

Koza Altın İşletmeleri Anonim Şirketi

**Interim financial statements as of
September 30, 2023**

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Koza Altın İşletmeleri Anonim Şirketi**Condensed statement of financial position****as of September 30, 2023****(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)**

| | | Not Reviewed | <i>Audited</i> |
|-------------------------------|--------------|-------------------------------|------------------------------|
| Assets | Notes | September 30, 2023 | December 31, 2022 |
| Current assets | | 11.469.023 | 11.215.154 |
| Cash and cash equivalents | 3 | 171.457 | 142.064 |
| Financial investments | 4 | 9.783.493 | 9.760.480 |
| Trade receivables | | | |
| - Due from third parties | | 1.750 | 182 |
| Other receivables | | | |
| - Due from third parties | | 85.316 | 89.338 |
| Inventories | 5 | 1.290.712 | 1.085.651 |
| Prepaid expenses | 6 | 130.667 | 127.235 |
| Other current assets | | 5.628 | 10.166 |
| Assets Held for Sale | | - | 38 |
| Non-current assets | | 5.079.346 | 2.215.590 |
| Financial investments | 4 | 403.815 | 271.253 |
| Other receivables | | | |
| - Due from related parties | 18 | 695.225 | 23.665 |
| - Due from third parties | | 2.875 | 2.508 |
| Investment properties | 7 | 9.792 | 113.172 |
| Property, plant and equipment | 8 | 1.742.816 | 1.244.933 |
| Right-of-use assets | | 16.407 | 31.578 |
| Intangible assets | | | |
| - Goodwill | 9 | 11.232 | 11.232 |
| - Other intangible assets | 9 | 7.081 | 4.532 |
| Prepaid expenses | 6 | 1.697.174 | 160.201 |
| Deferred tax assets | 16 | 332.315 | 235.833 |
| Other non-current assets | | 160.614 | 116.683 |
| Total assets | | 16.548.369 | 13.430.744 |

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, 2023****(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)**

| | | Not Reviewed | <i>Audited</i> |
|--|--------------|-------------------------------|------------------------------|
| Liabilities | Notes | September 30, 2023 | December 31, 2022 |
| Current liabilities | | 1.750.059 | 1.067.479 |
| Short-term lease liabilities | | | |
| - Bank credits | 10 | 373.498 | - |
| - Lease liabilities | | 12.366 | 20.108 |
| Trade payables | | | |
| - Due to third parties | | 259.882 | 153.723 |
| Payables related to employee benefits | | 64.643 | 35.249 |
| Other payables | | | |
| - Due to related parties | 18 | 2.264 | 168 |
| - Due to third parties | | 1.885 | 74.525 |
| Deferred Revenues (Excluding Liabilities Arising from Customer Agreements) | | 1.608 | 1.087 |
| Current income tax liabilities | 16 | 220.096 | 37.126 |
| Short-term provisions | | | |
| - Provisions for employee benefits | 11 | 108.049 | 73.158 |
| - Other short-term provisions | 11 | 671.558 | 659.768 |
| Other current liabilities | | 34.210 | 12.567 |
| Non-current liabilities | | 717.591 | 506.974 |
| Long-term lease liabilities | | | |
| - Lease liabilities | | 7.930 | 15.306 |
| Other payables | | | |
| - Due to third parties | | 150.332 | 102.676 |
| Long-term provisions | | | |
| - Provisions for employee benefits | 11 | 160.889 | 106.617 |
| - Other long-term provisions | 11 | 398.440 | 282.375 |
| Equity | | 14.080.719 | 11.856.291 |
| Paid-in share capital | 12 | 3.202.500 | 152.500 |
| Adjustment to share capital | 12 | 3.579 | 3.579 |
| Withdrawn shares (-) | | (993.921) | - |
| Other comprehensive income / expense to be reclassified to profit or loss | | | |
| - Actuarial gain / (loss) fund for employee benefits | | (86.048) | (49.035) |
| Restricted reserves | 12 | 713.042 | 400.443 |
| Reserves for withdrawn shares | 12 | 993.921 | - |
| Retained earnings | | 5.731.284 | 7.338.568 |
| Net profit for the period | | 4.516.362 | 4.010.236 |
| Total liabilities and equity | | 16.548.369 | 13.430.744 |

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

Koza Altın İşletmeleri Anonim Şirketi

Condensed statements of profit or loss and other comprehensive income for the period ended September 30, 2023 (Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

| | | <i>Not Reviewed</i> January 1 - September 30, 2023 | <i>Not Reviewed</i> January 1 - September 30, 2022 | <i>Not Reviewed</i> July 1 - September 30, 2023 | <i>Not Reviewed</i> July 1 - September 30, 2022 |
|--|-------|---|---|--|--|
| | Notes | | | | |
| Revenue | 13 | 5.101.117 | 4.648.507 | 2.032.010 | 1.968.299 |
| Cost of sales (-) | 13 | (2.811.807) | (1.772.055) | (881.304) | (779.035) |
| Gross profit | | 2.289.310 | 2.876.452 | 1.150.706 | 1.189.264 |
| Research and development expenses (-) | | (358.729) | (191.366) | (112.542) | (57.553) |
| Marketing, sales and distribution expenses (-) | | (101.210) | (46.523) | (11.096) | (10.750) |
| General administrative expenses (-) | | (436.576) | (287.699) | (162.548) | (116.983) |
| Other operating income | 15 | 75.844 | 204.844 | 24.307 | 52.893 |
| Other operating expenses (-) | 15 | (668.696) | (483.716) | (24.169) | (123.865) |
| Operating profit | | 799.943 | 2.071.992 | 864.658 | 933.006 |
| Income from investing activities | 14 | 4.262.599 | 1.753.044 | 1.015.735 | 668.659 |
| Expenses from investing activities (-) | 14 | - | (3.030) | - | (5) |
| Impairment gains (losses) and reversals of impairment losses determined in accordance with TFRS 9 | | (143) | 4.913 | (200) | 1.637 |
| Operating profit before financial income and expense | | 5.062.399 | 3.826.919 | 1.880.193 | 1.603.297 |
| Financial expenses (-) | | (27.883) | - | (11.333) | - |
| Profit before tax from continued operations | | 5.034.516 | 3.826.919 | 1.868.860 | 1.603.297 |
| Tax expense from continuing operations | | (518.154) | (716.661) | (250.848) | (282.799) |
| - Current tax expense (-) | 16 | (602.298) | (743.954) | (223.986) | (283.773) |
| - Deferred tax income / (expense) (-) | 16 | 84.144 | 27.293 | (26.862) | 974 |
| Net profit for the period | | 4.516.362 | 3.110.258 | 1.618.012 | 1.320.498 |
| Other comprehensive income /(expense) | | (37.013) | (23.129) | 872 | (6.260) |
| Total other comprehensive income not to be classified to profit or loss in subsequent years | | | | | |
| Gains / (losses) on remeasurements of defined benefit plans | | (49.351) | (28.911) | (1.994) | (7.825) |
| Gains / (losses) on remeasurements of defined benefit plans, tax effect | | 12.338 | 5.782 | 2.866 | 1.565 |
| Total comprehensive income | | 4.479.349 | 3.087.129 | 1.618.884 | 1.314.238 |
| Earnings per 100 share | | | | | |
| - common stock (TL) | 17 | 1,410 | 0,971 | 0,505 | 0,412 |
| Earnings per 100 shares from total comprehensive income | | | | | |
| - common stock (TL) | 17 | 1,399 | 0,964 | 0,506 | 0,410 |

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

Koza Altın İşletmeleri Anonim Şirketi

Condensed statements of changes in equity for the period ended September 30, 2023

(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 | Withdrawn Shares | Actuarial (loss) / gain fund for employment termination benefit | Restricted reserve | Retained earnings | Net profit for the period | Total equity |
| Balance as of January 1, 2022 | 152.500 | 3.579 | - | (3.677) | 137.390 | 7.273.891 | 3.004.002 | 10.567.685 |
| Net profit for the period | - | - | - | - | - | - | 3.110.258 | 3.110.258 |
| Other comprehensive income/ (loss) | - | - | - | (23.129) | - | - | - | (23.129) |
| Total comprehensive income/ (loss) | - | - | - | (23.129) | - | - | 3.110.258 | 3.087.129 |
| Dividend payment | - | - | - | - | - | (2.676.272) | - | (2.676.272) |
| Transfers | - | - | - | - | 263.053 | 2.740.949 | (3.004.002) | - |
| Balances as of September 30, 2022 | 152.500 | 3.579 | - | (26.806) | 400.443 | 7.338.568 | 3.110.258 | 10.978.542 |
| Balance as of January 1, 2023 | 152.500 | 3.579 | - | (49.035) | 400.443 | 7.338.568 | 4.010.236 | 11.856.291 |
| Net profit for the period | - | - | - | - | - | - | 4.516.362 | 4.516.362 |
| Other comprehensive income/ (loss) | - | - | - | (37.013) | - | - | - | (37.013) |
| Total comprehensive income/ (loss) | - | - | - | (37.013) | - | - | 4.516.362 | 4.479.349 |
| Capital increase (*) | 3.050.000 | - | - | - | - | (3.050.000) | - | - |
| Increase (Decrease) through treasury share transactions (**) | - | - | (993.921) | - | 993.921 | (993.921) | - | (993.921) |
| Dividend Payment (***) | - | - | - | - | - | (1.261.000) | - | (1.261.000) |
| Transfers | - | - | - | - | 312.599 | 3.697.637 | (4.010.236) | - |
| Balances as of September 30, 2023 | 3.202.500 | 3.579 | (993.921) | (86.048) | 1.706.963 | 5.731.284 | 4.516.362 | 14.080.719 |

(*) The Company's issued capital, which is 152,500,000 TL (One Hundred Fifty Two Million Five Hundred Turkish Liras) within the registered capital ceiling of 5,000,000,000 TL (Five Billion Turkish Lira), is fully covered by internal resources of 3,050,000,000 TL (Three Billion Fifty Million TL). Turkish Lira) by 2000% and it was increased to 3.202.500.000 TL (Three Billion Two Hundred Two Million Five Hundred Thousand Turkish Liras).

(**) It is related to the repurchased shares of the Company within the scope of share repurchase transactions initiated by the decision of the Company's Board of Directors. During the period, a total of 50.000.000 shares were bought back for 993,921 thousand TL.

(***) Based on the decision of the Board of Directors regarding the profit distribution of the Company, a gross profit distribution of 1,261,000 TL was made by the Company's Board of Directors as of July 14, 2023, in accordance with the legislation governing all necessary works and transactions regarding profit distribution.

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, 2023

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

| | Notes | Not Reviewed January 1 – September 30, 2023 | Not Reviewed January 1 – September 30, 2022 |
|---|---------|--|--|
| A. Cash flows from operating activities | | 318.407 | 2.329.277 |
| Profit for the period from the continuing operations | | 4.516.362 | 3.110.258 |
| Adjustments to reconcile profit for the period | | | |
| Adjustments to depreciation and amortization | | 196.238 | 217.931 |
| Adjustments for fair value loss (gains) of financial assets | | (3.295.587) | (1.179.988) |
| Adjustments for impairment of inventory | 5 | - | (48.913) |
| Adjustments for provisions | | | |
| - Adjustment for lawsuits and/ or penalty provisions | | 74.028 | 16.573 |
| - Adjustments for rehabilitation and state rights provision | | 483.748 | 495.594 |
| - Adjustments for debt provisions | | (61.548) | 131.689 |
| - Adjustments for provisions for employee benefits | 11 | 51.676 | 36.425 |
| Adjustments for tax expense | 16 | 518.154 | 716.661 |
| Adjustments for interest expenses | | 46.915 | 127.437 |
| Adjustments for interest income | 14 | (140.124) | (561.980) |
| Adjustments for loss / (gains) arising from disposal of tangible assets | 14 | (46.606) | (10.577) |
| Adjustments for losses (gains) on disposal of investment property | 14 | (778.932) | - |
| Total adjustments | | (2.952.038) | (59.148) |
| Decrease in trade receivables | | (1.568) | (341) |
| Increase in other receivables from related parties | | (148.927) | 1.009.514 |
| Increase in other receivables | | 3.656 | (134.714) |
| Increase in other payables | | (55.358) | 30.012 |
| Increase in inventories | 5 | (205.061) | (250.985) |
| Increase in prepaid expenses | | (41.405) | (92.719) |
| (Decrease) / increase in trade payables | | 106.159 | (18.065) |
| (Decrease) / increase in payables related to employee benefits | | 29.394 | 18.488 |
| ((Decrease) / increase in other assets related to activities | | (39.393) | 2.018 |
| Increase in other liabilities related to activities | | 21.643 | 4.455 |
| Payments for employee retirement benefits | 11 | (29.678) | (7.649) |
| Payments related to other provisions | | (466.051) | (398.300) |
| Tax paid | 16 | (419.328) | (883.547) |
| Net cash from operating activities | | (1.245.917) | (721.833) |
| B. Cash flows from investing activities | | 1.603.158 | (7.985.841) |
| Cash outflows from purchase of tangible assets (-) | 7, 8 | (584.832) | (370.871) |
| Given cash advance and payables (-) | | (1.499.000) | - |
| Cash outflows from purchase of intangible assets (-) | 9 | (6.017) | (1.298) |
| Cash inflows from the sale of tangible assets | 7, 8, 9 | 54.245 | 26.263 |
| Interest received | | 139.123 | 1.320.537 |
| Cash inflows/outflows from financial investments | | 3.140.012 | (8.960.472) |
| Cash inflows from the sale of investment properties | | 359.589 | - |
| Cash inflows from the sale of fixed assets classified for sale | | 38 | - |
| C. Net cash from financing activities | | (1.891.480) | (2.630.576) |
| Dividend payment (-) | | (1.228.010) | (2.607.784) |
| Increase due to share withdrawn transactions (-) | | (993.921) | - |
| Cash outflows related to lease liabilities (-) | | (18.706) | (22.792) |
| Cash inflows due to borrowing | | 349.157 | - |
| Net increase in cash and cash equivalents | | 30.085 | (8.287.140) |
| Cash and cash equivalents at the beginning of the year | | 140.370 | 8.846.843 |
| Cash and cash equivalents at the end of the year | | 170.455 | 559.703 |

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, 2023

(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, 2023, 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, 2022: 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, 2023, shares corresponding to 30% of the Company's shares (December 31, 2022: 30%) are traded on BIST.

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 accordance with the "reservation of the rights of bona fide shareholders and third parties" stipulated in the decision of the 3rd Criminal Chamber of the Supreme Court of Appeals dated April 14, 2023, numbered 2022/18087 Principles, Decision no. 2023/2215, the Company and other Koza İpek Group companies are in a way that protects the rights of bona fide shareholders and third parties, the parent company-subsiary structure in group companies continues as it is, and the rights of investors in companies traded on BIST are protected, and the registration and announcement of the shares of real persons other than these on behalf of the Treasury are carried out by the Trade Registry Office. It was held in July 2023.

The Company's financial statements for the years ended December 31, 2016, 2017, 2018, 2019, 2020, 2021 and 2022 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, March 1, 2022 and March 1, 2023 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, 2021 and 2022 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.

Notes to the condensed financial statements

for the period ended September 30, 2023

(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, 2022: 218.325 thousand TL).

As of September 30, 2023, the number of employees is 2.615 people (December 31, 2022: 2607).

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 "2022 TAS Taxonomy" announced by the POA with the principle decision dated October 4, 2022.

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.

Koza Altın İşletmeleri Anonim Şirketi

Notes to the condensed financial statements

for the period ended September 30, 2023

(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 a 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 requires all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. Therefore, it is expected that TAS 29 will start to be applied simultaneously by all entities with the announcement of Public Oversight Accounting and Auditing Standards Authority to ensure consistency of the application required by TAS 29 throughout the country. However, the Authority has not published any announcement that determines entities would restate their financial statements for the accounting period ending on September 30, 2023 in accordance with TAS 29. In this context, TAS 29 is not applied, and inflation adjustment has not been reflected in the condensed financial statements as of September 30, 2023.

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, 2023, 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.

Comparative information and correction of previous period financial statements

The financial statements of the Company are prepared in comparison with the previous period in order to allow the determination of financial status and performance trends. In order to comply with the presentation of the current period financial statements, comparative information is reclassified when necessary and significant differences are explained. The classification made in the profit or loss and other comprehensive income statement of the Company's of 30 September 2023 is as follows;

- Advertising expenses amounting to TL 41.668 thousand, which were accounted for under general administrative expenses in the income statement on 30 September 2022, were reclassified as marketing, sales and distribution expenses.

Notes to the condensed financial statements

for the period ended September 30, 2023

(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, 2023 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, 2023 and thereafter. The effects of these standards and interpretations on the Company’s financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as of January 1, 2023 are as follows:

- 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
- Amendments to TAS 12 - International Tax Reform – Pillar Two Model Rules

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

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

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting 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 TFRS 16 - Lease Liability in a Sale and Leaseback
- Amendments to TAS 7 and TFRS 7 - Disclosures: Supplier Finance Arrangements

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

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 IAS 21 are issued by IASB but not yet adapted/issued by POA. Therefore, 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 IAS 21 - Lack of exchangeability

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

Notes to the condensed financial statements

for the period ended September 30, 2023

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

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

2.4 Summary of significant accounting policies

The interim financial statements for the period ending on September 30, 2023 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, 2022. Therefore, these interim financial statements should be evaluated together with the financial statements for the year ended December 31, 2022.

2.5 Significant accounting judgments, estimates and assumptions

In the preparation of condensed financial statements dated September 30, 2023, 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.

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. The reserves and resource amounts in question have been audited and approved by the independent professional valuation company "SRK Consulting" in line with the "JORC" standards as of 31 December 2022. Inspection of reserves and resources according to UMREK standards has been completed and approved.

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.

Notes to the condensed financial statements

for the period ended September 30, 2023

(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)

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.

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.

Notes to the condensed financial statements

for the period ended September 30, 2023

(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)

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, 2023, 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 2023: 5,31%, December 31, 22: 4,07%). 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.

- c) 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.
- d) 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.

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.

- e) 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.

Koza Altın İşletmeleri Anonim Şirketi

Notes to the condensed financial statements

for the period ended September 30, 2023

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

3. Cash and cash equivalents

| | September 30, 2023 | December 31, 2022 |
|---|-----------------------|----------------------|
| Cash | 299 | 186 |
| Banks | | |
| - Demand deposits | 25.708 | 1.165 |
| - Time deposits | 145.450 | 140.713 |
| Total | 171.457 | 142.064 |
| Less: Interest accruals | (1.002) | (1.694) |
| Cash and cash equivalents presented in the cash flow statement | 170.455 | 140.370 |

The details of the Company's time deposits as of September 30, 2023 are as follows;

| Currency | Interest rate | Maturity | Currency amount | TL Equivalent |
|--------------|-----------------|-----------|-----------------|----------------|
| TL | %24,00 - %40,00 | 1-30 Days | 145.450 | 145.450 |
| Total | | | | 145.450 |

The details of the Company's time deposits as of December 31, 2022 are as follows;

| Currency | Interest rate | Maturity | Currency amount | TL Equivalent |
|--------------|-----------------|-----------|-----------------|----------------|
| TL | %15,00 - %26,50 | 1-30 Days | 138.282 | 138.282 |
| USD | 0,70% | 1-30 Days | 130 | 2.431 |
| Total | | | | 140.713 |

The Company's blocked deposits of 185.062 TL have been presented under financial investments account (December 31, 2022: 52.500 TL).

Koza Altın İşletmeleri Anonim Şirketi

Notes to the condensed financial statements

for the period ended September 30, 2023

(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, 2023 and December 31, 2022 are as follows;

| | September 30, 2023 | December 31, 2022 |
|---|-------------------------------|----------------------|
| Currency protected time deposits (**) | 1.772.694 | 1.187.002 |
| Financial assets accounted at fair value under profit or loss (***) | 8.010.799 | 8.573.478 |
| Toplam | 9.783.493 | 9.760.480 |

b. Long term financial investments

The long term financial investments of the Company as of September 30, 2023 and December 31, 2022 are as follows;

| | September 30, 2023 | December 31, 2022 |
|----------------------------|-------------------------------|----------------------|
| Shares in subsidiaries (*) | 218.753 | 218.753 |
| Blocked deposits | 185.062 | 52.500 |
| Total | 403.815 | 271.253 |

(*) 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 maturities of currency protected time deposits are between 90 and 182 days.

(***) The Company has 3,693,090,520 investment fund participation certificates worth 4,995,603 thousand TL in total, 129,213,455 Mint Gold Certificates worth 2,247,022 thousand TL in total, and 13,307,785 shares worth 768,174 thousand TL in total, and the fair value of the fund accounts is are accounted for as financial assets recognized in profit or loss.

Koza Altın İşletmeleri Anonim Şirketi

Notes to the condensed financial statements

for the period ended September 30, 2023

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

5. Inventories

The inventories of the Company as of September 30, 2023 and December 31, 2022 are as follows;

| | September 30, 2023 | December 31, 2022 |
|--|-----------------------|----------------------|
| Gold and silver in the production process and gold and silver bars | 413.703 | 291.212 |
| Spare parts (*) | 371.096 | 285.485 |
| Chemicals and operating materials | 253.252 | 221.956 |
| Ready to be processed and mined ore clusters | 252.661 | 286.998 |
| Total | 1.290.712 | 1.085.651 |

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

6. Prepaid expenses

The prepaid expenses of the Company as of September 30, 2023 and December 31, 2022 are as follows;

i- Short term prepaid expenses

| | September 30, 2023 | December 31, 2022 |
|------------------------|-----------------------|----------------------|
| Advances given | 86.863 | 112.127 |
| Future months expenses | 43.804 | 15.108 |
| Total | 130.667 | 127.235 |

ii- Long term prepaid expenses

| | September 30, 2023 | December 31, 2022 |
|--------------------|-----------------------|----------------------|
| Advances given (*) | 1.679.166 | 150.511 |
| Other (**) | 18.008 | 9.690 |
| Total | 1.697.174 | 160.201 |

(*) Under the Mollakara Gold Mine Project in Diyadin district of Ağrı Province, the company has made an investment decision for the production of gold and silver. In this context, Fernas Construction Inc. has been determined as the contractor company to establish the facility through a tender, and an advance payment of 1,499,000 TL has been made to them.

(**) The company's expenses consist of rental fees and insurance costs for the coming years.

Koza Altın İşletmeleri Anonim Şirketi

Notes to the condensed financial statements

for the period ended September 30, 2023

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

7. Investment properties

The investment properties of the Company as of September 30, 2023 and 2022 are as follows;

| | January 1, 2023 | Additions | Disposals (*) | September 30, 2023 |
|---------------------------------|--------------------|------------|------------------|-----------------------|
| Cost | | | | |
| Buildings | 130.540 | - | (119.108) | 11.432 |
| Total | 130.540 | - | (119.108) | 11.432 |
| Accumulated depreciation | | | | |
| Buildings | 17.368 | 592 | (16.320) | 1.640 |
| Total | 17.368 | 592 | (16.320) | 1.640 |
| Net book value | 113.172 | | | 9.792 |

(*) A total of 48 real estates, 43 of which are domestic and 5 of which are abroad, within the body of the Company have been sold to Koza-lpek Holding A.Ş. in accordance with the Board of Directors decision dated March 20, 2023.

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

Thousand TL 966 rental income was earned from investment properties in 2023. (January 1 - September 30, 2022: Thousand TL 1.461).

As of 30 September 2023, all of the investment properties consist of the dormitory building in Gümüşhane. There is no rental agreement. As of September 30, 2023, there are annotations placed on the said real estates of the Company by the General Directorate of National Real Estate.

Koza Altın İşletmeleri Anonim Şirketi

Notes to the condensed financial statements

for the period ended September 30, 2023

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

8. Property, plant and equipment

The property, plant and equipment of the Company as of September 30, 2023 and December 31, 2022 are as follows:

| | September 30, 2023 | December 31, 2022 |
|-----------------------|--------------------|-------------------|
| Mining assets | 602.946 | 461.245 |
| Other tangible assets | 1.139.870 | 783.688 |
| Total | 1.742.816 | 1.244.933 |

a) Mining assets

As of September 30, 2023, and December 31, 2022, 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.

| | September 30, 2023 | December 31, 2022 |
|-----------------------------------|--------------------|-------------------|
| Mining sites | 43.409 | 43.859 |
| Mining site development cost | 323.531 | 278.456 |
| Deferred stripping costs | 41.681 | 29.628 |
| Rehabilitation of mining facility | 112.025 | 48.029 |
| Mining rights | 82.300 | 61.273 |
| Total | 602.946 | 461.245 |

The movements of mining assets are as follows;

| | January 1, 2023 | Additions | Disposals | September 30, 2023 |
|-----------------------------------|--------------------|----------------|----------------|-----------------------|
| Cost | | | | |
| Mining sites | 89.824 | 97 | - | 89.921 |
| Mining site development cost | 679.527 | 61.956 | - | 741.483 |
| Deferred stripping costs | 333.882 | 24.623 | - | 358.505 |
| Rehabilitation of mining facility | 376.166 | 97.679 | - | 473.845 |
| Mining rights | 74.643 | 21.031 | (4.066) | 91.608 |
| Total | 1.554.042 | 205.386 | (4.066) | 1.755.362 |
| Accumulated depreciation | | | | |
| Mining sites | 45.965 | 547 | - | 46.512 |
| Mining site development cost | 401.071 | 16.881 | - | 417.952 |
| Deferred stripping costs | 304.254 | 12.570 | - | 316.824 |
| Rehabilitation of mining facility | 328.137 | 33.683 | - | 361.820 |
| Mining rights | 13.370 | 4 | (4.066) | 9.308 |
| Total | 1.092.797 | 63.685 | (4.066) | 1.152.416 |
| Net book value | 461.245 | | | 602.946 |

Koza Altın İşletmeleri Anonim Şirketi**Notes to the condensed financial statements****for the period ended September 30, 2023**

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

8. Property, plant and equipment (continued)**a) Mining assets (continued)**

| | January 1, 2022 | Additions | Disposals | September 31, 2022 |
|-----------------------------------|------------------------|------------------|------------------|---------------------------|
| Cost | | | | |
| Mining sites | 73.696 | 23.566 | (15.569) | 81.693 |
| Mining site development cost | 584.884 | 73.631 | - | 658.515 |
| Deferred stripping costs | 278.899 | 42.443 | - | 321.342 |
| Rehabilitation of mining facility | 331.055 | 48.541 | - | 379.596 |
| Mining rights | 74.005 | - | - | 74.005 |
| Total | 1.342.539 | 188.181 | (15.569) | 1.515.151 |
| Accumulated depreciation | | | | |
| Mining sites | 42.807 | 2.736 | - | 45.543 |
| Mining site development cost | 364.415 | 28.562 | - | 392.977 |
| Deferred stripping costs | 264.586 | 28.149 | - | 292.735 |
| Rehabilitation of mining facility | 264.290 | 57.019 | - | 321.309 |
| Mining rights | 13.361 | 7 | - | 13.368 |
| Total | 949.459 | 116.473 | - | 1.065.932 |
| Net book value | 393.080 | | | 449.219 |

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, 2022: 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, 2023, but are in use, are amounting to thousand TL 234,938 (September 30, 2022: 115.807 thousand TL).

Koza Altın İşletmeleri Anonim Şirketi**Notes to the condensed financial statements
for the period ended September 30, 2023**

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

8. 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;

| | January 1, 2023 | Additions | Disposals | Transfers | September 30, 2023 |
|---------------------------------------|--------------------|----------------|-----------------|-----------|-----------------------|
| Cost | | | | | |
| Land, buildings and land improvements | 375.512 | 21.373 | (15.813) | 839 | 381.911 |
| Machinery and equipment | 998.797 | 102.430 | (37.144) | 9.690 | 1.073.773 |
| Vehicles | 233.023 | 131.696 | (2.838) | - | 361.881 |
| Furnitures and fixtures | 101.591 | 13.178 | (12.308) | 712 | 103.173 |
| Construction in progress | 65.071 | 208.447 | - | (11.241) | 262.277 |
| Total | 1.773.994 | 477.124 | (68.103) | - | 2.183.015 |
| Accumulated depreciation | | | | | |
| Buildings and land improvements | 184.435 | 12.202 | (10.728) | - | 185.909 |
| Machinery and equipment | 636.036 | 57.731 | (35.706) | - | 658.061 |
| Vehicles | 108.563 | 33.275 | (2.540) | - | 139.298 |
| Furnitures and fixtures | 61.272 | 10.096 | (11.490) | - | 59.878 |
| Total | 990.306 | 113.304 | (60.464) | - | 1.043.146 |
| Net book value | 783.688 | | | | 1.139.869 |

There isn't any mortgage on other tangible assets as of September 30, 2023 (December 31, 2022: None). As of September 30, 2023, the insurance amount on the tangible assets and inventories of the Company is Thousand TL 1.621 (September 30, 2022: Thousand TL 439).

The cost of other tangible assets of the Company, which have been fully depreciated as of September 30, 2023, but are in use, is amounting to thousand TL 341,273. (September 30, 2022: thousand TL 367.951).

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, 2023

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

8. Property, plant and equipment (continued)

b) Other tangible assets (continued)

| | January 1, 2022 | Additions | Disposals | Transfers | September 30, 2022 |
|---------------------------------------|--------------------|----------------|----------------|-----------|-----------------------|
| Cost | | | | | |
| Land, buildings and land improvements | 331.259 | 11.713 | - | 6.227 | 349.199 |
| Machinery and equipment | 820.235 | 76.404 | - | 33.614 | 930.253 |
| 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 |
| Total | 1.436.025 | 182.690 | (1.389) | - | 1.617.326 |
| Accumulated depreciation | | | | | |
| Buildings and land improvements | 170.705 | 11.909 | - | - | 182.614 |
| Machinery and equipment | 579.968 | 37.119 | - | - | 617.087 |
| Vehicles | 77.154 | 22.315 | (1.210) | - | 98.259 |
| Furnitures and fixtures | 49.161 | 8.829 | (62) | - | 57.928 |
| Total | 876.988 | 80.172 | (1.272) | - | 955.888 |
| Net book value | 559.037 | | | | 661.438 |

9. Intangible assets

a) Goodwill

As of September 30, 2023, and December 31, 2022, the details of the Company's intangible assets are as follows:

| | September 30, 2023 | December 31, 2022 |
|--|--------------------|-------------------|
| Goodwill related to Newmont Altın purchase | 11.232 | 11.232 |
| Total | 11.232 | 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. As of September 30, 2023, 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, 2023.

Koza Altın İşletmeleri Anonim Şirketi**Notes to the condensed financial statements
for the period ended September 30, 2023**

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

9. Intangible assets (continued)**b) Other intangible assets**

The details of the Company's other intangible assets as of September 30, 2023 and 2022 are as follows:

| | January 1, 2023 | Additions | Disposals | September 30, 2023 |
|---------------------------------|-----------------|--------------|----------------|--------------------|
| Cost | | | | |
| Rights | 18.873 | 6.017 | (2.714) | 22.176 |
| Total | 18.873 | 6.017 | (2.714) | 22.176 |
| Accumulated depreciation | | | | |
| Rights | 14.341 | 3.468 | (2.714) | 15.095 |
| Total | 14.341 | 3.468 | (2.714) | 15.095 |
| Net book value | 4.532 | | | 7.081 |
| | January 1, 2022 | Additions | Disposals | September 30, 2022 |
| Cost | | | | |
| Rights | 15.717 | 1.298 | - | 17.015 |
| Total | 15.717 | 1.298 | - | 17.015 |
| Accumulated depreciation | | | | |
| Rights | 11.738 | 1.830 | - | 13.568 |
| Total | 11.738 | 1.830 | - | 13.568 |
| Net book value | 3.979 | | | 3.447 |

Koza Altın İşletmeleri Anonim Şirketi

Notes to the condensed financial statements

for the period ended September 30, 2023

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

10. Bank Credits

| | September 30, 2023 | | | |
|--------------|--------------------|-----------------------|---------------|----------------|
| | Currency | Nominal Interest Rate | Maturity Date | Net Book Value |
| Bank Credits | TL | 11,50% | January, 2024 | 387.283 |

As of September 30, 2023 and September 30, 2022, the details of the Company's bank credits are as follows:

| Bank Credits | September 30, 2023 | September 30, 2022 |
|----------------------|--------------------|--------------------|
| January 1 | - | - |
| Credit Usage | 349.157 | - |
| Interest Accrual | 24.341 | - |
| Interest Payment (-) | - | - |
| September 30 | 373.498 | - |

11. Provisions, contingent assets and liabilities

As of September 30, 2023, and December 31, 2022, the details of the Company's provisions, contingent assets and liabilities are as follows:

a) Short-term provisions

| | September 30, 2023 | December 31, 2022 |
|---|-----------------------|----------------------|
| State right expense provision | 450.505 | 448.147 |
| Provisions for lawsuit | 125.166 | 51.138 |
| Environmental rehabilitation, rehabilitation of mining sites and mine closure provision | 80.989 | 84.037 |
| Other provisions | 14.898 | 76.446 |
| Total | 671.558 | 659.768 |

Koza Altın İşletmeleri Anonim Şirketi**Notes to the condensed financial statements****for the period ended September 30, 2023**

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

11. Provisions, contingent assets and liabilities (continued)**b) Long-term provisions**

| | September 30, 2023 | December 31, 2022 |
|---|---------------------------|-------------------|
| Environmental rehabilitation, rehabilitation of mining sites and mine closure provision | 398.440 | 282.375 |
| Total | 398.440 | 282.375 |

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

| | 2023 | 2022 |
|--|-----------------|----------|
| January 1 | 366.412 | 327.817 |
| Discount effect | 6.479 | 8.818 |
| Effect of changes in estimates and assumptions | 136.224 | 109.657 |
| Paid during the period | (29.686) | (86.758) |
| September 30 | 479.429 | 359.534 |

(*) 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.

c) Provisions for employee benefits**i- Short-term provisions for employee benefits**

| | September 30, 2023 | December 31, 2022 |
|-------------------------------|---------------------------|-------------------|
| Provision for unused vacation | 59.873 | 31.720 |
| Provision for personnel bonus | 48.176 | 41.438 |
| Total | 108.049 | 73.158 |

The movement of provision for unused vacation is as follows;

| | 2023 | 2022 |
|----------------------------------|---------------|--------|
| January 1 | 31.720 | 14.558 |
| Additions / (cancellations), net | 28.153 | 9.027 |
| September 30 | 59.873 | 23.585 |

ii- Long-term provisions for employee benefits

| | September 30, 2023 | December 31, 2022 |
|---|---------------------------|-------------------|
| Provision for employee termination benefits | 160.889 | 106.617 |
| Total | 160.889 | 106.617 |

Koza Altın İşletmeleri Anonim Şirketi

Notes to the condensed financial statements

for the period ended September 30, 2023

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

11. Provisions, contingent assets and liabilities (continued)

ii- Long-term provisions for employee benefits

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 23,489.83 (July 1, 2022: TL 15,371.40) as of July 1, 2023 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:

| | September 30, 2023 | December 31, 2022 |
|---|--------------------|-------------------|
| Net discount rate | 2,35% | %2,00 |
| Probability of qualifying for seniority | 94,71% | %94,41 |

The movements of the provision for severance pay within the accounting periods of September 30, 2023 and 2022 are as follows:

| | 2023 | 2022 |
|-------------------------|----------------|---------|
| January 1 | 106.617 | 42.798 |
| Interest cost | 17.814 | 6.821 |
| Service cost | 14.164 | 5.344 |
| Past year service cost | 2.621 | - |
| Actuarial loss / (gain) | 49.351 | 28.911 |
| Severance paid | (29.678) | (7.649) |
| September 30 | 160.889 | 76.225 |

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, 2023 is as follows:

| | Discount rate | | Rate of retirement | |
|-------------|-----------------|----------------|--------------------|----------------|
| | 0,50% increase | 0,50% decrease | 0,50% increase | 0,50% decrease |
| 2023 | (22.485) | 27.713 | 6.939 | (6.347) |
| | | | | |
| | Discount rate | | Rate of retirement | |
| | 0,50% increase | 0,50% decrease | 0,50% increase | 0,50% decrease |
| 2022 | (8.713) | 10.598 | (2.266) | 2.084 |

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Notes to the condensed financial statements

for the period ended September 30, 2023

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

11. Provisions, contingent assets and liabilities (continued)

d) Important ongoing cases

i- Lawsuits related to the Ovacık mine

For the cancellation of the EIA positive decision issued for the Ovacık 3rd waste storage facility, the İzmir 3rd Administrative Court's case numbered 2017/1432 E. Was filed against the Ministry of Environment and Urbanization, and the Company intervened to the case. The court delivered a judgement of dismissal on March 12, 2020, in favor of the Company, which is open to appeal to the Council of State. It was appealed by the plaintiffs with a request for a stay of execution. The Council of State rejected the appeal requests of the plaintiffs in favor of 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. The trial has ended and will not affect the company's operations.

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. The trial has ended and will not affect the company's operations. 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. Upon the appeal of the plaintiffs in both files, the Council of State ordered to suspend the execution of the court decisions. In the examination of the appeal, a decision was made in favor of the company in terms of both files, 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 is ongoing in Eskişehir 1st Administrative Court in the cases filed with the number 2020/302 E. and 2020/350 E. The plaintiffs appealed the files and the Council of State upheld both decisions of the Eskişehir 1st Administrative Court in favor of company in the files of the Eskişehir 1st Administrative Court, numbered 2020/302 E. and 2020/350 E.

About the Kaymaz Gold and Silver Mine Third Capacity Increase and Additional Mine Waste Storage Facility (Art.-3) project, planned to be built by Koza Gold Enterprises within the boundaries of the field with operating license numbers S: 82567 and S: 43539, located in Eskişehir province, Sivrihisar district, Kaymaz District. Requesting the cancellation of the "Environmental Impact Assessment Positive" decision made by the Ministry of Environment, Urbanization and Climate Change, Eskişehir Metropolitan Municipality; A lawsuit was filed against the Ministry of Environment, Urbanization and Climate Change with file number 2023/858 E. of the Eskişehir 1st Administrative Court, and the relevant lawsuit was also notified to Koza Altın İşletmeleri A.Ş. We have requested intervention in the case and it has been decided to notify the intervention petitions to the parties, but there is no decision made by the court regarding intervention yet.

Notes to the condensed financial statements

for the period ended September 30, 2023

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

11. Provisions, contingent assets and liabilities (continued)

d) Important ongoing cases (continued)

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 February 2021. The decision has been appealed. Regarding the 3rd capacity increase 2019/7 project of Çukuralan Gold Mine, İzmir 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. Company intervenes in the relevant case together with the defendant Ministry. The previous base number and court of the relevant file is İzmir 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 İzmir 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. At this point, it is stated that, according to the decision of the Council of State, for the 2019/574 E. file, it is not possible to apply two different EIA Positive decisions related to the same project together, due to a second EIA Positive decision regarding the project in question, and that the EIA Positive decision, which is the subject of the case, was implicitly withdrawn by the respondent Ministry. Since it was concluded that it should be accepted and that the subject of the pending case is no more, it is certain that the decision of the 6th Administrative Court of İzmir, numbered 2019/574 E. In terms of the 2019/1120 E. file, it has been decided that there is no legal inaccuracy in the decision of the İzmir 6th Administrative Court regarding the cancellation of the action in question, and that the appeal requests of our intervening company as well as the respondent Ministry and the respondent Ministry are rejected.

In addition, the company was involved in the lawsuit filed by some plaintiffs against the İzmir Governor's Office for the cancellation of the decision of the İzmir 6th Administrative Court for the cancellation of the Environmental Impact Assessment Not Required for the Çukuralan Gold Mine Crushing and Screening Plant Project planned to be made by the company in the file 2020/1479 E. The company's appeals were partially accepted and partially rejected. Regarding the 3rd capacity increase project of the Çukuralan Gold Mine Plant planned to be carried out by the company, some plaintiffs have filed a lawsuit against the Ministry of Environment and Urbanization by some of the plaintiffs for the stay of execution and cancellation of the Environmental Impact Assessment (EIA) positive Decision given by the Ministry of Environment and Urbanization. Administrative Court filed a lawsuit with file numbered 2021/1407 E. and 2021/1013 E. In both files, the company was involved in the relevant lawsuit alongside the defendant ministry, and in both files, the court decided to reject the lawsuit on the grounds that the EIA Positive decision was in compliance with the law. The decision rendered in the file numbered 2021/1407 E. of the İzmir 4th Administrative Court and numbered 2021/1013 E. of the İzmir 4th Administrative Court, as a result of the appeal proceedings appealed by the plaintiffs, the appeal of the plaintiffs was accepted and a more detailed examination was procedural. The decision of the court of first instance was overturned by unanimous vote, with the mention that it should be done, and the file was sent to the court of first instance for a more detailed examination. However, since there is no final decision yet, in the current situation, all of the production activities subject to the court decisions of the Çukuralan Gold Mine Plant 3rd Capacity Increase Project, within the scope of the new EIA Positive decision, mining (production) activities continue in accordance with the relevant legislation.

Koza Altın İşletmeleri Anonim Şirketi

Notes to the condensed financial statements

for the period ended September 30, 2023

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

11. Provisions, contingent assets and liabilities (continued)

d) Important ongoing cases (continued)

iii- Lawsuits related to other mines (continued)

Lawsuits related to Çanakkale project:

In the lawsuit filed for the cancellation of the EIA positive decision and the stay of execution of the S:20101197 Gold Silver Mine Project, which is planned to be built around the Serçiler and Terziler villages of the Merkez district of Çanakkale, the company is involved in the 2020/763 E. file alongside the Ministry of Environment and Urbanization. At the present stage, Çanakkale 1st Administrative Court decided to cancel the action subject to the lawsuit, an appeal was filed against the decision and the appeal process continues.

iv- Lawsuits regarding the Company's subsidiary abroad

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

Koza Altın İşletmeleri Anonim Şirketi

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for the period ended September 30, 2023

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

11. Provisions, contingent assets and liabilities (continued)

vi- Other legal processes

Pursuant to the decision of the Ankara 5th Criminal Court of Peace dated October 26, 2015, the management of the Company was transferred to the Trustee Board, and then to the Savings Deposit Insurance Fund ("TMSF") on September 22, 2016. The indictment prepared by the Ankara Chief Public Prosecutor's Office regarding the events leading to the appointment of a trustee was accepted by the Ankara 24th High Criminal Court, and their trial began with the file no. 2017/44 E. and the case was decided by the court of first instance. In the first instance court decision; It was decided to confiscate the company shares that belonged to the previous members of the board of directors. Until the decision becomes final, it has been decided to continue the same measure as the appointment of a trustee described above. Within the scope of the file numbered 2017/44 E. of the Ankara 24th High Criminal Court, the appeal review was completed and the decision of the appeal court was announced on the Public Disclosure Platform.

In the case of Ankara 24th High Criminal Court numbered 2017/44 E., for the previous members of the board of directors who could not be prosecuted because they did not come to the court, their files were separated and recorded on a new basis, the proceedings continued over this file, and the measure of appointing a trustee until the end of the trial is exactly the same. decided to continue. The file that has been separated has received the number of Ankara 24th High Criminal Court 2020/20 E. and the trial continues over the relevant file.

In the case where the defendants Cafer Tekin İpek and Özlem Özdemir are tried, which is a separate case file numbered 2021/157 E. of the Ankara 24th High Criminal Court; It was decided to punish the defendants with the possibility of appeal, and as a result of the appeal trial, the file was partially reversed (reversed) and it was decided to send the file to the court of first instance for re-examination and decision. The trial process continues with the file number 2022/193 E. of the Ankara 24th High Criminal Court.

vii- Employee lawsuits and cases of contract receivables

As of September 30, 2023, the provision amount accounted for ongoing employee and other lawsuits against the Company is amounting to TL 125,166 Thousand (December 31, 2022: TL 51,138 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, 2023 and December 31, 2022 are as follows:

| | September 30, 2023 | December 31, 2022 |
|---|-----------------------|----------------------|
| A. CPM's given on behalf of own legal entity | 173.043 | 52.195 |
| - <i>Guarantee</i> | 173.043 | 52.195 |
| - <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 | - | - |
| Total | 173.043 | 52.195 |

Koza Altın İşletmeleri Anonim Şirketi

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for the period ended September 30, 2023

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

11. 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, 2023 and December 31, 2022 are as follows:

| | September 30, 2023 | December 31, 2022 |
|-------------------|--------------------|-------------------|
| Guarantee cheques | 1.839.246 | 1.256.439 |
| Guarantee letters | 2.405.743 | 394.066 |
| Security bonds | 127 | 127 |
| Total | 4.245.116 | 1.650.632 |

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.

The company benefits from investment incentives in Çukuralan - İzmir and Himmetdede - Kayseri enterprises. Within the scope of the said investment incentive certificates, the company benefits from 40% as investment contribution rate and 80% as corporate tax reduction rate. Pursuant to Article 2 of the Presidential Decision No. 1950 published in the Official Gazette dated 30 December 2019 and numbered 30994; Within the scope of investment incentive certificates issued for the manufacturing industry (US-97 Code: 15-37) based on the Council of Ministers Decision dated 15/6/2012 and numbered 2012/3305, the dates 1/1/2020- 31/12/2022 Within the scope of regional, large-scale and strategic incentive practices for investment expenditures made between Turkey and Turkey, the investment contribution rates to be applied in the support of tax reductions, by adding 15 points to the investment contribution rate valid in each region, the corporate tax or income tax reduction is one hundred percent in all regions and the investment contribution amount is increased. The incentive certificate will be applied without any action on the incentive certificate, with a 100% rate to be applied to the earnings of the investor from other activities during the investment period. Investment started on 27 March 2018 within the scope of the incentive used in the Çukuralan region, and on 21 December 2017 within the scope of the incentive used for the Himmetdede region.

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12. Equity

a) Capital

As of September 30, 2023, the Company's paid-in capital is amounting to TL 3.202.500 Thousand (December 31, 2022: TL 152.500 Thousand) and consists of 320.250.000.000 shares with a nominal share value of 1 Kuruş (December 31, 2022: 15.250.000.000 units).

It has been decided to increase the Company's issued capital, which is TL 152,500,000 (One Hundred Fifty Two Million Five Hundred Thousand Turkish Liras), within the registered capital ceiling of TL 5,000,000,000 (Five Billion Turkish Lira), to TL 3,202,500,000 (Three Billion Two Hundred Two Million Five Hundred Thousand Turkish Liras), by an increase of TL 3,050,000,000 (Three Billion Fifty Million Turkish Liras) and 2000%, by being covered by internal resources. The permission and approval for the amendment of Article 6, titled "Type of Capital and Shares", was given by the Capital Markets Board on 02 February 2023, registered on February 15, 2023 and announced in the Trade Registry Gazette dated 15 February 2023 and numbered 10770.

In accordance with the "reservation of the rights of bona fide shareholders and third parties" stipulated in the decision of the 3rd Criminal Chamber of the Supreme Court of Appeals dated April 14, 2023, numbered 2022/18087 Principles, Decision no. 2023/2215, the Company and other Koza İpek Group companies are in a way that protects the rights of bona fide shareholders and third parties, the parent company-subsiidiary structure in group companies continues as it is, and the rights of investors in companies traded on BIST are protected, and the registration and announcement of the shares of real persons other than these on behalf of the Treasury are carried out by the Trade Registry Office. It was held in July 2023.

| Equity | Share Group | September 30, 2023 | | December 31, 2022 | |
|--------------------------------|-------------|--------------------|------------------|-------------------|--------------|
| | | Share rate | Share amount | Share rate | Share amount |
| ATP İnşaat ve Ticaret A.Ş. | A, B | 45,01 | 1.441.343 | 45,01 | 68.636 |
| Koza İpek Holding A.Ş. | A, B | 24,99 | 800.407 | 24,99 | 38.114 |
| Other | B | 30,00 | 960.750 | 30,00 | 45.750 |
| Total | | 100 | 3.202.500 | 100 | 152.500 |
| Capital adjustment differences | | | 3.579 | | 3.579 |
| Paid-in capital | | | 3.206.079 | | 156.079 |

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Notes to the condensed financial statements

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

12. Equity (continued)

a) Capital (continued)

The Board of Directors of the Company consists of six members and four of these six persons are elected by the general assembly from among the candidates nominated by (A) group registered shareholders, and two independent members from among the candidates nominated in the general assembly. At its meeting after each ordinary general assembly or each general assembly where members are elected, the board of directors elects a chairman and a vice chairman among the members representing the (A) group registered shareholders. Apart from this, (A) and (B) group shares do not have any other privileges. According to the decision of Ankara 5th Criminal Court of Peace dated October 26, 2015, trustees have been appointed to the Company, and a regulation has been made regarding the transfer of the powers of the trustees working in the companies that have been decided to be appointed to the SDIF by the judge or the court with the Decree No.674 on Making Some Regulations under the State of Emergency, published in the Resmi Gazete dated August 15, 2016. With the decision of Ankara 4th Criminal Judgship 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, 2022: 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.

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.

Within the scope of the share buyback transactions initiated with the decision of the Company's Board of Directors, 50,000,000 shares were repurchased for TL 993,921 thousand.

Koza Altın İşletmeleri Anonim Şirketi

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for the period ended September 30, 2023

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

12. Equity (continued)

b) Restricted reserves

The Company's restricted reserves are as follows:

| | September 30, 2023 | December 31, 2022 |
|-------------------------------|-----------------------|----------------------|
| Reserves for withdrawn shares | 993.921 | - |
| Restricted reserves | 713.042 | 400.443 |
| Total | 1.706.963 | 400.443 |

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.

According to the Turkish Commercial Code, the Company allocates reserves for its own shares acquired in an amount that meets the acquisition value. These reserves can be dissolved in an amount that meets their acquisition value if the aforementioned shares are transferred or destroyed. In accordance with the legislation related to the revaluation fund, other funds in the liabilities can be dissolved if they are converted into capital and the reassessed assets are amortized or transferred.

13. Revenue and cost of sales

The details of the Company's revenue and cost of sales as of January 1 – September 30, 2023 and 2022 are as follows:

| | January 1 – September 30, 2023 | January 1 – September 30, 2022 | July 1 – September 30, 2023 | July 1 – September 30, 2022 |
|----------------------|--------------------------------------|--------------------------------------|-----------------------------------|-----------------------------------|
| Domestic sales | 5.101.117 | 4.648.507 | 2.032.010 | 1.968.299 |
| Total sales | 5.101.117 | 4.648.507 | 2.032.010 | 1.968.299 |
| Cost of sales | (2.811.807) | (1.772.055) | (881.304) | (779.035) |
| Gross profit | 2.289.310 | 2.876.452 | 1.150.706 | 1.189.264 |

The distribution of the Company's revenues by product type as of January 1 – September 30, 2023 and 2022 are as follows:

| | January 1 – September 30, 2023 | January 1 – September 30, 2022 | July 1 – September 30, 2023 | July 1 – September 30, 2022 |
|----------------------|--------------------------------------|--------------------------------------|-----------------------------------|-----------------------------------|
| Sales of gold bars | 5.066.165 | 4.627.036 | 2.013.997 | 1.960.764 |
| Sales of silver bars | 34.952 | 21.471 | 18.013 | 7.535 |
| Total | 5.101.117 | 4.648.507 | 2.032.010 | 1.968.299 |

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.)

14. Income from investing activities

The details of the Group's income from investment activities as of January 1 - September 30, 2023 and 2022 are as follows:

| | January 1 – September 30, 2023 | January 1 – September 30, 2022 | July 1 – September 30, 2023 | July 1 – September 30, 2022 |
|---|--------------------------------------|--------------------------------------|-----------------------------------|-----------------------------------|
| Investment fund and stock fair value increases | 2.686.246 | 841.253 | 893.659 | 434.620 |
| Income from investment property sales | 778.932 | - | - | - |
| Currency-protected deposit fair value increases | 609.341 | 338.735 | 50.372 | 102.822 |
| Interest income | 140.124 | 561.980 | 60.181 | 128.549 |
| Income from fixed asset sales | 46.606 | 11.076 | 11.379 | 2.668 |
| Foreign exchange income | 1.350 | - | 144 | - |
| Total | 4.262.599 | 1.753.044 | 1.015.735 | 668.659 |

15. Other operating incomes and expenses

a- Other operating incomes

The details of the Company's other operating incomes as of January 1 – September 30, 2023 and 2022 are as follows:

| | January 1 – September 30, 2023 | January 1 – September 30, 2022 | July 1 – September 30, 2023 | July 1 – September 30, 2022 |
|---|--------------------------------------|--------------------------------------|-----------------------------------|-----------------------------------|
| Foreign exchange income related to trading activities | - | 156.573 | - | 40.227 |
| Other | 75.844 | 48.271 | 24.307 | 12.666 |
| Total | 75.844 | 204.844 | 24.307 | 52.893 |

b- Other operating expenses

The details of the Company's other operating expenses as of January 1 – September 30, 2023 and 2022 are as follows:

| | January 1 – September 30, 2023 | January 1 – September 30, 2022 | July 1 – September 30, 2023 | July 1 – September 30, 2022 |
|---|--------------------------------------|--------------------------------------|-----------------------------------|-----------------------------------|
| Lawsuit provision | 74.028 | 16.573 | - | - |
| Foreign exchange income related to trading activities | 69.306 | - | (4.385) | - |
| Financial leasing transactions | 3.588 | 5.436 | 975 | 1.726 |
| Other (*) | 521.774 | 461.707 | 27.579 | 122.139 |
| Total | 668.696 | 483.716 | 24.169 | 123.865 |

(*) As of 30 September 2023, TL 346,214 thousand of the balance consists of earthquake donations, TL 126,293 thousand is the cost incurred for school donations.

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16. Income taxes

Corporate 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 2023 is 25% (2022: %23).

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- September 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 taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied in between April 24, 2003 and July 22, 2006 is 10% and commencing from July 22, 2006, this rate changed to 15% upon the Council of Minister's' Resolution No: 2006/10731. Commencing from December 21, 2021, this rate has been changed to 10% upon the Presidential Decree numbered 31697/4936.. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

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16. Income taxes (continued)

Tax Advantages Obtained Under the Investment Incentive System:

Tax Advantages Obtained Under the Investment Incentive System: The Company's earnings from investments tied to an incentive certificate are subject to corporate tax at discounted rates, starting from the accounting period in which the investment is partially or fully operational, until the investment contribution amount is reached. In this context, tax advantage amounting to 266,816 thousand TL (31 December 2022: 325,710 thousand TL) that the Company will benefit from in the foreseeable future as of 30 September 2023 is reflected in the financial statements as a deferred tax asset. As a result of the recognition of the said tax advantage as of 30 September 2023, deferred tax income amounting to 12,917 thousand TL has been realized in the profit or loss statement for the period from 1 January to 30 September 2023.

Deferred tax assets are recognized when it is determined that taxable income is likely to occur in the coming years. In cases where taxable income is likely to occur, deferred tax assets are calculated over deductible temporary differences, tax losses and tax advantages vested in indefinite-lived investment incentives that allow reduced corporate tax payments. In this context, the Company bases the reflection of deferred tax assets arising from investment incentives in the financial statements on longterm plans and evaluates the recoverability of deferred tax assets related to these investment incentives as of each balance sheet date, based on business models that include taxable profit estimations. It is foreseen that the deferred tax assets in question will be recovered within 5 years from the balance sheet date.

In the sensitivity analysis carried out as of 30 September 2023, when the inputs in the basic macroeconomic and sectoral assumptions that make up the business plans are increased/decreased by 10%, the recovery period of deferred tax assets regarding investment incentives, which is foreseen as 5 years, has not changed.

Corporate tax liabilities recognized in the balance sheet as of September 30, 2023 and December 31, 2022 are as follows:

| | September 30, 2023 | December 31, 2022 |
|-------------------------------------|-------------------------------|----------------------|
| Current tax expense | 535.836 | 845.979 |
| Prepaid taxes (-) | (315.740) | (808.853) |
| Current income tax liability | 220.096 | 37.126 |

Tax expense details recognized in the income statement as of September 30, 2023 and 2022 are as follows:

| | September 30, 2023 | September 30, 2022 |
|---------------------------------|---------------------------|--------------------|
| Current tax expense | (602.298) | (743.954) |
| Deferred tax expense / (income) | 84.144 | 27.293 |
| Total tax expense | (518.154) | (716.661) |

Notes to the condensed financial statements

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16. Income taxes (continued)

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 TAS / 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 TAS / 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.

| | September 30, 2023 | | December 31, 2022 | |
|-------------------------------------|----------------------------------|----------------|----------------------------------|----------------|
| | Cumulative temporary differences | Deferred tax | Cumulative temporary differences | Deferred tax |
| Tangible and intangible assets | 799.668 | 199.917 | 496.320 | 99.250 |
| State right provision | 450.505 | 112.626 | 448.147 | 89.629 |
| Employee termination benefit | 160.889 | 40.222 | 106.617 | 21.323 |
| Lawsuit provision | 119.715 | 29.929 | 45.687 | 9.137 |
| Provision for unused vacation | 59.873 | 14.968 | 31.720 | 6.344 |
| Provision for personnel bonus | 48.176 | 12.044 | 41.438 | 8.288 |
| Provisions for doubtful receivables | 6.324 | 1.581 | 5.370 | 1.074 |
| Leasing transactions | 3.908 | 977 | 3.836 | 767 |
| Financial borrowing | 492 | 123 | - | - |
| Provisions for TFRS 9 | 248 | 62 | 105 | 21 |
| Financial investments | (320.536) | (80.134) | - | - |
| Total deferred tax assets | | 332.315 | | 235.833 |
| Deferred tax assets, net | | 332.315 | | 235.833 |

Movement of deferred tax is as follows:

| | 2023 | 2022 |
|--|----------------|----------------|
| January 1 | 235.833 | 190.295 |
| Deferred tax expense recognized in equity | 12.338 | 5.782 |
| Deferred tax income recognized in income statement | 84.144 | 27.293 |
| September 30 | 332.315 | 223.370 |

The reconciliation of the tax is as follows:

| | 2023 | 2022 |
|---|------------------|----------------|
| Profit before tax | 5.034.516 | 3.826.919 |
| Effective tax rate | %25 | %23 |
| Tax calculated using effective tax rate | 1.258.629 | 880.191 |
| Effect of non-deductible expenses | 139.022 | 113.103 |
| Effect of earthquake | 66.463 | - |
| Effect of investment incentive allowance | (12.917) | - |
| Different tax rate effect | (114.347) | (54.155) |
| Exemptions and discounts (*) | (816.823) | (239.822) |
| Temporary differences not subject to deferred tax | - | 16.864 |
| Other | (1.873) | 480 |
| Current tax expense | 518.154 | 716.661 |

(*) 409,473 thousand TL of the exceptions and discounts are related to the income from the funds, 137,276 thousand TL is related to donations and aids, 16,616 thousand TL from earthquake tax and the rest is from other exemptions.

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17. 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, 2023 and 2022 are as follows:

| | January 1 – September 30, 2023 | January 1 – September 30, 2022 | July 1 – September 30, 2023 | July 1 – September 30, 2022 |
|--|--------------------------------------|--------------------------------------|-----------------------------------|-----------------------------------|
| Net profit attributable to the owners of the Company | 4.516.362 | 3.110.258 | 1.618.012 | 1.320.498 |
| Weighted average number of share certificates (*) | 320.250.000.000 | 320.250.000.000 | 320.250.000.000 | 320.250.000.000 |
| Earnings per 100 share | 1,410 | 0,971 | 0,505 | 0,412 |
| Total comprehensive income attributable to the owners of the Company | 4.479.349 | 3.087.129 | 1.618.884 | 1.314.238 |
| Earnings per 100 shares from total comprehensive income | 1,399 | 0,964 | 0,506 | 0,410 |

The Company's issued capital, which is 152,500,000 TL (One Hundred Fifty Two Million Five Hundred Turkish Liras) within the registered capital ceiling of 5,000,000,000 TL (Five Billion Turkish Lira), is fully covered by internal resources of 3,050,000,000 TL (Three Billion Fifty Million TL). Turkish Lira) by 2000% and it was increased to 3.202.500.000 TL (Three Billion Two Hundred Two Million Five Hundred Thousand Turkish Liras).

(*) If the number of ordinary or potential ordinary shares outstanding increases as a result of capitalization, bonus issue or share split, or decreases as a result of a share merger, the calculation of basic and diluted earnings per share for all periods presented is adjusted retrospectively. If these changes occur after the reporting period but before the financial statements are approved for issue, the calculations per share in the financial statements of the current period and prior periods presented are based on the number of new shares outstanding. It is disclosed to the public that the calculations per share reflect the changes in the number of shares. In addition, for all periods presented, basic and diluted earnings per share figures are adjusted for the effects of retrospectively corrected errors and changes in accounting policies.

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18. Related party disclosures

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 41,86% per year (September 30, 2022: 22,50%).

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, 2023 and December 31, 2022 are as follows:

| | September 30, 2023 | December 31, 2022 |
|--|--------------------|-------------------|
| Koza İpek Holding A.Ş. (1) (*) | 667.456 | - |
| Konaklı Metal Madencilik San. Tic. A.Ş. (2) (**) | 20.962 | 20.612 |
| ATP Koza Gıda Tarım Hay. A.Ş. (2) | 1.326 | 544 |
| ATP Havacılık ve Ticaret A.Ş. (2) | 373 | 34 |
| ATP İnşaat ve Ticaret A.Ş. (1) | 36 | 28 |
| Other (3) | 5.072 | 2.447 |
| Total | 695.225 | 23.665 |

(*) The majority of the related amount is related to the sale of investment properties within the Company with a cost of 102.788 thousand TL to Koza-İpek Holding A.Ş. For the sales price, a maturity difference invoice will be issued with the CBRT monthly average commercial loan interest rate for 18 months.

(**) A large part of the related amount consists of personnel and consultancy services given to the company.

Other payables of the Company to related parties as of September 30, 2023 and December 31, 2022 are as follows:

| | September 30, 2023 | December 31, 2022 |
|---|--------------------|-------------------|
| Koza İpek Sigorta Aracılık Hizmetleri A.Ş. (2) | 2.197 | - |
| İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş. (2) | 67 | - |
| Koza İpek Holding A.Ş. (1) | - | 168 |
| Total | 2.264 | 168 |

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18. Related party disclosures (continued)

b) Transactions with related parties

The purchases of the Company from related parties between January 1 – September 30, 2023 and 2022 are as follows;

| | January 1 – September 30, 2023 | | | January 1 – September 30, 2022 | | |
|---|-----------------------------------|----------|--------------|-----------------------------------|----------|--------------|
| | Rent | Service | Other | Rent | Service | Other |
| İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş. (2) | 7.815 | - | - | 5.811 | - | - |
| ATP Koza Gıda Tarım Hay. A.Ş. (2) | - | - | 3.845 | - | - | - |
| ATP İnşaat ve Ticaret A.Ş. (1) | - | - | - | - | - | 2.433 |
| Özdemir Antimuan Madenleri A.Ş. (2) | - | - | - | - | - | 2.025 |
| Other (3) | - | - | 1.106 | - | - | 1.148 |
| Total | 7.815 | - | 4.951 | 5.811 | - | 5.606 |

Sales of the Company to related parties between January 1 – September 30, 2023 and 2022 are as follows;

| | January 1 – September 30, 2023 | | | January 1 – September 30, 2022 | | |
|---|-----------------------------------|----------|----------------|-----------------------------------|----------|--------------|
| | Interest | Service | Other | Interest | Service | Other |
| Koza İpek Holding A.Ş. (1) (*) | 55.763 | - | 882.762 | 16.408 | - | 245 |
| Özdemir Antimuan Madenleri A.Ş. (2) | - | - | 1.872 | - | - | - |
| Koza Anadolu Madencilik A.Ş. (2) | - | - | 956 | - | - | - |
| ATP Koza Gıda Tarım Hay. A.Ş. (2) | - | - | 921 | 1.623 | - | - |
| İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş. (2) | - | - | 501 | - | - | 64 |
| ATP Koza Turizm ve Seyehat A.Ş. (2) | - | - | 465 | - | - | - |
| Koza İpek Sigorta Aracılık Hizmetleri A.Ş. (2) | - | - | 345 | - | - | 49 |
| ATP Havacılık ve Ticaret A.Ş. (2) | - | - | 315 | 1.135 | - | - |
| ATP İnşaat ve Ticaret A.Ş. (1) | 1.785 | - | 208 | 33.136 | - | 34 |
| Other (3) | - | - | 403 | - | - | 2.101 |
| Total | 57.548 | - | 888.748 | 52.302 | - | 2.493 |

(*) A large part of the amount is related to the sale of 48 real estates, 43 of which are domestic and 5 of which are abroad, within the decision of the Company to Koza-İpek Holding A.Ş.

| | January 1 – September 30, 2023 | January 1 – September 30, 2022 |
|--------------------------------|-----------------------------------|-----------------------------------|
| | Dividend Payment | Dividend Payment |
| ATP İnşaat ve Ticaret A.Ş. (1) | 576.537 | 1.273.087 |
| Koza İpek Holding A.Ş. (1) | 320.163 | 668.886 |
| Total | 896.700 | 1.941.973 |

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, 2023 is amounting to TL 40,703 thousand. The entire amount consists of the wages. (January 1 – September 30, 2022: TL 8,822 thousand).

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

The analysis of the Company's credit risk as of September 30, 2023 and December 31, 2022 are as follows:

| September 30, 2023 | 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) * | | | | | |
| <i>Portion of the maximum risk that is guaranteed with a collateral, etc</i> | - | 1.750 | 695.225 | 88.191 | 171.158 |
| A. Net book value of financial assets that are not overdue or not impaired | | 1.750 | 695.225 | 88.191 | 171.158 |
| 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) | | 72.568 | - | - | - |
| Impairment (-) | | (72.568) | - | - | - |
| 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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19. Nature and level of risks arising from financial instruments (continued)

| December 31, 2022 | 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) (*) | | | | | |
| <i>Portion of the maximum risk that is guaranteed with a collateral, etc</i> | - | 182 | 23.665 | 91.846 | 141.878 |
| A. Net book value of financial assets that are not overdue or not impaired | - | 182 | 23.665 | 91.846 | 141.878 |
| 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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19. 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:

| September 30, 2023 | TL Equivalent | USD | EURO | GBP |
|--------------------------------------|----------------------|----------------|----------------|--------------|
| Cash and cash equivalents | 7.911 | 283 | 3 | 3 |
| Other receivables | 2.937 | 39 | 2 | 54 |
| Current assets | 10.848 | 322 | 5 | 57 |
| Total assets | 10.848 | 322 | 5 | 57 |
| Trade payables | 118.878 | 1.159 | 2.949 | 46 |
| Current liabilities | 118.878 | 1.159 | 2.949 | 46 |
| Other payables | - | - | - | - |
| Non-Current liabilities | - | - | - | - |
| Total liabilities | 118.878 | 1.159 | 2.949 | 46 |
| Net foreign currency position | (108.030) | (837) | (2.944) | 11 |
| December 31, 2022 | TL Equivalent | USD | EURO | GBP |
| Cash and cash equivalents | 2.643 | 132 | 2 | 6 |
| Other receivables | 2.003 | 39 | 3 | 54 |
| Current assets | 4.646 | 171 | 5 | 60 |
| Total assets | 4.646 | 171 | 5 | 60 |
| Trade payables | 77.785 | 67 | 3.398 | 391 |
| Current liabilities | 77.785 | 67 | 3.398 | 391 |
| Other payables | 102.672 | 5.491 | - | - |
| Non-Current liabilities | 102.672 | 5.491 | - | - |
| Total liabilities | 180.457 | 5.558 | 3.398 | 391 |
| Net foreign currency position | (175.811) | (5.387) | (3.393) | (331) |

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19. 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, 2023 | 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 | (2.432) | 2.432 | (2.432) | 2.432 |
| 2- Portion protected from USD risk (-) | - | - | - | - |
| 3- USD net effect (1+2) | (2.432) | 2.432 | (2.432) | 2.432 |
| In case of 10% appreciation / depreciation of EUR against TL | | | | |
| 4- EUR net asset/liability | (8.061) | 8.061 | (8.061) | 8.061 |
| 5- Portion protected from EUR risk (-) | - | - | - | - |
| 6-EUR net effect (4+5) | (8.061) | 8.061 | (8.061) | 8.061 |
| In case of 10% appreciation / depreciation of GBP against TL | | | | |
| 7-GBP net asset/liability | 38 | (38) | 38 | (38) |
| 8- Portion protected from GBP risk (-) | - | - | - | - |
| 9-GBP Net effect (7+8) | 38 | (38) | 38 | (38) |
| Total (3+6+9) | (10.455) | 10.455 | (10.455) | 10.455 |

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

b) Market risk (continued)

| December 31, 2022 | 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 | (10.739) | 10.739 | (10.739) | 10.739 |
| 2- Portion protected from USD risk (-) | - | - | - | - |
| 3- USD net effect (1+2) | (10.739) | 10.739 | (10.739) | 10.739 |
| In case of 10% appreciation / depreciation of EUR against TL | | | | |
| 4-EUR net asset/liability | (6.344) | 6.344 | (6.344) | 6.344 |
| 5- Portion protected from EUR risk (-) | - | - | - | - |
| 6-EUR net effect (4+5) | (6.344) | 6.344 | (6.344) | 6.344 |
| In case of 10% appreciation / depreciation of GBP against TL | | | | |
| 7-GBP net asset/liability | (745) | 745 | (745) | 745 |
| 8- Portion protected from EUR risk (-) | - | - | - | - |
| 9-GBP net effect (7+8) | (745) | 745 | (745) | 745 |
| Total (3+6+9) | (17.828) | 17.828 | (17.828) | 17.828 |

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.

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.

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Notes to the condensed financial statements

for the period ended September 30, 2023

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

20. 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:

| September 30, 2023 | Level 1 | Level 2 | Level 3 | Total |
|---|------------------|------------------|----------------|-------------------|
| Assets: | 8.010.799 | 1.772.694 | 218.753 | 10.002.246 |
| Measured at fair value through profit or loss | 8.010.799 | 1.772.694 | 218.753 | 10.002.246 |
| December 31, 2022 | Level 1 | Level 2 | Level 3 | Total |
| Assets: | 8.573.478 | 1.187.002 | 218.753 | 9.979.233 |
| Measured at fair value through profit or loss | 8.573.478 | 1.187.002 | 218.753 | 9.979.233 |

21. Subsequent events after balance sheet date

None.

22. 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, 2021 and 2022 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, March 1, 2022 and March 1, 2023 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, 2021 and 2022 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.