

KOZA ALTIN İŞLETMELERİ A.Ş.

**INTERIM FINANCIAL STATEMENTS
AS OF MARCH 31, 2024**

KOZA ALTIN İŞLETMELERİ A.Ş.

Financial statements as of March 31, 2024

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KOZA ALTIN İŞLETMELERİ A.Ş.

Condensed statement of financial position as of March 31, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of March 31, 2024, unless otherwise stated.)

	Notes	Current period March 31, 2024	Audited, prior period December 31, 2023
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	805.481	299.269
Financial investments	4	10.241.830	10.796.031
Trade receivables			
- Due from third parties		4.403	469
Other receivables			
- Due from third parties		77.407	176.331
Inventories	5	1.377.158	1.562.223
Prepaid expenses	6	94.981	333.232
Other current assets	7	61.137	2.195
TOTAL CURRENT ASSETS		12.662.397	13.169.750
NON-CURRENT ASSETS			
Financial investments	4	2.944.936	2.715.390
Other receivables			
- Due from related parties	16	936.295	884.972
- Due from third parties		3.238	3.603
Right-of-use assets		15.292	24.629
Property, plant and equipment	8	5.851.628	5.582.410
Intangible assets			
- Goodwill	9	109.602	109.602
- Other intangible assets	9	67.514	14.036
Prepaid expenses	6	2.288.493	2.239.543
Deferred tax assets	14	867.397	1.166.745
Other non-current assets	7	653.124	655.898
TOTAL NON-CURRENT ASSETS		13.737.519	13.396.828
TOTAL ASSETS		26.399.916	26.566.578

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

KOZA ALTIN İŞLETMELERİ A.Ş.

Condensed statement of financial position as of March 31, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of March 31, 2024, unless otherwise stated.)

Notes	Current period March 31, 2024	Audited, prior period December 31, 2023	
LIABILITIES			
CURRENT LIABILITIES			
Short-term lease liabilities			
- Bank credits		- 441.080	
- Lease liabilities	3.934	9.313	
Trade payables			
- Due to third parties	367.995	344.132	
Payables related to employee benefits	143.230	136.078	
Other payables			
- Due to related parties	16 4.347	614	
- Due to third parties	318.125	375	
Deferred Revenues (Excluding liabilities arising from customer agreements)	208	240	
Current income tax liabilities	14 375.142	174.009	
Short-term provisions			
- Provisions for employee benefits	10 44.922	30.297	
- Other short-term provisions	10 1.117.959	955.137	
Other current liabilities	8.263	19.629	
TOTAL CURRENT LIABILITIES	2.384.125	2.110.904	
NON-CURRENT LIABILITIES			
Long-term lease liabilities			
- Lease liabilities	8.855	7.210	
Other payables			
- Due to third parties	177.286	186.002	
Long-term provisions			
- Provisions for employee benefits	10 212.983	159.806	
- Other long-term provisions	10 484.072	377.040	
TOTAL NON-CURRENT LIABILITIES	883.196	730.058	
EQUITY			
Paid-in share capital	11 3.202.500	3.202.500	
Adjustment to share capital	11 4.200.458	4.200.458	
Withdrawn shares (-)	(2.033.080)	(1.664.255)	
Other comprehensive income / expense not to be reclassified to profit or loss			
- Actuarial gain / (loss) fund for employee benefits	(181.771)	(140.398)	
Restricted reserves	11 2.510.765	2.510.765	
Reserves for withdrawn shares	11 2.033.080	1.664.255	
Retained earnings			
Net profit / loss for the period	13.583.466 (182.823)	13.485.029 467.262	
TOTAL LIABILITIES AND EQUITY	26.399.916	26.566.578	

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

KOZA ALTIN İŞLETMELERİ A.Ş.

Condensed statement of profit or loss and other comprehensive income

for the period ended March 31, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of March 31, 2024, unless otherwise stated.)

	Notes	Current period January 1 – March 31, 2024	Prior period January 1 – March 31, 2023
Revenue	12	2.929.473	2.834.033
Cost of sales (-)	12	(1.976.140)	(2.464.780)
GROSS PROFIT		953.333	369.253
Research and development expenses (-)		(284.297)	(264.767)
Marketing, sales and distribution expenses (-)		(2.841)	(3.203)
General administrative expenses (-)		(233.259)	(350.696)
Other operating income		39.945	23.254
Other operating expenses (-)		(161.292)	(578.350)
OPERATING PROFIT		311.589	(804.509)
Income from investing activities	13	1.192.163	2.526.373
Impairment gains (losses) and reversals of impairment losses determined in accordance with TFRS 9		-	117
OPERATING PROFIT BEFORE FINANCIAL INCOME		1.503.752	1.721.981
Financial expenses (-)		(4.201)	(8.199)
Monetary loss (-)		(1.141.020)	(1.946.554)
PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS		358.531	(232.772)
- Current tax expense (-)	14	(228.215)	(217.803)
- Deferred tax income / (expense) (-)	14	(313.139)	87.434
NET LOSS FOR THE PERIOD		(182.823)	(363.141)
Other comprehensive expense (-)		(41.373)	6.566
Total other comprehensive income not to be classified to profit or loss in subsequent years			
Gains / (losses) on remeasurements of defined benefit plans		(55.164)	8.207
Gains / (losses) on remeasurements of defined benefit plans, tax effect		13.791	(1.641)
TOPLAM COMPREHENSIVE EXPENSE		(224.196)	(356.575)
Earnings per 100 share			
- common stock (TL)		(0,057)	(0,113)
Earnings per 100 shares from total comprehensive income			
- common stock (TL)		(0,070)	(0,111)

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

KOZA ALTIN İŞLETMELERİ A.Ş.

Condensed statement of changes in equity for the period ended March 31, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of March 31, 2024, unless otherwise stated.)

				Other comprehensive income/expense not to be reclassified to profit or loss		Retained earnings		
	Paid in capital	Adjustment to capital	Treasury Shares	Actuarial (loss) / gain fund for employment termination benefit	Restricted reserve	Retained earnings	Net profit for the period	Total equity
Balances as of January 1, 2023	152.500	1.993.690	-	(106.910)	2.058.826	26.483.788	(3.802.714)	26.779.180
Net profit for the period	-	-	-	-	-	-	(363.139)	(363.139)
Other comprehensive income/ (loss)	-	-	-	6.566	-	-	-	6.566
Total comprehensive income/ (loss)	-	-	-	6.566	-	-	(363.139)	(356.573)
Capital increase (*)	3.050.000	2.206.768	-	-	-	(5.256.768)	-	-
Increase (Decrease) through Treasury Share								
Transactions(**)	-	-	(1.153.625)	-	1.153.625	(1.153.625)	-	(1.153.625)
Transfers	-	-	-	-	-	(3.802.714)	3.802.714	-
Balance as of March 31, 2022	3.202.500	4.200.458	(1.153.625)	(100.344)	3.212.451	16.270.681	(363.139)	25.268.982
Balance as of January 1, 2024	3.202.500	4.200.458	(1.664.255)	(140.398)	4.175.020	13.485.029	467.262	23.725.616
Net profit for the period	-	-	-	-	-	-	(182.823)	(182.823)
Other comprehensive income/ (loss)	-	-	-	(41.373)	-	-	-	(41.373)
Total comprehensive income/ (loss)	-	-	-	(41.373)	-	-	(182.823)	(224.196)
Capital increase	-	-	-	-	-	-	-	-
Increase (Decrease) through Treasury Share								
Transactions(**)	-	-	(368.825)	-	368.825	(368.825)	-	(368.825)
Transfers	-	-	-	-	-	467.262	(467.262)	-
Balance as of March 31, 2024	3.202.500	4.200.458	(2.033.080)	(181.771)	4.543.845	13.583.466	(182.823)	23.132.595

(*) 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 purchase and sale transactions initiated by the decision of the Company's Board of Directors. During the period, total of 15.790.000 shares were bought for Thousand TL 368,825.

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

KOZA ALTIN İŞLETMELERİ A.Ş.

Condensed statement of cash flows for the period ended March 31, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of March 31, 2024, unless otherwise stated.)

	Notes	Current period January 1 – March 31, 2024	Prior period January 1 – March 31, 2023
A. Cash flows from operating activities		3,787,643	(999,316)
Profit for the period from the continuing operations		(182,823)	(363,139)
Adjustments to reconcile profit for the period			
Adjustments to depreciation and amortization		356,810	217,994
Adjustments for Fair Value Loss (Gains) of Financial Assets	13	(977,401)	(1,175,976)
Adjustments for provisions			
- Adjustments for rehabilitation and state rights provision	10	444,525	225,794
- Adjustments for debt provisions	10	(10,860)	(119,339)
- Adjustments for provisions for employee benefits	10	15,955	(48,897)
Adjustments for tax expense	14	541,354	130,368
Adjustments for interest expenses		44,085	12,009
Adjustments for interest income	13	(212,295)	(38,184)
Adjustments for loss / (gains) arising from disposal of tangible assets	8	(2,467)	(25,805)
Adjustments for impairment (cancellation) of receivables		178	59
Adjustments for losses (gains) on disposal of investment property		-	(1,286,407)
Monetary loss		1,222,892	1,922,788
Total adjustments		1,422,776	(185,596)
Decrease / (increase) in trade receivables		5,456	15,033
Decrease / (increase) in other receivables		99,289	(104,127)
Increase in other payables		312,736	463,986
Increase in inventories	5	185,065	212,695
Increase in prepaid expenses		2,145,940	(318,684)
Decrease in trade payables		23,863	55,332
Increase in other receivables from related parties related to activities		(51,324)	(838,531)
(Decrease) / increase in payables related to employee benefits		7,152	25,955
(Increase) / decrease in other assets related to activities		(56,168)	34,906
Increase in other liabilities related to activities		(11,366)	22,769
Payments of employee retirement benefits	10	(17,099)	-
Payments related to other provisions	10	(68,772)	(17,960)
Taxes paid	14	(27,082)	(1,955)
Net cash from operating activities		2,547,690	(450,581)
B. Cash flows from investing activities		(2,461,279)	3,246,236
Cash outflows from purchase of tangible assets	8	(613,641)	(107,123)
Cash outflows from purchase of intangible assets	9	(46)	(4,418)
Cash inflows from the sale of investment properties		-	2,052,097
Cash advances and debts given (-)		(1,956,640)	-
Cash inflows related to sale of tangible assets	8	9,573	66,520
Interest received		210,788	39,637
Cash related to financial investments, net		(111,313)	1,198,964
Cash outflows from the purchase of fixed assets classified for sale (-)		-	559
C. Net cash from financing activities		(763,027)	(757,144)
Dividends paid			
Cash outflows related to withdrawn transactions (-)		(368,825)	(1,153,625)
Cash outflows related to lease liabilities (-)		(10,866)	(10,450)
Cash inflows due to borrowing		(383,336)	406,931
D. Monetary loss on cash and cash equivalents		(58,631)	(66,969)
Net increase in cash and cash equivalents (A+B+C+D)		504,706	1,422,807
E. Cash and cash equivalents at the beginning of the year	3	297,575	266,491
F. Cash and cash equivalents at the end of the year (A+B+C+D+E)	3	802,281	1,689,298

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

KOZA ALTIN İŞLETMELERİ A.Ş.

Notes to the condensed financial statements for the period ended March 31, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of March 31, 2024, 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 March 31, 2024, including the stocks traded in Borsa İstanbul ("BIST"), 45.01% of the Company's shares owned by ATP and 24.99% owned by Koza İpek Holding (December 31, 2023: 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 March 31, 2024, shares corresponding to 30% of the Company's shares (December 31, 2023: 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-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.

The Company's financial statements for the years ended December 31, 2016, 2017, 2018, 2019, 2020, 2021, 2022 and 2023 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, March 1, 2023 and May 9, 2024 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, 2022 and 2023 as explained in detail 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 Hımmetdede-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 ALTIN İŞLETMELERİ A.Ş.

Notes to the condensed financial statements for the period ended March 31, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of March 31, 2024, 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 1,969,385 thousand TL (December 31, 2023: 1,969,385 thousand TL).

As of March 31, 2024, the number of employees is 2,421 people (December 31, 2023: 2,491).

The registered address of the Company is below:

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

2. Basis of presentation of 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.

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.

KOZA ALTIN İŞLETMELERİ A.Ş.

Notes to the condensed financial statements for the period ended March 31, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of March 31, 2024, 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

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 March 2024 as per TAS 29.

Period end	Index	Index, %	Three-year cumulative inflation rates
31 March 2024	2.139,47	1,00000	% 211
31 December 2023	1.859,38	1,15063	% 268
31 March 2023	1.269,75	1,68495	% 152

KOZA ALTIN İŞLETMELERİ A.Ş.

Notes to the condensed financial statements for the period ended March 31, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of March 31, 2024, 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)

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 March 2024. Non-monetary items which are not expressed in terms of measuring unit as of 31 March 2024 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 March 2024.

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.

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 March 31, 2024, 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. Basis of presentation of financial statements (continued)

2.2 Accounting policies, changes in accounting estimates and errors

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

2.3 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the financial statements as of March 31, 2024 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, 2024 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, 2024 are as follows:

- Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities
- Amendments to TFRS 16- Lease Liability in a Sale and Leaseback
- Amendments to TAS 7 and TFRS 7 - Disclosures: Supplier Finance Arrangements

The 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

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

iii) The amendments which are effective immediately upon issuance

- 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.

iv) 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.

2. Basis of presentation of financial statements (continued)

2.4 Summary of significant accounting policies

Financial statements for the period ending on March 31, 2024 have been prepared by applying accounting policies consistent with the accounting policies applied during the preparation of the financial statements for the year ending on December 31, 2023. Therefore, these financial statements should be evaluated together with the financial statements for the year ended December 31, 2023.

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.

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.

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 March 31, 2024, 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 (March 31, 2024: 5.32%, December 31, 2023: 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 March 31, 2024, 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.

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Notes to the condensed financial statements for the period ended March 31, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of March 31, 2024, unless otherwise stated.)

3. Cash and cash equivalents

	March 31, 2024	December 31, 2023
Cash	134	174
Banks		
- Demand deposits	759.410	291.682
- Time deposits	45.937	7.413
Total	805.481	299.269
Less: Interest accruals	(3.200)	(1.694)
Cash and cash equivalents presented in the cash flow statement	802.281	297.575

The details of the Company's time deposits as of March 31, 2024 are as follows;

Currency	Interest rate	Maturity	Currency amount	TL Equivalent
TL	%42,00-%56,00	1-30 Days	45.937	45.937
Total				45.937

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	%35,00-%45,00	1-30 Days	7.413	7.413
Total				7.413

The Company's blocked deposits of 89,687 Thousands TL have been presented under financial investments account (December 31, 2023: 87,178 Thousands TL).

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Notes to the condensed financial statements for the period ended March 31, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of March 31, 2024, unless otherwise stated.)

4. Financial investments

i- Short term financial investments

The short term financial investments of the Company as of March 31, 2024 and December 31, 2023 are as follows;

	March 31, 2024	December 31, 2023
Currency protected time deposits (**)	1.511.735	1.622.240
Financial assets accounted at fair value under profit or loss (***)	8.730.095	9.173.791
Total	10.241.830	10.796.031

ii- Long term financial investments

The long term financial investments of the Company as of March 31, 2024 and December 31, 2023 are as follows;

	March 31, 2024	December 31, 2023
Shares in subsidiaries (*)	1.973.340	1.973.340
Blocked deposits	971.596	742.050
Total	2.944.936	2.715.390

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

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

(**) Currency protected time deposits are accounted as financial assets at fair value under profit or loss. The Company has converted foreign exchange deposit accounts amounting to 63,824,440 USD into "Currency protected time deposits accounts". The maturity of currency protected time deposits is 182 days. The Company's blocked deposits in the 'Currency protected time deposits accounts' of 881,909 Thousands TL have been presented under financial investments account (December 31, 2023: 654,872 Thousands TL).

(***) The Company has 15,762,931,200 investment fund participation certificates worth 5,548,087 thousand TL in total, 82,000,000 Mint Gold Certificates worth 2,073,780 thousand TL in total, and 23,344,605 shares worth 1,083,876 thousand TL in total, 24,352 thousand TL worth private sector bonds and the fair value of the fund accounts are accounted for as financial assets recognized in profit or loss.

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Notes to the condensed financial statements for the period ended March 31, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of March 31, 2024, unless otherwise stated.)

5. Inventories

The inventories of the Company as of March 31, 2024 and December 31, 2023 are as follows;

	March 31, 2024	December 31, 2023
Ready to be processed and mined ore clusters	758.656	428.588
Gold and silver in the production process and gold and silver bars	343.393	915.813
Chemicals and operating materials	275.110	217.822
Total	1.377.158	1.562.223

6. Prepaid expenses

The prepaid expenses of the Company as of March 31, 2024 and December 31, 2023 are as follows;

i- Short-term prepaid expenses

	March 31, 2024	December 31, 2023
Prepaid expenses (*)	60.076	67.354
Advances given	34.905	265.878
Total	94.981	333.232

ii- Long-term prepaid expenses

	March 31, 2024	December 31, 2023
Advances given (**)	2.287.139	2.238.598
Other (*)	1.354	945
Total	2.288.493	2.239.543

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

(**) 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 1,956,640 TL has been made to them.

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Notes to the condensed financial statements for the period ended March 31, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of March 31, 2024, unless otherwise stated.)

7. Other current and non-current assets

i- Other current assets

The other current assets of the Company as of March 31, 2024 and December 31, 2023 are as follows;

	March 31, 2024	December 31, 2023
VAT receivables	59.686	-
Advances given to personnel	1.334	1.188
Job advances given	117	1.007
Total	61.137	2.195

ii- Other non-current assets

	March 31, 2024	December 31, 2023
Other tangible assets (*)	653.124	655.898
Total	653.124	655.898

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

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Notes to the condensed financial statements for the period ended March 31, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of March 31, 2024, unless otherwise stated.)

8. Property, plant and equipment

The property, plant and equipment of the Company as of March 31, 2024 and December 31, 2023 are as follows:

	March 31, 2024	December 31, 2023
Mining assets	1.821.242	1.790.510
Other tangible assets	4.030.386	3.791.900
Total	5.851.628	5.582.410

a) Mining assets

As of March 31, 2024 and December 31, 2023, 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.

	March 31, 2024	December 31, 2023
Mining sites	120.079	114.188
Mine site development cost	1.181.998	1.160.752
Deferred stripping costs	56.975	113.945
Rehabilitation of mining facility	75.176	86.426
Mining rights	387.014	315.199
Total	1.821.242	1.790.510

The movements of mining assets are as follows;

	January 1, 2024	Addition	Disposal	Inflation effect (*)	March 31, 2024
Cost					
Mining sites	586.540	13.764	(1.446)	-	598.858
Mine site development costs	5.544.617	60.619	-	-	5.605.236
Deferred stripping costs	2.047.002	-	-	-	2.047.002
Rehabilitation of mining facility	504.934	74.902	-	(66.104)	513.732
Mining rights	474.316	72.021	-	-	546.337
Total	9.157.409	221.306	(1.446)	(66.104)	9.311.165
Accumulated depreciation					
Mining sites	472.352	6.427	-	-	478.779
Mine site development costs	4.383.865	39.373	-	-	4.423.238
Deferred stripping costs	1.933.057	56.970	-	-	1.990.027
Rehabilitation of mining facility	418.508	74.837	-	(54.789)	438.556
Mining rights	159.117	206	-	-	159.323
Total	7.366.899	177.813	-	(54.789)	7.489.923
Net book value	1.790.510				1.821.242

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Notes to the condensed financial statements for the period ended March 31, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of March 31, 2024, unless otherwise stated.)

8. Property, plant and equipment (continued)

a) Mining assets (continued)

	January 1, 2023	Addition	Disposals	Inflation effect (*)	March 31, 2023
Cost					
Mining sites	586.371	170	-	-	586.541
Mine site development costs	5,439.601	23.803	-	-	5,463.404
Deferred stripping costs	1,957.933	299	-	-	1,958.232
Rehabilitation of mining facility	713.186	59.641	-	(79.365)	693.462
Mining rights	510.773	76	-	-	510.849
Total	9,207.864	83.989	-	(79.365)	9,212.488
Accumulated depreciation					
Mining sites	446.466	2.462	-	-	448.928
Mine site development costs	4,282.920	27.602	-	-	4,310.522
Deferred stripping costs	1,878.935	9.935	-	-	1,888.870
Rehabilitation of mining facility	622.129	17.518	-	(69.232)	570.415
Mining rights	229.812	131	-	-	229.943
Total	7,460.262	57.648	-	(69.232)	7,448.678
Net book value	1,747.602				1,763.810

(*) 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 March 31, 2024 (December 31, 2023: None).

The costs of the mine sites, mining rights and mine site development costs of the Company, which have been fully depreciated as of March 31, 2024, but are in use, are amounting to thousand TL 2,767,507. (December 31, 2023: TL 2,768,953).

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Notes to the condensed financial statements for the period ended March 31, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of March 31, 2024, unless otherwise stated.)

8. Property, plant and equipment (continued)

b) Other tangible assets

Movements of other tangible assets during the period as of March 31, 2024 and 2023 are as follows;

	January 1, 2024	Addition	Disposals	Transfers	March 31, 2024
Cost					
Land, buildings and land improvements	3.100.599	57.234	(2.337)	46.959	3.202.455
Machinery and equipment	7.670.529	113.865	(191)	4.140	7.788.343
Motor vehicles	1.445.236	123.914	(111)	-	1.569.039
Furnitures and fixtures	576.305	2.385	(263)	1.696	580.123
Construction in progress	485.526	169.839	(3.299)	(111.638)	540.428
Total	13.278.195	467.237	(6.201)	(58.843)	13.680.388
Accumulated depreciation					
Buildings and land improvements	1.862.573	57.963	-	-	1.920.536
Machinery and equipment	6.318.380	39.517	(168)	-	6.357.729
Motor vehicles	853.748	56.906	(111)	-	910.543
Furnitures and fixtures	451.594	9.862	(262)	-	461.194
Total	9.486.295	164.248	(541)	-	9.650.002
Net book value	3.791.900				4.030.386

There isn't any mortgage on other tangible assets as of March 31, 2024 (December 31, 2023: None).

As of March 31, 2024, the insurance amount on the tangible assets and inventories of the Company is thousand TL 3,024 (December 31, 2023: thousand TL 2,728).

The cost of other tangible assets of the Company, which have been fully depreciated as of March 31, 2024, but are in use, is amounting to thousand TL 4,859,715 (December 31, 2023: TL 4,859,715).

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

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

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(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of March 31, 2024, unless otherwise stated.)

8. Property, plant and equipment (continued)

b) Other tangible assets (continued)

	January 1, 2023	Addition	Disposals	Transfers (*)	March 31, 2023
Cost					
Land, buildings and land improvements	3.048.888	11.842	(116.709)	108.380	3.052.401
Machinery and equipment	8.019.897	28.216	(1)	178	8.048.290
Motor vehicles	1.064.456	3.688	-	-	1.068.144
Furnitures and fixtures	670.946	5.537	(5.886)	1.291	671.888
Construction in progress	136.375	33.391	(106)	(1.469)	168.191
Total	12.940.562	82.674	(122.702)	108.380	13.008.914
Accumulated depreciation					
Buildings and land improvements	1.915.813	49.039	(77.672)	15.574	1.902.754
Machinery and equipment	6.659.551	58.554	-	-	6.718.105
Motor vehicles	712.472	28.391	-	-	740.863
Furnitures and fixtures	527.952	11.549	(4.312)	-	535.189
Total	9.815.788	147.533	(81.984)	15.574	9.896.911
Net book value	3.124.774				3.112.003

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

9. Intangible assets

a) Goodwill

As of March 31, 2024 and December 31, 2023 the details of the Company's intangible assets are as follows:

	March 31, 2024	December 31, 2023
Goodwill related to Newmont Altın purchase	109.602	109.602
Total	109.602	109.602

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Notes to the condensed financial statements for the period ended March 31, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of March 31, 2024, unless otherwise stated.)

9. Intangible assets (continued)

a) Goodwill (continued)

Purchase of Newmont Gold:

The Company purchased 99.84% of Newmont Altın's shares in order to gain competitive advantage and create synergy by benefiting from the mining fields owned by Newmont Altın on June 28, 2010, in accordance with the "Share Purchase Agreement" with Newmont Overseas and Canmont. As of the same date, control of Newmont Altın was transferred to Koza Altın. Koza Altın has paid 538 thousand USD and 2,462 thousand USD, which constitute part of the total purchase price of 8,500 thousand US dollars, for 99.84% Newmont Altın shares, on June 28, 2010 and July 2, 2010, respectively. The remaining 5,500 thousand USD of the purchase price, 3,000 thousand USD will be paid after the start of the Diyadin project, which is planned for at least one year after the balance sheet date, and the remaining 2,500 thousand USD will be paid one year after the second payment.

As of March 31, 2024, 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 March 31, 2024.

b) Other intangible assets

The details of the Company's other intangible assets as of March 31, 2024 and 2023 are as follows:

	January 1, 2024	Additions	Disposals	Transfers	March 31, 2024
Costs					
Rights	119.219	46	(75)	58.843	178.033
Total	119.219	46	(75)	58.843	178.033
Accumulated depreciation					
Rights	105.183	5.411	(75)	-	110.519
Total	105.183	5.411	(75)	-	110.519
Net book value	14.036				67.514
	January 1, 2023	Additions	Disposals	Transfers	March 31, 2023
Costs					
Rights	132.867	4.418	-	-	137.285
Total	132.867	4.418	-	-	137.285
Accumulated depreciation					
Rights	124.202	2.549	-	-	126.751
Total	124.202	2.549	-	-	126.751
Net book value	8.665				10.534

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

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10. Provisions, contingent assets and liabilities

As of March 31, 2024 and December 31, 2023, the details of the Company's provisions, contingent assets and liabilities are as follows:

a) Short-term provisions

	March 31, 2024	December 31, 2023
State right expense provision	827.080	631.664
Environmental rehabilitation, rehabilitation of mining sites and mine closure provision	143.566	144.286
Provisions for lawsuit	139.499	160.513
Other provisions (*)	7.814	18.674
Total	1,117.959	955.137

b) Long-term provisions

	March 31, 2024	December 31, 2023
Environmental rehabilitation, rehabilitation of mining sites and mine closure provision	484.072	377.040
Total		

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

	2024	2023
January 1	521.326	694.693
Paid during the period	(68.772)	(17.959)
Discount effect	15.792	9.210
Effect of changes in estimates and assumptions	225.525	54.809
Monetary gain	(66.233)	(76.873)
March 31 (*)	627.638	663.880

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

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Notes to the condensed financial statements for the period ended March 31, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of March 31, 2024, unless otherwise stated.)

10. Provisions, contingent assets and liabilities (continued)

c) Provisions for employee benefits

i- Short-term provisions for employee benefits

	March 31, 2024	December 31, 2023
Provision for unused vacation	44.922	30.297
Total	44.922	30.297

The movement of provision for unused vacation is as follows;

	2024	2023
January 1	30.297	60.140
Additions / (cancellations), net	18.591	-
Monetary gain	(3.966)	(6.692)
March 31	44.922	53.448

ii- Long-term provisions for employee benefits

	March 31, 2024	December 31, 2023
Provision for employee termination benefits	212.983	159.806
Total	212.983	159.806

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Notes to the condensed financial statements for the period ended March 31, 2024

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of March 31, 2024, unless otherwise stated.)

10. 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 35,058.58 (2023: TL 23,489.83) 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:

	March 31, 2024	December 31, 2023
Net discount rate	%3,00	%2,00
Probability of qualifying for seniority	%94,33	%94,41

The movements of the provision for severance pay within the accounting periods of March 31, 2024 and 2023 are as follows:

	2024	2023
January 1	159.806	202.139
Interest cost	34.791	9.629
Service cost	1.330	9.082
Severance paid	(17.099)	-
Actuarial loss / (gain)	55.164	(8.207)
Monetary gain	(21.009)	(8.499)
March 31	212.983	204.143

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.

The sensitivity analysis of the important assumptions used in the calculation of the provision for employee termination benefits as of March 31, 2024 and 2023 is as follows:

	Discount rate		Rate of retirement	
	0,50% increase	0,50% decrease	0,50% increase	0,50% decrease
2024	(28.855)	35.425	8.237	(14.427)
<hr/>				
	Discount rate		Rate of retirement	
	0,50% increase	0,50% decrease	0,50% increase	0,50% decrease
2023	(21.947)	26.986	6.362	(5.795)

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(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of March 31, 2024, unless otherwise stated.)

10. Provisions, contingent assets and liabilities (continued)

d) Important ongoing cases

i- Lawsuits related to Ovacık mine

For the cancellation of the EIA positive decision issued for the Ovacık 3rd waste storage facility, the İzmir 3rd Administrative Court's case numbered 2017/1432 E. was filed against the Ministry of Environment and Urbanization, and the Company intervened to the case. The court delivered a judgement of dismissal on March 12, 2020, in favor of the Company, which is open to appeal to the Council of State. It was appealed by the plaintiffs with a request for a stay of execution. As a result, with the decision dated 24.09.2020, the Council of State rejected the appeals of the plaintiffs on the merits in favor of the company, and decided to delivering the file to the local court for a procedural reason that did not affect the merits. The trial has ended and will not affect the company's operations.

For the cancellation of the EIA affirmative decision issued for the Ovacık gold mine in accordance with the provisions of the 2009/7 circular, İzmir 6th Administrative Court's case numbered 2017/1317 E. was filed against the Ministry of Environment and Urbanization and the Company intervened to the case. İzmir 6th Administrative Court rejected the case in favor of the Company in the case file numbered 2017/1317 E. The Council of State dismissed the appeal requests of the plaintiffs and decided to delivering the file to the local court for a procedural reason that did not affect the merits. In this respect, the trial continues and does not affects the activities of the Company. Therefore, the Company continues activities of production within the scope of the relevant EIA affirmative report.

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

ii- Lawsuits related to Kaymaz mine

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.

iii- Lawsuits related to other mines

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

10. Provisions, contingent assets and liabilities (continued)

d) Important ongoing cases (continued)

Lawsuits related to Çukuralan mine:

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 Izmir 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 Izmir 4th Administrative Court and the file numbered 2021/1013 E. of the Izmir 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 Izmir 4th Administrative Court is numbered 2023/1278 E. of the Izmir 4th Administrative Court, the file numbered 2021/1013 E. of the Izmir 4th Administrative Court is numbered 2023/1013 E. of the Izmir 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 Izmir 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.

10. Provisions, contingent assets and liabilities (continued)

d) Important ongoing cases (continued)

Lawsuits 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.

iv- Lawsuits regarding the Company's subsidiary abroad

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

v- Liability lawsuits filed against former managers

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

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10. Provisions, contingent assets and liabilities (continued)

d) Important ongoing cases (continued)

vi- Other legal processes

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

vii- Employee lawsuits and cases of contract receivables

As of March 31, 2024, the provision amount accounted for ongoing employee and other lawsuits against the Company is amounting to TL 139,499 Thousand (December 31, 2023: TL 160,513 Thousand)

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10. 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 March 31, 2023 and December 31, 2023 are as follows:

	March 31, 2024	December 31, 2023
A. CPM's given on behalf of own legal entity	195.682	206.642
- <i>Guarantee</i>	195.682	206.642
- <i>Mortgage</i>	-	-
B. CPM's given in favor of partnerships which are fully consolidated	-	-
C. CPM's given for assurance of third parties debts in order to conduct usual business activities	-	-
D. Total amount of other CPM's given	-	-
i. Total amount of CPM's given in favor of the parent company	-	-
ii. Total amount of CPM's given in favor of other group companies which are not in scope of B and C	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-
Total	195.682	206.642

ii- Letter of guarantees received

The details of the Company's letter of guarantees received as of March 31, 2024 and December 31, 2023 are as follows:

	March 31, 2024	December 31, 2023
Guarantee cheques	2.168.894	2.275.599
Guarantee letters	2.522.895	2.917.078
Security bonds	127	146
Total	4.691.916	5.192.823

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10. Provisions, contingent assets and liabilities (continued)

e) Commitments and contingent liabilities (continued)

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.

11. Equity

a) Share capital

As of March 31, 2024, the Company's paid-in capital is amounting to TL 3,202,500 Thousand (December 31, 2023: TL 3,202,500 Thousand) and consists of 320,250,000,000 shares with a nominal share value of 1 Kuruş (December 31, 2023: 320,250,000,000 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.

Equity	Share Group	March 31, 2024		December 31, 2023	
		Share Rate	Share Amount	Share Rate	Share Amount
ATP İnşaat ve Ticaret A.Ş.	A, B	45,01	1.441.343	45,01	1.441.343
Koza İpek Holding A.Ş.	A, B	24,99	800.407	24,99	800.407
Other	B	30,00	960.750	30,00	960.750
Paid-in capital		100	3.202.500	100	3.202.500
Capital adjustment differences			4.200.458		4.200.458
Total			7.402.958		7.402.958

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11. Equity (continued)

a) Share capital (continued)

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.

Capital adjustment differences amounting to TL 4,200,458 Thousand (December 31, 2023: TL 4,200,458 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, 65,790,000 shares were repurchased for TL 2,033,080 thousand.

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11. Equity (continued)

b) Restricted reserves

The Company's restricted reserves as of March 31, 2024 and December 31, 2023 are as follows:

	March 31, 2024	December 31, 2023
Restricted reserves	2.510.765	2.510.765
Reserves for withdrawn shares	2.033.080	1.664.255
Total	4.543.845	4.175.020

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.

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 March 31, 2024. 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:

	March 31, 2024	
	Adjustment to capital	Restricted reserve
To TAS/TFRS Financial Reports	4.200.458	4.543.845
TO Tax Procedure Law	4.203.277	2.876.895
Differences	(2.819)	1.666.950

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12. Revenue and cost of sales

The details of the Company's revenue and cost of sales as of January 1 – March 31, 2024 and 2023 are as follows:

	January 1 – March 31, 2024	January 1 – March 31, 2023
Domestic sales	2.929.473	2.834.033
Total sales	2.929.473	2.834.033
Cost of sales	(1.976.140)	(2.464.780)
Gross profit	953.333	369.253

The distribution of the Company's revenues by product type as of January 1 – March 31, 2024 and 2023 are as follows:

	January 1 – March 31, 2024	January 1 – March 31, 2023
Sales of gold bars	2.921.330	2.822.855
Sales of silver bars	8.143	11.178
Total	2.929.473	2.834.033

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13. Income from investing activities

The details of the Company's income from investing activities as of January 1 – March 31, 2024 and 2023 are as follows:

	January 1 – March 31, 2024	January 1 – March 31, 2023
Investment fund and stock fair value increases	537.602	1.102.228
Currency-protected deposit fair value increases	439.799	73.748
Interest income	212.295	38.184
Income from fixed asset sales	2.467	25.806
Income from investment property sales	-	1.286.407
Total	1.192.163	2.526.373

14. 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.

As of March 31, 2024, the effective tax rate applied is 25% (December 31, 2023: 25%).

In Turkey, tax returns are filed on a quarterly basis. Corporate income tax rate applied in 2023 is 20%. 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.

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14. Income tax (continued)

Corporate tax liabilities recognized in the balance sheet as of March 31, 2024 and December 31, 2023 are as follows:

	March 31, 2024	December 31, 2023
Current tax expense	916.838	792.355
Prepaid taxes (-)	(541.696)	(618.346)
Current income tax liability	375.142	174.009

Tax expense details recognized in the income statement as of March 31, 2024 and 2023 are as follows:

	March 31, 2024	March 31, 2023
Current tax expense	(228.215)	(217.803)
Deferred tax expense / (income)	(313.139)	87.434
Total tax expense	541.354	(130.369)

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Notes to the condensed financial statements for the period ended March 31, 2024

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14. Income tax (continued)

Deferred taxes

The Company recognizes deferred tax assets and liabilities for temporary differences arising from differences between its tax base legal financial statements and its condensed financial statements prepared in accordance with 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.

	March 31, 2024		December 31, 2023	
	Cumulative temporary differences	Deferred tax	Cumulative temporary differences	Deferred tax
Tangible and intangible assets	1.447.627	361.907	1.985.682	496.421
Mining assets	1.147.450	286.863	1.503.398	375.850
State right provision	827.080	206.770	631.664	157.916
Financial investments	324.401	81.100	514.362	128.591
Employee termination benefit	212.983	53.246	159.806	39.952
Lawsuit provision	139.499	34.875	154.240	38.560
Provision for unused vacation	44.922	11.231	30.297	7.574
Provisions for doubtful receivables	6.865	1.671	7.488	1.872
IFRS 9 provision	59	16	68	17
Leasing transactions	(2.503)	(628)	(8.716)	(2.179)
Inventories	(678.615)	(169.654)	(311.315)	(77.829)
Total deferred tax assets		867.397		1.166.745
Deferred tax assets, net		867.397		1.166.745

Movement of deferred tax is as follows:

	2024	2023
January 1	1.166.745	(238.283)
Deferred tax recognized in profit or loss	(313.139)	87.434
Deferred tax recognized in equity	13.791	(1.641)
March 31	867.397	(152.490)

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15. Earnings per share

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

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

The earnings per share of the Company as of March 31, 2024 and 2023 are as follows:

	1 Ocak – 31 Mart 2024	1 Ocak – 31 Mart 2023
Net profit / loss attributable to the owners of the Company	(182.823)	(363.139)
Weighted average number of share certificates (*)	320.209.662.697	320.250.000.000
Earnings per 100 share	(0,057)	(0,113)
Total comprehensive income attributable to the owners of the Company	(224.196)	(356.573)
Earnings per 100 shares from total comprehensive income	(0,070)	(0,111)

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.

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16. 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 March 2024 was applied as %59,91 per year (December 31, 2023: 52,07%).

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

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

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

a) Related party balances

Other receivables of the Company from related parties as of March 31, 2024 and December 31, 2023 are as follows:

	March 31, 2024	December 31, 2023
Koza İpek Holding A.Ş. (1) (*)	903.605	849.681
Konaklı Metal Madencilik San. Tic. A.Ş. (2) (**)	21.178	24.244
ATP İnşaat ve Ticaret A.Ş. (1)	160	48
ATP Havacılık ve Ticaret A.Ş. (2)	52	59
ATP Koza Gıda Tarım Hay. A.Ş. (2)	-	2.239
Other (3)	11.300	8.701
Total	936.295	884.972

(*) 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 March 31, 2024 and December 31, 2023 are as follows:

	March 31, 2024	December 31, 2023
Koza İpek Sigorta	2.338	-
Koza İpek Holding A.Ş. (1)	-	169
Other (3)	2.009	445
Total	4.347	614

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16. Related party disclosures (continued)

b) Transactions with related parties

The purchases of the Company from related parties between January 1 – March 31, 2024 and 2023 are as follows;

	January 1 – March 31, 2024			January 1 – March 31, 2023		
	Rent	Service	Other	Rent	Service	Other
İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş. (2)	4.170	-	-	4.797	-	-
Koza İpek Holding A.Ş. (1)	-	-	1.043	-	-	-
ATP İnşaat ve Ticaret A.Ş. (1)	-	-	-	-	-	851
ATP Koza Gıda Tarım Hay. A.Ş. (2)	-	-	2.751	-	-	-
Other (3)	-	-	667	-	-	7.078
Total	4.170	-	4.461	4.797	-	7.929

Sales of the Company to related parties between January 1 – March 31, 2024 and 2023 are as follows;

	January 1 – March 31, 2024			January 1 – March 31, 2023		
	Interest	Service	Other	Interest	Service	Other
Koza İpek Holding A.Ş. (1)	112.971	-	1.271	-	-	1.459.028
ATP İnşaat ve Ticaret A.Ş. (1)	-	-	-	-	-	106
İpek Doğal Enerji Kaynakları Araştırma ve Üretim A.Ş. (2)	-	-	243	-	-	261
Koza İpek Sigorta	-	-	180	-	-	18
ATP Koza Gıda Tarım Hay. A.Ş. (2)	-	-	668	-	-	-
Other (3)	-	-	4.886	-	-	2.691
Total	112.971	-	7.248	-	-	1.462.104

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 – March 31, 2024 is amounting to TL 11,270 thousand. The entire amount consists of the wages. (January 1 – March 31, 2023: TL 10,774 thousand)

17. 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.

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.

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

a) Credit risk (continued)

The analysis of the Company's credit risk as of March 31, 2024 and December 31, 2023 are as follows:

	Trade receivables		Other receivables		Cash and cash equivalents	
	March 31, 2024	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) *	-	4.403	936.295	80.644	761.970	
<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	-	4.403	936.295	80.644	761.970	
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	-	-	-	-	-	
	Trade receivables		Other receivables		Cash and cash equivalents	
	December 31, 2023	Related party	Third party	Related party	March 31, 2024	Related party
Maximum credit risk exposure as of the reporting date						
(A+B+C+D+E) *	-	468	884.972	179.933	299.095	
<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	-	468	884.972	179.933	299.095	
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)	-	71.731	-	-	-	
Impairment (-)	-	(71.731)	-	-	-	
The part of net value under guarantee with collateral, etc	-	-	-	-	-	
Not due (gross book value)	-	-	-	-	-	
Impairment (-)	-	-	-	-	-	
The part of net value under guarantee with collateral, etc	-	-	-	-	-	
E. Off-balance sheet items with credit risk	-	-	-	-	-	

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

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

b) Market risk

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

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:

March 31, 2024	Foreign exchange position table	TL equivalent (functional currency)	Usd	Euro	Gbp
Cash and cash equivalents	554	6	1	8	
Other receivables	2.231	-	1	54	
Current assets	2.785	6	2	62	
Total assets	2.785	6	2	62	
Trade payables	460.786	8.037	3.563	1.901	
Other payables	177.279	5.491	-	-	
Current liabilities	638.065	13.528	3.563	1.901	
Total liabilities	638.065	13.528	3.563	1.901	
Net foreign currency position	(635.280)	(13.522)	(3.561)	(1.839)	

As of March 31, 2024, the Group has foreign currency protected deposits amounting to thousand TL 1.511.735.

December 31, 2023	Foreign exchange position table	TL equivalent (functional currency)	Foreign exchange position table	TL equivalent (functional currency)	Usd	Euro	Gbp
	(Functional currency)	(Historical values)					
Cash and cash equivalents	4.297	3.734	135	2	7		
Other receivables	3.414	2.967	36	1	62		
Current assets	7.711	6.701	171	3	69		
Total assets	7.711	6.701	171	3	69		
Trade payables	268.700	233.523	2.296	3.722	2.133		
Other payables	185.994	161.645	6.318	-	-		
Current liabilities	454.694	395.168	8.614	3.722	2.133		
Total liabilities	454.694	395.168	8.614	3.722	2.133		
Net foreign currency position	(446.984)	(388.467)	(8.443)	(3.719)	(2.064)		

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17. 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.

March 31, 2024	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	(43.656)	43.656	(43.656)	43.656
2- Portion protected from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	(43.656)	43.656	(43.656)	43.656
In case of 10% appreciation / depreciation of EUR against TL				
4- EUR net asset/liability	(12.393)	12.393	(12.393)	12.393
5- Portion protected from EUR risk (-)	-	-	-	-
6-EUR net effect (4+5)	(12.393)	12.393	(12.393)	12.393
In case of 10% appreciation / depreciation of GBP against TL				
7-GBP net asset/liability	(7.479)	7.479	(7.479)	7.479
8- Portion protected from GBP risk (-)	-	-	-	-
9-GBP Net effect (7+8)	(7.479)	7.479	(7.479)	7.479
Total (3+6+9)	(63.528)	63.528	(63.528)	63.528

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

b) Market risk (continued)

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	(24.856)	24.856	(24.856)	24.856
2- Portion protected from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	(24.856)	24.856	(24.856)	24.856
In case of 10% appreciation / depreciation of EUR against TL				
4- EUR net asset/liability	(12.114)	12.114	(12.114)	12.114
5- Portion protected from EUR risk (-)	-	-	-	-
6-EUR net effect (4+5)	(12.114)	12.114	(12.114)	12.114
In case of 10% appreciation / depreciation of GBP against TL				
7-GBP net asset/liability	(7.729)	7.729	(7.729)	7.729
8- Portion protected from GBP risk (-)	-	-	-	-
9-GBP Net effect (7+8)	(7.729)	7.729	(7.729)	7.729
Total (3+6+9)	(44.698)	44.698	(44.698)	44.698

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.

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

Fair value of the financial instruments

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

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

Level classifications of financial assets measured at their fair values:

March 31, 2024	Level 1	Level 2	Level 3	Total
Assets:	8.730.095	1.511.735	-	10.241.830
Measured at fair value through profit or loss	8.730.095	1.511.735	-	10.241.830
December 31, 2023	Level 1	Level 2	Level 3	Total
Assets:	9.173.791	1.622.240	-	10.796.031
Measured at fair value through profit or loss	9.173.791	1.622.240	-	10.796.031

19. Subsequent events after balance sheet date

i- 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, production was 8,329 Ounces of gold (3.39% of total production) in 2021, 6,836 Ounces of gold (3.52% of total production) in 2022 and 10,455 Ounces of gold (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.

ii- Regarding the case numbered 2020/20 E. of the Ankara 24th High Criminal Court, the company announced on December 20, 2023, that the relevant case was postponed to May 30, 2024. As a result of the hearing regarding the relevant case, by the Ankara 24th High Criminal Court, it is decided to wait for the continuation and execution of the arrest and detention warrants against defendants, and to postpone the hearing to November 28, 2024.

iii- The lawsuit, determining that the share sales contract dated June 07, 2015, for the transfer of Koza İpek Holding's shares to İpek Investment company was invalid, which was filed by Koza Holding against the defendants Cafer Tekin İpek, Ebru İpek, Hamdi Akın İpek, Melek İpek, Nevin İpek, Pelin Zenginer and İpek Investment Limited and pending at the Ankara 2nd Commercial Court of First Instance with the file number 2017/202 E, the court ruled that the contract was invalid.

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19. Subsequent events after balance sheet date (continued)

Although the local court decision was subsequently appealed by the defendants, as stated in the local court decision, since the main purpose of the defendants was to smuggle their assets abroad, on the grounds that the conclusion of such a contract is deemed sufficient for the contract to be deemed null and void, with the decision numbered 2019/459 E., 2020/1220 K. and dated November 25, 2020 by the Ankara Regional Court of Justice, 21st Law Office, the local court decision was found to be lawful.

Following the relevant appeal decision, the decision was appealed by the defendants, and as a result of the review by the Supreme Court of Appeals, the decision of the 11th Civil Chamber of the Supreme Court of Appeals, numbered 2021/5329 E., 2024/2570 K. and dated March 28, 2024, and the decision of the court of appeal was also approved and became final in favor of the company.

- iv- On May 10, 2024, the company stated that the execution of the EIA positive decision was ordered to be suspended about the decision of file 2023/858 E by the Eskişehir 1st Administrative Court, which was filed with the request for the cancellation of the EIA positive decision regarding Kaymaz Gold Mine 3.MADT (Mine Waste Storage Facility) and Kızılağıl Field Capacity Increase Project.

With the decision of Eskişehir 1st Administrative Court numbered 2023/858 E., 2024/651 K.; "While the environmental impacts of these projects should be evaluated cumulatively and in the same EIA process by preparing a single EIA application file for the projects in question that are subject to the Annex-1 list of the EIA Regulation and applying to the defendant administration, all the impacts of an integrated project should be evaluated as a whole and the measures to be taken should be evaluated first. Kaymaz Gold and Silver Mine, which is the subject of the case, is planned separately from the Gold-Silver Mine Open Pit Operation Project, which is planned to be established by the intervening company in Çanakkale province, Merkez district, around the villages of Serciler and Terziler, by dividing the integrated project into parts, which will eliminate the possibility of determining the situation accordingly. In the "Positive Decision on Environmental Impact Assessment dated August 15, 2023 and numbered 7210" given by the Ministry of Environment, Urbanization and Climate Change regarding the Third Capacity Increase and Additional Mine Waste Storage Facility (Art.-3) Project, it was evaluated that there was no legality and the decision was taken before the Council of State. The transaction in question was ruled to be annulled, with the possibility of appeal. The relevant decision has not been finalized and the trial continues.

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

The Company's financial statements for the years ended December 31, 2016, 2017, 2018, 2019, 2020, 2021, 2022 and 2023 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, March 1, 2023 and May 9, 2024 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, 2022 and 2023 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.