

**PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET  
A.Ş.  
Financial Report  
Consolidated  
2020 - 4. 3 Monthly Notification**

**General Information About Financial Statements**

# Independent Audit Comment

Independent Audit Company	PwC BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Audit Type	Continuous
Audit Result	Positive

## CONVENIENCE TRANSLATION INTO ENGLISH OF

### INDEPENDENT AUDITOR'S REPORT

### ORIGINALLY ISSUED IN TURKISH

### INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş.

#### A. Audit of the Consolidated Financial Statements

##### 1. Opinion

We have audited the accompanying consolidated financial statements of Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements and a summary of significant accounting policies and consolidated financial statement notes.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

##### 2. Basis for Opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the consolidated financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

##### 3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matter
Valuation for the fair value of investment properties	

As stated in Notes 2 and 11, the Group recognises its investment properties at their fair values. As of 31 December 2020, investment properties constitute 26% of the Group's aggregate consolidated assets and have a total carrying value of TRY204,548,131.

As of 31 December 2020, the fair values of investment properties determined by independent valuation experts ("Valuation Experts") have been evaluated by management, and these values were used as the fair values of the investment properties in the consolidated financial statements.

The fair values were determined based on comparison of benchmark prices of comparable real estate closely located to the real estate subject to valuation. The valuation of fair values of real estates are important for our audit due to the significance of these real estates on the consolidated financial statements, the use of estimates and assumptions (nature of assets, intended use, location adjustment, etc.) and involvement of our valuation experts in our assessments of these estimates and assumptions involved in valuation.

The audit procedures performed were the examination of the accounting for such valuation, including the evaluations performed by the management, and the implementation of the audit procedures presented below.

- Meeting with top management about the intended use of the assets, on whether such assets can be classified as investment property,
- Testing the land registry records of relevant assets,
- Gaining an understanding of the evaluation and inquiries conducted by the Group management regarding the valuation report prepared by the Valuation Experts assigned by the Group,
- Evaluating the capability and licence of the Valuation Experts, as well as their independence, by considering the scope of the work conducted and the provisions of the agreement,
- Evaluating, with the support of our valuation experts, the valuation method applied and the estimates and assumptions used on the valuation report prepared by the Group's Valuation Experts,
- Testing the compliance and adequacy of the fair value of investment properties with regard to TFRS as disclosed in Notes 2 and 11.

<b><i>Key audit matters</i></b>	<b><i>How our audit addressed the key audit matter</i></b>
<p><b><i>Provisions and contingent liabilities</i></b></p> <p><b>(Note 15)</b></p> <p>There are compensation claims regarding the legal cases to which the Group is a party. Important estimations are used regarding the probability on whether economical assets of the Group will be used to meet liabilities when provisions and contingent liabilities concerning the related litigation and compensation claims are assessed.</p> <p>As of 31 December 2020 there are compensation claims related to ongoing litigation against the Group , and we focused on this matter in our audit for the reasons below</p> <ul style="list-style-type: none"> <li>- The possibility to have a significant effect on the Group's consolidated financial statement as of 31 December 2020,</li> <li>- Group management used significant estimations in the assessment,</li> </ul>	<p>We performed the following audit procedures in relation to provisions and contingent liabilities:</p> <ul style="list-style-type: none"> <li>- We understood the litigation and compensation claims process regarding legal cases and how they are assessed by the Group management,</li> <li>- Legal letters were obtained from the independent external legal counsel and Group internal legal counsel,</li> <li>- Meetings were held with Group management to evaluate their the estimations and the summary case reports prepared by the Group management,</li> <li>- Meetings were held with the Group internal legal counsel about the pending cases. Evaluations of Group management and Group internal legal counsels were also assessed by our legal counsels.</li> </ul>

- Estimations used in provision and contingent liabilities might be affected by possible future changes in the legal process,

- The Group management involves legal consultants in the evaluation of the impact of the legal cases on the consolidated financial statements.

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

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

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

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

#### **5. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is 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 independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. 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 consolidated financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

· Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

## **B. Other Responsibilities Arising From Regulatory Requirements**

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2020 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.

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

3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 10 March 2021.

PwC Bağımsız Denetim ve

Serbest Muhasebeci Mali Müşavirlik A.Ş.

Çağlar Sürücü, SMMM

Partner

İstanbul, 10 March 2021



# Statement of Financial Position (Balance Sheet)

Presentation Currency	TL
Nature of Financial Statements	Consolidated

	Footnote Reference	Current Period 31.12.2020	Previous Period 31.12.2019
<b>Statement of Financial Position (Balance Sheet)</b>			
<b>Assets [abstract]</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	48.223.219	6.214.119
Trade Receivables	7	7.105.042	5.294.840
Trade Receivables Due From Related Parties	24	3.232.714	2.213.763
Trade Receivables Due From Unrelated Parties		3.872.328	3.081.077
Other Receivables	9	59.105.036	46.857.213
Other Receivables Due From Related Parties	24	55.885.452	43.261.995
Other Receivables Due From Unrelated Parties		3.219.584	3.595.218
Inventories	10	2.457.836	938.990
Prepayments	8	332.639	249.448
Current Tax Assets		5.376.750	
Other current assets	16	85.696	7.006
<b>SUB-TOTAL</b>		<b>122.686.218</b>	<b>59.561.616</b>
<b>Total current assets</b>		<b>122.686.218</b>	<b>59.561.616</b>
<b>NON-CURRENT ASSETS</b>			
Financial Investments	5	452.207	13.842.856
Other Receivables	9	326.947.388	198.679.420
Other Receivables Due From Related Parties	24	326.735.127	198.447.905
Other Receivables Due From Unrelated Parties		212.261	231.515
Investment property	11	204.548.131	191.995.000
Property, plant and equipment	12	100.040.450	74.259.399
Intangible assets and goodwill	13	18.208.844	19.117.078
Deferred Tax Asset		34.196	
Other Non-current Assets	16	11.087.004	7.350.528
<b>Total non-current assets</b>		<b>661.318.220</b>	<b>505.244.281</b>
<b>Total assets</b>		<b>784.004.438</b>	<b>564.805.897</b>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Current Borrowings	6		588
Trade Payables	7	5.021.317	11.081.736
Trade Payables to Related Parties	24	474.981	343.862
Trade Payables to Unrelated Parties		4.546.336	10.737.874
Employee Benefit Obligations	14	471.963	343.096
Other Payables	9	528.680	566.383
Other Payables to Related Parties	24	6.038	5.634
Other Payables to Unrelated Parties		522.642	560.749
Deferred Income Other Than Contract Liabilities	8	2.830.387	114.002
Current tax liabilities, current	22		2.869.969
Current provisions	15	35.432.893	35.869.200
Current provisions for employee benefits		957.595	731.496
Other current provisions		34.475.298	35.137.704
Other Current Liabilities	16	5.904.725	2.044.763
<b>SUB-TOTAL</b>		<b>50.189.965</b>	<b>52.889.737</b>
<b>Total current liabilities</b>		<b>50.189.965</b>	<b>52.889.737</b>
<b>NON-CURRENT LIABILITIES</b>			
Other Payables	9	3.020.942	2.620.970
Other Payables to Unrelated parties		3.020.942	2.620.970
Non-current provisions	15	7.955.209	6.977.430
Non-current provisions for employee benefits		3.561.926	3.657.145
Other non-current provisions		4.393.283	3.320.285
Deferred Tax Liabilities	22	16.132.111	12.929.745
Other non-current liabilities	16	2.306.050	
<b>Total non-current liabilities</b>		<b>29.414.312</b>	<b>22.528.145</b>
<b>Total liabilities</b>		<b>79.604.277</b>	<b>75.417.882</b>
<b>EQUITY</b>			
Equity attributable to owners of parent		704.400.161	489.388.015
Issued capital	17	148.867.243	148.867.243
Inflation Adjustments on Capital		16.377.423	16.377.423

Treasury Shares (-)		-1.573.261	-1.573.261
Share Premium (Discount)		6.307.642	6.307.642
Effects of Business Combinations Under Common Control		-322.280.157	-486.737.853
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss		91.696.732	100.617.738
Gains (Losses) on Revaluation and Remeasurement		91.696.732	100.617.738
Increases (Decreases) on Revaluation of Property, Plant and Equipment		100.248.746	96.328.884
Gains (Losses) on Remeasurements of Defined Benefit Plans		648.183	648.183
Other Revaluation Increases (Decreases)		-9.200.197	3.640.671
Restricted Reserves Appropriated From Profits		303.430.035	303.430.035
Prior Years' Profits or Losses		402.099.048	398.043.573
Current Period Net Profit Or Loss		59.475.456	4.055.475
Total equity		704.400.161	489.388.015
Total Liabilities and Equity		784.004.438	564.805.897



# Statement of Profit or Loss and Other Comprehensive Income

Presentation Currency	TL
Nature of Financial Statements	Consolidated

	Footnote Reference	Current Period 01.01.2020 - 31.12.2020	Previous Period 01.01.2019 - 31.12.2019
<b>Statement of Profit or Loss and Other Comprehensive Income</b>			
<b>PROFIT (LOSS)</b>			
Revenue	18	46.612.527	10.447.779
Cost of sales	18	-34.318.927	-2.541.903
GROSS PROFIT (LOSS) FROM COMMERCIAL OPERATIONS		12.293.600	7.905.876
GROSS PROFIT (LOSS)		12.293.600	7.905.876
General Administrative Expenses	19	-9.578.957	-10.832.673
Marketing Expenses		-713.607	
Other Income from Operating Activities	19	1.173.433	1.164.711
Other Expenses from Operating Activities	19	-10.459.757	-22.847.499
PROFIT (LOSS) FROM OPERATING ACTIVITIES		-7.285.288	-24.609.585
Investment Activity Income	20	16.434.358	906.417
Investment Activity Expenses	20	-1.199.366	-10.087.841
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)		7.949.704	-33.791.009
Finance income	21	72.568.403	41.192.641
Finance costs	21	-2.204.799	-299.165
PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX		78.313.308	7.102.467
Tax (Expense) Income, Continuing Operations		-18.837.852	-3.046.992
Current Period Tax (Expense) Income	22	-16.099.866	-7.973.426
Deferred Tax (Expense) Income	22	-2.737.986	4.926.434
PROFIT (LOSS) FROM CONTINUING OPERATIONS		59.475.456	4.055.475
PROFIT (LOSS)		59.475.456	4.055.475
<b>Profit (loss), attributable to [abstract]</b>			
Non-controlling Interests		0	0
Owners of Parent		59.475.456	4.055.475
<b>Earnings per share [abstract]</b>			
<b>Earnings per share [line items]</b>			
<b>Basic earnings per share</b>			
Basic Earnings (Loss) Per Share from Continuing Operations			
<i>Sürdürülen Faaliyetlerden Pay Başına Kazanç</i>	23	0,00400000	0,00027000
<b>Diluted Earnings Per Share</b>			
<b>OTHER COMPREHENSIVE INCOME</b>			
Other Comprehensive Income that will not be Reclassified to Profit or Loss		-8.921.006	2.252.243
Gains (Losses) on Revaluation of Intangible Assets		3.919.862	
Gains (Losses) on Remeasurements of Defined Benefit Plans			-51.247
Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit Or Loss		-12.840.868	2.303.490
Other Comprehensive Income That Will Be Reclassified to Profit or Loss		0	0
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		<b>-8.921.006</b>	<b>2.252.243</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>		<b>50.554.450</b>	<b>6.307.718</b>
<b>Total Comprehensive Income Attributable to</b>			
Non-controlling Interests		0	0
Owners of Parent		50.554.450	6.307.718

# Statement of cash flows (Indirect Method)

Presentation Currency	TL
Nature of Financial Statements	Consolidated

	Footnote Reference	Current Period 01.01.2020 - 31.12.2020	Previous Period 01.01.2019 - 31.12.2019
<b>Statement of cash flows (Indirect Method)</b>			
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		<b>-29.929.026</b>	<b>-4.829.708</b>
Profit (Loss)		59.475.456	4.055.475
<b>Adjustments to Reconcile Profit (Loss)</b>		<b>-33.326.456</b>	<b>-1.601.980</b>
Adjustments for depreciation and amortisation expense	12,13	23.194.987	3.160.224
Adjustments for Impairment Loss (Reversal of Impairment Loss)		1.187.251	
Adjustments for provisions		10.269.408	23.234.430
Adjustments for (Reversal of) Provisions Related with Employee Benefits	15	899.627	703.556
Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions	15	9.369.781	22.530.874
Adjustments for Interest (Income) Expenses		-12.174.242	-11.696.987
Adjustments for unrealised foreign exchange losses ( gains)		-58.491.618	-29.318.379
Adjustments for fair value losses (gains)	11	-15.366.490	10.087.841
Adjustments for Tax (Income) Expenses	22	18.837.852	3.046.992
Other adjustments for non-cash items		-400.685	
Adjustments for losses (gains) on disposal of non-current assets		-382.919	-116.101
<b>Changes in Working Capital</b>		<b>-7.735.578</b>	<b>-4.186.304</b>
Adjustments for decrease (increase) in trade accounts receivable		-1.507.433	-5.185.639
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		394.888	-1.218.344
Adjustments for decrease (increase) in inventories	10	-1.518.846	348.737
Decrease (Increase) in Prepaid Expenses	8	-83.191	89.720
Adjustments for increase (decrease) in trade accounts payable		-6.816.041	4.154.111
Increase (Decrease) in Employee Benefit Liabilities	14	128.867	-339.578
Adjustments for increase (decrease) in other operating payables		-133.616	1.864.600
Increase (Decrease) in Deferred Income Other Than Contract Liabilities	8	2.724.688	38.394
Other Adjustments for Other Increase (Decrease) in Working Capital		-924.894	-3.938.305
Decrease (Increase) in Other Assets Related with Operations	17	-3.815.166	-5.125.757
Increase (Decrease) in Other Payables Related with Operations		2.890.272	1.187.452
<b>Cash Flows from (used in) Operations</b>		<b>18.413.422</b>	<b>-1.732.809</b>
Payments Related with Provisions for Employee Benefits	15	-768.747	-140.064
Payments Related with Other Provisions	15	-6.573.111	-2.956.835
Income taxes refund (paid)		-40.999.780	
Other inflows (outflows) of cash		-810	
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		<b>71.674.873</b>	<b>11.920.208</b>
Proceeds from sales of property, plant, equipment and intangible assets		734.024	116.101
Purchase of Property, Plant, Equipment and Intangible Assets		-43.038.904	-33.411.188
Cash Inflows from Sale of Investment Property	11	2.801.244	
Cash receipts from repayment of advances and loans made to other parties		110.505.675	45.215.295
Paybacks from Cash Advances and Loans Made to Related Parties		110.505.675	45.215.295
Other inflows (outflows) of cash		672.834	
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		<b>-272.283</b>	<b>-1.052.572</b>
Payments of Lease Liabilities			-1.025.288
Interest paid	21	-134	-27.284
Other inflows (outflows) of cash		-272.149	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		41.473.564	6.037.928
Effect of exchange rate changes on cash and cash equivalents		535.536	
Net increase (decrease) in cash and cash equivalents		42.009.100	6.037.928
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	4	<b>6.214.119</b>	<b>176.191</b>

CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	48.223.219	6.214.119
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[illegible]

Current Period 01.01.2020 - 31.12.2020																	
	Decrease through Other Distributions to Owners																
	Increase (Decrease) through Treasury Share Transactions																
	Increase (Decrease) through Share-Based Payment Transactions																
	Acquisition or Disposal of a Subsidiary																
	Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control, equity																
	Transactions with noncontrolling shareholders																
	Increase through Other Contributions by Owners																
	Amount Removed from Reserve of Cash Flow Hedges and Included in Initial Cost or Other Carrying Amount of Non-Financial Asset (Liability) or Firm Commitment for which Fair Value Hedge Accounting is Applied																
	Amount Removed from Reserve of Change in Value of Time Value of Options and Included in Initial Cost or Other Carrying Amount of Non-Financial Asset (Liability) or Firm Commitment for which Fair Value Hedge Accounting is Applied																
	Amount Removed from Reserve of Change in Value of Forward Elements of Forward Contracts and Included in Initial Cost or Other Carrying Amount of Non-Financial Asset (Liability) or Firm Commitment for which Fair Value Hedge Accounting is Applied																
	Amount Removed from Reserve of Change in Value of Foreign Currency Basis Spreads and Included in Initial Cost or Other Carrying Amount of Non-Financial Asset (Liability) or Firm Commitment for which Fair Value Hedge Accounting is Applied																
	Increase (decrease) through other changes, equity																
	Equity at end of period	148.867.243	16.377.423	-1.573.261	6.307.642	-322.280.157	100.248.746	648.183	-9.200.197			303.430.035	402.099.048	59.475.456	704.400.161		704.400.161