

**DISCLAIMER:** *“This is an English translation of the Consolidated Financial Statements and Review Report for the Interim Period Ended June 30, 2023 of CVK Maden İşletmeleri Sanayi ve Ticaret A.Ş. In the event of any discrepancy between this translation and the Turkish original, the Turkish original shall prevail. CVK Maden İşletmeleri Sanayi ve Ticaret A.Ş. disclaims all warranties and makes no representations about the accuracy or completeness of the English translation and also assumes no liability for any errors, omissions or inaccuracies that may arise from the use of this translation.”*

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET  
ANONİM ŞİRKETİ AND ITS SUBSIDIARY**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT  
FOR THE INTERIM PERIOD ENDED JUNE 30, 2023  
(ORIGINALLY ISSUED IN TURKISH)**

<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
<b>Review Report on the Interim Financial Information.....</b>	<b>1-2</b>
<b>Consolidated Statements of Financial Position .....</b>	<b>3-4</b>
<b>Consolidated Statement of Profit or Loss .....</b>	<b>5</b>
<b>Consolidated Statement of Other Comprehensive Income .....</b>	<b>6</b>
<b>Consolidated Statement of Changes in Equity .....</b>	<b>7</b>
<b>Consolidated Statements of Cash Flows.....</b>	<b>8-9</b>
<b>Notes to the Consolidated Financial Statements .....</b>	<b>10-79</b>
Note 1 Organization and Operations of the Group .....	10-12
Note 2 - Basis of Presentation of Consolidated Financial Statements.....	12-37
Note 3 - Shares in Other Parties.....	37-38
Note 4 - Effects of Combinations of Entities or Businesses under Common Control.....	38
Note 5 - Related Party Disclosures .....	39-40
Note 6 - Cash and Cash Equivalents.....	41-42
Note 7 - Financial Investments .....	42
Note 8 - Financial Borrowings.....	43-44
Note 9 - Trade Receivables and Payables .....	45-46
Note 10 - Other Receivables and Payables .....	46-47
Note 11 – Employee Benefit Payables.....	47
Note 12 - Inventories.....	48
Note 13 - Other Current Assets.....	48
Note 14 – Prepaid Expenses.....	49
Note 15 – Deferred Incomes.....	49-50
Note 16 - Right-of-use Assets.....	50
Note 17 - Tangible Fixed Assets.....	51-52
Note 18 - Intangible Fixed Assets.....	52
Note 19 – Provisions, Contingent Assets and Liabilities.....	53-54
Note 20 – Provisions for Employee Benefits .....	55-56
Note 21 – Share Capital, Reserves and Other Equity Items ...	56-59
Note 22 – Revenue and Cost of Sales .....	60-61
Note 23 – General Administrative Expenses and Marketing Expenses.....	61
Note 24 – Expenses by Nature. ....	62
Note 25 – Other Incomes (Expenses) from Operating Activities .....	63
Note 26 – Income (Expenses) from Investment Activities .....	64
Note 27 - Financing Income / (Expenses).....	64-65
Note 28 - Tax Asset and Liabilities .....	65-68
Note 29 – Earnings / (Loss) Per Share .....	69
Note 30 - Nature and Level of Risks Arising from Financial Instruments .....	69-77
Note 31 - Financial Instruments .....	77-79
Note 32 - Subsequent Events to the Financial Position Statement Date .....	79

## **REVIEW REPORT ON THE INTERIM FINANCIAL STATMENTS**

CVK Maden İşletmeleri Sanayi ve Ticaret Anonim Şirketi  
To the Board of Directors and the General Assembly  
Istanbul, Turkey

### **1. Introduction**

We have audited the accompanying consolidated financial statements of CVK Maden İşletmeleri Sanayi ve Ticaret Anonim Şirketi (the “Parent Company” and/or the “Company”) and its subsidiary (collectively referred to as the “Group”) which comprise the consolidated financial statements, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the interim period ended as of June 30, 2023 and notes to the consolidated financial statements comprising a summary of significant accounting policies. The management of the Group is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with the Turkish Accounting Standard 34 (“TAS 34”), “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim consolidated financial information based on our review.

### **2. Scope of Review**

We conducted our limited independent audit (“review”) in accordance with the Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing, aiming to express just an opinion on the consolidated financial statements. Consequently, a review does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an independent audit. Accordingly, we do not express an audit opinion.

### **3. Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial information of CVK Maden İşletmeleri Sanayi ve Ticaret Anonim Şirketi and its subsidiary is not prepared, in all material respects, in accordance with TAS 34.

Ram Bağımsız Denetim ve Danışmanlık Anonim Şirketi  
*Member firm of ShineWing International*

Ömer Çekiç  
Responsible Auditor

August 18, 2023  
Istanbul, Turkey

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS OF JUNE 30, 2023 AND DECEMBER 31, 2022**

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

		<b>Current Period</b>	<b>Prior Period</b>
		<b>Reviewed</b>	<b>Audited</b>
	<b>Notes</b>	<b>30.06.2023</b>	<b>31.12.2022</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	6	599,220,211	72,602,835
Financial Investments	7	103,802,318	100,559
Trade Receivables	9	148,724,283	130,977,086
- Trade receivables from related parties		-	-
- Trade receivables from non-related parties		148,724,283	130,977,086
Other Receivables	10	10,297,986	5,186,378
- Other receivables from related parties		-	-
- Other receivables from non-related parties		10,297,986	5,186,378
Inventories	12	92,100,655	70,884,394
Prepaid Expenses	14	116,101,304	41,889,170
- Prepaid expenses to related parties		104,092	6,054,942
- Prepaid expenses to non-related parties		115,997,212	35,834,228
Other Current Assets	13	17,943,555	8,520,592
<b>TOTAL CURRENT ASSETS</b>		<b>1,088,190,312</b>	<b>330,161,014</b>
<b>FIXED ASSETS</b>			
Other Receivables	10	2,361,332	1,933,040
- Other receivables from related parties		-	-
- Other receivables from non-related parties		2,361,332	1,933,040
Right-of-use Assets	16	10,499,206	534,185
Tangible Fixed Assets	17	792,063,485	726,157,505
Intangible Fixed Assets	18	1,719,214	1,926,326
Prepaid Expenses	14	65,259,207	1,652,000
Deferred Tax Assets	28	10,164,044	9,667,666
<b>TOTAL FIXED ASSETS</b>		<b>882,066,488</b>	<b>741,870,722</b>
<b>TOTAL ASSETS</b>		<b>1,970,256,800</b>	<b>1,072,031,736</b>

The accompanying notes form an integral part of these statements.

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS OF JUNE 30, 2023 AND DECEMBER 31, 2022**

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

		Current Period	Prior Period
		Reviewed	Audited
	Notes	30.06.2023	31.12.2022
<b>LIABILITIES</b>			
<b>SHORT-TERM LIABILITIES</b>			
Short-term Borrowings	8	539,762	57,750,195
Short-Term Portions of Long-Term Borrowings	8	23,781,183	33,229,818
Trade Payables	9	58,803,153	58,676,273
- Trade Payables to Related Parties		191,515	46,383
- Trade Payables to Non-related Parties		58,611,638	58,629,890
Employee Benefit Payables	11	3,300,948	3,422,432
Other Borrowings	10	7,838,762	18,861,338
- Other Payables to Related Parties		-	13,130,085
- Other Payables to Non-related Parties		7,838,762	5,731,253
Deferred Incomes	15	2,975,726	6,540,909
Current Tax Liabilities	28	19,099,430	21,591,127
Short-term Provisions		14,403,616	11,664,495
- Short-term provisions for employee benefits	20	1,898,341	1,469,464
- Other Short-term Provisions	19	12,505,275	10,195,031
<b>TOTAL SHORT TERM LIABILITIES</b>		<b>130,742,580</b>	<b>211,736,587</b>
<b>LONG-TERM LIABILITIES</b>			
Long-term Borrowings	8	19,260,379	18,669,896
Other Borrowings	10	385,370	744,577
- Other Payables to Related Parties		-	-
- Other Payables to Non-related Parties		385,370	744,577
Deferred Incomes	15	311,301	480,638
Long-term Provisions		19,774,936	17,238,942
- Short-term provisions for employee benefits	20	5,820,739	5,457,283
- Other Long-term Provisions	19	13,954,197	11,781,659
Deferred Tax Liabilities	28	132,649,670	113,143,015
<b>TOTAL LONG TERM LIABILITIES</b>		<b>172,381,656</b>	<b>150,277,068</b>
<b>TOTAL LIABILITIES</b>		<b>303,124,236</b>	<b>362,013,655</b>
<b>EQUITY</b>			
<b>Equity of the Parent Company</b>		<b>1,655,171,158</b>	<b>700,828,804</b>
Paid-in Capital	21.1	42,000,000	35,000,000
Accumulated Other Comprehensive Income / (Expenses) not to be			
Reclassified to Profit or Loss in Subsequent Periods		273,037,744	273,042,281
Revaluation and Remeasurement Gains (Losses)		273,037,744	273,042,281
- Gains (Losses) on Remeasurements of Defined Benefit Plans	21.4	(287,560)	(283,023)
- Increases (Decreases) on Revaluation of Property, Plant and Equipment	21.5	273,325,304	273,325,304
Share Premiums	21.6	725,733,845	14,625,267
Restricted Reserves Appropriated From Profits	21.2	2,130,273	2,130,273
Accumulated Profit / Losses	21.3	376,030,983	46,855,159
Current Period Net Profit / Loss	29	236,238,313	329,175,824
<b>Non-controlling Interests</b>	21.7	<b>11,961,406</b>	<b>9,189,277</b>
<b>TOTAL EQUITY</b>		<b>1,667,132,564</b>	<b>710,018,081</b>
<b>TOTAL LIABILITIES</b>		<b>1,970,256,800</b>	<b>1,072,031,736</b>

The accompanying notes form an integral part of these statements.

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
FOR THE INTERIM PERIODS ENDED JUNE 30, 2023 AND 2022**

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

		Current Period	Prior Period	Current Period	Prior Period
		Reviewed	Not Reviewed	Not Reviewed	Not Reviewed
		01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022
	Notes				
<b>PROFIT OR LOSS</b>					
Revenue	22.1	445,606,547	521,377,205	253,268,587	310,766,054
Cost of Sales	22.2	(204,287,250)	(200,165,595)	(115,305,365)	(94,342,797)
<b>GROSS PROFIT / (LOSS)</b>		<b>241,319,297</b>	<b>321,211,610</b>	<b>137,963,222</b>	<b>216,423,257</b>
General Administrative Expenses	24.1	(13,487,779)	(3,143,974)	(8,618,066)	(1,330,425)
Marketing Expenses	24.2	(32,922,001)	(66,165,128)	(15,369,324)	(33,581,896)
Other Incomes from Operating Activities	25.1	46,711,315	14,468,789	37,991,606	8,022,766
Other Expenses from Operating Activities	25.2	(44,898,872)	(26,777,109)	(30,407,551)	(16,204,986)
<b>PROFIT / (LOSS) FROM OPERATING ACTIVITIES</b>		<b>196,721,960</b>	<b>239,594,188</b>	<b>121,559,887</b>	<b>173,328,716</b>
Incomes from Investment Activities	26.1	35,293,551	5,440,201	31,369,500	1,450,903
Expenses from Investment Activities	26.2	(293,317)	(1,213,207)	(293,317)	(49,696)
<b>OPERATING PROFIT / (LOSS) BEFORE FINANCING INCOME / (EXPENSE)</b>		<b>231,722,194</b>	<b>243,821,182</b>	<b>152,636,070</b>	<b>174,729,923</b>
Financing Incomes	27.1	66,668,793	11,581,850	64,732,588	4,673,623
Financing Expenses (-)	27.2	(11,617,311)	(8,632,274)	(7,028,521)	(5,409,063)
<b>PROFIT/ (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>286,773,676</b>	<b>246,770,758</b>	<b>210,340,137</b>	<b>173,994,483</b>
<b>Tax Income / (Expense) from Continuing Operations</b>		<b>(47,765,041)</b>	<b>(51,362,228)</b>	<b>(32,474,964)</b>	<b>(36,733,756)</b>
Tax Income / (Expense) for the Period	28	(28,754,082)	(30,456,069)	(18,162,928)	(23,850,251)
Deferred Tax Income / (Expense)	28	(19,010,959)	(20,906,159)	(14,312,036)	(12,883,505)
<b>PROFIT/ (LOSS) FOR THE PERIOD</b>		<b>239,008,635</b>	<b>195,408,530</b>	<b>177,865,173</b>	<b>137,260,727</b>
<b>Allocation of Profit / (Loss) for the Period</b>					
Non-controlling Interests	29	2,770,322	3,293,266	1,757,824	4,023,213
Holders of the Parent Company	29	236,238,313	192,115,264	176,107,349	133,237,514
<b>Earnings Per Share</b>	29	<b>6.19</b>	<b>548.90</b>	<b>5.03</b>	<b>380.68</b>

The accompanying notes form an integral part of these statements.

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME  
FOR THE INTERIM PERIODS ENDED JUNE 30, 2023 AND 2022**

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

		Current Period	Prior Period	Current Period	Prior Period
		Reviewed	Not Reviewed	Not Reviewed	Audited
		01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022
Notes					
<b>PROFIT/ (LOSS) FOR THE PERIOD</b>		<b>239,008,635</b>	<b>195,408,530</b>	<b>177,865,173</b>	<b>137,260,727</b>
<b>OTHER COMPREHENSIVE INCOME / (EXPENSES)</b>					
<b>Items not to be Reclassified to Profit or Loss</b>		<b>(2,730)</b>	<b>(89,366)</b>	<b>150,871</b>	<b>(10,725)</b>
Gains (Losses) on Remeasurements of Defined Benefit Plans	20	(3,412)	(111,707)	188,589	(13,406)
Taxes on Other Comprehensive Income not to be Reclassified in Profit or Loss		682	22,341	(37,718)	2,681
- Deferred Tax Income / (Expense)	28	682	22,341	(37,718)	2,681
<b>OTHER COMPREHENSIVE INCOME / (EXPENSES)</b>		<b>(2,730)</b>	<b>(89,366)</b>	<b>150,871</b>	<b>(10,725)</b>
<b>TOTAL COMPREHENSIVE INCOME / (EXPENSES)</b>		<b>239,005,905</b>	<b>195,319,164</b>	<b>178,016,044</b>	<b>137,250,002</b>
<b>Allocation of Total Comprehensive Income / (Expenses)</b>					
Non-controlling Interests		2,772,129	3,278,646	1,762,481	4,009,961
Holders of the Parent Company		236,233,776	192,040,518	176,253,563	133,240,041

The accompanying notes form an integral part of these statements.



**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE INTERIM PERIODS ENDED JUNE 30, 2023 AND 2022**  
(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

				Other Accumulated Comprehensive Income or Expenses not be Reclassified in Profit or Loss		Restricted Reserves Appropriated From Profits	Accumulated Profit / (Losses)		Equity of the Parent Company	Non- controlling Interests	Total Equity
				Gains (Losses) on Remeasurements of Defined Benefit Plans	Increases (Decreases) on Revaluation of Property, Plant and Equipment		Accumulated Profit / (Losses)	Current Period Net Profit / (Loss)			
<b>Prior Period</b>	<b>Notes</b>	<b>Paid-in Capital</b>	<b>Share Premiums</b>								
<b>Balances as of December 31, 2021 (Beginning of the period)</b>		<b>35,000,000</b>	<b>14,625,267</b>	<b>(157,393)</b>	<b>262,442,325</b>	<b>1,127,426</b>	<b>31,737,192</b>	<b>39,315,743</b>	<b>384,090,560</b>	<b>24,096,807</b>	<b>408,187,367</b>
Transfer	21.3	-	-	-	-	-	39,315,743	(39,315,743)	-	-	-
Total Comprehensive Income / (Expenses)		-	-	(74,746)	-	-	-	192,115,264	<b>192,040,518</b>	<b>3,278,646</b>	<b>195,319,164</b>
- Profit/(Loss) for the Period	29	-	-	-	-	-	-	192,115,264	<b>192,115,264</b>	3,293,266	<b>195,408,530</b>
- Other Comprehensive Income / (Expenses)	21.4	-	-	(74,746)	-	-	-	-	<b>(74,746)</b>	<b>(14,620)</b>	<b>(89,366)</b>
<b>Balances as of June 30, 2022 (End of the period)</b>		<b>35,000,000</b>	<b>14,625,267</b>	<b>(232,139)</b>	<b>262,442,325</b>	<b>1,127,426</b>	<b>71,052,935</b>	<b>192,115,264</b>	<b>576,131,078</b>	<b>27,375,453</b>	<b>603,506,531</b>
<b>Current Period</b>											
<b>Balances as of December 31, 2022 (Beginning of the period)</b>		<b>35,000,000</b>	<b>14,625,267</b>	<b>(283,023)</b>	<b>273,325,304</b>	<b>2,130,273</b>	<b>46,855,159</b>	<b>329,175,824</b>	<b>700,828,804</b>	<b>9,189,277</b>	<b>710,018,081</b>
Capital Increase											
- Cash	21.1	7,000,000	-	-	-	-	-	-	<b>7,000,000</b>	-	<b>7,000,000</b>
Transfer	21.3	-	-	-	-	-	329,175,824	(329,175,824)	-	-	-
Share Premiums	21.6	-	711,108,578	-	-	-	-	-	<b>711,108,578</b>	-	<b>711,108,578</b>
Total Comprehensive Income / (Expenses)		-	-	(4,537)	-	-	-	236,238,313	<b>236,233,776</b>	<b>2,772,129</b>	<b>239,005,905</b>
- Profit/(Loss) for the Period	29	-	-	-	-	-	-	236,238,313	<b>236,238,313</b>	2,770,322	<b>239,008,635</b>
- Other Comprehensive Income / (Expenses)	21.4	-	-	(4,537)	-	-	-	-	<b>(4,537)</b>	<b>1,807</b>	<b>(2,730)</b>
<b>Balances as of June 30, 2023 (End of the period)</b>		<b>42,000,000</b>	<b>725,733,845</b>	<b>(287,560)</b>	<b>273,325,304</b>	<b>2,130,273</b>	<b>376,030,983</b>	<b>236,238,313</b>	<b>1,655,171,158</b>	<b>11,961,406</b>	<b>1,667,132,564</b>

The accompanying notes form an integral part of these statements.

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE INTERIM PERIODS ENDED JUNE 30, 2023 AND 2022**

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

		Current Period	Prior Period
		Reviewed	Not Reviewed
	Notes	01.01.- 30.06.2023	01.01.- 30.06.2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>(55,139,061)</b>	<b>40,698,164</b>
Profit/(Loss) for the Period	29	239,008,635	195,408,530
- Profit (Loss) from Continuing Operations		239,008,635	195,408,530
- Profit (Loss) from Discontinued Operations		-	-
<b>Adjustments to Reconcile Net Profit (Loss) for the Period</b>			
Adjustments for Depreciation and Amortization Expense	16 - 17 - 18	21,897,636	29,540,752
Adjustments for Impairment Loss (Reversal of Impairment Loss)		570,265	2,328,465
- Adjustments for Impairment Loss (Reversal of Impairment Loss) of Receivables	25.2	570,265	594,119
- Adjustments for Impairment Loss (Reversal of Impairment Loss) of Inventories	25.2	-	1,734,346
Adjustments for Provisions		4,842,826	8,646,254
- Adjustments for (Reversal of) Provisions Related with Employee Benefits.	20	360,044	900,003
- Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions	19	111,521	276,561
- Adjustments for (Reversal of) General Provisions	19	4,371,261	7,469,690
Adjustments for Unrealized Foreign Exchange Losses (Gains)		3,690,849	14,919,309
Adjustments for Interest (Income) Expenses	27	(29,914,332)	1,415,556
- Adjustments for Interest Income		(30,968,818)	1,862,450
- Adjustments for Interest Expenses		1,054,486	(446,894)
- Deferred Financial Expense from Credit Purchases	25.2	3,778,668	2,781,060
- Unearned Financial Income from Credit Sales	25.1	(2,724,182)	(3,227,954)
Adjustments for Tax (Income) Expenses	28	19,010,959	20,906,159
<b>Changes in Working Capital</b>			
Decrease (Increase) in Financial Investments	7	(103,701,759)	(8,347,000)
Adjustments for Decrease (Increase) in Trade Accounts Receivable	9	(15,593,280)	(45,016,675)
- Decrease (Increase) in Trade Accounts Receivables from Related Parties		-	-
- Decrease (Increase) in Trade Accounts Receivables from Unrelated Parties		(15,593,280)	(45,016,675)
Adjustments for Decrease (Increase) in Other Receivables Related with Operations	10	(5,539,900)	(9,957,373)
- Decrease (Increase) in Other Related Party Receivables Related with Operations		-	1,669,217
- Decrease (Increase) in Other Unrelated Party Receivables Related with Operations		(5,539,900)	(11,626,590)
Adjustments for Decrease (Increase) in Inventories	12	(21,216,261)	(29,210,700)
Decrease (Increase) in Prepaid Expenses	14	(137,819,341)	(19,852,526)
Decrease (Increase) in Other Assets Related with Operations	13 - 28	(9,422,963)	(964,550)
Adjustments for Increase (Decrease) in Trade Accounts Payable	9	(3,651,788)	65,795,859
- Increase (Decrease) in Trade Accounts Payables to Related Parties		145,132	47,784,674
- Increase (Decrease) in Trade Accounts Payables to Unrelated Parties		(3,796,920)	18,011,185
Increase (Decrease) in Payables due to Employee Benefits	11	428,877	(40,634)
Adjustments for Increase (Decrease) in Other Operating Payables	10	(13,994,964)	(210,165,372)
- Increase (Decrease) in Other Operating Payables to Related Parties		(13,130,085)	(229,641,146)
- Increase (Decrease) in Other Operating Payables to Unrelated Parties		(864,879)	19,475,774
Increase (Decrease) in Deferred Income	15	(3,734,520)	25,292,110

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE INTERIM PERIODS ENDED JUNE 30, 2023 AND 2022**

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

		Current Period	Prior Period
		Reviewed	Not Reviewed
		01.01.- 30.06.2023	01.01.- 30.06.2022
Notes			
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		<b>(85,541,733)</b>	<b>(57,634,879)</b>
Cash Outflows from Purchases of Tangible and Intangible Fixed Assets		(88,555,496)	(64,235,544)
- <i>Cash Outflows from Purchases of Tangible Fixed Assets</i>	17	(88,549,795)	(64,235,544)
- <i>Cash Outflows from Purchases of Intangible Fixed Assets</i>	18	(5,701)	-
Cash Inflows from Sales of Tangible and Intangible Fixed Assets		3,013,763	6,600,665
- <i>Cash Inflows from Sales of Tangible Fixed Assets</i>	17	3,013,763	6,600,665
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		<b>667,298,170</b>	<b>20,073,491</b>
Cash Capital Increase	21.1	7,000,000	-
Proceeds from Issuing Shares	21.6	711,108,578	-
Proceeds from Borrowings		-	4,840,000
- <i>Proceeds from Loans</i>	8	-	4,840,000
Repayments of Borrowings		(81,779,226)	17,095,941
- <i>Loan Repayments</i>	8	(81,779,226)	17,095,941
Interest Paid	27.2	(4,172,622)	(2,155,609)
Interest Received	27.1	35,141,440	293,159
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES</b>		<b>526,617,376</b>	<b>3,136,776</b>
Effect of Exchange Rate Changes on Cash and Cash Equivalents		-	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>526,617,376</b>	<b>3,136,776</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	6	<b>72,602,835</b>	<b>50,095,641</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	6	<b>599,220,211</b>	<b>53,232,417</b>

The accompanying notes form an integral part of these statements.

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

**NOTE 1 – ORGANIZATION AND OPERATIONS OF THE GROUP**

CVK Maden İşletmeleri Sanayi ve Ticaret Anonim Şirketi and its subsidiary shall be referred to as the "Group" in the notes to the consolidated financial statements. Details regarding the operations of the Companies included in the consolidation is as follows;

CVK Maden İşletmeleri Sanayi ve Ticaret Anonim Şirketi (the "Parent Company" and/or the "Company")

CVK Maden İşletmeleri Sanayi ve Ticaret Anonim Şirketi ("Company") was established in Istanbul on September 5, 2006, under the title of "CVK Krom Maden Sanayi ve Ticaret Anonim Şirketi", and started using its current title on November 22, 2011. The main activity of the Company is the production, marketing, and sale of chrome, marble, travertine, lead, zinc, copper, and magnesite ores. The Company also engages in acquiring designated mining licenses and selling existing mining licenses.

The shares of CVK Maden İşletmeleri Sanayi ve Ticaret Anonim Şirketi have been traded on Borsa Istanbul Stars Market with the code "CVKMD" through continuous trading method as of April 13, 2023.

Below are summarized details of the mining areas owned and operated by the Company:

License No	License Area (Ha)	License Expiry Date	Region	Mineral Type	Estimated Reserve Quantity (M tons)
IR7077 (a)	1,609,140	07.07.2024	Yenice / Çanakkale	Lead - Zinc	2.6
IR87500 (a)	941,200	30.07.2029	Bayındır / İzmir	Lead - Zinc	2.6
IR20066206 (a)	1,944,800	31.12.2031	Yenice / Çanakkale	Lead - Zinc	0.9
IR201900481	1,398,460	10.04.2026	İvrindi / Balıkesir	Lead - Zinc	-
IR 200903319 (b)	1,562,840	12.08.2025	Sarıalan / Balıkesir	Gold - Silver	(b)

(a) Obtained from the "Technical and Resource Estimation Report" prepared in April 2021 by the officials of the National Resources and Reserves Reporting Committee ("UMREK").

(b) According to the Mineral Reserve Report prepared by the officials of the National Resources and Reserves Reporting Committee ("UMREK") in September 2021, the proved gold reserve in the relevant reserve area is determined as 264,620 ounces. An Environmental Impact Assessment ("EIA") report has been obtained for a portion of the reserve area, which is 913.33 hectares. As of the report date, the Company has not started the related mine production field and continues its investment activities.

Based on its past experiences, the Parent Company perceives no significant risk in extending the durations of license expiry dates through new applications it will make at the end of the mining fields' license period.

For the period ended June 30, 2023; the Company's average number of personnel is 95 (December 31, 2022:113).

The capital structure of the Company as of June 30, 2023 and December 31, 2022 is presented in Note 21.1.

The Company has registered its headquarters address as follows:

Kuruçeşme Mahallesi,  
Muallim Naci Caddesi No:105 B,  
Beşiktaş / İstanbul / Türkiye

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

Hayri Ögelman Madencilik Anonim Şirketi ("Hayri Ögelman Mining" or "Company")

Hayri Ögelman Madencilik Anonim Şirketi was initially established as Hayri Ögelman Limited Şirketi on October 3, 1955. Its trade name was changed to Hayri Ögelman Madencilik Limited Şirketi on December 15, 1959, and it underwent a transformation and adopted its current name on June 25, 2012. The main field of activity of Hayri Ögelman Mining is the purchase, sale, marketing, import, and export of various finished, semi-finished, concentrate, and raw mineral ores, primarily focusing on chrome ore.

Below are summarized details of the mining areas owned and operated by Hayri Ögelman Mining, the subsidiary of the Company:

License No	License Area (Ha)	License Expiry Date	Region	Mineral Type	Estimated Reserve Quantity (Million Tons) (a)
IR45193	6,306,870	11/24/2031	Bursa/Harmancık	Chrome	5.73
IR45206	2,008,690	12/7/2030	Bursa/Orhaneli	Chrome	0.06
IR550	326,560	11/18/2032	Kütahya/Tavşanlı	Chrome	0.07
IR34	174,320	12/3/2030	Bursa/Orhaneli	Chrome	0.06
IR26778	397,140	16.02.2031	Bursa/Kemalpaşa	Chrome	0.06
IR1684	170,800	23.12.2029	Bursa/Orhaneli	Chrome	0.01
IR400 (c)	1,007,670	13.04.2023	Bursa/Orhaneli	Chrome	0.06
IR517	442,140	04.03.2030	Bursa/Harmancık	Chrome	0.03
IR3537 (b)	1,850.03	2/17/2026	Pülümür/Tunceli	Chrome	-
IR7045 (b)	2,008,010	8/25/2027	Bursa/Orhaneli	Chrome	-

a) Obtained from the "Technical and Resource Estimation Report" prepared in April 2021 by the officials of the National Resources and Reserves Reporting Committee ("UMREK").

b) The resource estimation quantities for the relevant mining sites could not be Obtained from the "Technical and Resource Estimation Report" prepared in April 2021 by the officials of the National Resources and Reserves Reporting Committee ("UMREK").

c) A license renewal application has been made for the relevant mining site, and the process is ongoing as of the date of this report.

Based on its past experiences, Hayri Ögelman Mining does not perceive any significant risk in extending the durations of license expiry dates through new applications it will make at the end of the mining fields' license period.

For the period ended June 30, 2023; the average number of personnel in Hayri Ögelman Mining is 137 (December 31, 2022: 151).

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

The capital structure of Hayri Ögelman Mining as of June 30, 2023 and December 31, 2022 is as follows:

	June 30, 2023		December 31, 2022	
	Share Ratio	Share Amount (TL)	Share Ratio	Share Amount (TL)
Shareholders				
CVK Maden İşletmeleri Sanayi ve Ticaret Anonim Şirketi	96.21%	27,900,000	96.21%	27,900,000
Hüseyin Çevik	3.79%	1,100,000	3.79%	1,100,000
Total	100.00%	29,000,000	100.00%	29,000,000

CVK Maden İşletmeleri Sanayi ve Ticaret Anonim Şirketi acquired a stake of 86.21% in Hayri Ögelman Madencilik Anonim Şirketi on September 29, 2020. Furthermore, on December 16, 2022, CVK Maden İşletmeleri Sanayi ve Ticaret Anonim Şirketi acquired an additional 10% stake in Hayri Ögelman Madencilik Anonim Şirketi, increasing its ownership share to 96.21%.

Hayri Ögelman Mining has registered its headquarters address as follows:

Kuruçeşme Mahallesi  
Muallim Naci Caddesi No:105 B  
Beşiktaş / İstanbul / Türkiye

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**

**2.a Basis of Presentation**

**Statement of Compliance**

The Parent Company and its subsidiary maintain their books of account in accordance with the Turkish Commercial Code No. 6102 ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Turkish Ministry of Treasury and Finance.

The accompanying interim consolidated financial statements are prepared in accordance with the requirements of the Capital Markets Board's ("CMB") Communiqué Serial II, No: 14.1 "Principles of Financial Reporting in Capital Markets", which was published in the Official Gazette No: 28676 on June 13, 2013; and the accompanying financial statements are based on the Turkish Accounting Standards / Turkish Financial Reporting Standards ("TAS / TFRS") and the related annexes and comments ("TAS / TFRS") promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA") in accordance with Article 5 of the Communiqué. The TAS consist of the TFRS and related annexes and comments. TFRS are updated through communiqués in line with the changes in International Financial Reporting Standards ("IFRS"). In addition, the financial statements are presented in accordance with the formats specified in the "Announcement on TAS Taxonomy" published by the POA on October 04, 2022 and the Financial Statement Examples and User Guide published by the CMB.

Companies are free to prepare their interim financial statements as a full set or as a summary in accordance with TAS 34. These interim consolidated financial statements should be read in conjunction with the Group's consolidated financial statements as of December 31, 2022.

The consolidated financial statements are based on the statutory records of the Group and expressed in TL, with adjustments and reclassifications for the purpose of fair presentation in accordance with the TAS/TFRS issued by the POA and the related communiqués of the CMB.

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

---

**Restatement of Financial Statements in Hyperinflationary Periods**

Effective as of January 1, 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their consolidated financial statements in accordance with TAS / TFRS. Therefore, the Group has not applied inflation accounting as of January 1, 2005. In accordance with the announcement made by the POA on January 20, 2022, since the cumulative change in the general purchasing power for the last three years according to the Consumer Price Index ("CPI") is 74,41%, companies applying TFRS shall not be required to make any adjustments in their financial statements for 2021 in accordance with "TAS 29 Financial Reporting in Hyperinflationary Economies". According to TAS 29, all companies reporting in the currency of a hyperinflationary economy shall apply this standard as of the same date. Therefore, as stated in TAS 29, all companies are expected to adapt TAS 29 simultaneously with the announcement to be made by the Public Oversight Accounting and Auditing Standards Authority in order to ensure consistency in practice across the country. As the POA has not announced whether an adjustment will be made in the consolidated financial statements for the interim period ended June 30, 2023, TAS 29 has not been applied and no inflation adjustment has been made in the consolidated financial statements as of June 30, 2023.

**Presentation Currency and the Level of Rounding Used in Presenting Amounts in the Financial Statements**

The functional and reporting currency of the Group is Turkish Lira (TL) in comparison with previous periods. Consolidated financial information presented in TL has been rounded to the nearest full TL value.

**Approval of Consolidated Financial Statements**

The consolidated financial statements of the Group were approved and authorized for issue by the Parent Company's Board of Directors on 18 August 2023. The consolidated financial statements will be finalized upon the approval of the General Assembly of the Parent Company. Although there is no such intention, the Parent Company's management and certain regulatory bodies are authorized to amend statutory financial statements, in accordance with legal regulations, after their issue.

**Preparation of Consolidated Financial Statements**

The accompanying consolidated financial statements have been prepared in accordance with the Capital Markets Board's Communiqué Serial II, No: 14.1 on "Principles of Financial Reporting in Capital Markets" published in the Official Gazette No: 28676 dated June 13, 2013. The preparation of these financial statements is based on the TAS/TFRS and related annexes and comments promulgated by the POA in accordance with Article 5 of the Communiqué. Furthermore, the Group's consolidated financial statements and explanatory notes have been presented in accordance with the formats specified in the Capital Markets Board's announcement dated June 7, 2013, regarding "Financial Statement and Footnote Formats," including the required information. In addition, the accompanying consolidated financial statements have been presented in line with the 2022 TFRS Taxonomy, the most recent version of the 2016 TAS Taxonomy, which was approved by the POA's Board resolution dated June 02, 2016 and numbered 30, in accordance with the CMB's resolution dated July 15, 2016 and numbered 22/805.

**Consolidation Principles**

Companies in which the Parent Company holds, directly or indirectly, 50% or more of the shares, or has control rights over 50% or more of the voting rights, or exercises control over their activities are subject to the "full consolidation method." Control is deemed to exist when the Parent Company has the right to determine financial and administrative policies in its own favor.

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

**Full Consolidation Method**

The principles applied in full consolidation method are as follows:

- Accounting policies applied by the consolidated companies are adjusted to align with the accounting policies of the Parent Company.
- The cost of acquisition of the Parent Company's shares in the equity of its subsidiary within the scope of consolidation is deducted from the value of these shares represented in the equity of the subsidiary's balance sheet adjusted in accordance with the accounting policies of the Parent Company.
- Balance sheet items of the Parent Company and its subsidiaries, excluding the paid-in capital and equity at the acquisition date, are aggregated. During this aggregation process, mutual receivables and payables between the entities subject to consolidation method are offset against each other.
- The amounts attributable to interests other than those of the parent company and its subsidiaries are deducted from all equity account group items, including paid-in/issued capital of subsidiaries within the scope of consolidation, and are shown as the "Non-controlling interests" account in the consolidated balance sheet.
- The shares of the Parent Company held by its subsidiaries within the scope of consolidation are offset against the Parent Company's share capital.
- The income statement items of the Parent Company and its subsidiaries are aggregated separately, the income and expense items arising from their transactions with each other are offset against the related accounts. For the subsidiaries acquired during the accounting period, the income statement items are aggregated, considering those occurring after the acquisition date of the subsidiary (except for business combinations under joint control).
- The portion corresponding to the shares other than the subsidiary subject to the consolidation method from the net profit or loss of the subsidiaries within the scope of consolidation is shown under the "Non-controlling Interests" account after the net consolidated profit for the period.

As of June 30, 2023 and December 31, 2022, the Company in which the Parent Company holds, directly or indirectly, 50% or more of the shares, or has control rights over 50% or more of the voting rights, or exercises control over their activities and which is subject to the "full consolidation method" is as follows;

Subsidiary	Share of the Parent Company in the Subsidiary		Uncontrollable Equity Capital
	(Direct)	(Direct + Indirect)	Share
Hayri Ögelman Madencilik Anonim Şirketi	96.21%	96.21%	3.79%

CVK Maden İşletmeleri Sanayi ve Ticaret Anonim Şirketi acquired a stake of 86.21% in Hayri Ögelman Madencilik Anonim Şirketi on September 29, 2020. Furthermore, on December 16, 2022, CVK Maden İşletmeleri Sanayi ve Ticaret Anonim Şirketi acquired an additional 10% stake in Hayri Ögelman Madencilik Anonim Şirketi for 29,799,540 TL, increasing its ownership share to 96.21%. The effect of the related share purchase transaction is accounted for in the accompanying consolidated statement of changes in equity within the scope of "Partial share purchase and sale transactions with non-controlling interests".



**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

---

**Uniform Accounting Policy**

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If the financial statements of any of the companies included in the consolidated financial statements are prepared using different accounting policies for similar transactions and other events under similar circumstances, necessary adjustments are made to the financial statements of the relevant company during the preparation of the consolidated financial statements.

The investor's financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If an associate uses accounting policies other than those used by the investor for like transactions and other events in similar circumstances, the appropriate adjustments are made to align the associate's accounting policies with those of the investor for the use of the associate's financial statements by the investor in the application of equity method.

**Going Concern**

The accompanying consolidated financial statements are prepared on a going concern basis, with the assumption that the Group will benefit from its assets and fulfill its obligations in the next year and in the natural course of its activities.

**Netting/Offsetting**

Financial assets and financial liabilities are offset only when the entity has a legally enforceable right to set off the recognized amounts, and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**Comparative Information and Restatement of Prior Financial Statements**

In order to allow for the determination of financial position and performance trends, the Group's consolidated financial statements are prepared comparatively with the prior period. The Group has prepared the consolidated statement of financial position as of June 30, 2023 comparatively with the consolidated statement of financial position as of December 31, 2022.

The Group has also presented the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the period January 1 - June 30, 2023 comparatively with the period January 1 - June 30, 2022. In order to comply with the presentation of the current period financial statements, comparative information is reclassified when deemed necessary and significant differences are disclosed.

**2.b Changes in Accounting Policies**

A change in accounting policy is made only if;

- it is required by a standard or interpretation or
- results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows.

Users of financial statements must be able to compare the financial statements of an entity through time in order to identify trends in its financial position, financial performance and cash flows. Therefore, the same accounting policies shall apply in each interim period and each accounting period, unless a change in accounting policy meets one of the conditions specified in the paragraph above.

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

---

**Changes and Misstatements in Accounting Estimates**

The preparation of the accompanying consolidated financial statements in compliance with Turkish Accounting Standards requires the Management to make certain estimates and assumptions regarding the values carried by certain assets and liabilities, disclosures about contingent liabilities and the reported amounts of revenues and expenses. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in income statement in the periods in which they become known.

The important assumptions and assessments made, considering the interpretations that may have a material effect on the amounts reflected in the consolidated financial statements and the main sources of the existing or future estimates at the date of the statement of financial position, are as follows:

*Provision for doubtful receivables*

The provision for doubtful receivables reflects the amounts that the Group's management believes will cover the future losses of the receivables that exist as of the reporting date but have the risk of being uncollectible under the current economic conditions. The past performance of the debtors other than related parties and repeat customers, their credibility in the market, their performance from the date of the consolidated financial statements until the approval date of the consolidated financial statements and the renegotiated conditions are also taken into account while evaluating whether the receivables are impaired or not. The provisions for doubtful receivables as of the date of the consolidated statement of financial position are reflected in Note 9.

*Provision for decrease in value of inventory*

In calculating impairment of inventory, the physical status and aging of inventories are reviewed taking into consideration the technical personnel's opinion; and a provision is allocated for items assumed unserviceable (Note 12).

*Deferred financial income/expense*

The expected collection and payment dates in the light of available information are considered in computing the amortized cost of trade receivables and payables using the effective interest method.

*Useful lives of tangible and intangible fixed assets*

The Group allocates depreciation to its tangible and intangible fixed assets based on their useful lives and residual values specified in Note 2.c, taking into consideration the data provided in the Resource Estimation Report. Explanations regarding the useful lives are detailed in Note 2.c.

*Fair value measurements of tangible fixed assets*

The appraisal reports dated December 31, 2021 and 2020 prepared by Aden Gayrimenkul Değerleme ve Danışmanlık Anonim Şirketi, which is accredited by the Capital Markets Board, are used in determining the fair values of tangible fixed assets (excluding mineral exploration costs) in accordance with TAS 16. The fair values are determined by independent valuation experts using various estimates and assumptions. Future changes in these estimates and assumptions could have a material impact on the Group's consolidated financial statements (Note 17).

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

---

*Provision for legal claims*

In allocating the provision for legal claims, the probability of loss of ongoing lawsuits and the consequences to be endured if they are lost are evaluated in line with the opinions of the Group's legal advisors. Explanations regarding the provisions deemed necessary by the Group's management, based on their best estimates using the available data, are provided in Note 19.

*Rehabilitation provision*

The Group recognizes the estimated costs of legal and constructive obligations required to restore mine operating locations in the accompanying consolidated financial statements. The assumptions made during the calculations may involve significant uncertainties. Amounts related to rehabilitation provision are presented in Note 19.

*Provision for employment termination benefits*

The liability for employment termination benefits is determined by actuarial calculations based on a number of assumptions including discount rates, future salary increases and employee turnover rates. Due to the long-term nature of these plans, these assumptions involve significant uncertainties. The details of provisions for employee benefits are disclosed in Note 20.

*Deferred tax*

The Group recognizes deferred tax assets and liabilities based upon temporary timing differences arising between its financial statements as reported for TAS / TFRS purposes and its statutory taxable financial statements. These differences typically arise from certain income and expense items being recognized in different periods in the tax basis amounts compared to financial statements prepared in accordance with TMS/TFRS. The Group has deferred tax assets arising from future deductible temporary differences. The recoverable amount of deferred tax assets are estimated under current conditions. Future profit projections, losses incurred in current periods, the expiration dates of unused losses and other tax assets are taken into consideration during this assessment. As a result of the assessment, as of June 30, 2023 and December 31, 2022, tax credits on temporary differences arising from foreseeable and the right to tax deductions under the tax laws that could continue to be utilized within the period agreed to be part of the deferred tax assets have been estimated and accounted. Details of deferred tax calculations as of the date of the respective statement of financial position are presented in Note 28.

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

---

**New and Revised Standards and Interpretations**

The accounting policies applied in the preparation of the consolidated financial statements for the period ended June 30, 2023 are applied consistently with those used in the previous year, except for the new and amended TAS / TFRS and TAS / TFRS interpretations valid as of January 01, 2022, which are summarized below.

As of June 30, 2023, the new standards in effect, along with the changes and interpretations introduced to existing previous standards, are as follows:

**A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 37 and certain annual improvements on TFRS 1, TFRS 9, TAS 41 and TFRS 16** are effective for annual reporting periods beginning on or after January 1, 2022.

- Amendments to TFRS 3, 'Business combinations' update a reference in TFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- Amendments to TAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.
- Amendments to TAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to TFRS 1, 'First-time Adoption of TFRS', TFRS 9, 'Financial Instruments', TAS 41, 'Agriculture' and the Illustrative Examples accompanying TFRS 16, 'Leases'.

**TFRS 17, 'Insurance Contracts'**, is effective from annual reporting periods beginning on or after January 1, 2023. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

**Amendments to TFRS 17 and TFRS 4, 'Insurance contracts', deferral of TFRS 9**, are effective from annual reporting periods beginning on or after January 1, 2023. These amendments postpone the fixed date of the temporary exemption in TFRS 4 from applying TFRS 9, Financial Instruments to January 1, 2023.

**Narrow scope amendments to TAS 1, Practice Statement 2 and TAS 8** are effective from annual reporting periods beginning on or after January 1, 2023. These amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

**Amendment to TAS 12, Deferred tax related to assets and liabilities arising from a single transaction**, is effective from annual reporting periods beginning on or after January 1, 2023. These amendments require companies to recognize deferred tax on transactions that, when first recognized in the financial statements, give rise to equal amounts of taxable and deductible temporary differences.

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

---

Standards, amendments and interpretations that are issued but not effective as at June 30, 2023:

**Amendment to IAS 1, "Presentation of financial statements", regarding the classification of liabilities**, is effective from annual reporting periods beginning on or after January 1, 2024. These narrow-scope amendments to IAS 1, "Presentation of financial statements", clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what TAS 1 means when it refers to the 'settlement' of a liability.

**TFRS 16, 'Leases on sale and leaseback'**, is effective from annual reporting periods beginning on or after January 1, 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

The amendments do not have any impact on the consolidated financial position and performance of the Group.

## **2.c Summary of Significant Accounting Policies**

### **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, together with short-term, highly liquid investments that are readily convertible to a known amount of cash, and that are subject to an insignificant risk of changes in value. The carrying amount of these assets approximates their fair value.

### **Financial Instruments**

TFRS 9 sets out requirements for the recognition and measurement of financial assets and financial liabilities. This standard replaces TAS 39 Financial Instruments: Recognition and Measurement.

The latest version of TFRS 9 includes applications published in previous versions of TFRS 9, which were released in phases, including a new expected credit loss model for calculating impairment of financial assets, as well as updated applications for new general hedge accounting requirements. TFRS 9 is valid for annual accounting periods beginning on or after January 1, 2018.

#### *Classification of financial assets and liabilities*

TFRS 9 largely retains the existing provisions in TAS 39 for the classification and measurement of financial liabilities. However, the previous TAS 39 classification categories for financial assets held to maturity, loans and receivables, and financial assets available for sale have been removed.

The implementation of TFRS 9 did not have a significant impact on the Group's accounting policies regarding its financial liabilities and derivative financial instruments. The impact of TFRS 9 on the classification and measurement of financial assets is given below.

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

---

According to TFRS 9, when a financial asset is initially recognized in the financial statements, it is classified as either measured at amortized cost, measured at fair value through other comprehensive income – debt instruments; measured at fair value through other comprehensive income – equity instruments; or measured at fair value through profit or loss. Classification of financial assets within the scope of TFRS 9 is generally based on the business model the entity uses to manage financial assets and the characteristics of the contractual cash flows of financial asset. The standard eliminates the requirement to segregate embedded derivatives from financial assets and requires an assessment of how a hybrid contract should be classified as a whole.

A financial asset is measured at amortized cost if both of the following conditions are met and it is not classified as measured at fair value through profit or loss:

- The financial asset is held within a business model aimed at collecting contractual cash flows; and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at fair value through other comprehensive income if both of the following conditions are met and it is not classified as measured at fair value through profit or loss:

- The financial asset is held within a business model aimed at collecting contractual cash flows and selling financial assets; and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In the initial recognition of investments in equity instruments that are not held for trading purposes, an irrevocable choice may be made to present subsequent changes in fair value through other comprehensive income. This election can be made on an investment-by-investment basis. All above mentioned financial assets that are not measured at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss. These include all derivative financial assets. At initial recognition of financial assets in the financial statements, a financial asset may be irrevocably recognized as measured at fair value through profit or loss, provided that such transaction eliminates or significantly reduces an accounting mismatch that would result from different measurement of financial assets and related gains or losses.

In the initial measurement of financial assets other than those measured at fair value through profit or loss (except for trade receivables that are measured at transaction price at initial recognition and do not have a significant financing component), the transaction costs directly attributable to their acquisition or issuance are also added to the fair value.

*Impairment of financial assets*

Through the implementation of TFRS 9, the "Expected Credit Loss" (ECL) model has replaced the "Actual Loss" model in TAS 39. The new impairment model applies to financial assets measured at amortized cost, contractual assets and debt instruments measured at fair value through other comprehensive income, but not for investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39. Financial assets measured at amortized cost consist of trade receivables, cash and cash equivalents and private sector debt instruments.

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

---

Under TFRS 9, loss allowances are measured on any of the following bases:

- 12-month ECLs: the portion of expected credit losses arising from possible default events related to the financial instrument within 12 months after the reporting date; and,
- Lifetime ECLs: expected credit losses arising from all possible default events over the expected life of the financial instrument.

In determining whether the credit risk of a financial asset has increased significantly since initial recognition and in estimating its ECLs, the Group considers reasonable and supportable information available without undue cost or effort regarding the estimation of expected credit losses, including the effects of expected prepayments. This information includes quantitative and qualitative information and analysis based on the Group's past credit loss experiences and forward-looking information.

*Financial liabilities*

A financial liability is measured at fair value on initial recognition. During the initial recognition of financial liabilities whose fair value is not recognized in profit or loss, the transaction costs directly attributable to the underwriting of the related financial liability are added to the said fair value. Financial liabilities are recognized at amortized cost using the effective interest method, together with the interest expense calculated over the effective interest rate in the following periods.

Financial liabilities are classified as financial liabilities measured at fair value through profit or loss or other financial liabilities.

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

Financial liabilities measured at fair value through profit or loss are recognized at fair value and revalued at their fair value at the reporting date in each reporting period. The change in their fair value is recognized in the income statement. The net gain or loss recognized in the statement of profit or loss also includes the interest paid on the financial liability.

*Other financial liabilities*

Other financial liabilities, including financial borrowings, are initially recognized at fair value net of transaction costs.

Other financial liabilities are recognized at amortized cost using the effective interest method, together with the interest expense calculated over the effective interest rate in the following periods.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash flows through the expected life of the financial instrument, or, where appropriate, through a shorter period, exactly to the net present value of the financial instrument.

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

---

**Trade Receivables**

Trade receivables resulting from the provision of products or services to the buyer are recognized at amortized value of the receivables, which are recorded at the original invoice value, to be obtained in the following periods using the effective interest method. Short-term receivables with no specified interest rate are shown at the invoice amount unless the effect of the original effective interest rate is significant.

The "simplified approach" is applied within the scope of the impairment calculations of trade receivables (with a maturity of less than 1 year) that are recognized at amortized cost in the financial statements and do not contain a significant financing component. With this approach, allowances for losses on trade receivables are measured at an amount equal to "lifetime expected credit losses", in cases where trade receivables are not impaired for specific reasons (other than realized impairment losses).

Following the provision for impairment, if all or part of the amount of the impaired receivable is collected, the collected amount is deducted from the provision for impairment and recorded in other operating income.

Interest income/expenses related to commercial transactions and foreign exchange gains/losses are accounted for in the "Other Incomes/Expenses from Operating Activities" account in the statement of profit or loss.

**Financial Liabilities**

Financial liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition of the financial liability are also added to the fair value.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash flows through the expected life of the financial instrument, or, where appropriate, through a shorter period, exactly to the net present value of the financial instrument.

Financial liabilities are classified as equity instruments and other financial liabilities.

*Equity instruments*

Financial liabilities related to put options granted to non-controlling interests are recognized in the financial statements at their discounted value in accordance with the amortization schedule of such options. The discounted amount of the financial liability is considered to approximate to the fair value of the financial asset subject to the option.

*Other financial liabilities*

Other financial liabilities are recognized at amortized cost using the effective interest method, together with the interest expense calculated over the effective interest rate in the following periods.

**Trade Payables**

Trade payables specifically refer to the amount of money a business owes to its suppliers or vendors for goods and services acquired in the normal course of business. Trade payables are initially measured at fair value, and subsequently measured at amortized cost using the effective interest method.



**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

---

**Inventories**

Inventories are valued at the lower of acquisition cost or net realizable value. The cost of inventories includes all acquisition costs, conversion costs, and other costs incurred to bring inventories to their current state and location. The cost is calculated using the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The amount of write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of inventory impairment losses canceled due to an increase in the net realizable value is recognized in a way that reduces the accrued selling cost of the period in which the cancellation occurred. The net realizable value is reviewed at each financial statement period. In cases where the conditions that previously caused inventories to be written down to net realizable value no longer apply or an increase in the net realizable value is noted due to changing economic conditions, the provision for impairment is reversed (provided that the amount canceled is limited to the amount of the previously recognized impairment loss).

**Tangible Fixed Assets**

Tangible fixed assets are presented with their net value after deducting accumulated depreciation, and if any, residual value from the acquisition cost. Depreciable assets are depreciated on a straight-line basis over their cost amounts, using rates based on their estimated useful lives, on a pro-rata basis, taking into account the date of acquisition. Land is considered to have unlimited useful life, so it is not subject to depreciation. As a result of the Group's appraisal valuation reports as of December 31, 2021 and 2020, tangible fixed assets (excluding mineral exploration costs) are carried at fair value in the consolidated financial statements based on the valuations performed by Aden Gayrimenkul Değerleme ve Danışmanlık Anonim Şirketi, which is authorized by the Capital Markets Board.

The cost of an item of tangible fixed assets comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use. Expenditures incurred after an item of tangible fixed assets has been put into operation, such as repairs and maintenance, are recognized in the statement of profit or loss in the period in which they are incurred. If such expenditures result in an increase in the economic value of the related asset for its future use, these expenditures are added to the cost of the asset.

Leasehold improvements comprise expenditures on leased property and are depreciated over the lease term, where the useful life is longer than the lease term, or over their useful lives where the useful life is shorter.

The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued.

Where an asset's carrying amount is increased as a result of a revaluation, this gain is normally recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the gain should be recognized in the statement of profit or loss to the extent that it reverses a revaluation decrease of the same asset which had previously been recognized in profit or loss.

If an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognized as an expense. However, the decrease is recognized in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

The depreciation periods for tangible fixed assets, based on their estimated useful lives, are as follows:

	<u>Useful life</u>
Buildings	50 years
Underground and surface facilities	2-10 years
Machinery, plant and equipment	5-20 years
Vehicles	4-10 years
Furniture and fixtures	3-10 years
Leasehold improvements	Lease term

Repair and maintenance expenses are charged to the income statements during the period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. These post-capitalization expenses, added to the cost of the asset, are depreciated over the economic life of the relevant asset. The Group derecognizes the carrying amount of the parts replaced as part of post-capitalization expenses, regardless of whether they are depreciated independently of other parts.

#### **Mining Assets**

Mining assets consists of mine site development costs, mining rights, mining lands, and other costs associated with the improvement, rehabilitation and closure of mine sites. Mining assets (excluding mine site preparation and development costs) are reflected in the consolidated financial statements with their net value after deducting accumulated depreciation and permanent impairment, if any, for items acquired before 01 January 2005 based on their adjusted acquisition costs expressed in purchasing power of TL on December 31, 2004, and for items acquired after January 1, 2005, based on their acquisition costs. As a result of the Group's appraisal valuation reports as of December 31, 2021 and 2020, mine site preparation and development costs are carried at fair value in the consolidated financial statements based on the valuations performed by Aden Gayrimenkul Değerleme ve Danışmanlık Anonim Şirketi, which is authorized by the Capital Markets Board.

Mining assets are amortized from the commencement of production. Depreciation expenses of mining assets are associated with the production costs on the basis of the relevant mining sites.

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

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

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

---

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

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

Apart from the land on which the production facilities are built and where the wastes are stored, the Group also purchases land for mining exploration activities. These lands are recognized as mining assets and are carried in the financial statements over their acquisition costs. These lands are depreciated over the depreciation rate calculated by dividing the total ore-based apparent and probable workable reserves by the remaining amount of ore in the relevant mine as soon as the ore is extracted in the relevant mining area.

Mining rights are recognized in the financial statements over their acquisition cost and amortized by using the lower of the depreciation rate found by dividing the remaining economic lives of the relevant mine or the amount of ore extracted from underground and open pits during the period by the amount of visible and possible workable remaining ore reserves.

The costs of reclamation, rehabilitation and closure of mine sites in their current condition, which arise as a result of mine site development activities and production, and the provision for the highly probable expenses to be incurred during the closure and rehabilitation of the mines are recognized in the consolidated financial statements as of the date of the statement of financial position.

For each mine, the costs of reclamation, rehabilitation and closure of the respective mine sites are recognized in the financial statements over their acquisition cost and amortized by using the lower of the depreciation rate found by dividing the remaining economic lives of the relevant mine or the amount of ore extracted from the relevant mine during the period by the total amount of visible and possible workable remaining ore reserves. The costs incurred in relation to the prevention of environmental pollution and protection of the environment within the scope of the existing programs are recognized in the statement of profit or loss and other comprehensive income statement as expense in the period they are incurred.

**Mineral exploration, evaluation and development expenses**

Pre-license costs are recognized as an expense in the period in which they occur. Following the license acquisition, mineral exploration and evaluation expenses include all kinds of technical services from the initial prospecting and exploration stages of a mine site to the realization of a mining project. These technical services include all kinds of geological studies related to mining activities, from prospecting to reserve calculation, all types of ore production planning, from operable reserve calculation to production method, optimization and organization, construction and implementation of ore beneficiation projects from process mineralogy to complete flowsheet determination, and various activities such as feasibility studies in all scopes from market analysis to the necessary financing source.

Mine site development costs are capitalized in cases where it is highly likely to obtain an economic benefit in the future from the mine in question, can be identified for specific mining areas and the costs can be measured reliably. Costs incurred during mineral exploration and evaluation are capitalized as long as they are directly related to the development of the mine site.

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

---

At the point where production is decided at the mine site, all costs incurred are transferred to the mining assets account. However, when it is decided that there is no future economic benefit, all costs incurred are recognized in the statement of profit or loss. Mining assets are depreciated as the production starts after the preparation period.

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

**Right-of-use Assets**

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

The cost of a right-of-use asset includes the following:

- (a) the initial measurement amount of the lease liability,
- b) all lease payments made on or before the commencement date, less any lease incentives received; and
- c) all initial direct costs incurred by the Group.

Unless the transfer of ownership of the underlying asset to the Group at the end of the lease term is reasonably certain, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset and/or the period specified in the contract. Right-of-use assets are subject to impairment.

The depreciation periods for right-of-use assets, based on their estimated useful lives, are as follows:

	<u>Useful life</u>
Vehicles	1-3 years
Buildings	3-5 years

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

---

**Lease Liabilities**

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date.

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

- a) Fixed payments,
- b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- c) Amounts expected to be paid under residual value guarantees
- d) The exercise price of a put option, if such option is reasonably certain to be exercised by the Group; and
- e) Payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

Variable lease payments that do not depend on an index or rate are recognized as an expense in the period when the event or condition that triggers the payment occurs. The Group determines the revised discount rate for the remainder of the lease term as the implicit interest rate in the lease if that rate can be readily determined. The Group also determines the revised discount rate for the remainder of the lease term as the Group's alternative borrowing rate at the date of reassessment if the implicit interest rate in the lease cannot be readily determined.

After the commencement date, the Group measures its lease liability by:

- a) increasing the carrying amount to reflect interest on the lease liability,
- b) reducing the carrying amount to reflect the lease payments made, and

In addition, the value of lease liabilities is remeasured in the event of a change in the lease term, in essence a change in fixed lease payments or a change in the assessment of the option to buy the underlying asset.

**Short-term Rentals and Leases of Low-value Assets**

The Group applies the short-term lease registration exemption to short-term machinery and equipment and low-value real estate lease agreements (i.e., assets with a rental period of 12 months or less starting from the commencement date and no put option). At the same time, the Group applies the exemption for the recognition of low-value assets to the fixed assets that are considered to be of low value. Short-term lease agreements and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

**Significant judgment in determining the lease term of contracts with renewal options**

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

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

---

**Practical Expedients**

The Group applies the short-term lease registration exemption to short-term machinery and equipment and real estate lease agreements (i.e., assets with a rental period of 12 months or less starting from the commencement date and no put option).

The Group applies the exemption for the recognition of low-value assets to the office equipment that are considered to be of low value. Short-term lease agreements and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

The Group applies a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with similar remaining lease terms for a similar class of assets in a similar economic environment).

**Intangible Fixed Assets**

**Acquired Intangible Fixed Assets**

Acquired intangible assets include acquired rights of use, information systems and other identifiable rights. Intangible assets with finite useful lives are carried at cost less residual values, if any, less accumulated amortization and accumulated impairment losses. These assets are amortized on a straight-line basis over their estimated useful lives (useful lives not exceeding 10 years). Expected useful lives and depreciation method are reviewed annually to determine possible effects of changes in estimates, and the change in estimates are recognized on a prospective basis.

**Computer Software**

Acquired computer software licenses are capitalized at the time of purchase and at the cost incurred from the time of purchase until the software is ready for use.

**Derecognition of Intangible Assets**

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition of an intangible asset is calculated as the difference, if any, between the net proceeds from disposal and the carrying amount of the asset. This difference is recognized in profit or loss when the asset is derecognized.

**Finance Leases**

Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments (leased assets are included in related line item in the consolidated financial statements). When calculating the present value of the minimum lease payments, the interest rate on leasing agreement is used if it can be calculated practically; otherwise the interest rate on borrowings is used as discount rate. Expenses incurred during the acquisition of leased asset are included in cost. Lease payments are apportioned between finance charges and reduction of the lease obligation. Interest charges are calculated by using the constant interest rate and charged directly against income.

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

---

**Impairment of Assets**

At each reporting date, the Group assesses whether there is any indication that an asset, other than deferred tax assets and financial assets carried at fair value, may be impaired. If any such indication of impairment exists, the Group estimates the recoverable values of that asset. An impairment loss exists if the carrying value of an asset or a cash generating unit is greater than its recoverable amount which is the higher of value in use or fair value less costs to sell. An impairment loss is recognized in profit or loss in the relevant period. An impairment loss on an asset is reversed to the extent that subsequent increases in the recoverable amount of that asset can be related objectively to an event occurring after the impairment was recognized, but not exceeding the amount previously impaired.

The Group considers the following criteria for impairment testing of all financial assets:

- Significant financial difficulty of the issuer or obligor,
- A breach of contract, such as a default or delinquency in interest or principal payments,
- The group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganization,
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets.

**Business Combinations and Goodwill**

Business combinations are considered as the merging of two separate legal entities or businesses into one reporting entity. Business combinations are recognized using the acquisition method within the context of TFRS 3 (Note 4).

The acquisition cost contains the fair value of assets at acquisition date, issued capital instruments, liabilities assumed or incurred at the date of exchange, and any additional costs attributable to the acquisition. If the business combination agreement includes provisions that stipulate that the cost may be adjusted depending on future events; if this adjustment is probable and its value can be determined, the acquirer includes such adjustments in the cost of business combination at the merger date. Acquisition costs are recognized in the period in which they are incurred. Goodwill arises on the acquisition of subsidiaries, affiliates and joint ventures and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill is allocated to cash-generating units. The allocation is made to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arises. Each unit or group of units to which goodwill is allocated is the smallest group of assets of the entity to which goodwill is allocated for internal management purposes. Goodwill is monitored on an operating segment basis. Goodwill impairment reviews are performed annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

Legal combinations arising between companies controlled by the Group are not considered within the scope of TFRS 3. Therefore, no goodwill is recognized in these combinations. In addition, all transactions arising between the parties in legal combinations are subject to adjustments during the preparation of the consolidated financial statements.

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

---

Partial share purchase and sale transactions with non-controlling interests

The Group considers the purchase and sale transactions of the shares of the partnerships that it currently controls with non-controlling shareholders as transactions between the equity holders of the Group. Accordingly, in case of additional share purchase transactions from non-controlling interests, the difference between the acquisition cost and the carrying value of the partnership's net assets in proportion to the purchased shares is recognized in equity. In the sale of shares to non-controlling interests, any gain or loss resulting from the difference between the sales price and the carrying value of the partnership's net assets in proportion to the sold share is also recognized in equity.

Effects of combinations of entities or businesses under common control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

Business combinations under common control are recognized by using the pooling of interest method, thus no goodwill arising from this transaction is included in the consolidated financial statements. When applying the pooling of interest method, the financial statements are prepared as if the merger had occurred as of the beginning of the reporting period in which the joint control occurred. As it would be appropriate to look from the point of view of the parent while reflecting the business combinations under common control in the financial statements, the financial statements including merger accounting are restated in accordance with the provisions of TAS / TFRS, as if the financial statements were prepared in accordance with TAS / TFRS on the date the company holding the control of the group took control of the companies under common control and afterwards. "Effect of Combinations Involving Entities or Businesses Under Common Control" or "Share Premiums" accounts are used as an offsetting account under shareholders' equity in order to eliminate the asset-liability mismatch arising from the business combination under common control. If the carrying amount of the acquired net assets on the date of the merger exceeds the transferred value, the difference is considered as the additional capital contributions of the shareholders and reflected to the "Share Premiums." On the contrary, when the net transaction consideration exceeds the carrying amount of the net assets of the entity on the date of the transaction, the difference is reflected in "Effect of Combinations Involving Entities or Businesses under Common Control" as an item decreasing the equity.

**Determination of fair values**

A number of the Group's accounting policies and disclosures require the measurement of fair value, for both financial and non-financial assets and liabilities. Fair values are determined by the following methods for valuation and/or disclosure purposes. Where applicable, the assumptions used in the determination of fair values are disclosed as additional information in the notes to the related asset or liability. Valuation methods by level are defined as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).



**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

---

**Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All of the other borrowing costs are recorded in the income statement in the period in which they are incurred. There are no capitalized borrowing costs for the periods ended on June 30, 2023 and December 31, 2022.

**Taxation**

The tax expense in the accompanying consolidated financial statements consists of current period tax provision and deferred tax.

*Current tax provision*

A provision is allocated for corporate tax liabilities arising from the results of operations for the period at the statutory tax rates enacted on the date of the statement of financial position. Taxable profit differs from profit in the statement of profit or loss as it excludes items that are taxable or deductible in other years and it further excludes items that are not taxable or deductible.

*Deferred tax*

Deferred tax liabilities and assets are recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases that is used in the computation of taxable profit by using the enacted tax rates of the tax effects according to the statement of financial position method. Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are calculated for all of the taxable temporary differences related to investments in subsidiaries and affiliates, and to shares in joint ventures, except when the Group is able to control the discontinuation of temporary differences and in the near future it is unlikely that such difference will be eliminated in the future. Deferred tax assets resulting from the taxable temporary differences related to such investments and shares are calculated on the condition that it is highly probable that the related differences will be utilized in the near future and that it is probable that future differences will be eliminated in the future.

The carrying amount of the deferred tax asset is reviewed at each statement of financial position date. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that financial profit will be available to allow the benefit of some or all of that amount.

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

---

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax regulations) that have been enacted or substantively enacted by the date of the statement of financial position. Tax consequences of the methods that the Group expects to recover or settle the carrying amount of its assets as of the date of the statement of financial position are taken into consideration in the calculation of deferred tax assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognized as an expense or income in the statement of profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

**Provisions, Contingent Liabilities and Contingent Assets**

*Provisions*

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation in the future, and a reliable estimate can be made for the amount of such obligation. These accrued provisions are reviewed at each balance sheet date and revised to reflect current estimates.

*Contingent Liabilities and Contingent Assets*

Transactions that may give rise to commitments and contingent liabilities refer to those whose realization depends on the outcome of one or more future events. Accordingly, certain transactions are recognized as off-balance sheet items because they involve a risk of future loss, risk or uncertainty. In the event that an estimate is made for future liabilities or losses, they are recognized as expenses and liabilities for the Group. However, only income and profits that can be measured reliably and are virtually certain to be realized in the future are recognized in the financial statements.

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

**Related Parties**

In the presence of one of the following criteria, the party is considered to be related to the Group:

(a) the party, either directly or indirectly through one or more means,

- i) controls the enterprise, controlled by the enterprise or is present under the same control with the enterprise (including parent companies, subsidiaries and subsidiaries at the same line of business);
- ii) has share which allows them to have big impact on the Group; or
- iii) has common control on the Group;

b) the party is an affiliate of the Group;

c) the party is a joint venture in which the Group is a venture partner;

d) the party is a member of the key personnel in the Group or the parent company;

e) the party is a close family member of any person referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party has a post-employment benefit plan for the benefit of employees of the entity or of an entity that is a related party of the entity.

A transaction with the related party is the transfer of resources, services or obligations between the reporting entity and the related party, regardless of whether a price is charged. The Group enters into business relationships with related parties in the ordinary course of business (Note 5).

**Foreign Currency Assets and Liabilities**

Foreign currency transactions are recognized at the current exchange rates on the date of the transaction. The balances of foreign currency assets and liabilities are valued based on the exchange rates at the end of the period. Exchange differences arising on valuation are recognized in the statement of profit or loss as foreign exchange gains or losses. The Group performed the measurements in accordance with the POA's announcement on "the Next Measurement of Foreign Currency Monetary Items According to Turkish Accounting Standards" dated March 15, 2021.

The exchange rates used for the amounts classified in the assets section of the statement of financial position at the end of the period are as follows:

	30.06.2023	31.12.2022
USD	25.8231	18.6983
EURO	28.1540	19.9349
GBP	32.8076	22.4892

The exchange rates used for the amounts classified in the liabilities section of the statement of financial position at the end of the period are as follows:

	30.06.2023	31.12.2022
USD	25.8696	18.7320
EURO	28.2048	19.9708
GBP	32.9786	22.6065

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

**Segment Reporting of Financial Information**

Industrial segments are segments that differ from the other segments of the Group in terms of providing a particular good or service or a group of related goods or services, or in terms of risk and benefit. Geographical segments are segments of the Group that provide goods or services in a particular economic environment and differ in terms of risk and benefit from the other segments operating in another economic environment.

A reportable segment is an industrial segment or a geographical segment for which segment information is required to be disclosed. The requirement for an industrial or geographical segment to be designated as a reportable segment as follows: the majority of segment revenue is earned from sales to external customers, the segment revenue from sales to external customers and from transactions with other segments is 10% or more of the total revenue, external and internal, of all segments, or the segment result, whether profit or loss, is 10% or more the combined result of all segments in profit or the combined result of all segments in loss, whichever is greater in absolute amount; or the segment assets are 10% or more of the total assets of all segments.

The Group operates in the same geographical region and in the same industry. Therefore, segment reporting has not been made herein.

**Employee Benefits / Severance Pay**

Severance Pay

In accordance with the current labor law, the Group is obliged to pay a certain amount of severance pay to the personnel who quit their job due to retirement after serving at least one year or who are dismissed for reasons other than resignation and bad behavior. This liability is calculated on the basis of 30-day total gross wage and other rights, with a maximum of 19.982,83 TL (December 31, 2022: 15.371 TL) for each year of service, as of June 30, 2023.

The Group has calculated the provision for severance pay in the accompanying financial statements using the "Projection Method" and based on the Group's experience in completing the personnel service period and entitlement to severance pay, and discounted it with the effective interest rate on the date of the financial statements. All gains and losses other than the calculated actuarial gain / (loss) are reflected in the statement of profit or loss, while actuarial gain / (losses) are reflected in the statement of changes in equity.

The ratios of the basic assumptions used on the day of the statement of financial position are as follows:

	30.06.2023	31.12.2022
Real discount rates	2.72%	2.08%

Social Insurance Premiums

The Group pays compulsory social insurance premiums to the Social Security Institution. As long as the Group pays these premiums, it has no other obligations. These premiums are recognized in personnel expenses in the period on accrual basis.

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

---

**Dividends**

Dividend receivables and dividends from the Group's subsidiaries are recorded as income when the right to collect dividends arises, and dividend payments are shown as profit distribution in the period they are announced.

**Paid-in Capital**

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

**Share Premiums / Discounts**

Share premiums consist of share premium and/or the "Effect of Combinations Involving Entities or Businesses under Common Control" standard.

- Share premium represents the difference that is arisen from the sale of a subsidiary or an investment accounted by equity method shares that the Group has with a higher amount than their nominal values or the positive difference between the nominal values and the fair values of the shares that the Group had issued related to the firms that the Group had acquired.
- In accordance with the "Effect of Combinations Involving Entities or Businesses under Common Control" standard, if the carrying amount of the acquired net assets on the date of the merger exceeds the transferred value, the difference is considered as the additional capital contributions of the shareholders and reflected to the "Share Premiums."

**Government Incentives and Grants**

Government incentives and grants are transactions to encourage an entity to engage in certain activities that it would not have done without government assistance or for other reasons. Government grants are transactions in which the government provides economic benefits to an entity or a group of entities on the condition that they fulfill certain criteria, while government incentives represent economic resources transferred by the government to an entity in return for the entity having met or will meet certain criteria related to the entity's core business in previous periods or in the future.

All government grants, including non-monetary government grants followed at fair value, are recognized when there is reasonable assurance that the conditions for obtaining them will be met and the grant will be received by the entity.

**Events after the Reporting Date**

Events after the reporting date include all events between the balance sheet date and the date of authorization for the issue of the balance sheet, even if they have occurred after any announcement concerning profit or the public announcement of other selected financial information.

The Group adjusts its financial statements if such subsequent events require an adjustment to the consolidated financial statements. Events after the reporting date that require no adjustment are reported in the consolidated financial statement notes, if material.

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

---

**Earnings / (Loss) per share**

Earnings / (loss) per share disclosed in the statement of profit or loss is determined by dividing the current period net profit / (loss) by the weighted average number of outstanding shares during the period concerned. In Turkey, companies may increase their issued capital by making a pro-rata distribution of shares ("gratis shares") to existing shareholders from retained earnings. For the purpose of earnings per share calculations, such gratis shares are treated as issued shares. Accordingly, the weighted average number of shares used in these calculations is determined by taking into consideration the retrospective effects of such share distributions.

**Revenue**

As of January 1, 2018, the Group has adopted TFRS 15, "Revenue from Contracts with Customers", which proposes a five step model framework mentioned below for revenue recognition.

- Identify the contact with customers
- Identify separate performance obligations in the contract
- Determine the transaction price in contract
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue

According to this model, the goods or services promised in each contract with customers are first evaluated and each commitment to transfer such goods or services is determined as a separate performance obligation. Subsequently, it is determined whether the performance obligations will be fulfilled over time or at a certain point in time. If the Company transfers control of a good or service over time and therefore fulfills the performance obligations related to the related sales over time, it recognizes revenue over time by measuring the progress towards the full fulfillment of these performance obligations.

The Group recognizes revenue from the production and sale of ores and royalty transactions. Revenue related to performance obligations that are commitments to transfer goods or services is recognized when the customers obtain the control of such goods or services.

The Group considers the following in the assessment of transfer of control of goods and services sold to the customer:

- a) the Group has a right to payment for the goods or service,
- b) the customer has legal title to the goods or service,
- c) the customer has obtained physical possession of the goods or service,
- d) the customer has the significant risks and rewards of ownership of the goods or services,
- e) the customer has accepted the goods or services.

The Group does not adjust the promised amount of consideration for the effects of a significant financing component since the Group expects, at the inception of contract, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less. On the other hand, if the financing component is significant in revenue, future collections are discounted by the interest rate in financing component. The difference is recognized on an accrual basis as other operating income in the related periods.

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

**Interest Income**

Interest income is accrued in the relevant period based on the effective interest method, which brings the remaining principal balance and the estimated cash inflows to be obtained from the related financial asset over its expected life to the net book value of the said asset.

Interest income and foreign exchange gains related to commercial transactions are recognized as other operating income.

Dividend income from equity investments is reflected in the financial statements when the right of shareholders to receive dividends arises. Dividend payables are reflected to the financial statements as a liability after the approval of the general assembly as an element of profit distribution.

**Cash Flow Statement**

The Group prepares cash flow statements to inform financial statement users about the changes in its net assets, its financial structure and its ability to manage the amount and timing of cash flows according to changing conditions. In the cash flow statement, cash flows for the period are classified and reported based on operating, investing and financing activities. Cash flows from operating activities represent the cash flows from the Group's main activities. Cash flows related to investing activities show the cash flows used and obtained by the Group in investing activities (fixed asset investments and financial investments). Cash flows related to financial activities show the resources used by the Group in financial activities and the repayments of these resources. Cash and cash equivalents comprise cash on hand and demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities of 3 months or less.

**NOTE 3 - INTERESTS IN OTHER PARTIES**

As of June 30, 2023 and December 31, 2022, the Parent Company's interests in other companies and the summary information of the related companies in which the Parent Company has interests are as follows:

	Share of the Parent Company in the Subsidiary	(Direct + Indirect)	Uncontrollable Equity Capital Share
Subsidiary	(Direct)		
Hayri Ögelman Madencilik Anonim Şirketi	96.21%	96.21%	3.79%

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

Summary financial information of the Parent Company's subsidiary as of June 30, 2023 is as follows:

Subsidiary	Field of Activity	Asset size	Total equity	Revenue	Profit / (Loss) for the Period
Hayri Ögelman Mining	Mine	568,855,529	315,346,146	180,738,106	73,035,759

Summary financial information of the Parent Company's subsidiary as of December 31, 2022 is as follows:

Subsidiary	Field of Activity	Asset size	Total equity	Revenue	Profit / (Loss) for the Period
Hayri Ögelman Mining	Mine	412,799,746	242,244,755	302,408,500	67,599,812

Summary financial information of the Parent Company's subsidiary as of June 30, 2022 is as follows:

Subsidiary	Field of Activity	Asset size	Total equity	Revenue	Profit/(Loss) for the Period
Hayri Ögelman Mining	Mine	389,321,830	198,472,028	114,284,652	23,876,172

The details of the subsidiary are presented in Note 1.

**NOTE 4 - EFFECTS OF COMBINATIONS INVOLVING ENTITIES AND BUSINESSES UNDER COMMON CONTROL**

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

CVK Maden İşletmeleri Sanayi ve Ticaret Anonim Şirketi acquired 86.21% shares of Hayri Ögelman Madencilik Anonim Şirketi from Fatih Çevik and Serap Çevik, who were related parties of the Company, in consideration of 25,000,000 TL on September 29, 2020. Since the acquisition cost is 14,625,267 TL less than the carrying amount of the identifiable assets, liabilities and contingent liabilities allocated to the Company's share of the acquired entity, the related amount has been recognized as a separate item in equity in the consolidated financial statements. As the carrying amount of the acquired net assets on the date of the merger exceeded the transferred value, the difference was considered as the additional capital contributions of the shareholders and reflected to the "Share Premiums." (Note 21.6).

Furthermore, on December 16, 2022, CVK Maden İşletmeleri Sanayi ve Ticaret Anonim Şirketi acquired an additional 10% stake in Hayri Ögelman Madencilik Anonim Şirketi for 29,799,540 TL, increasing its ownership share to 96.21%. The effect of the related share purchase transaction is accounted for in the accompanying consolidated statement of changes in equity within the scope of "Partial share purchase and sale transactions with non-controlling interests".



**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

**NOTE 5 – RELATED PARTY DISCLOSURES**

**i) Receivables and payables from related parties:**

a) The details of advances given to related parties classified under the prepaid expenses are as follows (Note 14):

	30.06.2023	31.12.2022
İkizler Tatlı Gıda Sanayi Ticaret Limited Şirketi	104,092	-
Manolya Madencilik A.Ş.	-	6,054,942
	104,092	6,054,942

b) The details of trade payables from related parties classified under the trade payables are as follows (Note 9):

	30.06.2023	31.12.2022
Mahizer Tatlı ve Unlu Mamüller Üretim Anonim Şirketi	191,515	-
İkizler Tatlı Gıda Sanayi Ticaret Limited Şirketi	-	46,383
	191,515	46,383

c) The details of payables from related parties classified under the other trade payables are as follows (Note 10):

	30.06.2023	31.12.2022
Hüseyin Çevik	-	12,994,133
CVK Mineral Madencilik Nakliyecilik İnşaat Taahhüt ve Sanayi ve Ticaret Anonim Şirketi	-	135,952
	-	13,130,085

d) The details of the order advances received from related parties classified under the deferred incomes are as follows (Note 15):

	30.06.2023	31.12.2022
CVK Traverten ve Mermer Sanayi Ticaret A.Ş.	-	175,000
	-	175,000

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

**ii) Sales, purchases and transactions to related parties:**

a) The details of purchases from related parties classified under the general administrative expenses are as follows:

	01.01.- 30.06.2023	01.01.- 30.06.2022
CVK Mineral Madencilik Nakliyecilik İnşaat Taahhüt ve Sanayi ve Ticaret Anonim Şirketi (*)	1,095,000	26,950
İkizler Tatlı Gıda Sanayi Ticaret Limited Şirketi	295,338	81,736
Mahizer Tatlı ve Unlu Mamüller Üretim Anonim Şirketi	523,705	-
	1,914,043	108,686

(\*) Related amount consists of rent and other expenses. Rent expenses are recognized in the accompanying consolidated financial statements in accordance with "TFRS 16 Leases".

b) The details of purchases from related parties classified under the marketing expenses are as follows:

	01.01.- 30.06.2023	01.01.- 30.06.2022
CVK Mineral Madencilik Nakliyecilik İnşaat Taahhüt ve Sanayi ve Ticaret A.Ş.	9,776	188,065
	9,776	188,065

c) The details of foreign exchange losses from related parties classified under the financing expenses are as follows;

	01.01.- 30.06.2023	01.01.- 30.06.2022
Hüseyin Çevik	795,721	-
	795,721	-

c) The details of benefits for key management personnel are as follows;

	01.01.- 30.06.2023	01.01.- 30.06.2022
Benefits for Key Management Personnel	2,413,718	388,300
	2,413,718	388,300

The Group specifies Finance Manager, Accounting Manager and Production Manager as key management personnel.

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

**NOTE 6 – CASH AND CASH EQUIVALENTS**

As of June 30, 2023, and December 31, 2022, the details of cash and cash equivalents are as follows:

	30.06.2023	31.12.2022
Cash	543,673	315,689
Banks		
Time Deposit	164,876,832	37,784,281
Demand Deposit	31,098,834	34,502,865
Liquid funds	402,700,872	-
	599,220,211	72,602,835

As of June 30, 2023, and December 31, 2022, the Group's bank deposits consist of both time and demand deposits. As of June 30, 2023, and December 31, 2022, there is no blockage on the related deposits. The liquid funds consist of cash equivalents that can be converted into cash at their listed values.

As of June 30, 2023, the details of cash and cash equivalents denominated in foreign currencies are as follows;

Currency	Foreign Currency Amount	Exchange Rate	TL Amount
TL	463,172,264	1.0000	463,172,264
USD	5,236,280	25.8231	135,216,982
EURO	29,515	28.1540	830,965
Total			599,220,211

As of December 31, 2022, the details of cash and cash equivalents denominated in foreign currencies are as follows;

Currency	Foreign Currency Amount	Exchange Rate	TL Amount
USD	2,971,309	18.6983	55,558,427
TL	16,183,380	1.0000	16,183,380
EURO	43,192	19.9349	861,028
Total			72,602,835

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

As of June 30, 2023, the details of time deposits are as follows;

Currency	Foreign Currency Amount	Interest Rate Interval	Maturity Interval	TL Amount
USD	4,058,097	4.1% - 4.5%	3 - 7 days	104,792,657
TL	60,084,175	30% - 36%	3 days	60,084,175
				164,876.832

As of December 31, 2022, the details of time deposits are as follows;

Currency	Foreign Currency Amount	Interest Rate Interval	Maturity Interval	TL Amount
USD	2,008,862	3.50%	17 days	37,562,301
TL	221,980	14.00%	22 days	221,980
				37.784.281

**NOTE 7 – FINANCIAL INVESTMENTS**

As of June 30, 2023, and December 31, 2022, the details of financial investments are as follows:

**Short-term financial investments**

	30.06.2023	31.12.2022
Foreign exchange-protected deposits	103,700,248	-
Financial assets measured at fair value through profit or loss	102,070	100,559
	103.802.318	100,559

As of June 30, 2023, the details of foreign exchange-protected deposits are as follows;

Currency	Foreign Currency Amount	Interest Rate	Maturity Interval	TL Amount
USD	4,000,025	8% - 11%	47 days	103,700,248
				103,700,248

Foreign exchange-protected deposits are recognized under "Financial Investments" in accordance with the Public Oversight Accounting and Auditing Standards Authority's "Announcement on Accounting for Foreign Currency / Gold Conversion Foreign Exchange / Price Protected TL Deposit Accounts" dated March 01, 2022. Income from the related deposits is recognized under "Income from Investment Activities" in the accompanying statement of profit and loss (Note 26.1).

**Long-term financial investments**

None (December 31, 2022: None).

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

**NOTE 8 – FINANCIAL BORROWINGS**

As of June 30, 2023, and December 31, 2022, the details of financial borrowings are as follows:

	30.06.2023	31.12.2022
Short-term bank loans	539,762	57,750,195
Payables from leasing activities	1,708,813	42,257
Short-term lease payables, net	8,321,429	18,009,481
Short-term portions of long-term borrowings	13,750,941	15,178,080
<b>Total short-term financial payables</b>	<b>24,320,945</b>	<b>90,980,013</b>
Long-term bank loans	8,366,335	13,156,942
Payables from leasing activities	6,386,212	16,284
Long-term lease payables, net	4,507,832	5,496,670
<b>Total long-term financial payables</b>	<b>19,260,379</b>	<b>18,669,896</b>
<b>Total financial borrowings</b>	<b>43,581,324</b>	<b>109,649,909</b>

As of June 30, 2023, the average effective interest rates of TL and EURO financial borrowings are 17.53% and 5.04%, respectively. TL: 20.81%, EURO: 5.72%).

Financial leases are related to the purchase of machinery and vehicles. The Group has the option to purchase these assets at the end of the lease contract at a lower value. The Group's obligations related to financial leases are secured by the lessor's ownership rights over the leased assets.

As of June 30, 2023, there is a pledge amounting to 8,494,524 TL on the Group's vehicles in favor of financial institutions in order to provide provision for the vehicle loans used (December 31, 2022: 8,494,524 TL). In addition, the Group's related parties have sureties in favor of financial institutions as collateral for the Group's financial liabilities.

As of June 30, 2023 and December 31, 2022, the maturity analysis of bank borrowings is as follows:

	30.06.2023	31.12.2022
Payable between 0 - 1 year	14,290,703	72,928,275
Payable between 1 - 2 years	7,287,883	9,498,368
Payable between 2 - 3 years	666,830	3,031,710
Payable between 3 - 4 years	411,622	485,957
Payable between 4 - 5 years	-	140,907
	<b>22,657,038</b>	<b>86,085,217</b>

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

As of June 30, 2023, the foreign currency position of bank loans is presented below:

Currency	Foreign Currency Amount	Exchange Rate	TL Amount
TL	22,657,038	1.0000	22,657,038
			22,657,038

As of December 31, 2022, the foreign currency position of bank loans is presented below:

Currency	Foreign Currency Amount	Exchange Rate	TL Amount
TL	86,085,217	1.0000	86,085,217
			86,085,217

As of June 30, 2023 and December 31, 2022, the maturity analysis of financial lease liabilities is as follows:

	30.06.2023	31.12.2022
Payable between 0 - 1 year	8,321,429	18,009,481
Payable between 1 - 2 years	4,507,832	4,668,233
Payable between 2 - 3 years	-	828,437
	12,829,261	23,506,151

As of June 30, 2023, the foreign currency position of financial lease liabilities is presented below:

Currency	Foreign Currency Amount	Exchange Rate	TL Amount
EURO	448,245	28.2048	12,642,658
TL	186,603	1.0000	186,603
Total			12.829.261

As of December 31, 2022, the foreign currency position of financial lease liabilities is presented below:

Currency	Foreign Currency Amount	Exchange Rate	TL Amount
EURO	1,165,042	19.9708	23,266,818
TL	239,333	1.0000	239,333
Total			23.506.151

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

**NOTE 9 - TRADE RECEIVABLES AND PAYABLES**

As of June 30, 2023, and December 31, 2022, the details of trade receivables are as follows:

**Short-term trade receivables**

	30.06.2023	31.12.2022
Trade receivables	150,829,006	132,167,304
Receivables rediscount (-)	(2,104,723)	(1,190,218)
Doubtful trade receivables	1,936,293	2,134,115
Provision for doubtful trade receivables (-)	(1,936,293)	(2,134,115)
	148,724,283	130,977,086

The movement of doubtful trade receivables during the period is as follows:

	01.01.- 30.06.2023	01.01.- 31.12.2022
Opening balance	2,134,115	898,605
Collections (Note 25.1)	(768,087)	-
Provisions recognized during the period (Note 25.2)	570,265	1,235,510
Closing balance	1,936,293	2,134,115

The maturity of the Group's trade receivables varies on an individual customer basis and averages between 30 - 60 days.

**Long-term trade receivables**

None (December 31, 2022: None).

The credit risk table for trade receivables is presented in Note 30.

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

As of June 30, 2023, and December 31, 2022, the details of trade payables are as follows:

**Short-term trade payables**

	30.06.2023	31.12.2022
Trade payables	59,388,102	57,920,455
Trade payables to related parties (Note 5)	191,515	46,383
Notes payable	-	1,643,380
Expense accruals arising from contracts	257,500	240,000
Payables rediscount (-)	(1,033,964)	(1,173,945)
	58,803,153	58,676,273

As of June 30, 2023, and December 31, 2022, the details of notes payable on maturity basis are as follows:

	30.06.2023	31.12.2022
1-30 days	-	1,429,823
31-60 days	-	213,557
	-	1,643,380

The maturity of the Group's trade payables varies on an individual customer basis and averages between 30 - 90 days.

**Long-term trade payables**

None (December 31, 2022: None).

**NOTE 10 - OTHER RECEIVABLES AND PAYABLES**

As of June 30, 2023, and December 31, 2022, the details of other receivables are as follows:

**Short-term other receivables**

	30.06.2023	31.12.2022
VAT receivables from tax office (*)	10,297,986	5,186,378
	10,297,986	5,186,378

(\*) Related amount consists of VAT refund receivables arising from exports.

**Long-term other receivables**

	30.06.2023	31.12.2022
Issued deposits and guarantees	2,361,332	1,933,040
	2,361,332	1,933,040



**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

As of June 30, 2023, and December 31, 2022, the details of other payables are as follows:

**Short-term other payables**

	30.06.2023	31.12.2022
Taxes and funds payable	1,457,753	2,047,191
Installed tax liabilities	6,381,009	2,526,062
Payables to related parties (Note 5)	-	135,952
Payables to shareholders (Note 5)	-	12,994,133
Advance notes payable	-	1,158,000
	7,838,762	18,861,338

**Long-term other payables**

	30.06.2023	31.12.2022
Installed tax liabilities	385,370	744,577
	385,370	744,577

**NOTE 11 – EMPLOYEE BENEFIT PAYABLES**

As of June 30, 2023, and December 31, 2022, the details of employee benefits payables are as follows:

	30.06.2023	31.12.2022
Social security deductions payable	2,062,760	1,223,036
Payables to personnel	1,238,188	2,199,396
	3,300,948	3,422,432

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

**NOTE 12 - INVENTORIES**

As of June 30, 2023, and December 31, 2022, the details of inventories are as follows:

	30.06.2023	31.12.2022
Raw materials and supplies	18,880,798	14,400,084
Semi-finished products	2,627,058	341,816
Finished products	3,393,725	12,446,412
Trade goods	67,667,309	44,368,932
Provision for impairment in inventory (-)	(468,235)	(672,850)
	92,100,655	70,884,394

The movement of provision for impairment in inventories is as follows:

	01.01. - 30.06.2023	01.01. - 31.12.2022
Opening balance	672,850	3,677,821
Reversal of prior period provisions (-)	(204,615)	(3,342,708)
Provisions recognized during the period (Note 25.2)	-	337,737
	468,235	672,850

The details of provision for impairment in inventories are as follows:

	30.06.2023	31.12.2022
Raw materials and supplies	329,285	533,900
Finished products	138,950	138,950
	468,235	672,850

As of June 30, 2023, and December 31, 2022, there is no insurance coverage on inventories.

**NOTE 13 - OTHER CURRENT ASSETS**

As of June 30, 2023, and December 31, 2022, the details of other current assets are as follows:

	30.06.2023	31.12.2022
Deferred VAT	17,943,555	8,520,592
	17,943,555	8,520,592

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

**NOTE 14 - PREPAID EXPENSES**

As of June 30, 2023, and December 31, 2022, the details of prepaid expenses are as follows:

**Short-term prepaid expenses**

	30.06.2023	31.12.2022
Advances given to suppliers (a)	96,425,126	37,243,940
Prepaid expenses for the following months	16,252,309	4,434,151
Advances given for business purposes	2,632,046	90,722
Advance given to personnel	791,823	120,357
	116,101,304	41,889,170

(a) As of June 30, 2023, 104,092 TL of the advances given to suppliers consists of the advances given to related parties (December 31, 2022: 6,054,942 TL) (Note: 5).

**Long-term prepaid expenses**

	30.06.2023	31.12.2022
Advances given for procurement of tangible fixed assets	65,014,680	1,652,000
Prepaid expenses	244,527	-
	65,259,207	1,652,000

**NOTE 15 - DEFERRED INCOME**

As of June 30, 2023, and December 31, 2022, the details of deferred income are as follows:

**Short-term deferred income**

	30.06.2023	31.12.2022
Advances received (b)	2,637,052	6,202,235
Short-term deferred income	338,674	338,674
	2,975,726	6,540,909

(b) As of December 31, 2022, 175,000 TL of the advances received consists of the advances received from related parties (June 30, 2023: None) (Note 5).

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

**Long-term deferred income**

	30.06.2023	31.12.2022
Long-term deferred income	311,301	480,638
	311,301	480,638

**NOTE 16 - RIGHT-OF-USE ASSETS**

As of June 30, 2023, and December 31, 2022, the details and movement of right-of-use assets are as follows:

Cost	December 31, 2021	Additions	December 31, 2022	Additions	June 30, 2023
Vehicles	1,689,590	-	1,689,590	-	1,689,590
Buildings	-	-	-	12,019,792	12,019,792
Total	1,689,590	-	1,689,590	12,019,792	13,709,382
<b>Accumulated Depreciation (-)</b>					
Vehicles	708,295	447,110	1,155,405	51,473	1,206,878
Buildings	-	-	-	2,003,298	2,003,298
Total	708,295	447,110	1,155,405	2,054,771	3,210,176
Net Book Value	981,295		534,185		10,499,206

The details of leases from related parties are disclosed in Note 5.

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

**NOTE 17 - TANGIBLE FIXED ASSETS**

As of June 30, 2023, and December 31, 2022, the details and movement of tangible fixed assets are as follows:

Cost	December 31, 2021	Additions	Disposal	Transfer	December 31, 2022	Additions	Disposal	June 30, 2023
<i>Mining Assets</i>								
Mining exploration costs	103,893,068	30,612,297	-	-	134,505,365	15,337,086	-	149,842,451
Mining site preparation and development costs	409,437,157	68,392,640	-	-	477,829,797	41,644,010	-	519,473,807
<i>Other Tangible Fixed Assets</i>								
Plots and Lands	5,061,700	-	-	-	5,061,700	1,655,902	-	6,717,602
Underground and Aboveground Arrangements	6,619,514	1,266,570	(415,632)	-	7,470,452	969,953	-	8,440,405
Buildings	39,050,055	248,460	-	241,263	39,539,778	1,400,000	-	40,939,778
Machinery, Equipment and Installations	140,791,524	15,549,731	(5,777,675)	-	150,563,580	21,735,175	(2,342,946)	169,955,809
Vehicles	33,524,396	9,162,634	(1,007,372)	-	41,679,658	2,681,177	(1,424,216)	42,936,619
Fixtures and Fittings	4,557,039	1,967,656	(362,660)	-	6,162,035	1,561,302	(24,668)	7,698,669
Special Costs	301	18,345	-	-	18,646	-	-	18,646
Ongoing Investments	241,263	540,261	-	(241,263)	540,261	1,565,190	-	2,105,451
<b>Total</b>	<b>743,176,017</b>	<b>127,758,594</b>	<b>(7,563,339)</b>	<b>-</b>	<b>863,371,272</b>	<b>88,549,795</b>	<b>(3,791,830)</b>	<b>948,129,237</b>
<b>Accumulated Depreciation (-)</b>								
<i>Mining Assets</i>								
Mining exploration costs	8,111,533	3,005,469	-	-	11,117,002	1,179,712	-	12,296,714
Mining site preparation and development costs	44,273,334	28,897,396	-	-	73,170,730	9,227,932	-	82,398,662
<i>Other Tangible Fixed Assets</i>								
Underground and Aboveground Arrangements	3,856,106	659,713	(154,094)	-	4,361,725	363,495	-	4,725,220
Buildings	2,346,735	784,270	-	-	3,131,005	407,109	-	3,538,114
Machinery, Equipment and Installations	26,070,937	11,141,244	(1,403,533)	-	35,808,648	5,997,942	(434,342)	41,372,248
Vehicles	2,657,170	3,180,076	(128,387)	-	5,708,859	1,910,764	(321,995)	7,297,628
Fixtures and Fittings	3,229,879	965,615	(280,761)	-	3,914,733	542,181	(21,730)	4,435,184
Special Costs	301	764	-	-	1,065	917	-	1,982
<b>Total</b>	<b>90,545,995</b>	<b>48,634,547</b>	<b>(1,966,775)</b>	<b>-</b>	<b>137,213,767</b>	<b>19,630,052</b>	<b>(778,067)</b>	<b>156,065,752</b>
<b>Net Book Value</b>	<b>652,630,022</b>				<b>726,157,505</b>			<b>792,063,485</b>

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

Tangible fixed assets (excluding mineral exploration costs) are recognized in the accompanying consolidated financial statements at fair value based on the valuation reports dated December 31, 2021 and 2020. The fair values of tangible fixed assets disclosed in the consolidated financial statements are determined by independent valuation expert(s) accredited by the Capital Markets Board, who have the relevant authorization and necessary professional knowledge. The fair values of the Group's tangible fixed assets are determined by using the market and cost approaches, which are considered to determine the fair value of the related asset in the most accurate manner. The positive difference between the revaluation result and the carrying amount of the related tangible fixed asset is recognized in the "Revaluation gain/loss of tangible fixed assets" account in equity (Note 21.5). In addition, the negative difference between the revaluation amount and the carrying amount of the related tangible fixed asset is recognized in the "Expenses from investment activities" account in the statement of profit or loss.

As of December 31, 2021 and 2020, the Group's tangible fixed assets to appraisal valuation and the fair value hierarchy of such assets are considered in Level 2. There is no transition between Level 1 and Level 2 in the current period.

As of June 30, 2023, there is a pledge amounting to 8,494,524 TL on the Group's vehicles in favor of financial institutions in order to provide provision for the vehicle loans used (December 31, 2022: 8,494,524 TL).

As of the reporting date, the total amount of insurance on tangible fixed assets (excluding mineral exploration costs) is 659,492,729 TL.

**NOTE 18 - INTANGIBLE FIXED ASSETS**

As of June 30, 2023, and December 31, 2022, the details and movement of intangible fixed assets are as follows:

Cost	December 31, 2021	Additions	December 31, 2022	Additions	June 30, 2023
Rights	3,179,875	598,624	3,778,499	5,701	3,784,200
Total	3,179,875	598,624	3,778,499	5,701	3,784,200
Accumulated Depreciation (-)					
Rights	1,514,101	338,072	1,852,173	212,813	2,064,986
Total	1,514,101	338,072	1,852,173	212,813	2,064,986
Net Book Value	1,665,774		1,926,326		1,719,214

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

**NOTE 19 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

As of June 30, 2023, and December 31, 2022, the details of provisions, contingent assets and liabilities are as follows:

**Short-term debt provisions**

	30.06.2023	31.12.2022
Provision for mining state rights	11,049,991	8,851,268
Provision for legal expenses	1,455,284	1,343,763
	12,505,275	10,195,031

As of June 30, 2023 and December 31, 2022, the movement of provisions for legal claims is as follows:

	01.01.- 30.06.2023	01.01.- 31.12.2022
Opening balance	1,343,763	395,663
Provisions recognized during the period (Note 25.2)	111,521	990,100
Reversed provisions for legal claims during the period	-	(42,000)
Closing balance	1,455,284	1,343,763

**Long-term debt provisions**

	30.06.2023	31.12.2022
Rehabilitation provision	13,954,197	11,781,659
	13,954,197	11,781,659

**Contingent Assets**

The Group has no contingent assets.

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

**Contingent Liabilities**

As of June 30, 2023 and December 31, 2022, the Group's collateral / pledge / mortgage / surety ("CPMS") position is as follows:

CPMSs issued by the Group	30.06.2023	31.12.2022
A. Total amount of CPMSs issued on behalf of its own legal entity	67,671,523	59,604,902
B. Total amount of CPMSs issued in favor of subsidiaries included in the scope of full consolidation (a)	247,336,542	189,864,513
C. Total amounts of CPMSs issued in order to guarantee third parties' debts for routine trade operations	-	-
D. Total amounts of other CPMSs issued	-	-
i. Total amount of CPMSs issued on behalf of the Parent	-	-
ii. Total amount of CPMSs issued on behalf of other group companies not covered in B and C	-	-
iii. Total amount of CPMSs issued on behalf of third parties not covered in C	-	-
Total	315,008,065	249,469,415

a) The related amounts consist of joint and several guarantees given to financial institutions in favor of each other by the companies within the scope of full consolidation.

The details of the Group's contingent liabilities are as follows:

**Letters of guarantee** – As of June 30, 2023, the Group has letters of guarantee amounting to 4.850.839 TL received from banks and given to the Ministry of Energy and Natural Resources, electricity distribution companies and other institutions (December 31, 2022: 11,773,178 TL ).

**Mortgages** – As of June 30, 2023, the Group has mortgages amounting to 54,326,160 TL (2,100,000 USD ) in favor of İhlas Madencilik Enerji ve Ticaret Anonim Şirketi and İhlas Gayrimenkul Proje Geliştirme ve Ticaret Anonim Şirketi due to the license numbered IR87500 from which the Group has taken over the operating rights (December 31, 2022: 39,337,200 TL (2,100,000 USD)).

**Pledges** – As of June 30, 2023, the Group has pledges amounting to 8,494,524 TL on the Group's vehicles in favor of financial institutions in order to provide provision for the vehicle loans used (December 31, 2022: 8,494,524 TL).

**Lawsuits** – From time to time, lawsuits may be filed against the Group in relation to its business activities. The Parent Company's management and legal advisors analyze the realizability of the related risks. As a result of the analysis, the total provision for legal claims allocated by the Parent Company management as of June 30, 2023 is 1,455,284 TL (December 31, 2022: 1,343,763 TL).



**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

**NOTE 20 – PROVISIONS FOR EMPLOYEE BENEFITS**

As of June 30, 2023 and December 31, 2022, the provisions for short-term and long-term employee benefits are as follows:

**Provisions for short-term employee benefits**

	30.06.2023	31.12.2022
Provisions for unused vacations	1,898,341	1,469,464
	1,898,341	1,469,464

**Provisions for long-term employee benefits**

	30.06.2023	31.12.2022
Provisions for employment termination benefits	5,820,739	5,457,283
	5,820,739	5,457,283

The Group's provision for employment termination benefits is calculated as explained in Note 2. As of June 30, 2023 and December 31, 2022, this provision is calculated on the basis of 30-day total gross wage and using the rates prevailing at the date of retirement or termination, with a maximum of 19.982,83 TL, for each year of service (December 31, 2022: 15,371 TL).

In the consolidated financial statements for the periods ended June 30, 2023 and December 31, 2022, based on the above-mentioned principles, the Group has recognized a liability for employment termination benefits using the expected inflation rate and the real discount rate discounted to the balance sheet date.

The ratios of the basic assumptions used on the day of the consolidated statement of financial position are as follows:

	30.06.2023	31.12.2022
Interest rate	16.58%	22.50%
Inflation rate	13.50%	20.00%
Real discount rates	2.72%	2.08%
Rate used for the probability of retirement	100%	100%

The Group does not provide any benefits other than severance pay to its employees.

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

As of June 30, 2023 and December 31, 2022, the movement of provision for employment termination benefits is as follows:

	01.01.- 30.06.2023	01.01.- 31.12.2022
Opening balance	5,457,283	2,101,023
Service cost	1,899,612	4,849,810
Interest cost	56,284	43,005
In-period payments	(1,595,852)	(1,674,534)
Actuarial difference	3,412	137,979
Closing balance	5,820,739	5,457,283

**NOTE 21 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS**

**21.1 Paid-in Capital**

As of June 30, 2023, the Parent Company's share capital consists of 35,000,000 shares with a par value of 1 TL each.

The capital structure of the Parent Company as of June 30, 2023 and December 31, 2022 is as follows:

	30.06.2023		31.12.2022	
		Share Amount (TL)		Share Amount (TL)
Shareholders	Share Ratio		Share Ratio	
Hüseyin Çevik	80%	33,600,000	96.00%	33,600,000
Free Float	20%	8,400,000	-	-
Begüm Çevik	-	-	4.00%	1,400,000
Total	100.00%	42,000,000	100.00%	35,000,000

CVK Maden İşletmeleri Sanayi ve Ticaret Anonim Şirketi, in accordance with the approvals of the Capital Markets Board and Borsa İstanbul Anonim Şirketi, offered to the public its shares with a nominal value of 8,400,000 TL in total, including the shares representing the nominal capital amount of 7,000,000 TL, which were issued by increasing the issued capital from 35,000,000 TL to 42,000,000 TL, remaining within the upper limit of authorized capital of 175,000,000 TL and completely restricting the pre-emptive rights of existing shareholders, through capital increase, and the shares with a nominal value of 1,400,000 TL, through the sales of existing shares, on April 06 - 07, 2023 at a public offering price of 105 TL. The shares of the Parent Company started to be traded on Borsa İstanbul Star Market as of April 13, 2023 with the code "CVKMD" and the continuous trading method. The capital increase was registered on April 10, 2023.

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

As of June 30, 2023, the Parent Company's share capital consists of 42,000,000 shares with a value of 1 TL each, and the shares are divided into Group A and Group B. As of June 30, 2023, the details of the Parent Company's capital structure on the basis of Group A and Group B shares are as follows:

Shareholders	Group	Share Ratio	30.06.2023	
			Share Quantity	Share Amount (TL)
Hüseyin Çevik	Group A	50.00%	17,500,000	17,500,000
Hüseyin Çevik	Group B	46.00%	16,100,000	16,100,000
Free Float	Group B	4.00%	8,400,000	1,400,000
Total		100.00%	42,000,000	35,000,000

As effective from November 24, 2022, the privileges granted to Group A shares are as follows:

Election of the board of directors

Pursuant to Article 7 of the Articles of Association, titled "Board of Directors and Term of Office", the Board of Directors may consist of at least 6 members and half of the members of the Board of Directors may be elected among the candidates nominated by the majority of the Group A shareholders.

Voting right

Pursuant to Article 7 of the Articles of Association, titled "General Assembly", each Group (A) share has the right for 5 (five) votes and each Group (B) share has the right for 1 (one) vote at the ordinary and extraordinary general assembly meetings of the Company.

As of June 30, 2023, and December 31, 2022, there are no privileges granted to Group B shares.

**21.2 Restricted Reserves Appropriated From Profits**

Pursuant to the Turkish Commercial Code, the general legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's paid-in share capital. Other legal reserve is appropriated out of 10% of the distributable income after 5% dividend is paid to shareholders. Pursuant to the Turkish Commercial Code, the general legal reserves may only be used for compensating losses, continuing operations in severe conditions or preventing unemployment and taking actions for relieving its effects in case general legal reserves does not exceed half of paid-in capital or issued capital.

As of June 30, 2023 and December 31, 2022, the details of restricted reserves appropriated from profits are as follows:

	30.06.2023	31.12.2022
Restricted reserves appropriated from profits	2,130,273	2,130,273
	2,130,273	2,130,273

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

**21.3 Accumulated Profit / Losses**

As of June 30, 2023, and December 31, 2022, the details of accumulated profit / losses are as follows:

	30.06.2023	31.12.2022
Accumulated profit / losses, net	376,030,983	46,855,159
	376,030,983	46,855,159

As of June 30, 2023 and 2022, the movement of accumulated profit / losses is presented in the accompanying consolidated statement of changes in equity.

**21.4 Gains (Losses) on Remeasurements of Defined Benefit Plans**

In the consolidated financial statements for the periods ended June 30, 2023 and December 31, 2022, based on the principles explained in detail in Note 2, the Group has recognized a liability for employment termination benefits using the expected inflation rate and the real discount rate discounted to the statement of financial position. All gains and losses other than the calculated actuarial gain / (loss) are reflected in the statement of profit or loss, while actuarial gain / (losses) are reflected in the statement of changes in equity.

	30.06.2023	31.12.2022
Gains (losses) on remeasurements of defined benefit plans	(287,560)	(283,023)
	(287,560)	(283,023)

**21.5 Increases (Decreases) on Revaluation of Property, Plant and Equipment**

Revaluation funds consist of the excess of the net book value of tangible fixed assets and deferred tax calculated over this excess. As a result of the appraisal valuation reports of the Group as of December 31, 2021 and 2020, tangible fixed assets are reflected in the consolidated financial statements at their fair values determined according to the valuation reports prepared by Aden Gayrimenkul Değerleme ve Danışmanlık A.Ş.

The details of revaluation funds are as follows:

	30.06.2023	31.12.2022
Excess of net book value	346,304,222	346,304,222
Non-controlling interests (Note 21.7)	(4,128,024)	(4,128,024)
Deferred tax liabilities (Note 28)	(68,850,894)	(68,850,894)
Total revaluation fund	273,325,304	273,325,304

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

**21.6 Share Premiums**

As of June 30, 2023, and December 31, 2022, the details of share premiums are as follows:

	30.06.2023	31.12.2022
Premiums from the sale of shares on Borsa Istanbul A.Ş. (a)	728,000,000	-
Public offering expenses (a)	(16,891,422)	-
Share premiums (Note 4) (b)	14,625,267	14,625,267
	725,733,845	14,625,267

- (a) A total fund amounting to 735,000,000 TL has been generated by the sale of 7,000,000 shares of the Parent Company, each of which is 1 TL, at a price of 105 TL per share on Borsa Istanbul A.Ş. through capital increase. Of the related amount, 7,000,000 TL is recognized in the share capital account, and the remaining 728,000,000 TL is reported in the share premium account. Total public offering cost of the Parent Company amounting to 16,891,422 TL is reported as a deduction from share premiums.
- (b) Pursuant to the POA's Principle Resolution 2018-1 on the Implementation of Turkish Financial Reporting Standards, if the carrying amount of the acquired net assets on the date of the merger exceeds the transferred value, the difference is considered as the additional capital contributions of the shareholders and reflected to the "Share Premiums" (Note 4).

**21.7 Non-controlling Interests**

As of June 30, 2023 and December 31, 2022, the details of non-controlling interests on the basis of the accounts in which they arise are as follows:

	30.06.2023	31.12.2022
Share capital (Note 1)	1,100,000	1,100,000
Revaluation reserve (Note 21.5)	4,128,024	4,128,024
Accumulated profit / (losses)	3,963,060	1,396,440
Net Profit for the Period (Note 29)	2,770,322	2,564,813
	11.961.406	9.189.277

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

**NOTE 22 - REVENUE AND COST OF SALES**

**22.1 Revenue**

As of the interim periods ended June 30, 2023 and 2022, the details of revenue are as follows:

	01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022
<u>Domestic sales</u>				
Chrome ore	2,840,615	-	-	-
Royalty revenues	74,747,089	33,467,142	42,276,777	23,555,601
Other sales	5,937,026	1,882,782	494,344	1,591,716
	83,524,730	35,349,924	42,771,121	25,147,317
<u>Foreign sales</u>				
Chrome ore	356,659,193	436,814,731	205,074,842	276,916,313
Zinc ore	3,280,365	49,212,550	3,280,365	8,702,424
Lead ore	2,142,259	-	2,142,259	-
	362,081,817	486,027,281	210,497,466	285,618,737
Sales returns	-	-	-	-
Sales revenues (net)	445,606,547	521,377,205	253,268,587	310,766,054

The concentration risk analysis for the interim periods ended June 30, 2023 and 2022 is as follows:

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

**22.2 Cost of Sales**

As of the interim periods ended June 30, 2023 and 2022, the details of cost of sales are as follows:

	01.01.- 30.06.2023	01.01.- 31.12.2022	01.04.- 30.06.2023	01.04.- 30.06.2022
Cost of goods sold	189,267,283	171,213,304	109,697,006	85,969,769
Depreciation and amortization expenses	12,132,732	28,952,291	5,608,359	8,373,028
Cost of services sold	2,887,235	-	-	-
	204,287,250	200,165,595	115,305,365	94,342,797

The details of purchases from related parties are disclosed in Note 5.

**NOTE 23 - GENERAL ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES**

As of the interim periods ended June 30, 2023 and 2022, the details of general administrative and marketing expenses are as follows:

	01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022
General administrative expenses	13,487,779	3,143,974	8,618,066	1,330,425
Marketing expenses	32,922,001	66,165,128	15,369,324	33,581,896
	46,409,780	69,309,102	23,987,390	34,912,321

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

**NOTE 24 - EXPENSES BY NATURE**

**24.1 General administrative expenses**

As of the interim periods ended June 30, 2023 and 2022, the details of general administrative expenses are as follows:

	01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022
Personnel expenses	10,704,139	1,757,382	7,026,739	854,462
Consulting service expenses	1,008,230	636,318	447,110	325,591
Depreciation and amortization expenses	414,147	42,506	188,903	11,360
Vehicle expenses	226,103	19,193	145,039	15,794
Notary expenses	169,102	3,962	3,585	2,926
Representation and hospitality expenses	134,952	299,618	95,407	4,988
Travel expenses	112,686	30,954	65,802	19,315
Office expenses	50,286	83,089	11,150	44,634
Taxes, duties and charges	44,054	26,229	30,178	21,716
Communication expenses	14,357	22,411	6,545	12,404
Other expenses	609,723	222,312	597,608	17,235
	13,487,779	3,143,974	8,618,066	1,330,425

**24.2 Marketing expenses**

As of the interim periods ended June 30, 2023 and 2022, the details of marketing expenses are as follows:

	01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022
Transportation expenses	30,047,904	63,158,028	13,799,805	31,739,481
Surveillance and analysis expenses	1,375,169	186,413	1,048,053	149,079
Customs expenses	68,850	360,295	35,170	266,901
Depreciation and amortization expenses	9,144	1,668	4,131	1,151
Other expenses	1,420,934	2,458,724	482,165	1,425,284
	32,922,001	66,165,128	15,369,324	33,581,896



**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

**NOTE 25 - OTHER INCOME / (EXPENSES) FROM OPERATING ACTIVITIES**

**25.1 Other Income from Operating Activities**

As of the interim periods ended June 30, 2023 and 2022, the details of other income from operating activities are as follows:

	01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022
Foreign exchange gains from operating activities	28,224,833	10,898,242	22,421,362	7,587,731
Interest income from operating activities	11,523,053	-	11,523,053	-
Rediscount income	2,724,182	3,227,954	274,461	249,901
Provisions no longer required (Note 9)	768,087	-	503,258	-
Other revenues	3,471,160	342,593	3,269,472	185,134
	46,711,315	14,468,789	37,991,606	8,022,766

**25.2 Other Expenses from Operating Activities**

As of the interim periods ended June 30, 2023 and 2022, the details of other expenses from operating activities are as follows:

	01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022
Non-operating expenses (a)	16,611,801	10,565,245	9,772,903	6,572,620
Foreign exchange losses from operating activities	10,613,791	9,978,333	9,921,887	8,427,916
Non-operating depreciation and amortization expenses (a)	9,341,613	544,287	5,937,704	234,546
Rediscount expenses	3,778,668	2,781,060	1,292,316	171,282
Provision for doubtful receivables (Note 9)	570,265	594,119	258,878	452,425
Provision for legal claims (Note 19)	111,521	276,561	77,927	203,363
Allowance for decrease in value of inventory	-	1,734,346	-	-
Other expenses	3,871,213	303,158	3,145,936	142,834
	44,898,872	26,777,109	30,407,551	16,204,986

(a) The Group reports the fixed costs associated with the period during which production in mining fields has been suspended, in the relevant accounts.

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

**NOTE 26 - INCOME / (EXPENSES) FROM INVESTMENT ACTIVITIES**

**26.1 Income from Investment Activities**

As of the interim periods ended June 30, 2023 and 2022, the details of income from investment activities are as follows:

	01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022
Income from foreign exchange-protected deposits	30,132,099	1,502,900	30,132,099	1,421,700
Gain on sale of fixed assets	5,161,452	3,937,301	1,237,401	29,203
	35,293,551	5,440,201	31,369,500	1,450,903

**26.2 Expenses from Investment Activities**

As of the interim periods ended June 30, 2023 and 2022, the details of expenses from investment activities are as follows:

	01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022
Loss on sale of fixed assets	293,317	1,213,207	293,317	49,696
	293,317	1,213,207	293,317	49,696

**NOTE 27 - FINANCING INCOME / (EXPENSES)**

**27.1 Financing income**

As of the interim periods ended June 30, 2023 and 2022, the details of financing income are as follows:

	01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022
Interest income	35,141,440	293,159	35,114,295	200,350
Foreign exchange gains	31,527,353	11,288,691	29,618,293	4,473,273
	66,668,793	11,581,850	64,732,588	4,673,623

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

**27.2 Financing expenses**

As of the interim periods ended June 30, 2023 and 2022, the details of financing expenses are as follows:

	01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022
Foreign exchange losses	5,332,638	5,757,525	4,015,120	3,412,052
Credit and leasing interest expenses	4,172,622	2,155,609	1,259,961	1,549,047
Other financing expenses	2,112,051	719,140	1,753,440	447,964
	11,617,311	8,632,274	7,028,521	5,409,063

**NOTE 28 - TAX ASSETS AND LIABILITIES**

**Deferred Tax**

The Group's current tax liabilities consist of the temporary differences between the consolidated financial statements prepared in accordance with TAS / TFRS and the legal records of the Group. These differences arise from the taxation of income and expenses in different reporting periods in the financial statements prepared for TAS / TFRS and tax purposes.

The corporate tax rate has been increased from 20% to 22% for the years 2018, 2019 and 2020, with the Law No. 7061 on Amending Certain Tax Laws and Some Other Laws, which entered into force after being published in the Official Gazette dated December 05, 2017. Under the provisions of Corporate Tax Law No. 5520, published in the Official Gazette on April 22, 2021, and effective from July 1, 2021, corporate profits for the year 2021 are subject to a tax rate of 25%, while corporate profits for the year 2022 are taxed at a rate of 23%. In accordance with the aforementioned laws, deferred tax assets and liabilities in the financial statements dated December 31, 2022, 2021 and 2020 were calculated using a tax rate of 25% for the portion that would create a tax effect in 2021, and a rate of 23% for the portion that would create a tax effect in 2022. The deferred tax assets and liabilities that are expected to have a long-term effect were calculated using a tax rate of 20%. As of June 30, 2023, according to the existing regulations, the corporate tax rate shall apply as 20% until October 1, 2023. Pursuant to the regulations in the Corporate Tax Law, the corporate tax rate applied to the corporate income of companies going public on the Borsa Istanbul shall be applied with a two (2) percent discount for five accounting periods, starting from the first accounting period in which the offering was made, provided that the shares representing no less than 20% of the total share capital of the issuer are being offered.

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

The breakdown of cumulative temporary differences and the resulting deferred tax assets and liabilities provided at the consolidated statement of financial position dates using enacted tax rates is as follows:

	June 06, 2023		December 31, 2022	
	Total temporary differences	Deferred tax assets/ (liabilities)	Total temporary differences	Deferred tax assets/ (liabilities)
<u>Deferred tax liabilities:</u>				
Cash capital increase / deduction	5,051,250	909,225	5,051,250	1,010,250
Provision for employment termination benefits	5,820,739	1,164,147	5,457,283	1,091,457
Provision for impairment of tangible fixed assets	17,843,775	3,568,755	17,843,775	3,568,755
Receivables rediscount	2,104,723	411,324	1,190,218	238,044
Provision for doubtful receivables	1,936,293	374,956	2,134,115	426,823
Loan interest accrual	407,059	77,299	808,647	161,729
Provisions for unused vacations	1,898,341	365,846	1,469,464	293,893
Provision for decrease in value of inventory	468,235	85,571	672,850	134,570
Provision for legal expenses	1,455,284	273,834	1,343,763	268,753
Expense accruals	12,708,827	2,475,178	10,321,814	2,064,363
Deferred income classification	649,975	116,996	819,312	163,862
Foreign exchange losses	1,863,730	340,913	1,225,824	245,167
Deferred tax liabilities		10,164,044		9,667,666
<u>Deferred tax liabilities</u>				
Revaluation fund of tangible fixed assets	(344,254,474)	(68,850,894)	(344,254,474)	(68,850,894)
Depreciation differences of tangible and intangible fixed assets	(275,157,736)	(54,967,688)	(220,601,914)	(44,057,332)
Payables rediscount	(1,033,964)	(195,654)	(1,173,945)	(234,789)
Adjustments to prepaid expenses	(6,385,142)	(1,214,577)	-	-
Foreign exchange gains	(41,226,952)	(7,420,857)	-	-
Deferred tax liabilities		(132,649,670)		(113,143,015)
Deferred tax assets / (liabilities), net		(122,485,626)		(103,475,349)

As of the interim periods ended June 30, 2023 and 2022, the details of tax income/expenses are as follows:

	01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022
Current Period Tax Income / (Expense)	(28,754,082)	(30,456,069)	(18,162,928)	(23,850,251)
Deferred Tax Income / (Expense)	(19,010,959)	(20,906,159)	(14,312,036)	(12,883,505)
Tax income/(expense), net	(47,765,041)	(51,362,228)	(32,474,964)	(36,733,756)

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

As of the interim periods ended June 30, 2023 and 2022, the details of current period tax income / (expenses) are as follows:

	01.01.- 30.06.2023	01.01.- 30.06.2022
Unaudited profit / (loss) before tax	146,770,749	138,683,582
Total additions / deductions to the base	7,133,244	(6,265,892)
Unaudited financial profit / (loss)	153,903,993	132,417,690
Applicable tax rate	18% - 20%	23%
Calculated tax (a)	28,354,459	30,456,069
Other tax (b)	399,623	-
Corporate tax provision in the statement of profit or loss (a+b)	28,754,082	30,456,069

Pursuant to the Law No. 7440 on the Restructuring of Certain Receivables and Amending Certain Laws published in the Official Gazette on March 12, 2023, an additional tax of 10% shall be calculated over the exemptions and deductions subject to corporate income deduction in accordance with the Corporate Tax Law and other regulations, by being shown in the corporate tax return for the year 2022, and also over the reduced corporate tax base in accordance with article 32/A of the Corporate Tax Law. In this context, an additional provision amounting to 399,623 TL calculated over the deductions and exemptions utilized from the corporate tax provisions reflected in the financial statements dated December 31, 2022 is reflected in the consolidated financial statements dated June 30, 2023.

As of June 30, 2023 and December 31, 2022, the Group's current income tax liabilities are as follows

	30.06.2023	31.12.2022
Corporate tax provision	19,099,430	21,591,127
	19,099,430	21,591,127

As of the interim periods ended June 30, 2023 and 2022, the movement of deferred tax income / (expenses) is as follows:

	01.01.- 30.06.2023	01.01.- 30.06.2022
Opening balance	103,475,349	77,401,445
Deferred tax recognized in equity	(682)	(22,341)
Deferred tax assets / (liabilities), net	(122,485,626)	(98,285,263)
Deferred tax income / (expense), net	(19,010,959)	(20,906,159)

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

---

**Corporate Tax**

The Group is subject to corporate tax applicable in Turkey. A provision is made in the accompanying financial information for the estimated charge based on the Group's results for the period.

Corporate tax is payable on taxable corporate income, which is calculated on the tax base remaining after deducting non-deductible expenses from the tax base that is expensed in the determination of commercial income and after deducting tax-exempt income, non-taxable income and other deductions (prior year losses, if any, and investment incentives used if preferred). As of June 30, 2023, the effective corporate tax rate is 20% (2022: 23%).

In Turkey, advance tax returns are filed and accrued on a quarterly basis. The advance corporate income tax rate applicable for the period ended June 30, 2023 is 25% (2022: 23%). Pursuant to the regulations in the Corporate Tax Law, the corporate tax rate applied to the corporate income of companies going public on the Borsa Istanbul shall be applied with a two (2) percent discount for five accounting periods, starting from the first accounting period in which the offering was made, provided that the shares representing no less than 20% of the total share capital of the issuer are being offered.

Furthermore, there is no procedure in Turkey for a final and definitive agreement on tax assessments. Companies file their tax returns between April 1-25 following the close of the accounting year to which they relate (between 1-25 days of the fourth month following the close of the period for those with special accounting periods). Tax authorities may, however, examine and revise such returns and the underlying accounting records within five (5) years.

**Income Withholding Tax**

In addition to corporate tax, in case of profit distribution, companies are also required to withhold income tax on dividends, except for the dividends distributed to full taxpayer corporations and branches of foreign companies in Turkey, which obtain dividends and declare these dividends by including them in their corporate income. The rate of income withholding tax is 15% as of June 23, 2006. Undistributed dividends incorporated in share capital are not subject to income withholding taxes. Pursuant to the Presidential Decree dated December 21, 2021 and numbered 4936 published in the Official Gazette dated December 22, 2021, the dividend withholding tax rate was reduced from 15% to 10%. Similarly, undistributed dividends incorporated in share capital are not subject to income withholding taxes.

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

**NOTE 29 - EARNINGS / (LOSS) PER SHARE**

As of the interim periods ended June 30, 2023 and 2022, the details of earnings / (loss) per share are as follows:

	01.01.- 30.06.2023	01.01.- 30.06.2022
Profit / (loss) for the period, net	239,008,635	195,408,530
Profit / (loss) for the period attributable to non-controlling interests, net	2,770,322	3,293,266
Profit / (loss) for the period attributable to the parent, net	236,238,313	192,115,264
Total weighted average number of shares (*)	38,150,000	350,000
Basic and diluted earnings / (loss) per share (TL)	6.19	548.90

(\*) Number of shares is calculated by weighted average method considering the dates of capital increase. As of June 30, 2023, the Parent Company's share capital is 42,000,000 TL, with the value of one (1) share as one (1) TL (June 30, 2022: Share capital 35,000,000 TL - Value of 1 share: 100 TL).

**NOTE 30 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**

**Financial Instruments**

**Credit risk**

Credit risk is defined as the risk of financial loss to the Group due to the inability of one of the parties to the financial instrument to fulfill its contractual obligations. The Group is exposed to credit risk due to its trade and other receivables arising from forward sales and deposits held in banks. The Group management reduces the credit risk related to its receivables from customers by determining credit limits separately for each customer and by taking collateral if necessary, and by selling only through cash collection to customers deemed risky. The collection risk for the Group primarily arises from its trade receivables. Trade receivables are evaluated by the Group's management based on its past experiences and the current economic situation and are recognized at net value in the statement of financial position after allocating an appropriate allowance for doubtful receivables.

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

As of June 30, 2023, the Group's exposure to credit risks according to types of financial instruments is as follows:

	Trade receivables		Other Receivables		Bank	
	Related Party	Other Party	Related Party	Other Party	Deposits	Other
<b>Maximum credit risk exposure as of the reporting date (A+B+C+D+E) (*)</b>	-	<b>148,724,283</b>	-	<b>12,659,318</b>	<b>195,975,666</b>	<b>402,700,872</b>
Portion of the maximum risk secured by collateral etc.	-	-	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	-	148,724,283	-	12,659,318	195,975,666	402,700,872
B. Net book value of financial assets of which conditions are negotiated, otherwise considered as impaired or overdue	-	-	-	-	-	-
C. Net book value of assets overdue but not impaired	-	-	-	-	-	-
- Portion of the risk secured by collateral etc.	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Overdue (gross book value)	-	1,936,293	-	-	-	-
- Impairment (-)	-	(1,936,293)	-	-	-	-
- Portion of the net value secured by collateral etc.	-	-	-	-	-	-
Not overdue (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Portion of the net value secured by collateral etc.	-	-	-	-	-	-
E. Off-balance sheet items exposed to credit risk	-	-	-	-	-	-

As of December 31, 2022, the Group's exposure to credit risks according to types of financial instruments is as follows:

	Trade receivables		Other Receivables		Bank	
	Related Party	Other Party	Related Party	Other Party	Deposits	Other
<b>Maximum credit risk exposure as of the reporting date (A+B+C+D+E) (*)</b>	-	<b>130,977,086</b>	-	<b>7,119,418</b>	<b>72,287,146</b>	-
Portion of the maximum risk secured by collateral etc.	-	-	-	-	-	-
A. Net book value of financial assets neither overdue nor impaired	-	130,977,086	-	7,119,418	72,287,146	-
B. Net book value of financial assets of which conditions are negotiated, otherwise considered as impaired or overdue	-	-	-	-	-	-
C. Net book value of assets overdue but not impaired	-	-	-	-	-	-
- Portion of the risk secured by collateral etc.	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Overdue (gross book value)	-	2,134,115	-	-	-	-
- Impairment (-)	-	(2,134,115)	-	-	-	-
- Portion of the net value secured by collateral etc.	-	-	-	-	-	-
Not overdue (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Portion of the net value secured by collateral etc.	-	-	-	-	-	-
E. Off-balance sheet items exposed to credit risk	-	-	-	-	-	-

(\*) This field represents the sum of rows A, B, C, D and E in the table. In determining the amount in question, factors that increase credit reliability, such as guarantees received, are not taken into account.



**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

**Interest rate risk**

Fluctuations in the values of financial instruments may occur as a result of changes in market prices. These fluctuations may be due to price changes in securities or factors specific to the issuer of those securities or factors that affect the entire market.

While the interest rate of interest-bearing financial liabilities varies, interest-bearing financial assets have fixed interest rates, and the future cash flows in subsequent years do not vary based on the size of these assets. The Group's exposure to changes in market interest rates primarily depends on its variable interest-bearing debt obligations. The Group's policy in this regard is to manage interest costs by using a mix of fixed and floating rate borrowings. As of June 30, 2023 and December 31, 2022, the Group does not have any floating interest rate borrowings.

The Group's statement of interest rate position is as follows:

	30.06.2023	31.12.2022
<b>Fixed interest rate financial instruments</b>		
Financial liabilities	43,581,324	109,649,909
<b>Floating interest rate financial instruments</b>		
Financial liabilities	-	-

**Liquidity risk**

Liquidity risk refers to the possibility of the Group being unable to fulfill its net funding obligations. Several events such as market disruptions or a downgrade in credit rating, which result in a decrease in funding sources, may lead to the occurrence of liquidity risk. The Group's management manages liquidity risk by allocating funding sources and maintaining a sufficient amount of cash and similar resources to meet its current and potential liabilities.

The statements showing the Group's liquidity risk as of June 30, 2023 are as follows:

Terms as per contract	Book Value	Total cash outflows as per contract (=I+II+III+IV)	Less than 3 Months (I)	Between 3 - 12 Months (II)	Between 1- 5 Years (III)	More than 5 Years (IV)
<b>Non-Derivative Financial Liabilities</b>						
Financial borrowings	22,657,038	26,543,154	4,191,205	11,132,848	11,219,101	-
Lease liabilities	20,924,286	21,468,444	3,190,131	7,059,676	11,218,637	-
	43,581,324	48,011,598	7,381,336	18,192,524	22,437,738	-

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

<b>Expected maturities</b>	<b>Book Value</b>	<b>Total cash outflows as per expected maturities (=I+II+III+IV)</b>	<b>Less than 3 Months (I)</b>	<b>Between 3 - 12 Months (II)</b>	<b>Between 1- 5 Years (III)</b>	<b>More than 5 Years (IV)</b>
<b>Non-Derivative Financial Liabilities</b>						
Trade payables	58,803,153	<b>59,837,117</b>	59,579,617	257,500	-	-
Other borrowings	11,525,080	<b>11,525,080</b>	4,758,701	6,381,009	385,370	-
	70,328,233	<b>71,362,197</b>	64,338,318	6,638,509	385,370	-

The statements showing the Group's liquidity risk as of December 31, 2022 are as follows:

<b>Terms as per contract</b>	<b>Book Value</b>	<b>Total cash outflows as per contract (=I+II+III+IV)</b>	<b>Less than 3 Months (I)</b>	<b>Between 3 - 12 Months (II)</b>	<b>Between 1- 5 Years (III)</b>	<b>More than 5 Years (IV)</b>
<b>Non-Derivative Financial Liabilities</b>						
Financial borrowings	86,085,217	<b>94,366,334</b>	45,753,015	30,196,869	18,416,450	-
Lease liabilities	23,564,692	<b>24,568,160</b>	6,758,788	11,803,455	6,005,917	-
	109,649,909	<b>118,934,494</b>	52,511,803	42,000,324	24,422,367	-

<b>Expected maturities</b>	<b>Book Value</b>	<b>Total cash outflows as per expected maturities (=I+II+III+IV)</b>	<b>Less than 3 Months (I)</b>	<b>Between 3 - 12 Months (II)</b>	<b>Between 1- 5 Years (III)</b>	<b>More than 5 Years (IV)</b>
<b>Non-Derivative Financial Liabilities</b>						
Trade payables	58,676,273	<b>59,850,218</b>	59,610,218	240,000	-	-
Other borrowings	23,028,347	<b>23,028,347</b>	6,627,623	15,656,147	744,577	-
	81,704,620	<b>82,878,565</b>	66,237,841	15,896,147	744,577	-

**Exchange rate risk**

Exchange rate risk refers to the impact of exchange rate movements resulting from having foreign currency assets, liabilities, and off-balance-sheet liabilities. Foreign currency transactions realized during the period have been converted using the applicable exchange rates at the transaction dates. Monetary assets and liabilities denominated in foreign currency have been converted using the exchange rates at the end of the period. Exchange gains or losses arising from the conversion of monetary assets and liabilities denominated in foreign currency have been reflected in the income statement.

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

As of June 30, 2023, the assets and liabilities denominated in foreign currencies held by the Group are as follows:

	TL equivalent functional currency	USD	EURO
1. Trade Receivables	56,671,914	2,193,898	663
2a. Monetary Financial Assets (including cash and bank accounts)	136,047,947	5,236,280	29,515
2b. Non-Monetary Financial Assets	-	-	-
3. Other	-	-	-
<b>4. Current Assets (1+2+3)</b>	<b>192,719,861</b>	<b>7,430,178</b>	<b>30,178</b>
5. Trade Receivables	-	-	-
6a. Monetary Financial Assets	-	-	-
6b. Non-Monetary Financial Assets	-	-	-
7. Other	-	-	-
<b>8. Fixed Assets (5+6+7)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9. Total Assets (4+8)</b>	<b>192,719,861</b>	<b>7,430,178</b>	<b>30,178</b>
10. Trade Payables	21,549,991	780,789	47,910
11. Financial Liabilities	8,173,751	-	289,800
12a. Other monetary liabilities	2,711,626	104,819	-
12b. Other non-monetary liabilities	-	-	-
<b>13. Short-term liabilities (10+11+12)</b>	<b>32,435,368</b>	<b>885,608</b>	<b>337,710</b>
14. Trade Payables	-	-	-
15. Financial Liabilities	4,468,910	-	158,445
16a. Other monetary liabilities	-	-	-
16b. Other non-monetary liabilities	-	-	-
<b>17. Long-term liabilities (14+15+16)</b>	<b>4,468,910</b>	<b>-</b>	<b>158,445</b>
<b>18. Total liabilities</b>	<b>36,904,278</b>	<b>885,608</b>	<b>496,155</b>
<b>19. Net asset/liability position of off-balance sheet derivative financial instruments (19a-19b)</b>	<b>103,479,047</b>	<b>4,000,025</b>	<b>-</b>
<b>19a. Hedged total assets (*)</b>	<b>103,479,047</b>	<b>4,000,025</b>	<b>-</b>
<b>19b. Hedged total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>20. Net foreign currency asset/liability position (9-18+19)</b>	<b>259,294,630</b>	<b>10,544,595</b>	<b>(465,977)</b>
<b>21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>155,815,583</b>	<b>6,544,570</b>	<b>(465,977)</b>
<b>22. Fair value of derivative financial instruments used in foreign currency hedge</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>23. Exports</b>	<b>392,669,801</b>	<b>18,805,674</b>	<b>-</b>
<b>24. Imports</b>	<b>-</b>	<b>-</b>	<b>-</b>

(\*) Related amount represents the Group's foreign currency equalized assets within the scope of foreign exchange-protected time deposits.

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

As of December 31, 2022, the assets and liabilities denominated in foreign currencies held by the Group are as follows:

	TL equivalent functional currency	USD	EURO
1. Trade Receivables	125,951,375	6,735,980	-
2a. Monetary Financial Assets (including cash and bank accounts)	56,419,455	2,971,309	43,192
2b. Non-Monetary Financial Assets	-	-	-
3. Other	-	-	-
<b>4. Current Assets (1+2+3)</b>	<b>182,370,830</b>	<b>9,707,289</b>	<b>43,192</b>
5. Trade Receivables	-	-	-
6a. Monetary Financial Assets	-	-	-
6b. Non-Monetary Financial Assets	-	-	-
7. Other	-	-	-
<b>8. Fixed Assets (5+6+7)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9. Total Assets (4+8)</b>	<b>182,370,830</b>	<b>9,707,289</b>	<b>43,192</b>
10. Trade Payables	22,887,864	959,197	246,369
11. Financial Liabilities	16,485,376	-	825,474
12a. Other monetary liabilities	15,917,713	476,614	350,000
12b. Other non-monetary liabilities	-	-	-
<b>13. Short-term liabilities (10+11+12)</b>	<b>55,290,953</b>	<b>1,435,811</b>	<b>1,421,843</b>
14. Trade Payables	-	-	-
15. Financial Liabilities	6,781,445	-	339,568
16a. Other monetary liabilities	-	-	-
16b. Other non-monetary liabilities	-	-	-
<b>17. Long-term liabilities (14+15+16)</b>	<b>6,781,445</b>	<b>-</b>	<b>339,568</b>
<b>18. Total liabilities</b>	<b>62,072,398</b>	<b>1,435,811</b>	<b>1,761,411</b>
<b>19. Net asset/liability position of off-balance sheet derivative financial instruments (19a-19b)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>19a. Hedged total assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>19b. Hedged total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>20. Net foreign currency asset/liability position (9-18+19)</b>	<b>120,298,432</b>	<b>8,271,478</b>	<b>(1,718,219)</b>
<b>21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>120,298,432</b>	<b>8,271,478</b>	<b>(1,718,219)</b>
<b>22. Fair value of derivative financial instruments used in foreign currency hedge</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>23. Exports</b>	<b>870,799,057</b>	<b>53,893,045</b>	<b>-</b>
<b>24. Imports</b>	<b>-</b>	<b>-</b>	<b>-</b>

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

**Sensitivity Analysis - Foreign Currency Risk**

According to the foreign currency position in the statement of financial position as of June 30, 2023, in case the Turkish Lira is appreciated/depreciated by 10% against foreign currencies with all other variables held constant, for the period ended on the same date, the Group's net loss would have been higher/lower by 25,929,463 TL as a result of foreign exchange gains/losses on assets and liabilities denominated in foreign currencies.

	Profit / (Loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
In case of a 10% appreciation/depreciation of USD against TL				
1-USD net asset/liability	16,895,990	(16,895,990)	16,895,990	(16,895,990)
2-USD hedged portion (-)	10,347,906	(10,347,906)	10,347,906	(10,347,906)
3-USD net effect (1+2)	27,243,896	(27,243,896)	27,243,896	(27,243,896)
In case of a 10% appreciation/depreciation of EURO against TL				
4-EURO net asset/liability	(1,314,433)	1,314,433	(1,314,433)	1,314,433
5-EURO hedged portion (-)	-	-	-	-
6-EURO net effect (4+5)	(1,314,433)	1,314,433	(1,314,433)	1,314,433
<b>TOTAL (3+6)</b>	<b>25,929,463</b>	<b>(25,929,463)</b>	<b>25,929,463</b>	<b>(25,929,463)</b>

According to the foreign currency position in the statement of financial position as of December 31, 2022, in case the Turkish Lira is appreciated/depreciated by 10% against foreign currencies with all other variables held constant, for the period ended on the same date, the Group's net loss would have been higher/lower by 12,029,843 TL as a result of foreign exchange gains/losses on assets and liabilities denominated in foreign currencies.

	Profit / (Loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
In case of a 10% appreciation/depreciation of USD against TL				
1-USD net asset/liability	15,461,419	(15,461,419)	15,461,419	(15,461,419)
2-USD hedged portion (-)	-	-	-	-
3-USD net effect (1+2)	15,461,419	(15,461,419)	15,461,419	(15,461,419)
In case of a 10% appreciation/depreciation of EURO against TL				
4-EURO net asset/liability	(3,431,576)	3,431,576	(3,431,576)	3,431,576
5-EURO hedged portion (-)	-	-	-	-
6-EURO net effect (4+5)	(3,431,576)	3,431,576	(3,431,576)	3,431,576
<b>TOTAL (3+6)</b>	<b>12,029,843</b>	<b>(12,029,843)</b>	<b>12,029,843</b>	<b>(12,029,843)</b>

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

**Concentration risk in sales**

As of the interim periods ended June 30, 2023 and 2022, the Group's concentration risk in sales due to its sales from operating activities.

As of the interim periods ended June 30, 2023 and 2022, a review of the Group's sales and customers shows that some customers create a concentration risk due to their high share of sales. According to the TFRS 8 "Operating Segments" standard; if revenues from transactions with a single external customer amount to 10 per cent or more of the entity's revenues, the total amount of revenue from each such customer and the segment or segments in which those revenues are reported must be disclosed. The entity need not disclose the identity of a major customer or the amount of revenues that each segment reports from that customer.

As of the interim periods ended June 30, 2023 and 2022, the customers accounting for 10% or more of the Group's revenue and their proportions are as follows

	01.01. - 30.06.2023	01.01. - 30.06.2022
Firm A	43%	-
Firm B	17%	4%
Firm C	13%	-
Firm D	-	62%
Firm E	-	12%
Firm F	-	10%

**Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital management using the debt to equity ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated by deducting liquid assets total debt (which includes current and non-current liabilities as shown in the statement of financial position). Liquid assets comprise cash and cash equivalents and foreign exchange-protected deposits recognized in short-term financial investments. Total equity is calculated as the total of net liability and equity as shown in the statement of financial position, but since the Group has no net debt, its total equity is presented the same as total equity as of June 30, 2023.

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

As of June 30, 2023 and December 31, 2022, the net debt / total equity ratio is as follows:

	30.06.2023	31.12.2022
Total debt	303,124,236	362,013,655
Minus: Liquid assets	703,022,529	72,703,394
Net debt	(399,898,293)	289,310,261
Total shareholders' equity	1,667,132,564	710,018,081
Total equity	1,667,132,564	999,328,342
Net Debt/Total Equity ratio	(24)%	29%

**NOTE 31 – FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON FINANCIAL HEDGE ACCOUNTING)**

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. A quoted market price, if any, is the best evidence of the fair value of a financial instrument. The fair values of the Group's financial instruments are estimated to the extent that relevant and reliable information is available from financial markets in Turkey. The estimates presented herein do not necessarily reflect the amounts the Group could realize in a market transaction. The following methods and assumptions are used in estimating the fair values of the Group's financial instruments.

The following methods and assumptions are used to estimate the fair value of financial instruments for which it is practicable to estimate fair value:

**Financial Assets**

Monetary assets for which fair value approximates carrying value:

- Foreign currency balances are converted at period-end exchange rates
- The fair values of certain financial assets (cash and cash equivalents) carried at cost in the statement of financial position are considered to approximate their respective carrying values.
- The fair value of trade receivables, net of allowances (including discounts), is estimated to approximate their carrying value.

**Financial Liabilities**

Monetary liabilities for which fair value approximates carrying value:

- The fair values of short-term bank loans and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.
- The fair values of long-term bank borrowings, which are denominated in foreign currencies and converted at period-end exchange rates, are considered to approximate their carrying values.
- The carrying amounts of accounts payable and accrued expenses reported in the statement of financial position for estimated third party payer settlements are considered to approximate their fair values.

**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

**Fair value hierarchy**

The Group classifies the fair value measurements of financial instruments carried at fair value in the financial statements according to the source of inputs for each class of financial instruments, using a three-level hierarchy, as follows.

Level 1: Financial assets and liabilities are valued at quoted market prices in active markets for identical assets and liabilities.

Level 2: Financial assets and liabilities are valued using inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Financial assets and liabilities are valued using inputs that are not based on observable market data used to determine the fair value of the asset or liability.

As of June 30, 2023 and December 31, 2022, the Group has not made any transfers between second level and first level, and also between third level and other levels.

As of June 30, 2023, the classes of financial instruments and their fair values are as follows:

	Financial liabilities measured at amortized cost	Financial assets measured at fair value through profit or loss	Book Value	Note
<b><u>Financial assets</u></b>				
Cash and Cash Equivalents	599,220,211	-	599,220,211	6
Trade Receivables	148,724,283	-	148,724,283	9
Financial Investments	-	103,802,318	103,802,318	7
<b><u>Financial liabilities</u></b>				
Financial borrowings	43,581,324	-	43,581,324	8
Trade payables	58,803,153	-	58,803,153	9



**CVK MADEN İŞLETMELERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**AND ITS SUBSIDIARY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED JUNE 30, 2023**

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

As of December 31, 2022, the classes of financial instruments and their fair values are as follows:

	Financial liabilities measured at amortized cost	Financial assets measured at fair value through profit or loss	Book Value	Note
<u>Financial assets</u>				
Cash and Cash Equivalents	72,602,835	-	72,602,835	6
Trade Receivables	130,977,086	-	130,977,086	9
<u>Financial liabilities</u>				
Financial borrowings	109,649,909	-	109,649,909	8
Trade payables	58,676,273	-	58,676,273	9

**NOTE 32 - SUBSEQUENT EVENTS TO THE FINANCIAL POSITION STATEMENT DATE**

Several amendments were made to the Corporate Tax Law No. 5520 by a Law published in the Official Gazette dated July 15, 2023. Accordingly, the corporate tax rate is increased from 20% to 25%, starting from the declarations to be submitted as of October 1, 2023. In addition, the 1-point discount on the corporate tax rate applied to the earnings of exporting companies exclusively from exports is changed to 5 points. Furthermore, the 50% tax exemption stipulated in the Law No. 5520 for gains from the sale of immovable property is abolished as of July 15, 2023. However, this exemption shall be applied as 25% for the sales of immovable properties in the assets of the entities acquired before July 15, 2023. Efforts to determine the effects of these changes on current period tax calculations still continue.