



**2021 2nd Quarter BOARD of DIRECTORS
OPERATING REVIEW
REPORT**

GÜBRE FABRİKALARI TÜRK A. Ş.

MERDİVENKÖY MAHALLESİ, BORA SOKAK, NO:1, 34732 KADIKÖY/İSTANBUL

T: (+90 216) 468 50 50

F: (+90 216) 407 10 11

E: ir@gubretas.com.tr

I.	INTRODUCTION	2
A.	REPORTING PERIOD	2
B.	COMMERCIAL TITLE	2
C.	TRADE REGISTER NUMBER	2
D.	CONTACT INFORMATION	2
E.	ORGANIZATION CHART	4
F.	CAPITAL STRUCTURE.....	4
G.	BOARD OF DIRECTORS	5
H.	TOP MANAGEMENT.....	5
İ.	ADMINISTRATIVE ACTIVITIES.....	6
II.	THE COMPANY'S ACTIVITIES.....	6
A.	PRODUCTION.....	6
B.	SALES AND PURCHASES	6
C.	INVESTMENTS.....	7
III.	AFFILIATES AND SUBSIDIARIES	7
IV.	RAZİ PETROCHEMICAL CO.'S ACTIVITIES	8
A.	PRODUCTION	8
B.	SALES	8
C.	INVESTMENTS	8
V.	PERFORMANCE OF THE STOCK	9
VI.	REVIEW	10
VII.	FINANCIAL STRUCTURE.....	14
A.	CONSOLIDATED BALANCE SHEET	14
B.	CONSOLIDATED INCOME STATEMENT	14
I.	EVENTS AFTER BALANCE SHEET DATE.....	15
II.	CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT	15
III.	CONCLUSION	16

I. INTRODUCTION

A. REPORTING PERIOD

01.01.2021 - 30.06.2021

B. COMMERCIAL TITLE

Gübre Fabrikaları Türk Anonim Şirketi (“Gübretaş” or “the Company”)

C. TRADE REGISTER NUMBER

The Company is registered to the İstanbul Trade Registry with the registry number 47535.

D. CONTACT INFORMATION

HEAD OFFICE

The address of headquarters, which is registered to the trade registry, is “İstanbul Kadıköy Bora Sk. Nida Kule Göztepe İşm. No.1 K.12 (Bölüm: 42, 45) K. 30 - 31”.

The telephone, fax, e-mail and web address of Gübretaş are as below:

Tel: +90 (216) 468 50 50

Fax: +90 (216) 407 10 11

E-mail Address: gubretas@gubretas.com.tr

Web Address: www.gubretas.com.tr

The contact information of production facilities and regional offices is listed below;

YARIMCA FACILITIES

Address: Atalar Mahallesi Hayat Sokak No: 30 41740 Körfez / KOCAELİ

Phone : +90 (262) 528 46 40

Fax : +90 (262) 528 21 31

İZMİR FACILITIES

Address: Fatih Mah. Atatürk Cad.No: 28 Aliğa / İZMİR

Phone : +90 (232) 627 91 59

Fax : +90 (232) 627 91 59

FOÇA FACILITIES

Address: Baęarası Ky Hacıveli Mh. Foęa-İzmir Karayolu No: 401 Foęa / İZMİR

Phone: +90 (232) 822 81 48

İSKENDERUN FACILITIES

Address: Sarıseki Mah. 12 Eylül Caddesi E-5 Karayolu Altı No: 1 İskenderun / HATAY

Phone : +90 (326) 656 22 88

Fax : +90 (326) 656 22 80

INNER ANATOLIA REGIONAL OFFICE

Address: Emek Mah. Kazakistan Cad. (4. Cadde) No: 139 Çankaya / ANKARA

Phone : +90 (312) 212 75 75

Fax : +90 (312) 231 92 99

WEST MEDITERRENEAN REGIONAL OFFICE

Address: Kızıltoprak Mah. Aspendos Bulvarı, Çam Plaza, No:19 Daire:3 Muratpaşa/ANTALYA

Phone : +90 (242) 311 43 73 - 83

Fax : +90 (242) 311 43 93

SOUTHEAST ANATOLIA REGIONAL OFFICE

Address: Kayapınar Mah. Urfa Yolu 3. Km DİYARBAKIR

Phone : +90 (412) 251 12 46 / +90 (412) 251 15 46

Fax : +90 (412) 251 18 55

EAST MEDITERRENEAN REGIONAL OFFICE

Address: Sarıseki Mah. Atatrk Cad. No: 6 Sarıseki İskenderun/HATAY

Phone : +90 (326) 626 14 42 - 44 - 49

Fax : +90 (326) 626 14 50

AEGEAN REGIONAL OFFICE

Address: Kırlar Mevkii Fatih Mah. Atatrk Cad. Helvacı - Alięa / İZMİR

Phone : +90 (232) 627 91 59

Fax : +90 (232) 627 91 60

BLACK SEA REGIONAL OFFICE

Address: Kamalı Mah. 4043 Sok. No.1/A Atakum / SAMSUN

Phone : +90 (362) 266 40 10

Fax : +90 (362) 266 68 25

GAP REGIONAL OFFICE

Address: Ulubağ Mh. Recep Tayyip Erdoğan Blv. Tarım Kredi St. No.305/5 Haliliye/
ŞANLIURFA

Phone : +90 (414) 341 08 08

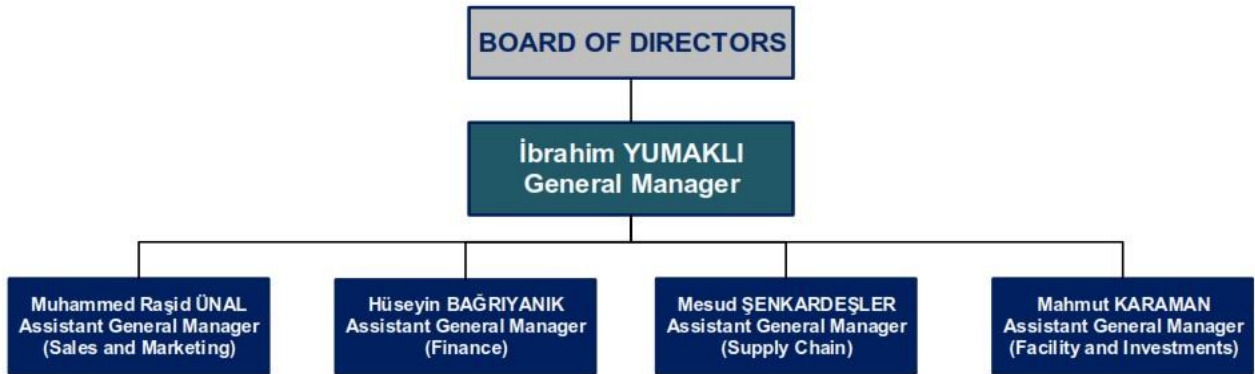
Fax : +90 (414) 381 08 10

MARMARA REGIONAL OFFICE

Address: Hürriyet Mah. Dekanlar Sk. No: 2 Yaşam Plaza Kat:1 D:2 Süleymanpaşa/TEKİRDAĞ

Phone : +90 (282) 262 76 50 / +90 (282) 262 47 94

Fax : +90 (282) 262 98 51

E. ORGANIZATION CHART**F. CAPITAL STRUCTURE**

As of 30.06.2021, authorized share capital of the company is 1.000.000.000 ₺ and paid-in share capital is 334.000.000 ₺. There has not been any change in terms of share capital and shareholder's structure of Gübretas within the reporting period.

There is no preferred shares issued by the Company and the Company does not own any shares that it has acquired.

"Capital loss" or "Indebtedness" situations, which are defined in 376th article of TCC, has not been observed.

Table 1 : CAPITAL STRUCTURE

Shareholders	Share Amount -₺	Share %
Central Union of Turkish Agricultural Credit Cooperatives	253.684.606,88	75,95
Other	80.315.393,12	24,05
Total	334.000.000,00	100,00

G. BOARD OF DIRECTORS

Title	Name	Date of Election
Chairman	Fahrettin POYRAZ	19.12.2017
Vice Chairman	Ahmet BAĞCI	03.05.2018
Executive Member	İbrahim YUMAKLI	28.10.2016
Member	Zeynep Müjde SAKAR	08.04.2021
Member	Selahattin KÜLCÜ	22.03.2019
Member	Mehmet Okan ATEŞ	02.05.2019
Independent Member	Murat YAŞA	11.05.2017
Independent Member	Vahit Kirişçi	25.06.2020
Independent Member	Mehmet BULUT	30.03.2018

The members of Board of Directors have the rights, which are described in the Articles of Association and Turkish Commercial Code. In the footnote 16 of interim consolidated financial statements, information about the benefits provided to the Board of Directors and top management is disclosed.

H. TOP MANAGEMENT

Title	Name	Date of Appointment
General Manager	İbrahim YUMAKLI	28.10.2016
Assistant GM - Facility and Investments	Dr. Mahmut KARAMAN	04.02.2015
Assistant GM - Supply Chain	Mesud ŞENKARDEŞLER	30.09.2016
Assistant GM - Finance	Hüseyin BAĞRIYANIK	04.08.2021
Assistant GM – Sales & Marketing	Muhammed Raşid ÜNAL	15.06.2020

I. ADMINISTRATIVE ACTIVITIES

Number of Personnel

As of 30.06.2021, the number of personnel increased by 1% to 574 people compared to the previous year.

Training Activities

Training activities are aimed at developing managerial, personal and professional skills of the staff. Education activities of 185 hours were carried out in the first six months of 2021.

II. THE COMPANY'S ACTIVITIES

A. PRODUCTION

Gübretaş produced 394.725 tons of solid, 35.285 tons of liquid-powder fertilizers in the first six months of 2021. Total production number of the six month period is 430.010 tons. Solid fertilizer production increased by 42% ; liquid-powder production increased by 34% in the first half of 2021 compared to the same period of 2020. Total fertilizer production including solid, liquid and powder increased by 42 %.

Capacity utilization rate was 80% in the first half of 2021.

Table 2: PRODUCTION BY GROUP -TON

Production	2021/6	2020/6	Change
Solid Fertilizer	394.725	277.125	%42
Liquid - Powder Fertilizer	35.285	26.627	%34
TOTAL	430.010	303.752	%42

B. SALES AND PURCHASES

The Company sold 1.217.910 tons of solid, 55.672 tons of liquid and powder fertilizers in the first half of 2021.

The solid fertilizer sales increased by 12% and the liquid fertilizer sales increased by 27% in the first half of 2021, compared to same period of the previous year.

The volume of purchases was 1.101.737 tons the first half of 2021, and the increase is 27% comparing to the 869.223 tons in the same period of 2020. Export numbers increased 14 times to 9.761 tons in the first half of 2021.

Table 3: PROCUREMENT AND SALES-TON

Solid Chemical Fertilizer	2021/6	2020/6	Change
Raw Material	332.097	229.444	%45
Commodity	769.640	652.141	%18
Total Purchases	1.101.737	881.585	%25

Table 4: SALES BY PRODUCT GROUPS-TON

Solid Chemical Fertilizer	2021/6	2020/6	Change
Compound	373.561	286.637	%30
Nitrogen-based	778.265	735.831	%6
Phosphate-based and others	66.084	62.817	%5
Total Solid Fertilizer	1.217.910	1.085.285	%12
Total Liquid - Powder Fertilizer	55.672	43.856	%27
Grand Total	1.273.582	1.129.141	%13

C. INVESTMENTS

In Turkish operations, the Company incurred 54.966.770₺ (Gübretaş Mining Investments Co. 42.481.684₺ - Chemical Fertilizer Operations 12.485.086₺) of capital expenditure in the first half of 2021, while this figure was 45.454.498₺ in the same period of 2020.

III. AFFILIATES AND SUBSIDIARIES

Detailed information about affiliates and subsidiaries are given in the Note 1 of interim consolidated financial statements of 30 June 2021.

IV. RAZI PETROCHEMICAL CO.'S ACTIVITIES

A. PRODUCTION

In the first half of 2021, 752.219 tons of fertilizer and fertilizer raw materials were produced in Razi Petrochemical Co. ("Razi"). The capacity utilization rate was 40%

Table 5: RAZI PRODUCTION-TON

PRODUCT	2021/6	2020/6	Change	Annual Capacity	2021/6 CUR
Ammonia	334.673	416.604	(%20)	1.336.500	%50
Urea	203.256	240.079	(%15)	866.250	%47
Sulphur	106.866	121.960	(%13)	508.000	%42
Sulphuric Acid	79.355	36.427	%119	627.000	%25
DAP	28.069	2.393	%1180	450.000	%13
Total	752.219	817.463	(%8)	3.787.750	%40

B. SALES

In the first half of 2021, 470.923 tons of fertilizer were sold. The total revenue generated by Razi and its subsidiaries were 707.101.248€ during the reporting period.

Table 6: RAZI SALES-TON

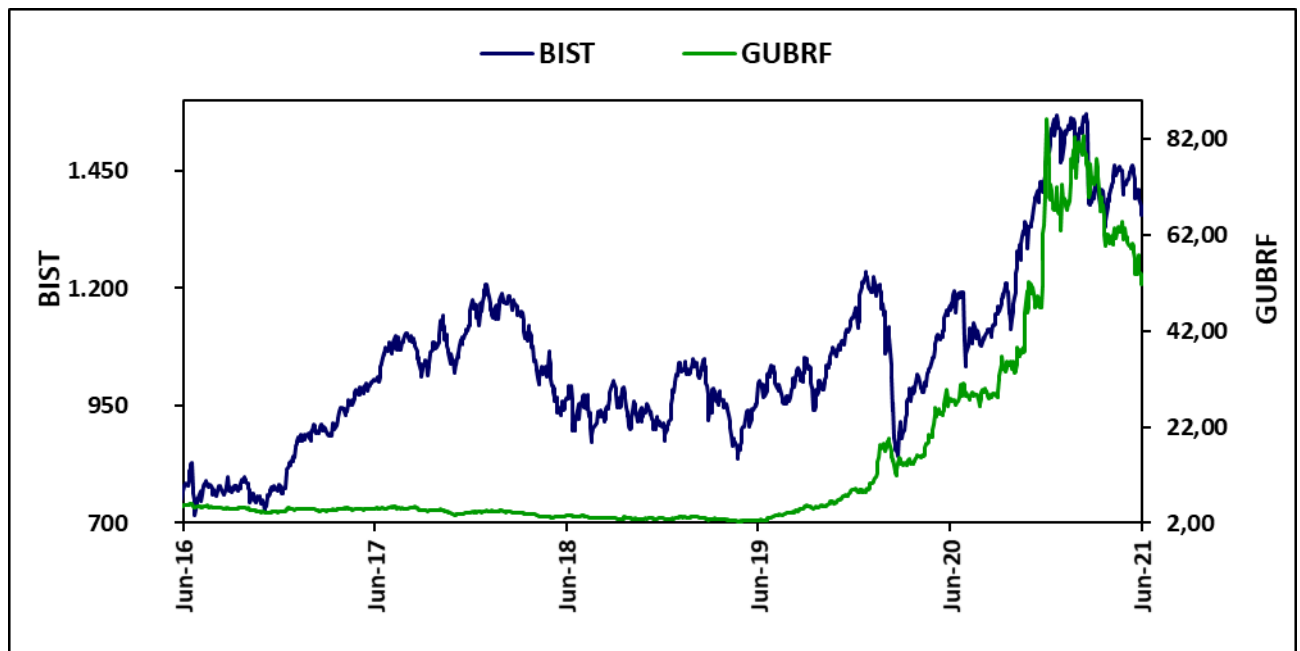
Sale Type	2021/6	2020/6	Change
Urea	160.678	216.107	%12
Ammonia	163.181	283.734	(%43)
Sulphur	64.807	145.064	(%55)
Phosphoric Acid	44.368	28.009	%58
DAP	30.197	25.004	%24
Sulphuric Acid	7.692	5.455	%40
TOTAL	470.923	703.373	(%33)

C. INVESTMENTS

17.846.218€ of capital expenditures were incurred by the Iran operations in the first half of 2021, while this figure was 8.133.804€ in the same period of 2020.

V. PERFORMANCE OF THE STOCK

Graph 1 : PERFORMANCE OF THE STOCK



Date	06/30/2020	09/30/2020	12/31/2020	03/31/2021	06/30/2021
Stock Price	27,68	32,12	86,05	73,10	51,55

VI. REVIEW

In the first half of 2021, the effects of the Covid-19 epidemic and climate crisis continued to effect the global fertilizer trade. In this period, countries took measures such as imposing export quotas on agricultural products and re-arranging customs duties in order not to risk food supply security. On the other hand, countries dependent on imports of chemical fertilizers, have chosen to supply the products they need before the season in order to maintain their agricultural production. While pushing the future demands brought up the problem of product availability, this development led to an increase in raw material and commodity prices in foreign markets.

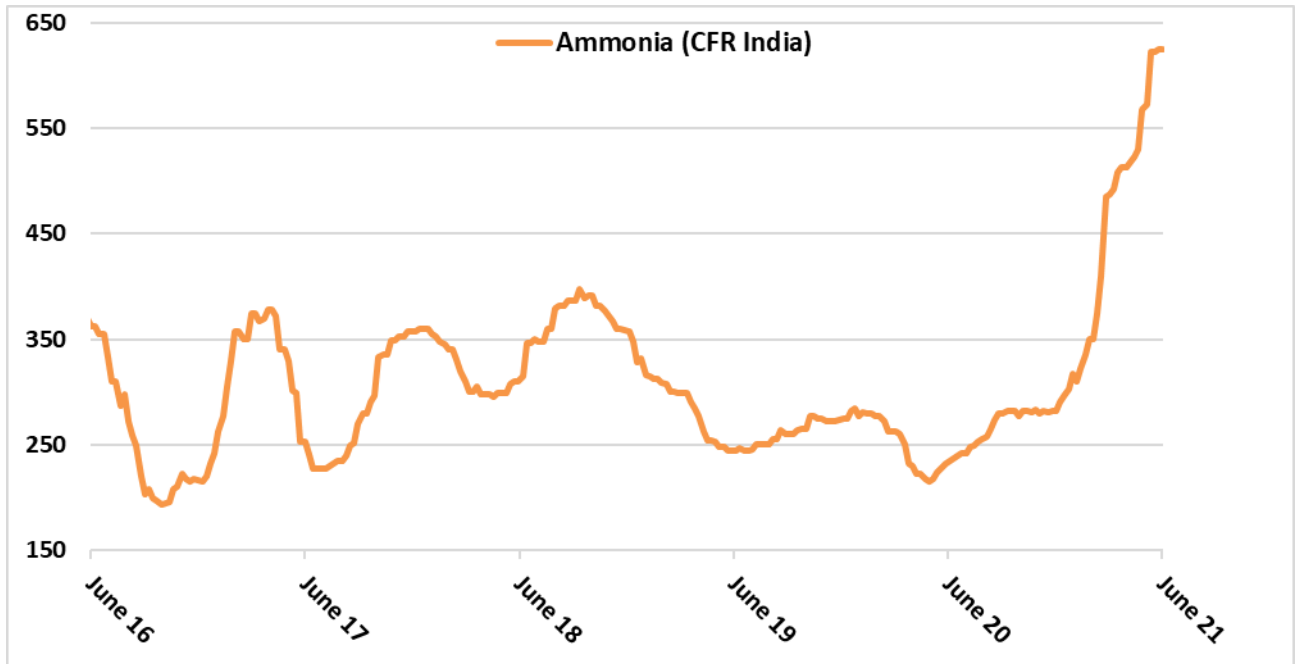
In this context, in the second quarter of 2021, fertilizer prices increased by 70% in Urea Gr, 90% in DAP, and 135% in ammonia compared to the same period of the previous year.

In addition to these price changes in foreign markets, significant increases in freight prices were another important factor that increased fertilizer, raw material and commodity costs.

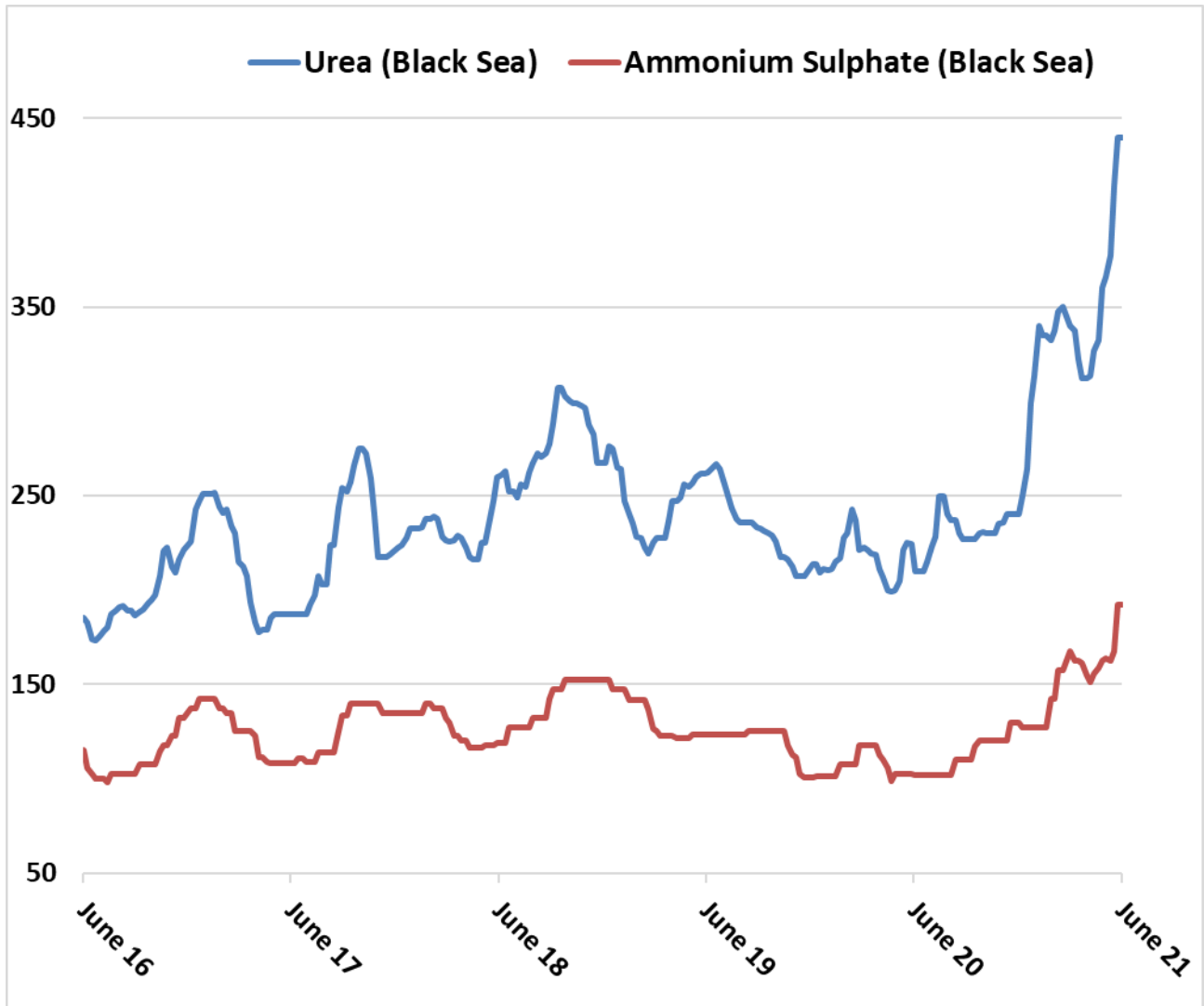
The above-mentioned developments have led to sharp rises in prices in domestic markets in Turkey, which is among the import-dependent countries.

Moreover, the expectation that the upward trend in prices would continue in the first half of the year, increased the fertilizer purchases of the producers. However, it has been observed that buyers who want to reduce their costs tend to prefer more affordable products.

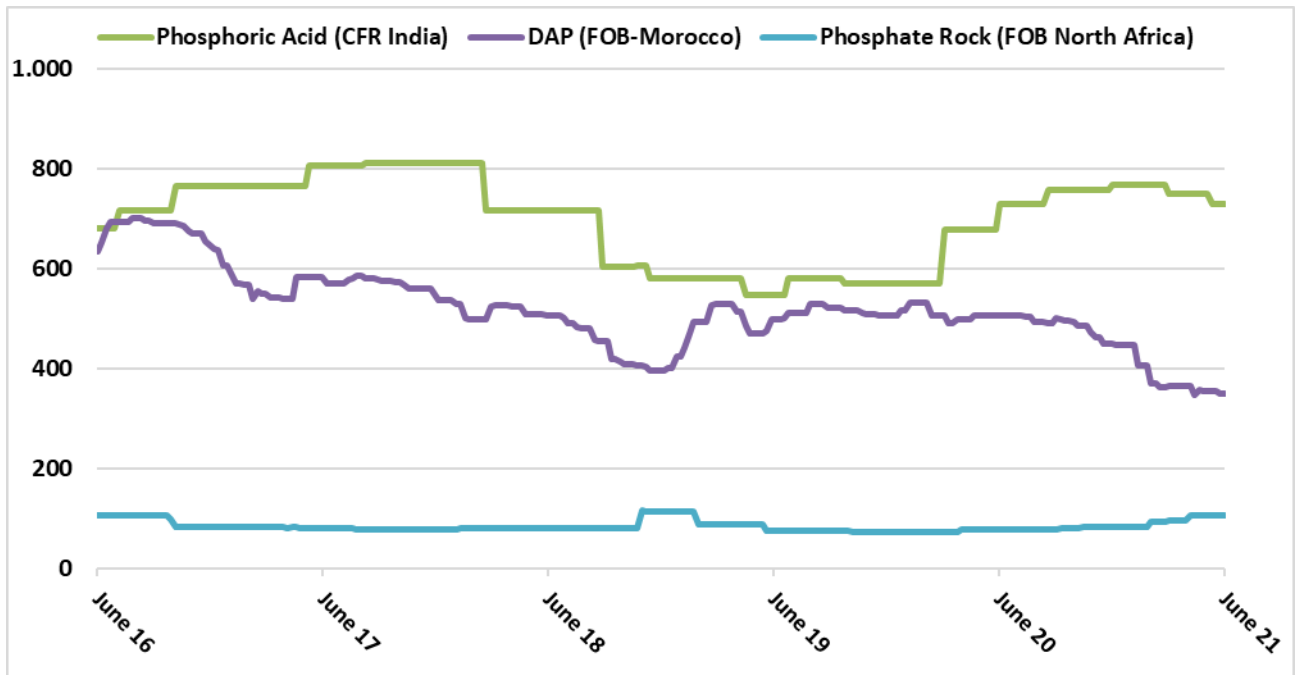
Graph 2 : FERTILIZER PRICES IN INTERNATIONAL MARKETS - US\$/TON



Graph 3 : FERTILIZER PRICES IN INTERNATIONAL MARKETS - US\$/TON



Graph 4 : FERTILIZER PRICES IN INTERNATIONAL MARKETS - US\$/TON



VII. FINANCIAL STRUCTURE

A. CONSOLIDATED BALANCE SHEET

ASSETS	30 June 2021	31 December 2020
Current Assets	3.784.202.472	3.157.837.294
Non-current Assets	2.532.649.612	2.011.065.657
TOTAL ASSETS	6.316.852.084	5.168.902.951
LIABILITIES	30 June 2021	31 December 2020
Short-term Liabilities	3.303.649.267	3.230.345.066
Long-term Liabilities	277.034.659	176.303.000
Total Liabilities	3.580.683.926	3.406.648.066
Equity	2.736.168.158	1.762.254.885
TOTAL LIABILITIES AND EQUITY	6.316.852.084	5.168.902.951

B. CONSOLIDATED INCOME STATEMENT

CONTINUING OPERATIONS	1 Jan - 30 June 2021	1 Jan - 30 June 2020
Sales (net)	3.849.705.906	2.683.735.693
Costs of Sales	(2.938.266.256)	(2.088.795.576)
GROSS PROFIT	911.439.650	594.940.117
Operating Expenses	540.278.237	455.437.356
OPERATION PROFIT/(LOSS)	371.161.413	139.502.761
Financial Income/(Expense)	(76.545.634)	67.817.729
Other Income/(Expense)	10.046.557	18.406.483
PRE-TAX PROFIT / LOSS FROM CONTINUING OPERATIONS	304.662.336	225.726.973
Total Tax Income / (Expense)	(89.341.350)	(5.052.493)
PERIOD PROFIT/ (LOSS)	215.320.986	220.674.480
Distribution of Period Profit / (Loss)		
Minority Shares	(42.505.831)	97.233.481
Parent Company's Shares	257.826.817	123.440.999
Earnings / (Loss) Per Share (kr)	0,77	0,37

I. EVENTS AFTER BALANCE SHEET DATE

Assistant General Manager-Finance Osman Küçükçınar has resigned from the company at 30.07.2021. Hüseyin Bağrıyanık was appointed as Assistant General Manager-Finance at 04.08.2021.

II. CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

In accordance with Communiqué on Corporate Governance, which is numbered II-17.1 and published by Capital Markets Board in 03.01.2014, within the year of 2020 covering the dates of 01.01.2021 - 31.06.2021, the following works have been realized by the Company in order to be compliant with the principles issued in the related communiqué:

1. About the fertilizer sales which will be realized by the Company, Gübre Fabrikaları T.A.Ş, within the year of 2021 to the related party, Central Union of Turkish Agriculture Credit Cooperatives, the conclusion part of the Board of Directors' report which was prepared due to the Article 10 under the heading of Common and Continuous Transactions of Communiqué on Corporate Governance numbered II-17.1 was submitted for public information on January 22, 2021.
2. Regarding to the article 11/1 of Corporate Governance Communiqué, Investor Relations Department prepared "Investor Relations 2020 Operating Report" related to activities within the 2021, "Investor Relations 2020 Yearly Operating Report" and submitted them for the Board's information.
3. Regarding to the article 2.1.3, under the title of "Public Disclosure and Transparency", in Corporate Governance Principles, which are stated in the Annex-1 of the Corporate Governance Communiqué, our disclosure of 2020 1Q-2Q-3Q-4Q financial statements excluding footnotes was announced in the Public Disclosure Platform both in Turkish and English.

III. CONCLUSION

DEAR SHAREHOLDERS,

In the first half of 2021, 1.101.737 tons of fertilizers and raw materials were procured from domestic and foreign markets. In the first half of 2021, 430.010 tons of various types of solid, liquid and powder fertilizer were produced at facilities and totally, 1.273.582 tons fertilizers were sold in the same period. In Turkish operations of the Company, net sale revenues realized as 3.385.495.736₺.

In addition, 752.219 tons of fertilizer and fertilizer raw materials were produced and 707.101.248₺ sale revenues were realized by the sale of 470.923 tons of fertilizer and fertilizer raw material in Razi and its subsidiaries.

The Company reached to 3.849.705.906₺ consolidated sales revenue. Beside, by deducting cost of goods sold, operation expenses, other operating expenses-income and financial expenses, tax and non-controlling interest the net profit for the period is 257.826.817₺

We would kindly like to ask you to evaluate the results mentioned above regarding the first half of 2021 activities.

Best Regards,

BOARD OF DIRECTORS

**(Convenience translation of a report and
interim condensed consolidated financial
statements originally issued in Turkish)**

**GÜBRE FABRİKALARI TÜRK
ANONİM ŞİRKETİ
INTERIM CONDENSED
CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD
JANUARY 1-JUNE 30, 2021
TOGETHER WITH THE
INDEPENDENT
AUDITORS REVIEW REPORT**



(Convenience translation of independent auditor's review report
originally issued in Turkish)

**INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE PERIOD ENDED JUNE 30, 2021**

**To the Board of Directors of
Gübre Fabrikalari Türk Anonim Şirketi**

Eren Bağımsız Denetim A.Ş.
Maslak,Eski Büyükdere Cad.
No.14 Kat :10
34396 Sanyer /Istanbul,Turkey

T + 90 212 373 00 00
F + 90 212 291 77 97
www.grantthornton.com.tr

Introduction

We have reviewed the accompanying interim statement of financial position of Gübre Fabrikalari Türk Anonim Şirketi ("the Company") and its subsidiaries (collectively referred to as the "Group") as of 30 June 2021, and the interim statements of profit or loss, other comprehensive income, changes in equity and cash flows for the six-month period then ended and notes to the interim financial information. Management is responsible for the preparation and presentation of these interim financial information in accordance with the Turkish Accounting Standard 34 Interim Financial Reporting ("TAS 34") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is to express a conclusion on these the accompanying interim financial statements based on our review.

Scope of Review

We conducted our 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 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 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

The financial statements of Razi Petrochemical Co. ("Razi"), a subsidiary of the Group operating in Iran, which are consolidated in the accompanying condensed financial statements, have been audited by the component auditor of the Group, and the financial statements and the financial information included in the accompanying consolidated financial statements were based on their limited review report dated August 3, 2021, containing a disclaimer of opinion. As explained in Note 12 to the condensed financial statements, there is a lawsuit filed at the local court for an amount of TL 3.404.781.952 (84.137 Billion IRR) against Razi, who is audited by the component auditor of the Group, due to excessive gas consumption. According to the limited review report prepared by Razi's component auditor, the Company has given a letter of guarantee of TL 101.167.796 (2.500 Billion IRR) to the prosecutor in relation to the legal proceeding undertaken at the local court. The limited review report issued by the component auditor contained a disclaimer of opinion on the financial statements on the grounds that there is a fundamental uncertainty regarding the final outcome of the case as the ultimate outcome of the case was not finalized.

As of 30 June 2021, the inventories of Razi, the subsidiary consolidated in the Group's consolidated financial statements, include spare parts inventories amounting to TL 196,791,597 (equivalent to IRR 4.863 Billion), and spare parts usage costs amounting to TL 30,876.411 (equivalent to 763 Billion IRRs) is included in the cost of sold goods. With respect to this, due to the changes made by Razi in the stock system in the previous periods, the accounting of some stock purchases in the prepaid expenses account, the incorrect reflections that were made to the cost accounts during the year, using incorrect exchange rates in the conversion of stock purchases in foreign currency, the emergence of variance deviations between the inventory registration system and the inventory accounts, various classification and adjustment changes should be made in the relevant accounts in order to accurately reflect the inventories and cost of sold goods accounts in the financial statements. In the limited audit report prepared by the unit auditor, it was stated that due to the lack of sufficient information about the purchase dates of the inventories purchased before 2018, and the problems arising from the system, it was not possible to make price level adjustments on the basis of price indices and to determine the required estimated correction amount for the related inventories.

Razi, based on the government's decree dated September 29, 2019, the decision of the Administrative Court General Assembly dated August 22, 2017 and numbered 505, and the approval of the Administrative Court, the Executive Branch of the Economic Affairs Assistant Judiciary and the 24th meeting of the market regulation working group, has recorded revenues amounting to TL 257.047.137 (6.352 Billion IRR) and the corresponding receivable from Agricultural Support Services and members of union related to the difference between the minimum price that has occurred in the commodity exchange within the last six months and the selling price of Urea at the requested price. The limited review report prepared by the component auditor stated that the relevant amount has not been collected as of the balance sheet date and that it was not certain as to how and when it will be collected, and that it was not possible to determine the effects of possible adjustments since a confirmation letter could not be obtained for the verification of the relevant balance.

The limited review audit report prepared by the component auditor stated that Razi, the subsidiary consolidated in the Group's consolidated financial statements as of 30 June 2021, has calculated the severance pay provision according to the principles of Petroleum group companies. However considering the complaints raised related to this matter, the responses to the inquiries during the review period and the approval of the board of directors, it has been determined that Razi should allocate a provision for severance pay for retired and current employees in accordance with the relevant labor law. Thereupon the Company has recorded a provision amounting to TL 21,366.639 (528 Billion IRR) in its financial statements. In the limited review audit report prepared by the component auditor, it was stated that an additional provision for severance pay was required, however it was not possible to calculate the required amount under the current situation.

The limited review report prepared by the component auditor stated that Razi, the subsidiary consolidated in the Group's consolidated financial statements as of 30 June 2021, could not obtain a confirmation letter for the receivable trade balance amounting to TL 40,426.651 (999 Billion IRR) due from the Swiss Fertilizer and Fargo Co. companies and that it was not possible to verify this balance by the use of alternative testing methods.

Qualified Conclusion

According to our limited audit, with the exception of the matters set out in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the attached interim condensed consolidated financial information is not prepared, in all important aspects, in accordance with TMS 34 Interim Financial Reporting Standard.

Emphasis of Matters

As of 30 June 2021, the consolidated subsidiary Razi's trade receivables from Agricultural Support Services and National Iran Petrochemical Institutions amounting to TL 42,409,540 (1,048 Billion IRR) are due to urea sales and pertain to the previous periods. As of the report date, no collection has been realized regarding this amount.

The limited review audit report prepared by the component auditor stated that the inventories of Razi, the consolidated subsidiary as of 30 June 2021, carried at TL 439.615.837 (10.864 Billion IRR) as of June 30, 2021 did not have sufficient insurance coverage.

As of June 30, 2021, the outstanding receivables of Razi from North Star Co., Swiss Fertilizer and Fargo Co. amounted to TL 350.793.830 (8,669 Billion IRR) and exports to these companies in the six-month period ended 30 June 2021 amounted to TL 389.617.417 (9.628 Billion IRR). However, no guarantee has been received in return for the sales made and no information has been obtained regarding the affiliation of North Star Co. reported under related parties.

Due to the accumulative inflation rate of last three years in Iran exceeding 100% (120%), the commercial transactions have been adjusted according to the effects of inflation instead of historical cost basis, as of the beginning of the accounting period of 2020. IAS 29 "Financial Reporting in Highly Inflationary Economies" standard was applied during the preparation of the financial statements of Razi consolidated in the accompanying financial statements. Accordingly, the effect of the adjustment of the financial statements for inflation amounting to TL 894.409.298 related with the prior periods has been accounted for in the previous year's profits within the opening equity of 2020 and was not restated.

As explained in Note 12 to the condensed financial statements, the sanctions imposed by the United Nations on the Islamic Republic of Iran ("Iran") since 2010 have been suspended for certain periods of time and extent. However, the United States of America, one of the parties to the agreement, stated on May 8, 2018 its withdrawal from the agreement, and that it will start to re-implement the previously suspended sanctions. The first part of the re-implemented sanctions came into effect on August 6, 2018, and it was stated that the trade of Iran's oil, petroleum products and petrochemical products will also be subject to sanctions in the second group of sanctions, which was put into effect on November 4, 2018 and on May 2, 2019, the United States lifted this exemption to countries that it granted exemptions to trade in petroleum, petroleum products, and petrochemical products. As of the date of these consolidated financial statements, none of the companies within the Group is not subject to sanctions. However, this situation may affect the future operations of the Group's subsidiary in this country. Iran's economic stability depends on the measures it will take in the face of sanctions and the effects of legal, administrative, and political developments. These developments are not under the control of companies operating in the country. As a result, companies operating in this country must consider some risks that are not generally observed in other markets. The attached consolidated financial statements contain the assumptions of the Group management about the effects of the current sanctions imposed on Iran on the operations and financial condition of the subsidiary. Iran's future economic situation may differ from Group management's assumptions.

Since January 28, 2012, the Central Bank of the Islamic Republic of Iran has been implementing a fixed exchange rate regime. All foreign currency-based transactions are taken into legal records on these exchange rates. In the current period, the exchange rates used in foreign exchange-based transactions in the Islamic Republic of Iran differ significantly from the fixed exchange rates. In September 2012, a Foreign Exchange Center was established by the administration of the Iran under the supervision of the Central Bank of Iran and indicator ratios close to the free-market rates have started to be explained. The TAS 21 The Effect of Changes in Foreign Currency Exchange Rates Standard states that in case of situations where various exchange rates are available, the Exchange rate to be used is the expected Exchange rate where the related transactions are realized, and the future cash flows will occur. Due to the ambiguity of the exchange rate regime in Iran and the uncertainty of the exchange rates of the future cash flows, the Group Management used the mentioned Center's announced exchange rates (NIMA) in

the foreign currency valuation of Razi in the accompanying consolidated financial statements. Similarly, the average of the exchange rates announced by the Center was considered in the calculation of the period average rates.

As explained in the Note 7 and 12, Tabosan Mühendislik İmalat ve Montaj A.Ş. (“Tabosan”), one of the consortium partners with whom the Group purchased Razi shares applied to the court in 2011 with the request to postpone bankruptcy in 2011 whereby the request was rejected by the court, which ruled on the bankruptcy of Tabosan and the establishment of a bankruptcy desk in order to transfer all transactions to the bankruptcy desk. The Group has become a joint guarantor on behalf of Tabosan to the Banks which provided finance during the purchase of Razi shares and to Iran Privatization Administration. Within the scope of this surety, the Group has made a payment of TL 43.780.597 to the banks and the Iran Privatization Administration on behalf of Tabosan as a guarantor. Since the accumulated dividend receivable of Tabosan's 10.88% share in Razi have been transferred to the bankruptcy desk, the Bankruptcy Administration paid TL 25.278.225 to the Group on July 8, 2015 and the principal due of TL 5.548.880 on August 4, 2016. As of report date the principal and the interest receivable arising from the payments made by the Group amounted to TL 35.259.932. The Bankruptcy Administration will repay the Group's outstanding receivables to the extent that it receives the dividend to be received by Razi from Tabosan's shareholding provided the transfer is made to the bankruptcy desk. The Group management has not recognized any provision for this receivable in the prior nor in the current period in view of the fact that the dividend receivable by Tabosan pertaining to Razi shares and the mortgages and collaterals that were transferred to the Group by the bank.

As explained in the Note 12, Iskenderun Fiscal Directorate (“Treasury”) brought a suit in order to hypothecate on behalf of public and cancel land register of property owned by the Group having a surface area of located in Hatay, Iskenderun, in accordance with the Regulation on Implementation of Coastal Law and its provisions since the Shore Edge Line passes through the aforementioned land. The net book value of the aforementioned property is TL 98.416.948 as of the balance sheet date. The Group has appealed against the case in its legal period and requested the re-preparation of expert's report issued towards determining Shore Edge Line which constitutes a base for the case and has filed a counterclaim for the compensation of the right to property, by considering that the case may result in favor of the Treasury. The lawsuits were resulted against the Company; however, the Company requested a revision of the appeal court within the legal period and its request was accepted. The legal process is still ongoing as of the balance sheet date. In accordance with the opinions of the legal advisors, the Group Management has not recognized any provision for this matter in the consolidated financial statements at this stage.

These matters stated above do not affect our qualified conclusion.

Eren Bağımsız Denetim A.Ş.
Member Firm of Grant Thornton International



Jale Akkas

Engagement Auditor

İstanbul, 19 August 2021
Reşit Paşa Mahallesi Park Plaza
Eski Büyükdere Caddesi
No:14 K:10
Maslak / Sarıyer

Contents	Page
Interim consolidated statement of financial position.....	1-2
Interim consolidated statement of profit or loss and other comprehensive income	3
Interim consolidated statement of changes in equity.....	4
Interim consolidated statement of cash flows.....	5
Notes to interim condensed consolidated financial statements.....	6-44
1. Group's Organization and Nature of Operations	6-8
2. Basis of Presentation of the Consolidated Financial Statements	8-13
3. Segment Reporting.....	13-16
4. Cash and Cash Equivalents.....	16-17
5. Financial Borrowings.....	17-20
6. Trade Receivables and Payables	20-21
7. Other Receivables and Payables	22-22
8. Inventories.....	23
9. Property, Plant, Equipment	23-25
10. Intangible Assets.....	26-27
11. Commitments.....	27
12. Provisions, Contingent Assets and Liabilities.....	27-30
13. Revenue and cost of Sales.....	30
14. Other Operating Income and Expenses.....	31
15. Earnings Per Share.....	31
16. Related Parties Transactions	32-33
17. Financial Investments	34
18. Employee Benefits.....	34-35
19. Prepaid Expenses and Deferred Income	35-36
20. Equity.....	36
21. Income Taxes (Including Deferred Assets and Liabilities.....	37-40
22. Financial instruments and financial risk management.....	41-43
23. Events after the reporting date	44

(Convenience translation of interim condensed consolidated financial statements originally issued in Turkish)

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ
Interim consolidated statement of financial position as of June 30, 2021
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Reviewed	Audited
	Notes	June 30, 2021	December 31, 2020
ASSETS			
Current assets:			
Cash and cash equivalents	4	932.840.152	659.990.037
Financial investments	17	115.857.360	19.087.380
Trade receivables			
- Trade receivables from related parties	16	501.174.246	590.662.054
- Trade receivables from third parties	6	442.850.764	232.137.472
Other receivables			
- Other receivables from third parties	7	152.431.900	71.106.865
Inventories	8	1.315.185.684	1.389.767.975
Prepaid expenses	19	257.181.511	163.416.237
Assets related to the current period taxes		23.501	2.959.703
Other current assets		66.657.354	28.709.571
Total current assets		3.784.202.472	3.157.837.294
Non-current assets			
Financial investments	17	18.181.486	13.744.887
Other receivables			
- Other receivables from third parties	7	12.786.911	9.000.553
Investments valued by equity method		33.281.330	23.582.630
Investments properties		139.332.571	139.506.066
Property, plant and equipment	9	2.129.366.617	1.685.905.290
Intangible assets	10		
- Goodwill		87.373.031	60.572.972
- Other intangible assets		29.295.821	18.711.986
Prepaid expenses	19	83.031.845	30.680.425
Deferred tax assets	21	--	29.360.848
Total non-current assets		2.532.649.612	2.011.065.657
Total assets		6.316.852.084	5.168.902.951

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

(Convenience translation of interim condensed consolidated financial statements originally issued in Turkish)

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ
Interim consolidated statement of financial position as of June 30, 2021
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Reviewed June 30, 2021	Audited December 31, 2020
LIABILITIES			
Current liabilities			
Short-term borrowings	5	1.130.060.874	1.542.470.426
Short-term portion of long-term borrowings	5	31.722.036	25.739.366
Trade payables			
-Due to related parties	16	3.883.110	2.425.948
-Due to third parties	6	1.747.262.991	1.429.845.764
Payables due to employee benefits	18	41.410.124	30.867.564
Other payables			
Other payables to third parties	7	154.568.968	58.688.797
Deferred income	19	19.832.881	30.579.281
Liabilities related to current period tax	21	29.474.038	9.252.087
Short-term provisions			
-Short-term provisions for employee benefits	18	30.568.161	28.045.036
-Other short-term provisions	12	114.866.084	72.430.797
Total short-term liabilities		3.303.649.267	3.230.345.066
Long-term liabilities			
Long-term borrowings	5	57.902.992	70.585.949
Long-term provisions			
- Long-term provisions for employee benefits	18	167.424.424	94.829.669
Deferred tax liability	21	51.707.243	10.887.382
Total long-term liabilities		277.034.659	176.303.000
Total liabilities		3.580.683.926	3.406.648.066
Shareholders' equity			
Share capital	20	334.000.000	334.000.000
Accumulated other comprehensive income / expense not to be reclassified to profit or loss			
- Shares of other comprehensive income of investments accounted for using the equity method that will not be classified in profit or loss		6.110.400	--
-Impairment on property, plant and equipment		317.298.232	317.298.232
-Defined benefit plans re-measurement losses		(1.177.949)	(1.097.445)
Accumulated other comprehensive income / expense to be reclassified to profit or loss			
-Foreign currency translation differences		(153.913.509)	(490.429.269)
Restricted reserves from profit			
- Legal reserves	20	53.838.737	53.838.737
Prior year profit		908.450.921	604.588.289
Current period profit / (loss)		257.826.817	262.056.082
Shareholders' equity		1.722.433.649	1.080.254.626
Non-controlling interests		1.013.734.509	682.000.259
Total shareholders' equity		2.736.168.158	1.762.254.885
Total liabilities and equities		6.316.852.084	5.168.902.951

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

(Convenience translation of interim condensed consolidated financial statements originally issued in Turkish)

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Consolidated statement of profit or loss and other comprehensive income for the interim period ended June 30, 2021

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

		Reviewed	Reviewed	Reviewed	Reviewed
	Notes	Jan 1– June 30,2021	Jan 1– June 30,2020	April 1– June 30, 2021	April 1– June 30, 2021
Sales	13	3.849.705.906	2.683.735.693	1.505.067.654	951.700.052
Cost of sales	13	(2.938.266.256)	(2.088.795.576)	(1.139.388.837)	(724.358.794)
Gross profit		911.439.650	594.940.117	365.678.817	227.341.258
General and administrative expense (-)		(104.538.883)	(78.774.933)	(44.383.833)	(46.459.878)
Marketing, selling and distribution expense (-)		(190.381.555)	(265.196.180)	(50.994.926)	(87.910.164)
Other operating income	14	218.190.676	229.010.687	58.228.150	145.254.902
Other operating expenses (-)	14	(463.548.475)	(340.476.930)	(190.496.195)	(167.151.768)
Operating profit		371.161.413	139.502.761	138.032.013	71.074.350
Income from investment activities		6.554.835	16.828.666	631.201	93
Expenses from investment activities		(96.578)	--	(65)	--
Profit / (loss) from investments accounted by equity method		3.588.300	1.577.817	2.247.195	1.513.077
Financial income before operating profit		381.207.970	157.909.244	140.910.344	72.587.520
Financial income		135.127.865	213.052.321	66.954.409	98.364.791
Financial expense		(215.306.532)	(145.234.592)	(92.388.325)	(76.762.373)
Gains / (losses) from net monetary position		3.633.033	--	28.075.907	--
Profit before tax from continuing operations		304.662.336	225.726.973	143.552.335	94.189.938
- Current period tax (expense)	21	(24.523.472)	(2.423.099)	(19.752.963)	72.283
- Deferred tax (expense) / income	21	(64.817.878)	(2.629.394)	(3.139.565)	(163.917)
Total tax (expense) / income		(89.341.350)	(5.052.493)	(22.892.528)	(91.634)
Net period profit / (loss)		215.320.986	220.674.480	120.659.807	94.098.304
Distribution of income for the period					
Non-controlling interests		(42.505.831)	97.233.481	(13.937.309)	40.313.085
Attributable to equity holders of the parent		257.826.817	123.440.999	134.597.116	53.785.219
Gain/ (Loss) per share (kuruş)	15	0,772	0,370	0,403	0,161
Other comprehensive income					
Items not to be reclassified to profit or loss					
Tangible asset revaluation increases of investments valued by equity method		6.110.400	--	6.110.400	--
Defined benefit plans re-measurement gains		(100.630)	475.500	(1.335.669)	2.350.778
Tax effect of other comprehensive income/ (expense)		20.126	(95.100)	267.134	(470.156)
Items to be reclassified to profit or loss					
Changes in currency translation differences		667.037.080	(112.600.797)	420.963.101	(79.990.507)
Other comprehensive (expense)		673.066.976	(112.220.397)	426.004.966	(78.109.885)
Total comprehensive income / (expense)		888.387.962	108.454.083	546.664.773	15.988.419
Distribution of total comprehensive income / (income)					
Non-controlling interests		288.015.489	52.803.659	194.417.625	4.167.096
Attributable to equity holders of the parent		600.372.473	55.650.424	352.247.148	11.821.323

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

(Convenience translation of Consolidated Financial Statements originally issued in Turkish)

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Consolidated Statements of Changes in Equity for the interim period ended June 30, 2021

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

	Accumulated other comprehensive income / (expense) not to be reclassified to profit or loss			Accumulated other comprehensive income / expense to be reclassified to profit or loss	Accumulated profit			Equity attributable to equity holders of the parent	Non-controlling interests	Total equities	
	Share capital	Impairment on property, plant and equipment	Actuarial gain/(loss) arising from defined benefit plans		Shares to be classified in profit / (loss) from other comprehensive income of investments accounted for using equity method	Foreign currency translation reserve	Restricted reserves				Retained earnings
Balances at January 1, 2020	334.000.000	328.930.319	(1.678.630)	--	(359.020.958)	53.838.737	348.259.261	(149.740.564)	554.588.165	286.320.656	840.908.821
Adjustments for mandatory changes in accounting policies	--	(11.632.087)	--	--	--	--	444.440.632	--	432.808.545	461.600.753	894.409.298
Balances after adjustments	334.000.000	317.298.232	(1.678.630)	--	(359.020.958)	53.838.737	792.699.893	(149.740.564)	987.396.710	747.921.409	1.735.318.119
Transfers	--	--	--	--	--	--	(149.740.564)	149.740.564	--	--	--
Acquisition and disposal of subsidiaries	--	--	--	--	--	--	(38.371.040)	--	(38.371.040)	(60.550.643)	(98.921.683)
Dividends	--	--	--	--	--	--	--	--	--	(33.893.661)	(33.893.661)
Total comprehensive income/ (expense)	--	--	380.400	--	(68.170.974)	--	--	123.440.999	55.650.425	52.803.659	108.454.084
Balances at June 30, 2020	334.000.000	317.298.232	(1.298.230)	--	(427.191.932)	53.838.737	604.588.289	123.440.999	1.004.676.095	706.280.764	1.710.956.859
Balances at January 1, 2021	334.000.000	317.298.232	(1.097.445)	--	(490.429.269)	53.838.737	604.588.289	262.056.082	1.080.254.626	682.000.259	1.762.254.885
Adjustments related to errors	--	--	--	--	--	--	41.806.550	--	41.806.550	43.718.761	85.525.311
Balances as restated	334.000.000	317.298.232	(1.097.445)	--	(490.429.269)	53.838.737	646.394.839	262.056.082	1.122.061.176	725.719.020	1.847.780.196
Transfers	--	--	--	--	--	--	262.056.082	(262.056.082)	--	--	--
Total comprehensive income/ (expense)	--	--	(80.504)	6.110.400	336.515.760	--	--	257.826.817	600.372.473	288.015.489	888.387.962
Balances at June 30, 2021	334.000.000	317.298.232	(1.177.949)	6.110.400	(153.913.509)	53.838.737	908.450.921	257.826.817	1.722.433.649	1.013.734.509	2.736.168.158

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

(Convenience translation of Consolidated Financial Statements originally issued in Turkish)

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Interim consolidated statement of cash flows for the interim period ended June 30, 2021

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

	Notes	Jan 1- June 30, 2021	Jan 1- June 30, 2020
Cash flows from operating activities			
Period income /loss		215.320.986	220.674.480
Adjustments to reconcile net profit/(loss) for the period			
Adjustments related to depreciation and amortization expense	9-10	74.958.190	33.093.497
Adjustments related to gain from investments accounted by equity method		(3.588.300)	(1.577.817)
Adjustments related to provisions for employee benefits	18	70.250.673	46.177.735
Adjustments related to interest expense		78.236.130	77.255.646
Adjustments related to impairment of inventories	8	6.252.019	(1.834.351)
Adjustments related to impairment of receivables	7	(10.261)	(2.895.787)
Deferred financial income		563.251	815.876
Adjustments related to lawsuit provisions	12	4.352.615	196.519
Adjustments related to current year tax income	21	89.341.350	5.052.493
Adjustments related to losses (gains) on sale of property, plant and equipments	9-10	(5.698.455)	(340.386)
Adjustments related to fair value losses (gains) on derivative financial instruments		--	9.500.802
Adjustments related to fair value losses (gains) on investment properties		173.494	(300.313)
Cash flows from the operating activities before changes in the assets and liabilities		530.151.692	385.818.394
Change in working capital (net):			
Adjustments related to increase in trade receivables		(121.562.912)	70.401.825
Adjustments related to increase in other receivables		(85.111.393)	(62.507.626)
Adjustments related to decrease in inventories		5.433.759	514.348.753
Adjustments related to increase in trade payables		318.658.827	112.698.242
Increase / (decrease) in employee benefit obligations		10.542.560	(4.209.837)
Increase / (decrease) in deferred income		(10.746.400)	(1.577.891)
Increase / (decrease) in prepaid expenses		(146.116.694)	(117.508.272)
Increase / (decrease) in other payables		95.880.172	22.952.413
Adjustments related to other decrease in working capital		32.845.938	(117.738.529)
Cash flows from the operations after the changes in working capital		629.975.549	802.677.472
Interest paid		(44.283.604)	(47.887.517)
Taxes refunds/ (payments)	21	(5.626.396)	(7.118.658)
Payments related to provision for employee benefits	18	(32.974.096)	(10.860.725)
Cash flow regarding investment activities		547.091.453	736.810.572
Cash flows from investment activities			
Cash outflows from the purchases of property, plant and equipment and intangible assets	9-10	(72.812.988)	(53.533.565)
Cash inflows from the purchases of property, plant and equipment and intangible assets	9-10	21.392.829	55.075
Other cash inflows / (outflows)		(101.206.579)	8.249.099
Proceeds from sales of property, plant and equipment		--	(14.789.923)
Cash flows from investment activities		(152.626.738)	(60.019.314)
Cash flows from financing activities			
Cash inflows from financial borrowings		1.209.500.000	1.684.937.440
Cash outflows from financial borrowings payments		(1.662.562.364)	(1.845.070.638)
Cash flows from financing activities		(453.062.364)	(160.133.198)
Net change in cash and cash equivalents before effect of foreign currency translation difference		(58.597.649)	516.658.060
Cash and cash equivalents as of January 1		657.508.102	174.457.909
Foreign currency translation difference		327.405.591	(63.622.699)
Cash and cash equivalents as of June 30		926.316.044	627.493.270

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2021

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

NOTE 1 - GROUP’S ORGANIZATION AND NATURE OF OPERATIONS

Gübre Fabrikaları T.A.Ş. (“Gübretaş” or “the Company”) and its subsidiaries (altogether referred to as “the Group”) are composed of direct or indirect four subsidiaries (December 31, 2020: four) and two associates (December 31, 2020: two). Gübretaş, established in 1952, operates in the field of production and marketing of chemical fertilizers.

The Company conducts the majority of its operations together with Türkiye Tarım Kredi Kooperatifleri Merkez Birliği (“TTK”) (Turkish Agricultural Loan Cooperative Association). The registered head Office is in Istanbul and information about the locations of the other production facilities and offices are summarized here below:

Operational units	Operation details
Yarımca Plant Directorate	Production / Port facilities / Storage
Aegean Regional Directorate	Sales-marketing / Liquid-powder fertilizer production Storage
Black Sea Region Directorate	Sales-marketing / Storage
Eastern Mediterranean Region Directorate	Sales-marketing / Port facilities / Storage
Marmara Region Directorate	Sales-marketing / Storage
Central Anatolia Region Directorate	Sales-marketing
Southeast Anatolia Region Directorate	Sales-marketing
GAP Region Directorate	Sales-marketing
West Mediterranean Region Directorate	Sales-marketing

The number of employees of the Company and its subsidiaries for the period ended June 30, 2021 is 1.551 (December 31, 2020: 1.569).

23,81% of the shares of the Company are traded in the Istanbul Stock Exchange and is registered to the Capital Market Board (“CMB”).

The shareholders holding 10% and above shareholding in the Company’s share capital are listed below:

Name	June 30, 2021		December 31, 2020	
	Share (%)	Share Amount	Share (%)	Share Amount
TKK	%75,95	253.684.607	%75,95	253.684.607
Other (Public held)	%24,05	80.315.393	%24,05	80.315.393
Total	%100,00	334.000.000	%100,00	334.000.000

1.1 Subsidiaries

The consolidated entities as of June 30, 2021 and December 31, 2020, the direct and indirect voting rights of Gübretaş and their effective ownership rates (%) and the applicable currencies according to the countries of operation are shown below:

Name	June 30, 2021			December 31, 2020	
	Currency in Use	Voting Right	Effective Ownership Rate	Voting Right	Effective Ownership Rate
Razi Petrochemical Co.	İran IRR	48,88%	48,88%	48,88%	48,88%
Arya Phosphoric Jonoob Co.	İran IRR	48,88%	48,88%	48,88%	48,88%
Raintrade Petrokimya ve Dış Ticaret A.Ş.	TL	48,88%	48,88%	48,88%	48,88%
Gübretaş Maden Yatırımları A.Ş.	TL	100,00%	100,00%	100,00%	100,00%
Tarkim Bitki Koruma Sanayi ve Ticaret A.Ş.	TL	40,00%	40,00%	40,00%	40,00%
Tarım Tarım Kredi Bilişim ve İletişim Hizmetleri A.Ş.	TL	15,78%	15,78%	15,78%	15,78%

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2021

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

NOTE 1 - GROUP’S ORGANIZATION AND NATURE OF OPERATIONS (Cont’d)

1.1 Subsidiaries (Cont’d)

Razi Petrochemical Co.

Gübretaş has participated in Razi Petrochemical Co. (“Razi”) on May 24, 2008, which is located in Iran and conducts the production and sale of fertilizer and fertilizer raw materials. The share of Gübretaş in the share capital of Razi as of the date of balance sheet is 48,88% (December 31, 2020: 48,88%). Razi is considered a subsidiary because Gübretaş has the right to select and nominate three of the five-member Board of Razi. Also, it has the controlling power over the operational management of Razi.

Raintrade Petrokimya ve Dış Ticaret A.Ş.

Razi has established Raintrade Petrokimya ve Dış Ticaret A.Ş. (“Raintrade”) in Turkey in order to conduct its sales activities outside Iran. Raintrade has commenced its operations in April 2011. Razi has 100% shareholding of Raintrade; therefore, the Group has indirect ownership of 48,88% of the shares of Raintrade. In the Extraordinary General Assembly of Razi held on August 19, 2020, it was decided to liquidate Raintrade Petrokimya ve Dış Ticaret A.Ş. and the relevant liquidation process has not been realized yet as of the report date.

Arya Phosphoric Jonoob Co.

In 2012, Razi has purchased 87,5% of Arya Phosphoric Jonoob Co. (“Arya”), which operates in the same region and owns a production facility having an annual production capacity of 126.000 tons of phosphoric acid. In 2013, Razi purchased the remaining 12,5% of the shares and fully owns Arya, which resulted as an indirect ownership of 48,88% for the Group.

Gübretaş Maden Yatırımları A.Ş.

Gübretaş established Gübretaş Maden Yatırımları A.Ş. (“Gübretaş Maden”) on March 31, 2020, in which it owns 100% of the shares, in order to operate nationally and internationally for the purpose of undertaking mining investments. On February 24, 2021, the Söğüt Gold Mine license with registration number 82050 and the studies conducted within the scope of the license were transferred to Gübretaş Maden. At the General Assembly of Gübretaş Maden, dated January 29, 2021, it was decided to increase the share capital of the company to TL 40.000.000 and it was fully paid in cash on May 6, 2021. As of report date Gübretaş Maden, consolidated included in the accompanying financial statements, continues its preparations in order to start its operations.

1.2 Associates

Gübretaş has participated in Tarkim Bitki Koruma Sanayi ve Ticaret A.Ş. (“Tarkim”), which operates in agricultural pesticide sector on April 13, 2009. As of the balance sheet date, the shares held by Gübretaş is 40% of total shares of Tarkim (December 31, 2020: 40%).

1.3 Other financial investments

The Group has participated at the rate of 15,78% in Tarnet Tarım Kredi Bilişim ve İletişim Hizmetleri A.Ş. (“Tarnet”) which is a subsidiary of TKK.

(Convenience translation of interim condensed consolidated financial statements originally issued in Turkish)

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2021

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

NOTE 1 - GROUP'S ORGANIZATION AND NATURE OF OPERATIONS (Cont'd)

1.4 The approval of the consolidated financial statements

The consolidated financial statements have been approved by the Board of Directors and authorized to be issued on August 19, 2021. The General Assembly has the power to amend the consolidated financial statements.

NOTE 2-BASIS OF THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

Financial Reporting Standards

The Company and its subsidiaries located in Turkey record and prepare their statutory books of accounts and their statutory financial statements in line with the Turkish Commercial Code ("TCC") and accounting principles stated by the tax legislation. The subsidiaries based in Iran keep their books of accounts and prepare their financial statements in the currency of Iranian Rial ("IRR") in accordance with the prevailing regulation in Iran.

The accompanying condensed consolidated financial statements of the Group have been prepared in accordance with the communiqué numbered II-14,1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") on June 13, 2013 which is published on Official Gazette numbered 28676 in order to comply with Turkish Accounting Standards / Turkish Financial Reporting Standards ("TFRS") and interpretations prepared in compliance with international standards. These standards are updated in parallel to the changes made in International Financial Reporting Standards ("IFRS").

Turkish Accounting Standard ("IAS") No. 34, "Interim Financial Reporting" in accordance businesses are free to prepare as completed or condensed set of interim financial statements. In this framework, the Group has preferred to prepare condensed consolidated financial statements in the interim periods. Therefore, these interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements of the Group as of December 31, 2020.

The Group has prepared and presented its condensed consolidated financial statements for the interim period ended June 30, 2021 in accordance with TAS 34 Interim Financial Reporting Standards with the announcement of the CMB's Communiqué Serial: XII, 14.1 and its announcements.

The accounting policies used in the preparation of the condensed consolidated financial statements for the interim period ended as of June 30, 2021, comply with those in the consolidated financial statements of the previous year, except for the effect of the new and amended TFRSs and TFRYK interpretations summarized in Note 2.2 and valid as of January 1, 2021.

The condensed consolidated financial statements have been prepared on historical cost basis except the revaluation of land and buildings presented in property plant and equipment, investment and derivative financial instruments stated at fair value as measured on the balance sheet date. However due to the accumulative inflation rate of last three years in Iran exceeding 100% (120%), the financial statements have been prepared by accounting for the effects of inflation instead of historical cost basis, as of the beginning of the accounting period of 2020. IAS 29 "Financial Reporting in Highly Inflationary Economies" standard was applied during the preparation of the financial statements of the subsidiary in Iran.

(Convenience translation of interim condensed consolidated financial statements originally issued in Turkish)

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2021

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

NOTE 2 – BASIS OF THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont’d)

2.1 Basis of presentation (Cont’d)

Going Concern

The Group has prepared its consolidated financial statements based on going concern assumption.

Netting/ Offset

Financial assets and liabilities, the necessary legal right already exists, these assets and liabilities are clearly shown if there is an intention to pay on a net basis, or if there is an intention to simultaneously achieve the acquisition of assets and the fulfillment of obligations.

Comparative Information and Restatement of the Prior Period Financial Statements

The consolidated financial statements of the Group include comparative financial information to enable the determination of trends in the financial position and performance. Comparative figures are reclassified where necessary, to conform to changes in presentation in the current period financial statements and the significant changes are explained.

Functional Currency

The financial statements of the entities of the Group are presented in local currencies (“functional currency”) of the economic zones they operate in. All of the financial position and operational results of the entities are presented in Turkish Lira (“TL”) which is functional currency of the Company and presentation currency of the condensed consolidated financial statements.

The functional currency of the Company's subsidiary operating in Iran is Iranian Rial (“IRR”). In Iran, the exchange rates used in the market for foreign currency-based transactions differ significantly from the announced fixed exchange rates. The Center for Foreign Exchange Transactions (“Center”) has been established under the supervision of the Central Bank of Iran and the benchmark rates, which are close to the free market rates, have begun to be announced. In the foreign currency valuations of Razi, as the exchange rate regime in Iran is ambiguous and it is uncertain with which exchange rate will be realized in the future cash flows, the year-end exchange rate (NIMA) announced by the Center is used. Similarly, while calculating the period average exchange rates, the average of the rates announced by the Center was taken into consideration.

According to TAS 21 Changes in Exchange Rates, the assets and liabilities of the subsidiaries in foreign countries are converted to Turkish Lira with the parity on the balance sheet day. Income and expense items are translated into Turkish Lira with the average exchange rate during the period. Currency translation differences resulting from the use of the closing and average rate is accounted for under currency translation difference under equity. These translation differences are recognized as income or loss in the related period incurred.

The conversion rates used are as follows:

Currency	June 30, 2021		December 31, 2020	
	Period End	Period Average	Period End	Period Average
IRR/TL	0,000040467	0,000032561	0,000028789	0,000027031

(Convenience translation of interim condensed consolidated financial statements originally issued in Turkish)

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2021

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

NOTE 2 - BASIS OF THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

2.1 Basis of presentation (Cont'd)

Restatement of Previous Period and Restatement Financial Statements in High Inflation Periods

CMB declared with the decision taken on March 17, 2005, that the listed companies operating in Turkey and preparing financial statements for the accepted financial reporting standards by the Capital Markets Board ("CMB Financial Reporting Standards") were not subjected to inflation accounting effective as from January 1, 2005. However due to the accumulative inflation rate of last three years in Iran exceeding 100% (120%), the financial statements have been prepared accounting the effects of inflation instead of historical cost basis, as of the beginning of the accounting period of 2020. IAS 29 "Financial Reporting in Highly Inflationary Economies" standard was applied during the preparation of the financial statements of the subsidiary in Iran.

Financial statements are prepared on the basis of historical costs of purchases and sales; thus, the balance sheet items that have not yet been expressed in currency in the balance sheet should be converted using a general price index. This also should be applying for income and expenses. Monetary assets and liabilities are not required to be converted using a general price index, if they are subject to price changes depending on the contract or are expressed as current value.

Subsidiaries reporting in a hyperinflationary currency of the parent company in a non-hyperinflationary economy

According to TAS 21, when the financial statements and financial information of an entity, whose functional currency is the currency of a hyperinflationary economy, are converted to the currency of a non-hyperinflationary economy, comparative amounts may be those presented as current year amounts in the relevant previous year's financial statements (not adjusted according to changes in price level or foreign currency in next period).

The effect of the adjustment of the financial statements for inflation amounting to TL 894.409.298 related with the prior periods was recognized in the opening balances in the equity in the previous year's profits as of January 1, 2020.

2.2 Changes in Turkish Financial Reporting Standards ("TFRS")

The new standards, amendments and interpretations which are effective as at January 1, 2020 are as follows:

The accounting policies used in the preparation of the consolidated financial statements for the fiscal period ending on June 30, 2021 have been applied consistently with those used in the previous year, except for the new and amended TFRS standards and TFRYK comments as of January 1, 2021, summarized below.

Standards issued but not yet effective and not early adopted

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2021

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

NOTE 2 - BASIS OF THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont’d)

2.2 Changes in Turkish Financial Reporting Standards (“TFRS”) (Cont’d)

Standards issued but not yet effective and not early adopted (Cont’d)

Amendments to IFRS 16 ‘Leases’ – Covid-19 related rent concessions;

Effective from April 1, 2021, this change has been extended to June 2022 as of March 31, 2021. As a result of coronavirus (COVID-19) pandemic, rent concession have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On May 28, 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to Covid-19 is a lease modification. Lessees can elect to account for a such rent concessions in the same ways as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

Amendments to TAS 1, Application Statement 2, and TAS 8

Effective from annual periods beginning on or after January 1, 2023. These changes are intended to improve accounting policy disclosures and help financial statement users distinguish between changes in accounting estimates and changes in accounting policies.

Amendments IFRS 1, IFRS 9, IAS 41 and IFRS 16

Amendments related to Interest Rate Benchmark Reform – Phase 2; that addresses issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates are effective for annual periods beginning on or after January 1, 2021.

The Group is evaluating the impact of these standards and changes on its consolidated financial position and performance.

2.3 Principles of Consolidation

- a) The interim condensed consolidated financial statements for the period ended June 30, 2021, have been prepared in accordance with principles stated on consolidated financial statements for the year ended December 31, 2020 and include the financial statements of Gübretaş and those of subsidiaries.
- b) As of June 30, 2021, there have been no changes in voting rights or proportion of effective interest on subsidiaries that are subject to consolidation with respect to the information stated in the consolidated financial statements for the year ended December 31, 2020.
- c) The statement of financial position and statement of comprehensive income of the subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by the Company is eliminated against the related equity. Intercompany transactions and balances between the Company and its subsidiaries are eliminated on consolidation. The cost of and the dividends arising from, shares held by the Company in its subsidiaries are eliminated from equity and statement of comprehensive income for the year, respectively.

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2021

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

NOTE 2 – BASIS OF THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont’d)

2.3 Principles of Consolidation (Cont’d)

- d) The non-controlling shareholders’ share of the net assets and results for the period for the subsidiaries are classified separately in the consolidated statement of financial position and statements of comprehensive income as non-controlling interest.
- e) The Company’s significant interest in affiliates is accounted for with equity method. Affiliates accounted by equity method are presented in consolidated statement of financial position with additions or deductions of changes on share of the Group on net assets of the affiliate and with deduction of provisions for the decline in the value. The comprehensive income statement presents shares of financial results of the Group’s affiliates. The changes of the amount, not reflected on income or loss of the affiliate, on the equity of the affiliate can requisite an adjustment on the net book value of the affiliate in proportion of the Group’s share. The share of the Group from these changes is directly accounted under the Group’s equity.
- f) Financial asset held for sale in which the total voting rights of the Group do not have a material impact or are not material to the consolidated financial statements and whose fair values cannot be reliably determined, or not quoted in organized markets, are measured in the consolidated financial statements at cost less impairment if any.

2.4 Significant accounting policies

The condensed consolidated interim financial statements as of and for the period ended June 30, 2021 have been prepared in accordance of TAS 34. The accounting policies used in the preparation of these condensed interim consolidated financial statements as of and for the period ended June 30, 2021 are consistent with those used in the preparation of annual consolidated financial statements as of and for the year ended December 31, 2020. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements as of and for the year ended December 31, 2020.

2.5 Changes and Errors in Accounting Policies and Estimates

Significant changes in the accounting policies are applied retrospectively and prior period financial statements are restated. Changes in accounting estimates should be applied prospectively, if only for a period in which the change in the current period. If it relates to future periods, they are recognized prospectively both in the current period and in the future period.

(Convenience translation of interim condensed consolidated financial statements originally issued in Turkish)

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2021

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

NOTE 2 – BASIS OF THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont’d)

2.5 Changes and Errors in Accounting Policies and Estimates (Cont’d)

In accordance with the Decision of the Board of Directors dated July 6, 2021 and numbered 1346, the Company indexed its fixed assets on the basis of the revaluation rates and indices determined by the Ministry of Finance and revalued them in its legal records in accordance with Law No. 7326 related to the Restructuring of Certain Receivables and Making Amendments in Certain Laws, Article No.11 and the Provisional article No. 31, added to the Tax Procedure Act. The revaluation made in accordance with the Tax Procedure Law may differ from their fair values determined in accordance with TFRS principles based on market approach. The Group Management has not provided an update of the fair values of the fixed assets as of the interim period ended June 30, 2021 as it will conduct the current study for the determination of the fair value of tangible assets at year-end. Accordingly, deferred taxes was not calculated on the additional valuation difference arising between the carrying basis of the statutory tax indexed values of the fixed assets and the fair values carried in the TFRS financial statements for the interim period ended June 30, 2021 (since it is estimated that this difference will decrease with the current study on the determination of the fair values of the fixed assets at year-end).

Impacts of Covid - 19 Pandemic

Covid - 19 outbreaks influence spreading in the world and Turkey. Covid-19 was declared as a pandemic by World Health Organization (WHO) in March 2020, and the measures taken against the pandemic, exposure to the pandemic in all countries has led to disruptions in almost all countries and has adversely affected the economic conditions both globally and locally.

Based on the evaluation made by the Company Management, the economic effects of this pandemic have been evaluated as not having a significant adverse effect on the Company as of the report date.

NOTE 3 – SEGMENT REPORTING

The Group’s competent authority of making decision reviews the results and activities based on geographical divisions in order to make decision on resources to be allocated to departments and evaluate the performance of these departments. The Parent Company operates in Turkey, whereas Razi, a subsidiary, operates in Iran.

The Company is engaged in carrying out the production and sales of chemical fertilizer within Turkey. Razi, is engaged in carrying out the production and trading of chemical fertilizers and fertilizer raw materials.

Since the Group management evaluates the operational results and financial performance based on consolidated financial statements prepared in accordance with TFRS, TFRS consolidated financial statements are used to prepare segment reporting.

(Convenience translation of interim condensed consolidated financial statements originally issued in Turkish)

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2021

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

NOTE 3 – SEGMENT REPORTING (Cont'd)

The distribution of segment assets and liabilities pertaining to the period ending June 30, 2021 and the year ending December 31, 2020 is as follows:

	Turkey	Iran	Consolidation	Total
	June 30, 2021	June 30, 2021	Adjustments	June 30, 2021
	June 30, 2021	June 30, 2021	June 30, 2021	June 30, 2021
Assets				
Current assets	2.172.791.635	1.616.867.171	(5.456.334)	3.784.202.472
Non-current assets	1.506.297.629	1.383.758.324	(357.406.341)	2.532.649.612
Total assets	3.679.089.264	3.000.625.495	(362.862.675)	6.316.852.084
Liabilities				
Short-term liabilities	2.563.834.220	744.816.820	(5.001.773)	3.303.649.267
Long-term liabilities	116.965.266	160.173.942	(104.549)	277.034.659
Equities	998.289.778	2.095.634.733	(357.756.353)	2.736.168.158
Total Liabilities	3.679.089.264	3.000.625.495	(362.862.675)	6.316.852.084

	Turkey	Iran	Consolidation	Total
	December 31,	December 31,	Adjustments	December 31,
	2020	2020	December 31,	2020
Assets				
Current assets	2.111.323.215	1.278.895.928	(232.381.849)	3.157.837.294
Non-current assets	1.471.511.164	916.160.738	(376.606.245)	2.011.065.657
Total assets	3.582.834.379	2.195.056.666	(608.988.094)	5.168.902.951
Liabilities				
Short-term liabilities	2.799.152.170	662.323.215	(231.130.319)	3.230.345.066
Long-term liabilities	89.895.478	86.407.522	--	176.303.000
Equities	693.786.731	1.446.325.929	(377.857.775)	1.762.254.885
Total Liabilities	3.582.834.379	2.195.056.666	(608.988.094)	5.168.902.951

(Convenience translation of interim condensed consolidated financial statements originally issued in Turkish)

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2021

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

NOT 3 - SEGMENT REPORTING (Cont'd)

The distribution of statement of profit or loss for the six-month interim periods ended on June 30, 2021 and 2020 by segments are as follows:

	Turkey	Iran	Consolidation Adjustments	Total
	January 1- June 30, 2021	January 1- June 30, 2021	January 1- June 30, 2021	January 1- June 30, 2021
Sales	3.385.495.736	707.101.248	(242.891.078)	3.849.705.906
Cost of sales	(2.636.331.052)	(544.371.721)	242.436.517	(2.938.266.256)
Gross profit	749.164.684	162.729.527	(454.561)	911.439.650
Marketing, selling and distribution expense	(183.751.719)	(6.629.836)	--	(190.381.555)
General and administrative expense	(55.748.948)	(48.789.935)	--	(104.538.883)
Other operating income / expense, net	(141.552.447)	(103.805.352)	--	(245.357.799)
Operating profit	368.111.570	3.504.404	(454.561)	371.161.413
Income from investments, net	6.081.123	377.134	--	6.458.257
Profit from investments accounted by equity method	3.588.300	--	--	3.588.300
Operation profit before financial income / (expense)	377.780.993	3.881.538	(454.561)	381.207.970
Financial income/ expense, net	475.137	(77.020.771)	--	(76.545.634)
Profit / (loss) before tax	378.256.130	(73.139.233)	(454.561)	304.662.336
Tax Profit / (loss)	(79.782.643)	(9.663.256)	104.549	(89.341.350)
Profit / (loss) for the period	298.473.487	(82.802.489)	(350.012)	215.320.986

	Turkey	Iran	Consolidation Adjustments	Total
	January 1- June 30, 2020	January 1- June 30, 2020	January 1- June 30, 2020	January 1- June 30, 2020
Sales	2.006.957.187	1.036.566.059	(359.787.553)	2.683.735.693
Cost of sales	(1.730.723.110)	(716.947.823)	358.875.357	(2.088.795.576)
Gross profit	276.234.077	319.618.236	(912.196)	594.940.117
Marketing, selling and distribution expense	(139.571.896)	(125.624.284)	--	(265.196.180)
General and administrative expense	(19.686.495)	(59.088.438)	--	(78.774.933)
Other operating income / expense, net	(89.079.796)	(29.152.248)	6.765.801	(111.466.243)
Operating profit	27.895.890	105.753.266	5.853.605	139.502.761
Income from investments, net	16.828.666	--	--	16.828.666
Profit from investments accounted by equity method	1.577.817	--	--	1.577.817
Operation profit before financial income / (expense)	46.302.373	105.753.266	5.853.605	157.909.244
Financial income/ expense, net	(13.211.779)	87.795.309	(6.765.801)	67.817.729
Profit / (loss) before tax	33.090.594	193.548.575	(912.196)	225.726.973
Tax Profit / (loss)	(2.630.184)	(2.622.992)	200.683	(5.052.493)
Profit / (loss) for the period	30.460.410	190.925.583	(711.513)	220.674.480

(Convenience translation of interim condensed consolidated financial statements originally issued in Turkish)

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2021

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

NOTE 3 - SEGMENT REPORTING (Cont'd)

Investment expenditures pertaining to segment assets for the periods ending June 30, 2021 and June 30, 2020 are as follows:

	January 1- June 30, 2021	January 1- June 30, 2020
Gübretaş (Fertilizer Production)	12.485.086	45.454.498
Gübretaş Maden (Mining)	42.481.684	--
İran (Fertilizer Production)	17.846.218	8.133.804
Total	72.812.988	53.588.302

Depreciation / Amortization:

Depreciation and amortization expenditures pertaining to segment assets for the periods ending June 30, 2021 and June 30, 2020 are as follows:

	January 1- June 30, 2021	January 1- June 30, 2020
Gübretaş (Fertilizer Production)	24.870.976	21.390.651
Gübretaş Maden (Mining)	388.688	--
İran (Fertilizer Production)	49.698.526	11.702.846
Total	74.958.190	33.093.497

NOTE 4 – CASH AND CASH EQUIVALENTS

	June 30, 2021	December, 31 2020
Cash on hands	1.863.842	288.354
Bank	930.338.131	655.981.343
- Demand deposits	40.082.062	66.780.996
- Time deposits	890.256.069	589.200.347
Other cash equivalents	638.179	3.720.340
Total	932.840.152	659.990.037
Blocked deposits	(6.524.109)	(2.481.935)
Cash and cash equivalents at the statement of cash flow	926.316.043	657.508.102

(Convenience translation of interim condensed consolidated financial statements originally issued in Turkish)

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2021

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

NOTE 4 – CASH AND CASH EQUIVALENTS (Cont'd)

4.1 Time deposits (TL)

Interest rate (%)	Maturity	June 30, 2021
19,20	1 day	226.712.338
Total		226.712.338

Interest rate (%)	Maturity	December 31, 2020
19,00	3 day	176.629.065
Total		176.629.065

4.2 Time Deposits (Foreign Currency):

Interest rate (%)	Maturity	Currency	Foreign Currency amount	June 30, 2021 Amount in TL
1,34	1-15 days	EUR	15.940.734	164.586.481
10 - 15	1 day	Million IRR	419.825	16.989.104
1,53 - 2,5	1-15 days	USD	55.524.365	481.968.146
Total				663.543.731

Interest rate (%)	Maturity	Currency	Foreign Currency amount	December 31, 2020 Amount in TL
0,65	3 days	EUR	83.514	752.290
10 - 15	3 days	Million IRR	1.112.502	32.028.278
2,50-3,75	15 days	USD	51.739.080	379.790.714
Total				412.571.282

NOTE 5 – FINANCIAL BORROWINGS

Short-term and Long-term borrowings	June 30, 2021	December 31, 2020
Payable within 1 year	1.161.782.910	1.568.209.792
Payable within 1 – 5 years	57.902.992	70.585.949
Total	1.219.685.902	1.638.795.741

(Convenience translation of interim condensed consolidated financial statements originally issued in Turkish)

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2021

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

NOTE 5 – FINANCIAL BORROWINGS (Cont'd)

As of June 30, 2021 and December 31, 2020, details of short-term and long-term borrowings are as follows:

Short-term borrowings	June 30, 2021	December 31, 2020
Short-term borrowings	1.124.778.766	1.537.005.210
Short-term portion of long-term borrowings	31.722.036	25.739.366
Short-term financial lease liabilities	5.282.108	5.465.216
Total	1.161.782.910	1.568.209.792

5.1 Short-term borrowings and short-term portion of long-term borrowings:

The details of short-term borrowings and short-term parts of long-term borrowings as of June 30, 2021 and December 31, 2020 are as follows:

June 30, 2021

Currency	Average effective annual interest rate (%)	Original amount	Amount in TL
Bank loans			
TL	18,90	1.066.188.148	1.066.188.148
Other financial borrowings			
Mil. IRR (*)	18,00	2.231.754	90.312.654
Total			1.156.500.802

December 31, 2020

Currency	Average effective annual interest rate (%)	Original amount	Amount in TL
Bank loans			
TL	7,20 – 11,55	1.472.735.344	1.472.735.344
Other financial borrowings			
Mil. IRR (*)	18,00	3.126.470	90.009.232
Total			1.562.744.576

(*) The amounts included in the short-term and long-term other financial borrowings represent the financial payables to National Petrochemical Company ("NPC"), which was the owner of Razi prior to the privatization.

(Convenience translation of interim condensed consolidated financial statements originally issued in Turkish)

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2021

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

NOTE 5 – FINANCIAL BORROWINGS (Cont'd)

5.2 Financial lease liabilities

June 30, 2021 Currency	Average effective annual interest rate (%)	Original Amount	Amount in TL
TL	12	5.282.108	5.282.108
Total			5.282.108

December 31, 2020 Currency	Average effective annual interest rate (%)	Original Amount	Amount in TL
TL	12	5.465.216	5.465.216
Total			5.465.216

5.3 Long-term borrowings

	June 30, 2021	December 31, 2020
Long-term loans	50.621.429	60.745.714
Long-term financial lease liabilities	7.281.563	9.840.235
Total	57.902.992	70.585.949

5.3.a Bank Loans:

As of June 30, 2021 and December 31, 2020 details of long-term borrowings are as follows

June 30, 2021 Currency	Maturity	Average effective annual interest rate (%)	Original amount	Amount in TL
TL	2024	14,89	50.621.429	50.621.429
Total				50.621.429

December 31, 2021 Currency	Maturity	Average effective annual interest rate (%)	Original amount	Amount in TL
TL	2024	14,89	60.745.714	60.745.714
Total				60.745.714

(Convenience translation of interim condensed consolidated financial statements originally issued in Turkish)

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2021

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

NOTE 5 – FINANCIAL BORROWINGS (Cont'd)

5.3.b Financial lease liabilities

June 30, 2021 Currency		Average effective annual interest rate (%)	Original Amount	Amount in TL
TL	December 2023	12	7.281.563	7.281.563
Total				7.281.563
December 31, 2020 Currency		Average effective annual interest rate (%)	Original Amount	Amount in TL
TL	December 2023	12	9.840.235	9.840.235
Total				9.840.235

NOTE 6 – TRADE RECEIVABLES AND PAYABLES

6.1 Short-term trade receivables:

	June 30, 2021	December 31, 2020
Trade receivables	146.827.654	133.404.855
Receivables from Iran Oil Ministry's participations (*)	294.240.425	107.857.371
Notes receivable	10.897.178	--
	451.965.257	241.262.226
Provision for doubtful trade receivables	(9.114.493)	(9.124.754)
Total	442.850.764	232.137.472

(*) As of June 30, 2021 and December 31, 2020, the related amounts have not been collected for a long period of time. Negotiations continues for the collection of these unsecured trade receivables, and since the trade with these companies is continuing, no provision has been made for the relevant amounts.

The details of the Group's doubtful receivables and the allowances provided therein are as follows:

Time after maturity	June 30, 2021	December 31, 2020
More than 9 months	9.114.493	9.124.754
Total	9.114.493	9.124.754

(Convenience translation of interim condensed consolidated financial statements originally issued in Turkish)

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2021

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

NOTE 6 – TRADE RECEIVABLES AND PAYABLES (Cont’d)

6.1 Short-term trade receivables:

The movements of the doubtful trade receivables provision for the 6-month interim period ended June 30, 2021 and June 30, 2020 are as follows:

	June 30, 2021	June 30, 2020
Balance at beginning of the period	9.124.754	12.212.963
Period cost	(10.261)	(2.895.787)
Balance at end of the period	9.114.493	9.317.176

As June 30, 2021 and December 31, 2020 guarantees obtained for receivables not due yet are as follows:

	June 30, 2021	December 31, 2020
Guarantee letters	114.297.464	131.844.008
Collateral cheques and notes	26.674.769	22.321.591
Total	140.972.233	154.165.599

6.2 Short-term trade payables

	June 30, 2021	December 31, 2020
Liabilities to the Iranian gas supplier	295.164.573	129.363.408
Creditors	1.422.569.670	1.279.368.406
Other trade payables	29.528.748	21.113.950
Total	1.747.262.991	1.429.845.764

NOTE 7 – OTHER RECEIVABLES AND PAYABLES

7.1 Other short-term receivables:

	June 30, 2021	December 31, 2020
VAT receivables - Turkey	40.486.097	22.322.730
Due from personnel	20.559.049	3.127.245
Receivables from Tabosan (*) (Note 12)	35.259.932	35.259.932
Receivables from other government agencies - Razi	43.853.205	5.317.203
Other various receivables	12.273.617	5.079.755
Total	152.431.900	71.106.865

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2021

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

NOTE 7 – OTHER RECEIVABLES AND PAYABLES (Cont'd)

7.1 Other short-term receivables (Cont'd):

(*) The total receivables of the Group arising from principal payments made as co-guarantor and accrued interest receivable thereon amounted to TL 35.259.932 as of report date. The Group management requested from the Bankruptcy Administration to affect the transfer of Razi shares pertaining to Tabosan Mühendislik ve İmalat ve Montaj San. A.Ş. ("Tabosan") at the rate of 1,31% corresponding to payments in the amount of EUR 5.439.402 made as co-guarantor. Since this request was not accepted by the Bankruptcy Administration, the Group applied to court whereby it was ruled by the court to issue an interim injunction on June 27, 2013 in order to avoid any savings on the shares and the distribution of 1,31% of Razi shares owned by Tabosan. The share transfer lawsuit brought to the court by the Group was dismissed and appealed by the Group. However, the court ruling was approved by the Supreme Court. The Group hence applied to the Supreme Court in order to seek a revision of the verdict. The lawsuit filed by the Group against the Bankruptcy Court to seek share transfer plea was rejected.

Since the request made by the Group to register to the bankruptcy estate the other receivables arising from payments made as a co-guarantor was dismissed, the Group brought a lawsuit against the Bankruptcy Administration to seek approval of receivables. The Bankruptcy Administration ruled for the acceptance of the aforementioned lawsuit and the Court decided to accept the lawsuit regarding recording of receivables following this acceptance declaration on July 15, 2017. Since the accumulated dividend receivables corresponding to 10,88% shares of Tabosan at Razi reverted to bankruptcy estate, the Bankruptcy administration paid its principal receivable at an amount of TL 25.278.225 on July 8, 2015. Thus, the said receivable registration case was finalized. The Bankruptcy Administration paid TL 5.548.880 to the Group on August 4, 2017, being the principal amount receivable of the Group. The Bankruptcy Administration will be able to pay the Group's remaining receivables to the extent of dividend receivable of Tabosan from Razi, provided those receivables are registered to the bankruptcy table and will be sufficient to cover the remainder of the outstanding receivables of the Group.

7.2 Other long-term receivables

	June 30, 2021	December 31, 2020
Deposits and guarantees given	7.109.172	5.056.346
Due from personnel	1.367.891	984.584
Other long-term receivables	4.309.848	2.959.623
Total	12.786.911	9.000.553

7.3 Other short-term payables

	June 30, 2021	December 31, 2020
Dividend payables to non-controlling interests	17.858.301	12.392.247
Other payables to related parties	20.233.193	3.248.640
Other payables and liabilities	116.477.474	43.047.910
Total	154.568.968	58.688.797

(Convenience translation of interim condensed consolidated financial statements originally issued in Turkish)

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2021

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

NOTE 8 – INVENTORIES

	June 30, 2021	December 31, 2020
Raw materials and supplies	304.805.290	183.852.639
Finished goods	442.273.621	163.335.197
Trade goods	383.049.665	782.814.591
Other inventories	206.061.087	274.517.508
	1.336.189.663	1.404.519.935
Provision of impairment of inventories (-)	(21.003.979)	(14.751.960)
Total	1.315.185.684	1.389.767.975

NOTE 9 - PROPERTY, PLANT AND EQUIPMENT

The details of depreciation and amortization expenses calculated by the Group as of June 30, 2021 and June 30, 2020 are given below.

				June 30, 2021
	Gübretaş	Mining	Razi	Total
Depreciation expense	23.579.969	331.755	49.432.455	73.344.179
Amortization expense	1.291.007	56.933	266.071	1.614.011
Total	24.870.976	388.688	49.698.526	74.958.190

During the period ended 30 June 2021, out of depreciation and amortization expense amounting to TL 74.958.190; TL 70.080.806 is included in general production expenses, 1.897.447 TL in sales and marketing expenses, TL 2.979.937 in general administrative expenses.

			June 30, 2020
	Gübretaş	Razi	Total
Depreciation expense	19.736.010	11.702.846	31.438.856
Amortization expense	1.654.641	--	1.654.641
Total	21.390.651	11.702.846	33.093.497

During the period ended 30 June 2020, out of depreciation and amortization expense amounting to TL 33.093.497; TL 29.888.150 is included in general production expenses, 1.266.391 TL in sales and marketing expenses, TL 1.938.956 in general administrative expenses.

(Convenience translation of interim condensed consolidated financial statements originally issued in Turkish)

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2021
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 9 - PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Lands		L-and improvements		Buildings		Machinery, equipment and installations		Vehicles		Furnitures and fixtures		Right of use assets		Special Costs		Construction in progress		Total
	Cost Value																		
Opening balance at January 1,2021	441.715.486	203.034.895	648.328.125	5.639.827.669	28.877.200	99.237.132	25.778.418	1.387.441	58.376.740	7.146.563.106									
Foreign currency translation differences	40.772.929	--	133.598.889	2.195.481.432	10.970.257	31.122.752	--	--	16.718.940	2.428.665.199									
Inflation difference	17.760.474	--	58.194.987	956.184.329	4.778.691	13.556.913	--	--	5.944.956	1.056.420.350									
Additions	520.817	2.753.972	93.767	511.082	1.600.851	3.422.640	--	--	447.540	65.311.891									
Sales / disposals	--	(6.353)	--	(9.533.553)	(317.060)	(1.479.254)	--	--	(19.330.352)	(30.666.572)									
Transfer from construction in progress	--	--	--	416.609	494.913	987.114	--	--	(1.898.636)	--									
Closing balance on June 30,2021	500.769.706	205.782.514	840.215.768	8.782.887.568	46.404.852	146.847.297	25.778.418	1.834.981	115.772.870	10.666.293.974									
Accumulated depreciation																			
Opening balance at January 1,2021	--	(70.935.633)	(374.984.509)	(4.898.171.392)	(25.817.253)	(80.899.764)	(9.151.060)	(698.205)	--	(5.460.657.816)									
Foreign currency translation differences	--	--	(112.037.115)	(2.120.097.927)	(11.010.193)	(32.245.400)	--	--	--	(2.275.390.635)									
Inflation difference	--	--	(35.825.486)	(681.561.614)	(3.511.648)	(10.211.267)	--	--	--	(731.110.015)									
Period cost	--	(7.848.600)	(8.871.062)	(48.915.163)	(760.660)	(4.014.558)	(2.789.598)	(144.538)	--	(73.344.179)									
Sales / disposals	--	424	--	1.600.865	541.491	1.432.508	--	--	--	3.575.288									
Closing balance on June 30,2021	--	(78.783.809)	(531.718.172)	(7.747.145.231)	(40.558.263)	(125.938.481)	(11.940.658)	(842.743)	--	(8.536.927.357)									
Net book value on June 30,2021	500.769.706	126.998.705	308.497.596	1.035.742.337	5.846.589	20.908.816	13.837.760	992.238	115.772.870	2.129.366.617									

(Convenience translation of interim condensed consolidated financial statements originally issued in Turkish)

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2021
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 9 - PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Lands	Land improvements	Buildings	Machinery, equipment and installations	Vehicles	Furnitures and fixtures	Right of use assets	Special Costs	Construction in progress	Total
Cost Value										
Opening balance at January 1,2020	460.989.962	130.808.686	373.583.334	698.836.520	6.961.735	30.688.986	25.778.418	1.117.468	19.402.832	1.748.167.941
Foreign currency translation differences	(11.651.876)	--	(9.550.101)	(79.777.862)	(948.694)	(1.853.826)	--	--	(2.373.033)	(106.155.392)
Additions	--	202.693	418.610	1.549.743	822	2.405.900	--	--	45.879.635	50.457.403
Sales / disposals	--	--	--	(40.905)	(9.777)	(171.063)	--	--	(58.275)	(280.020)
Transfer from construction in progress	--	--	113.081	901.133	--	6.727	--	--	(1.020.941)	--
Closing balance at June 30, 2020	449.338.086	131.011.379	364.564.924	621.468.629	6.004.086	31.076.724	25.778.418	1.117.468	61.830.218	1.692.189.932
Accumulated depreciation										
Opening balance at January 1,2020	--	(61.343.697)	(146.408.040)	(446.024.781)	(4.451.090)	(15.407.735)	(3.571.865)	(676.835)	--	(677.884.043)
Foreign currency translation differences	--	--	5.035.187	59.646.923	626.066	1.459.269	--	--	--	66.767.445
Period cost	--	(5.411.659)	(6.002.719)	(15.265.654)	(313.630)	(1.573.450)	(2.789.597)	(82.147)	--	(31.438.856)
Sales / disposals	--	--	--	40.905	9.777	92.977	--	--	--	143.659
Closing balance at June 30,2020	--	(66.755.356)	(147.375.572)	(401.602.607)	(4.128.877)	(15.428.939)	(6.361.462)	(758.982)	--	(642.411.795)
Net book value at June 30,2020	449.338.086	64.256.023	217.189.352	219.866.022	1.875.209	15.647.785	19.416.956	358.486	61.830.218	1.049.778.137

(Convenience translation of interim condensed consolidated financial statements originally issued in Turkish)

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2021

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

NOTE 10 – INTANGIBLE ASSETS

10.1 Rights

June 30, 2021	Rights	Mine Research Expenses	Total
Cost			
Opening balance at January 1	27.319.638	--	27.319.638
Inflation difference	1.592.300	--	1.592.300
Purchases	5.187.569	2.313.528	7.501.097
Foreign currency translation differences, net	3.104.449	--	3.104.449
Closing balance	37.203.956	2.313.528	39.517.484

Accumulated Depreciation

Opening balance at January 1	(8.607.652)	--	(8.607.652)
Current period amortization expense	(1.614.011)	--	(1.614.011)
Closing balance	(10.221.663)	--	(10.221.663)

Net Book Value	26.982.293	2.313.528	29.295.821
-----------------------	-------------------	------------------	-------------------

June 30, 2020	Rights	Mine Research Expenses	Total
Maliyet			
Opening balance at January 1	27.348.692	--	27.348.692
Purchases	3.130.899	--	3.130.899
Foreign currency translation differences	(2.263.307)	--	(2.263.307)
Sales / disposals	(54.737)	--	(54.737)
Closing balance	28.161.547	--	28.161.547

Accumulated Depreciation

Opening balance at January 1	(5.143.792)	--	(5.143.792)
Current period amortization expense	(1.654.641)	--	(1.654.641)
Closing balance	(6.798.433)	--	(6.798.433)

Net Book Value	21.363.114	--	21.363.114
-----------------------	-------------------	-----------	-------------------

(Convenience translation of interim condensed consolidated financial statements originally issued in Turkish)

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2021

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

NOTE 10 – INTANGIBLE ASSETS (Cont'd)

10.2 Goodwill:

	June,30 2021	June,30 2020
Opening balance at January 1	60.572.972	87.044.600
Inflation difference	6.553.768	--
Foreign currency translation differences	20.246.291	(14.601.498)
Closing balance	87.373.031	72.443.102

NOTE 11 – COMMITMENTS

11.1 Razi's share purchase

Related to Razi's purchase agreement, all shares of Razi are put in pledge by Iranian Privatization Organization until Group and other consortium members will pay all of their debts. The Group and consortium members have committed and agreed to the effect that they do not have any right to be involved in any manipulation whatsoever or effect any changes during the period the pledge continues.

As of 1 August 2016, a portion of shares held by the Group and other consortium members were released, and from 1.368.698.169 shares pertaining to the Group, 1.225.559.793 shares were physically taken delivery. As of the balance sheet date, all shares have been received and there is no pledge on the share certificates.

11.2 Purchase Commitments

As of June 30, 2021, the Group has USD 226.671.370 and EUR 909.030 of purchase commitment for raw materials and trade goods, planned to be imported for which purchase orders were placed and related letters of credit were opened (December 31, 2020: USD 45.057.580 and EUR 12.671.599).

NOTE 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

12.1 Short-term provisions

	June 30, 2021	December 31, 2020
Provisions for cost expenses	80.767.593	37.912.475
Dealer sales premiums	--	3.600.000
Provisions for lawsuit (*)	29.639.684	25.287.070
Other short-term debt provisions	4.458.807	5.631.252
Total	114.866.084	72.430.797

(*) A lawsuit has been filed against Razi at the local court amounting to TL 3.404.781.952 (IRR 84.137 Billion) for excessive gas consumption claims. A pledge was put on Razi's land, which was carried at TL 159.052.165 (IRR 3.492 Billion) accordingly. The Group Management made a provision amounting to TL 25.251.482 (IRR 624 Billion) in the previous period.

(Convenience translation of interim condensed consolidated financial statements originally issued in Turkish)

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2021

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

NOTE 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont’d)

12.1 Short-term provisions (Cont’d)

The movement of provisions for lawsuits during the related periods is presented below:

	June 30, 2021	June 30, 2020
As of January 1,	25.287.069	4.663.112
Additional provision	4.352.615	196.519
Closing Balance	29.639.684	4.859.631

A lawsuit amounting to TL 785.193 was filed by Denizciler Birliği Deniz Nakliyatı ve Ticaret Anonim Şirketi against the Group for loss of profit claims. The Group management has not made any provision for this lawsuit in the accompanying consolidated financial statements considering the opinion of the legal counsel.

12.2 Guarantees given

As of June 30, 2021, and December 31, 2020, the tables related to the Group’s tables related to Collaterals/ pledges/ mortgages/bill of guarantees (“CPMB”) position are as follows:

	June 30, 2021			December 31, 2020		
	Currency	Currency Amount	Amount in TL	Currency	Currency Amount	Amount in TL
CPMB given by the company						
A. CPMB’s given for Company’s own legal Personality						
	TL	10.604.229	10.604.229	TL	10.325.558	10.325.558
	USD	14.830.000	128.728.849	USD	8.800.000	64.596.400
B. CPMB’s given on behalf of fully consolidated companies	--	--	--	--	--	--
C. CPMB’s given on behalf of third parties for ordinary of business	--	--	--	--	--	--
D. Total amount of other CPMB’S	--	--	--	--	--	--
i. Total amount of CPMB’s given on behalf of the majority shareholder	--	--	--	--	--	--
ii. Total amount of CPMB’s given on behalf of other Group companies which are not in scope of B and C	--	--	--	--	--	--
iii. Total amount of CPMB’s given on behalf of third parties which are not in scope of C	--	--	--	--	--	--
Total			139.333.078			74.921.958

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2021

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

NOTE 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

12.3 Contingent liabilities and Assets

Iran Comprehensive Action Plan

The Comprehensive Joint Action Plan ("KOEP", "JCPOA") signed in July 2015 between Iran, permanent members of the United Nations Security Council, Germany and the European Union includes the abolition of economic sanctions imposed to Iran as a result of its nuclear activities by the US, the European Union and the United Nations Security Council and the suspension of some of the sanctions in exchange for restricting Iran's nuclear activities.

On May 8, 2018, the United States has stated that it had withdrawn from KOEP and stated that it would begin to re-apply sanctions that had previously been repealed or suspended.

The sanctions put into effect on November 4, 2018, Iran's oil, petroleum products and petrochemical products were subject to sanctions. None of the Group's companies is subject to sanction as of the date of these consolidated financial statements.

The consolidated financial statements include the Group management's assumptions about the effects of the current sanctions imposed on Iran on the operations and financial position of the subsidiary. The future economic situation of the Islamic Republic of Iran may differ from the Group Management's assumptions.

Receivables from Tabosan

During the acquisition of Razi shares, the Group and other consortium members jointly vouched on behalf of each other against the financing banks and the Iranian Privatization Administration. One of the consortium members, Tabosan Mühendislik Üretim ve Montaj A.Ş. ("Tabosan"), the bankruptcy request of Tabosan was rejected by the court in 2011 and Tabosan's bankruptcy and bankruptcy desk was established, and all transactions were transferred to bankruptcy desk. The Group requested share transfer for some of the payments made on behalf of the guarantor, Tabosan, and applied to the bankruptcy desk for the remaining receivables.

For the payments made on behalf of Tabosan, the Group filed a lawsuit for the transfer of 1.31% of the shares of Tabosan in Razi Petrochemical Company in Iran. On April 28, 2014, the court decided to dismiss the case. Thereupon, Gübretaş applied to the Court of Cassation for correction of the decision. However, this request was also rejected, and the application was made to register the receivable as a receivable to the bankruptcy desk and a part of this amount was written to the bankruptcy desk.

Even though the Group applied to the bankruptcy administration for the registration of other receivables that had not become subject to the share transfer case, the request made was rejected by the administration. This time the Group filed a lawsuit against the bankruptcy administration. The Bankruptcy Administration has accepted the Group's case for the registration of receivables and upon this declaration, the Court has decided on July 15, 2017 to accept the case of the Group's registration. As of the reporting date, the Group's principal receivable arising from the payments made on surety and total interest receivable as of the reporting date is TL 35.259.932

The Bankruptcy Administration may pay the Group's outstanding receivables to the extent that it meets the Group's balance receivable, provided that a dividend receivable is received by Tabosan at Razi and this is transferred to the bankruptcy table. The Group management has not made any provision in the prior years and current period regarding Tabosan's dividend share in respect of Razi shares and mortgages and guarantees transferred to it by the bank.

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2021

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

NOT 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)

12.3 Contingent liabilities and Assets (Cont'd)

Coastal Line

Iskenderun Fiscal Directorate ("Treasury") brought a lawsuit in order to hypothecate on behalf of public and cancel land register of property owned by the Group having a surface area of 79.350 m² located in Hatay, Iskenderun, Sariseki in accordance with the Regulation on Implementation of Coastal Law and its provisions since the Shore Edge Line passes through the aforementioned land. The net book value of the aforementioned property is TL 98.630.887 as of balance sheet date. The Group has appealed against the case in its legal period and requested to re-preparation of expert's report issued towards determining Shore Edge Line which constitutes a base for the aforementioned case. Additionally, the Group has brought a suit for the compensation of property right through considering that the case will result in favour of Treasury. In March of 2018, Iskenderun 3rd Civil Court partially accepted the case opened by the Property Directorate and decided to cancel the title deed registration of 78.674,76 m² of the immovable property of the Company located in Hatay, Iskenderun and Sariseki borders, the court ruled that the applicant had been denied the registration with the abandonment as a line and rejected the request concerning the surplus and rejected the case against the group. Within the legal period, the Group has applied for the appeal law, the group has accepted the appeal and the Gaziantep Regional Court of Justice has removed the decisions given by the Law Department of the 15th Law Department and the Group actions and returned the case to the local court for reconsideration. The Group Management has not recorded any provision in its accompanying consolidated financial statements since the legal procedures have not been finalized yet in the views of the legal advisors.

NOTE 13 – REVENUE AND COST OF SALES

13.1 Sales

	January 1 – June 30, 2021	January 1 – June 30, 2020	April 1 – June 30, 2021	April 1 – June 30, 2020
Domestic sales	3.498.273.311	2.130.273.172	1.327.625.073	737.845.384
Foreign sales	394.914.302	581.420.230	193.442.530	225.762.626
Service sales	1.894.269	1.827.350	661.161	913.176
Sales returns (-)	(394.919)	(567.742)	(306.321)	(265.947)
Sales discounts (-)	(44.386.211)	(27.739.425)	(15.956.862)	(11.395.815)
Other discounts from sales (-)	(594.846)	(1.477.892)	(397.927)	(1.159.372)
Total	3.849.705.906	2.683.735.693	1.505.067.654	951.700.052

13.2 Cost of sales

	January 1 – June 30, 2021	January 1 – June 30, 2020	April 1 – June 30, 2021	April 1 – June 30, 2020
<i>Cost of goods produced</i>	1.676.510.210	910.111.603	931.688.967	391.584.800
<i>Change in the finished goods</i>	(278.938.424)	119.749.566	(286.292.009)	(13.402.818)
<i>-Finished goods at the beginning of the period</i>	163.335.197	310.773.646	155.981.612	177.621.262
<i>-Finished goods at the end of the period</i>	(442.273.621)	(191.024.080)	(442.273.621)	(191.024.080)
Cost of finished goods sold	1.397.571.786	1.029.861.169	645.396.958	378.181.982
<i>-Trade goods at the beginning of the period</i>	782.814.591	642.840.114	467.202.797	315.630.628
<i>-Purchases</i>	1.132.724.759	761.572.881	404.820.730	379.029.220
<i>Trade goods at the end of the period</i>	(383.049.665)	(352.094.996)	(383.049.665)	(352.094.996)
Cost of trade goods sold	1.532.489.685	1.052.317.999	488.973.862	342.564.852
Cost of other sales	–	5.309.972	–	2.402.593
Cost of services sold	8.204.785	1.306.436	5.018.017	1.209.367
Total	2.938.266.256	2.088.795.576	1.139.388.837	724.358.794

(Convenience translation of interim condensed consolidated financial statements originally issued in Turkish)

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2021

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

NOTE 14 - OTHER OPERATING INCOME AND EXPENSES

14.1 Other operating income

	January 1 – June 30, 2021	January 1 – June 30, 2020	April 1 – June 30, 2021	April 1 – June 30, 2020
Foreign exchange income related to trade transactions	192.886.198	205.206.465	53.568.164	128.175.690
Interest income	3.201.227	3.683.741	847.507	1.552.093
Other revenues	22.103.251	20.120.481	3.812.479	15.527.119
Total	218.190.676	229.010.687	58.228.150	145.254.902

14.2 Other operating expense

	January 1 – June 30, 2021	January 1 – June 30, 2020	April 1 – June 30, 2021	April 1 – June 30, 2020
Foreign exchange expenses related to trade transactions	339.876.036	319.800.679	119.455.868	162.487.800
Provision expenses	4.456.520	425.845	4.352.645	(694.301)
Razi VAT Receivables	63.808.504	--	44.197.502	--
Other expenses	55.407.415	20.250.406	22.490.180	5.358.269
Total	463.548.475	340.476.930	190.496.195	167.151.768

NOTE 15 - EARNINGS PER SHARE

Earnings per share stated in the consolidated income statement are calculated by dividing the net income to the weighted average number of ordinary shares outstanding during the year. The weighted average of the shares and profit per share calculations are as follows:

	January 1 – June 30, 2021	January 1 – June 30, 2020	April 1 – June 30, 2021	April 1 – June 30, 2020
Net period (loss) on parent's shares)	257.826.817	123.440.999	134.597.116	53.785.219
Weighted average number of issued ordinary shares (1 kr each)	33.400.000.000	33.400.000.000	33.400.000.000	33.400.000.000
Earnings per share (kr)	0,772	0,370	0,403	0,161

The earnings and dividends paid per diluted and basic shares do not differ since the shareholders have equal rights on the shares and there is no preferred share.

(Convenience translation of interim condensed consolidated financial statements originally issued in Turkish)

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2021

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

NOT 16 - RELATED PARTIES TRANSACTIONS

16.1 Balances due to / from related parties

Trade receivables	June 30, 2021	December 31, 2020
TKK	190.242.516	191.361.541
North Star Co.	310.375.556	398.670.303
Other related parties	556.174	630.210
Total	501.174.246	590.662.054

The average maturity in solid fertilizer sales to TKK is 15 days, other fertilizer sales’ maturity is between 15 – 120 days.

Trade payables	June 30, 2021	December 31, 2020
Tarnet Tarım Kredi Bilişim ve İletişim Hizmetleri A.Ş.	900.226	1.276.536
TK Taşımacılık ve Lojistik A.Ş.	1.276.341	742.728
Bereket Sigorta A.Ş.	1.698.969	406.350
Bereket Emeklilik ve Hayat A.Ş.	7.574	334
Total	3.883.110	2.425.948

16.2 Transactions with Related Parties

	January 1 – June 30, 2021	January 1 – June 30, 2020	April 1 – June 30, 2021	April 1 – June 30, 2020
Sales of goods and services				
TKK	2.574.346.760	1.252.114.087	1.041.362.874	414.329.487
North Star Co.	29.188.621	--	2.443.555	--
Tarkim Bitki Koruma San. ve Tic. A.Ş.	53.663	69.734	1.697	23.231
Tarnet Tarım Kredi Bilişim ve İletişim Hizmetleri A.Ş.	5.040	24.259	5.040	23.514
TK Holding A.Ş.	44.997	--	16.659	--
Bereket Sigorta A.Ş.	753.063	--	753.063	--
TK Taşımacılık ve Lojistik A.Ş.	3.078	25.994	3.078	25.994
Total	2.604.395.222	1.252.234.074	1.044.585.966	414.402.226

(Convenience translation of interim condensed consolidated financial statements originally issued in Turkish)

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2021

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

NOTE 16 - RELATED PARTIES TRANSACTIONS (Cont'd)

16.2 Transactions with Related Parties (Cont'd)

	January 1- June 30, 2021	January 1- June 30, 2020	April 1- June 30, 2021	April 1- June 30, 2020
Purchases of goods and services				
TKK	1.115.943	3.635.039	1.102.995	811.941
TK Taşımacılık ve Lojistik A.Ş.	7.750.209	4.815.825	3.135.356	2.145.075
Tarnet Tarım Kredi				
Bilişim ve İletişim Hizmetleri San ve Tic. A.Ş.	2.527.018	1.922.517	1.118.797	1.208.443
Tarım kredi Birlik Tarım Ürün. Hayv. Ambalaj Pet. Nak. İth. İhr. San. ve Tic. A.Ş.	17.536	298.713	17.536	290.369
Tarkim Bitki Koruma San. ve Tic. A.Ş.	--	54.960	--	54.960
TK Holding A.Ş.	24.000	--	--	--
TK Tarım Kredi Pazarlama ve Marketçilik A.Ş.	25.197	--	15.854	--
Bereket Sigorta A.Ş.	7.382.731	--	7.382.731	--
Bereket Katılım				
Emeklilik ve Hayat A.Ş.	80.177	--	80.177	--
Total	18.922.811	10.727.054	12.853.446	4.510.788

	January 1- June 30, 2021	January 1- June 30, 2020	April 1- June 30, 2021	April 1- June 30, 2020
Interest income				
Tarım Kredi Holding	--	70.959	--	--
Tarım Kredi Birlik Tarım Ürünleri	--	682.192	--	--
Total	--	753.151	--	--

	January 1- June 30, 2021	January 1- June 30, 2020	April 1- June 30, 2021	April 1- June 30, 2020
Interest expenses				
Tarım Kredi Yem	--	171.062	--	--
Total	--	171.062	--	--

16.3 Remuneration of board of directions and executive management

The total benefits provided by the Group to its board of directors and executive management during the years ended June 30, 2021 and June 30, 2020 are as follows:

	June 30,2021		June 30,2020	
	Gübretaş	Razi	Gübretaş	Razi
Short-term employee benefits	2.357.765	3.751.420	1.993.992	2.864.305
Total	2.357.765	3.751.420	1.993.992	2.864.305

(Convenience translation of interim condensed consolidated financial statements originally issued in Turkish)

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2021

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

NOTE 17 - FINANCIAL INSTRUMENTS

Short-term financial investments	Maturity	Int.rates (%)	June 30, 2021
Private sector bonds and bills	September 2021	15-18	115.857.360
Total			115.857.360

Short-term financial investments	Maturity	Int.rates (%)	December 31, 2020
Private sector bonds and bills	March 2021	15-18	19.087.380
Total			19.087.380

Long-term financial investments	Maturity	Int.rates (%)	June 30, 2021
Public sector bonds and bills	2023	15	15.443.971
Total			15.443.971

Long-term financial investments	Maturity	Int.rates (%)	December 31, 2020
Public sector bonds and bills	2022	15	11.007.372
Total			11.007.372

Title	Subject of activities	June 30, 2021		December 31, 2020	
		% Share	Amount of participant	% Share	Amount of participant
Tarnet	Internet Service Provider etc.	15,78	2.537.515	15,78	2.537.515
Tareksav	Agricultural Credit Cooperative Education Foundation	24,10	200.000	24,10	200.000
Total			2.737.515		2.737.515

NOTE 18 - EMPLOYEE BENEFITS

Liabilities for employee benefits:

	June 30,2021	December 31,2020
Due to the personnel	38.462.498	28.492.805
Social security premiums payable	2.947.626	2.374.759
Total	41.410.124	30.867.564

(Convenience translation of interim condensed consolidated financial statements originally issued in Turkish)

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2021

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

NOTE 18 - EMPLOYEE BENEFITS (Cont'd)

Provision for Employee Benefits:

Short-term	June 30, 2021	December 31, 2020
Provision for vacation allowance and employee termination benefits	9.016.142	7.621.226
Provision for premium	4.842.377	9.654.772
Provision for early retirement salary (*)	16.709.642	10.769.038
Total	30.568.161	28.045.036

Long-term	June 30, 2021	December 31, 2020
Allowance for retirement pay (Gübretaş)	22.084.407	19.309.529
Allowance for retirement pay (Razi)	108.050.174	51.471.941
Provision for early retirement salary (*)	37.289.843	24.048.199
Total	167.424.424	94.829.669

(*) During the period of Razi's privatization, the right of early retirement was granted to employees and the obligation arising from these rights was accounted for in accordance with TAS 19 by Razi.

As of June 30, 2021, termination indemnity liability of the company has been calculated with and annual inflation of 12% and discount rate of 16,65%, and by using 3,87% real discount rate (June 30,2020: 4,17%). As the termination indemnity cap of the company's provision for termination indemnities is adjusted on every six months basis, it is calculated as TL 7. 639 which is valid as of the date of June 30, 2021 onwards (June 30, 2020: TL 6.730). The movements of the provision for severance pay during the year are as follows:

	January 1 – June 30, 2021	January 1 – June 30, 2020
Provisions as of January 1	94.829.669	113.665.364
Adjustments on opening balance	41.505.240	(22.255.116)
Service cost	62.351.540	41.081.228
Interest cost	7.899.133	5.096.507
Payment termination indemnity	(32.974.095)	(10.860.725)
Foreign currency translation differences	(6.291.614)	(12.567.425)
Actuarial gain/loss	104.551	(524.210)
Provision as of June 30	167.424.424	113.635.623

NOTE 19 - PREPAID EXPENSES AND DEFERRED INCOME

Short-term prepaid expenses	June 30, 2021	December 31, 2020
Order advances given for inventory purchase (*)	226.544.32	106.521.084
Expenses for next month	30.637.18	56.895.153
Total	257.181.51	163.416.237

As of 30 June 2021, 122.020.739 TL of the order advances given for inventory purchases represent the advances given for the purchase of commercial goods, which increased in the current period.

(Convenience translation of interim condensed consolidated financial statements originally issued in Turkish)

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2021

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

NOT 19 - PREPAID EXPENSES AND DEFERRED INCOME (Cont'd)

Long-term prepaid expenses	June 30, 2021	December 31, 2020
Order advances given for stock purchase	61.133.741	28.692.334
Other prepaid expenses	21.898.104	1.988.091
Total	83.031.845	30.680.425

Short term deferred income	June 30, 2021	December 31, 2020
Received advances	19.832.881	30.579.281
Total	19.832.881	30.579.281

NOT 20- EQUITY

Paid-in capital

The equity structure as of June 30, 2021 and December 31, 2020 is as follows:

	%	June 30, 2021	%	December 31, 2020
Türkiye Tarım Kredi Kooperatifleri				
Merkez Birliği	75,95	253.684.607	75,95	253.684.607
Other	24,05	80.315.393	24,05	80.315.393
Total	100,00	334.000.000	100,00	334.000.000

As of June 30, 2021, the capital of the Company consists of 33.400.000.000 shares and there are no privileged shares (December 31, 2020: 33.400.000.000 shares). The nominal value of the shares is 0,01 TL (2020: 0,01 TL).

Reserves on retained earnings

The legal reserves consist of first and second composition of legal reserves according to the Turkish Code of Commerce. The first composition of legal reserves is composed of 5% of the previous period's commercial profits until the date it reaches 20% of the paid capital. The second composition of legal reserves is allocated as 10% of the total cash dividend distributions following the first composition of legal reserves and dividends. The profit reserves were comprised of as follows as of June 30, 2021 and December 31, 2020:

	June 30, 2021	December 31, 2020
Legal reserves	53.838.737	53.838.737
Total	53.838.737	53.838.737

According to the statutory records of the Company, there are no earnings available for distribution.

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2021

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

NOTE 21 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity. In such case, the tax is also recognized in shareholders' equity.

The current income tax charge is calculated in accordance with the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries and associates of the Group operate. Under the Turkish Tax Code, companies having head office or place of business in Turkey are subject to corporate tax.

In the Turkish taxation system, tax losses can be offset against future taxable income for the next five years and are not deductible (retrospectively) from previous years' earnings. In addition, temporary taxes are levied at a rate of 25% (23% for taxation period of 2022, 20% for taxation period of 2023 and after) over the bases declared in interim periods during the year to be deducted from the corporation tax. As of June 30, 2021 and December 31, 2020, the tax provision has been set aside under the current tax legislation

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their statements of financial position accounts prepared. Deferred tax is calculated using tax rates that are currently in effect as of the date of the statement of financial position.

As the corporate tax rate, which was 20% as of 31 March 2021, has changed to 25% for 2021 corporate earnings and 23% for 2022 corporate earnings, for temporary differences expected to be realized/closed in 2021 in the deferred tax calculation as of 30 June 2021. A tax rate of 25% is used for temporary differences that are expected to be realized/closed in 2022, and 20% for temporary differences that are expected to be realized/closed in 2022 and after. Iranian corporate tax is 25% (31 December 2019: 25%).

Deferred tax liabilities are recognized for all taxable temporary differences, where 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 difference can be utilized.

Provided that deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and it is legally eligible, they may be offset against one another.

Tax assets and liabilities

Corporate tax

The Company and its subsidiaries established in Turkey and other countries in the scope of consolidation, associates and joint ventures are subject to the tax legislation and practices in force in the countries they are operating.

(Convenience translation of interim condensed consolidated financial statements originally issued in Turkish)

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2021

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

NOTE 21 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)
(Cont’d)

Tax assets and liabilities (Cont’d)

Corporate tax (Cont’d)

The corporate tax rate in Turkey is 25% (However, it will be applied as 23% for the corporate earnings of the institutions for the 2022 taxation periods, and 20% for the year 2023 and beyond.) The corporate tax rate is the addition of the expenses that are not considered to be deductible in accordance with the tax laws to the commercial income of the corporations. is applied to the net corporate income to be found as a result of deducting the exceptions and deductions in the tax laws. Corporate tax is declared until the evening of the twenty-fifth day of the fourth month following the end of the relevant year and is paid until the end of the relevant month.

Companies calculate a provisional tax of 25% on their quarterly financial profits (23% for the taxation periods of 2022, 20% for the year 2023 and beyond) and declare until the 17th day of the second month following that period and pay it until the evening of the seventeenth day. The temporary tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated over the corporate tax return to be submitted in the following year. If the amount of temporary tax paid remains despite the deduction, this amount can be refunded in cash or set off against any other financial debt to the government.

Corporate tax losses can be carried forward for a maximum period of 5 years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

15% withholding applies to dividends distributed by resident real persons, those who are not liable to income and corporation tax, non-resident real persons, non-resident corporations (excluding those that acquire dividend through a permanent establishment or permanent representative in Turkey) and non-resident corporations exempted from income and corporation tax.

Dividend distribution by resident corporations to resident corporations is not subject to a withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

Tax provision included in the balance sheet pertaining to the periods ended June 30, 2020 and December 31, 2020 is as follows:

	June 30, 2021		
	Gübretaş	Razi	Total
Provision for current period corporate tax	(14.602.135)	(9.921.337)	(24.523.472)
Prepaid tax	2.081.922	135.329	2.217.251
Prior year’s corporate tax liabilities	--	(13.497.682)	(2.441.198)
Translation differences	--	6.353.366	(4.703.118)
Total	(12.520.213)	(16.930.324)	(29.450.537)

(Convenience translation of interim condensed consolidated financial statements originally issued in Turkish)

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2021

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

NOT 21 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)
(Cont'd)

Corporate tax (Cont'd)

	December 31, 2020		
	Gübretaş	Razi	Total
Provision for current period corporate tax	--	(14.339.476)	(14.339.476)
Prepaid tax	2.959.703	6.325.526	9.285.229
Prior year's corporate tax liabilities	--	(2.441.198)	(2.441.198)
Translation differences	--	1.203.061	1.203.061
Total	2.959.703	(9.252.087)	(6.292.384)

Deferred tax assets and liabilities

The Group recognizes deferred tax assets and liabilities on the basis of the temporary differences arising from the difference between consolidated financial statements that are prepared in accordance with TFRS and the local financial statements prepared for tax purposes. In general, the differences result from the income and expense amounts included in the local financial statements to take place in different periods in the consolidated financial statements that are prepared in accordance with TFRS.

	June 30, 2021		December 31, 2020	
	Temporary differences	Deferred tax, assets and liabilities	Temporary differences	Deferred tax, assets and liabilities
Investment incentive	138.519.448	27.703.890	153.488.980	30.697.796
Losses for usable tax	--	--	263.383.498	52.676.700
Adjustments for inventories	4.282.276	984.923	9.337.298	1.867.460
Trade receivables	1.645.060	330.703	1.639.993	327.999
Property plant and equipment / Intangible assets and Investment properties	127.359.271	25.848.764	142.582.711	28.516.542
Other	1.488.127	342.269	1.281.466	256.293
Provisions for termination indemnity	26.105.503	5.341.733	23.085.168	4.617.034
Receivable re-discounts	2.594.804	596.805	2.247.115	449.423
Premium accrual	2.806.530	645.502		
Exchange rate valuation	320.643	73.748		
Interest accruals	--	--	988.135	197.627
Expense accruals	5.132.766	1.180.536	4.659.670	931.933
Deferred tax assets	310.254.428	63.048.873	602.694.034	120.538.807
Property plant and equipment / Intangible assets and Investment properties	359.824.626	71.964.925	358.968.246	71.793.648
Expense accruals (net)	32.374.954	7.446.239	110.108	22.022
Derivative financial instruments	512.948	117.978	--	--
Trade receivables	1.277.491	293.823	866.779	173.356
Payable re-discounts	1.398.032	321.547	1.613.594	322.719
Other receivables	1.538.142	353.773	1.538.142	307.628
Other	195.284.546	19.528.455	185.585.846	18.558.587
Deferred tax liabilities	592.210.739	100.026.740	548.682.715	91.177.959
Net deferred tax asset		(36.977.867)		29.360.848
Razi Co. deferred tax asset / (liability) (*)		(14.729.376)		(10.887.382)
Total deferred tax asset / (liability)		(51.707.243)		18.473.466

(Convenience translation of interim condensed consolidated financial statements originally issued in Turkish)

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2021

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

NOT 21 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)
(Cont'd)

Deferred tax assets and liabilities (Cont'd)

(*) The liability of TL 14.729.376 arises from the deferred tax effect of the property valuation adjustment of the Razi. (December 31, 2020: TL 10.887.382).

Information related to deferred tax transaction table:

	June 30, 2021	December 31, 2020
Opening balance on January 1	18.473.466	49.007.493
Impact of foreign currency translation of deferred tax of Razi	(5.382.957)	10.413.175
Sub total	13.090.509	59.420.668
Deferred tax income /(expense)	(64.817.878)	(40.801.906)
Tax revenue recognized in other comprehensive income	20.126	(145.296)
Closing balance on June 30	(51.707.243)	18.473.466
Reconciliation of the tax provision:	January 1 - June 30, 2021	January 1 - December 31, 2020
Profit / (Loss) before tax	304.662.336	471.209.510
Tax rate	%25	%22
Calculated tax (%22)	(76.165.584)	(103.666.092)
Impact of foreign subsidiaries subjected to different tax rates	--	13.802.919
Disallowable expenses	(16.914.281)	(6.948.550)
Tax effects of discount and exemptions	9.657.638	6.158.343
Previous period tax expense of Razi	(13.497.682)	(2.441.198)
Total discounts of investment incentives	--	30.697.796
Other differences	7.578.559	7.255.400
Tax income / expense	(89.341.350)	(55.141.382)

(Convenience translation of interim condensed consolidated financial statements originally issued in Turkish)

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2021
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 22 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Currencies other than the current functional currencies according to the economies of the countries in which the Group operates are considered as foreign currencies.

Assets and liabilities denominated in foreign currency held by the Group in terms of original and Turkish Lira currency units as of June 30, 2021 are as follows:

	June 30, 2021		
	Amount in TL (functional currency)	USD	EUR
1 Trade receivables	367.468.352	42.236.629	81.525
2 Monetary financial assets (including cash, bank accounts)	650.574.061	55.794.921	16.102.569
3 Other current assets	124.513.418	14.204.672	117.445
4 Foreign currency assets (1+2+3)	1.142.555.831	112.236.222	16.301.539
5 Trade payables	(1.117.154.144)	(128.032.616)	(366.928)
6 Financial borrowings	--	--	--
7 Other short-term liabilities, net	(334.588)	(37.788)	(579)
8 Short term liabilities in foreign currency (5+6+7)	(1.117.488.732)	(128.070.404)	(367.507)
9 Trade payables	--	--	--
10 Financial borrowings	--	--	--
11 Long term liabilities in foreign currency (9+10)	--	--	--
12 Total liabilities in foreign currency (8+11)	(1.117.488.732)	(128.070.404)	(367.507)
13 Net foreign currency asset, liability position (4-12)	25.067.099	(15.834.182)	15.934.032
14 Monetary items net foreign currency asset / liability position (4-12)	25.067.099	(15.834.182)	15.934.032
15 Fair value of derivative instruments classified for hedging purposes	--	--	--
16 Amount of hedged portion of foreign currency liabilities	--	--	--

(Convenience translation of interim condensed consolidated financial statements originally issued in Turkish)

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2021
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

NOT 22 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

Assets and liabilities denominated in foreign currency held by the Group in terms of original and Turkish Lira currency units as of December 31, 2020 are as follows:

	December 31, 2020		
	Amount in TL (functional currency)	USD	EUR
1 Trade receivables	564.297.417	31.244.902	37.183.385
2 Monetary financial assets (including cash, bank accounts)	445.654.600	52.413.463	6.762.239
3 Other current assets	79.172.197	10.518.564	217.662
4 Foreign currency assets (1 + 2 + 3)	1.089.124.214	94.176.929	44.163.286
5 Trade payables	(1.383.258.760)	(188.135.950)	(249.427)
6 Financial borrowings	(104.442.018)	--	(11.594.491)
7 Other short-term liabilities, net	(8.701.729)	(1.156.804)	(23.336)
8 Short term liabilities in foreign currency (5 + 6 + 7)	(1.496.402.507)	(189.292.754)	(11.867.254)
9 Trade payables	--	--	--
10 Financial borrowings	--	--	--
11 Long term liabilities in foreign currency (9 + 10)	--	--	--
12 Total liabilities in foreign currency (8 + 11)	(1.496.402.507)	(189.292.754)	(11.867.254)
13 Net foreign currency asset, liability position (4-12)	(407.278.293)	(95.115.825)	32.296.032
14 Monetary items net foreign currency asset / liability position (4-12)	(407.278.293)	(95.115.825)	32.296.032
15 Fair value of derivative instruments classified for hedging purposes	--	--	--
16 Amount of hedged portion of foreign currency liabilities	--	--	--

(Convenience translation of interim condensed consolidated financial statements originally issued in Turkish)

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2021

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

NOTE 22- FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

Foreign currency risk

As of June 30, 2021, and June 30, 2020, if related currencies had appreciated/depreciated by 10% against Turkish Lira with all other variables held constant, profit before tax and other comprehensive income (before tax) as a result of foreign exchange losses on the translation of foreign exchange position is as follows:

	June 30,2021	
	Profit/(loss)	
	Appreciation of foreign currency	Depreciation of foreign currency
Change of USD by %10 against TL		
1- Assets/liability denominated in USD – net	(13.944.335)	13.944.335
2- The part hedged for USD risk (-)	--	--
3- The impact of TL net profit for the period	(13.944.335)	13.944.335
Change of EUR by %10 against TL		
1- Assets/liability denominated in EUR - net	16.451.045	(16.451.045)
2- The part hedged for EUR risk (-)	--	--
3- The impact of TL net profit for the period	16.451.045	(16.451.045)
	June 30,2020	
	Profit/(loss)	
	Appreciation of foreign currency	Depreciation of foreign currency
Change of USD by %10 against TL		
1- Assets/liability denominated in USD – net	(24.720.132)	24.720.132
2- The part hedged for USD risk (-)	--	--
3- The impact of TL net profit for the period	(24.720.132)	24.720.132
Change of EUR by %10 against TL		
1- Assets/liability denominated in EUR - net	4.161.751	(4.161.751)
2- The part hedged for EUR risk (-)	1.117.689	(1.117.689)
3- The impact of TL net profit for the period	5.279.440	(5.279.440)

(Convenience translation of interim condensed consolidated financial statements originally issued in Turkish)

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2021

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

NOT 23 - EVENTS AFTER THE REPORTING DATE

According to the Specific Events Disclosure filed on August 4, 2021, it was decided to start the construction of a storage and bagging facility with a capacity of 110,000 tons in Kocaeli Yarımca Facilities. The facility, which will have a closed area of 23,783 m2, is planned to be completed in approximately 2 years. With the new storage and bagging facility to be built, the total storage capacity of Yarımca Facilities will be 160 thousand tons.

In accordance with the Board of Directors decision dated April 6, 2021, of Tarkim Bitki Koruma A.Ş., a subsidiary of Gübretaş, decision was taken to start the public offering. Accordingly, Tarkim applied to the Capital Markets Board and Borsa Istanbul on 8 July 2021 through an intermediary brokerage institution.