

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

## **Koza Altın İşletmeleri Anonim Şirketi**

**Interim financial statements as of  
September 30, 2022**

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

**Koza Altın İşletmeleri Anonim Şirketi**

**Condensed statement of financial position**

**as of September 30, 2022**

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

<b>Assets</b>	<b>Notes</b>	<b>Not Reviewed September 30, 2022</b>	<b>Audited December 31, 2021</b>
<b>Current assets</b>		<b>10.749.870</b>	<b>9.392.439</b>
Cash and cash equivalents	3	<b>565.859</b>	8.885.482
Financial investments	4	<b>9.315.360</b>	-
Trade receivables			
- Due from third parties		<b>546</b>	205
Other receivables			
- Due from third parties		<b>120.144</b>	54.195
Inventories	5	<b>725.931</b>	426.033
Prepaid expenses		<b>21.134</b>	26.191
Other current assets		<b>896</b>	333
<b>Non-current assets</b>		<b>1.952.105</b>	<b>2.710.671</b>
Financial investments	4	<b>270.844</b>	286.997
Other receivables			
- Due from related parties	16	<b>23.122</b>	1.032.636
- Due from third parties		<b>2.535</b>	2.255
Right-of-use assets		<b>26.202</b>	43.777
Investment property	6	<b>113.763</b>	115.539
Property, plant and equipment	7	<b>1.110.657</b>	952.117
Intangible assets			
- Goodwill	8	<b>11.232</b>	11.232
- Other intangible assets	8	<b>3.447</b>	3.979
Prepaid expenses		<b>108.683</b>	10.907
Deferred tax assets	14	<b>223.370</b>	190.295
Other non-current assets		<b>58.250</b>	60.937
<b>Total assets</b>		<b>12.701.975</b>	<b>12.103.110</b>

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

**Koza Altın İşletmeleri Anonim Şirketi**

**Condensed statement of financial position**

**as of September 30, 2022**

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

<b>Liabilities</b>	<b>Notes</b>	<b>Not Reviewed September 30, 2022</b>	<i>Audited</i> December 31, 2021
<b>Current liabilities</b>		<b>1.227.293</b>	1.118.787
Short-term lease liabilities			
- Lease liabilities		<b>22.682</b>	20.044
Trade payables			
- Due to third parties		<b>179.728</b>	197.793
Payables related to employee benefits		<b>38.261</b>	19.773
Other payables			
- Due to related parties	16	<b>746</b>	1.722
- Due to third parties		<b>552</b>	214
Deferred income		<b>1.065</b>	761
Current income tax liabilities	14	<b>278.795</b>	418.386
Short-term provisions			
- Provisions for employee benefits	9	<b>68.518</b>	37.437
- Other short-term provisions	9	<b>627.924</b>	417.983
Other current liabilities		<b>9.022</b>	4.674
<b>Non-current liabilities</b>		<b>496.140</b>	416.638
Long-term lease liabilities			
- Lease liabilities		<b>9.092</b>	28.978
Other payables			
- Due to third parties		<b>101.609</b>	71.263
Long-term provisions			
- Provisions for employee benefits	9	<b>76.225</b>	42.798
- Other long-term provisions	9	<b>309.214</b>	273.599
<b>Equity</b>		<b>10.978.542</b>	10.567.685
Paid-in share capital	10	<b>152.500</b>	152.500
Adjustment to share capital	10	<b>3.579</b>	3.579
- Actuarial gain / (loss) fund for employee benefits		<b>(26.806)</b>	(3.677)
Restricted reserves	10	<b>400.443</b>	137.390
Retained earnings		<b>7.338.568</b>	7.273.891
Net profit for the period		<b>3.110.258</b>	3.004.002
<b>Total liabilities and equity</b>		<b>12.701.975</b>	12.103.110

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

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

**Koza Altın İşletmeleri Anonim Şirketi**

**Condensed statements of profit or loss and other comprehensive income**

**for the period ended September 30, 2022**

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

		<i>Not Reviewed</i>	<i>Not Reviewed</i>	<i>Not Reviewed</i>	<i>Not Reviewed</i>
		January 1 -	January 1 -	July 1 -	July 1 -
	Notes	September 30,	September 30,	September 30,	September 30,
		2022	2021	2022	2021
Revenue	11	<b>4.648.507</b>	2.861.224	<b>1.968.299</b>	890.651
Cost of sales (-)	11	<b>(1.772.055)</b>	(970.688)	<b>(779.035)</b>	(346.339)
<b>Gross profit</b>		<b>2.876.452</b>	1.890.536	<b>1.189.264</b>	544.312
Research and development expenses (-)		<b>(191.366)</b>	(187.889)	<b>(57.553)</b>	(65.489)
Marketing, sales and distribution expenses (-)		<b>(4.855)</b>	(2.580)	<b>(2.708)</b>	(1.052)
General administrative expenses (-)		<b>(329.367)</b>	(223.908)	<b>(125.025)</b>	54.828
Other operating income	13	<b>204.844</b>	55.254	<b>52.893</b>	10.180
Other operating expenses (-)	13	<b>(483.716)</b>	(172.362)	<b>(123.865)</b>	(165.212)
<b>Operating profit</b>		<b>2.071.992</b>	1.359.051	<b>933.006</b>	377.567
Income from investing activities	12	<b>1.753.044</b>	1.110.470	<b>668.659</b>	326.257
Expenses from investing activities (-)	12	<b>(3.030)</b>	-	<b>(5)</b>	-
Impairment gains (losses) and reversals of impairment losses determined in accordance with TFRS 9		<b>4.913</b>	-	<b>1.637</b>	-
<b>Operating profit before financial income and expense</b>		<b>3.826.919</b>	2.469.521	<b>1.603.297</b>	703.824
Financial income / (expenses)		-	-	-	-
<b>Profit before tax from continued operations</b>		<b>3.826.919</b>	2.469.521	<b>1.603.297</b>	703.824
<b>Tax expense from continuing operations</b>		<b>(716.661)</b>	(602.605)	<b>(282.799)</b>	(181.810)
- Current tax expense (-)	14	<b>(743.954)</b>	(657.730)	<b>(283.773)</b>	(190.017)
- Deferred tax income / (expense) (-)	14	<b>27.293</b>	55.125	<b>974</b>	8.207
<b>Net profit for the period</b>		<b>3.110.258</b>	1.866.916	<b>1.320.498</b>	522.014
<b>Other comprehensive income /(expense)</b>					
<b>Total other comprehensive income not to be classified to profit or loss in subsequent years</b>					
Gains / (losses) on remeasurements of defined benefit plans		<b>(23.129)</b>	1.708	<b>(6.260)</b>	4.724
Gains / (losses) on remeasurements of defined benefit plans, tax effect		<b>(28.911)</b>	2.218	<b>(7.825)</b>	6.135
		<b>5.782</b>	(510)	<b>1.565</b>	(1.411)
<b>Total comprehensive income</b>		<b>3.087.129</b>	1.868.624	<b>1.314.238</b>	526.738
<b>Earnings per 100 share</b>					
- common stock (TL)	15	<b>20,395</b>	12,242	<b>13,457</b>	3,423
<b>Earnings per 100 shares from total comprehensive income</b>					
- common stock (TL)	15	<b>11,626</b>	8,799	<b>4,741</b>	4,477

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

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

**Koza Altın İşletmeleri Anonim Şirketi**

**Condensed statements of changes in equity**

**for the period ended September 30, 2022**

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

			Other comprehensive income/expense not to be reclassified to profit or loss		Retained earnings		
	Paid in capital	Adjustment to capital	Actuarial (loss) / gain fund for employment termination benefit	Restricted reserve	Retained earnings	Net profit for the period	Total equity
Balances as of January 1, 2021	152.500	3.579	(3.728)	137.390	5.463.512	1.810.379	7.563.632
Net profit for the period	-	-	-	-	-	1.866.916	1.866.916
Other comprehensive income/ (loss)	-	-	1.708	-	-	-	1.708
<b>Total comprehensive income/ (loss)</b>	-	-	1.708	-	-	1.866.916	1.868.624
Transfers	-	-	-	-	1.810.379	(1.810.379)	-
Balance as of September 30, 2021	152.500	3.579	(2.020)	137.390	7.273.891	1.866.916	9.432.256
<b>Balance as of January 1, 2022</b>	<b>152.500</b>	<b>3.579</b>	<b>(3.677)</b>	<b>137.390</b>	<b>7.273.891</b>	<b>3.004.002</b>	<b>10.567.685</b>
Net profit for the period	-	-	-	-	-	3.110.258	3.110.258
Other comprehensive income/ (loss)	-	-	(23.129)	-	-	-	(23.129)
<b>Total comprehensive income/ (loss)</b>	-	-	<b>(23.129)</b>	-	-	<b>3.110.258</b>	<b>3.087.129</b>
Transfers	-	-	-	263.053	2.740.949	(3.004.002)	-
Dividend payment (*)	-	-	-	-	(2.676.272)	-	(2.676.272)
<b>Balances as of September 30, 2022</b>	<b>152.500</b>	<b>3.579</b>	<b>(26.806)</b>	<b>400.443</b>	<b>7.338.568</b>	<b>3.110.258</b>	<b>10.978.542</b>

(\*) With the decision of the SDIF Fund Board, dated 1 July 2022 and numbered 2022/304, all necessary works and transactions regarding profit distribution between the years 2016-2021 are subject to the decision of the Company's Board of Directors, dated 30 June 2022 and numbered 2022/77. In accordance with the legislation that Company is subject to, the Board of Directors of the Company has decided that as of July 1, 2022, a gross profit distribution of TL 2,676.271,299.60 for the years 2016-2021 will be made on 7 July 2022.

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

**Koza Altın İşletmeleri Anonim Şirketi**

**Condensed statements of cash flows  
for the period ended September 30, 2022**

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

		<b>Not Reviewed</b>	<b>Not Reviewed</b>
		<b>January 1 –</b>	<b>January 1 –</b>
		<b>September 30,</b>	<b>September 30,</b>
	<b>Notes</b>	<b>2022</b>	<b>2021</b>
<b>A. Cash flows from operating activities</b>		<b>2.329.277</b>	<b>1.130.019</b>
<b>Profit for the period from the continuing operations</b>		<b>3.110.258</b>	<b>1.866.916</b>
<b>Adjustments to reconcile profit for the period</b>			
Adjustments to depreciation and amortization		<b>217.931</b>	120.515
Adjustments for recognition/ (derecognition) impairment of receivables		<b>(338.735)</b>	-
Adjustments for impairment of inventory	5	<b>(48.913)</b>	(7.853)
- Adjustment for lawsuits and/ or penalty provisions		<b>16.573</b>	-
- Adjustments related to provisions set aside within the framework of sectoral requirements		<b>495.594</b>	237.657
- Adjustments for debt provisions		<b>131.689</b>	70.286
- Adjustments for provisions for employee benefits	9	<b>36.425</b>	30.881
Adjustments for tax expense	14	<b>716.661</b>	602.605
Adjustments for interest expenses		<b>12.258</b>	8.079
Adjustments for interest income	12	<b>(1.288.054)</b>	(832.270)
Adjustments for loss / (gains) arising from disposal of tangible assets		<b>(10.577)</b>	(278)
<b>Total adjustments</b>		<b>(59.148)</b>	<b>229.622</b>
Decrease in trade receivables		<b>(341)</b>	(540)
Increase in other receivables from related parties		<b>1.009.514</b>	(113.617)
Increase in other receivables		<b>(134.714)</b>	(10.424)
Increase in inventories	5	<b>30.012</b>	8.324
Increase in prepaid expenses		<b>(250.985)</b>	(58.924)
(Decrease) / increase in trade payables		<b>(92.719)</b>	26.679
(Decrease) / increase in other payables		<b>(18.065)</b>	26.941
(Decrease) / increase in payables related to employee benefits		<b>18.488</b>	(744)
((Decrease) / increase in other assets related to activities		<b>2.018</b>	(63.981)
Increase in other liabilities related to activities		<b>4.455</b>	47.403
Payments for employee retirement benefits	9	<b>(7.649)</b>	(1.999)
Payments related to other provisions		<b>(398.300)</b>	(225.654)
Tax paid	14	<b>(883.547)</b>	(599.983)
<b>Net cash from operating activities</b>		<b>(721.833)</b>	<b>(966.519)</b>
<b>B. Cash flows from investing activities</b>		<b>(8.008.633)</b>	<b>523.836</b>
Cash outflows from purchase of tangible assets	6, 7	<b>(370.871)</b>	(278.006)
Cash outflows from purchase of intangible assets	8	<b>(1.298)</b>	(3.067)
Cash inflows from the sale of tangible assets	6, 7, 8	<b>26.263</b>	331
Interest received		<b>1.320.537</b>	790.357
Changes in financial investments		<b>(8.960.472)</b>	29.678
Cash outflows related to lease liabilities (-)		<b>(22.792)</b>	(15.457)
<b>C. Net cash from financing activities</b>		<b>(2.607.784)</b>	<b>-</b>
Dividend payment		<b>(2.607.784)</b>	-
<b>Net increase in cash and cash equivalents</b>		<b>(8.287.140)</b>	<b>1.653.855</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>8.846.843</b>	<b>5.897.362</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>559.703</b>	<b>7.551.217</b>

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

## Koza Altın İşletmeleri Anonim Şirketi

### Notes to the condensed financial statements for the period ended September 30, 2022

(All amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

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

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

As of September 30, 2022, including the stocks traded in Borsa İstanbul ("BIST"), 45.01% of the Company's shares owned by ATP and 24.99% owned by Koza İpek Holding (December 31, 2020: 45.01% owned by ATP and 24.99% by Koza İpek Holding), the Company management was transferred to the Board of Trustees, pursuant to the decision of Ankara 5th Criminal Court of Peace, dated October 26, 2015, and subsequently transferred to the Savings Deposit Insurance Fund ("SDIF") on September 22, 2016. As of September 30, 2022, shares corresponding to 30% of the Company's shares (December 31, 2021: 30%) are traded on BIST.

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

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

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

The Company's financial statements for the years ended December 31, 2016, 2017, 2018, 2019, 2020 and 2021 have been approved by the Board of Directors with the board decisions dated April 24, 2018, April 30, 2018, February 28, 2019, February 27, 2020, March 1, 2021 and and March 1, 2022 respectively and published by excluding the possible cumulative effects of the works and transactions belonging to the previous financial periods, whose judgment process continues, in accordance with the provisions of Article 401/4 of the Turkish Commercial Code No. 6102 ("TCC"). Audited financial statements for the year ended December 31, 2015 were not approved by the Board of Directors in accordance with the provisions of Article 401/4 of the TCC. Ordinary general assembly meetings of the Company for the years 2015, 2016, 2017, 2018, 2019, 2020 and 2021 as explained in detailed in Note 9, could not be carried out due to various examinations and works by the Prosecutor's Office, the Police Financial Crimes Branch and the CMB, and these financial statements of the Company could not be submitted to the approval of the General Assembly.

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

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



**Koza Altın İşletmeleri Anonim Şirketi**

**Notes to the condensed financial statements  
for the period ended September 30, 2022**

(All amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**1. Company's organisation and nature of operations (continued)**

The Company has established UK based Koza Ltd., which owns 100%, in order to establish abroad mining ventures on March 31, 2014. The control of Koza Ltd, which the Company was consolidated until September 11, 2015, was lost as a result of the General Assembly held on September 11, 2015. The legal process initiated by the CMB regarding loss of control pursuant to decision dated February 4, 2016 continues as of the date of this financial statements. Under condensed financial statements, the Company has presented Koza Ltd. under the "Financial Investments" account with a cost value amounting to 218.325 thousand TL (December 31, 2021: 218.325 thousand TL).

As of September 30, 2022, the number of employees is 2.594 people (December 31, 2021: 2.664).

The registered address of the Company is below:

Uğur Mumcu Mahallesi, Fatih Sultan Mehmet Bulvarı, İstanbul Yolu 10. Km, No: 310, 06370, Yenimahalle - Ankara, Türkiye.

**2. Basis of presentation of condensed financial statements**

**2.1 Basis of presentation**

**Financial reporting standards**

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

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

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

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

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

## **Koza Altın İşletmeleri Anonim Şirketi**

### **Notes to the condensed financial statements for the period ended September 30, 2022**

(All amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

### **2.1 Basis of presentation**

#### **Foreign currency**

##### *Functional and reporting currency*

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

##### *Foreign currency transactions and balances*

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

#### **Adjustment of Financial Statements in High Inflation Periods**

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of an hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. TAS 29 describes characteristics that may indicate that an economy is hyperinflationary and it recommends all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. In the announcement published by the Public Oversight Accounting and Auditing Standards Authority (POB) on January 20, 2022, it is stated that TAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the TFRS financial statements as of December 31, 2021. Nevertheless, the Authority has not published any announcement on whether the entities would restate their financial statements for the accounting period ending on 30 September 2022 in accordance with TAS 29. In this context, since there is no consensus on the application of inflation accounting in TFRS financial statements throughout the country, and it is expected that POB will delay the application of TAS 29, financial statements as of September 30, 2022 are not adjusted for inflation in accordance with TAS 29 in order to ensure comparability.

#### **Going concern**

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

#### **Declaration of conformity to TFRS**

The Company has prepared its interim condensed financial statements for the period ending on September 30, 2022, in accordance with the CMB's Communiqué Serial: II-14.1 and its announcements clarifying this communiqué. The condensed financial statements and notes are presented in accordance with the formats recommended by CMB and including the required information.

**Koza Altın İşletmeleri Anonim Şirketi**

**Notes to the condensed financial statements  
for the period ended September 30, 2022**

(All amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

**2. Basis of presentation of condensed financial statements (continued)**

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

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

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

**2.3 The new standards, amendments and interpretations**

The accounting policies adopted in preparation of the financial statements as of September 30, 2022 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2022 and thereafter. The effects of these standards and interpretations on the Company financial position and performance have been disclosed in the related paragraphs.

**i) The new standards, amendments and interpretations which are effective as of January 1, 2022 are as follows:**

- Amendments to TFRS 3 – Reference to the Conceptual Framework
- Amendments to TAS 16 – Proceeds before intended use
- Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract
- Annual Improvements – 2018–2020 Cycle

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

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

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

- Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- TFRS 17 - The new Standard for insurance contracts
- Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities
- Amendments to TAS 8 - Definition of Accounting Estimates
- Amendments to TAS 1 - Disclosure of Accounting Policies
- Amendments to TAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Company expects no significant impact on its balance sheet and equity.

**Koza Altın İşletmeleri Anonim Şirketi**

**Notes to the condensed financial statements  
for the period ended September 30, 2022**

(All amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

**2. Basis of presentation of condensed financial statements (continued)**

**2.3 The new standards, amendments and interpretations (continued)**

**iii) The new amendments that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)**

The following amendments to existing IFRS 16 are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, the amendments are not yet adapted/issued by the POA, thus they do not constitute part of TFRS. The Company will make the necessary changes to its financial statements after the amendments are issued and become effective under TFRS.

**Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback**

In September 2022, the Board issued amendments to IFRS 16. The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. In applying requirements of IFRS 16 under “Subsequent measurement of the lease liability” heading after the commencement date in a sale and leaseback transaction, the seller lessee determines ‘lease payments’ or ‘revised lease payments’ in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining ‘lease payments’ that are different from the general definition of

lease payments in IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8.

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

**2.4 Summary of significant accounting policies**

Interim financial statements for the period ending on September 30, 2022 have been prepared in accordance with TAS 34 standard for the preparation of interim financial statements of TAS / TFRS.

The interim financial statements for the period ending on September 30, 2022 have been prepared by applying accounting policies consistent with the accounting policies applied during the preparation of the financial statements for the year ending on December 31, 2021. Therefore, these interim financial statements should be evaluated together with the financial statements for the year ended December 31, 2021.

**2.5 Significant accounting judgments, estimates and assumptions**

In the preparation of condensed financial statements dated September 30, 2022, the Company management requires the use of estimates and assumptions that may affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the amounts of income and expenses reported during the accounting period. Accounting judgments, estimates and assumptions are continuously evaluated by considering past experience, other factors and reasonable expectations about future events under current conditions. Necessary corrections are made and presented in the profit or loss statement in the period when it realized. Although these estimates and assumptions are based on management's best knowledge of current events and transactions, actual results may differ from their assumptions.

**Koza Altın İşletmeleri Anonim Şirketi**

**Notes to the condensed financial statements  
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(All amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**2. Basis of presentation of condensed financial statements (continued)**

**2.5 Significant accounting judgments, estimates and assumptions (continued)**

The main evaluations, estimates and assumptions made are as follows:

- a) Mining assets consists of mine site development costs, mining rights, mining lands, deferred stripping costs and discounted costs associated with the improvement, rehabilitation and closure of mine sites. Mining assets are accounted in the financial statements with their net book value after deducting the accumulated depreciation and permanent impairment, if any, from their acquisition costs. Mining assets start to be amortized on a production basis according to producible ore reserve with the commencement of production. The depreciation expenses of the mining assets are associated with the production costs on the basis of the relevant mining sites.

Within the scope of long-term plan studies, which are regularly updated, the Company conducts studies to determine the remaining reserves of mining assets, production-based depreciation calculations, and rehabilitation provisions within this scope.

The Company management reviews the estimates made in relation to the visible and probable mineral reserves in each balance sheet period. In certain periods, the Company management has independent professional valuation companies make valuation studies in accordance with the Australian Exploration Results, Mineral Resources and Gold Reserves 2012 Standards ("JORC") to determine the amount of visible, possible and probable mineral reserves and It is updated by or under the supervision of persons who have the competencies specified in. As of December 31, 2020, the aforementioned reserve and resource amounts were updated by the independent professional valuation company "SRK Consulting" in line with the "JORC" standards.

Within the scope of these studies, the assumptions and methods used in determining the mineral reserves contain some uncertainties (such as gold prices, exchange rates, geographic and statistical variables), and the assumptions and methods developed in relation to the mineral reserve may change significantly depending on the availability of new information. The cost and depreciation of mining assets are adjusted prospectively based on these updates.

- b) Mining assets are amortized using the "production" method and the visible and possible gold reserve amount is used to calculate the depreciation rate. Other tangible assets, both movable and fixed, other than mining assets are depreciated using the straight-line method over their useful lives, limited with lifetime of the mines they are related to. The depreciation amounts calculated on the basis of the visible and possible gold reserves and using the production units method may vary between periods, the depreciation may be affected by the deviation between the actual and estimated production amounts. These differences arise from the variables or assumptions stated below;

- Changes in the amount of visible and possible gold reserves as a result of the work done,
- The reserve's tenor ("grade") ratio, which can vary significantly from time to time,
- The actual gold price and the estimated gold price taken into account in reserve valuation and tenor determination studies,
- Other matters that may occur in the mine sites and cannot be predicted in advance and may affect the activities,
- Unpredictable changes in mining, processing and rehabilitation costs, discount rates, exchange rate changes,
- The effects of changes in mineral life on the useful life of tangible assets depreciated with the straight-line method and whose useful life are limited to the mine life.

**Koza Altın İşletmeleri Anonim Şirketi**

**Notes to the condensed financial statements  
for the period ended September 30, 2022**

(All amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**2. Basis of presentation of condensed financial statements (continued)**

**2.5 Significant accounting judgments, estimates and assumptions (continued)**

The impairment tests performed by the Company management depend on the management's estimates about the future gold prices, current market conditions, exchange rates and pre-tax discount rate together with the relevant project risk. The recoverable value of the cash-generating units is determined as the higher one from the use value of the relevant cash-generating unit or its fair value after deducting sales costs. These calculations require the use of some assumptions and estimates. Changes in assumptions and estimates based on gold prices may affect the useful lives of mines and conditions may arise that may require adjustment on the carrying values of both goodwill and related assets.

Assets are grouped as independent and smallest cash generating units. If an impairment indicator is determined, estimates and assumptions are established for the cash flows to be obtained from each cash-generating unit determined. Impairment tests of both tangible assets and goodwill contain a certain amount of uncertainty due to the estimates and assumptions used. This uncertainty arises from the amount of visible and possible workable gold reserves used, current and future predicted gold prices, discount rates, exchange rates and estimated production costs.

- c) Amount of provisions reflected in condensed financial statements regarding environmental rehabilitation, improvement of mine sites and closure of mine sites is based on the plans of the Company management and the requirements of the relevant legal regulations. Changes in the aforementioned plans and legal regulations, up-to-date market data and prices, discount rates used, changes in estimates based on mineral resources and reserves may affect provisions.

As of September 30, 2022, the Company reassessed the provision amounts due to changes in discount rates, costs, production areas subject to rehabilitation and reserve lifetimes. The Company evaluates the mine rehabilitation provision annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation due to the large number of factors that may affect the final liability to be paid. These factors include estimates of the scope and cost of rehabilitation activities, technological changes, changes in regulations, cost increases proportional to inflation rates and changes in net discount rates (September 2022: 0,07%, December 31, 21: 0,07%). These uncertainties may cause future expenditures to differ from the amounts estimated today.

The provision amount at the reporting date represents the best estimate of the present value of future rehabilitation costs. Changes in estimated future costs are accounted in the balance sheet by increasing or decreasing the rehabilitation obligation or asset if the initial estimate was initially recognized as part of an asset measured in accordance with TAS 16 Tangible Assets. Any reduction in the rehabilitation obligation and hence any reduction in the rehabilitation asset cannot exceed the carried value of that asset. In case of excess, the amount exceeding the carried value is immediately taken to profit or loss.

- d) Deferred tax assets are recorded when it is determined that it is possible to generate taxable income in the coming years. In cases where taxable income is likely to occur, deferred tax assets are calculated over temporary differences. The Company management, as a result of its assessment, has been recognized as a deferred tax asset for financial losses that can be used within a predictable period and within the framework of tax laws. This evaluation is based on the assumptions used that the related subsidiary has taxable profit in the future periods.
- e) As the Company operates in the mining industry, it is exposed to many risks arising from laws and regulations. As of the balance sheet date, the results of current or future legal practices can be estimated within a certain ratio, based on the past experiences of the Company management and as a result of the legal consultancy received. Negative effects of a decision or application that may be taken against the Company may significantly affect the activities of the Company. As of September 30, 2022, there is no legal risk expected to significantly affect the activities of the Company.

**Koza Altın İşletmeleri Anonim Şirketi**

**Notes to the condensed financial statements  
for the period ended September 30, 2022**

(All amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

**2. Basis of presentation of condensed financial statements (continued)**

**2.5 Significant accounting judgments, estimates and assumptions (continued)**

- f) At the stage of determining the amount of the provision for the lawsuits, the management consider the possibility of the ongoing lawsuits to be concluded against the Company and the legal advisors' evaluation of the consequences that may arise in case these lawsuits are concluded against the Company. The Company management makes the best estimate based on the information provided.
- g) The gold in circuit inventory amount, which is followed as a semi-finished product and has not yet turned into finished gold during the production process, is evaluated separately for each production facility by making technical production calculations and estimations. The gold in circuit process, which is common for both tank leaching and heap leach production plants, ends after finished gold is obtained. Since the production processes of tank leaching and heap leaching facilities are different from each other, the amount of gold stock in the circuit differs on the basis of facilities, and the estimated amount of gold that can be obtained from the gold in circuit stocks of each facility at the end of the production process and the life of mine is analyzed based on technical calculations.

**3. Cash and cash equivalents**

	<b>September 30, 2022</b>	December 31, 2021
Cash	<b>178</b>	186
Banks		
- Demand deposits	<b>1.962</b>	1.674
- Time deposits	<b>563.719</b>	8.883.622
<b>Total</b>	<b>565.859</b>	8.885.482
Less: Interest accruals	<b>(6.156)</b>	(38.639)
<b>Cash and cash equivalents presented in the cash flow statement</b>	<b>559.703</b>	8.846.843

The details of the Company's time deposits as of September 30, 2022 are as follows;

<b>Currency</b>	<b>Interest rate</b>	<b>Maturity</b>	<b>Currency amount</b>	<b>TL Equivalent</b>
<b>TL</b>	<b>%14 - %22,00</b>	<b>1-30 Days</b>	<b>563.108</b>	<b>563.108</b>
<b>USD</b>	<b>%0,50</b>	<b>35 Days</b>	<b>33</b>	<b>611</b>
<b>Total</b>				<b>563.719</b>

The details of the Company's time deposits as of December 31, 2021 are as follows;

<b>Currency</b>	<b>Interest rate</b>	<b>Maturity</b>	<b>Currency amount</b>	<b>TL Equivalent</b>
<b>TL</b>	<b>%14,00 - %22,50</b>	<b>1-30 Days</b>	<b>8.082.300</b>	<b>8.082.300</b>
<b>USD</b>	<b>%0,75 - %1,23</b>	<b>1-30 Days</b>	<b>61.747</b>	<b>801.322</b>
<b>Total</b>				<b>8.883.622</b>

The Company's blocked deposits of 52.091 TL have been presented under financial investments account (December 31, 2021: 68.244 TL).

**Koza Altın İşletmeleri Anonim Şirketi**

**Notes to the condensed financial statements  
for the period ended September 30, 2022**

(All amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

**4. Financial investments**

**a. Short term financial investments**

The short term financial investments of the Company as of September 30, 2022 and December 31, 2021 are as follows;

	<b>September 30, 2022</b>	December 31, 2021
Currency protected time deposits (**)	<b>1.139.998</b>	-
Financial assets accounted at fair value under profit or loss (***)	<b>8.175.362</b>	-
<b>Toplam</b>	<b>9.315.360</b>	-

**b. Long term financial investments**

The long term financial investments of the Company as of September 30, 2022 and December 31, 2021 are as follows;

	<b>September 30, 2022</b>	December 31, 2021
Shares in subsidiaries (*)	<b>218.753</b>	218.753
Blocked deposits	<b>52.091</b>	68.244
<b>Total</b>	<b>270.844</b>	286.997

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

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

(\*\*) Currency protected time deposits are accounted as financial assets at fair value under profit or loss.

The Company has converted foreign exchange deposit accounts amounting to USD 61,742,516 into “Currency protected time deposits accounts”. The maturity of currency protected time deposits is 182 days.

(\*\*\*) As of September 30, 2022, the Company has 7,983,677,849 mutual fund participation certificates, totaling 8,175,362,334 TL, which are recognized as financial assets measured at the amortized cost.



**Koza Altın İşletmeleri Anonim Şirketi**

**Notes to the condensed financial statements  
for the period ended September 30, 2022**

(All amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

**5. Inventories**

The inventories of the Company as of September 30, 2022 and December 31, 2021 are as follows;

	<b>September 30, 2022</b>	December 31, 2021
Gold and silver in the production process and gold and silver bars	<b>142.968</b>	144.592
Ready to be processed and mined ore clusters	<b>205.034</b>	95.046
Spare parts (*)	<b>229.045</b>	141.220
Chemicals and operating materials	<b>147.952</b>	94.088
Other inventories	<b>932</b>	-
Provision for inventory impairment (-)	-	(48.913)
<b>Total</b>	<b>725.931</b>	426.033

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

The movements of the provision for inventory impairment within the accounting periods of September 30, 2022 and 2021 are as follows:

	<b>2022</b>	2021
January 1	<b>48.913</b>	36.598
Additions	-	48.494
Disposals / cancellations	<b>(48.913)</b>	(56.347)
<b>September 30</b>	-	28.745

**6. Investment properties**

The investment properties of the Company as of September 30, 2022 and 2021 are as follows;

	<b>January 1, 2022</b>	<b>Additions</b>	<b>Disposals</b>	<b>September 30, 2022</b>
<b>Cost</b>				
Buildings	<b>130.540</b>	-	-	<b>130.540</b>
<b>Total</b>	<b>130.540</b>	-	-	<b>130.540</b>
<b>Accumulated depreciation</b>				
Buildings	<b>15.001</b>	<b>1.776</b>	-	<b>16.777</b>
<b>Total</b>	<b>15.001</b>	<b>1.776</b>	-	<b>16.777</b>
<b>Net book value</b>	<b>115.539</b>			<b>113.763</b>

**Koza Altın İşletmeleri Anonim Şirketi**

**Notes to the condensed financial statements  
for the period ended September 30, 2022**

(All amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

**6. Investment properties (continued)**

	January 1, 2021	Additions	Disposals	September 30, 2021
Cost				
Buildings	130.540	-	-	130.540
<b>Total</b>	<b>130.540</b>	<b>-</b>	<b>-</b>	<b>130.540</b>
Accumulated depreciation				
Buildings	12.635	1.775	-	14.410
<b>Total</b>	<b>12.635</b>	<b>1.775</b>	<b>-</b>	<b>14.410</b>
<b>Net book value</b>	<b>117.905</b>			<b>116.130</b>

Thousand TL 1.461 rental income was earned from investment properties in 2022. (2021: Thousand TL 603).

Investment properties amounting of thousand TL 89.978 in the buildings are located in United Kingdom and members of the İpek Family live in these apartments. The lease agreement has not been signed due to the current legal processes. When the legal processes are end, the necessary evaluations will be made by the Company management in accordance with the market practices. Investment properties amounting of thousand TL 25.625 in the buildings consist of dormitory buildings in Gümüşhane and Bergama. The dormitory building in Bergama was leased to the Ministry of National Education. There isn't any rental agreement regarding the dormitory buildings in Gümüşhane. As of September 30, 2022, there are annotations placed by the General Directorate of National Real Estate on the Company's domestic real estate properties.

**7. Property, plant and equipment**

The property, plant and equipment of the Company as of September 30, 2022 and December 31, 2021 are as follows:

	<b>September 30, 2022</b>	December 31, 2021
Mining assets	<b>449.219</b>	393.080
Other tangible assets	<b>661.438</b>	559.037
<b>Total</b>	<b>1.110.657</b>	952.117

**Koza Altın İşletmeleri Anonim Şirketi**

**Notes to the condensed financial statements  
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(All amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

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

**a) Mining assets**

As of September 30, 2022, and December 31, 2021, mining assets consists of mining rights, mine site development costs, deferred stripping costs, mining lands, and closing and rehabilitation of mines, and the net book values of these mining assets are as follows.

	<b>September 30, 2022</b>	December 31, 2021
Mine sites	<b>36.150</b>	30.889
Mine site development cost	<b>265.538</b>	220.470
Deferred stripping costs	<b>28.607</b>	14.313
Rehabilitation of mining facility	<b>58.287</b>	66.764
Mining rights	<b>60.637</b>	60.644
<b>Total</b>	<b>449.219</b>	<b>393.080</b>

The movements of mining assets are as follows;

	<b>January 1, 2022</b>	<b>Additions</b>	<b>Disposals</b>	<b>September 30, 2022</b>
<b>Cost</b>				
Mine sites	<b>73.696</b>	<b>23.566</b>	<b>(15.569)</b>	<b>81.693</b>
Mine site development cost	<b>584.884</b>	<b>73.631</b>	-	<b>658.515</b>
Deferred stripping costs	<b>278.899</b>	<b>42.443</b>	-	<b>321.342</b>
Rehabilitation of mining facility	<b>331.055</b>	<b>48.541</b>	-	<b>379.596</b>
Mining rights	<b>74.005</b>	-	-	<b>74.005</b>
<b>Total</b>	<b>1.342.539</b>	<b>188.181</b>	<b>(15.569)</b>	<b>1.515.151</b>
<b>Accumulated depreciation</b>				
Mine sites	<b>42.807</b>	<b>2.736</b>	-	<b>45.543</b>
Mine site development cost	<b>364.415</b>	<b>28.562</b>	-	<b>392.977</b>
Deferred stripping costs	<b>264.586</b>	<b>28.149</b>	-	<b>292.735</b>
Rehabilitation of mining facility	<b>264.290</b>	<b>57.019</b>	-	<b>321.309</b>
Mining rights	<b>13.361</b>	<b>7</b>	-	<b>13.368</b>
<b>Total</b>	<b>949.459</b>	<b>116.473</b>	-	<b>1.065.932</b>
<b>Net book value</b>	<b>393.080</b>			<b>449.219</b>

**Koza Altın İşletmeleri Anonim Şirketi**

**Notes to the condensed financial statements  
for the period ended September 30, 2022**

(All amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

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

**a) Mining assets (continued)**

	January 1, 2021	Additions	Disposals	September 31, 2021
<b>Cost</b>				
Mine sites	70.546	2.674	-	73.220
Mine site development cost	451.048	94.549	-	545.597
Deferred stripping costs	263.994	7.443	-	271.437
Rehabilitation of mining facility	231.133	11.496	-	242.629
Mining rights	50.765	15.500	-	66.265
<b>Total</b>	<b>1.067.486</b>	<b>131.662</b>	<b>-</b>	<b>1.199.148</b>
<b>Accumulated depreciation</b>				
Mine sites	38.216	3.602	-	41.818
Mine site development cost	328.009	23.686	-	351.695
Deferred stripping costs	252.676	6.686	-	259.362
Rehabilitation of mining facility	209.015	11.858	-	220.873
Mining rights	13.349	10	-	13.359
<b>Total</b>	<b>841.265</b>	<b>45.842</b>	<b>-</b>	<b>887.107</b>
<b>Net book value</b>	<b>226.221</b>		<b>-</b>	<b>312.041</b>

Depreciation expenses are accounted under the cost of goods sold.

There isn't any mortgage on mining assets as of September 30, 2022 (December 31, 2021: None).

The costs of the mine sites, mining rights and mine site development costs of the Company, which have been fully depreciated as of September 30, 2022, but are in use, are amounting to thousand TL 115.807. (September 30, 2021: 105.635 thousand TL).

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

**Koza Altın İşletmeleri Anonim Şirketi**

**Notes to the condensed financial statements  
for the period ended September 30, 2022**

(All amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

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

**b) Other tangible assets**

Movements of other tangible assets during the period as of September 30, 2022 and 2021 are as follows:

	<b>January 1, 2022</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>September 30, 2022</b>
<b>Cost</b>					
Land, buildings and land improvements	331.259	11.713	-	6.227	349.199
Machinery and equipment	820.235	76.404	-	33.614	930.253
Motor vehicles	154.347	63.117	(1.287)	-	216.177
Furnitures and fixtures	84.622	12.273	(102)	584	97.377
Construction in progress	45.562	19.183	-	(40.425)	24.320
<b>Total</b>	<b>1.436.025</b>	<b>182.690</b>	<b>(1.389)</b>	<b>-</b>	<b>1.617.326</b>
<b>Accumulated depreciation</b>					
Buildings and land improvements	170.705	11.909	-	-	182.614
Machinery and equipment	579.968	37.119	-	-	617.087
Motor vehicles	77.154	22.315	(1.210)	-	98.259
Furnitures and fixtures	49.161	8.829	(62)	-	57.928
<b>Total</b>	<b>876.988</b>	<b>80.172</b>	<b>(1.272)</b>	<b>-</b>	<b>955.888</b>
<b>Net book value</b>	<b>559.037</b>				<b>661.438</b>

There isn't any mortgage on other tangible assets as of September 30, 2022 (December 31, 2021: None). As of September 30, 2022, the insurance amount on the tangible assets and inventories of the Company is TL 439.162 (September 30, 2021: TL 332.520).

The cost of other tangible assets of the Company, which have been fully depreciated as of September 30, 2022, but are in use, is amounting to thousand TL 367.951. (September 30, 2021: thousand TL 358.729).

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

**Koza Altın İşletmeleri Anonim Şirketi**

**Notes to the condensed financial statements  
for the period ended September 30, 2022**

(All amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

**b) Other tangible assets (continued)**

	January 1, 2021	Additions	Disposals	Transfers	September 30, 2021
Cost					
Land, buildings and land improvements	298.592	6.717	-	9.802	315.111
Machinery and equipment	741.627	53.042	-	230	794.899
Motor vehicles	101.524	46.615	(312)	-	147.827
Furnitures and fixtures	65.724	9.901	(22)	-	75.603
Construction in progress (*)	15.763	30.069	-	(10.032)	35.800
<b>Total</b>	<b>1.223.230</b>	<b>146.344</b>	<b>(334)</b>	<b>-</b>	<b>1.369.240</b>
Accumulated depreciation					
Buildings and land improvements	154.586	11.646	-	-	166.232
Machinery and equipment	540.463	28.436	-	-	568.899
Motor vehicles	54.717	16.117	(268)	-	70.566
Furnitures and fixtures	40.211	6.205	(8)	-	46.408
<b>Total</b>	<b>789.977</b>	<b>62.404</b>	<b>(276)</b>	<b>-</b>	<b>852.105</b>
<b>Net book value</b>	<b>433.253</b>				<b>517.135</b>

**8. Intangible assets**

**a) Goodwill**

As of September 30, 2022, and December 31, 2021, the details of the Company's intangible assets are as follows:

	<b>September 30, 2022</b>	December 31, 2021
Goodwill related to Newmont Altın purchase	<b>11.232</b>	11.232
<b>Total</b>	<b>11.232</b>	11.232

**Purchase of Newmont Gold:**

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

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

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**8. Intangible assets (continued)**

**a) Goodwill (continued)**

As of September 30, 2022, it is highly probable that a sufficient amount of visible and probable reserves will be found in the mentioned mine sites in the coming years according to the estimates of the gold price made by the management, geological and geochemical studies and expert reports. As a result of these evaluations, no impairment is expected in the goodwill arising from the acquisition of Newmont Altın as of September 30, 2022.

**b) Other intangible assets**

The details of the Company's other intangible assets as of September 30, 2022 and 2021 are as follows:

	January 1, 2022	Additions	September 30, 2022
<b>Cost</b>			
Rights	15.717	1.298	17.015
<b>Total</b>	<b>15.717</b>	<b>1.298</b>	<b>17.015</b>
<b>Accumulated depreciation</b>			
Rights	11.738	1.830	13.568
<b>Total</b>	<b>11.738</b>	<b>1.830</b>	<b>13.568</b>
<b>Net book value</b>	<b>3.979</b>		<b>3.447</b>
	January 1, 2021	Additions	September 30, 2021
<b>Cost</b>			
Rights	11.121	3.067	14.188
<b>Total</b>	<b>11.121</b>	<b>3.067</b>	<b>14.188</b>
<b>Accumulated depreciation</b>			
Rights	10.028	1.135	11.163
<b>Total</b>	<b>10.028</b>	<b>1.135</b>	<b>11.163</b>
<b>Net book value</b>	<b>1.093</b>		<b>3.025</b>

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**9. Provisions, contingent assets and liabilities**

As of September 30, 2022, and December 31, 2021, the details of the Company's provisions, contingent assets and liabilities are as follows:

**a) Short-term provisions**

	<b>September 30, 2022</b>	December 31, 2021
State right expense provision (*)	<b>385.587</b>	320.010
Environmental rehabilitation, rehabilitation of mining sites and mine closure provision	<b>50.320</b>	54.218
Provisions for lawsuit	<b>44.450</b>	27.877
Other provisions (**)	<b>147.567</b>	15.878
<b>Total</b>	<b>627.924</b>	417.983

(\*) Based on the President's decision dated 03.09.2020 published in the Official Gazette (Decision number: 2932); IV. It has been decided to apply the Government Rights rates determined for gold and silver from Group Mines with an increment of 25%.

(\*\*) A major part of the provision amount allocated for school constructions within the scope of the social responsibility project between the Ministry of National Education and Koza Altın.

As of September 30, 2022, TL 146.279 thousand of the balance consists of committed school donations.

**b) Long-term provisions**

	<b>September 30, 2022</b>	December 31, 2021
Environmental rehabilitation, rehabilitation of mining sites and mine closure provision	<b>309.214</b>	273.599
<b>Total</b>	<b>309.214</b>	273.599

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

	<b>2022</b>	2021
<b>January 1</b>	<b>327.817</b>	193.703
Paid during the period	<b>(86.758)</b>	(2.980)
Discount effect	<b>(27.575)</b>	202
Effect of changes in estimates and assumptions	<b>36.393</b>	1.267
Additions / (cancellations), net	<b>109.657</b>	39.343
<b>September 30</b>	<b>359.534</b>	231.535

(\*) The amount of provisions reflected to the financial statements for environmental rehabilitation, reclamation and closure of mine sites is based on the plans of the Company management and the requirements of the relevant legal regulations, changes in the plan and legal regulations, current market data and prices, discount rates used, mineral resources and regulations. Changes in estimates based on reserves may affect provisions. As with reserve and resource amounts, rehabilitation provision amounts are evaluated by SRK Consulting and provision figures are determined in US Dollars.



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**9. Provisions, contingent assets and liabilities (continued)**

**c) Provisions for employee benefits**

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

	<b>September 30, 2022</b>	December 31, 2021
Provision for unused vacation	<b>23.585</b>	14.558
Provision for personnel bonus	<b>44.933</b>	22.879
<b>Total</b>	<b>68.518</b>	37.437

The movement of provision for unused vacation is as follows;

	<b>2022</b>	2021
January 1	<b>14.558</b>	10.059
Additions / (cancellations), net	<b>9.027</b>	4.413
<b>September 30</b>	<b>23.585</b>	14.472

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

	<b>September 30, 2022</b>	December 31, 2021
Provision for employee termination benefits	<b>76.225</b>	42.798
<b>Total</b>	<b>76.225</b>	42.798

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

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the real rate net of expected effects of inflation. The severance pay ceiling is revised in every six months, and the ceiling amount of TL 15.371,40 (July 1, 2021: TL 8.284,51) as of July 1, 2022 was taken into consideration in the calculation of the provision for severance pay. TFRS requires actuarial valuation methods to be developed to estimate the provision for severance pay. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	<b>September 30, 2022</b>	December 31, 2021
Net discount rate	<b>%4,17</b>	%4,17
Turnover rate related the probability of retirement (rate of employees to remain to retirement)	<b>%94,42</b>	%93,62

**Koza Altın İşletmeleri Anonim Şirketi**

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**9. Provisions, contingent assets and liabilities (continued)**

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

The movements of the provision for severance pay within the accounting periods of September 30, 2022 and 2021 are as follows:

	2022	2021
<b>January 1</b>	<b>42.798</b>	34.384
Interest cost	<b>(7.649)</b>	(1.999)
Service cost	<b>6.821</b>	3.352
Actuarial loss / (gain)	<b>5.344</b>	6.357
Severance paid	<b>28.911</b>	(2.218)
<b>September 30</b>	<b>76.225</b>	39.876

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

The sensitivity analysis of the important assumptions used in the calculation of the provision for employee termination benefits as of September 30, 2022 is as follows:

	Discount rate		Rate of retirement	
	0,50% increase	0,50% decrease	0,50% increase	0,50% decrease
<b>2022</b>	<b>(8.713)</b>	<b>10.598</b>	<b>(2.266)</b>	<b>2.084</b>
	Discount rate	Rate of retirement		
	0,50% increase	0,50% decrease	0,50% increase	0,50% decrease
<b>2021</b>	<b>(4.792)</b>	<b>5.589</b>	<b>1.300</b>	<b>(1.194)</b>

**d) Important ongoing cases**

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

For the cancellation of the EIA positive decision issued for the Ovacık 3rd waste storage facility, the İzmir 3rd Administrative Court’s case numbered 2017/1432 E. Was filed against the Ministry of Environment and Urbanization, and the Company intervened to the case. The court delivered a judgement of dismissal on March 12, 2020, in favor of the Company, which is open to appeal to the Council of State. It was appealed by the plaintiffs with a request for a stay of execution. The Council of State rejected the appeal requests of the plaintiffs in favor of our company with the decision dated September 24, 2020 and decided to send the file to the local court for procedural reasons that do not affect the merits. In this respect, the trial continues and does not affect the activities of the Company.

**Koza Altın İşletmeleri Anonim Şirketi**

**Notes to the condensed financial statements  
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**9. Provisions, contingent assets and liabilities (continued)**

**d) Important ongoing cases (continued)**

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

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

**ii- Lawsuits related to Kaymaz mine**

The Company has filed lawsuits in Eskisehir 1st Administrative Court numbered 2014/1084 E. and Eskişehir 1st Administrative Court numbered 2014/760 E. Requesting cancellation and stay of execution against the operations related to the cessation of operations in the agricultural lands of the Kaymaz gold mine located in the field bearing a registration number of 43539 and 82567. Among these lawsuits, with respect to the lawsuit numbered 2014/760 E. In Eskisehir 1st Administrative Court filed regarding the field with license number of İR 43539 and the lawsuit numbered 2014/1084 E. regarding the field with license number of İR 82567; the court ordered to the cancellation of proceedings subject to the case, with open appeal. Both cases were concluded in favor of the Company, and the trial continues at the stage of correction of the decision.

The Company intervened in the case along with the defendant Ministry of Environment and Urbanization which was filed for the cancellation and stay of execution of the EIA affirmative decision given regarding the 2nd Waste Storage Facility project planned to be made in the field site with the operation license number of 82567 and the trial in Eskişehir 1st Administrative Court in the cases filed with the number 2020/302 E. and 2020/350 E approved both decisions in favor of the Company.

**iii- Lawsuits related to other mines**

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

**Lawsuits related to Çukuralan mine:**

A lawsuit numbered 2017/1656 E. was filed against the Ministry of Environment and Urbanization in İzmir 6th Administrative Court for the cancellation of the EIA affirmative report issued for the 3rd capacity increase Project of Çukuralan mining facility, and the Company intervened in the case. The court decided to cancel the transaction subject to the case, and the Council of State reversed the decision in favor of the company by not being hit by the decision of the local court after the appeal review. While the trial continued in İzmir 6th Administrative Court on the basis number of 2019/574, the court decided to cancel the said transaction with the decision dated 23.02.2021. The decision has been appealed and the trial is pending before the Council of State.

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**9. Provisions, contingent assets and liabilities (continued)**

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

Regarding the 3rd capacity increase 2009/7 project of Çukuralan Gold Mine, Izmir 6th Administrative Court has been sued for the suspension of execution and cancellation of the Environmental Impact Assessment (EIA) positive Decision issued by the Ministry of Environment and Urbanization with the 2019/1120 E. file. has been opened. Our company intervenes in the relevant case together with the defendant Ministry. The previous base number and court of the relevant file is Izmir 3rd Administrative Court 2019/171 E. Due to the connection with the Çukuralan 3. Capacity Increase file, the main record of the file was closed by the decision of the İzmir Regional Administrative Court 4th Administrative Law Department and it was decided by the İzmir 3rd Administrative Court to send it to the İzmir 6th Administrative Court due to the relevant connection. While the relevant case continued with the number 2019/1120 of the Izmir 6th Administrative Court, the EIA affirmative decision, which was subject to the court decision, was annulled and an appeal was filed and the trial is ongoing before the Council of State.

In addition, in the 2020/1479 E. file of the 6th Administrative Court of Izmir, Company has been involved in the lawsuit filed by some plaintiffs against the Izmir Governor's Office for the cancellation of the "Environmental Impact Assessment Not Required" decision given for the Çukuralan Gold Mine Crushing and Screening Plant Project, which is planned to be made by Company. In this case, the trial continues.

**Lawsuit related to Çanakkale Project:**

In the lawsuit filed for the annulment and suspension of the EIA positive decision regarding the S: 201001197 Gold and Silver Mine Project, which is planned to be made in the vicinity of Serçiler and Terziler villages in the central district of Çanakkale, the company intervenes with the Ministry of Environment and Urbanization. At the present stage, Çanakkale 1st Administrative Court has decided to the lawsuit and appeal was filed against the decision. It has been definitively decided to reject the appeals of Company.

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

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

**v- Liability lawsuits filed against former managers**

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

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**9. Provisions, contingent assets and liabilities (continued)**

**vi- Other legal processes**

Pursuant to the decision of the 5th Criminal Court of Peace in Ankara, the management of the Company was transferred to the Board of Trustees and then to the Savings Deposit Insurance Fund ("SDIF") on September 22, 2016. The indictment issued by the Ankara Chief Public Prosecutor's Office regarding the events that led to the appointment of a trustee was accepted by the Ankara 24th High Criminal Court and their trial was initiated with the file number 2017/44 E. and the case was resolved by the court of first instance. It has been decided by the court of first instance to confiscate the Company shares that belonged to the previous board members who were judged. Until the decision is finalized, it has been decided that the above-described measure of appointing a trustee will be continued. The decision is not finalized yet. In the case file of the Ankara 24th High Criminal Court numbered 2017/44 E., it has been further ordered by the court that the actions be severed with respect to the former members of the board of directors who could not have been tried due to their nonappearance in court and that the judgement to be continued through this new file and the aforementioned measure of the appointment of trustees to be sustained until the end of the trial. In the case where the accused Cafer Tekin İpek and Özlem Özdemir are tried in the case file numbered 2021/157 E. of the Ankara 24th Heavy Penal Court; It was decided to punish the defendants, with the legal remedy of appeal being open, and the trial continues.

**vii- Employee lawsuits and cases of contract receivables**

As of September 30, 2022, the provision amount accounted for ongoing employee and other lawsuits against the Company is amounting to TL 44.450 Thousand (December 31, 2021: TL 27.877 Thousand).

**e) Commitments and contingent liabilities**

**i- Letter of guarantees given**

The details of the letter of guarantees given by the Company as of September 30, 2022 and December 31, 2021 are as follows:

	<b>September 30, 2022</b>	December 31, 2021
A. CPM's given on behalf of own legal entity	<b>52.091</b>	51.974
- <i>Guarantee</i>	<b>52.091</b>	51.974
- <i>Mortgage</i>		-
B. CPM's given in favor of partnerships which are fully consolidated	-	-
C. CPM's given for assurance of third parties debts in order to conduct usual business activities	-	-
D. Total amount of other CPM's given	-	-
i. Total amount of CPM's given in favor of the parent company	-	-
ii. Total amount of CPM's given in favor of other group companies which are not in scope of B and C	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-
<b>Total</b>	<b>52.091</b>	51.974

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

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**9. Provisions, contingent assets and liabilities (continued)**

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

**ii- Letter of guarantees received**

The details of the Company's letter of guarantees received as of September 30, 2022 and December 31, 2021 are as follows:

	<b>September 30, 2022</b>	December 31, 2021
Guarantee cheques	<b>1.243.377</b>	872.253
Guarantee letters	<b>344.224</b>	107.777
Security bonds	<b>127</b>	127
<b>Total</b>	<b>1.587.728</b>	980.157

**iii- Government grants**

6% of the income tax calculated on the Employer's Insurance Premium Share for the employees of the Company's mining processing facility in Mastra-Gümüşhane is covered by the Treasury within the scope of the "Regional Insurance Premium Incentive" numbered 56486. The company also benefits from the 5% employer's insurance premium incentive within the scope of the "Social Insurance and General Health Insurance Law" No. 5510 in all workplaces.

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**10. Equity**

**a) Capital**

As of September 30, 2021, the Company's paid-in capital is amounting to TL 152.500 Thousand (December 31, 2021: TL 152.500 Thousand) and consists of 15.250.000.000 shares with a nominal share value of 1 Kuruş (December 31, 2021: 15.250.000.000 units).

Equity	Share Group	September 30, 2022		December 31, 2021	
		Share rate	Share amount	Share rate	Share amount
ATP İnşaat ve Ticaret A.Ş.	A, B	45,01	68.636	45,01	68.636
Koza İpek Holding A.Ş.	A, B	24,99	38.114	24,99	38.114
Public listed	B	30,00	45.750	30,00	45.750
<b>Total</b>		<b>100</b>	<b>152.500</b>	100	152.500
Capital adjustment differences			<b>3.579</b>		3.579
<b>Paid-in capital</b>			<b>156.079</b>		156.079

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

Capital adjustment differences amounting to TL 3.579 Thousand (December 31, 2021: TL 3.579 Thousand), from the difference between the total amount of the Company's capital adjusted for inflation and the capital amount before the inflation correction of the Company, offsetting accumulated losses in 2006 and remaining after the transfer to the paid-in capital refers to the amount.

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

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

- Capital companies will be able to decide to distribute only up to 25 percent of the net profit for the year 2020 in cash until September 30, 2021. Retained earnings and free reserves cannot be included. This limitation will not be applied for capital increase to be made from internal resources in accordance with Article 462 of the Turkish Commercial Code.

**Koza Altın İşletmeleri Anonim Şirketi**

**Notes to the condensed financial statements  
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**10. Equity (continued)**

**a) Capital (continued)**

- Dividend advance power will not be authorized by the general assembly until September 30, 2021 in capital companies. If the board of directors was authorized by the General Assembly to distribute dividend advance payments, advance payments will be postponed until September 30, 2021.
- If a dividend distribution decision has been taken before April 17, 2020, when the temporary article 13 of the Turkish Commercial Code came into force and the shareholders have not yet been paid or partial payments have been made, all payments regarding the unpaid portion will be postponed until September 30, 2021 if the distribution decision is taken from the free reserves, although the payments exceeding 25% of the net profit of the 2020 period have been lost in the accounting period. No interest will be accrued on deferred payments.

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

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

The Company's restricted reserves are as follows:

	<b>September 30, 2022</b>	December 31, 2021
Restricted reserves	<b>400.443</b>	137.390
<b>Total</b>	<b>400.443</b>	137.390

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



**Koza Altın İşletmeleri Anonim Şirketi**

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**11. Revenue and cost of sales**

The details of the Company's revenue and cost of sales as of January 1 – September 30, 2022 and 2021 are as follows:

	<b>January 1 – September 30, 2022</b>	January 1 – September 30, 2021	<b>July 1 – September 30, 2022</b>	July 1 – September 30, 2021
Domestic sales	4.648.507	2.861.224	<b>1.968.299</b>	890.651
<b>Total sales</b>	<b>4.648.507</b>	2.861.224	<b>1.968.299</b>	890.651
<b>Cost of sales</b>	<b>(1.772.055)</b>	(970.688)	<b>(779.035)</b>	(346.339)
<b>Gross profit</b>	<b>2.876.452</b>	1.890.536	<b>1.189.264</b>	544.312

The distribution of the Company's revenues by product type as of January 1 – September 30, 2021 and 2020 are as follows:

	<b>January 1 – September 30, 2022</b>	January 1 – September 30, 2021	<b>July 1 – September 30, 2022</b>	July 1 – September 30, 2021
Sales of gold bars	<b>4.627.036</b>	2.841.912	1.960.764	878.663
Sales of silver bars	<b>21.469</b>	13.553	7.535	6.229
Other	<b>2</b>	5.759	-	5.759
<b>Total</b>	<b>4.648.507</b>	2.861.224	<b>1.968.299</b>	890.651

**12. Income from investing activities**

	<b>January 1 – September 30, 2022</b>	January 1 – September 30, 2021	<b>July 1 – September 30, 2022</b>	July 1 – September 30, 2021
Interest income	<b>561.980</b>	<b>832.270</b>	<b>128.549</b>	<b>302.072</b>
Interest income from securities	<b>726.074</b>	-	<b>319.441</b>	-
Income from currency protected time deposit	<b>338.735</b>	-	<b>102.822</b>	-
Income from investment funds	<b>115.179</b>	-	<b>115.179</b>	-
Foreign exchange income	-	278.025	-	24.183
Other	<b>11.076</b>	175	<b>2.668</b>	2
<b>Total</b>	<b>1.753.044</b>	1.110.470	<b>668.659</b>	326.257

	<b>January 1 – September 30, 2022</b>	January 1 – September 30, 2021	<b>July 1 – September 30, 2022</b>	July 1 – September 30, 2021
Foreign exchange expense	<b>3.030</b>	-	<b>5</b>	-
<b>Total</b>	<b>3.030</b>	-	<b>5</b>	-

**Koza Altın İşletmeleri Anonim Şirketi**

**Notes to the condensed financial statements  
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**13. Other operating incomes and expenses**

**a- Other operating incomes**

The details of the Company’s other operating incomes as of January 1 – September 30, 2022 and 2021 as follows:

	<b>January 1 – September 30, 2022</b>	January 1 – September 30, 2021	<b>July 1 – September 30, 2022</b>	July 1 – September 30, 2021
Foreign exchange income related to trading activities	<b>156.573</b>	38.856	<b>40.227</b>	2.391
Other	<b>48.271</b>	16.398	<b>12.666</b>	7.789
<b>Total</b>	<b>204.844</b>	55.254	<b>52.893</b>	10.180

**b- Other operating expenses**

The details of the Company’s other operating expenses as of January 1 – September 30, 2022 and 2021 as follows:

	<b>January 1 – September 30, 2022</b>	January 1 – September 30, 2021	<b>July 1 – September 30, 2022</b>	July 1 – September 30, 2021
Lawsuit provision	<b>16.573</b>	-	-	-
Financial leasing transactions	<b>5.436</b>	4.726	<b>1.726</b>	2.335
Other (**)	<b>461.707</b>	167.636	<b>122.139</b>	162.877
<b>Total</b>	<b>483.716</b>	172.362	<b>123.865</b>	165.212

(\*\*) As of 30 September 2022, TL 300.596 thousand of the balance consists of committed school donations, and TL 146.279 thousand consists of the provision entries for these donations.

**Koza Altın İşletmeleri Anonim Şirketi**

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**14. Income taxes**

**Current income tax**

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

The effective tax rate applied in 2022 is 23% (2021: %25).

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

In Turkey, temporary taxes are calculated and accrued on a quarterly basis. Corporate income tax rate applied in 2022 is 23%. Losses can be carried forward for offset against future taxable income for up to 5 years. However, losses cannot be carried back for offset against profits from previous periods.

In the deferred tax calculation for the period of January 1- June 30, 2022; Deferred tax assets or liabilities, which are included in the measurement heading of TAS-12 "Income Taxes" standard, are based on tax rates (and tax laws) that are in force as of the end of the reporting period (and tax laws), which are expected to be applied in the periods when assets are converted into income or liabilities are paid. As per the provision above; the rates 23% for short-term assets and liabilities and 20% for long-term assets and liabilities have been taken into account for 2022 in the deferred tax calculation of the Company in Turkey. There is no definite and definitive agreement procedure regarding tax assessment in Turkey. Companies prepare their tax returns between 1-25 April of the year following the closing period of the relevant year. These declarations and the accounting records based on them can be reviewed and changed by the Tax authorities within 5 years.

**Income Withholding Tax**

In addition to corporate tax, income tax withholding must be calculated separately on dividends, excluding those distributed to full-fledged corporations and foreign companies' branches in Turkey, which receive dividends in case of distribution and declare these dividends by including them in corporate income. Income tax withholding was applied as 10% in all companies between April 24, 2003 and July 22, 2006. As of 22 December 2021, this rate is applied as 10% with the President's decision numbered 4936. Dividends that are not distributed and added to the capital are not subject to income tax withholding.

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

Corporate tax liabilities recognized in the balance sheet as of September 30, 2022 and December 31, 2021 are as follows:

	<b>September 30, 2022</b>	December 31, 2021
Current tax expense	<b>807.768</b>	1.093.231
Prepaid taxes (-)	<b>(528.973)</b>	(674.845)
<b>Current income tax liability</b>	<b>278.795</b>	418.386

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**14. Income taxes (continued)**

Tax expense details recognized in the income statement as of September 30, 2022 and 2021 are as follows:

	<b>September 30, 2022</b>	September 30, 2021
Current tax expense	<b>(743.954)</b>	(657.730)
Deferred tax expense / (income)	<b>27.293</b>	55.125
<b>Total tax expense</b>	<b>(716.661)</b>	(602.605)

**Deferred taxes**

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

	<b>September 30, 2022</b>		December 31, 2021	
	<b>Cumulative temporary differences</b>	Deferred tax	Cumulative temporary differences	Deferred tax
Tangible and intangible assets	<b>477.929</b>	<b>95.685</b>	408.445	89.858
State right provision	<b>385.587</b>	<b>88.685</b>	320.010	73.602
Employee termination benefit	<b>76.225</b>	<b>15.245</b>	42.798	9.401
Provision for personnel bonus	<b>44.933</b>	<b>8.987</b>	22.879	5.262
Lawsuit provision	<b>38.999</b>	<b>7.800</b>	22.426	5.157
Provision for unused vacation	<b>23.585</b>	<b>4.717</b>	14.558	3.348
Donations and aids	<b>5.574</b>	<b>1.114</b>	5.245	1.207
Provisions for doubtful receivables	<b>5.234</b>	<b>1.047</b>	5.327	1.226
Leasing transactions	<b>452</b>	<b>90</b>	5.365	1.234
<b>Total deferred tax assets</b>		<b>223.370</b>		190.295
<b>Deferred tax assets, net</b>		<b>223.370</b>		190.295

Movement of deferred tax is as follows:

	<b>2022</b>	2021
<b>January 1</b>	<b>190.295</b>	110.060
Deferred tax expense recognized in equity	<b>5.782</b>	(510)
Deferred tax income recognized in income statement	<b>27.293</b>	55.125
<b>September 30</b>	<b>223.370</b>	164.675

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**Notes to the condensed financial statements  
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**14. Income taxes (continued)**

The reconciliation of the tax is as follows:

	<b>2022</b>	2021
<b>Profit before tax</b>	<b>3.826.919</b>	2.469.521
Effective tax rate	%23	%25
Tax calculated using effective tax rate	<b>880.191</b>	617.380
Effect of investment incentive allowance	<b>(54.155)</b>	(18.637)
Different tax rate effect	<b>16.864</b>	(1.771)
Temporary differences not subject to deferred tax	<b>113.103</b>	34.613
Disallowable expenses	<b>(239.822)</b>	(28.409)
Exemptions and discounts	<b>480</b>	(571)
<b>Current tax expense</b>	<b>716.661</b>	602.605

**15. Earnings per share**

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

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

The earnings per share of the Company as of September 30, 2022 and 2021 are as follows:

	<b>January 1 – September 30, 2022</b>	January 1 – September 30, 2021	<b>July 1 – September 30, 2022</b>	July 1 – September 30, 2021
Net profit attributable to the owners of the Company	<b>3.110.258</b>	1.866.916	<b>1.320.498</b>	522.014
Weighted average number of share certificates	<b>15.250.000.000</b>	15.250.000.000	<b>15.250.000.000</b>	15.250.000.000
<b>Earnings per 100 share</b>	<b>20,395</b>	12,242	<b>13,457</b>	3,423
Total comprehensive income attributable to the owners of the Company	<b>3.087.129</b>	1.868.624	<b>1.314.238</b>	526.738
<b>Earnings per 100 shares from total comprehensive income</b>	<b>20,243</b>	12,253	<b>13,359</b>	3,454

**Koza Altın İşletmeleri Anonim Şirketi**

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**16. Related party disclosures**

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

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

The other trade payables and other receivables of the Company consist of the payables and receivables given and received in order to meet the financing needs of the Company and its related parties during the year. Other payables and other receivables do not have a certain maturity, and the Company accrues interest on the related payables and receivables at the end of the period, using the current interest rate determined monthly, taking into account the evaluations made by the Company management and the developments in the markets. In this context, the current interest for September 2022 was applied as 22,50% per year (September 30, 2021: 18,43%).

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

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

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

**a) Related party balances**

Other receivables of the Company from related parties as of September 30, 2022 and December 31, 2021 are as follows:

	<b>September 30, 2022</b>	December 31, 2021
Konalı Metal Madencilik San. Tic. A.Ş. (2)	<b>20.521</b>	20.319
ATP Koza Gıda Tarım Hay. A.Ş. (2)	<b>182</b>	11.008
ATP Havacılık ve Ticaret A.Ş. (2)	<b>37</b>	89.669
ATP İnşaat ve Ticaret A.Ş. (1)	<b>32</b>	740.211
Koza İpek Holding A.Ş. (1)	-	170.463
Other (2) (3)	<b>2.350</b>	966
<b>Total</b>	<b>23.122</b>	1.032.636

Other payables of the Company to related parties as of September 30, 2022 and December 31, 2021 are as follows:

	<b>September 30, 2022</b>	December 31 2021
Koza İpek Sigorta Aracılık Hizmetleri A.Ş. (2)	<b>694</b>	-
Koza İpek Holding A.Ş. (2)	<b>52</b>	1.585
Other (3)	-	137
<b>Total</b>	<b>746</b>	1.722

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**16. Related party disclosures (continued)**

**b) Transactions with related parties**

The purchases of the Company from related parties between January 1 – September 30, 2022 and 2021 are as follows;

	January 1 – September 30, 2022			January 1 – September 30, 2021		
	Rent	Service	Other	Rent	Service	Other
İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş. (2)	5.811	-	-	3.711	-	-
ATP İnşaat ve Ticaret A.Ş.(1)	-	-	2.433	-	-	-
Özdemir Antimuan Madenleri A.Ş. (2)	-	-	2.025	-	-	-
Other (3)	-	-	1.148	1.357	-	-
<b>Total</b>	<b>5.811</b>	<b>-</b>	<b>5.606</b>	<b>5.068</b>	<b>-</b>	<b>-</b>

Sales of the Company to related parties between January 1 – September 30, 2022 and 2021 are as follows;

	January 1 – September 30, 2022			January 1 – September 30, 2021		
	Interest	Service	Other	Interest	Service	Other
ATP Koza Gıda Tarım Hay. A.Ş. (2)	1.623	-	-	-	-	-
ATP Havacılık ve Ticaret A.Ş. (2)	1.135	-	-	-	-	-
İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş. (2)	-	-	64	-	-	8
Koza İpek Sigorta Aracılık Hizmetleri A.Ş. (2)	-	-	49	-	-	8
ATP İnşaat ve Ticaret A.Ş. (1)	33.136	-	34	40.774	-	16
Koza İpek Holding A.Ş. (1)	16.408	-	245	19.964	-	40
Diğer (3)	-	-	2.101	693	5.759	4.005
<b>Total</b>	<b>52.302</b>	<b>-</b>	<b>2.493</b>	<b>61.431</b>	<b>5.759</b>	<b>4.077</b>

	January 1 – September 30, 2022		January 1 – September 30, 2021	
	Dividend Payment		Dividend Payment	
ATP İnşaat ve Ticaret A.Ş. (1)		1.273.087		-
Koza İpek Holding A.Ş. (1)		668.886		-
<b>Total</b>		<b>1.941.973</b>		<b>-</b>

**c) Compensations provided to key management;** The Company's key management consist of the general manager and assistant general managers. Compensations provided to senior management include benefits such as wages and bonuses. Total amount of wages and similar benefits paid to key management between January 1 – September 30, 2022 is amounting to TL 8.822 thousand. The entire amount consists of the wages. (January 1 – September 30, 2021: TL 5.300 thousand).

**Koza Altın İşletmeleri Anonim Şirketi**

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**17. Nature and level of risks arising from financial instruments**

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

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

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

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

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

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

**a) Credit risk:**

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

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

The Company sales consist gold dore bars with a right of first refusal to domestic banks on consignment to be sold to the Central Bank of the Republic of Turkey and silver to a domestic refinery on consignment. Due to the fact that the sales are made on demand and the customer is corporate, the Company considers that there is no significant risk of receivables.



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**17. Nature and level of risks arising from financial instruments (continued)**

The analysis of the Company's credit risk as of September 30, 2022 and December 31, 2021 are as follows:

September 30, 2022	Trade receivables		Other receivables		Cash and cash equivalents
	Related party	Third party	Related party	Third party	Deposits in banks
<b>Maximum credit risk exposure as of the reporting date (A+B+C+D+E) *</b>	-	546	23.122	122.679	565.681
<i>Portion of the maximum risk that is guaranteed with a collateral, etc</i>	-	-	-	-	-
A. Net book value of financial assets that are not overdue or not impaired	-	546	23.122	122.679	565.681
B. The book value of financial assets whose conditions have been renegotiated or that would be deemed overdue or impaired	-	-	-	-	-
C. Net book value of assets that are overdue but not impaired	-	-	-	-	-
D. Net book values of impaired assets	-	-	-	-	-
Overdue (gross book value)	-	72.628	-	-	-
Impairment (-)	-	(72.628)	-	-	-
The part of net value under guarantee with collateral, etc	-	-	-	-	-
Not due (gross book value)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
The part of net value under guarantee with collateral, etc	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

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

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**17. Nature and level of risks arising from financial instruments (continued)**

December 31, 2021	Trade receivables		Other receivables		Cash and cash equivalents
	Related party	Third party	Related party	Third party	Deposits in banks
Maximum credit risk exposure as of the reporting date (A + B + C + D + E) (*)	-	205	1.032.636	56.450	8.885.296
<i>Portion of the maximum risk that is guaranteed with a collateral, etc</i>	-	-	-	-	-
A. Net book value of financial assets that are not overdue or not impaired	-	205	1.032.636	56.450	8.885.296
B. The book value of financial assets whose conditions have been renegotiated or that would be deemed overdue or impaired	-	-	-	-	-
C. Net book value of assets that are overdue but not impaired	-	-	-	-	-
D. Net book values of impaired assets	-	-	-	-	-
Overdue (gross book value)	-	72.705	-	-	-
Impairment (-)	-	(72.705)	-	-	-
The part of net value under guarantee with collateral, etc	-	-	-	-	-
Not due (gross book value)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
The part of net value under guarantee with collateral, etc	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

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

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**17. Nature and level of risks arising from financial instruments (continued)**

**b) Market risk**

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

*Currency risk*

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

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

<b>September 30, 2022</b>	<b>TL Equivalent</b>	<b>USD</b>	<b>EURO</b>	<b>GBP</b>
Cash and cash equivalents	952	37	6	8
Trade receivables	77	-	3	1
Prepaid expenses	12.968	240	358	107
Other receivables	1.815	39	-	54
<b>Current assets</b>	<b>15.812</b>	<b>316</b>	<b>367</b>	<b>170</b>
<b>Total assets</b>	<b>15.812</b>	<b>316</b>	<b>367</b>	<b>170</b>
Trade payables	87.898	1.033	3.821	15
Other payables	101.608	5.491	-	-
<b>Current liabilities</b>	<b>189.506</b>	<b>6.524</b>	<b>3.821</b>	<b>15</b>
<b>Total liabilities</b>	<b>189.506</b>	<b>6.524</b>	<b>3.821</b>	<b>15</b>
<b>Net foreign currency position</b>	<b>(173.694)</b>	<b>(6.208)</b>	<b>(3.454)</b>	<b>155</b>

  

<b>December 31, 2021</b>	<b>TL Equivalent</b>	<b>USD</b>	<b>EURO</b>	<b>GBP</b>
Cash and cash equivalents	801.703	61.755	17	1
Trade receivables	399	26	3	1
Other receivables	21.734	212	623	564
Prepaid expenses	514.770	39.286	272	54
<b>Current assets</b>	<b>1.338.606</b>	<b>101.279</b>	<b>915</b>	<b>620</b>
<b>Total assets</b>	<b>1.338.606</b>	<b>101.279</b>	<b>915</b>	<b>620</b>
Trade payables	90.992	912	4.342	882
Other payables	71.262	5.491	-	-
<b>Current liabilities</b>	<b>162.254</b>	<b>6.403</b>	<b>4.342</b>	<b>882</b>
<b>Total liabilities</b>	<b>162.254</b>	<b>6.403</b>	<b>4.342</b>	<b>882</b>
<b>Net foreign currency position</b>	<b>1.176.352</b>	<b>94.876</b>	<b>(3.427)</b>	<b>(262)</b>

**Koza Altın İşletmeleri Anonim Şirketi**

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**17. Nature and level of risks arising from financial instruments (continued)**

*Sensitivity analysis:*

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

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

September 30, 2022	Profit / Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of Foreign currency	Depreciation of foreign currency
<b>In case of 10% appreciation / depreciation of USD against TL</b>				
1- USD net asset/liability	(11.127)	11.127	(11.127)	11.127
2- Portion protected from USD risk (-)	-	-	-	-
<b>3- USD net effect (1+2)</b>	<b>(11.127)</b>	<b>11.127</b>	<b>(11.127)</b>	<b>11.127</b>
<b>In case of 10% appreciation / depreciation of EUR against TL</b>				
4- EUR net asset/liability	(6.392)	6.392	(6.392)	6.392
5- Portion protected from EUR risk (-)	-	-	-	-
<b>6-EUR net effect (4+5)</b>	<b>(6.392)</b>	<b>6.392</b>	<b>(6.392)</b>	<b>6.392</b>
<b>In case of 10% appreciation / depreciation of GBP against TL</b>				
7-GBP net asset/liability	310	(310)	310	(310)
8- Portion protected from GBP risk (-)	-	-	-	-
<b>9-GBP Net effect (7+8)</b>	<b>310</b>	<b>(310)</b>	<b>310</b>	<b>(310)</b>
<b>Total (3+6+9)</b>	<b>(17.209)</b>	<b>17.209</b>	<b>(17.209)</b>	<b>17.209</b>

**Koza Altın İşletmeleri Anonim Şirketi**

**Notes to the condensed financial statements  
for the period ended September 30, 2022**

(All amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

**17. Nature and level of risks arising from financial instruments (continued)**

**b) Market risk (continued)**

December 31, 2021	Profit / Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case of 10% appreciation / depreciation of USD against TL				
1- USD net asset/liability	139.299	(139.299)	139.299	(139.299)
2- Portion protected from USD risk (-)	-	-	-	-
<b>3- USD net effect (1+2)</b>	<b>139.299</b>	<b>(139.299)</b>	<b>139.299</b>	<b>(139.299)</b>
In case of 10% appreciation / depreciation of EUR against TL				
4-EUR net asset/liability	(4.447)	4.447	(4.447)	4.447
5- Portion protected from EUR risk (-)	-	-	-	-
<b>6-EUR net effect (4+5)</b>	<b>(4.447)</b>	<b>4.447</b>	<b>(4.447)</b>	<b>4.447</b>
In case of 10% appreciation / depreciation of GBP against TL				
7-GBP net asset/liability	(458)	458	(458)	458
8- Portion protected from EUR risk (-)	-	-	-	-
<b>9-GBP net effect (7+8)</b>	<b>(458)</b>	<b>458</b>	<b>(458)</b>	<b>458</b>
<b>Total (3+6+9)</b>	<b>134.394</b>	<b>(134.394)</b>	<b>134.394</b>	<b>(134.394)</b>

*Price risk*

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

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

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

**Koza Altın İşletmeleri Anonim Şirketi**

**Notes to the condensed financial statements  
for the period ended September 30, 2022**

(All amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

**17. Nature and level of risks arising from financial instruments (continued)**

**c) Capital risk management:**

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

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

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

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

**18. Financial instruments (fair value disclosures and disclosures within the framework of hedge accounting)**

Fair value of the financial instruments

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

- First level: Quotation prices (unadjusted prices) in active markets for identical assets and liabilities that the entity can reach at the measurement date.
- Second level: These are directly or indirectly observable inputs for the asset or liability and other than quoted prices within Level 1.
- Third level: These are unobservable inputs to the asset or liability.

*Level classifications of financial assets measured at their fair values:*

<b>September 30, 2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets:</b>	-	<b>9.315.360</b>	<b>218.753</b>	<b>9.534.113</b>
Measured at fair value through other comprehensive income	-	<b>9.315.360</b>	<b>218.753</b>	<b>9.534.113</b>
<b>December 31, 2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Assets:	-	-	218.753	218.753
Measured at fair value through other comprehensive income	-	-	218.753	218.753

**Koza Altın İşletmeleri Anonim Şirketi**

**Notes to the condensed financial statements  
for the period ended September 30, 2022**

(All amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

**19. Subsequent events after balance sheet date**

None.

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

The Company's independently audited financial statements for the years ended December 31, 2016, 2017, 2018, 2019, 2020 and 2021 the possible cumulative reflections of the business and transactions of the previous financial periods, the judgment process of which are ongoing, on the statements of the Turkish Commercial Code No.6102 ("TCC"). ") Excluding the provisions of article 401/4, it has been approved and published by the Board of Directors with the resolutions dated April 24, 2018, April 30, 2018, 28 February 28, 2019, February 27, 2020, March 1, 2021 and March 1, 2022 respectively. Independently audited financial statements for the year ended December 31, 2015, on the other hand, were not approved by the Board of Directors in accordance with the provisions of Article 401/4 of the TCC. Ordinary general assembly meetings of the Group for the years 2015, 2016, 2017, 2018, 2019, 2020 and 2021 as explained in detail in footnote number 10, in accordance with the decision of the Ankara 5th Criminal Court of Peace, dated October 26, 2015, the management of the Group, the Board of Trustees, followed by the Board of Trustees on September 22, 2016. was transferred to the Savings Deposits Insurance Fund (“SDIF”). As of the date of the report, due to the fact that various examinations and studies are ongoing by the Prosecutor's Office, the Police Department of Financial Crimes and the CMB, the financial statements of the relevant periods were not submitted to the approval of the General Assembly.