

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

Koza Altın İşletmeleri Anonim Şirketi

**Financial statements as at December 31, 2023
and independent auditor's report**

Table of contents	Pages
Report on the audit of financial statements	1-6
Statement of financial position.....	7-8
Statement of profit or loss and other comprehensive income	9
Statement of changes in equity	10
Cash flow statement	11
Explanatory notes to the financial statements	12-76



**Building a better
working world**

Güney Bağımsız Denetim ve SMMM A.Ş.
Mustafa Kemal Mah. Dumlupınar Bulvarı
9. km [Danıştay Karşısı] No: 274/7
Daire: 197 Mahall Ankara B Blok
Çankaya/Ankara

Tel: +90 312 286 3800
Fax: +90 312 286 0700
ey.com
Ticaret Sicil No: 379950
Mersis No: 0435030326000028

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Koza Altın İşletmeleri Anonim Şirketi

A) Report on the Audit of the Financial Statements

1) Qualified Opinion

We have audited the financial statements of Koza Altın İşletmeleri Anonim Şirketi ("the Company"), which comprise the statement of financial position as at December 31, 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards ("TFRS").

2) Basis for Qualified Opinion

- i. As explained in detail in Note 18, pursuant to the decision of the Ankara 5th Criminal Court of Peace dated October 26, 2015, the management of the Company was transferred to the Board of Trustees and then to the Savings Deposit Insurance Fund ("SDIF") on September 22, 2016 and various examinations and studies are continuing before the Company by the Prosecutor's Office, the Police Financial Crimes Branch and the CMB as of the balance sheet date. Regarding the reports that will constitute the basis of the relevant decision and the status of the ongoing legal process, we could not obtain sufficient and appropriate audit evidence as to whether any correction is required in the financial statements of the Company.
- ii. As explained in detail in Note 9, the control over the Company's UK-based subsidiary Koza Ltd was lost as a result of the General Meeting of the Company on September 11, 2015 and its registration in England on November 2, 2015. The legal process initiated by the CMB regarding loss of control pursuant to its decision dated February 4, 2016 continues as of the date of this report. While the shares of Koza Ltd are required to be accounted for with their fair value in accordance with the provisions of TFRS 9 - Financial Instruments Standard after loss of control, these shares are carried at cost values in the financial statements because the relevant value determination could not be made. In case the related shares are accounted with their fair value, it is not decided whether any adjustments are required in the financial statements.

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

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

3) Emphasis of Matter

We draw attention to Note 31 explaining that the independently audited financial statements of the Company for the years ended December 31, 2016, 2017, 2018, 2019, 2020, 2021 and 2022 were approved and published by the Board of Directors with the resolutions dated April 24, 2018, April 30, 2018, February 28, 2019, February 27, 2020, March 1, 2021, March 1, 2022 and March 1, 2023 respectively by excluding the possible cumulative reflections of the works and transactions belonging to the previous financial periods on the tables in accordance with the provisions of Article 401/4 of the Turkish Commercial Code No. 6102 ("TCC"). Independently audited financial statements for the year ended December 31, 2015, on the other hand, were not approved by the Board of Directors in accordance with the provisions of Article 401/4 of the TCC. Ordinary general assembly meetings of the Company for the years 2015, 2016, 2017, 2018, 2019, 2020, 2021 and 2022 could not be held due to the reasons stated in the paragraph of the basis for qualified conclusion and the financial statements of the relevant periods could not be submitted to the approval of the General Assembly. However, this issue does not affect the result announced by us.

4) Key Audit Matters

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

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Key Audit Matter	How key matters addressed in the audit
Capitalized Mining Assets The company capitalizes the expenses made in the following cases; - Where the development costs incurred in the mine sites are highly likely to obtain an economic benefit in the future from the mine in question, can be defined for certain mining areas and the cost can be measured reliably, - When there are direct costs incurred during stripping work that facilitates access to the defined part of the ore in each open pit ore deposit and overhead costs associated with stripping - When the provision for expenses that are likely to be spent during the closure and rehabilitation of mines are reduced cost values as of the balance sheet date, reclamation, rehabilitation and closure costs according to the current conditions of the mine fields that arise due to the open pit mine development activities and the production in the open pit Due to the share of the capitalized development costs in the financial statements dated December 31, 2023 and the management judgments applied during the capitalization of the related costs, this issue has been identified as a key audit matter. The complexity and significant judgments these assumptions of these capitalized mining assets contains are important to our audit and have therefore been identified as a key audit matter by us. Detailed explanations about the capitalized mining assets can be found in Note 2.4 and Note 12.	The following audit procedures have been applied for the mining assets capitalized during our audit: - Evaluation of the content of development costs capitalized for each mine site, - Meeting with the managers of the company's departments responsible for mining sites, - Detailed testings on development, stripping and rehabilitation costs, - Checking the compliance of management evaluations with the independent valuation report on mineral reserves of expected future economic benefit, - Testing the capitalized rehabilitation, land and rights costs by comparing them with the actualized ones. Within the scope of the above-mentioned specific accountings, we have questioned the appropriateness of the information in the financial statements and explanatory footnotes.

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Key audit matter	How our audit addressed the key audit matter
Application of the hyperinflationary accounting As stated in Note 2.1 to the financial statements, the Company has started to apply "IAS 29 Financial Reporting in Hyperinflation Economies" since the functional currency of the Group (Turkish Lira) is the currency of a hyperinflationary economy as per IAS 29 as of December 31, 2023. In accordance with IAS 29, financial statements and corresponding figures for previous periods have been restated for the changes in the general purchasing power of Turkish Lira and, as a result, are expressed in terms of purchasing power of Turkish Lira as of the reporting date. In accordance with the guidance in IAS 29, the Company utilised the Turkey consumer price indices to prepare inflation adjusted financial statements. The principles applied for inflation adjustment is explained in Note 2.1. Given the significance of the impact of IAS 29 on the reported result and financial position of the Company, we have assessed the hyperinflation accounting as a key audit matter.	Our audit procedures included the following; • We inquired management responsible for financial reporting on the principles, which they have considered during the application of IAS 29, identification of non-monetary accounts and tested IAS 29 models designed, • We have tested the inputs and indices used, to ensure completeness and accuracy of the calculations, • We have audited the restatements of corresponding figures as required by IAS 29, • We assessed the adequacy of the disclosures in inflation adjusted financial statements for compliance with IAS 29.

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

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

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

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

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6) Auditor's Responsibilities for the Audit of the Financial Statements

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

B) Report on Other Legal and Regulatory Requirements

- 1) It was decided to appoint a trustee to the Company in accordance with the decision of Ankara 5th Criminal Judgeship of Peace dated October 26, 2015 and paragraph 1 of Article 133 of the Criminal Procedure Code. Since there is no regulation in the capital market legislation regarding the issue, it has been decided not to seek the provisions regarding the structuring of the board of directors in accordance with the Capital Market legislation. Therefore, the Company does not have an Early Detection of Risk Committee.
- 2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period January 1 - December 31, 2023 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.
- 3) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

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

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



Mehmet Can Altıntaş, SMMM
Partner

May 9, 2024
Ankara, Türkiye

Koza Altın İşletmeleri Anonim Şirketi

Statement of financial position as at December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

		<i>Audited</i>	
		<i>Current period</i>	<i>Prior period</i>
Assets	Notes	December 31, 2023	December 31, 2022
Current assets		11.445.624	18.155.175
Cash and cash equivalents	3	260.090	234.083
Financial investments	9	9.382.662	16.082.628
Trade receivables			
- Due from third parties	4	407	300
Other receivables			
- Due from third parties	5	153.247	147.205
Inventories	6	1.357.704	1.273.085
Prepaid expenses	7	289.606	408.530
Other current assets	8	1.908	8.858
Assets Held for Sale		-	486
Non-current assets		11.642.974	7.919.562
Financial investments	9	2.359.903	1.801.504
Other receivables			
- Due from related parties	5, 26	769.115	38.994
- Due from third parties	5	3.132	4.133
Right-of-use assets	10	21.405	83.931
Investment property	11	-	750.033
Property, plant and equipment	12	4.851.585	4.234.415
Intangible assets			
- Goodwill	13	95.253	95.253
- Other intangible assets	13	12.199	7.530
Prepaid expenses	7	1.946.352	92.662
Deferred tax assets	24	1.014.000	-
Other non-current assets	8	570.030	811.107
Total assets		23.088.598	26.074.737

Koza Altın İşletmeleri Anonim Şirketi

Statement of financial position as at December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

		<i>Audited</i>	
		<i>Current period</i>	<i>Prior period</i>
Liabilities	Notes	December 31, 2023	December 31, 2022
Current liabilities		1.834.552	1.758.919
Short-term lease liabilities			
- Bank credits	17	383.335	-
- Lease liabilities	14	8.094	33.133
Trade payables			
- Due to third parties	4	299.080	253.294
Payables related to employee benefits	15	118.263	58.081
Other payables			
- Due to related parties	26	534	277
- Due to third parties		325	122.797
Deferred Revenues (Excluding liabilities arising from customer agreements)		207	1.791
Current income tax liabilities	24	151.228	61.174
Short-term provisions			
- Provisions for employee benefits	18	26.331	120.545
- Other short-term provisions	18	830.095	1.087.119
Other current liabilities		17.060	20.708
Non-current liabilities		634.483	1.042.451
Long-term lease liabilities			
- Lease liabilities	14	6.266	25.220
Other payables			
- Due to third parties	16	161.652	169.182
Long-term provisions			
- Provisions for employee benefits	18	138.885	175.676
- Other long-term provisions	18	327.680	465.278
Deferred tax liabilities	24	-	207.095
Equity		20.619.563	23.273.367
Paid-in share capital	19	3.202.500	152.500
Adjustment to share capital	19	3.231.295	1.712.720
Withdrawn shares (-)		(1.446.378)	-
Other comprehensive income / expense not to be reclassified to profit or loss			
- Actuarial gain / (loss) fund for employee benefits		(122.018)	(92.914)
Restricted reserves	19	2.182.066	1.789.293
Reserves for withdrawn shares	19	1.446.378	-
Retained earnings		11.719.630	23.016.648
Net profit / loss for the period		406.090	(3.304.880)
Total liabilities and equity		23.088.598	26.074.737

Koza Altın İşletmeleri Anonim Şirketi**Statement of profit or loss and other comprehensive income****for the year ended December 31, 2023**

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

		<i>Audited</i>	<i>Audited</i>
		<i>Current period</i>	<i>Prior period</i>
		January 1 –	January 1 –
	Notes	December 31, 2023	December 31, 2022
Revenue	20	8.107.187	11.206.789
Cost of sales (-)	20	(4.673.859)	(4.738.035)
Gross profit		3.433.328	6.468.754
Research and development expenses (-)	21	(594.058)	(522.141)
Marketing, sales and distribution expenses (-)	21	(111.336)	(115.967)
General administrative expenses (-)	21	(944.180)	(840.918)
Other operating income	22	130.619	447.461
Other operating expenses (-)	22	(1.323.379)	(968.490)
Operating profit		590.994	4.468.699
Income from investing activities	23	6.892.212	4.364.300
Impairment gains (losses) and reversals of impairment losses determined in accordance with TFRS 9		53	8.576
Operating profit before financial income		7.483.259	8.841.575
Financial expenses (-)		(46.966)	-
Monetary loss (-)		(7.303.196)	(10.356.541)
Profit/loss before tax from continued operations		133.097	(1.514.966)
Tax income / expense from continuing operations		272.993	(1.789.914)
- Current tax expense (-)	24	(938.401)	(1.616.710)
- Deferred tax income / (expense) (-)	24	1.211.394	(173.204)
Net profit / loss for the period		406.090	(3.304.880)
Other comprehensive expense (-)		(29.104)	(92.914)
Total other comprehensive income not to be classified to profit or loss in subsequent years			
Gains / (losses) on remeasurements of defined benefit plans		(38.805)	(116.143)
Gains / (losses) on remeasurements of defined benefit plans, tax effect		9.701	23.229
Total comprehensive income / expense		376.986	(3.397.794)
Earnings per 100 share			
- common stock (TL)	25	0,127	(1,032)
Earnings per 100 shares from total comprehensive income			
- common stock (TL)	25	0,118	(1,061)

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

Koza Altın İşletmeleri Anonim Şirketi

Statement of changes in shareholders' equity for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

				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 loss/ profit for the year	Total equity
Balances as of January 1, 2022	152.500	1.712.720	-	-	1.300.683	28.476.343	-	31.642.246
Net loss for the year	-	-	-	-	-	-	(3.304.880)	(3.304.880)
Other comprehensive income/ (loss)	-	-	-	(92.914)	-	-	-	(92.914)
Total comprehensive income/ (loss)	-	-	-	(92.914)	-	-	(3.304.880)	(3.397.794)
Transfers	-	-	-	-	488.610	(488.610)	-	-
Dividend payment	-	-	-	-	-	(4.971.085)	-	(4.971.085)
Balance as of December 31, 2022	152.500	1.712.720	-	(92.914)	1.789.293	23.016.648	(3.304.880)	23.273.367
Balance as of January 1, 2023	152.500	1.712.720	-	(92.914)	1.789.293	23.016.648	(3.304.880)	23.273.367
Net profit for the year	-	-	-	-	-	-	406.090	406.090
Other comprehensive loss	-	-	-	(29.104)	-	-	-	(29.104)
Total comprehensive income/ (loss)	-	-	-	(29.104)	-	-	406.090	376.986
Capital increase (*)	3.050.000	1.518.575	-	-	-	(4.568.575)	-	-
Increase (Decrease) through treasury share transactions (**)	-	-	(1.446.378)	-	1.446.378	(1.446.378)	-	(1.446.378)
Dividend Payment (***)	-	-	-	-	-	(1.584.412)	-	(1.584.412)
Transfers	-	-	-	-	392.773	(3.697.653)	3.304.880	-
Balances as of December 31, 2023	3.202.500	3.231.295	(1.446.378)	(122.018)	3.628.444	11.719.630	406.090	20.619.563

(*) 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 1,446,378 thousand TL.

(***) Based on the decision of the Board of Directors regarding the profit distribution of the Company, a gross profit distribution of 1,584,412 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.

Koza Altın İşletmeleri Anonim Şirketi**Statement of cash flows for the year ended December 31, 2023**

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

		<i>Audited</i>	<i>Audited</i>
		<i>Current period</i>	<i>Prior year</i>
		January 1 –	January 1 –
	Notes	December 31,	December 31,
		2023	2022
A. Cash flows from operating activities		(1.129.592)	3.877.829
Net profit for the period from the continuing operations		406.090	(3.304.880)
Adjustments to reconcile profit for the period			
Adjustments to depreciation and amortization	10,11,12,13	733.167	1.000.984
Adjustments for Fair Value Loss (Gains) of Financial Assets		(5.589.148)	(3.073.946)
Adjustments for recognition impairment of inventory		-	(132.395)
Adjustments for provisions			
- Adjustment for lawsuits and/ or penalty provisions	18	116.174	42.531
- Adjustments for sectoral provisions	18	709.113	1.038.972
- Adjustments for debt provisions	18	(109.732)	82.983
- Adjustments for provisions for employee benefits	18	(70.044)	33.563
Adjustments for tax expense	24	(272.993)	1.789.914
Adjustments for interest expenses	14,17,18	68.893	28.447
Adjustments for interest income		(360.425)	(1.211.617)
Adjustments for loss / (gains) arising from disposal of tangible assets	23	(190.686)	(24.897)
Adjustments for losses (gains) on disposal of investment property	23	(746.710)	-
Monetary loss		6.024.428	9.230.784
Total adjustments		312.037	8.805.323
Decrease / (increase) in trade receivables	4	57.225	77.374
Decrease / (increase) in other receivables		(5.041)	106.611
Increase in other payables		(131.329)	93.856
Increase in inventories	6	(84.619)	(352.199)
Increase in prepaid expenses		(34.280)	(390.337)
Decrease in trade payables	4	45.786	(282.075)
Increase in other receivables from related parties related to activities		(503.632)	2.756.062
(Decrease) / increase in payables related to employee benefits		60.182	4.561
(Increase) / decrease in other assets related to activities		248.027	(72.374)
Increase in other liabilities related to activities		6.455	30.099
Payments of employee retirement benefits	18	(62.127)	(18.389)
Payments related to other provisions	18	(596.019)	(782.665)
Taxes paid	24	(848.347)	(2.793.138)
Net cash from operating activities		(1.847.719)	(1.622.614)
B. Cash flows from investing activities		4.077.955	(16.831.843)
Cash outflows from purchase of tangible assets	12	(1.243.407)	(971.147)
Cash outflows from purchase of intangible assets	13	(13.830)	(5.687)
Cash inflows from the sale of investment properties		1.080.495	-
Cash advances and debts given (-)		(1.700.486)	-
Cash inflows related to sale of tangible assets	12,23	261.481	136.432
Interest received		319.642	1.200.676
Cash inflows related to financial investments		13.960.187	5.077.013
Cash outflows related to financial investments (-)		(8.586.613)	(22.269.130)
Cash outflows from the purchase of fixed assets classified for sale (-)		486	-
C. Net cash from financing activities		(2.713.015)	(5.022.793)
Dividends paid		(1.584.412)	(4.971.085)
Cash outflows related to withdrawn transactions (-)		(1.446.378)	-
Cash outflows related to lease liabilities (-)	14	(31.382)	(51.708)
Cash inflows due to borrowing	17	349.157	-
Monetary loss on cash and cash equivalents		(209.029)	(5.736.712)
Net increase in cash and cash equivalents		26.319	(23.713.519)
Cash and cash equivalents at the beginning of the year	3	232.390	23.945.909
Cash and cash equivalents at the end of the year	3	258.709	232.390

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

1. Company's organization and nature of the operations

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

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

As of December 31, 2023, including the stocks traded in Borsa Istanbul ("BIST"), 45.01% of the Company's shares owned by ATP and 24.99% owned by Koza İpek Holding (December 31, 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 December 31, 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 on going projects.

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

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

1. Company's organization and nature of the 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 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 December 31, 2023, the number of employees is 2.491 people (December 31, 2022: 2.607).

The registered address of the Company is below:

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

Approval of financial statements

The financial statements dated December 31, 2023 were approved by the Board of Directors and authorized to be published on May 9, 2024.

2. Basis of presentation of financial statements

2.1 Basis of presentation

Financial reporting standards

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

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

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

The financial statements are based on legal records and expressed in TL, and have been prepared by subjecting to some corrections and classification changes in order to present the Company's status according to TAS and TFRS.

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

2. Basis of presentation of financial statements (continued)

2.1 Basis of presentation (continued)

Foreign currency

Functional and reporting currency

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

Entities applying TFRSs have started to apply inflation accounting in accordance with TAS 29 Financial Reporting in Hyperinflation Economies as of financial statements for the annual reporting period ending on or after 31 December 2023 with the announcements made by the Public Oversight Accounting and Auditing Standards Authority (POA) on 23 November 2023. TAS 29 is applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy.

The accompanying financial statements are prepared on a historical cost basis, except for financial investments measured at fair value measured at revalued amounts.

Financial statements and corresponding figures for previous periods have been restated for the changes in the general purchasing power of Turkish lira and, as a result, are expressed in terms of purchasing power of Turkish lira as of 31 December 2023 as per TAS 29.

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

2. Basis of presentation of financial statements (continued)

2.1 Basis of presentation (continued)

Adjustment of Financial Statements in High Inflation Periods (continued)

On the application of TAS 29, the entity used the conversion coefficient derived from the Customer Price Indexes (CPI) published by Turkey Statistical Institute according to directions given by POA. The CPI for current and previous year periods and corresponding conversion factors since the time when the Turkish lira previously ceased to be considered currency of hyperinflationary economy, i.e., since 1 January 2005, were as follow:

Year end	Index	Index, %	Conversion Factor
2004	113.86	13.86	16.33041
2005	122.65	7.72	15.16005
2006	134.49	9.65	13.82541
2007	145.77	8.39	12.75557
2008	160.44	10.06	11.58925
2009	170.91	6.53	10.87929
2010	181.85	6.40	10.22480
2011	200.85	10.45	9.25756
2012	213.23	6.16	8.72007
2013	229.01	7.40	8.11921
2014	247.72	8.17	7.50597
2015	269.54	8.81	6.89835
2016	292.54	8.53	6.35599
2017	327.41	11.92	5.67906
2018	393.88	20.30	4.72068
2019	440.50	11.84	4.22107
2020	504.81	14.60	3.68333
2021	686.95	36.08	2.70672
2022	1128.45	64.27	1.64773
2023	1859.38	64.77	1,00000

Assets and liabilities were separated into those that were monetary and non-monetary, with non-monetary items were further divided into those measured on either a current or historical basis to perform the required restatement of financial statements under TAS 29. Monetary items (other than index -linked monetary items) and non-monetary items carried at amounts current at the end of the reporting period were not restated because they are already expressed in terms of measuring unit as of 31 December 2023. Non-monetary items which are not expressed in terms of measuring unit as of 31 December 2023 were restated by applying the conversion factors. The restated amount of a non-monetary item was reduced, in accordance with appropriate TFRSs, in cases where it exceeds its recoverable amount or net realizable value. Components of shareholders' equity in the statement of financial position and all items in the statement of profit or loss and other comprehensive income have also been restated by applying the conversion factors.

Non-monetary items measured at historical cost that were acquired or assumed and components of shareholders' equity that were contributed or arose before the time when the Turkish lira previously ceased to be considered currency of hyperinflationary economy, i.e before 1 January 2005, were restated by applying the change in the CPI from 1 January 2005 to 31 December 2023.

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

2. Basis of presentation of financial statements (continued)

2.1 Basis of presentation (continued)

Adjustment of Financial Statements in High Inflation Periods (continued)

The application of TAS 29 results in an adjustment for the loss of purchasing power of the Turkish lira presented in Net Monetary Position Gains (Losses) item in the profit or loss section of the statement of profit or loss and comprehensive income. In a period of inflation, an entity holding an excess of monetary assets over monetary liabilities loses purchasing power and an entity with an excess of monetary liabilities over monetary assets gains purchasing power to the extent the assets and liabilities are not linked to a price level. This gain or loss on the net monetary position is derived as the difference resulting from the restatement of non-monetary items, owners' equity and items in the statement of profit or loss and other comprehensive income and the adjustment of index linked assets and liabilities.

In addition, in the first reporting period in which TAS 29 is applied, the requirements of the Standard are applied as if the economy had always been hyperinflationary. Therefore, the statement of financial position at the beginning of the earliest comparative period, i.e as of 1 January 2022, was restated as the base of all subsequent reporting. Restated retained earnings/losses in the statement of financial position as of 1 January 2022 was derived as balancing figure in the restated statement of financial position.

Going concern

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

Declaration of conformity to TFRS

The Company has prepared its financial statements for the period ending on December 31, 2023, in accordance with the CMB's Communiqué Serial: II-14.1 and its announcements clarifying this communiqué. The financial statements and notes are presented in accordance with the formats recommended by CMB and including the required information.

2.2 Accounting policies, changes in accounting estimates and errors

Accounting policy changes arising from the implementation of a new TAS / TFRS for the first time are applied retrospectively or prospectively in accordance with the transition provisions of the TAS / TFRS, if any. If there is no transition requirement, significant optional changes in accounting policies or detected accounting errors are applied retrospectively and the financial statements of the previous period are restated. Changes in accounting estimates are applied in the current period when the change is made if they are related to only one period, and if they are related to future periods, they are applied both in the period of change and prospectively.

Assets that are critical parts worth 618,846 thousand TL, which were presented as spare parts under stocks in the 31 December 2022 financials, started to be presented as other fixed assets as of 31 December 2023.

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

2. Basis of presentation of financial statements (continued)

2.3 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the financial statements as of December 31, 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 amendments did not have a significant impact on the financial position or performance of the Company.

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

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

Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

- TFRS 17 - The new Standard for insurance contracts
- Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities
- Amendments to TFRS 16 - Lease Liability in a Sale and Leaseback
- Amendments to TAS 7 and TFRS 7 - Disclosures: Supplier Finance Arrangements

Overall, the Company expects no significant impact on its balance sheet and equity.

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 and IFRS 18 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 and new Standard are issued and become effective under TFRS.

- Amendments to IAS 21 - Lack of exchangeability
- IFRS 18 – The new Standard for Presentation and Disclosure in Financial Statements

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

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

2. Basis of presentation of financial statements (continued)

2.4 Summary of significant accounting policies

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

Cash and cash equivalents

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

Trade receivables

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

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

Inventories

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

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

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

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

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

2. Basis of presentation of financial statements (continued)

2.4 Summary of significant accounting policies (continued)

Related parties

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

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

Transaction with related parties is the transfer of resources, services or obligations between related parties, regardless of whether they are paid for.

Leases

a) Company – as a lessee

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

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

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

2. Basis of presentation of financial statements (continued)

2.4 Summary of significant accounting policies (continued)

Leases (continued)

i. Right-of-use assets

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

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

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

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

Buildings	4 years
Motor vehicles	2-4 years

Right-of-use assets are subject to impairment.

ii. Lease liabilities

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

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

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

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

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

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

2. Basis of presentation of financial statements (continued)

2.4 Summary of significant accounting policies (continued)

Leases (continued)

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

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

Practical expedients

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

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

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

Variable lease payments

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

b) Company – as a lessor

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

Transaction with related parties is the transfer of resources, services or obligations between related parties, regardless of whether they are paid for.

Investment properties

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

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

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

2. Basis of presentation of financial statements (continued)

2.4 Summary of significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their costs and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the consolidated statement of income.

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

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

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

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

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

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

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

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

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

2. Basis of presentation of financial statements (continued)

2.4 Summary of significant accounting policies (continued)

Mining assets

Mining assets consist of mine site development, mining rights, mining plots, deferred mining costs and discounted costs associated with the rehabilitation, rehabilitation and closure of mine sites. Mineral assets are reflected in the financial statements with their net value after deducting the accumulated depreciation and permanent impairment, if any, over their acquisition costs.

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

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

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

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

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

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

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

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

2. Basis of presentation of financial statements (continued)

2.4 Summary of significant accounting policies (continued)

Mining assets (continued)

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

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

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

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

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

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

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

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

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

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

2. Basis of presentation of financial statements (continued)

2.4 Summary of significant accounting policies (continued)

Mining assets (continued)

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

Mineral exploration, evaluation and development expenses

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

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

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

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

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

Intangible assets

Intangible assets are comprised of rights and computer software. They are initially recognised at acquisition cost and amortised on a straight-line basis over their estimated useful lives. Whenever there is an indication that the intangible is impaired, the carrying amount of the intangible asset is reduced to its recoverable amount and the impairment loss is recognised as an expense.

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

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

2. Basis of presentation of financial statements (continued)

2.4 Summary of significant accounting policies (continued)

Computer software and rights

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

Business combination and goodwill

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

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

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

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

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

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

Impairment on non-financial assets

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

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

2. Basis of presentation of financial statements (continued)

2.4 Summary of significant accounting policies (continued)

Impairment on non-financial assets (continued)

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

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

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

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

Taxes on income

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

Deferred income tax is provided for in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Currently enacted tax rates are used to determine deferred income tax.

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

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

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

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

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

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

2. Basis of presentation of financial statements (continued)

2.4 Summary of significant accounting policies (continued)

Taxes on income (continued)

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

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

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

Provisions, contingent assets and liabilities

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

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

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

Environmental rehabilitation, rehabilitation of mining sites and mine closure provision

The Company records the present value of the estimated costs of legal and constructive obligations required to restore the operating places in the period in which the obligation occurred (Note 18). These restoration activities include the dismantling and removal of structures, the rehabilitation of mines and waste dams, the dismantling of operating facilities, the closure and restoration of factories and waste areas, and the remediation and greening of the affected areas. The requirement usually occurs when the asset is set up or the place / environment in the production area is adversely affected.

When the liability is first recorded, the present value of the estimated costs is capitalized by increasing the net book value of the relevant mining assets up to the amount at which the development / construction of the mine will take place. The liability that is discounted over time is increased by the change in the present value, which depends on the discount rates reflecting the market evaluations in the current period and the risks specific to the liability.

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

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

2. Basis of presentation of financial statements (continued)

2.4 Summary of significant accounting policies (continued)

Provisions for employee benefits

a) Provision for employment termination benefits

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

The provision for severance pay represents the discounted value at the date of the statement of financial position of the estimated total provision for possible future liabilities arising from the retirement of the Company's employees in accordance with the Labor Law.

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

b) Defined benefit plans

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

c) Unused vacation rights

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

Paid in capital

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

Earnings per share

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

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

Since the company has withdrawn shares in the current accounting period, the effect of these transactions is also taken into account in the calculation of earnings per share.

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

2. Basis of presentation of financial statements (continued)

2.4 Summary of significant accounting policies (continued)

Revenue from contracts with customers

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

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

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

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

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

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

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

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

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

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

2. Basis of presentation of financial statements (continued)

2.4 Summary of significant accounting policies (continued)

Interest income

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

Financial instruments

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

i. Financial assets

Initial recognition and measurement

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

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

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

Subsequent measurement and classification

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

a. Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

2. Basis of presentation of financial statements (continued)

2.4 Summary of significant accounting policies (continued)

Financial instruments (continued)

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

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

c. Financial assets at fair value through profit or loss

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

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

2. Basis of presentation of financial statements (continued)

2.4 Summary of significant accounting policies (continued)

Financial instruments (continued)

Derecognition of financial assets

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

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

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

Impairment

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

ECLs are recognised in two stages:

- 12-month ECL: For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months,
- Lifetime ECL: For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure.

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

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

2. Basis of presentation of financial statements (continued)

2.4 Summary of significant accounting policies (continued)

Financial instruments (continued)

ii. Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

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

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

• **Financial liabilities at amortised cost**

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

Derecognition of financial liabilities

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

iii. Offsetting of financial instruments

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

Government grants

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

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

2. Basis of presentation of financial statements (continued)

2.4 Summary of significant accounting policies (continued)

Statement of cash flows

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

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

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

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

Events after financial position date

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

2.5 Significant accounting judgments estimates and assumptions

In the preparation of financial statements, 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.

- 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 consolidated 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 2023. Inspection of reserves and resources according to UMREK standards has been completed and approved.

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

2. Basis of presentation of financial statements (continued)

2.5 Significant accounting judgments estimates and assumptions (continued)

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

- b) Mining assets are amortized using the "production" method and the visible and possible gold reserve amount is used to calculate the depreciation rate. Other tangible assets, both movable and fixed, other than mining assets are depreciated using the straight-line method over their useful lives, limited with lifetime of the mines they are related to. The depreciation amounts calculated on the basis of the visible and possible gold reserves and using the production units method may vary between periods and for some mining assets, 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 life 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.

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

2. Basis of presentation of financial statements (continued)

2.5 Significant accounting judgments estimates and assumptions (continued)

- c) Amount of provisions reflected in consolidated 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 December 31, 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 (December 31, 2023: 5.35%, December 31, 2022: 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 Property, plant and equipment. Any reduction in the rehabilitation obligation and hence any reduction in the rehabilitation asset cannot exceed the carried value of that asset. In case of excess, the amount exceeding the carried value is immediately taken to profit or loss.

- d) As the Company operates in the mining industry, it is exposed to many risks arising from laws and regulations. As of the balance sheet date, The results of current or future legal practices can be estimated within a certain ratio, based on the past experiences of the Company management and as a result of the legal consultancy received. Negative effects of a decision or application that may be taken against the Company may significantly affect the activities of the Company. As of December 31, 2023, there is no legal risk expected to significantly affect the activities of the Company.
- e) 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.
- f) 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 financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

3. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash	151	307
Banks		
- Demand deposits	253.496	1.919
- Time deposits	6.443	231.857
Total	260.090	234.083
Less: Interest accruals	(1.381)	(1.693)
Cash and cash equivalents presented in the cash flow statement	258.709	232.390

The details of the Company's time deposits as of December 31, 2023 are as follows;

Currency	Interest rate	Maturity	Currency amount	TL Equivalent
TL	35%- 45%	1-30 Days	6.443	6.443
Total				6.443

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%- 26.50%	1-30 Days	227.852	227.852
USD	0.70%	1-30 Days	214	4.005
Total				231.857

The Company's blocked deposits of 75.747 TL have been presented under financial investments account (December 31, 2022: 86.505 TL).

4. Trade receivables and trade payables

a- Trade receivables

The trade receivables of the Company as of December 31, 2023 and 2022 are as follows;

	December 31, 2023	December 31, 2022
Trade receivables	62.747	119.972
Provision for doubtful trade receivables (-)	(62.340)	(119.672)
Total	407	300

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

	2023	2022
January 1	119.672	196.793
Additions / (cancellations), net	917	43
Monetary gain	(58.249)	(77.164)
December 31	62.340	119.672

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

4. Trade receivables and trade payables (continued)

b- Trade payables

The trade payables of the Company as of December 31, 2023 and 2022 are as follows;

	December 31, 2023	December 31, 2022
Trade payables	299.080	253.294
Total	299.080	253.294

5. Other receivables

The other receivables of the Company as of December 31, 2023 and 2022 are as follows;

i- Short-term other receivables

a- Other receivables from third parties

	December 31, 2023	December 31, 2022
VAT refund receivables	152.610	145.699
Other miscellaneous receivables	637	1.506
Total	153.247	147.205

ii- Long-term other receivables

a- Other receivables from related parties

	December 31, 2023	December 31, 2022
Other receivables from related parties (Note 26)	769.115	38.994
Total	769.115	38.994

b- Other receivables form third parties

	December 31, 2023	December 31, 2022
Deposits and guarantees given	3.132	4.133
Total	3.132	4.133

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

6. Inventories

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

	December 31, 2023	December 31, 2022
Gold and silver in the production process and gold and silver bars	795.919	499.499
Ready to be processed and mined ore clusters	372.479	492.287
Chemicals and operating materials	189.306	281.299
Total	1.357.704	1.273.085

7. Prepaid expenses

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

i. Short-term prepaid expenses

	December 31, 2023	December 31, 2022
Advances given	231.070	383.635
Prepaid expenses (*)	58.536	24.895
Total	289.606	408.530

ii. Long-term prepaid expenses

	December 31, 2023	December 31, 2022
Advances given (**)	1.945.530	76.694
Other (*)	822	15.968
Total	1.946.352	92.662

(*) 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 1,700,486 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 financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

8. Other current and non-current assets

i- Other current assets

The other current assets of the Company as of December 31, 2023 and 2022 are as follows;

	December 31, 2023	December 31, 2022
Job advances given	875	248
Advances given to personnel	1.033	8.610
Total	1.908	8.858

ii- Other non-current assets

	December 31, 2023	December 31, 2022
VAT receivables	-	192.261
Other tangible assets (*)	570.030	618.846
Total	570.030	811.107

(*) It consists of spare parts, materials and operating materials that are generally consumed over a period of more than one year.

9. Financial investments

a. Short term financial investments

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

	December 31, 2023	December 31, 2022
Currency protected time deposits (**)	1.409.863	1.955.858
Financial assets accounted at fair value under profit or loss (***)	7.972.799	14.126.770
Toplam	9.382.662	16.082.628

b. Long term financial investments

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

	December 31, 2023	December 31, 2022
Shares in subsidiaries (*)	1.714.999	1.714.999
Blocked deposits	644.904	86.505
Total	2.359.903	1.801.504

(*) 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.

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

9. Financial investments (continued)

b. Long term financial investments (continued)

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 92 and 182 days. The Company's blocked deposits in the 'Currency protected time deposits accounts' of 569,157 TL have been presented under financial investments account (December 31, 2022:None).

(***) The Company has 2,947,000,000 investment fund participation certificates worth 4,407,188 thousand TL in total, 129,213,455 Mint Gold Certificates worth 3,035,224 thousand TL in total, and 13,307,785 shares worth 506,461 thousand TL in total, 23.827 thousand TL worth private sector bonds and the fair value of the fund accounts is are accounted for as financial assets recognized in profit or loss.

10. Right of use assets

The right of use assets of the Company as of December 31, 2023 and 2022 are as follows;

	January 1, 2023	Addition	Contract change impact	December 31, 2023
Cost:				
Buildings	67.520	-	(7.257)	60.263
Vehicles	169.172	-	(2.846)	166.326
Total	236.692	-	(10.103)	226.589
Accumulated amortization:				
Buildings	38.939	6.924	-	45.863
Vehicles	113.822	45.499	-	159.321
Total	152.761	52.423	-	205.184
Net book value	83.931			21.405
	January 1, 2022	Addition	Contract change impact	December 31, 2022
Cost:				
Buildings	51.542	15.978	-	67.520
Vehicles	191.218	312	(22.358)	169.172
Total	242.760	16.290	(22.358)	236.692
Accumulated amortization:				
Buildings	25.788	13.151	-	38.939
Vehicles	66.543	47.279	-	113.822
Total	92.331	60.430	-	152.761
Net book value	150.429			83.931

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

11. Investment properties

The investment properties of the Company as of December 31, 2023 and 2022 are as follows;

	January 1, 2023	Addition	Disposals(*)	Transfers	December 31, 2023
Cost					
Buildings	874.967	-	(780.776)	(94.191)	-
Total	874.967	-	(780.776)	(94.191)	-
Accumulated amortization					
Buildings	124.934	3.929	(115.328)	(13.535)	-
Total	124.934	3.929	(115.328)	(13.535)	-
Net book value	750.033				-

(*) 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. As of December 31, 2023, all remaining investment properties have been classified as tangible assets in line with their current intended use.

	January 1, 2022	Addition	Disposals(*)	Transfers	December 31, 2022
Cost					
Buildings	874.967	-	-	-	874.967
Total	874.967	-	-	-	874.967
Accumulated amortization					
Buildings	108.935	15.999	-	-	124.934
Total	108.935	15.999	-	-	124.934
Net book value	766.032				750.033

Total rental income from investment properties is 1.458 thousand TL in 2023. (2022: 2.904 thousand TL).

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

12. Property, plant and equipment

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

	December 31, 2023	December 31, 2022
Mining assets	1.556.106	1.518.900
Other tangible assets	3.295.479	2.715.515
Total	4.851.585	4.234.415

a) Mining assets

As of December 31, 2023 and December 31, 2022, mining assets consists of mining rights, mine site development costs, deferred stripping costs, mining sites, and closing and rehabilitation of mines, and the net book values of these mining assets are as follows.

	December 31, 2023	December 31, 2022
Mining sites	99.240	121.588
Mine site development cost	1.008.794	1.005.254
Deferred stripping costs	99.028	68.743
Rehabilitation of mining facility	75.111	79.136
Mining rights	273.933	244.179
Total	1.556.106	1.518.900

The movements of mining assets are as follows;

	January 1, 2023	Addition	Disposals	Inflation effect (*)	December 31, 2023
Cost					
Mining sites	509.605	148	-	-	509.753
Mine site development costs	4.727.473	96.468	(5.200)	-	4.818.741
Deferred stripping costs	1.701.609	77.408	-	-	1.779.017
Rehabilitation of mining facility	619.818	62.665	-	(243.653)	438.830
Mining rights	443.905	29.911	(61.597)	-	412.219
Total	8.002.410	266.600	(66.797)	(243.653)	7.958.560
Accumulated depreciation					
Mining sites	388.017	22.496	-	-	410.513
Mine site development costs	3.722.219	92.928	(5.200)	-	3.809.947
Deferred stripping costs	1.632.866	47.123	-	-	1.679.989
Rehabilitation of mining facility	540.682	35.581	-	(212.544)	363.719
Mining rights	199.726	157	(61.597)	-	138.286
Total	6.483.510	198.285	(66.797)	(212.544)	6.402.454
Net book value	1.518.900				1.556.106

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

12. Property, plant and equipment (continued)

a) Mining assets (continued)

	January 1, 2022	Addition	Disposals	Inflation effect (*)	December 31, 2022
Cost					
Mining sites	562.212	57.982	(110.589)	-	509.605
Mine site development costs	4.546.141	181.332	-	-	4.727.473
Deferred stripping costs	1.593.706	107.903	-	-	1.701.609
Rehabilitation of mining facility	896.071	74.330	-	(350.583)	619.818
Mining rights	442.977	1.098	(170)	-	443.905
Total	8.041.107	422.645	(110.759)	(350.583)	8.002.410
Accumulated depreciation					
Mining sites	365.943	22.074	-	-	388.017
Mine site development costs	3.563.697	158.522	-	-	3.722.219
Deferred stripping costs	1.540.830	92.036	-	-	1.632.866
Rehabilitation of mining facility	715.359	105.203	-	(279.880)	540.682
Mining rights	199.627	99	-	-	199.726
Total	6.385.456	377.934	-	(279.880)	6.483.510
Net book value	1.655.651				1.518.900

(*) The reclamation, rehabilitation and closure costs of the mine sites resulting from open pit mining site development activities and open pit production, according to their current conditions, are not indexed and are evaluated in US Dollar values.

All depreciation expenses are included in the cost of goods produced.

There isn't any mortgage on mining assets as of December 31, 2023 (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 December 31, 2023, but are in use, are amounting to thousand TL 2.402.967. (December 31, 2022: TL 2.402.967).

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

12. Property, plant and equipment (continued)

b) Other tangible assets

Movements of other tangible assets during the period as of December 31, 2023 and 2022 are as follows;

	January 1, 2023	Additions	Disposals	Transfers	December 31, 2023
Cost					
Land, buildings and land improvements	2.649.741	33.024	(170.723)	182.640	2.694.682
Machinery and equipment	6.969.967	211.355	(525.696)	10.712	6.666.338
Motor vehicles	925.102	355.186	(24.256)	-	1.256.032
Furnitures and fixtures	583.088	23.903	(113.309)	7.175	500.857
Construction in progress	118.522	416.004	(1.613)	(110.950)	421.963
Total	11.246.420	1.039.472	(835.597)	89.577	11.539.872
Accumulated depreciation					
Buildings and land improvements	1.665.005	55.879	(115.685)	13.535	1.618.734
Machinery and equipment	5.787.800	219.328	(515.923)	-	5.491.205
Motor vehicles	619.199	145.971	(23.191)	-	741.979
Furnitures and fixtures	458.901	43.577	(110.003)	-	392.475
Total	8.530.905	464.755	(764.802)	13.535	8.244.393
Net book value	2.715.515				3.295.479

There isn't any mortgage on other tangible assets as of December 31, 2023 (December 31, 2022: None).

As of December 31, 2023, the insurance amount on the tangible assets and inventories of the Company is TL 2.371 (December 31, 2022: TL 909).

The cost of other tangible assets of the Company, which have been fully depreciated as of December 31, 2023, but are in use, is amounting to thousand TL 4.124.377 (December 31, 2022: TL 4.134.580).

All depreciation expenses are included in the cost of goods produced. There are no financing expenses capitalized on property, plant and equipment.

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

12. Property, plant and equipment (continued)

b) Other tangible assets (continued)

	January 1, 2022	Additions	Disposals	Transfers	December 31, 2022
Cost					
Land, buildings and land improvements	2.588.349	31.447	-	29.945	2.649.741
Machinery and equipment	6.602.555	260.866	-	106.546	6.969.967
Motor vehicles	789.174	147.566	(11.638)	-	925.102
Furnitures and fixtures	551.649	32.019	(1.881)	1.301	583.088
Construction in progress	141.191	150.934	(102)	(173.501)	118.522
Total	10.672.918	622.832	(13.621)	(35.709)	11.246.420
Accumulated depreciation					
Buildings and land improvements	1.623.648	76.577	-	(35.220)	1.665.005
Machinery and equipment	5.509.585	278.215	--	-	5.787.800
Motor vehicles	500.326	130.144	(11.271)	-	619.199
Furnitures and fixtures	410.342	50.133	(1.574)	-	458.901
Total	8.043.901	535.069	(12.845)	(35.220)	8.530.905
Net book value	2.629.017				2.715.515

13. Intangible assets

a. Goodwill

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

	December 31, 2023	December 31, 2022
Goodwill related to Newmont Altın purchase	95.253	95.253
Total	95.253	95.253

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.

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

13. Intangible assets (continued)

a) Goodwill (continued)

As of December 31, 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 December 31, 2023.

b. Other intangible assets

The details of the Company's other intangible assets as of December 31, 2023 and 2022 are as follows:

	January 1, 2023	Additions	Disposals	Transfers	December 31, 2023
Costs					
Rights	115.472	13.830	(30.306)	4.614	103.610
Total	115.472	13.830	(30.306)	4.614	103.610
Accumulated depreciation					
Rights	107.942	13.775	(30.306)	-	91.411
Total	107.942	13.775	(30.306)	-	91.411
Net book value	7.530				12.199

	January 1, 2022	Additions	Disposals	Transfers	December 31, 2022
Costs					
Rights	109.785	5.687	-	-	115.472
Total	109.785	5.687	-	-	115.472
Accumulated depreciation					
Rights	96.390	11.552	-	-	107.942
Total	96.390	11.552	-	-	107.942
Net book value	13.395				7.530

All depreciation expenses are included in the cost of goods produced.

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

14. Lease liabilities

	December 31, 2023	December 31, 2022
Short-term lease liabilities	8.094	33.133
Long-term lease liabilities	6.266	25.220
Total	14.360	58.353

Movement of lease liabilities for the year ended on December 31, 2023 and 2022 is as follows:

	2023	2022
January 1	58.353	132.687
Paid during the period	(31.382)	(51.708)
Additions	-	15.978
Interest accrued	5.177	11.328
Monetary gain	(17.788)	(49.932)
December 31	14.360	58.353

15. Payables relating to the benefits provided to employees

	December 31, 2023	December 31, 2022
Social Security Institution premiums to be paid	52.127	38.312
Taxes and funds payable	46.265	19.344
Due to personnel	19.871	425
Total	118.263	58.081

16. Other payables

The details of the Company's other payables as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Other payables due to third parties (*)	161.652	169.182
Total	161.652	169.182

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

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

17. Bank Credits

	December 31, 2023			
	Currency	Nominal Interest Rate	Maturity Date	Net Book Value
Bank Credits	TL	11,50%	January, 2024	383.335

As of December 31, 2023 and December 31, 2022, the details of the Company's bank credits are as follows:

Bank Credits	December 31, 2023	December 31, 2022
January 1	-	-
Credit Usage	349.157	-
Interest Accrual	34.225	-
Interest Payment (-)	-	-
Monetary gain	(47)	-
December 31	383.335	-

18. Provisions, contingent assets and liabilities

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

a) Short-term provisions

	December 31, 2023	December 31, 2022
State right expense provision	548.969	738.425
Environmental rehabilitation, rehabilitation of mining sites and mine closure provision	125.397	138.471
Provisions for lawsuit	139.499	84.261
Other provisions (*)	16.230	125.962
Total	830.095	1.087.119

(*) A large part of the balance for 2022 is regarding to provision amount allocated for school construction within the scope of the social responsibility project carried out between the Ministry of National Education and the Ministry of National Education.

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

	2023	2022
January 1	738.425	866.177
Paid during the period	(548.282)	(591.467)
Effect of changes in estimates and assumptions	(131.880)	1.105
Additions	780.984	880.407
Monetary gain	(290.278)	(417.797)
December 31	548.969	738.425

The movement table for provision for lawsuits is as follows;

	2023	2022
January 1	84.261	75.456
Additions / (cancellations), net	116.174	42.531
Monetary gain	(60.936)	(33.726)
December 31	139.499	84.261

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

18. Provisions, contingent assets and liabilities (continued)

b) Long-term provisions

	December 31, 2023	December 31, 2022
Environmental rehabilitation, rehabilitation of mining sites and mine closure provision	327.680	465.278
Total	327.680	465.278

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

	2023	2022
January 1	603.749	887.308
Paid during the period	(47.737)	(191.198)
Discount effect	10.121	396
Effect of changes in estimates and assumptions	112.553	231.396
Monetary gain	(225.609)	(324.153)
December 31 (*)	453.077	603.749

(*) 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

	December 31, 2023	December 31, 2022
Provision for unused vacation	26.331	52.267
Personnel bonus provision	-	68.278
Total	26.331	120.545

The movement of provision for unused vacation is as follows;

	2023	2022
January 1	52.267	39.405
Additions / (cancellations), net	(5.390)	28.279
Monetary gain	(20.546)	(15.417)
December 31	26.331	52.267

ii- Long-term provisions for employee benefits

	December 31, 2023	December 31, 2022
Provision for employee termination benefits	138.885	175.676
Total	138.885	175.676

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

18. Provisions, contingent assets and liabilities (continued)

c) Provisions for employee benefits (continued)

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 (2022: TL 15.371,40) was taken into consideration in the calculation of the provision for severance pay. TFRS requires actuarial valuation methods to be developed to estimate the provision for severance pay. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	December 31, 2023	December 31, 2022
Net discount rate	%2,00	%2,00
Probability of qualifying for seniority	%94,41	%94,41

The movements of the provision for severance pay within the accounting periods of December 31, 2023 and 2022 are as follows:

	2023	2022
January 1	175.676	115.841
Interest cost	29.491	17.119
Service cost	20.908	14.348
Past year service cost (*)	3.262	-
Severance paid	(62.127)	(18.389)
Actuarial loss / (gain)	38.805	116.143
Monetary gain	(67.130)	(69.386)
December 31	138.885	175.676

- (*) The regulation removing the retirement age requirement for employees who started employment before September 8, 1999 was published in the Official Gazette on March 3, 2023. Accordingly, those employees who have completed the number of premium days and insurance period are entitled to retire. The amount is the past service cost of the employees who are at retirement age due to the regulation considered as a plan change.

Severance pay liability is not legally subject to any funding. Provision for severance pay is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. TAS 19 ("Employee Benefits") stipulates the development of Group's liabilities within the scope of defined benefit plans by using actuarial valuation methods.

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

18. Provisions, contingent assets and liabilities (continued)

c) Provisions for employee benefits (continued)

The sensitivity analysis of the important assumptions used in the calculation of the provision for employee termination benefits as of December 31, 2023 and December 31, 2022 is as follows:

	Discount rate		Rate of retirement	
	%0,50 increase	%0,50 decrease	%0,50 increase	%0,50 decrease
2023	(19.074)	23.453	5.529	(5.036)
	Discount rate		Rate of retirement	
	%0,50 increase	%0,50 decrease	%0,50 increase	%0,50 decrease
2022	(22.904)	28.170	6.410	(5.986)

d) Important ongoing cases

i- Lawsuits related to Kaymaz mine

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 case was also notified to Koza Altın İşletmeleri A.Ş. Koza Gold Management Inc. requested intervention in the case and it was decided to accept our request to intervene in the case alongside the defendant.

An expert report dated February 15, 2024 was submitted to the file. The company objected to the relevant expert report and requested an additional report. A number of documents have been requested from the Ministry of Environment, Urbanization and Climate Change. The court stated that the request for stay of execution will be evaluated after the documents are sent. The documents were sent by the defendant administration, but the request for stay of execution has not been evaluated yet. The trial of the file is continuing and no decision has been made by the first instance court yet.

ii- 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 act, which is the subject of the lawsuit, and as a result of the appeal examination by the Council of State, the decision of the local court was not correct and reversed the decision in favor of the company. While the trial was continuing at the İzmir 6th Administrative Court on the basis of the 2019/574 basis, the court decided to cancel act with the decision dated 23.02.2021. The decision has been appealed. A lawsuit has been filed in İzmir 6th Administrative Court with file 2019/1120 E. for the stay of execution and cancellation of the Environmental Impact Assessment (EIA) positive Decision given by the Ministry of Environment and Urbanization regarding the 3rd capacity increase 2009/7 project of Çukuralan Gold Mine Enterprise. Company has been involved in the relevant case alongside the defendant Ministry.

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

18. Provisions, contingent assets and liabilities (continued)

ii- Lawsuits related to other mines (continued)

Lawsuits related to Çukuralan mine (continued)

The previous case number and court of the relevant file is İzmir 3rd Administrative Court 2019/171 E. and due to its connection with the Çukuralan 3rd Capacity Increase file, the file's main record was closed by the decision of the 4th Administrative Case Division of the İzmir Regional Administrative Court and İzmir 3rd Administrative Court decided to send the file to İzmir 6th Administrative Court. While the related case was continuing with İzmir 6th Administrative Court no. 2019/1120 E., according to the decision of the court, the EIA positive decision, which was the subject of the case, was annulled and an appeal was made. At this point, according to the decision of the Council of State, it has been decided that it is not possible to apply two different EIA Positive decisions related to the same project together, since a second EIA Positive decision was made for the 2019/574 E. file regarding the project in question.

It was decided by the Defendant Ministry that the EIA Positive decision, which is the subject of the case, should be accepted as implicitly withdrawn. Since it was concluded that the subject of the pending case was no longer relevant, the İzmir 6th Administrative Court decided that there was definitely no room for reversing the decision 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, which is the subject of the lawsuit, and that the appeal requests of our intervening company as well as the respondent Ministry and the respondent Ministry are rejected.

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

Regarding the 3rd capacity increase project of Çukuralan Gold Mine Plant planned to be carried out by Company, some plaintiffs have filed a lawsuit against the Ministry of Environment and Urbanization by some plaintiffs for the stay of execution and cancellation of the Environmental Impact Assessment (EIA) positive Decision given by the Ministry of Environment and Urbanization. A lawsuit was filed with the Administrative Court with the file numbered 2021/1407 E. and 2021/1013 E. The company intervened in the relevant case alongside the defendant ministry in both files, and in both files, the court decided to reject the case on the grounds that the EIA positive decision was in accordance with the law. The decision given in the file numbered 2021/1407 E. of the İzmir 4th Administrative Court and the file numbered 2021/1013 E. of the İzmir 4th Administrative Court was appealed by the plaintiffs. As a result of the appeal proceedings, the plaintiffs' appeal request was accepted and a more detailed procedural review was carried out. Since it was necessary to do so, the decision of the first instance court was reversed by majority vote against us and the file was sent to the first instance court for a more detailed examination. The file numbered 2021/1407 E. of the İzmir 4th Administrative Court is numbered 2023/1278 E. of the İzmir 4th Administrative Court, the file numbered 2021/1013 E. of the İzmir 4th Administrative Court is numbered 2023/1013 E. of the İzmir 4th Administrative Court. It has the number 1294 E.

In both files, the court decided to cancel the procedure subject to the case. The decision made in the file numbered 2023/1294 E. of the İzmir 4th Authority Court is appealed by the defendant Administration and Company and the appeal trial continues. The decision was notified to the parties in the file numbered 2023/1278 E. of the 4th Authority Court of İzmir and the remedy was applied by Koza Gold. However, the Council of State has not yet made a decision.

Lawsuit related to Çanakkale Project:

In the lawsuit filed for the annulment and suspension of the EIA positive decision regarding the S: 201001197 Gold and Silver Mine Project, which is planned to be made in the vicinity of Serçiler and Terziler villages in the central district of Çanakkale, the company intervenes with the Ministry of Environment and Urbanization within the case number 2020/763 E. At the current stage, Çanakkale 1st Administrative Court decided to cancel the act subject to the lawsuit, an appeal was filed against the decision. It has been decided to reject the appeal requests of the intervening company.

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

18. Provisions, contingent assets and liabilities (continued)

iii- 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 overturn the file for procedural reasons. With the additional decision of the Ankara 10th Commercial Court of First Instance, it has been decided that the appeal application of the defendants was not filed. The defendants appealed the decision. The appeal process continues.

iv- 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.

v- Other legal processes

Pursuant to the decision of the 5th Criminal Court of Peace in Ankara, the management of the Company was transferred to the Board of Trustees and then to the Savings Deposit Insurance Fund ("SDIF") on September 22, 2016. The indictment issued by the Ankara Chief Public Prosecutor's Office regarding the events that led to the appointment of a trustee was accepted by the Ankara 24th High Criminal Court and their trial was initiated with the file number 2017/44 E. And the case was resolved by the court of first instance. It has been decided by the court of first instance to confiscate the Company shares that belonged to the previous board members who were judged. Until the decision is finalized, it has been decided that the above-described measure of appointing a trustee will be continued. The decision is not finalized yet. In the case file of the Ankara 24th High Criminal Court numbered 2017/44 E., it has been further ordered by the court that the actions be severed with respect to the former members of the board of directors who could not have been tried due to their nonappearance in court and that the judgement to be continued through this new file and the aforementioned measure of the appointment of trustees to be sustained until the end of the trial. The new file severed is registered in the number of 2020/20 E under the Ankara 24th High Criminal Court's jurisdiction. The trial is ongoing. The trial process continues in the case where Cafer Tekin İpek and Özlem Özdemir are accused in the case file of the Ankara 24th High Criminal Court numbered 2020/157 E. The trial process continues with the file number 2022/193 E. of the Ankara 24th High Criminal Court. The relevant file was decided on January 10, 2024, and the case was rejected based on the opinion of the prosecutor's office. An appeal has been filed against the decision by the company and the Revenue Administration, and the appeal process continues. The file numbered 2022/133 E, which was heard by the Ankara 24th High Criminal Court, was filed against the defendants Ali Serdar Hasırcıkloğlu, Orhan Selçuk Hasırcıkloğlu, Şaban Aksöyek and Cafer Tekin İpek in terms of the crime of opposition to the Tax Procedure Law. It is the file that is separated from the main file number E. In the relevant file, a decision was made to punish all the defendants, including the defendant Cafer Tekin İpek, and the relevant decision was made by the Ankara 25th High Criminal Court dated 05.02.2024 and 2024/26 D.İş as a result of the objections made by the defendants and the participating Revenue Administration. It was abolished by decision no. Following the removal decision in question, the file was sent again to Ankara 24th High Criminal Court and received the number 2024/115 E, and the trial continues on the relevant file.

vi- Employee lawsuits and cases of contract receivables

As of December 31, 2023, the provision amount accounted for ongoing employee and other lawsuits against the Company is amounting to TL 139.499 Thousand (December 31, 2022: TL 84.261 Thousand)

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

18. Provisions, contingent assets and liabilities (continued)

e) Commitments and contingent liabilities

i- Letter of guarantees given

The details of the letter of guarantees given by the Company as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
A. CPM's given on behalf of own legal entity	179.589	86.003
- Guarantee	179.589	86.003
- Mortgage	-	-
B. CPM's given in favor of partnerships which are fully consolidated	-	-
C. CPM's given for assurance of third parties debts in order to conduct usual business activities	-	-
D. Total amount of other CPM's given	-	-
i. Total amount of CPM's given in favor of the parent company	-	-
ii. Total amount of CPM's given in favor of other group companies which are not in scope of B and C	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-
Total	179.589	86.003

ii- Letter of guarantees received

The details of the Company's letter of guarantees received as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Guarantee cheques	1.977.688	2.070.271
Guarantee letters	2.535.187	649.314
Security bonds	127	209
Total	4.513.002	2.719.794

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 İzmir Çukuralan, Kayseri-Himmetdede, Eskişehir-Kaymaz, Ağrı-Mollakara enterprises and Ankara Central Solar Power Plant (Electricity Generation, Transmission and Distribution). Within the scope of the investment incentive certificates in question, the Company's contribution to investment rate is 40% in İzmir Çukuralan, Kayseri-Himmetdede, Eskişehir-Kaymaz enterprises and 80% as corporate tax reduction rate, 50% as contribution to investment rate in Ağrı-Mollakara and 50% as corporate tax reduction rate. 90%, Ankara Central Solar Power Plant (Electricity Generation, Transmission and Distribution investment incentive Contribution to Investment rate is 30% and corporate tax reduction rate is 70%. Within the scope of the incentive used in the İzmir Çukuralan region, on 27 March 2018, within the scope of the incentive used for the Himmetdede region, on 21 December 2017, within the scope of the incentive used in the Ağrı-Mollakara region, on 06 October 2022, within the scope of the incentive used in the Kaymaz region, on 08 May 2023, within the scope of the incentive used in the Ankara Central Solar Power Plant. Within the scope of the incentive, investment started on March 17, 2023.

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

19. Equity

As of December 31, 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-subsidiary 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.

	Share Group	December 31, 2023		December 31, 2022	
		Share Rate	Share amount	Share Rate	Share amount
Equity					
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	A	30,00	960.750	30,00	45.750
Paid-in capital		100	3.202.500	100	152.500
Capital adjustment differences			3.231.295		1.712.720
Total			3.231.295		1.712.720

The company's board of directors consists of six people, and four of these six members are elected by the general assembly among the candidates nominated by the (A) group registered shareholders, and two independent members are among the candidates nominated at the general assembly. The Board of Directors elects the chairman and vice chairman among the members representing the (A) group registered shareholders at each ordinary general assembly meeting or after each general assembly where the members are elected. Apart from this, Group (A) shares do not have any other privileges. A trustee has been appointed to the Company pursuant to the decision of Ankara 5th Criminal Court of Peace dated October 26, 2015, and with the Decree Law No. 674 on President decision published in the Official Gazette dated August 15, 2016, the powers of trustees working in companies that have been decided to appoint trustees have been determined. A regulation has been introduced regarding the transfer of funds to the SDIF by a judge or court. Ankara 4th Criminal Judgeship dated 6 September 2016 and 2016/4628 D. Job. With the Decision No., it has been decided that the duties of trustees will end on the day when the procedures of trusteeship powers are completed. With the SDIF Board's decision dated September 22, 2016 and numbered 2016/206, a board of directors was established by the SDIF. For this reason, the privileges of (A) share groups cannot be used.

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

19. Equity (continued)

Capital adjustment differences amounting to TL 3,231,295 Thousand (December 31, 2022: TL 1,712,720 Thousand), the remaining amount after the deduction of accumulated losses realized in 2006 from the difference between the inflation-adjusted total amount of the Company's capital and the capital amount before the inflation adjustment and the transfer to the paid-in capital means.

Publicly traded companies make their dividend distributions in accordance with the CMB's "Dividend Communiqué No. II19.1", which came into effect 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 1,446,378 thousand.

The Company's restricted reserves are as follows:

	December 31, 2023	December 31, 2022
Restricted reserves	2.182.066	1.789.293
Reserves for withdrawn shares	1.446.378	-
Total	3.628.444	1.789.293

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.

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

19. Equity (continued)

It was published in the Official Gazette dated 30 December 2023 and numbered 32415 (Second Extraordinary) pursuant to the Tax Procedure Law. According to the relevant Communiqué, the balance sheet dated 31 December 2023, prepared in accordance with the Tax Procedure Law, has been corrected by using the Producer Prices General Indices (PPI) published by the Turkish Statistical Institute within the scope of inflation accounting application. The attached financial statements have been subjected to inflation adjustment using the Consumer Price Indices (CPI) published by the Turkish Statistical Institute in accordance with TAS 29, and ultimately the amounts for the current and previous reporting period are expressed in terms of purchasing power as of December 31, 2023. Due to the use of distinct indices in the Tax Procedural Law and TAS 29 inflation accounting differences have emerged between The amounts included in the balance sheet prepared in accordance with the Tax Procedure Law regarding the items "Inflation Adjustment on Capital" and "Restricted reserves appropriated from profits" the amounts included in the financial statements prepared in accordance with TAS / TFRS. These differences are accounted in the "Retained Earnings or Losses" item in the TAS/TFRS financial statements, and these differences are given in detail below:

	31 December 2023	
	Adjustment to capital	Restricted reserve
To TAS/TFRS Financial Reports	3.231.295	3.628.444
TO Tax Procedure Law	4.203.277	2.876.895
Differences	(971.982)	751.549

As of 1 January 2022, the amount of "Retained Earnings and Losses" without inflation adjustment is TL 10.277.893, and after inflation adjustment within the scope of TMS 29 and brought to the purchasing power of 31 December 2023 it is 28.476.343 thousand TL.

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

20. Revenue and cost of sales

The details of the Company's revenue and cost of sales as of January 1 – December 31, 2023 and 2022 are as follows:

a) Revenue

	January 1 – December 31, 2023	January 1 – December 31, 2022
Domestic sales	8.107.187	11.206.789
Total sales	8.107.187	11.206.789
Cost of sales	(4.673.859)	(4.738.035)
Gross profit	3.433.328	6.468.754

The distribution of the Company's revenues by product type as of January 1 – December 31, 2023 and 2022 are as follows:

	January 1 – December 31, 2023	January 1 – December 31, 2022
Sales of gold bars	8.055.417	11.159.578
Sales of silver bars	51.770	47.211
Total	8.107.187	11.206.789

b- Cost of sales

	January 1 – December 31, 2023	January 1 – December 31, 2022
Personnel expenses	1.227.153	941.984
State right expenses	780.984	880.407
Direct material used	764.220	788.334
Depreciation and amortisation expense	676.815	924.555
Electricity and fuel expenses	451.637	640.421
Repair and maintenance expenses	411.890	428.912
Stripping and crusher feeding expenses	183.243	54.768
Transportation costs	122.686	112.411
Rehabilitation expenses	63.238	162.673
Rent expenses	53.243	48.667
Other	115.362	12.169
Change in work-in-progress and finished good inventory	(176.612)	(257.266)
Total	4.673.859	4.738.035

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

21. Expenses by nature

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

	January 1 – December 31, 2023	January 1 – December 31, 2022
Research expenses	698.753	526.477
Personnel expenses	488.253	372.234
Advertising and marketing expenses	136.912	107.636
Legal expenses	64.434	83.191
Depreciation and amortisation expense	56.352	76.429
Outsourced security expenses	41.054	27.450
Electricity and fuel expenses	37.871	59.542
Taxes, duties and charges expenses	16.901	42.932
Insurance expenses	9.926	6.662
Audit and consultancy expenses	8.927	7.173
Gold sales and refinery expenses	8.608	11.124
Communication expenses	4.306	4.635
Travel expenses	3.631	4.772
Dues, donations and aids	770	27.723
Other	72.876	121.046
Total	1.649.574	1.479.026

22. Other operating income and expenses

The details of the Company's other operating income and expenses as of January 1 – December 31, 2023 and 2022 are as follows:

a- Other operating income

	January 1 – December 31, 2023	January 1 – December 31, 2022
Extra-group and intra-group charge income	44.658	79.287
Scrap sales income	17.295	15.388
Doubtful receivable provision released	13.232	-
Foreign exchange income related to trading activities	-	303.404
Other	55.434	49.382
Total	130.619	447.461

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

22. Other operating income and expenses (continued)

b- Other operating expense

	January 1 – December 31, 2023	January 1 – December 31, 2022
Exchange difference expenses related to commercial transactions	117.403	-
Lawsuit provision expenses	116.174	42.531
Other (*)	1.089.802	925.959
Total	1.323.379	968.490

(*) As of December 31, 2023, TL 615,953 thousand of the balance consists of earthquake donations, TL 203,271 thousand is the cost incurred for school donations.

23. Income from investing activities

The details of the Company's revenue and cost of sales as of January 1 – December 31, 2023 and 2022 are as follows:

	January 1 – December 31, 2023	January 1 – December 31, 2022
Investment fund and stock fair value increases	4.564.132	2.338.969
Currency-protected deposit fair value increases	1.025.016	734.977
Income from investment property sales	746.710	-
Interest income	360.425	1.211.617
Income from fixed asset sales	190.686	24.897
Foreign exchange income	1.613	53.840
Other	3.630	-
Total	6.892.212	4.364.300

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

24. Income tax

Current income tax

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

The effective tax rate applied in 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 2023 is 25%. 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.

Income Withholding Tax

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

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 784.383 thousand TL (31 December 2022: 536.682 thousand TL) that the Company will benefit from in the foreseeable future as of December 31, 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 December 31, 2023, deferred tax income amounting to 37.011 thousand TL has been realized in the profit or loss statement for the period from January 1, to December 31, 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 December 31, 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.

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

24. Income tax (continued)

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

	December 31, 2023	December 31, 2022
Current tax expense	688.624	1.393.944
Prepaid taxes (-)	(537.396)	(1.332.770)
Current income tax liability	151.228	61.174

Tax expense details recognized in the income statement as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Deferred tax income / (expense)	1.211.394	(173.204)
Current tax expense	(938.401)	(1.616.710)
Total tax expense	272.993	(1.789.914)

Deferred taxes

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

According to the Tax Procedure Law and the relevant Communiqué published in the Official Gazette dated 30 December 2023 and numbered 32415 (2nd Duplicate); Inflation adjustments were made in the non-monetary items of the balance sheet dated December 31, 2023, prepared in accordance with the Tax Procedure Law, which is the subject of corporate tax calculation. Accordingly, as of December 31, 2023, inflation-adjusted values in line with the Tax Procedure Law were taken as the tax basis in deferred tax calculations. However, in accordance with the legislation in question, the tax base for the 2023 accounting period was calculated based on the profits determined according to the financial statements before adjustment.

	December 31, 2023		December 31, 2022	
	Cumulative temporary differences	Deferred tax	Cumulative temporary differences	Deferred tax
Tangible and intangible assets	1.441.927	360.482	(1.097.944)	(219.589)
Mining assets	1.306.580	326.645	(923.755)	(184.751)
State right provision	548.969	137.242	738.425	147.685
Financial investments	447.024	111.756	-	-
Employee termination benefit	138.885	34.721	175.676	35.135
Lawsuit provision	134.048	33.512	75.280	15.056
Provision for unused vacation	26.331	6.582	52.267	10.453
Inventories	13.239	3.310	(119.604)	(23.921)
Provisions for doubtful receivables	6.508	1.627	8.848	1.770
IFRS 9 provision	59	15	173	35
Financial borrowing	(525)	(131)	-	-
Leasing transactions	(7.045)	(1.761)	(13.120)	(2.624)
Provision for personnel bonus	-	-	68.278	13.656
Total deferred tax assets		1.014.000		(207.095)
Deferred tax assets, net		1.014.000		(207.095)

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

24. Income tax (continued)

Movement of deferred tax is as follows:

	2023	2022
January 1	(207.095)	(57.120)
Deferred tax recognized in profit or loss	1.211.394	(173.204)
Deferred tax recognized in equity	9.701	23.229
December 31	1.014.000	(207.095)

The reconciliation of the tax is as follows:

	2023	2022
Profit before tax	133.097	(1.514.966)
Effective tax rate	25%	23%
Tax calculated using effective tax rate	(33.274)	348.442
Non-taxable inflation adjustments	(2.189.428)	(2.576.138)
Effect of non-deductible expenses	(173.144)	(140.364)
Additional tax within the scope of Law No. 7440	(66.463)	-
Effect of investment incentive allowance	37.011	123.437
Tax rate change impact	306.642	(187.962)
Exemptions and discounts (*)	931.974	641.686
Effect of indexing legal accounts	1.461.205	-
Other	(1.530)	985
Current tax expense	272.993	(1.789.914)

(*) 535,167 thousand TL of the exceptions and discounts are related to the income from the funds, 167,453 thousand TL is related to donations and aids, 16,616 thousand TL from earthquake tax and the rest is from other exemptions.

25. 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.

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

25. Earnings per share (continued)

The earnings per share of the Company as of December 31, 2023 and 2022 are as follows:

	January 1 – December 31, 2023	January 1 – December 31, 2022
Net profit / loss attributable to the owners of the Company	406.090	(3.304.880)
Weighted average number of share certificates (*)	320.213.081.151	320.250.000.000
Earnings per 100 share	0,127	(1,032)
Total comprehensive income attributable to the owners of the Company	376.986	(3.397.794)
Earnings per 100 shares from total comprehensive income	0,118	(1,061)

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.

The average number of shares in the current period was determined by calculating on a daily basis according to the repurchased shares.

26. Related party disclosures

The other trade payables and other receivables of the Group consist of the payables and receivables given and received in order to meet the financing needs of the Group and its related parties during the year. Other payables and other receivables do not have a certain maturity, and the Group 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 Group management and the developments in the markets. In this context, the current interest for December 2023 was applied as %52,07 per year (December 31, 2022: 15,29%).

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

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

26. Related party disclosures (continued)

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

a) Related party balances

Other receivables of the Company from related parties as of December 31, 2023 and December 31, 2022 are as follows:

	December 31, 2023	December 31, 2022
Koza İpek Holding A.Ş.(1) (*)	738.445	-
Konaklı Metal Madencilik San. Tic. A.Ş. (2) (**)	21.070	33.963
ATP Koza Gıda Tarım Hay. A.Ş. (2)	1.946	896
ATP Havacılık ve Ticaret A.Ş. (2)	51	56
ATP İnşaat ve Ticaret A.Ş. (1)	41	46
Other (3)	7.562	4.033
Total	769.115	38.994

(*) The majority of the related amount is related to the sale of investment properties 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 December 31, 2023 and December 31, 2022 are as follows:

	December 31, 2023	December 31, 2022
Koza İpek Holding A.Ş.(1)	147	277
Other (3)	387	-
Total	534	277

b) Transactions with related parties

The purchases of the Company from related parties between January 1 – December 31, 2023 and 2022 are as follows:

	January 1 – December 31, 2023			January 1 – December 31, 2022		
	Rent	Service	Other	Rent	Service	Other
İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş. (2)	14.242	-	-	13.140	-	-
Koza İpek Holding A.Ş. (1)	-	-	93.713	-	-	-
ATP İnşaat ve Ticaret A.Ş. (1)	-	-	-	-	-	5.141
Other (3)	-	-	2.883	-	-	9.565
Total	14.242	-	96.596	13.140	-	14.706

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

26. Related party disclosures (continued)

b) Transactions with related parties (continued)

Sales of the Company to related parties between January 1 – December 31, 2023 and 2022 are as follows;

	January 1 – December 31, 2023			January 1 – December 31, 2022		
	Interest	Service	Other	Interest	Service	Other
Koza İpek Holding A.Ş. (1) (*)	114.166	-	1.215.679	32.053	-	-
ATP İnşaat ve Ticaret A.Ş. (1)	2.309	-	404	64.732	-	-
Diğer (3)	-	-	13.114	5.388	-	9.289
Total	116.475	-	1.229.197	102.173	-	9.289

(*) 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.

The Company's other transactions with related parties between January 1 - December 31, 2023 and 2022 are as follows;

	January 1 – December 31, 2023	January 1 – December 31, 2022
	Dividends Paid	Dividends Paid
ATP İnşaat ve Ticaret A.Ş. (1)	724.404	1.435.137
Koza İpek Holding A.Ş. (1)	402.276	754.028
Total	1.126.680	2.189.165

c) Compensations provided to key management; The Company's key management consist of the general manager and assistant general managers. Compensations provided to senior management include benefits such as wages and bonuses. Total amount of wages and similar benefits paid to key management between January 1 - December 31, 2023 is amounting to TL 28.057 thousand. The entire amount consists of the wages. (January 1 - December 31, 2022: TL 20.198 thousand)

27. Nature and level of risks arising from financial instruments

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

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

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

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 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.

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

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

a) Credit risk (continued)

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

December 31, 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) *	-	407	769.115	156.379	259.939
<i>Portion of the maximum risk that is guaranteed with a collateral, etc</i>	-	-	-	-	-
A. Net book value of financial assets that are not overdue or not impaired	-	407	769.115	156.379	259.939
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)	-	62.340	-	-	-
Impairment (-)	-	(62.340)	-	-	-
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.

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

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

a) Credit risk (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) *	-	300	38.994	151.338	233.776
<i>Portion of the maximum risk that is guaranteed with a collateral, etc</i>	-	-	-	-	-
A. Net book value of financial assets that are not overdue or not impaired	-	300	38.994	151.338	233.776
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)	-	119.672	-	-	-
Impairment (-)	-	(119.672)	-	-	-
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.

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

27. 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.

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

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

December 31, 2023	Foreign exchange position table TL equivalent	Usd	Euro	Gbp
	(functional currency)			
Cash and cash equivalents	3.734	117	2	6
Other receivables	2.967	31	1	54
Current assets	6.701	148	3	60
Total assets	6.701	148	3	60
Trade payables	233.523	1.995	3.235	1.854
Other payables	161.645	5.491	-	-
Current liabilities	395.168	7.486	3.235	1.854
Total liabilities	395.168	7.486	3.235	1.854
Net foreign currency position	(388.467)	(7.338)	(3.232)	(1.794)

As of 31 December 2023, the Group has foreign currency protected deposits amounting to thousand TL 1.409.863.

December 31, 2022	Foreign exchange position table TL equivalent	Foreign exchange position table TL equivalent	Usd	Euro	Gbp
	(functional currency)	(functional currency) (historical values)			
Cash and cash equivalents	4.320	2.643	217	3	9
Other receivables	3.298	2.003	64	5	89
Current assets	7.618	4.646	281	8	98
Total assets	7.618	4.646	281	8	98
Trade payables	128.155	77.785	110	5.599	644
Other payables	169.183	102.672	9.048	-	-
Current liabilities	297.338	180.457	9.158	5.599	644
Total liabilities	297.338	180.457	9.158	5.599	644
Net foreign currency position	(289.720)	(175.811)	(8.877)	(5.591)	(546)

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

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

b) Market risk (continued)

Sensitivity analysis:

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

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

December 31, 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	(21.602)	21.602	(21.602)	21.602
2- Portion protected from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	(21.602)	21.602	(21.602)	21.602
In case of 10% appreciation / depreciation of EUR against TL				
4- EUR net asset/liability	(10.528)	10.528	(10.528)	10.528
5- Portion protected from EUR risk (-)	-	-	-	-
6-EUR net effect (4+5)	(10.528)	10.528	(10.528)	10.528
In case of 10% appreciation / depreciation of GBP against TL				
7-GBP net asset/liability	(6.717)	6.717	(6.717)	6.717
8- Portion protected from GBP risk (-)	-	-	-	-
9-GBP Net effect (7+8)	(6.717)	6.717	(6.717)	6.717
Total (3+6+9)	(38.847)	38.847	(38.847)	38.847

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

27. 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	(16.847)	16.847	(16.847)	16.847
2- Portion protected from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	(16.847)	16.847	(16.847)	16.847
In case of 10% appreciation / depreciation of EUR against TL				
4- EUR net asset/liability	(11.156)	11.156	(11.156)	11.156
5- Portion protected from EUR risk (-)	-	-	-	-
6-EUR net effect (4+5)	(11.156)	11.156	(11.156)	11.156
In case of 10% appreciation / depreciation of GBP against TL				
7-GBP net asset/liability	(1.313)	1.313	(1.313)	1.313
8- Portion protected from GBP risk (-)	-	-	-	-
9-GBP Net effect (7+8)	(1.313)	1.313	(1.313)	1.313
Total (3+6+9)	(29.316)	29.316	(29.316)	29.316

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 and silver 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.

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

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

Fair value of the financial instruments

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

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

Level classifications of financial assets measured at their fair values:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets:	7.972.799	1.409.863	-	9.382.662
Measured at fair value through profit or loss	7.972.799	1.409.863	-	9.382.662

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets:	14.126.770	1.955.858	-	16.082.628
Measured at fair value through profit or loss	14.126.770	1.955.858	-	16.082.628

29. Subsequent events after balance sheet date

Since the share price traded in Borsa İstanbul does not reflect the real performance of the company's activities, in order to protect the shareholders, to ensure that the share price is stable and in line with its real value, and to preserve the confidence of investors in the company, the Capital Markets Board's Communiqué on Repurchased Shares numbered II-22.1 and within the scope of the share buyback program initiated within the framework of the principle decision numbered 9/177 dated April 14, 2023;

The fund of 1,050,000,000 TL previously allocated for the share buyback process will be increased by 600,000,000 TL to 1,650,000,000 Turkish Liras,

Regarding the share repurchase transactions, it was unanimously decided to make the necessary special situation disclosures on the Public Disclosure Platform (KAP) and to submit them to the information of the SDIF Fund Board, which has the authority of the General Assembly.

Due to the fact that the ore processed at the "Koza Altın İşletmeleri A.Ş. Mastra Branch" located in the Mastra district of Demirkaynak Village of Gümüşhane Province has been exhausted and new ore cannot be discovered, it has been decided to stop the relevant operating activities as of April 30, 2024.

In the Gümüşhane Mastra Project, gold production of 8,329 Ounces (3.39% of total production) in 2021, 6,836 Ounces (3.52% of total production) in 2022 and 10,455 Ounces (7.38% of total production) in 2023 Since production is not targeted in the 2024 budget, no expenditure will be made other than expenses for existing fixed assets.

Koza Altın İşletmeleri Anonim Şirketi

Notes to the financial statements for the year ended December 31, 2023

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2023, unless otherwise stated.)

30. Fees for services received from independent auditor/independent audit firm

The Company's explanation regarding the fees for services rendered by independent audit firms, which is prepared by the KGK pursuant to the Board Decision published in the Official Gazette on March 30, 2021, and the preparation principles of which are based on the KGK letter dated August 19, 2021 are as follows:

	January 1– December 31, 2023	January 1– December 31, 2022
Independent audit fee for the reporting period	3.002	1.499
	3.002	1.499

31. 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.