Kıymetli Madenler Sanayi ve Dış Ticaret A.Ş. ("the Company") was established in 2007 in Istanbul and continues its operations at Ataköy 2-5-6.Kısım Mahallesi Rauf Orbay Caddesi Yalı Ataköy Sitesi C Blok N:4/22 Bakırköy Istanbul address.

The Company's principal activities are summarized as *the procurement and wholesale of precious metals in accordance with OECD harmonization rules, wholesale trade of precious metal ores and concentrates, all kinds of jewelry manufacturing and wholesale and retail purchase and sale of precious metals.*

As of December 31, 2023, the average number of personnel employed during the year was 9 (December 31, 2022: 10, December 31, 2021: 10).

The Company is not part of any ultimate group and its share capital held is as follows

<u>Shareholders</u>	<u>%</u>	<u>31 December 2023</u>	<u>%</u>	<u>31 December 2022</u>
Uğur Uras	100.00	325,000,000	100.00	220,000,000
<b>Total</b>	<b>100.00</b>	<b>325,000,000</b>	<b>100.00</b>	<b>220,000,000</b>
Capital inflation corrections		387,316,018		384,738,204
Corrected capital		<u>712,316,018</u>		<u>604,738,204</u>

The Company is subject to the registered capital system and its registered capital ceiling is TL 400,000,000. In the current period, the Company increased its share capital from TL 220,000,000 to TL 325,000,000 TL. TL 80 million of the increased capital was paid in cash and the remaining amount was contributed from retained earnings. Shareholders do not have any debts arising from capital commitments.

#### Globalization Activities and Results of the Period:

As part of globalization strategy in 2022, the Company started trading with prestigious international brokerage houses and refineries within the scope of its commercial agreements, which had a positive impact on turnover, EBITDA and operating profit. By utilizing the advantageous supply costs in international markets, the Company's operating results improved rapidly. The Company closed the years 2023 and 2022 with a profitability of TL 74,293,545 and TL 66,284,206 in terms of EBITDA and TL 38,287,918 and TL 53,555,359 in terms of operating results, respectively. The main reason for the negative net profit for the year is the monetary position gain/loss of TL 152 million regarding inflation adjustments. In terms of EBITDA and operating profitability, the Company concluded both operating periods with profitability.

#### Dividend payments

In the current year, there is no dividend distribution decision planned for 2024 and the Company management has decided that the general assembly will decide whether to pay dividends to the shareholders. Therefore, no additional liability related to dividend payment has been included in the financial statements in the current period.

#### Approval of the financial statements:

The financial statements have been approved by the Board of Directors and submitted to the General Assembly for approval with authorization to be published on 24 June 2024. However, the General Assembly has the authority to amend the accompanying financial statements.

# UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

#### 2.1 Basis of Presentation

The financial statements are prepared on the historical cost basis, except for gold inventories, certain non-current assets and financial instruments which are revalued or carried at fair value.

The determination of historical cost is generally based on the fair value of the consideration paid for the assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market on the measurement date under current market conditions, regardless of whether the price is directly observable or estimated using another valuation method (i.e. the exit price). In measuring the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants take those characteristics into account when determining the price of the asset or liability. The fair value measurements and/or disclosures in these financial statements are determined on this basis, except for share-based payment transactions within the scope of TFRS 2, finance leases within the scope of TMS 17 and other measurements similar to fair value measurements (such as net realizable value as defined in TMS 2 or value in use as defined in TMS 36).

In addition, the calculation of fair value is categorized into Level 1, Level 2 and Level 3, as described below, based on the level of observability of the fair value information and the inherent significance of that information:

- Level 1 information is quoted prices (unadjusted) obtained by an entity at the measurement date that are quoted in an active market for similar assets and liabilities.
- Level 2 information is information that is observable for an asset or liability, either directly or indirectly, other than quoted prices included in Level 1; and
- Level 3 information is information that is not based on observable market data used to determine the fair value of an asset or liability.

#### Netting / Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when; there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

#### Comparative information and restatement of prior period financial statements

The financial statements of the Company are prepared comparatively with the prior period in order to enable the determination of the financial position and performance trends. The Company has prepared the statement of financial position as at December 31, 2023 comparatively with the statement of financial position as at December 31, 2022 and the statement of profit or loss and other comprehensive income, statement of cash flows and statement of changes in equity for the year ended December 31, 2023 comparatively with the related financial statements for the year ended December 31, 2022. Where necessary, comparative information is reclassified to conform to the presentation of the current period financial statements and significant differences are explained.

Building and vehicle lease expenses with 1-year contractual terms are recognized as expense in accordance with the simplified application of TFRS 16 and the right-of-use assets in the prior period financial statements and the lease liabilities reflected in the financial statements related to these assets are not included in the statements of financial position.

## UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

#### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

##### 2.1 Basis of Presentation (cont'd)

###### Comparative information and restatement of prior period financial statements (cont'd)

As a result of the restatements, the right of use assets with a net book value of TL 92,956 as of December 31, 2022 and the total liability amounting to TL 64,408 in the liabilities arising from short and long term lease transactions are excluded from the statement of financial position and the balances that may be considered immaterial for the decision making of the users of the financial statements have been adjusted, the prior period financial statements have been restated accordingly and inflation accounting has been applied based on these restated financial statements.

In addition, inventories in the prior period financial statements were valued according to the average cost method, and due to the fact that inventories must be valued at the end of the period with the market values prevailing on the Istanbul Gold Exchange as per the requirement of TMS 2 paragraph 3(b), inventories in the prior period financial statements have been revalued by TL 2,6 million and the prior period financial statements have been restated by recognizing the increase and decrease in value in other operating income and expenses.

###### Changes and errors in significant accounting policies and estimates and restatement of prior period financial statements

Changes in accounting policies arising from the first-time adoption of a new TMS/IFRS are applied retrospectively or prospectively in accordance with the transition requirements, if any, of that TMS/IFRS. Changes that do not include any transitional provisions, significant optional changes in accounting policies or identified accounting errors are applied retrospectively and prior period financial statements are restated.

###### Financial reporting in hyperinflationary economies

The financial statements and the corresponding figures for previous periods are restated for the changes in the general purchasing power of the functional currency and, as a result, are stated in terms of the measuring unit current at the end of the reporting period in accordance with TMS 29 Financial Reporting in Hyperinflationary Economies.

TMS 29 is applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy. When a hyperinflation in an economy exists, TMS 29 requires that the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy is stated in terms of the measuring unit current at the end of the reporting period.

As of the reporting date, since the cumulative change in the general purchasing power of the last three years has been over 100% according to the Consumer Price Index ("CPI") number, entities operating in Turkey are required to apply TMS 29 "Financial Reporting in High Inflation Economies" for reporting periods ending on or after 30 June 2022.

## UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

### 2.1 Basis of Presentation (cont'd)

#### Financial reporting in hyperinflationary economies (cont'd)

Following table shows inflation rates for related years calculated considering the Consumer Price Indexes published by the Turkish Statistical Institute:

Date	Index	Adjustment Coefficient	Three years compound inflation rates
31 December 2023	1,859.38	1.0000	268%
31 December 2022	1,128.45	1.64773	156%
31 December 2021	686.95	2.70672	74%

The outlines of TMS 29 indexing operations are as follows:

- As of the reporting date, all items except those expressed in terms of current purchasing power are indexed using the relevant adjustment coefficients. Amounts from prior years are also indexed in the same way.
- Monetary assets and liabilities are not indexed since they are expressed in terms of current purchasing power at the balance sheet date. Monetary items are cash and items to be received or paid in cash.
- Fixed assets, associates and similar assets are indexed over their historical costs, not exceeding their market values. Depreciations are similarly adjusted. The amounts included in the shareholders' equity have been restated as a result of the application of the general price indices in the periods when these amounts are included in the Company or occurred within the Company.
- Except for income statement items affected by indexing non-monetary items in the statement of financial position that have an impact on the statement of income, all items in the income statement are indexed with the coefficients calculated over the periods in which the income and expense accounts are initially reflected in the financial statements.
- The gain or loss on the net monetary position arising from general inflation is the difference of adjustments made to non-monetary assets, equity items and income statement accounts. This gain or loss on the net monetary position is included in the profit or loss.

The effect of applying TMS 29 Inflation Accounting is summarized below:

#### Restatement of Statement of Financial Position

Statement of financial position amounts not already expressed in terms of the measuring unit current at the end of the reporting period are restated. Accordingly, monetary items are not restated since they are already expressed in terms of the monetary unit current at the end of the reporting period. Non-monetary items are required to be restated unless they are carried at amounts current at the end of the reporting period.

# UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

#### 2.1 Basis of Presentation (cont'd)

##### Financial reporting in hyperinflationary economies (cont'd)

##### Restatement of Statement of Financial Position (cont'd)

The gain or loss on the net monetary position arising from restatement of non-monetary items is included in profit or loss and separately presented in the statement of comprehensive income.

##### Restatement of Statement of Profit or Loss

All items in the statement of profit or loss are expressed in terms of the measuring unit current at the end of the reporting period. Therefore, all amounts are restated by applying the changes in the monthly general price index.

Cost of inventory sold is restated by using restated inventories balance. Depreciation and amortization expenses is restated by using restated property and equipment, intangible assets and right of use assets balances.

##### Restatement of Statement of Cash Flows

All items in the statement of cash flows are expressed in terms of the measuring unit current at the end of the reporting period.

##### Consolidated financial statements

The financial statements of any subsidiary whose functional currency is the currency of a hyperinflationary economy is restated by applying a general price index before they are included in the consolidated financial statements issued by its parent. Where such a subsidiary is a foreign subsidiary, its restated financial statements are translated at closing rates. If financial statements with different ends of the reporting periods are consolidated, all items, whether non-monetary or monetary, are restated into the measuring unit current at the date of the consolidated financial statements.

##### Corresponding figures

Corresponding figures for the previous reporting period are restated by applying a general price index so that the comparative financial statements are presented in terms of the measuring unit current at the end of the reporting period. Information that is disclosed in respect of earlier periods is also expressed in terms of the measuring unit current at the end of the reporting period.

#### 2.2 Declaration of Compliance with TFRSs

The accompanying financial statements have been prepared in accordance with the Turkish Financial Reporting Standards ("TFRS") promulgated by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("KGK").

The financial statements and footnotes are presented in accordance with the "financial statement examples and user guide" announced by KGK with the principle decision dated May 30, 2019 and "TFRS Taxonomy" published on October 4, 2022.

# UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

#### 2.3 Currency Used

The financial statements of the Company are presented in the currency of the primary economic environment in which the Company operates (its functional currency). The results and financial position of the Company are expressed in TL, which is the functional currency of the Company and the presentation currency for the financial statements.

#### 2.4 Going Concern Assumption

The financial statements have been prepared on a going concern basis, which assumes that the Company will realize the benefits from its assets and settle its liabilities within the next year and in the normal course of business. As at December 31, 2023 and December 31, 2022, the Company management is of the opinion that there is no indication that the Company's ability to continue as a going concern may be jeopardized and management does not foresee any risks in the long term.

#### 2.5 New and Revised Turkish Financial Reporting Standards

##### a) New and revised Standards that are effective on and after the year 2023

Amendments to TMS 1	<i>Disclosure of Accounting Policies</i>
Amendments to TMS 8	<i>Definition of Accounting Estimates</i>
Amendments to TMS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to TMS 12	<i>International Tax Reform — Pillar Two Model Rules</i>

##### **Amendments to TMS 1 *Disclosure of Accounting Policies***

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

Amendments to TMS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

##### **Amendments to TMS 8 *Definition of Accounting Estimates***

With this amendment, the definition of “a change in accounting estimates” has been replaced with the definition of “an accounting estimate”, sample and explanatory paragraphs regarding estimates have been added, and the differences between application of an estimate prospectively and correction of errors retrospectively have been clarified.

Amendments to TMS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)**

**2.5 New and Revised Turkish Financial Reporting Standards (cont'd)**

a) New and revised Standards that are effective on and after the year 2023 (cont'd)

**Amendments to TMS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction***

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Amendments to TMS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

**Amendments to TFRS 17 *Insurance Contracts* and *Initial Application of TFRS 17 and TFRS 9 — Comparative Information***

Amendments have been made in TFRS 17 in order to reduce the implementation costs, to explain the results and to facilitate the initial application.

The amendment permits entities that first apply TFRS 17 and TFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of TFRS 9 had been applied to that financial asset before.

Amendments are effective with the first application of TFRS 17.

**Amendments to TMS 12 *International Tax Reform — Pillar Two Model Rules***

The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes. Amendments to TMS 12 are effective for annual reporting periods beginning on or after 1 January 2023.

b) New and revised TFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17	<i>Insurance Contracts</i>
Amendments to TFRS 4	<i>Extension of the Temporary Exemption from Applying TFRS 9</i>
Amendments to TMS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to TMS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to TMS 7 and TFRS 7	<i>Supplier Finance Arrangements</i>
TSRS 1	<i>General Requirements for Disclosure of Sustainability-related Financial Information</i>
TSRS 2	<i>Climate-related Disclosures</i>

**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)**

**2.5 New and Revised Turkish Financial Reporting Standards (cont'd)**

b) New and revised TFRSs in issue but not yet effective (cont'd)

***TFRS 17 Insurance Contracts***

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 has been deferred for insurance, reinsurance and pension companies for a further year and will replace TFRS 4 *Insurance Contracts* on 1 January 2025.

***Amendments to TFRS 4 Extension of the Temporary Exemption from Applying TFRS 9***

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 *Insurance Contracts* from applying TFRS 9, so that insurance and reinsurance and pension companies would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2024 with the deferral of the effective date of TFRS 17.

***Amendments to TMS 1 Classification of Liabilities as Current or Non-Current***

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. Amendments to TMS 1 are effective for annual reporting periods beginning on or after 1 January 2024 and earlier application is permitted.

***Amendments to TFRS 16 Lease Liability in a Sale and Leaseback***

Amendments to TFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in TFRS 15 to be accounted for as a sale. Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

***Amendments to TMS 1 Non-current Liabilities with Covenants***

Amendments to TMS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

***Amendments to TMS 7 and TFRS 7 Supplier Finance Arrangements***

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

## UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

#### 2.5 New and Revised Turkish Financial Reporting Standards (cont'd)

##### b) New and revised TFRSs in issue but not yet effective (cont'd)

##### ***TSRS 1 General Requirements for Disclosure of Sustainability-related Financial Information***

TSRS 1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024.

##### ***TSRS 2 Climate-related Disclosures***

TSRS 2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024.

#### 2.6 Summary of Significant Accounting Policies

##### **Related Parties**

Related parties are individuals or entities that are related to the entity that is preparing its financial statements (reporting entity).

a) A person or a close member of that person's family is related to a reporting entity if The person in question,

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

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

- (i) The entity and the reporting entity are members of the same group (i.e. each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) The entity is an associate or joint venture of the other entity (or 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 that third entity.

**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)**

**2.6 Summary of Significant Accounting Policies (cont'd)**

**Related Parties (cont'd)**

(v) The entity has a post-employment benefit plan for the benefit of employees of the reporting entity or of an entity related to the reporting entity. If the reporting entity itself has 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).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, whether or not for consideration.

**Revenue**

The Company recognizes revenue when, or as, it fulfills its performance obligation by transferring a promised good or service to a customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Company recognizes revenue in its financial statements in accordance with the following basic principles:

- (a) Identifying contracts with customers
- (b) Determining the performance obligations in the contract
- (c) Determination of the transaction price in the contract
- (d) Allocation of the transaction price to the performance obligations in the contract
- (e) Recognition of revenue when each performance obligation is satisfied

According to this model, the goods or services promised in each contract with customers are first evaluated and each commitment to transfer such goods or services is determined as a separate performance obligation. Subsequently, it is determined whether the performance obligations will be fulfilled over time or at a certain point in time. If the Company transfers control of a good or service over time and therefore fulfills the performance obligations related to the related sales over time, the Company should recognize revenue over time by measuring the progress towards the full fulfillment of these performance obligations. Revenue related to performance obligations that are promises to transfer goods or services is recognized when customers obtain control of the goods or services.

The Company recognizes revenue from a contract with a customer if all of the following conditions are met:

- (a) The parties to the contract have approved the contract (whether in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
- (b) The Company is able to identify the rights to the goods or services to be transferred by each party,
- (c) The Company may define payment terms for the goods or services to be transferred,
- (d) The contract is commercial in nature,

## UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

#### 2.6 Summary of Significant Accounting Policies (cont'd)

##### Revenue (continued)

(e) It is probable that the Company will collect the consideration for the goods or services to be transferred to the customer. In assessing whether the collectability of consideration is probable, the entity considers only the customer's ability and intention to pay the consideration when due.

Net sales represent the invoiced value of the service, excluding sales tax, less discounts, reflecting the rate of completion of the service. Expenses incurred but not yet invoiced at the balance sheet date should be estimated and accrued.

When the Company assesses the transfer of control of the goods or services sold to the customer;

- Ownership of the right to collect for the goods or services
- The customer's ownership of the legal right to the goods or service
- Transfer of physical possession of goods
- Ownership of the significant risks and rewards of ownership
- It takes into account the customer's acceptance of the goods or services.

For each performance obligation, the Company considers whether the performance obligation was fulfilled in time at the inception of the contract or whether the performance obligation was fulfilled at a particular point in time. The Company recognizes revenue from product sales when control is transferred to the customer.

In the event that the Company is entitled to collect a price from its customers that directly corresponds to the value of the completed performance for the customer (delivery of products), the Company recognizes revenue up to the amount that it has the right to invoice. The Company carries out its trade both within and outside BIST in accordance with delivery and receipt with cash payment record.

The transaction price varies due to reasons such as discounts and rebates given to customers and if such discounts and rebates have not yet been invoiced, they are determined and accrued by the most probable amount method.

The Company recognizes a refund liability in the financial statements when it expects to repay some or all of the consideration collected from a customer. A refund liability is recognized for the portion of the consideration collected (or receivable) that the entity does not expect to be entitled to. The refund liability is updated at the end of each reporting period, taking into account changes in circumstances.

##### *Sale of goods*

The Company is engaged in the purchase and sale of precious metals such as gold and silver. The time of fulfillment of the performance obligation of the Company is the moment of delivery of the goods. Therefore, in the 5-step revenue recognition process in accordance with TFRS 5, the time of revenue recognition is recognized in the statement of profit or loss as delivery at a specific moment. The primary responsibility for the use and sale of goods after delivery lies with the customer and the customer bears the risks of damage, obsolescence and loss. A trade receivable is recognized in the financial statements when the goods are delivered to the customer. A receivable is an entity's unconditional right to receive consideration. The right to receive the consideration is unconditional only if the collection of the consideration is conditional on a maturity date.

## UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

#### 2.6 Summary of Significant Accounting Policies (cont'd)

##### Revenue (continued)

In accordance with the Company's standard contract terms, customers do not have any right of return except for returns due to defective production. According to the historical return trend, the return obligation and the related revenue adjustment for the goods sold are recognized if material due to periodicity. The Company estimates the return obligation by utilizing past experience on a product group basis. It is considered highly probable that there will be no significant reversal or increase in the cumulative revenue amount reflected in the financial statements due to the consistent course observed in returns in previous years, and since no transition between periods is expected, no adjustment has been made in the revenue amounts related to the return issue in both the current period and the previous period.

##### Inventories

Inventories are valued at the lower of cost or net realizable value. In accordance with paragraph 3(b) of TMS 2, inventories are revalued at the end of each period with the market values prevailing in the Istanbul Gold Exchange and any increase or decrease in value is recognized in other operating income and expenses. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

When the net realizable value of inventories is less than cost, the inventories are written down to their net realizable value and the expense is recognized in the income statement in the year the write-down or loss occurred. An impairment loss is reversed when the circumstances that previously caused inventories to be written down to net realizable value no longer exist or when there is evidence of an increase in net realizable value due to changing economic conditions. The amount reversed is limited to the amount of the previously recognized impairment loss.

##### Property, Plant and Equipment

###### Cost Method

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Land and land improvements are not depreciated and are stated at cost less accumulated impairment losses.

Assets under construction for administrative or other purposes not yet determined are carried at cost less any accumulated impairment losses. Cost also includes legal fees. Borrowing costs are capitalized if they relate to qualifying assets that will take a substantial period of time to get ready for their intended use or sale. When the construction of these assets is completed and they are ready for their intended use, they are reclassified to property, plant and equipment. Such assets are depreciated when they are ready for use, in accordance with the depreciation method used for other fixed assets. However, the Company does not have any fixed assets that should be considered as qualifying assets both in the current and prior periods.

## UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

#### 2.6 Summary of Significant Accounting Policies (cont'd)

##### Property, Plant and Equipment (cont'd)

The Company is prohibited from acquiring any property, plant and equipment without the pre-approval of the Ministry of Treasury and Finance, and prior authorization must be obtained from the Ministry before each request.

The cost of property, plant and equipment, other than land and construction in progress, is depreciated on a straight-line basis over their estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives in the same way as owned property, plant and equipment. If it is uncertain whether ownership will be obtained at the end of the lease term, they are depreciated over the shorter of the expected useful life and the lease term.

An item of property, plant and equipment is derecognized when it is disposed of or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

##### Intangible Assets

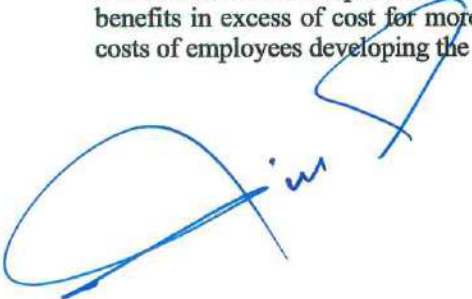
###### *Intangible assets acquired*

Intangible assets purchased with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. These assets are amortized on a straight-line basis over their estimated useful lives. The estimated useful lives and amortization method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. Acquired intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses.

###### *Computer software*

Purchased computer software is capitalized at the time of purchase and at the cost incurred from the date of purchase until the software is ready for use. These costs are amortized over their useful lives.

Costs associated with developing and maintaining computer software are recognized in the income statement in the period in which they are incurred. Costs that are directly attributable to the development of identifiable and unique software products controlled by the Company and that will generate economic benefits in excess of cost for more than one year are recognized as intangible assets. Costs include the costs of employees developing the software and a portion of production overheads.



**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)**

**2.6 Summary of Significant Accounting Policies (cont'd)**

**Intangible Assets (cont'd)**

Derecognition of intangible assets

An intangible asset is derecognized when it is disposed of or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition of an intangible asset is calculated as the difference, if any, between the net proceeds from disposal and the carrying amount of the asset. This difference is recognized in profit or loss when the asset is derecognized.

**Impairment of Intangible Assets other than Property, Plant and Equipment and Goodwill**

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any impairment in value. If assets are impaired, the recoverable amount of the assets, if any, is measured to determine the amount of impairment. If the recoverable amount of an asset cannot be measured, the Company measures the recoverable amount of the cash-generating unit associated with the asset. If a reasonable and consistent basis of allocation can be determined, the Company's assets are allocated to the cash-generating units. Where this is not possible, the Company's assets are allocated to the smallest cash-generating unit to determine a reasonable and consistent basis of allocation.

Intangible assets that have indefinite useful lives and are not available for use are tested for impairment at least annually or whenever there is an indication of impairment. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and value in use. Value in use is the present value of future cash flows expected to be derived from an asset or cash-generating unit. Value in use is calculated using a pre-tax discount rate that reflects current market assessments of the value in use of money and the risks specific to the asset that are not taken into account in the estimation of future cash flows.

When the recoverable amount of an asset (or cash-generating unit) is less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized directly in profit or loss unless the asset is measured at revalued amount. In this case, the impairment loss is recognized as a revaluation decrease.

When an impairment loss is reversed in a subsequent period, the carrying amount of the asset (or related cash-generating unit) is increased to the revised estimate of its recoverable amount. The increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or the related cash-generating unit) in prior periods. A reversal of an impairment loss is recognized directly in profit or loss, unless the asset is carried at a revalued amount. Reversal of an impairment loss on a revalued asset is recognized as a revaluation increase.

**2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)**

**2.6 Summary of Significant Accounting Policies (cont'd)**

**Borrowing Costs**

In the case of assets that take a substantial period of time to get ready for their intended use or sale (qualifying assets), borrowing costs directly attributable to the acquisition, construction or production of the asset are included in the cost of the asset until the asset is ready for its intended use or sale.

The amount of borrowing costs that can be capitalized in a period in respect of funds borrowed to acquire a qualifying asset in relation to a financial liability that is directly attributable to the qualifying asset is the total borrowing costs incurred in the relevant period for those assets, less any income from temporary investments of those funds.

However, when borrowing for general purposes and a portion of these funds are used to finance a qualifying asset, the amount of borrowing costs that can be capitalized is determined with the help of a capitalization rate to be applied to the expenditures made for the related asset. This capitalization rate is the weighted average of the borrowing costs of all borrowings outstanding during the relevant period, excluding borrowings for the purchase of qualifying assets. Borrowing costs eligible for capitalization are offset against the borrowing income from the temporary investment of the unspent portion of the loan related to the investment in financial investments. All other borrowing costs are recognized in the income statement in the period in which they are incurred.

**Financial Instruments**

Financial assets and liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and liabilities at fair value through profit or loss) are added to or deducted from the fair value of those financial assets and liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities are recognized directly in profit or loss.

**Financial assets**

Financial assets that are traded in the normal course of business are recognized or derecognized on the trade [delivery date].

The Company classifies its financial assets as (a) business model used by the entity to manage financial assets, (b) measured at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss on subsequent recognition based on the characteristics of the contractual cash flows of the financial asset. When an entity changes its business model for managing financial assets, it reclassifies all affected financial assets. Reclassification of financial assets is applied prospectively from the date of reclassification. In such cases, no adjustment is made to previously recognized gains, losses (including impairment gains or losses) or interest.

## UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

#### 2.6 Summary of Significant Accounting Policies (cont'd)

##### Financial Instruments (cont'd)

##### *Financial assets (cont'd)*

##### Classification of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; 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.

Financial assets that meet the following conditions are measured at fair value through other comprehensive income:

- the financial asset is held within a business model whose objective is to collect the contractual cash flows and sell the financial asset; 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.

If a financial asset is not measured at amortized cost or at fair value through other comprehensive income, it is measured at fair value through profit or loss.

On initial recognition, the Company may make an irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument that is not held for trading in other comprehensive income.

##### (i) Amortized cost and effective interest method

Interest income on financial assets carried at amortized cost is calculated using the effective interest method. The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. This income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset, except for the following:

(a) Financial assets that are credit-impaired when acquired or originated. For such financial assets, the entity applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

(b) Financial assets that are not credit-impaired financial assets when acquired or originated, but subsequently become credit-impaired financial assets. For such financial assets, the entity applies the effective interest rate to the amortized cost of the asset at subsequent reporting dates.

## UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

### 2.6 Summary of Significant Accounting Policies (cont'd)

#### Financial Instruments (cont'd)

#### *Financial assets (cont'd)*

#### Classification of financial assets (cont'd)

##### (i) Amortized cost and effective interest method (cont'd)

Interest income is recognized on subsequent recognition using the effective interest method for debt instruments measured at amortized cost and at fair value through other comprehensive income. Interest income is recognized in profit or loss.

##### (ii) Financial assets at fair value through other comprehensive income

Changes in the fair value of corporate bonds held by the Company are recognized in other comprehensive income. Fair value is determined as explained in Note 2.6. Corporate bonds are initially measured at fair value plus transaction costs. Subsequently, changes in the fair value of these corporate bonds arising from foreign exchange gains and losses, impairment gains or losses and interest income calculated using the effective interest method (see (i)) are recognized in profit or loss. The amounts recognized in profit or loss are the same as those that would be recognized in profit or loss if these corporate bonds were measured at amortized cost. All other changes in the carrying amount of these corporate bonds are recognized in other comprehensive income and presented in the revaluation reserve. When these corporate bonds are derecognized, the total amount previously recognized in other comprehensive income is reclassified to profit or loss.

##### (iii) Equity instruments at fair value through other comprehensive income

On initial recognition, an entity may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

A financial asset is considered to be held for trading if it is

- acquired with the intention to sell in the near future; or
- at the time of initial recognition, is part of a portfolio of specific financial instruments that the Company manages together and there is recent evidence that the Company has a propensity to earn a profit in the short term; or
- a derivative instrument (other than a financial guarantee contract or a derivative instrument that is a designated and effective hedging instrument).

Investments in equity instruments at fair value through other comprehensive income are initially measured at fair value plus transaction costs. Subsequently, gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in the revaluation reserve. On disposal of an equity investment, the cumulative gain or loss is transferred to retained earnings.

## UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

#### 2.6 Summary of Significant Accounting Policies (cont'd)

##### Financial Instruments (cont'd)

##### *Financial assets (cont'd)*

##### Classification of financial assets (cont'd)

##### (iii) Equity instruments at fair value through other comprehensive income (cont'd)

Dividends from equity instruments are recognized in profit or loss in accordance with TFRS 9, unless they represent a partial recovery of investment costs. Dividends are recognized in profit or loss under "income from investing activities".

There are no equity instruments within the Company's assets that are required to be classified as at fair value through other comprehensive income under TFRS 9.

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

Financial assets that do not meet the criteria to be measured at amortized cost or at fair value through other comprehensive income (see (i) - (iii)) are measured at fair value through profit or loss.

Financial assets at fair value through profit or loss are measured at fair value at the end of each period and all changes in fair value are recognized in profit or loss, unless the financial assets are designated as hedging instruments (see hedge accounting policy).

##### Foreign exchange gains and losses

The carrying amount of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the exchange rate at the end of each reporting period. In particular,

- For financial assets carried at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss;
- Exchange differences on the amortized cost of debt instruments measured at FVTOCI that are not part of a designated hedging relationship are recognized in profit or loss for the period. All other exchange differences arising are recognized in other comprehensive income;
- for financial assets measured at fair value through profit or loss that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss for the period; and
- Exchange differences relating to equity instruments measured at fair value through other comprehensive income are recognized in other comprehensive income.

## UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

### 2.6 Summary of Significant Accounting Policies (cont'd)

#### Financial Instruments (cont'd)

##### *Financial assets (cont'd)*

##### Impairment of financial assets

The Company recognizes a provision for impairment in its financial statements for expected credit losses on debt instruments, lease receivables, trade receivables, assets arising from contracts with customers and investments in financial guarantee contracts that are measured at amortized cost or at fair value through other comprehensive income. The amount of expected credit loss is revised at each reporting date to reflect changes in the credit risk since the initial recognition of the financial asset.

The Company uses the simplified approach for trade receivables, assets arising from contracts with customers and *lease receivables* that do not have a significant financing element and calculates impairment losses equal to the expected credit loss over the life of the related financial assets.

For all other financial instruments, the Company recognizes lifetime expected credit losses if there has been a significant increase in credit risk since initial recognition. However, if the credit risk of the financial instrument has not increased significantly since initial recognition, the Company recognizes a loss allowance equal to 12 months expected credit losses for that financial instrument.

##### Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, the loss given default (i.e. the magnitude of the loss given default) and the amount at risk given default. The assessment of the probability of default and loss given default is based on historical data adjusted with forward-looking information. The amount at risk in the event of default of financial assets is reflected at the gross carrying amount of the assets at the reporting date.

The expected credit loss on financial assets is the present value of the difference between all of the Company's contractual cash flows that will be collected as they fall due and all of the cash flows that the Company expects to collect (all cash shortfalls), calculated using the initial effective interest rate (or credit-adjusted effective interest rate for financial assets that were credit-impaired when acquired or originated).

The Company calculates impairment losses for trade receivables and receivables from related parties in an amount equal to lifetime expected credit losses, using the simplified approach permitted by TFRS 9.

In this context, in order to measure the expected credit loss for trade receivables and receivables from related parties, the Company groups these assets according to their risk levels and the time elapsed since their maturity.

## UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

## 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

### 2.6 Summary of Significant Accounting Policies (cont'd)

#### Financial Instruments (cont'd)

##### *Financial assets (cont'd)*

##### Measurement and recognition of expected credit losses (cont'd)

The expected loss calculation rates in accordance with TFRS 9 regulations are as follows:

31 December 2023	Maturity not passed	30 days overdue	30 to 60 days overdue	60 to 90 days overdue	3 to 12 months overdue	Over 1 year overdue
Expected credit loss rate	0.5%	1.5%	5%	10%	50%	100%

31 December 2022	Maturity not passed	30 days overdue	30 to 60 days overdue	60 to 90 days overdue	3 to 12 months overdue	Over 1 year overdue
Expected credit loss rate	0.5%	1.5%	5%	10%	50%	100%

If there is no reasonable expectation of partial or full recovery of the value of trade receivables, the Company directly reduces the gross carrying amount of the related receivables and excludes them from its financial statements. The main indicators that there is no reasonable expectation of recovery of a receivable are that the debtor has not made a repayment plan with the Company regarding the overdue debt and the debt payments are overdue for more than 1 year. Trade receivables that are not likely to be recovered are derecognized.

#### Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity.

When a financial asset measured at amortized cost is derecognized, the difference between the carrying amount of the asset and the consideration received or receivable is recognized in profit or loss. In addition, on derecognition of a debt instrument measured at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the revaluation reserve is reclassified to profit or loss. On derecognition of an equity instrument that the Company has elected to measure at fair value through other comprehensive income on initial recognition, the cumulative gain or loss previously accumulated in the revaluation reserve is not recognized in profit or loss but is transferred directly to retained earnings.

## UĞURAS KIYMETLİ MADENLER SANAYİ VE DİŐ TİCARET A.Ő.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

#### 2.6 Summary of Significant Accounting Policies (cont'd)

##### Financial Instruments (cont'd)

##### *Financial liabilities*

An entity measures a financial liability at fair value on initial recognition. On initial measurement of liabilities other than those at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the liability are added to the fair value.

The entity classifies all financial liabilities as measured at amortized cost on subsequent recognition, except for the following:

(a) Financial liabilities at fair value through profit or loss: These liabilities, including derivatives, are measured at fair value on subsequent recognition.

(b) Financial liabilities that arise when the transfer of a financial asset does not meet the derecognition criteria or when the continuing relationship approach is applied: When an entity continues to recognize an asset in the financial statements to the extent of its continuing involvement, it also recognizes a corresponding liability in the financial statements. The transferred asset and the related liability are measured to reflect the rights and obligations that the entity continues to hold. The liability associated with the transferred asset is measured in the same way as the net carrying amount of the transferred asset.

(c) Contingent consideration recognized by the acquirer in a business combination to which TFRS 3 applies: After initial recognition, changes in the fair value of such contingent consideration are measured at fair value through profit or loss.

The entity does not reclassify any financial liabilities.

##### Derecognition of financial liabilities

The Company derecognizes financial liabilities only when the Company's obligations are discharged, cancelled or expire. The difference between the carrying amount of the derecognized financial liability and the amount paid or payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

##### **Effects of Exchange Rate Changes**

The financial statements of the Company are presented in the currency of the primary economic environment in which the Company operates (its functional currency). The results and financial position of the Company are expressed in TL, which is the functional currency and the presentation currency for the financial statements.

In preparing the financial statements, transactions in foreign currencies (currencies other than TL) are recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Turkish Lira at the exchange rates prevailing at the balance sheet date. Non-monetary items at fair value through profit or loss denominated in foreign currencies are translated into TL at the exchange rates prevailing at the dates when the fair value was determined. Non-monetary items in foreign currencies measured at historical cost are not subject to retranslation.

## UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

#### 2.6 Summary of Significant Accounting Policies (cont'd)

##### Effects of Changes in Foreign Exchange Rates (cont'd)

Exchange differences are recognized in profit or loss in the period in which they arise, except as noted below:

- Exchange differences relating to assets under construction for future use that are treated as an adjustment to interest costs on foreign currency denominated liabilities and included in the cost of such assets,
- Foreign exchange differences arising from transactions entered into to hedge foreign currency exposures (accounting policies for hedging are described below),
- Exchange differences arising on monetary receivables and payables from foreign operations that form part of the net investment in foreign operations, which are recognized in translation reserves and recognized in profit or loss on disposal of the net investment, and for which there is no intention or possibility of settlement.

When a foreign entity is acquired, goodwill arising on the date of acquisition and any fair value adjustments to the carrying amounts of assets and liabilities are recognized as assets and liabilities of the foreign entity. Accordingly, they are denominated in the functional currency of the foreign operation and translated at the period-end exchange rate. Exchange differences arising are recognized in equity.

In accordance with the announcement on the subsequent measurement of monetary items denominated in foreign currencies published by the Public Oversight Accounting and Auditing Standards Board of Turkey ("KGGK") on March 15, 2021; the exchange rates published by the Central Bank of the Republic of Turkey ("TCMB") on the last day of the relevant year and effective as of January 1 on the day after the last day of the year are used in the period-end valuation of foreign currency denominated balances, the effective buying rate on the relevant date is used for foreign currency denominated assets and the effective selling rate is used for foreign currency denominated liabilities.

##### Events after the Reporting Period

Subsequent events cover all events that occur between the reporting date and the date when the financial statements are authorized for issue, even if they occur after the announcement of any profit or loss or public disclosure of other selected financial information.

The Company adjusts the amounts recognized in the financial statements if events requiring an adjustment occur after the reporting date.

##### Provisions, Contingent Assets and Liabilities

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

# UĞURAS KIYMETLİ MADENLER SANAYİ VE DİŐ TİCARET A.Ő.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

#### 2.6 Summary of Significant Accounting Policies (cont'd)

##### Provisions, Contingent Assets and Liabilities (continued)

The amount recognized as a provision is the most reliable estimate of the expenditure required to settle the obligation at the balance sheet date, taking into account the risks and uncertainties associated with the obligation. If the provision is measured using the estimated cash flows required to settle the present obligation, the carrying amount of the provision is equal to the present value of those cash flows.

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

##### Segmental Reporting of Financial Information

The Company analyzes its operating results on the basis of revenue generated by product groups and geographically all sales are realized within Turkey. The Company has two product segments, Gold and Silver, which contain information used by management to evaluate performance and decide on resource allocation. These segments are managed separately as they are affected by different economic conditions and different locations in terms of risk and return. The Company management has determined revenue performance and gross profitability by product groups as the most appropriate method to evaluate the performance of the segments.

##### Discontinued Operations

A disposal group is a component of a Company that is disposed of or classified as available-for-sale and whose activities and cash flows are segregable from those of the Company as a whole. A disposal group is a separate business or geographical area of operations, is part of a separate plan to sell or dispose of, or is a Subsidiary acquired for the purpose of sale. The disposal group is measured at the lower of the carrying amount of the assets and liabilities and fair value less costs to sell.

##### Government Incentives and Aids

Government grants are not recognized until there is reasonable assurance that the entity will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the period in which the costs intended to be compensated by the grants are recognized as expenses. Government grants which are considered as a financing instrument, should be recognized in the statement of financial position (balance sheet) as unearned income and charged to profit or loss on a systematic basis over the economic life of the related assets, rather than recognized in profit or loss to offset the expenditure item they finance.

Government grants given to compensate for expenses or losses already incurred or to provide immediate financial support to the entity without any future cost are recognized in profit or loss in the period in which they become collectible.

The benefit of a loan from the government at a lower than market interest rate is considered a government subsidy. The benefit of the lower interest rate is measured as the difference between the initial carrying amount of the loan and the gains realized.

# UĞURAS KIYMETLİ MADENLER SANAYİ VE DİŐ TİCARET A.Ő.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

#### 2.6 Summary of Significant Accounting Policies (cont'd)

##### **Taxes on corporate profit**

Income tax expense represents the sum of the tax currently payable and deferred tax.

##### Current corporate tax

Current year tax liability is recognized on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Current tax liability is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

##### Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for all taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from taxable temporary differences associated with such investments and interests are recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and it is probable that the temporary differences will reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date. The carrying amount of deferred tax assets is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

# UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

#### 2.6 Summary of Significant Accounting Policies (cont'd)

##### Taxes on corporate profit (cont'd)

###### Deferred Tax (cont'd)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

###### Current and deferred tax for the period

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting for a business combination. In business combinations, the tax effect is taken into account in the calculation of goodwill or in determining the excess of the acquirer's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary over the cost of acquisition.

##### Leasing Transactions

###### Company in case of tenant

The Company assesses whether a contract is, or contains, a lease at inception of the contract. The Company recognizes the right-of-use asset and the related lease liability for all leases in which it is the lessee, except for short-term leases (leases with lease terms of 12 months or less) and leases of low-value assets. For these leases, the Company recognizes lease payments as an operating expense on a straight-line basis over the lease term, unless there is another systematic basis that better reflects the timing of the economic benefits derived from the leased assets.

At initial recognition, lease liabilities are recognized at the present value of the lease payments outstanding at the inception of the lease, discounted at the lease rate. If this rate is not specified in advance, the Company uses an alternative borrowing rate determined by the Company.

Lease payments included in the measurement of the lease liability consist of the following:

- fixed lease payments (essentially fixed payments) less any lease incentives;
- variable lease payments that are linked to an index or rate, initially measured using an index or rate at the commencement date;
- the amount of debt expected to be paid by the lessee under residual value guarantees;
- the exercise price of the payment options where the tenant would reasonably exercise the payment options; and
- penalty payment for lease cancellation if there is a right to cancel the lease during the lease period.

## UĞURAS KIYMETLİ MADENLER SANAYİ VE DİŐ TİCARET A.Ő.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

#### 2.6 Summary of Significant Accounting Policies (cont'd)

##### Lease Transactions (cont'd)

##### The Company as a lessee (cont'd)

The lease liability is presented as a separate line item in the statement of financial position. Lease liabilities are subsequently measured by increasing the net carrying amount to reflect interest on the lease liability (using the effective interest method) and decreasing the net carrying amount to reflect the lease payment made.

The Company remeasures the lease liability (and makes appropriate modifications to the related right-of-use asset) when

- When the lease liability is remeasured by discounting the revised lease payments using a revised discount rate when there is a change in the lease term or in the assessment of the exercise of a purchase option.
- When the lease liability is remeasured by discounting the restated lease payments using the initial discount rate when there is a change in the lease payments due to changes in the index, changes in the rate or a change in the expected payment in the committed residual value (a revised discount rate is used if the change in lease payments is due to a change in the variable interest rate).
- When a lease is modified and the lease modification is not accounted for as a separate lease, the lease liability is restated by discounting the revised lease payments using the revised discount rate.

The Company has not made any such changes during the periods presented in the financial statements.

Right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made on or before the commencement date and other direct initial costs. These assets are subsequently measured at cost less accumulated depreciation and impairment losses.

A provision is recognized in accordance with TMS 37 when the Company incurs costs necessary to dismantle and remove a lease asset, restore the space on which the asset is located, or restore the underlying asset in accordance with the terms and conditions of the lease. These costs are included in the related right-of-use asset unless they are incurred to produce inventory.

Right-of-use assets are depreciated over the shorter of the lease term and the useful life of the underlying asset. The associated right-of-use asset is depreciated over the useful life of the host asset when ownership of the underlying asset is transferred or when the Group plans to exercise a purchase option based on the cost of the right-of-use asset. Depreciation commences on the commencement date of the lease.

Right-of-use assets are presented as a separate line item in the statement of financial position.

The Company applies TMS 36 to determine whether right-of-use assets are impaired and recognizes all identified impairment losses as described in the 'Property, Plant and Equipment' policy.

# UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

#### 2.6 Summary of Significant Accounting Policies (cont'd)

##### Lease Transactions (cont'd)

###### The Company as a lessee (cont'd)

Variable rents that are not linked to an index or rate are not included in the measurement of the lease liability and right-of-use asset. Related payments are recognized as an expense in the period in which the underlying event or events giving rise to the payments occur and are included in 'Other expenses' in the statement of profit or loss.

As a practical expedient, TFRS 16 permits a lessee to account for all leases and non-lease related items as a single lease contract and not separately present the non-lease related items.

##### Employee Benefits

###### *Severance payments:*

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan in accordance with the revised TMS 19 *Employee Benefits* ("TMS 19").

The retirement pay liability recognized in the balance sheet is calculated by estimating the net present value of the future probable obligation of the Company arising from the retirement of all employees and reflected in the financial statements. All actuarial gains and losses are recognized in other comprehensive income.

###### *Dividend and bonus payments*

Dividends and bonuses calculated on the basis of a method that takes into account the profit attributable to the Company's shareholders after adjustments are recognized as a liability and expense. Provision is recognized where there is a contractual obligation or a past practice that creates an implied obligation. The Company does not have any liability in this context in the current period.

##### Statement of Cash Flows

In the statement of cash flows, cash flows for the period are classified and reported based on operating, investing and financing activities.

Cash flows from operating activities primarily represent cash flows from the Company's activities related to the sale of finished goods and merchandise.

Cash flows from investing activities represent the cash flows used in and generated from investing activities (fixed investments and financial investments).

Cash flows from financing activities represent the resources used in financing activities and the repayment of these resources.

# UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

#### Statement of Cash Flows (cont'd)

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

#### Capital and Dividends

Ordinary shares are classified as equity. Dividends on ordinary shares are recognized as a deduction from retained earnings in the period in which the dividend is declared.

### 2.7 Significant Accounting Judgments, Estimates and Assumptions

#### Critical judgments made in applying accounting policies and the main sources of estimation uncertainty

In the process of applying the accounting policies described in Note 2.6, the company has made the following interpretations and judgments that involve significant assumptions about the future that have a significant effect on the amounts recognized in the financial statements and that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities in the following period, and these interpretations and judgments constitute the main sources of accounting uncertainty.

#### *Business model assessment*

The classification and measurement of financial assets depends on the results of principal and interest payments and the business model test. The Company determines its business model at a level that reflects how groups of financial assets are managed together to achieve a specific business objective. This assessment includes judgments that reflect all relevant evidence, including how the performance of assets is assessed and measured, how risks affecting performance are managed and how asset managers are evaluated. The Company continually assesses financial assets measured at amortized cost or fair value that are derecognized before maturity to determine whether the reason for derecognition is consistent with the intended use of the asset. These assessments include whether the business model for the Company's remaining financial assets is appropriate and, if not, whether there has been a change in the business model. If there is a change, a prospective change in the classification of financial assets should be made. No such change was required in the current period.

#### *Provisions on the determination of the time of fulfillment of performance obligations*

In making its assessment, management considers the detailed conditions set out in TFRS 15 for the fulfillment of performance obligations and the recognition of the related allocated transaction costs as revenue, in particular whether control over the goods and services has passed to the customer.

#### *Deferred tax*

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TFRS purposes and its statutory tax financial statements. Since the Company does not have unused tax losses, deferred tax is not recognized for tax losses.

## UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

#### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

#### 2.7 Significant Accounting Judgments, Estimates and Assumptions (cont'd)

##### Critical judgments made in applying accounting policies and the main sources of estimation uncertainty (cont'd)

##### *Deferred Tax (cont'd)*

The Company has deferred tax assets resulting from deductible temporary differences. The partially or fully recoverable amount of deferred tax assets is estimated under current circumstances. During the assessment, future profit projections, losses incurred in current periods, the expiration dates of unused losses and other tax assets and tax planning strategies that can be used when necessary are taken into consideration. If, based on the available evidence, it is probable that the Company's future taxable profit will not be sufficient to utilize all or part of its deferred tax assets, a provision is recognized for all or part of the deferred tax asset. Based on the Company's future projections, no provision has been recognized for deferred tax assets since the Company believes that all of its deferred tax assets are recoverable.

##### *Use of different rates in deferred tax calculation*

As of December 31, 2020, according to the regulations dated December 5, 2017, it is foreseen that the Corporate Tax rate in Turkey will be applied as 22% as of December 31, 2020 and the rate will be applied as 20% for the following periods. However, with the Provisional Article 13 added to the Corporate Tax Law No. 5520 with Article 11 of the Law No. 7316 on the Amendment of the Law on the Collection Procedure of Public Receivables and Certain Laws, which entered into force after being published in the Official Gazette dated April 22, 2021 and numbered 31462, it was ruled that the Corporate Tax rate will be applied as 25% for 2021 and 23% for 2022. For the following years, it is envisaged that the rate of 20% will be applied again. This amendment is effective for the taxation of corporate income for the periods starting from January 1, 2021, starting from July 1, 2021. On the other hand, pursuant to the provisions of the Law numbered 7456 "Law on Additional Motor Vehicles Tax for the Compensation of Economic Losses Caused by the Earthquakes Occurring on February 6, 2023 and Amendments to Certain Laws and Decree Law No. 375", the corporate tax rate has been increased by 5 points and it has been determined that the corporate tax rate will be applied as 25% starting from the declarations to be submitted as of October 1, 2023.

The Company management has evaluated the possible effects of the changing tax rates on the deferred tax calculations in the financial statements dated December 31, 2023 and concluded that the application of the changing tax rates may present a significant quantitative and qualitative difference that will affect the decisions of the users of the financial statements. Therefore, in the accompanying financial statements, 25% tax rate has been used as the tax rate in deferred tax calculations starting from December 31, 2023.

##### Main sources of calculation uncertainty

Significant assumptions about the future that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities of subsequent periods and other key sources of estimation uncertainty at the balance sheet date are set out below.

## UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

#### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

##### 2.7 Significant Accounting Judgments, Estimates and Assumptions (cont'd)

###### Main sources of calculation uncertainty (cont'd)

###### *Impairment of financial assets*

When assessing impairment of financial assets, management makes assumptions such as default risk and expected credit loss rate. The Company makes these assumptions and judgments at each reporting date based on the Company's past experience, current market conditions and future market expectations.

#### 3. BUSINESS COMBINATIONS AND INVESTMENTS IN OTHER ENTITIES

##### Business Combinations

None (December 31, 2022: None).

###### a) Subsidiaries

None (December 31, 2022: None).

###### b) Subsidiaries

None (December 31, 2022: None).

###### c) Joint Ventures

None (December 31, 2022: None).

###### d) Joint Activities

None (December 31, 2022: None).

#### 4. SEGMENT REPORTING

The Company analyzes its sales revenue by product groups and makes critical decisions based on these segmentations. Although the Company management is of the opinion that there is no segment reporting obligation under TFRS 8, the reporting breakdowns used in management decisions on product group basis are presented in the segment reporting framework. The Company management analyzes segment results in terms of turnover and revenue and does not use any segment reporting for assets and liabilities.

Operating segments are determined based on internal reports that are regularly reviewed by the chief operating decision maker. The authorized decision-making authority of the Company is the Board of Directors.

The revenue of the Company's reportable operating segments mainly consists of Gold and Silver sales in terms of product/service groups.

The breakdown of revenue by product group is presented in Note 25.

# UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

### 5. RELATED PARTY DISCLOSURES

Receivables and payables to related parties generally arise from financing transactions and sales and purchases of goods and services and have approximate maturities of 30 to 45 days. Interest is not charged on receivables and payables other than financial liabilities, except for the legal interest charged to shareholders.

#### a) Balances with related parties

The details of balances between the Company and its related parties are explained below.

	31 December 2023			
	Receivables		Payables	
	Current		Current	
Related party balances	Trade	Other	Trade	Other
<u>Shareholders</u>				
Uğur Uras	-	-	-	(10,556,822)
	-	-	-	(10,556,822)

	31 December 2022			
	Receivables		Payables	
	Current		Current	
Related party balances	Trade	Other	Trade	Other
<u>Shareholders</u>				
Uğur Uras	-	-	-	(85,748,621)
	-	-	-	(85,748,621)

There are no guarantees given in favor of related parties.

#### b) Transactions with related parties:

Transactions with related parties	1 January - 31 December 2023	
	Purchase of goods/services	Sale of goods/services
Uğur Uras	428,470,704	578,092,028
Ercan Ertemel	9,640,453	3,736,345
İlknur Menteş	212,299	578,092,028
Nurettin Albora	1,327,914	-
Serdar Ertemel	31,073,764	48,068,331
Adnan Veysel Ertemel	71,932	-
	<u>470,797,066</u>	<u>1,207,988,731</u>

## UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

#### 5. RELATED PARTY DISCLOSURES (cont'd)

##### b) Transactions with related parties: (cont'd)

Transactions with related parties	1 January - 31 December 2022	
	Purchase of goods/services	Sale of goods/services
Uğur Uras	123,652,708	115,328,501
Ercan Ertemel	70,468,935	18,323,458
Elanur Ertemel	-	172,928
Metin Albora	1,771,547	33,490
Nurettin Albora	12,508,431	3,541,173
Serdar Ertemel	5,764,254	-
Adnan Veysel Ertemel	5,603,023	730,139
Muhammed Bekir Albora	414,066	-
Sinan Ertemel	540,399	-
Uğuras Global Kıymetli Madenler A.Ş.	6,952,861,912	30,398,206
	<u>7,173,585,275</u>	<u>168,527,895</u>

Transactions with related parties consist of commercial transactions except for transactions with shareholders.

##### c) Benefits to key management:

None (2022: None).

#### 6. TRADE RECEIVABLES AND PAYABLES

##### a) Trade Receivables

The details of the Company's trade receivables are as follows

##### Short-term trade receivables:

None (December 31, 2022: None).

##### Long-term trade receivables:

None (December 31, 2022: None).

The Company measures impairment for trade receivables based on lifetime expected credit losses, if any. Expected credit losses on trade receivables are estimated using an allowance matrix that is constructed by analyzing customers' past defaults, analyzing their current financial position and taking into account the general economic conditions of the industry in which the customer operates and the conditions at the reporting date. If the Company has trade receivables that are overdue for 1 year or more, the Company provides 100% provision for all such receivables based on the risk of uncollectibility. On the other hand, the Company does not have any receivables overdue more than 1 year in the current period.

## UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

#### 6. TRADE RECEIVABLES AND PAYABLES (cont'd)

##### a) Trade Receivables (cont'd)

There have been no significant changes in management's estimates and assumptions in the current period.

The table below shows the risk profile of the Company's trade receivables based on the allowance matrix. As the Company's past credit loss experience does not differ significantly for different customer groups, no further distinction is made in the provisioning for different customer groups.

31 December 2023	Maturity not passed	30 days overdue	30 to 60 days overdue	60 to 90 days overdue	3 to 12 months overdue	Over 1 year overdue
Expected credit loss rate	0.5%	1.5%	5%	10%	50%	100%

31 December 2022	Maturity not passed	30 days overdue	30 to 60 days overdue	60 to 90 days overdue	3 to 12 months overdue	Over 1 year overdue
Expected credit loss rate	0.5%	1.5%	5%	10%	50%	100%

As of the reporting date, the maximum credit risk is equal to the carrying values of the receivable groups defined above.

There are no past due but not impaired receivables (December 31, 2022: None).

There are no overdue and impaired receivables. All provisions for doubtful receivables consist of expected credit losses (December 31, 2022: None).

The Company has no guarantees received against its trade receivables (December 31, 2022: None).

##### b) Trade Payables

The details of the Company's trade payables are as follows

Short-Term Trade Payables	31 December 2023	31 December 2022
Trade payables	396,398,100	737,890
Other payables	884,983	2,132,589
Discount on trade payables (-)	(197,923)	(11,798)
	<u>397,085,160</u>	<u>2,858,681</u>

UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

6. TRADE RECEIVABLES AND PAYABLES (cont'd)

b) Trade Payables (cont'd)

The foreign currency denominated short-term trade payables, their type and amount are explained below:

<u>Currency Type</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
TL	397,085,160	2,858,681
	<u>397,085,160</u>	<u>2,858,681</u>

The Company's average payment term for trade payables is 30 days (December 31, 2022: 30 days). For trade payables, no interest is charged for days beyond the invoice date. The Company has financial risk management policies in place to ensure that all debts are paid within the lending period.

The nature and level of risks related to trade payables are disclosed in Note 36.

7. OTHER RECEIVABLES AND PAYABLES

a) Other Receivables

<u>Other Short-Term Receivables</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
Due from third parties	116,216,767	161,227,878
<i>Deposits and guarantees given</i>	116,216,767	161,227,878
	<u>116,216,767</u>	<u>161,227,878</u>

The foreign currency denominated short-term other receivables, their type and amount are explained below.

<u>Currency Type</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
	<u>TL Equivalent</u>	<u>TL Equivalent</u>
TL	116,216,767	160,426,245
	<u>116,216,767</u>	<u>160,426,245</u>

Other Long-Term Receivables

None (December 31, 2022: None, December 31, 2021: None).

The nature and level of risks related to other receivables are disclosed in Note 36.

b) Other Payables

<u>Other Short-Term Payables</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
Due to related parties	10,556,822	85,748,621
	<u>10,556,822</u>	<u>85,748,621</u>

# UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

### 7. OTHER RECEIVABLES AND PAYABLES (cont'd)

#### b) Other Payables (cont'd)

The foreign currency denominated short-term other payables, their type and amount are explained below.

<u>Currency Type</u>	<u>31 December 2023</u> <u>TL Equivalent</u>	<u>31 December 2022</u> <u>TL Equivalent</u>
TL	10,556,822	85,748,621
	<u>10,556,822</u>	<u>85,748,621</u>

#### Other Long-Term Payables

None (December 31, 2022: None, December 31, 2021: None).

The nature and level of risks in other payables are disclosed in Note 36.

### 8. INVENTORIES

	<u>31 December 2023</u>	<u>31 December 2022</u>
Trade goods	13,991,660	15,837,551
	<u>13,991,660</u>	<u>15,837,551</u>

The Company has no provision for impairment of inventories (December 31, 2022: None).

The Company's inventories consist of gold and silver inventories and are valued at the end of the period at the fair value of the Istanbul Gold Exchange. In the current period, a valuation gain of TL 1,593,577 has been recognized (2022: TL 397,620 valuation loss).

### 9. BIOLOGICAL ASSETS

None (December 31, 2022: None).

### 10. PREPAID EXPENSES AND DEFERRED INCOME

<u>Short-Term Prepaid Expenses</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
Advances given	87,793	453,007,665
Prepaid expenses	85,320	30,485
	<u>173,113</u>	<u>453,038,150</u>

(\*) Advances given were transferred against the gold to be imported from abroad and the corresponding gold was imported in the first month of the following year.

## UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

#### 10. PREPAID EXPENSES AND DEFERRED INCOME (cont'd)

Prepaid expenses are related to prepaid insurance expenses (December 31, 2022: Prepaid expenses are related to prepaid insurance expenses).

<u>Short-Term Deferred Income and Accrued Expenses</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
Advances received	371,291	-
	<u>371,291</u>	<u>-</u>

#### Long-Term Deferred Income and Expense Accruals

None (December 31, 2022: None).

#### 11. INVESTMENT PROPERTIES

<u>Cost Value</u>	<u>Building</u>	<u>Total</u>
Opening balance as of 1 January 2023	66,581,971	66,581,971
Ending balance as of 31 December 2023	<u>66,581,971</u>	<u>66,581,971</u>

#### Accumulated Depreciation & Impairment

Opening balance as of 1 January 2023	(7,472,729)	(7,472,729)
Charge for the year	<u>(1,700,247)</u>	<u>(1,700,247)</u>
Ending balance as of 31 December 2023	<u>(9,172,976)</u>	<u>(9,172,976)</u>
Carrying value as of 31 December 2023	<u>57,408,995</u>	<u>57,408,995</u>

<u>Cost Value</u>	<u>Building</u>	<u>Total</u>
Opening balance as of 1 January 2022	66,581,971	66,581,971
Ending balance as of 31 December 2022	<u>66,581,971</u>	<u>66,581,971</u>

#### Accumulated Depreciation & Impairment

Opening balance as of 1 January 2022	(5,979,189)	(5,979,189)
Charge for the year	<u>(1,493,540)</u>	<u>(1,493,540)</u>
Ending balance as of 31 December 2022	<u>(7,472,729)</u>	<u>(7,472,729)</u>
Carrying value as of 31 December 2022	<u>59,109,242</u>	<u>59,109,242</u>

# UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

### 12. PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS

#### a) Property, plant and equipment

	Buildings	Motor Vehicles	Furniture and Fixtures	Leasehold Improvements	Total
<b>Cost Value</b>					
Opening balance as of 1 January 2023	12,562,493	4,887,960	3,067,237	239,847	20,757,537
Additions	-	103,453	73,901	-	177,354
Closing balance as of 31 December 2023	12,562,493	4,991,413	3,141,138	239,847	20,934,891
<b>Accumulated Depreciation</b>					
Opening balance as of 1 January 2023	(502,498)	(2,117,744)	(1,432,603)	(60,348)	(4,113,193)
Charge for the year	(251,250)	(595,291)	(415,392)	(46,826)	(1,308,759)
Closing balance as of 31 December 2023	(753,748)	(2,713,035)	(1,847,995)	(107,174)	(5,421,952)
Carrying value as of 31 December 2023	11,808,745	2,278,378	1,293,143	132,673	15,512,939

	Buildings	Motor Vehicles	Furniture and Fixtures	Leasehold Improvements	Total
<b>Cost Value</b>					
Opening balance as of 1 January 2022	12,562,493	1,971,944	3,095,809	239,847	17,870,093
Additions	-	2,916,016	147,857	-	3,063,873
Disposals	-	-	(176,429)	-	(176,429)
Closing balance as of 31 December 2022	12,562,493	4,887,960	3,067,237	239,847	20,757,537
<b>Accumulated Depreciation</b>					
Opening balance as of 1 January 2022	(251,249)	(1,971,944)	(1,197,862)	(13,523)	(3,434,578)
Charge for the year	(251,249)	(145,800)	(411,170)	(46,825)	(855,044)
Disposals	-	-	176,429	-	176,429
Closing balance as of 31 December 2022	(502,498)	(2,117,744)	(1,432,603)	(60,348)	(4,113,193)
Carrying value as of 31 December 2022	12,059,995	2,770,216	1,634,634	179,499	16,644,344

There are no assets acquired through financial leasing in the current period financial statements (December 31, 2022: None).

Depreciation periods for property, plant and equipment are as follows

	31 December 2023	31 December 2022
	Usefull life	Usefull life
Buildings	50 years	50 years
Vehicles	5 years	5 years
Furniture and Fixtures	3-15 years	3-15 years
Other (Leasehold Improvements)	5 years	5 years

#### b) Right of use assets

None, December 31, 2022: None).

Depreciation expenses related to property, plant and equipment are fully recognized in general administrative expenses (31 December 2022: Fully recognized in general administrative expenses).

There is insurance on assets amounting to TL 204,732.

# UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

### 13. INTANGIBLE ASSETS

	<u>Softwares</u>	<u>Total</u>
<b><u>Cost Value</u></b>		
Opening balance as of 1 January 2023	57,829	57,829
Closing balance as of 31 December 2023	57,829	57,829
<b><u>Accumulated Amortization</u></b>		
Opening balance as of 1 January 2023	(44,329)	(44,329)
Charge of the year	(2,794)	(2,794)
Closing balance as of 31 December 2023	(47,123)	(47,123)
Carrying value as of 31 December 2023	10,706	10,706

	<u>Softwares</u>	<u>Total</u>
<b><u>Cost Value</u></b>		
Opening balance as of 1 January 2022	43,864	43,864
Additions	13,965	13,965
Closing balance as of 31 December 2022	57,829	57,829
<b><u>Accumulated Amortization</u></b>		
Opening balance as of 1 January 2022	(43,864)	(43,864)
Charge of the year	(465)	(465)
Closing balance as of 31 December 2022	(44,329)	(44,329)
Carrying value as of 31 December 2022	13,500	13,500

All amortization expenses have been recognized in general administrative expenses both in the current and prior periods.

The amortization periods used for intangible assets are as follows

	<u>31 December 2023</u>	<u>31 December 2022</u>
Computer softwares	<u>Usefull life</u> 5 years	<u>Usefull life</u> 5 years

### 14. GOODWILL

None (December 31, 2022: None).

### 15. LEASING TRANSACTIONS

#### Operating Lease - Lessee

The Company has vehicle lease and building lease expenses within the scope of operating lease and the lease periods are 1 year. There is no option to purchase the assets as a result of these lease agreements. The Company recognizes expenses related to operating leases in profit or loss in accordance with the exemption provisions of TFRS 16.

#### Financial Lease - Lessee

None (December 31, 2022: None).

## UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

#### 15. LEASING TRANSACTIONS (cont'd)

##### Financial Lease - Lessor

In the current period, the Company has rental income amounting to TL 4,937,615 (2022: TL 2,158,118) from its investment properties. These leases are in the nature of operational leases and are for 1 year. The lessee does not have the option to purchase the asset at the end of the lease agreement.

#### 16. SERVICE CONCESSION ARRANGEMENTS

None (December 31, 2022: None).

#### 17. IMPAIRMENT OF ASSETS

There is no impairment on the Company's assets other than doubtful receivables arising from expected credit losses.

#### 18. GOVERNMENT INCENTIVES AND SUBSIDIES

The Company benefits from insurance premium incentives for employees in accordance with the laws numbered 5510, 6111, 17103 and 14857.

#### 19. BORROWING COSTS

Since the Company does not have any assets considered as qualifying assets, all of the borrowings are considered as general operating borrowings and all borrowing costs are recognized in the statement of profit or loss.

#### 20. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

##### a) Provisions

<u>Short-Term Provisions</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
Corporate tax provision	-	3,927,030
Unused vacation provision	43,377	36,431
	<u>43,377</u>	<u>3,963,461</u>

The provision amount is recognized as general administrative expenses in the income statement. The balance as of December 31, 2022 is expected to be utilized in 2023.

In the opinion of the management, the lawsuits and proceedings to which the Company is a party are not of a nature that would cause a significant loss for the current and prior periods. Therefore, no provision for litigation has been recognized.

**UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

**20. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)**

**a) Provisions (cont'd)**

<u>Long-Term Provisions</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
Provision for employee termination benefits	140,539	71,872
	<u>140,539</u>	<u>71,872</u>

The Company does not have any lawsuit against the Company (December 31, 2022: None).

	<u>Corporate tax Provision</u>	<u>Unused Vacation</u>	<u>Total</u>
As of 1 January 2023	3,927,030	36,431	3,963,461
Charge for the year	-	26,559	26,559
Monetary gain/loss	(950,721)	(19,613)	(970,334)
As of 31 December 2023	<u>2,976,309</u>	<u>43,377</u>	<u>3,019,686</u>

	<u>Corporate tax Provision</u>	<u>Unused Vacation</u>	<u>Total</u>
As of 1 January 2022	-	-	-
Charge for the year	4,579,310	22,110	4,601,420
Monetary gain/loss	(652,280)	14,321	(637,959)
As of 31 December 2022	<u>3,927,030</u>	<u>36,431</u>	<u>3,963,461</u>

**21. COMMITMENTS**

**Guarantees-Pledges-Mortgages ("GPM")**

As of December 31, 2023 and December 31, 2022, the Company's collateral/pledge/mortgage position is as follows:

<u>31 December 2023</u>	<u>TL Equivalent</u>	<u>US Dollars</u>
A.Total amount of GPMs given on behalf of own legal entity	61,820,220	2,100,000
-Guarantees	61,820,220	2,100,000
Letter of guarantee	61,820,220	2,100,000
<b>Total</b>	<u>61,820,220</u>	<u>2,100,000</u>

## UĞURAS KIYMETLİ MADENLER SANAYİ VE DİŐ TİCARET A.Ő.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

#### 21. COMMITMENTS (cont'd)

##### Guarantees-Pledges-Mortgages ("GPM") (cont'd)

31 December 2022	TL Equivalent	US Dollars
A. Total amount of GPMs given on behalf of own legal entity	20,568,130	1,100,000
-Guarantees	20,568,130	1,100,000
Letter of guarantee	20,568,130	1,100,000
<b>Total</b>	<b>20,568,130</b>	<b>1,100,000</b>

As of December 31, 2022 and December 31, 2021, all of the letters of guarantee given are guarantees given at BIST KMTP and obtained from the related banks against surety.

##### Assets pledged as collateral:

None (December 31, 2022: None).

##### Lease agreements:

As a lessor, the Company has operating lease income from investment properties. Although there is no right to purchase the assets at the end of the lease term, the lessor has the right of priority in case of any sale.

#### 22. EMPLOYEE BENEFITS

##### Employee benefit obligations

	31 December 2023	31 December 2022
Wages to be paid to staff	67,513	114,420
Social security premiums payable	10,001	7,779
Income tax withholdings payable	42,929	31,320
	<b>120,443</b>	<b>153,519</b>

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

##### Provision for employment termination benefits

Under the Turkish Labor Law, the Company is required to make lump-sum termination indemnities to each employee whose employment is terminated without due cause and whose employment is terminated without due cause. In addition, the Company is required to make lump-sum termination indemnities to each employee who has earned the right to retire by receiving severance pay in accordance with the provisions of Article 60 of the Social Insurance Law No: 506 as amended by the Laws No: 2422 dated March 6, 1981 and No: 4447 dated August 25, 1999. Certain transitional provisions related to pre-retirement service conditions were removed from the Law with the amendment of the related law on May 23, 2002.

## UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

#### 22. EMPLOYEE BENEFITS (cont'd)

##### Long-term provisions for employee benefits (cont'd)

##### Provision for employment termination benefits (cont'd)

As of December 31, 2023, the amount payable consists of severance pay, subject to a monthly ceiling of TL 23,489.83 (December 31, 2022: TL 15,371.40).

The retirement pay liability is not legally subject to any funding. The provision for employment termination benefits is calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. Accordingly, the assumptions used in the calculation of total liabilities are as follows:

The main assumption is that the maximum liability for each year of service will increase in line with inflation. Accordingly, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. Accordingly, in the accompanying financial statements as at December 31, 2023, provisions are calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 42,46% and a discount rate of 43,6%, resulting in a real discount rate of approximately 0,80% (December 31, 2022: 0,83%). The voluntary termination rate is also considered as 10% (December 31, 2022: 10%). The maximum amount of TL 23,489.83 effective as of December 31, 2023 has been taken into consideration in the calculation of the Company's provision for employment termination benefits (December 31, 2022: TL 15,371.40).

The maximum liability is revised semi-annually and the maximum amount of TL 23,489.83 effective from July 1, 2023 has been taken into consideration in calculating the provision for employment termination benefits of the Company (December 31, 2022: TL 15,371.40 effective from July 1, 2022).

The significant estimates used in the calculation of the retirement pay liability are the discount rate and the probability of voluntary termination.

- If the discount rate is 1% lower, retirement pay liability would be TL 117,453 more (December 31, 2021: TL 6,786 more); if the discount rate is 1% higher, retirement pay liability would be TL 81,645 less (December 31, 2021: TL 5,061 less).
- If the probability of voluntary termination were 1% higher, other assumptions held constant, severance pay liability would be TL 81,182 lower (December 31, 2022: TL 5,233 lower); if the probability of voluntary termination were 1% lower, severance pay liability would be TL 117,796 higher (December 31, 2022: TL 6,932 higher).

Movement of provision for employment termination benefits:

	1 January- 31 December 2023	1 January- 31 December 2022
Provision at 1 January	71,872	111,281
Charge for the year	132,730	92,278
Retirement pay paid	(19,005)	(56,718)
Actuarial gain/loss	13,043	(18,288)
Monetary gain/loss	(58,101)	(56,681)
Provision at 31 December	140,539	71,872

**UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

**22. EMPLOYEE BENEFITS (cont'd)**

**Long-term provisions for employee benefits (cont'd)**

**Provision for employment termination benefits (cont'd)**

Movement of Accumulated Remeasurement Gains/Losses of Defined Benefit Plans:

	<u>1 January- 31 December 2023</u>	<u>1 January- 31 December 2022</u>
As of 1 January 2023	13,718	-
Actuarial gain/loss	(13,043)	18,288
Deferred tax effect	3,260	(4,570)
As of 31 December 2023	<u>3,935</u>	<u>13,718</u>

**23. OTHER ASSETS AND LIABILITIES**

<u>Other Current Assets</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
VAT receivable carried forward	873,223	2,302,670
	<u>873,223</u>	<u>2,302,670</u>

Other Non-Current Assets

None (December 31, 2022: None).

Other Short Term Liabilities

None (December 31, 2022: None).

Other Long Term Liabilities

None (December 31, 2022: None).

## UĞURAS KIYMETLİ MADENLER SANAYİ VE DİŐ TİCARET A.Ő.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

#### 24. CAPITAL, RESERVES AND OTHER EQUITY ITEMS

The capital structure of the Company is as follows:

<u>Shareholders</u>	<u>%</u>	<u>31 December 2023</u>	<u>%</u>	<u>31 December 2022</u>
Uğur Uras	100.00	325,000,000	100.00	220,000,000
<u>Total</u>	<u>100.00</u>	<u>325,000,000</u>	<u>100.00</u>	<u>220,000,000</u>
Capital inflation corrections		387,316,018		384,738,204
Corrected capital		<u>712,316,018</u>		<u>604,738,204</u>

The Company is subject to the registered share capital system and the registered share capital ceiling is TL 400.000.000 as of the reporting date. The Company's share capital consists of 325.000 shares (December 31, 2022: 220.000 shares). The nominal value of the shares is TL 1.000 per share (December 31, 2022: TL 1, December 31, 2021: TL 1.000). All issued shares have been paid in cash.

The Company management has decided that whether or not to pay dividends to shareholders for the current period will be decided by the participants of the general assembly in the general assembly. Accordingly, no additional liability for dividend payment has been included in the financial statements for the current period.

Restricted reserves are comprised entirely of legal reserves.

The additional capital contributions of shareholders item consists of capital reserves transferred from payables to shareholders to be added to share capital in accordance with the decisions of the Board of Directors for the purpose of capital increase.

#### 25. REVENUE AND COST OF SALES

	<u>1 January- 31 December 2023</u>	<u>1 January- 31 December 2022</u>
Domestic Sales	99,437,777,105	58,997,563,498
<i>Gold Sales</i>	99,437,468,614	58,995,103,324
<i>Other</i>	308,491	2,460,174
Overseas Sales	-	9,700,765
<i>Gold Sales</i>	-	9,700,765
	<u>99,437,777,105</u>	<u>59,007,264,263</u>
Cost of merchandises sold	(99,388,560,043)	(58,944,932,042)
	<u>49,217,062</u>	<u>62,332,221</u>

The timing of the Company's performance obligations is mostly "*proportional to the fulfillment at the time of delivery*". All adjustments required by periodicity are reflected in the financial statements.

#### 26. RECEIVABLES AND LIABILITIES FROM CONSTRUCTION CONTRACTS IN PROGRESS

None (December 31, 2022: None).

# UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

### 27. GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

<u>Administrative expenses</u>	<u>1 January- 31 December 2023</u>	<u>1 January- 31 December 2022</u>
Maintenance and repair	(11,131)	(30,537)
Depreciation and amortization	(2,577,219)	(2,010,098)
Dues	(282,162)	(250,554)
Electricity, water and natural gas	(28,341)	(72,862)
Personnel	(1,201,034)	(906,910)
Consultancy	(547,848)	(309,772)
Communication	(633,895)	(596,069)
Taxes and duties	(7,674)	(6,204)
Donations	(2,464,029)	-
Other	(963,126)	(362,203)
	<u>(8,716,459)</u>	<u>(4,545,209)</u>

<u>Marketing and selling expenses</u>	<u>1 January- 31 December 2023</u>	<u>1 January- 31 December 2022</u>
Car rental	(246,571)	(349,462)
Travel and Accommodation	(1,190,525)	(664,786)
Mail and Cargo	(1,293,452)	(54,027)
Representation and hospitality	(802,125)	(1,455,720)
Depreciation and amortization	(434,581)	(338,951)
Other	(37,539)	(169,564)
	<u>(4,004,793)</u>	<u>(3,032,510)</u>

### 28. OTHER OPERATING INCOME AND EXPENSES AND IMPAIRMENT GAINS/LOSSES AND REVERSAL OF IMPAIRMENT LOSSES DETERMINED IN ACCORDANCE WITH TFRS 9

#### a) Other operational income

	<u>1 January- 31 December 2023</u>	<u>1 January- 31 December 2022</u>
Foreign Currency translation gain	-	10,759,329
Revaluation gain on inventories	1,593,577	-
Income from derivatives held for sale	319,569	-
Other	1,556,800	2,115,507
	<u>3,469,946</u>	<u>12,874,837</u>

# UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

### 28. OTHER OPERATING INCOME AND EXPENSES AND IMPAIRMENT GAINS/LOSSES AND REVERSAL OF IMPAIRMENT LOSSES DETERMINED IN ACCORDANCE WITH TFRS 9 (cont'd)

#### b) Other operational expense

	1 January- 31 December 2023	1 January- 31 December 2022
Commission expenses	(1,249,278)	(3,100,853)
Foreign Currency translation loss	(75,484)	(10,246,719)
Revaluation loss on inventories	-	(655,170)
Expense from derivatives held for sale	(5,659,949)	(526,564)
Other	(33,507)	(71,238)
	<u>(7,018,218)</u>	<u>(14,600,544)</u>

#### c) Gains/losses on expected credit losses determined in accordance with TFRS 9

2023: None (2022: None).

### 29. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

	1 January- 31 December 2023	1 January- 31 December 2022
<u>Investment Income</u>		
Interest income	32,185,764	5,569,614
Discount on Trade Receivables	190,763	11,798
Leasing income from investment properties	6,277,249	4,798,386
	<u>38,653,776</u>	<u>10,379,798</u>

### 30. EXPENSES BY NATURE

	1 January- 31 December 2023	1 January- 31 December 2022
Representation and hospitality	(802,125)	(1,455,720)
Depreciation and amortization	(3,011,800)	(2,349,049)
Dues	(282,162)	(250,554)
Electricity, water and natural gas	(28,341)	(72,862)
Personnel	(1,201,034)	(906,910)
Consultancy	(547,848)	(309,772)
Communication	(633,895)	(596,069)
Taxes and duties	(7,674)	(6,204)
Donations	(2,464,029)	-
Car rental	(246,571)	(349,462)
Travel and Accommodation	(1,190,525)	(664,786)
Mail and Cargo	(1,293,452)	(54,027)
Other	(1,011,796)	(562,304)
	<u>(12,721,252)</u>	<u>(7,577,719)</u>

## UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

#### 31. FINANCIAL EXPENSES

<u>Financial Expense</u>	<u>1 January- 31 December 2023</u>	<u>1 January- 31 December 2022</u>
Interest expense	(25,441,279)	(14,996,614)
	<u>(25,441,279)</u>	<u>(14,996,614)</u>

#### 32. ANALYSIS OF OTHER COMPREHENSIVE INCOME

	<u>31 December 2023</u>	<u>31 December 2022</u>
Remeasurement Gains/Losses on Defined Benefit Plans	3,934	13,717
	<u>3,934</u>	<u>13,717</u>

	<u>31 December 2023</u>	<u>31 December 2022</u>
Opening balance	18,288	-
Other comprehensive income/expense - gross	(13,370)	18,288
Closing balance	4,918	18,288
Deferred tax asset/liability	(984)	(4,571)
Net balance	3,934	13,717
Tax income/expense on other comprehensive income	3,587	(4,571)

#### 33. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

None (December 31, 2022: None).

#### 34. INCOME TAXES (INCLUDING DEFERRED ASSETS AND LIABILITIES)

Tax expense in the statement of profit or loss:

<u>Tax (expense) / income consists of the following:</u>	<u>1 January- 31 December 2023</u>	<u>1 January- 31 December 2022</u>
Current tax (expense) / income	-	(3,927,030)
Deferred tax (expense)/income related to arose of and reversal of temporary differences	12,759,558	(11,762,617)
	<u>12,759,558</u>	<u>(15,689,647)</u>

## UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

#### 34. INCOME TAXES (INCLUDING DEFERRED ASSETS AND LIABILITIES) (cont'd)

##### Tax recognised directly in equity

<u>Deferred tax</u>	<u>1 January- 31 December 2023</u>	<u>1 January- 31 December 2022</u>
Tax recognised directly in equity		
- Actuarial gain or loss	3,261	(4,571)
	<u>3,261</u>	<u>(4,571)</u>

##### Corporate Tax

The Company is subject to corporate tax in Turkey. Provision is made in the accompanying financial statements for the estimated charge based on the Company's results for the current period.

The corporate tax rate to be accrued over the taxable corporate income is calculated over the tax base remaining after the addition of non-deductible expenses and deducting tax-exempt earnings, non-taxable income and other deductions (prior year losses, if any, and investment incentives used if preferred).

As at December 31, 2023, the effective tax rate is 25% (December 31, 2022: 23%).

In Turkey, advance tax is calculated and accrued on a quarterly basis. In 2020, the advance tax rate required to be calculated over corporate earnings during the taxation of corporate earnings as of advance tax periods is 25%. (2022: %23). Losses can be carried forward for a maximum of 5 years to be deducted from future taxable income. However, losses cannot be deducted retrospectively from the profits of previous years.

In Turkey, there is no definite and rigid reconciliation procedure for tax assessments. Companies file their tax returns between April 1-25 of the year following the closing date of the relevant year. These returns and the underlying accounting records can be reviewed and amended by the Tax Office within 5 years.

##### Income Tax Withholding

In addition to corporate income tax, companies should also calculate income withholding tax on dividends distributed, except for companies receiving dividends and declaring such dividends as part of their corporate income, and branches of foreign companies in Turkey. Income withholding tax was applied at a rate of 10% for all companies between April 24, 2003 and July 22, 2006. As of July 22, 2006, this rate is applied as 15% with the Council of Ministers Decree No: 2006/10731. Dividends that are not distributed but added to capital are not subject to withholding tax.

19,8% withholding tax is required to be withheld on investment allowances utilized based on investment incentive certificates obtained before April 24, 2003. After this date, tax is not withheld on investment expenditures made without an incentive certificate.

# UĞURAS KIYMETLİ MADENLER SANAYİ VE DİŐ TİCARET A.Ő.

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### 34. INCOME TAXES (INCLUDING DEFERRED ASSETS AND LIABILITIES) (cont'd)

#### Deferred Tax

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TMS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for the financial statements prepared in accordance with TMS and tax legislation.

As of December 31, 2020, according to the regulations dated December 5, 2017, it is foreseen that the Corporate Tax rate in Turkey will be applied as 22% as of December 31, 2020 and the rate will be applied as 20% for the following periods. However, with the Provisional Article 13 added to the Corporate Tax Law No. 5520 with Article 11 of the Law No. 7316 on the Amendment of the Law on the Collection Procedure of Public Receivables and Certain Laws, which entered into force after being published in the Official Gazette dated April 22, 2021 and numbered 31462, it was ruled that the Corporate Tax rate will be applied as 25% for 2021 and 23% for 2022. For the following years, it is envisaged that the rate of 20% will be applied again. This amendment is effective for the taxation of corporate income for the periods starting from January 1, 2021, starting from July 1, 2021. On the other hand, pursuant to the provisions of the Law numbered 7456 "Law on Additional Motor Vehicles Tax for the Compensation of Economic Losses Caused by the Earthquakes Occurring on February 6, 2023 and Amendments to Certain Laws and Decree Law No. 375", the corporate tax rate has been increased by 5 points and it has been determined that the corporate tax rate will be applied as 25% starting from the declarations to be submitted as of October 1, 2023.

The Company management has evaluated the possible effects of the changing tax rates on the deferred tax calculations in the financial statements dated December 31, 2022 and concluded that the application of the changing tax rates may present a significant quantitative and qualitative difference that may affect the decisions of the users of the financial statements. Accordingly, 25% has been used as the tax rate in the deferred tax calculations in the accompanying financial statements as of December 31, 2023 and December 31, 2022.

<u>Temporary differences basis for deferred tax calculation</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
Discount on trade payables	(197,923)	(7,160)
Depreciation and amortisation of assets and usefull life differences	44,190	46,725
Adjustments of effective interest calculations on loans	221,522	446,469
Adjustments to interest accrual on deposits	(12,799,032)	-
Adjustments on derivatives	-	319,569
Adjustments related to employee benefits	189,161	76,828
Fair value differences of inventories	(4,216,200)	(2,622,623)
Temporary differences related to inflation adjustments	36,896,830	(29,298,705)
Actiarial gain/loss	(5,242)	(18,284)
	<u>20,133,307</u>	<u>(31,057,181)</u>

**UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

**34. INCOME TAXES (INCLUDING DEFERRED ASSETS AND LIABILITIES) (cont'd)***Deferred Tax (cont'd)*

<u>Deferred tax assets / (liabilities)</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
Discount on trade payables	(49,481)	(2,714)
Depreciation and amortisation of assets and usefull life differences	11,048	17,708
Adjustments of effective interest calculations on loans	55,381	169,202
Adjustments to interest accrual on deposits	(3,199,758)	-
Adjustments on derivatives	-	121,110
Adjustments related to employee benefits	47,290	29,115
Fair value differences of inventories	(1,054,050)	(993,916)
Temporary differences related to inflation adjustments	9,224,207	(12,069,090)
Actiarial gain/loss	(1,310)	(4,571)
	<u>5,033,327</u>	<u>(12,733,155)</u>

The Company does not have any usable prior year financial losses.

The movement of deferred tax assets / (liabilities) is as follows:

<u>Movements of Deferred tax assets / (liabilities)</u>	<u>1 January- 31 December 2023</u>	<u>1 January- 31 December 2022</u>
Opening balance as of 1 January	(12,733,155)	(12,733,155)
Recognised in profit or loss	12,759,558	(11,762,617)
Recognised in other comprehensive income	3,261	(4,571)
Monetary gain/loss	5,003,663	11,767,188
Closing balance as of 31 December	<u>5,033,327</u>	<u>(12,733,155)</u>

*The reconciliation of tax expense in the statement of profit or loss is as follows*

<u>Reconciliaiton of tax provision:</u>	<u>1 January- 31 December 2023</u>	<u>1 January- 31 December 2022</u>
Loss before tax	(106,235,062)	(41,338,971)
Tax rate	25%	23%
	26,558,766	9,507,963
Taxation effect:		
- Income not subject to tax	1,180,229	-
- Non-deductable expenses	(545,382)	(37,077)
- Other	(14,434,055)	(25,160,533)
Tax (expense) / income in profit or loss	<u>12,759,558</u>	<u>(15,689,647)</u>

# UĞURAS KIYMETLİ MADENLER SANAYİ VE DİŐ TİCARET A.Ő.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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### 35. FINANCIAL INSTRUMENTS

#### Financial Investments

<u>Long-Term Financial Investments</u>	<u>1 January 2023</u>	<u>Additions</u>	<u>Disposal</u>	<u>Monetary gain/loss</u>	<u>31 December 2023</u>
Equity instruments measured at cost					
-Shares not traded in the stock exchange	24,614	-	-	-	24,614
	<u>24,614</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,614</u>

<u>Long-Term Financial Investments</u>	<u>1 January 2022</u>	<u>Additions</u>	<u>Disposal</u>	<u>Monetary gain/loss</u>	<u>31 December 2022</u>
Equity instruments measured at cost					
-Shares not traded in the stock exchange	40,433	-	-	(15,819)	24,614
	<u>40,433</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,614</u>

#### Financial Liabilities

<u>Short-Term</u>	<u>1 January 2023</u>	<u>Additions</u>	<u>Payments</u>	<u>Currency difference and interest accrual</u>	<u>Monetary gain/loss</u>	<u>31 December 2023</u>
Due to financial institutes						
- Bank loans	251,827,631	234,851,695	(374,206,695)	221,522	(101,838,599)	48,337,522
Other financial liabilities	987,806	60,252	(599,495)	-	(388,311)	60,252
	<u>252,815,437</u>	<u>234,911,947</u>	<u>(374,806,190)</u>	<u>221,522</u>	<u>(102,226,910)</u>	<u>48,397,774</u>

<u>Long-Term</u>	<u>1 January 2023</u>	<u>Additions</u>	<u>Payments</u>	<u>Currency difference and interest accrual</u>	<u>Monetary gain/loss</u>	<u>31 December 2023</u>
Due to financial institutes						
- Bank loans	61,760,163	-	-	-	(24,278,195)	-
	<u>61,760,163</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,278,195)</u>	<u>-</u>

<u>Short-Term</u>	<u>1 Ocak 2022</u>	<u>Additions</u>	<u>Payments</u>	<u>Currency difference and interest accrual</u>	<u>Monetary gain/loss</u>	<u>31 Aralık 2022</u>
Due to financial institutes						
- Bank loans	102,530,334	354,746,500	(205,155,334)	735,661	(1,029,530)	251,827,631
Other financial liabilities	298,611	599,495	(110,322)	-	200,022	987,806
	<u>102,828,945</u>	<u>355,345,995</u>	<u>(205,265,656)</u>	<u>735,661</u>	<u>(829,508)</u>	<u>252,815,437</u>

<u>Long-Term</u>	<u>1 Ocak 2022</u>	<u>Additions</u>	<u>Payments</u>	<u>Currency difference and interest accrual</u>	<u>Monetary gain/loss</u>	<u>31 Aralık 2022</u>
Due to financial institutes						
- Bank loans	-	37,481,968	-	-	24,278,195	61,760,163
	<u>-</u>	<u>37,481,968</u>	<u>-</u>	<u>-</u>	<u>24,278,195</u>	<u>61,760,163</u>

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### 35. FINANCIAL INSTRUMENTS (continued)

#### Financial Liabilities (continued)

All financial liabilities are denominated in TL and the effective interest rate is 5,05 for gold loans and 24,5 for operating loans (December 31, 2022: 5,38 and 20,07, respectively). TL 12,687,712 of the loans are in the form of gold loans and the remaining portion is operating loans (December 31, 2022: TL 37,311,809 of the loans are in the form of gold loans and the remaining portion is operating loans).

Maturities of bank loans are less than 1 year.

The fair value of the Company's borrowings approximates their carrying amount.

#### Derivative Liabilities

The Company has no derivative position as of December 31, 2023, but has derivative contracts for trading purposes as of December 31, 2022 and the fair value of these contracts is recognized in the statement of profit or loss as TL 526,563.

### 36. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

The Company's principal financial instruments consist of bank borrowings, cash and short-term deposits. The main purpose of these financial instruments is to finance the Company's operating activities and investment activities. The Company also has other financial instruments such as trade payables and trade receivables arising directly from operating activities.

#### a) Capital risk management

The Company's objectives when managing capital are to maintain an optimal capital structure to benefit shareholders and reduce the cost of capital, and to ensure the continuity of the Company's operations.

As at December 31, 2023 and December 31, 2022, the debt to equity ratio, which is calculated by dividing net debt less cash and cash equivalents and short-term financial investments by total paid-in capital, is as follows:

	<u>31 December 2023</u>	<u>31 December 2022</u>
Financial liabilities	48,337,522	313,587,794
Less: Cash and Cash Equivalents and Short Term Financial Investments	(839,937,744)	(356,026,489)
Net Debt	<u>(791,600,222)</u>	<u>(42,438,695)</u>
Total Capital	<u>325,000,000</u>	<u>220,000,000</u>
Debt to Equity Ratio	(0.41)	(5.18)

#### b) Financial Risk Factors

The main risks associated with the Company's financial instruments are currency risk, interest rate risk, precious metal price risk, liquidity risk and credit risk. The Company's management and board of directors have reviewed and adopted policies to manage these risks. The Company also considers the market value risk of all its financial instruments.

**UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.**

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**36. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd))**

**b) Financial Risk Factors (cont'd)**

**b.1) Credit risk management (cont'd)**

**Credit risk exposures by types of financial instruments**

31 December 2023	Receivables					Financial investments
	Trade	Other parties	Related parties	Other parties	Bank deposits	
Maximum credit risk exposure as at reporting date (*)	-	-	-	116,216,767	839,937,744	24,614
- The portion of maximum risk under guarantee with collaterals, etc.	-	-	-	-	-	-
A. Net book value of assets that are neither past due nor impaired	-	-	-	116,216,767	839,937,744	24,614
B. Net book value of assets past due but not impaired	-	-	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The part of net value under guarantee with collaterals, etc.	-	-	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The part of net value under guarantee with collaterals, etc.	-	-	-	-	-	-
D. Off-balance sheet items with credit risk	-	-	-	-	-	-

(\*) In determining the amount, factors that increase credit reliability, such as guarantees received, are not taken into consideration.

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**NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)**

**b) Financial Risk Factors (cont'd)**

**b.1) Credit risk management (cont'd)**

**Credit risk exposures by types of financial instruments**

31 December 2022	Trade				Receivables				Financial investments
	Related parties	Other parties	Related parties	Other parties	Bank deposits	Prepaid expenses	Bank deposits	Prepaid expenses	
Maximum credit risk exposure as at reporting date (*)	-	-	-	161,227,878	356,026,489	453,038,150	356,026,489	453,038,150	24,614
- The portion of maximum risk under guarantee with collaterals, etc.	-	-	-	-	-	-	-	-	-
A. Net book value of assets that are neither past due nor impaired	-	-	-	161,227,878	356,026,489	453,038,150	356,026,489	453,038,150	24,614
B. Net book value of assets past due but not impaired	-	-	-	-	-	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-	-	-	-	-
- Past due (gross carrying amount)	-	-	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-	-	-
- The part of net value under guarantee with collaterals, etc.	-	-	-	-	-	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-	-	-
- The part of net value under guarantee with collaterals, etc.	-	-	-	-	-	-	-	-	-
D. Off-balance sheet items with credit risk	-	-	-	-	-	-	-	-	-

(\*) In determining the amount, factors that increase credit reliability, such as guarantees received, are not taken into consideration.

# UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

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### 36. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

#### b) Financial Risk Factors (cont'd)

##### b.1) Credit risk management (cont'd)

Credit risk is the risk that a party to a financial instrument will default on a contractual obligation, resulting in a financial loss to the Company. The Company's financial instruments that are subject to significant concentrations of credit risk mainly consist of cash and cash equivalents and advances and deposits given. The Company's maximum exposure to credit risk is the amount recognized in the financial statements.

The Company has cash and cash equivalents with financial institutions. The Company manages this risk by continuously assessing the reliability of the financial institutions with which it has relationships.

The Company realizes all of its sales in the short term. Credit risk is minimized by collecting the contract price in cash for sales realized through contracts. The Company manages all of its BIST and non-BIST transactions according to cash and end-of-day offsetting. On the other hand, offsetting instruments such as checks and notes cannot be made without approval under the Treasury and Foreign Exchange desk. If such unapproved transactions are detected, sanctions such as termination of operations may be possible. The Company's capital adequacy is around TL 400 million and is at the level of TL 1.2 billion with the permission received from the Ministry of Trade for 2024.

#### Explanations on credit quality of financial assets

The allowance for doubtful receivables for financial assets is determined based on past experience of uncollectibility and legal disputes.

The aging of overdue receivables is as follows:

31 December 2023	<u>Receivables</u>					<u>Total</u>
	<u>Trade Receivable</u>	<u>Other</u>	<u>Bank deposits</u>	<u>Derivatives</u>	<u>Other</u>	
1-3 months past due	-	-	-	-	-	-
3-6 months past due	-	-	-	-	-	-
6-12 months past due	-	-	-	-	-	-
1-5 years past due	-	-	-	-	-	-
More than 5 years past due	-	-	-	-	-	-
Total overdue receivables	-	-	-	-	-	-
Secured by collateral, etc.	-	-	-	-	-	-

UĞURAS KIYMETLİ MADENLER SANAYİ VE DİŞ TİCARET A.Ş.

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36. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Factors (cont'd)

b.1) Credit risk management (cont'd)

31 December 2022	Receivables					Total
	Trade Receivable	Other	Bank deposits	Derivatives	Other	
1-3 months past due	-	-	-	-	-	-
3-6 months past due	-	-	-	-	-	-
6-12 months past due	-	-	-	-	-	-
1-5 years past due	-	-	-	-	-	-
More than 5 years past due	-	-	-	-	-	-
Total overdue receivables	-	-	-	-	-	-
Secured by collateral, etc.	-	-	-	-	-	-

Information on guarantees received for receivables is given in Note 21.

b.2) Liquidity risk management

Liquidity risk is the risk that a company will be unable to meet its funding needs. The Company aims to ensure the continuity and variability of cash inflows primarily through self-financing and secondarily through short and long term bank loans. The equivalent of the TL-based loans used is Currency Protected Deposits and is included in cash and cash equivalents. In other words, there is a USD asset against the indebtedness.

The following table presents the maturity profile of the Company's non-derivative financial liabilities. Non-derivative financial liabilities are undiscounted and based on the earliest payment dates. Interest payable on these liabilities is included in the table below.

Liquidity risk tables are as follows:

31 December 2023

Contractual maturities	Carrying value	Total contractual outflows (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 yıl months (III)	Over 5 years (IV)
<b>Non-derivative financial liabilities</b>						
Bank loans	48,337,522	53,863,429	12,368,513	41,494,915	-	-
Other financial liabilities	60,252	60,252	60,252	-	-	-
Trade payables	397,085,160	397,283,083	397,283,083	-	-	-
Other payables	10,556,822	10,556,822	10,556,822	-	-	-
Total	456,039,756	461,763,586	420,268,670	41,494,915	-	-

**UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.**

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**36. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)**

**b) Financial Risk Factors (cont'd)**

**b.2) Liquidity risk management (cont'd)**

31 December 2022

<u>Contractual maturities</u>	<u>Carrying value</u>	<u>Total contractual outflows (I+II+III+IV)</u>	<u>Less than 3 months (I)</u>	<u>3-12 months (II)</u>	<u>1-5 yıl months (III)</u>	<u>Over 5 years (IV)</u>
<b>Non-derivative financial liabilities</b>						
Bank loans	313,587,794	315,515,792	61,491,089	189,275,439	64,749,264	-
Other financial liabilities	987,806	987,806	987,806	-	-	-
Trade payables	2,858,681	2,870,479	2,870,479	-	-	-
Other payables	85,748,621	85,748,621	85,748,621	-	-	-
<b>Total</b>	<b>403,182,902</b>	<b>405,122,698</b>	<b>151,097,995</b>	<b>189,275,439</b>	<b>64,749,264</b>	<b>-</b>

**b.3) Market risk management**

The Company's activities expose it primarily to financial risks associated with changes in interest rates. As of the reporting date, the Company is also exposed to a limited level of currency risk. In order to control the risks associated with interest rates, the Company closely monitors the reliability of credit institutions and economic conditions, and at the same time seeks alternative funding opportunities to create the optimal mix of resources.

The Company management makes precautionary forecasts and closely monitors the political and economic conjuncture in order to identify operational risks early and take necessary measures in a timely manner. Therefore, the Company closely monitors the measures to be taken under different conditions by making worst-case scenario analyzes according to the expected conditions. In addition, the Company determines preventive policies to protect its revenue volume by taking into account indicators such as financial structure, cash flow situation, profit margin situation and revenue volume. The research team plays a major role in determining the Company's activities. In order to manage these risks at an optimum level, low interest rate loans are supported by high interest rate deposits.

Market risks are also assessed through sensitivity analysis.

**b.3.1) Currency risk management**

Transactions in foreign currencies expose the Company to foreign currency risk. The exchange rates used in the valuation of the Company's foreign currency denominated assets and liabilities are as follows

	31.12.2023	31.12.2022	31.12.2021	31.12.2023	31.12.2022	31.12.2021
	Purchase	Purchase	Purchase	Sale	Sale	Sale
USD	29.4382	18.6983	12.9775	29.4913	18.732	13.0009
EUR	32.5739	19.9349	14.6823	32.6326	19.9708	14.7088
GBP	37.4417	22.4892	17.453	37.6369	22.6065	17.544

# UĞURAS KIYMETLİ MADENLER SANAYİ VE DIŞ TİCARET A.Ş.

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### 36. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

#### b) Financial Risk Factors (continued)

#### b.3) Market risk management (continued)

#### b.3.1) Foreign currency risk management (continued)

The breakdown of the Company's foreign currency denominated monetary and non-monetary assets and monetary and non-monetary liabilities as of the balance sheet date is as follows

	31 December 2023		
	US Dollars	Euro	Total TL Equivalent
Cash and cash equivalents	11,537,138	61,013	341,620,068
Net foreing currency position	11,537,138	61,013	341,620,068

	31 December 2022			
	US Dollars	Euro	Total TL Equivalent (as per 31 December 2022 purchase power)	Total TL Equivalent (as per 31 December 2023 purchase power)
Cash and cash equivalents	5,445,484	23,167	102,283,131	168,534,983
Net foreing currency position	5,445,484	23,167	102,283,131	168,534,983

#### b.3.2) Sensitivity to currency risk

The Company is mainly exposed to foreign currency risk in USD and EUR.

The following table details the sensitivity to a 10% increase and decrease in foreign exchange rates. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items at year-end and adjusts their translation at year-end for a 10% change in foreign exchange rates. A positive value indicates an increase in profit/loss and other equity items.

	USD Dollar Effect	
	31.12.2023	31.12.2022
Profit or loss	339,632,573	215,724,866
Equity	-	-

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### 36. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

#### b) Financial Risk Factors (continued)

##### *b.3) Market risk management (continued)*

##### *b.3.2) Sensitivity to foreign currency risk (continued)*

	Euro Effect	
	31.12.2023	31.12.2022
Profit or loss	1,987,425	1,987,425
Equity	-	-

The Company's floating interest rate borrowings consist of borrowings from the parent company and the Company has no other floating interest rate liabilities. The Company is exposed to fixed interest rate risk as it borrows mainly at fixed interest rates. These exposures are managed using natural hedges that arise from offsetting interest rate dependent assets and liabilities. Interest rates of financial assets and liabilities are disclosed in the related notes.

##### *b.3.3) Interest rate sensitivity*

The Company's interest rate position, which shows the distribution of interest rate sensitive financial instruments, is as follows

	31.12.2023	31.12.2022
<b>Financial instruments with fixed rate</b>		
Financial assets		
Loans and receivables	116,389,880	614,266,028
Bank deposits	839,937,744	356,026,489
Financial assets at cost value without regular market price	24,614	24,614
Financial Liabilities		
Trade payables	397,085,160	2,858,681
Other payables	10,556,822	85,748,621
Other financial liabilities	60,252	987,806
Bank loans	48,337,522	313,587,794
Liabilities fair value through profit or loss	-	526,563

The Company's sensitivity to interest rates has increased slightly in the current period.

##### *b.3.4) Other price risks*

The company made a certain amount of payment to be included in the BIST member category. In return for this payment, it became both a member and a small partner of BIST. As a result of BIST's corporate and fair approach, our company, which has the right to vote in the General Assembly every year, participates in the General Assembly. It receives dividends every year as a result of its natural membership. The Company does not engage in any activities related to the purchase and sale of stocks, does not bear any such risk and does not have any stock assets other than BIST stocks. Therefore, there is no active frequent trading of similar investments by the Company.

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**36. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)**

**b) Financial Risk Factors (continued)**

**b.3) Market risk management (continued)**

**b.3.4) Other price risks (continued)**

On the other hand, the Company is affected by the market value of inventories. The Company monitors market risk and makes inventory holding decisions based on risk analysis.

**Equity price sensitivity**

The following sensitivity analyses are based on the equity price risk exposures at the reporting date.

At the reporting date, if all other variables were held constant and the valuation method was 10% higher/lower, net profit/loss would not be affected, unless the investments in equity securities are classified as available-for-sale and are neither disposed of nor impaired,

The Company's sensitivity to equity prices has not changed significantly compared to the previous year.

**37. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND DISCLOSURES UNDER HEDGE ACCOUNTING)**

31 December 2023	Financial assets at amortized cost (including cash equivalents)	Available for sale	Fair value through profit or loss	Financial liabilities at amortized cost	Carrying value
<b>Financial assets</b>					
Cash and cash equivalents	839,937,744	-	-	-	839,937,744
Trade receivables	-	-	-	-	-
Due from related parties	-	-	-	-	-
Other financial assets	116,389,880	24,614	-	-	116,414,494
<b>Financial liabilities</b>					
Borrowings	-	-	-	48,337,522	48,337,522
Trade payables	-	-	-	397,085,160	397,085,160
Due to related parties	-	-	-	10,556,822	10,556,822
Other financial liabilities	-	-	-	60,252	60,252

31 December 2022	Financial assets at amortized cost (including cash equivalents)	Available for sale	Fair value	Financial liabilities at amortized cost	Carrying value
<b>Financial assets</b>					
Cash and cash equivalents	356,026,489	-	-	-	356,026,489
Trade receivables	-	-	-	-	-
Due from related parties	-	-	-	-	-
Other financial assets	614,266,028	24,614	-	-	614,290,642
<b>Financial liabilities</b>					
Borrowings	-	-	-	313,587,794	313,587,794
Trade payables	-	-	-	2,858,681	2,858,681
Due to related parties	-	-	-	85,748,621	85,748,621
Other financial liabilities	-	-	526,563	987,806	1,514,369

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(Amounts expressed in Turkish Lira (TL) in terms of purchasing power of TL at 31 December 2022 unless otherwise stated.)

#### 37. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND DISCLOSURES UNDER HEDGE ACCOUNTING) (cont'd)

Level classifications of inventories carried at fair value:

The Company's inventories recognized at fair value in the financial statements are valued at current active market values and fair value determination is made with level 1 inputs.

#### 38. EVENTS AFTER THE REPORTING PERIOD

**Significant receipts, payments and expenditures**

After the reporting date, the Company has purchased fixed assets amounting to TL 2.8 million, borrowed a loan amounting to TL 12.3 million and made loan repayments amounting to TL 24.5 million.

The Company has decided to increase its registered capital ceiling from TL 400,000,000 to TL 1,200,000.000 with the decision of the Board of Directors dated 23.05.2024.

#### 39. OTHER MATTERS THAT MAY HAVE A SIGNIFICANT EFFECT ON THE FINANCIAL STATEMENTS OR THAT ARE NECESSARY FOR THE FINANCIAL STATEMENTS TO BE CLEAR, INTERPRETABLE AND UNDERSTANDABLE

None (December 31, 2022: None).

#### 40. DISCLOSURES RELATED TO CASH FLOW STATEMENT

	<u>31 December 2023</u>	<u>31 December 2022</u>
Cash in Banks	835,904,307	355,994,665
<i>Demand deposits</i>	668,667,074	329,853,134
<i>Time deposits with maturity of less than 3 months</i>	167,237,233	26,141,531
Other cash equivalents (*)	4,033,437	31,824
	<u>839,937,744</u>	<u>356,026,489</u>

(\*) Other cash equivalents consist of collection amounts pending with banks that have not yet been transferred to the Company's accounts.

The nature and level of risks related to cash and cash equivalents are disclosed in Note 36.

There is no blockage on bank deposits (December 31, 2022: None).

Interest rates of time deposits are around 46% for TL denominated deposits (December 31, 2022: None).

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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#### 40. DISCLOSURES RELATED TO CASH FLOW STATEMENT (cont'd)

The details of cash and cash equivalents denominated in foreign currencies are as follows

<u>Currency Type</u>	<u>31 December 2023</u> <u>TL equivalent</u>	<u>31 December 2022</u> <u>TL equivalent</u>
US Dollar	339,632,573	167,774,004
Euro	1,987,425	760,981
British Pound Sterling	13	13
TL	494,284,296	187,459,667
	<u>835,904,307</u>	<u>355,994,665</u> <sub>c</sub>

#### 41. ADDITIONAL EXPLANATIONS RELATED TO STATEMENT OF CHANGES IN EQUITY

None.

#### 42. FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITORS

##### a. Independent Audit Fee

TL 100,000 (2022: Previous audit firm's fee: TL 35,000).

##### b. Fees for Other Services

###### • Fees for Other Assurance Services

None (2022: None).

###### • Fees for Tax Consultancy Services

None (2022: None).

###### • Fees for Services Other Than Independent Audit

None (2022: None).