



**2021 3rd Quarter BOARD of DIRECTORS
OPERATING REVIEW
REPORT**

GÜBRE FABRİKALARI TÜRK A. Ş.

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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
II.	THE COMPANY'S ACTIVITIES.....	6
A.	PRODUCTION.....	6
B.	SALES AND PURCHASES	6
C.	INVESTMENTS.....	7
III.	AFFILIATES AND SUBSIDIARIES	7
IV.	RAZI PETROCHEMICAL CO.'S ACTIVITIES	7
A.	PRODUCTION	7
B.	SALES	8
C.	INVESTMENTS	8
V.	PERFORMANCE OF THE STOCK	9
VI.	REVIEW	10
VII.	FINANCIAL STRUCTURE.....	13
A.	CONSOLIDATED BALANCE SHEET	13
B.	CONSOLIDATED INCOME STATEMENT	13
I.	EVENTS AFTER BALANCE SHEET DATE	14
II.	CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT	14
III.	CONCLUSION	16

I. INTRODUCTION

A. REPORTING PERIOD

01.01.2021 - 30.09.2021

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. Foça-İzmir Karayolu No: 401 Foça / İZMİR

Phone: +90 (232) 822 81 48

İSKENDERUN FACILITIES

Address: Sariseki 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: Sariseki Mah. Atatürk Cad. No: 6 Sariseki İskenderun/HATAY

Phone : +90 (326) 626 14 42 - 44 – 49

Fax : +90 (326) 626 14 50

AEGEAN REGIONAL OFFICE

Address: Kırlar Mevkii Fatih Mah. Atatürk Cad. Helvacı - Aliğa / 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

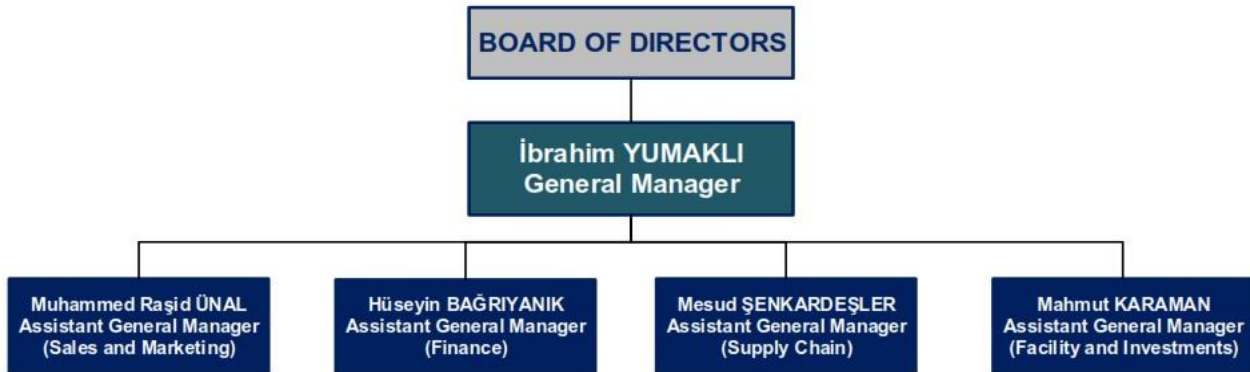
Fax : +90 (414) 381 08 10

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 30.09.2021, 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

II. THE COMPANY'S ACTIVITIES

A. PRODUCTION

Gübretaş produced 625.070 tons of solid, 41.136 tons of liquid-powder fertilizers in the first nine months of 2021. Total production number of the nine months period is 666.206 tons. Solid fertilizer production increased by 40%, liquid-powder production increased by 38% in the nine months of 2021 compared to the same period of 2020. Total fertilizer production including solid, liquid and powder increased by 40 %.

Capacity utilization rate was 85% in the first nine months of 2021.

Table 2: PRODUCTION BY GROUP -TON

Production	2021/9	2020/9	Change
Solid Fertilizer	625.070	446.885	%40
Liquid - Powder Fertilizer	41.136	29.899	%38
TOTAL	666.206	476.764	%40

B. SALES AND PURCHASES

The Company sold 1.564.211 tons of solid, 64.149 tons of liquid and powder fertilizers in the first nine month of 2021.

The solid fertilizer sales increased by 7% and the liquid fertilizer sales increased by 25% in the first nine months 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 40% comparing to the 869.223 tons in the same period of 2020. Export numbers increased 2.5 times to 25.006 tons in the first nine months of 2021.

Table 3: PROCUREMENT AND SALES-TON

Solid Chemical Fertilizer	2021/9	2020/9	Change
Raw Material	538.192	328.736	%64
Commodity	1.183.262	902.807	%31
Total Purchases	1.721.454	1.231.543	%40

Table 4: SALES BY PRODUCT GROUPS-TON

Solid Chemical Fertilizer	2021/9	2020/9	Change
Compound	583.364	487.485	%20
Nitrogen-based	833.151	785.224	%6
Phosphate-based and others	147.696	190.782	(%23)
Total Solid Fertilizer	1.564.211	1.463.491	%7
Total Liquid - Powder Fertilizer	64.149	51.314	%25
Grand Total	1.628.360	1.514.805	%8

C. INVESTMENTS

In Turkish operations, the Company incurred 81.987.557 ₺ (Gübretaş Mining Investments Co.5 6.665.782 ₺ - Chemical Fertilizer Operations 25.321.775 ₺) of capital expenditure in the first nine months of 2021, while this figure was 92.683.916 ₺ 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 September 2021.

IV. RAZİ PETROCHEMICAL CO.'S ACTIVITIES

A. PRODUCTION

In the first nine months of 2021, 1.155.545 tons of fertilizer and fertilizer raw materials were produced in Razi Petrochemical Co. ("Razi"). The capacity utilization rate was 41%

Table 5: RAZİ PRODUCTION-TON

PRODUCT	2021/9	2020/9	Change	Annual Capacity	2021/9 CUR
Ammonia	495.661	604.549	(%18)	1.336.500	%49
Urea	312.831	344.030	(%9)	866.250	%48
Sulphur	162.889	181.476	(%10)	508.000	%43
Sulphuric Acid	135.424	71.969	%88	627.000	%29
DAP	48.740	7.999	%610	450.000	%14
Total	1.155.545	1.210.023	(%5)	3.787.750	%41

B. SALES

In the first nine months of 2021, 728.661 tons of fertilizer were sold. The total revenue generated by Razi and its subsidiaries are 1.493.252.809 ₺ during the reporting period.

Table 6: RAZİ SALES-TON

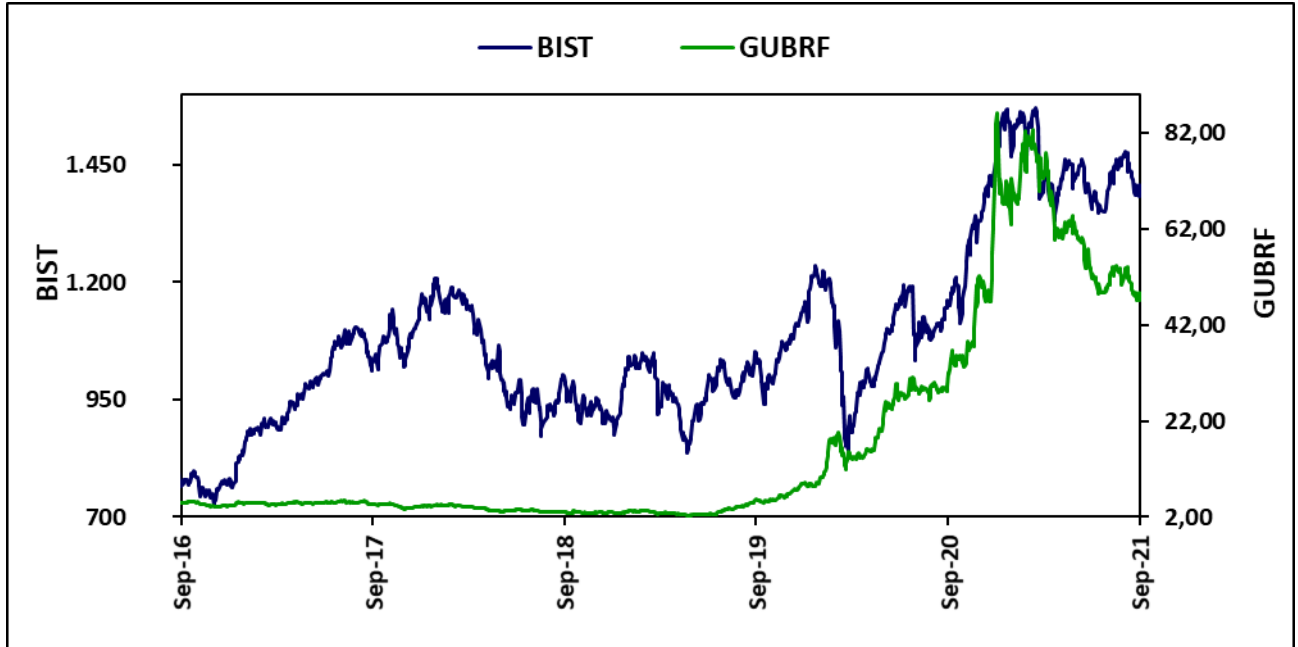
Sale Type	2021/9	2020/9	Change
Urea	262.447	353.998	(%26)
Ammonia	233.073	399.800	(%42)
Sulphur	134.823	189.147	(%29)
Phosphoric Acid	47.268	35.354	%34
DAP	39.512	37.115	%6
Sulphuric Acid	11.538	9.086	%26
TOTAL	728.661	1.024.500	(%29)

C. INVESTMENTS

30.793.215 ₺ of capital expenditures were incurred by the International operations in the first nine months of 2021, while this figure was 14.774.411 ₺ in the same period of 2020.

V. PERFORMANCE OF THE STOCK

Graph 1 : PERFORMANCE OF THE STOCK



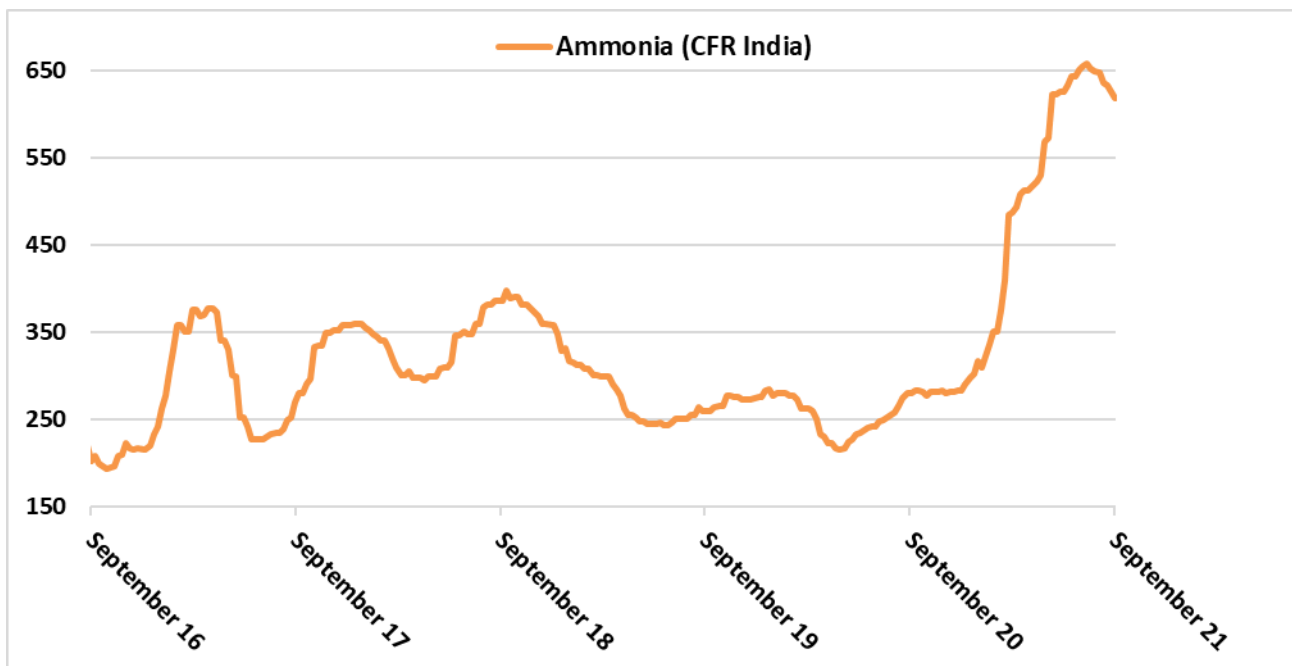
Date	30.09.2020	31.12.2020	31.03.2021	30.06.2021	30.09.2021
Stock Price	32,12	86,05	73,10	51,55	48,66

VI. REVIEW

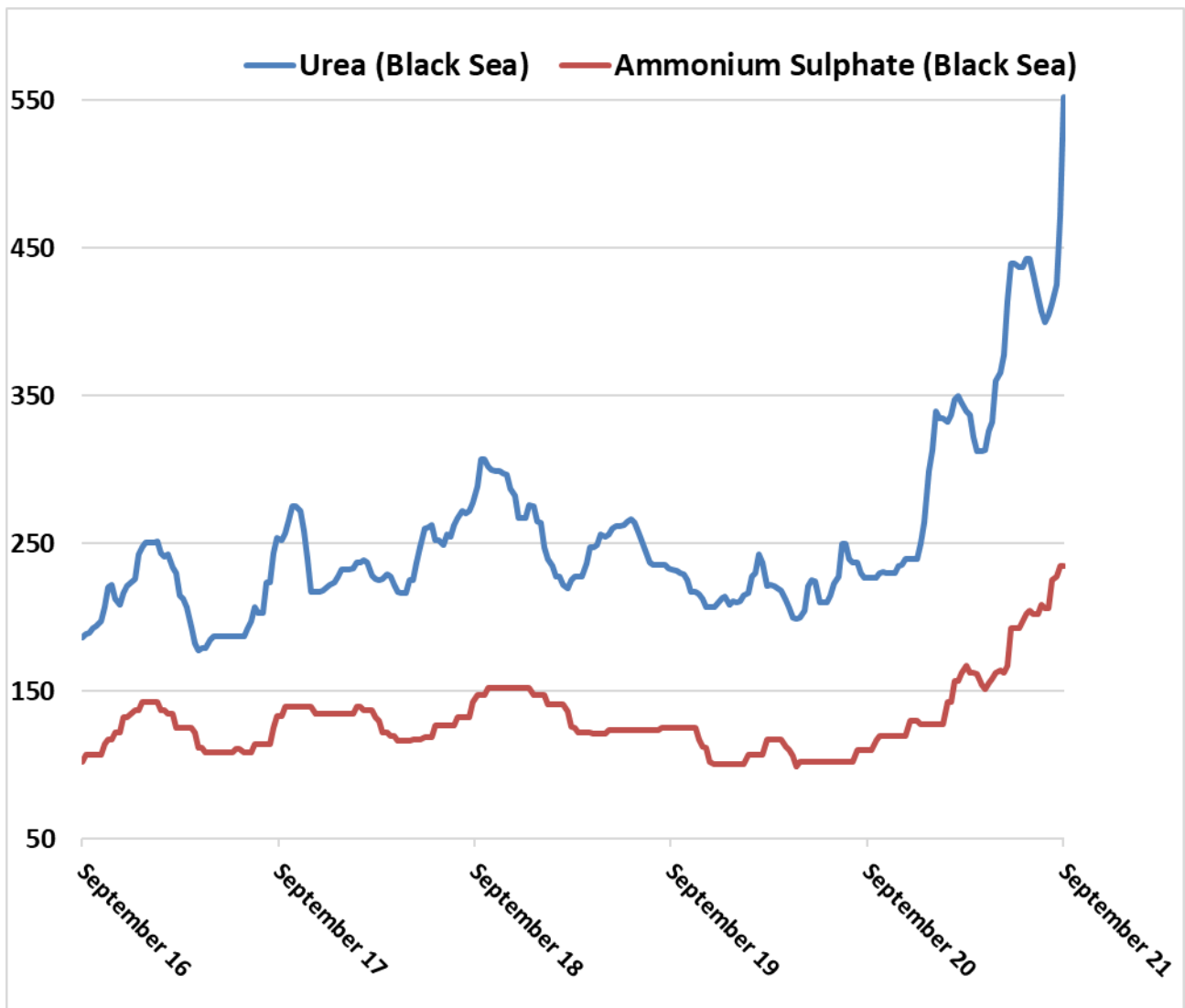
In the third quarter of 2021, due to the increase in raw material, energy and logistics costs in international markets and the problem of product availability worldwide, there were very high price increases in fertilizer and fertilizer raw materials, especially Urea, DAP and Ammonia, compared to the same period of the previous year.

With the effect of price increases in international markets, prices in the Turkish fertilizer sector, which is highly dependent on foreign markets, also moved upwards.

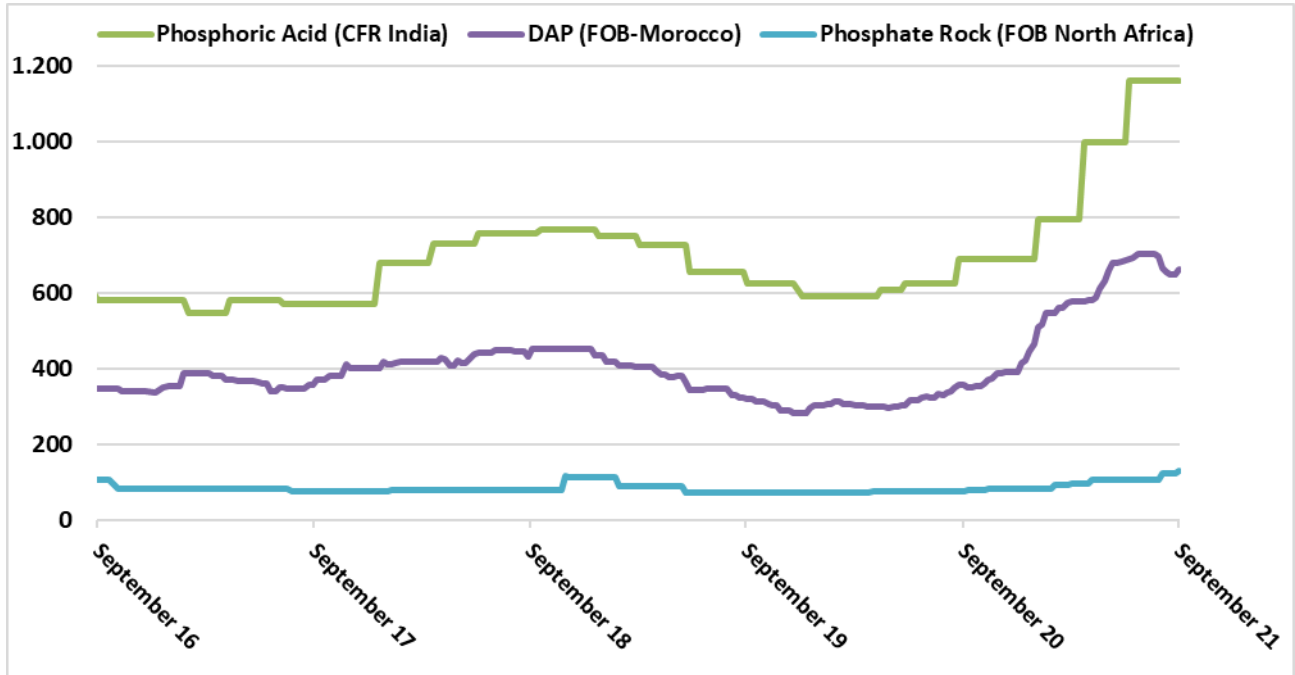
Graph 2 : FERTILIZER PRICES IN INTERNATIONAL MARKETS - US\$/TON



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 September 2021	31 December 2020
Current Assets	5.429.186.740	3.157.837.294
Non-current Assets	2.601.692.135	2.011.065.657
TOTAL ASSETS	8.030.878.875	5.168.902.951
LIABILITIES	30 September 2021	31 December 2020
Short-term Liabilities	4.765.661.163	3.230.345.066
Long-term Liabilities	334.035.914	176.303.000
Total Liabilities	5.099.697.077	3.406.648.066
Equity	2.931.181.798	1.762.254.885
TOTAL LIABILITIES AND EQUITY	8.030.878.875	5.168.902.951

B. CONSOLIDATED INCOME STATEMENT

CONTINUING OPERATIONS	1 Jan - 30 Sep 2021	1 Jan - 30 Sep 2020
Sales (net)	6.216.824.037	3.851.071.077
Costs of Sales	(4.898.506.478)	(2.883.285.520)
GROSS PROFIT	1.318.317.559	967.785.557
Operating Expenses	(773.391.080)	(812.778.947)
OPERATION PROFIT/(LOSS)	544.926.479	155.006.610
Financial Income/(Expense)	(171.591.653)	133.373.052
Other Income/(Expense)	8.670.455	7.545.713
PRE-TAX PROFIT / LOSS FROM CONTINUING OPERATIONS	382.005.281	295.925.375
Total Tax Income / (Expense)	(92.326.016)	(5.544.314)
PERIOD PROFIT/ (LOSS)	289.679.265	290.381.061
Distribution of Period Profit / (Loss)		
Minority Shares	(18.086.579)	136.411.408
Parent Company's Shares	307.765.844	153.969.653
Earnings / (Loss) Per Share (TL)	0,921	0,461

I. EVENTS AFTER BALANCE SHEET DATE

Gübretaş Mining Investments Inc. made an application to the General Directorate of Mining and Petroleum Affairs on 25.03.2021 for the expropriation of the intangible mining assets belonging to third parties in Bilecik Province, Söğüt District, where the Söğüt Gold Mine Project is located. With the President's Decision dated 16.10.2021 and numbered 4626, it was decided to expropriate the related immovables by the General Directorate of Mining and Petroleum Affairs pursuant to Article 27 of the Expropriation Law No. 2942, and this decision was published in the Official Gazette dated 17.10.2021 and numbered 31631.

At the extraordinary general assembly meeting of Razi Petrochemical Co. held on 17.10.2021, it was decided to distribute a dividend of 2,903 Iranian Rials (IRR) per share from the distributable profit for 2020 and to pay the profit within the date range determined by the Commercial Code. The portion of the profit to be distributed belonging to the Parent Company is 136.500.000 TL (3.973.330.784.607 IRR) and may change according to the exchange rate on the payment date. Regarding the payment time, Razi Petrochemical Co. The Board of Directors is authorized. The amount subject to profit distribution has been included in the consolidated financial statements for 2020 and will have an effect as a cash movement in the financial statements on the payment date.

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 - 30.09.2021, the following works have been realized by the Company in order to be compliant with the principles issued in the related communique:

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.

II. CONCLUSION

DEAR SHAREHOLDERS,

In the first nine months of 2021, 1.721.454 tons of fertilizers and raw materials were procured from domestic and foreign markets. In the first nine months of 2021, 666.206 tons of various types of solid, liquid and powder fertilizer were produced at facilities and totally, 1.628.360 tons fertilizers were sold in the same period. In Turkish operations of the Company, net sale revenues realized as 4.966.462.306 ₺.

In addition, 1.155.545 tons of fertilizer and fertilizer raw materials were produced and 1.250.361.731 ₺ net sale revenues were realized by the sale of 728.661 tons of fertilizer and fertilizer raw material in Razi and its subsidiaries.

The Company reached to 289.679.265 ₺ consolidated sales revenue. Beside, by deducting cost of goods sold, operation expenses, other operating expenses-income, financial expenses, tax and non-controlling interest the net profit for the period is 307.765.844 ₺

We would kindly like to ask you to evaluate the results mentioned above regarding the first nine months 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-SEPTEMBER 30, 2021
TOGETHER WITH THE
INDEPENDENT
AUDITORS REVIEW REPORT**

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	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 Balance Sheet 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 September 30, 2021

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

		Reviewed	Audited
	Notes	September 30, 2021	December 31, 2020
ASSETS			
Current assets:			
Cash and cash equivalents	4	672.683.282	659.990.037
Financial investments	17	113.275.485	19.087.380
Trade receivables			
- Trade receivables from related parties	16	718.585.316	590.662.054
- Trade receivables from third parties	6	409.396.441	232.137.472
Other receivables			
- Other receivables from third parties	7	188.039.778	71.106.865
Inventories	8	2.923.004.343	1.389.767.975
Prepaid expenses	19	306.559.356	163.416.237
Derivative financial instruments		1.021.984	--
Assets related to the current period taxes	21	31.151	2.959.703
Other current assets		96.589.604	28.709.571
Total current assets		5.429.186.740	3.157.837.294
Non-current assets			
Financial investments	17	17.328.070	13.744.887
Other receivables			
- Other receivables from third parties	7	12.826.229	9.000.553
Investments valued by equity method		31.558.127	23.582.630
Investments properties		139.241.969	139.506.066
Property, plant and equipment	9	2.149.756.044	1.685.905.290
Intangible assets	10		
- Goodwill		84.649.694	60.572.972
- Other intangible assets		71.001.961	18.711.986
Prepaid expenses	19	95.330.041	30.680.425
Deferred tax assets	21	--	29.360.848
Total non-current assets		2.601.692.135	2.011.065.657
Total assets		8.030.878.875	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 September 30, 2021

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

		Reviewed	Audited
	Notes	September 30, 2021	December 31, 2020
LIABILITIES			
Current liabilities			
Short-term borrowings	5	1.531.305.106	1.542.470.426
Short-term portion of long-term borrowings	5	34.926.367	25.739.366
Trade payables			
- Due to related parties	16	2.869.517	2.425.948
- Due to third parties	6	2.741.612.362	1.429.845.764
Payables due to employee benefits	18	39.974.771	30.867.564
Other payables			
- Other payables to third parties	7	127.270.139	58.688.797
Deferred income	19	68.105.566	30.579.281
Liabilities related to current period tax	21	21.293.901	9.252.087
Short-term provisions			
- Short-term provisions for employee benefits	18	36.579.769	28.045.036
- Other short-term provisions	12	161.723.668	72.430.797
Total short-term liabilities		4.765.661.166	3.230.345.066
Long-term liabilities			
Long-term borrowings	5	56.623.655	70.585.949
Long-term provisions			
- Long-term provisions for employee benefits	18	228.256.062	94.829.669
Deferred tax liability	21	49.156.197	10.887.382
Total long-term liabilities		334.035.914	176.303.000
Total liabilities		5.099.697.080	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		(2.021.811)	(1.097.445)
Accumulated other comprehensive income / expense to be reclassified to profit or loss			
- Foreign currency translation differences		(94.115.705)	(490.429.269)
Restricted reserves from profit			
- Legal reserves	20	53.838.737	53.838.737
Prior year profit		906.139.753	604.588.289
Current period profit / (loss)		307.765.841	262.056.082
Shareholders' equity		1.829.015.447	1.080.254.626
Non-controlling interests		1.102.166.348	682.000.259
Total shareholders' equity		2.931.181.795	1.762.254.885
Total liabilities and equity		8.030.878.875	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 profit or loss and other comprehensive income for the interim period ended September 30, 2021

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

	Notes	January 1- September 30, 2021	January 1- September 30, 2020	July 1- September 30, 2021	July 1- September 30, 2020
Sales	13	6.216.824.037	3.851.071.077	2.367.118.131	1.167.335.384
Cost of sales	13	(4.898.506.478)	(2.883.285.520)	(1.960.240.222)	(794.489.944)
Gross profit		1.318.317.559	967.785.557	406.877.909	372.845.440
General and administrative expense (-)		(162.157.987)	(111.560.317)	(57.619.104)	(32.785.384)
Marketing, selling and distribution expense (-)		(251.428.170)	(363.839.288)	(61.046.615)	(98.643.108)
Other operating income	14	319.732.005	295.901.994	101.541.329	66.891.307
Other operating expenses (-)	14	(679.536.928)	(633.281.336)	(215.988.453)	(292.804.406)
Operating profit		544.926.479	155.006.610	173.765.066	15.503.849
Income from investment activities		6.901.936	5.751.658	347.101	(11.094.473)
Expenses from investment activities		(96.578)	(17.465)	--	--
Profit / (loss) from investments accounted by equity method		1.865.097	1.811.520	(1.723.203)	233.703
Financial income before operating profit		553.596.934	162.552.323	172.388.964	4.643.079
Financial income		208.768.905	337.829.905	73.641.040	124.777.584
Financial expense		(352.417.543)	(204.456.853)	(137.111.011)	(59.222.261)
Gains / (losses) from net monetary position		(27.943.015)	--	(31.576.048)	--
Profit before tax from continuing operations		382.005.281	295.925.375	77.342.945	70.198.402
- Current period tax (expense)	21	(29.912.986)	(7.355.151)	(5.389.514)	(4.932.052)
- Deferred tax (expense) / income	21	(62.413.030)	1.810.837	2.404.848	4.440.231
Total tax (expense) / income		(92.326.016)	(5.544.314)	(2.984.666)	(491.821)
Net period profit / (loss)		289.679.265	290.381.061	74.358.279	69.706.581
Distribution of income for the period					
Non-controlling interests		(18.086.576)	136.411.408	24.419.252	39.177.927
Attributable to equity holders of the parent		307.765.841	153.969.653	49.939.027	30.528.654
Gain/ (Loss) per share (kuruş)	15	0,921	0,461	0,150	0,091
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	--	--	--
Defined benefit plans re-measurement gains		(1.155.458)	1.062.090	(1.054.828)	586.590
Tax effect of other comprehensive income/ (expense)		231.092	(212.418)	210.966	(117.318)
Items to be reclassified to profit or loss					
Changes in currency translation differences		793.264.348	(203.914.833)	126.227.268	(91.314.036)
Other comprehensive (expense)		798.450.382	(203.065.161)	125.383.406	(90.844.764)
Total comprehensive income / (expense)		1.088.129.647	87.315.900	199.741.685	(21.138.183)
Distribution of total comprehensive income / (income)					
Non-controlling interests		378.864.208	35.731.363	90.848.719	(17.072.296)
Attributable to equity holders of the parent		709.265.439	51.584.537	108.892.966	(4.065.887)

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 Statements of Changes in Equity for the interim period ended September 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 equity
	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	Net profit / (los) for the period			
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)	--	--	849.672	--	(103.234.787)	--	--	153.969.653	51.584.538	41.339.882	92.924.420
Balances at September 30, 2020	334.000.000	317.298.232	(828.958)	--	(462.255.745)	53.838.737	604.588.289	153.969.653	1.000.610.208	694.816.987	1.695.427.195
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	--	--	--	--	--	--	39.495.382	--	39.495.382	41.301.881	80.797.263
Balances as restated	334.000.000	317.298.232	(1.097.445)	--	(490.429.269)	53.838.737	644.083.671	262.056.082	1.119.750.008	723.302.140	1.843.052.148
Transfers	--	--	--	--	--	--	262.056.082	(262.056.082)	--	--	--
Total comprehensive income/ (expense)	--	--	(924.366)	6.110.400	396.313.564	--	--	307.765.841	709.265.439	378.864.208	1.088.129.647
Balances at September 30, 2021	334.000.000	317.298.232	(2.021.811)	6.110.400	(94.115.705)	53.838.737	906.139.753	307.765.841	1.829.015.447	1.102.166.348	2.931.181.795

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 profit or loss and other comprehensive income
for the interim period ended September 30, 2021
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

Notlar	January 1 - September 30, 2021	January 1 - September 30, 2020
Cash flows from operating activities		
Period income /loss	289.679.265	290.381.061
Adjustments to reconcile net profit/(loss) for the period		
Adjustments related to depreciation and amortization expense	9-10 121.494.450	46.390.660
Adjustments related to gain from investments accounted by equity method	(1.865.097)	(1.811.520)
Adjustments related to provisions for employee benefits	18 164.790.647	52.013.837
Adjustments related to interest expense	143.528.276	111.167.871
Adjustments related to impairment of inventories	8 (1.584.857)	(6.781.874)
Adjustments related to impairment of receivables	6 147.295	(3.163.533)
Deferred financial income	(15.522)	1.039.437
Adjustments related to lawsuit provisions	12 2.657.151	20.915.073
Adjustments related to current year tax income	21 92.326.016	5.544.314
Adjustments related to losses (gains) on sale of property, plant and equipments	9-10 (6.045.556)	17.465
Adjustments related to fair value losses (gains) on derivative financial instruments	(1.021.984)	9.462.872
Adjustments related to fair value losses (gains) on investment properties	264.097	(212.601)
Cash flows from the operating activities before changes in the assets and liabilities	804.354.181	524.963.062
Change in working capital (net):		
Adjustments related to increase in trade receivables	(305.298.843)	(70.204.803)
Adjustments related to increase in other receivables	(120.758.589)	200.432.948
Adjustments related to decrease in inventories	(1.595.281.914)	440.430.922
Adjustments related to increase in trade payables	1.312.195.006	128.643.391
Increase / (decrease) in employee benefit obligations	9.107.207	1.249.415
Increase / (decrease) in deferred income	37.526.285	82.486.940
Increase / (decrease) in prepaid expenses	(207.792.735)	(151.147.512)
Increase / (decrease) in other payables	68.581.345	(97.640.409)
Adjustments related to other decrease in working capital	33.459.720	(182.265.558)
Cash flows from the operations after the changes in working capital	36.091.663	876.948.396
Interest paid	(51.612.604)	(80.610.148)
Taxes refunds/ (payments)	21 (22.907.182)	(11.270.935)
Payments related to provision for employee benefits	18 (52.468.121)	(36.227.545)
Cash flow regarding investment activities	(90.896.244)	748.839.768
Cash flows from investment activities		
Cash outflows from the purchases of property, plant and equipment and intangible assets	9-10 (112.780.772)	(107.458.327)
Cash inflows from the purchases of property, plant and equipment and intangible assets	9-10 25.300.571	1.371
Other cash inflows / (outflows)	(97.771.289)	32.813.163
Proceeds from sales of property, plant and equipment	--	63.327.280
Cash flows from investment activities	(185.251.490)	(11.316.513)
Cash flows from financing activities		
Cash inflows from financial borrowings	1.614.000.000	2.143.937.440
Cash outflows from financial borrowings payments	(1.721.856.285)	(2.051.918.160)
Cash flows from financing activities	(107.856.285)	92.019.280
Net change in cash and cash equivalents before effect of foreign currency translation difference	(384.004.019)	829.542.535
Cash and cash equivalents as of January 1	657.508.102	174.457.909
Foreign currency translation difference	393.015.796	(104.437.371)
Cash and cash equivalents as of September 30	666.519.879	899.563.073

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 September 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 September 30, 2021 is 1.557 (December 31, 2020: 1.569).

24,05% 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	September 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 September 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	Currency in Use	September 30, 2021		December 31, 2020	
		Voting Right	Effective Ownership Rate	Voting Right	Effective Ownership Rate
Razi Petrochemical Co.	IRR	48,88%	48,88%	48,88%	48,88%
Arya Phosphoric Jonoob Co.	IRR	48,88%	48,88%	48,88%	48,88%
Raintrade Petrokimya ve Dış Ticaret A.Ş.	Turkish Lira	48,88%	48,88%	48,88%	48,88%
Gübretaş Maden Yatırımları A.Ş.	Turkish Lira	100,00%	100,00%	100,00%	100,00%
Tarkim Bitki Koruma Sanayi ve Ticaret A.Ş.	Turkish Lira	40,00%	40,00%	40,00%	40,00%
Tarnet Tarım Kredi Bilişim ve İletişim Hizmetleri A.Ş.	Turkish Lira	15,78%	15,78%	15,78%	15,78%

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of September 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 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 TTK.

(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 September 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 November 8, 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 September 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 September 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 September 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	September 30, 2021		December 31, 2020	
	Period End	Period Average	Period End	Period Average
IRR/TL	0,000038230	0,000036660	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 September 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 September 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.

(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 September 30, 2021

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

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

2. 2.2 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 TFRS 9, TAS 39, TFRS 7 and TFRS 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 September 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 September 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 September 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 September 30, 2021 have been prepared in accordance with TAS 34. The accounting policies used in the preparation of these condensed interim consolidated financial statements as of and for the period ended September 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 September 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 September 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 were 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 September 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 September 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 September 30, 2021 and the year ending December 31, 2020 is as follows:

	Turkey	Iran	Consolidation	Total
	September 30,	September 30,	Adjustments	September 30,
	2021	2021	September 30,	2021
			2021	
Assets				
Current assets	3.542.266.353	1.892.017.527	(5.097.140)	5.429.186.740
Non-current assets	1.529.902.563	1.432.922.015	(361.132.443)	2.601.692.135
Total assets	5.072.168.916	3.324.939.542	(366.229.583)	8.030.878.875

Liabilities				
Short-term liabilities	3.932.640.074	838.118.228	(5.097.139)	4.765.661.163
Long-term liabilities	115.495.084	218.540.830	--	334.035.914
Equities	1.024.033.758	2.268.280.484	(361.132.444)	2.931.181.798
Total Liabilities	5.072.168.916	3.324.939.542	(366.229.583)	8.030.878.875

	Turkey	Iran	Consolidation	Total
	December 31,	December 31,	Adjustments	December 31,
	2020	2020	December 31,	2020
			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 September 30, 2021
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 3 - SEGMENT REPORTING (Cont'd)

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

	Turkey	Iran	Consolidation Adjustments	Total
	January 1- September 30, 2021	January 1- September 30, 2021	January 1- September 30, 2021	January 1- September 30, 2021
Sales	4.966.462.306	1.493.252.809	(242.891.078)	6.216.824.037
Cost of sales	(4.008.886.719)	(1.132.510.837)	242.891.078	(4.898.506.478)
Gross profit	957.575.587	360.741.972	--	1.318.317.559
Marketing, selling and distribution expense	(236.412.355)	(15.015.815)	--	(251.428.170)
General and administrative expense	(75.839.776)	(86.318.211)	--	(162.157.987)
Other operating income / expense, net	(165.591.521)	(194.213.402)	--	(359.804.923)
Operating profit	479.731.935	65.194.544	--	544.926.479
Income from investments, net	6.304.658	500.700	--	6.805.358
Profit from investments accounted by equity method	1.865.097	--	--	1.865.097
Operation profit before financial income / (expense)	487.901.690	65.695.244	--	553.596.934
Financial income/ expense, net	(83.366.785)	(88.224.868)	--	(171.591.653)
Profit / (loss) before tax	404.534.905	(22.529.624)	--	382.005.281
Tax Profit / (loss)	(79.473.576)	(12.852.440)	--	(92.326.016)
Profit / (loss) for the period	325.061.329	(35.382.064)	--	289.679.265

	Turkey	Iran	Consolidation Adjustments	Total
	January 1- September 30, 2020	January 1- September 30, 2020	January 1- September 30, 2020	January 1- September 30, 2020
Sales	2.853.126.517	1.440.612.969	(442.668.409)	3.851.071.077
Cost of sales	(2.460.148.786)	(857.129.017)	433.992.283	(2.883.285.520)
Gross profit	392.977.731	583.483.952	(8.676.126)	967.785.557
Marketing, selling and distribution expense	(181.958.031)	(181.881.257)	--	(363.839.288)
General and administrative expense	(31.531.695)	(80.028.622)	--	(111.560.317)
Other operating income / expense, net	(175.857.887)	(168.835.026)	7.313.571	(337.379.342)
Operating profit	3.630.118	152.739.047	(1.362.555)	155.006.610
Income from investments, net	33.051.602	--	(27.317.409)	5.734.193
Profit from investments accounted by equity method	1.811.520	--	--	1.811.520
Operation profit before financial income / (expense)	38.493.240	152.739.047	(28.679.964)	162.552.323
Financial income/ expense, net	15.199.914	118.173.138	--	133.373.052
Profit / (loss) before tax	53.693.154	270.912.185	(28.679.964)	295.925.375
Tax Profit / (loss)	(2.851.006)	(2.993.070)	299.762	(5.544.314)
Profit / (loss) for the period	50.842.148	267.919.115	(28.380.202)	290.381.061

(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 September 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 September 30, 2021 and September 30, 2020 are as follows:

	January 1- September 30, 2021	January 1- September 30, 2020
Gübretaş (Fertilizer Production)	25.321.775	92.683.916
Gübretaş Maden (Mining)	56.665.782	--
İran (Fertilizer Production)	30.793.215	14.774.411
Total	112.780.772	107.458.327

Depreciation / Amortization:

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

	January 1- September 30, 2021	January 1- September 30, 2020
Gübretaş (Fertilizer Production)	36.492.363	31.618.862
Gübretaş Maden (Mining)	725.629	--
İran (Fertilizer Production)	84.276.458	14.771.798
Total	121.494.450	46.390.660

NOTE 4 – CASH AND CASH EQUIVALENTS

	September 30, 2021	December, 31 2020
Cash on hands	1.247.148	288.354
Bank	670.352.928	655.981.343
- Demand deposits	106.524.932	66.780.996
- Time deposits	563.827.996	589.200.347
Other cash equivalents	1.083.206	3.720.340
Total	672.683.282	659.990.037
Blocked deposits	(6.163.403)	(2.481.935)
Cash and cash equivalents at the statement of cash flow	666.519.879	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 September 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	September 30, 2021
19,10	1 day	86.338.676
Total		86.338.676

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

4.2 Time Deposits (Foreign Currency):

Interest rate (%)	Maturity	Currency	September 30, 2021	
			Foreign Currency amount	Amount in TL
1,00	1 day	EUR	15.584.591	160.416.871
10 – 11	1 day	Mil. IRR	2.048.537	78.315.569
0,90 - 1,00	1 day	USD	26.891.579	238.756.880
Total				477.489.320

Interest rate (%)	Maturity	Currency	December 31, 2020	
			Foreign Currency amount	Amount in TL
0,65	3 days	EUR	83.514	752.290
10 - 15	3 days	Mil. 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	September 30, 2021	December 31, 2020
Payable within 1 year	1.566.231.473	1.568.209.792
Payable within 1 – 5 years	56.623.655	70.585.949
Total	1.622.855.128	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 September 30, 2021
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 5 – FINANCIAL BORROWINGS (Cont’d)

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

Short-term borrowings	September 30, 2021	December 31, 2020
Short-term borrowings	1.526.105.380	1.537.005.210
Short-term portion of long-term borrowings	34.926.367	25.739.366
Short-term financial lease liabilities	5.199.726	5.465.216
Total	1.566.231.473	1.568.209.792

5. 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 September 30, 2021 and December 31, 2020 are as follows:

September 30, 2021

Currency	Average effective annual interest rate (%)	Original amount	Amount in TL
Bank loans			
TL	19,06	1.485.543.710	1.485.543.710
Other financial borrowings			
Mil. IRR (*)	18,00	1.974.576	75.488.037
Total			1.561.031.747

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 September 30, 2021

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

NOTE 5 – FINANCIAL BORROWINGS (Cont’d)

5.2 Financial lease liabilities

September 30, 2021 Currency	Average effective annual interest rate (%)	Original Amount	Amount in TL
TL	12	5.199.726	5.199.726
Total			5.199.726

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

	September 30, 2021	December 31, 2020
Long-term loans	50.621.428	60.745.714
Long-term financial lease liabilities	6.002.227	9.840.235
Total	56.623.655	70.585.949

5.3.a Bank Loans:

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

September 30, 2021 Currency	Maturity	Average effective annual interest rate (%)	Original amount	Amount in TL
TL	2024	14,77	50.621.428	50.621.428
Total				50.621.428

December 31, 2020 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 September 30, 2021

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

NOTE 5 – FINANCIAL BORROWINGS (Cont’d)

5.3.b Financial lease liabilities

September 30, 2021 Currency	Average effective annual interest rate (%)	Original Amount	Amount in TL	
TL	December 2023	12	6.002.227	6.002.227
Total			6.002.227	

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:

	September 30, 2021	December 31, 2020
Trade receivables	74.910.043	133.404.855
Receivables from Iran Oil Ministry’s participations (*)	343.758.447	107.857.371
	418.668.490	241.262.226
Provision for doubtful trade receivables	(9.272.049)	(9.124.754)
Total	409.396.441	232.137.472

(*) As of September 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	September 30, 2021	December 31, 2020
More than 9 months	9.272.049	9.124.754
Total	9.272.049	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 September 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 (Cont’d)

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

	September 30, 2021	September 30, 2020
Balance at beginning of the period	9.124.754	12.212.963
Period cost	147.295	(3.163.533)
Balance at end of the period	9.272.049	9.049.430

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

	September 30, 2021	December 31, 2020
Guarantee letters	122.962.499	131.844.008
Collateral cheques and notes	9.168.841	22.321.591
Total	132.131.340	154.165.599

6.2 Short-term trade payables

	September 30, 2021	December 31, 2020
Liabilities to the Iranian gas supplier	396.418.014	129.363.408
Creditors	2.329.154.644	1.279.368.406
Other trade payables	16.039.704	21.113.950
Total	2.741.612.362	1.429.845.764

NOTE 7 – OTHER RECEIVABLES AND PAYABLES

7.1 Other short-term receivables:

	September 30, 2021	December 31, 2020
VAT receivables - Turkey	42.519.237	22.322.730
Due from personnel	22.150.623	3.127.245
Receivables from Tabosan (*) (Note 12)	36.105.926	35.259.932
Receivables from other government agencies – Razi	70.516.034	5.317.203
Other various receivables	16.747.958	5.079.755
Total	188.039.778	71.106.865

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of September 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 36.105.926 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

	September 30, 2021	December 31, 2020
Deposits and guarantees given	6.716.004	5.056.346
Due from personnel	1.216.708	984.584
Other long-term receivables	4.893.517	2.959.623
Total	12.826.229	9.000.553

7.3 Other short-term payables

	September 30, 2021	December 31, 2020
Dividend payables to non-controlling interests	107.692	12.392.247
Other payables to related parties	8.147.856	3.248.640
Other payables and liabilities	119.014.591	43.047.910
Total	127.270.139	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 September 30, 2021

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

NOTE 8 – INVENTORIES

	September 30, 2021	December 31, 2020
Raw materials and supplies	434.657.098	183.852.639
Finished goods	515.027.881	163.335.197
Trade goods	1.799.687.025	782.814.591
Other inventories	186.799.442	274.517.508
	2.936.171.446	1.404.519.935
Provision of impairment of inventories (-)	(13.167.103)	(14.751.960)
Total	2.923.004.343	1.389.767.975

NOTE 9 - PROPERTY, PLANT AND EQUIPMENT

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

	September 30, 2021			
	Gübretaş	Mining	Razi	Total
Depreciation expense	34.345.406	644.460	83.999.711	118.989.577
Amortization expense	2.146.957	81.169	276.747	2.504.873
Total	36.492.363	725.629	84.276.458	121.494.450

During the period ended 30 September 2021, out of depreciation and amortization expense amounting to TL 121.494.450; TL 111.642.883 is included in general production expenses, 2.869.320 TL in sales and marketing expenses, TL 6.982.247 in general administrative expenses.

	September 30, 2020		
	Gübretaş	Razi	Total
Depreciation expense	29.435.117	14.771.798	44.206.915
Amortization expense	2.183.745	--	2.183.745
Total	31.618.862	14.771.798	46.390.660

During the period ended 30 September 2020, out of depreciation and amortization expense amounting to TL 46.390.660; TL 41.540.018 is included in general production expenses, 1.921.175 TL in sales and marketing expenses, TL 2.929.467 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 September 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 1,2021	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	32.961.982	--	108.005.097	1.773.919.826	8.868.664	25.160.507	--	--	12.254.977	1.961.171.053
Inflation difference	33.557.281	--	109.552.679	1.802.652.739	7.457.955	23.225.741	--	--	11.232.597	1.987.678.992
Additions	520.817	2.759.572	111.781	636.714	331.605	6.180.860	--	980.573	51.780.840	63.302.762
Sales / disposals	--	(6.353)	--	(9.533.553)	(1.006.349)	(1.498.405)	--	--	(23.341.605)	(35.386.265)
Transfer from construction in progress	--	--	--	600.840	2.050.151	1.625.616	--	--	(4.276.607)	--
Closing balance on September 30,2021	508.755.566	205.788.114	865.997.682	9.208.104.235	46.579.226	153.931.451	25.778.418	2.368.014	106.026.942	11.123.329.648
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	--	--	(86.006.876)	(1.641.097.992)	(8.469.126)	(24.498.421)	--	--	--	(1.760.072.415)
Inflation difference	--	--	(73.950.103)	(1.541.687.793)	(5.694.724)	(16.561.315)	--	--	--	(1.637.893.935)
Period cost	--	(11.805.007)	(11.175.765)	(80.547.215)	(3.195.688)	(7.785.886)	(4.184.397)	(295.619)	--	(118.989.577)
Sales / disposals	--	424	--	1.600.865	1.006.341	1.432.509	--	--	--	4.040.139
Closing balance on September 30,2021	--	(82.740.216)	(546.117.253)	(8.159.903.527)	(42.170.450)	(128.312.877)	(13.335.457)	(993.824)	--	(8.973.573.604)
Net book value on September 30,2021	508.755.566	123.047.898	319.880.429	1.048.200.708	4.408.776	25.618.573	12.442.961	1.374.190	106.026.942	2.149.756.044

(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 September 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	(23.243.285)	--	(19.050.643)	(159.140.397)	(1.892.367)	(3.698.215)	--	--	(3.820.356)	(210.845.263)
Additions	--	209.046	809.222	2.010.817	527.360	4.121.229	--	62.076	95.170.099	102.909.849
Sales / disposals	--	--	--	(40.905)	(9.988)	(182.722)	--	--	--	(233.615)
Transfer from construction in progress	--	1.350.739	676.752	1.662.866	532.487	249.798	--	--	(4.472.642)	--
Closing balance at September 30, 2020	437.746.677	132.368.471	356.018.665	543.328.901	6.119.227	31.179.076	25.778.418	1.179.544	106.279.933	1.639.998.912
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	--	--	9.987.840	118.443.269	1.250.317	2.879.714	--	--	--	132.561.140
Period cost	--	(8.115.896)	(8.474.159)	(20.508.065)	(505.908)	(2.295.296)	(4.184.396)	(123.195)	--	(44.206.915)
Sales / disposals	--	--	--	40.905	9.988	97.657	--	--	--	148.550
Closing balance at September 30,2020	--	(69.459.593)	(144.894.359)	(348.048.672)	(3.696.693)	(14.725.660)	(7.756.261)	(800.030)	--	(589.381.268)
Net book value at September 30,2020	437.746.677	62.908.878	211.124.306	195.280.229	2.422.534	16.453.416	18.022.157	379.514	106.279.933	1.050.617.644

(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 September 30, 2021

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

NOTE 10 – INTANGIBLE ASSETS

10.1 Rights

September 30, 2021	Rights	Mine Research Expenses	Total
Cost			
Opening balance at January 1	27.319.638	--	27.319.638
Inflation difference	2.807.114	--	2.807.114
Purchases	4.958.363	44.519.647	49.478.010
Foreign currency translation differences, net	2.509.724	--	2.509.724
Closing balance	37.594.839	44.519.647	82.114.486
Accumulated Depreciation			
Opening balance at January 1	(8.607.652)	--	(8.607.652)
Current period amortization expense	(2.504.873)	--	(2.504.873)
Closing balance	(11.112.525)	--	(11.112.525)
Net Book Value	26.482.314	44.519.647	71.001.961
September 30, 2020	Short-term trade receivables	Short-term trade receivables	Short-term trade receivables
Cost			
Opening balance at January 1	27.348.692	--	27.348.692
Purchases	4.548.478	--	4.548.478
Foreign currency translation differences	(4.580.744)	--	(4.580.744)
Sales / disposals	--	--	--
Closing balance	27.316.426	--	27.316.426
Accumulated Depreciation			
Opening balance at January 1	(5.143.792)	--	(5.143.792)
Current period amortization expense	(2.183.745)	--	(2.183.745)
Closing balance	(7.327.537)	--	(7.327.537)
Net Book Value	19.988.889	--	19.988.889

(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 September 30, 2021

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

NOTE 10 – INTANGIBLE ASSETS (Cont’d)

10.2 Goodwill:

	September 30, 2021	September 30, 2020
Opening balance at January 1	60.572.972	87.044.600
Inflation difference	7.709.051	--
Foreign currency translation differences	16.367.671	(29.127.221)
Closing balance	84.649.694	57.917.379

NOTE 11 – COMMITMENTS

11.1 Purchase commitments

As of September 30, 2021, the Group has a purchase commitment of 111.263.081 USD and 897.060 EUR of raw materials and commercial goods planned to be imported for which purchase orders were related letters credit were opened (31 December 2020: 45.057.580 USD and 12.671.599 EUR).

NOTE 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

12.1 Short-term provisions

	September 30, 2021	December 31, 2020
Provisions for cost expenses	129.739.626	37.912.475
Dealer sales premiums	--	3.600.000
Provisions for lawsuit (*)	27.944.221	25.287.070
Other short-term debt provisions	4.039.821	5.631.252
Total	161.723.668	72.430.797

(*) A lawsuit has been filed against Razi at the local court amounting to TL 3.216.557.355 (IRR 84.137 Billion) for excessive gas consumption claims. A pledge was put on Razi's land, which was carried at TL 133.499.154 (IRR 3.492 Billion) accordingly. The Group Management made a provision amounting to TL 20.845.177 (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 September 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:

	September 30, 2021	September 30, 2020
As of January 1,	25.287.069	4.663.112
Additional provision	2.657.152	20.915.073
Closing Balance	27.944.221	25.578.185

A lawsuit amounting to TL 785.193 was filed by Denizciler Birliği Deniz Nakliyatı ve Ticaret A.Ş. 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 September 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:

	September 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	41.792.238	41.792.238	TL	10.325.558	10.325.558
	USD	6.091.100	54.079.831	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			95.872.069			74.921.958

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of September 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 36.105.926

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 September 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, Sarıseki 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 98.203.010 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 favor 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, İskenderun and Sarıseki 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 – September 30, 2021	January 1 – September 30, 2020	July 1 – September 30, 2021	July 1 – September 30, 2020
Domestic sales	5.396.226.444	2.965.727.375	1.897.953.133	835.454.203
Foreign sales	864.420.517	925.277.714	469.506.215	343.857.484
Service sales	28.069.151	2.841.727	26.174.882	1.014.377
Sales returns (-)	(674.558)	(729.811)	(279.639)	(162.069)
Sales discounts (-)	(70.591.423)	(40.482.508)	(26.205.212)	(12.743.083)
Other discounts from sales (-)	(626.094)	(1.563.420)	(31.248)	(85.528)
Total	6.216.824.037	3.851.071.077	2.367.118.131	1.167.335.384

13.2 Cost of sales

	January 1 – September 30, 2021	January 1 – September 30, 2020	July 1 – September 30, 2021	July 1 – September 30, 2020
<i>Cost of goods produced</i>	2.829.916.780	1.267.435.978	1.153.406.570	357.324.375
<i>Change in the finished goods</i>	(351.692.684)	145.337.767	(72.754.260)	25.588.201
<i>-Finished goods at the beginning of the period</i>	163.335.197	310.773.646	442.273.621	191.024.080
<i>-Finished goods at the end of the period</i>	(515.027.881)	(165.435.879)	(515.027.881)	(165.435.879)
Cost of finished goods sold	2.478.224.096	1.412.773.745	1.080.652.310	382.912.576
<i>-Trade goods at the beginning of the period</i>	782.814.591	642.840.114	383.049.665	352.094.996
<i>-Purchases</i>	3.421.500.266	1.231.193.539	2.288.775.507	469.620.658
<i>Trade goods at the end of the period</i>	(1.799.687.025)	(414.396.019)	(1.799.687.025)	(414.396.019)
Cost of trade goods sold	2.404.627.832	1.459.637.634	872.138.147	407.319.635
Cost of other sales	--	9.023.506	--	3.713.534
Cost of services sold	15.654.550	1.850.635	7.449.765	544.199
Total	4.898.506.478	2.883.285.520	1.960.240.222	794.489.944

(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 September 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 – September 30, 2021	January 1 – September 30, 2020	July 1 – September 30, 2021	July 1 – September 30, 2020
Foreign exchange income related to trade transactions	282.762.287	204.646.397	89.876.089	(560.068)
Interest income	4.119.586	4.419.844	918.359	736.103
Other revenues	32.850.132	86.835.753	10.746.881	66.715.272
Total	319.732.005	295.901.994	101.541.329	66.891.307

14.2 Other operating expense

	January 1 – September 30, 2021	January 1 – September 30, 2020	July 1 – September 30, 2021	July 1 – September 30, 2020
Foreign exchange expenses related to trade transactions	447.073.851	487.241.810	107.197.815	167.441.131
Provision expenses	3.123.747	21.312.904	(1.332.773)	20.887.059
Razi VAT Receivables	80.100.080	101.049.733	16.291.576	101.049.733
Other expenses	149.239.250	23.676.889	93.831.835	3.426.483
Total	679.536.928	633.281.336	215.988.453	292.804.406

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 – September 30, 2021	January 1 – September 30, 2020	July 1 – September 30, 2021	July 1 – September 30, 2020
Net period (loss) on parent's shares)	307.765.841	153.969.653	49.939.027	30.528.654
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)	0,921	0,461	0,150	0,091

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 September 30, 2021

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

NOTE 16 - RELATED PARTIES TRANSACTIONS

16.1 Balances due to / from related parties

Trade receivables	September 30, 2021	December 31, 2020
TKK	285.685.062	191.361.541
Other related parties	432.900.254	399.300.513
Total	718.585.316	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	September 30, 2021	December 31, 2020
Tarnet Tarım Kredi Bilişim ve İletişim Hizmetleri A.Ş.	1.250.100	1.276.536
TK Taşımacılık ve Lojistik A.Ş.	723.526	742.728
Bereket Sigorta A.Ş.	876.452	406.350
Bereket Emeklilik ve Hayat A.Ş.	19.439	334
Total	2.869.517	2.425.948

16.2 Transactions with Related Parties

Sales of goods and services	January 1 – September 30, 2021	January 1 – September 30, 2020	July 1 – September 30, 2021	July 1 – September 30, 2020
TKK	3.906.289.111	1.875.382.499	1.331.942.351	623.268.412
Tarkim Bitki Koruma San. ve Tic. A.Ş.	53.663	75.959	--	6.225
Tarnet Tarım Kredi Bilişim ve İletişim Hizmetleri A.Ş.	6.203	62.792	1.163	38.533
TK Holding A.Ş.	44.997	31.564	--	31.564
Bereket Sigorta A.Ş.	843.202	--	90.139	--
Bereket Katılım Hayat A.Ş.	3.695	--	3.695	--
Bereket Emeklilik ve Hayat A.Ş.	55	--	55	--
TK Taşımacılık ve Lojistik A.Ş.	20.870	26.494	17.792	500
Other	27.100.432	--	(2.088.189)	--
Total	3.934.362.228	1.875.579.308	1.329.967.006	623.345.234

(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 September 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)

Purchases of goods and services	January 1- September 30, 2021	January 1- September 30, 2020	July 1- September 30, 2021	July 1- September 30, 2020
TKK	1.544.666	3.720.404	428.723	85.365
TK Taşımacılık ve Lojistik A.Ş.	10.568.815	6.719.395	2.818.606	1.903.570
Tarım Kredi				
Bilişim ve İletişim Hizmetleri San ve Tic. A.Ş.	5.703.051	3.585.953	3.176.033	1.663.436
Tarım Kredi Birlik Tarım Ürün. Hayv. Ambalaj Pet. Nak. İth. İhr. San. ve Tic. A.Ş.	231.109	306.691	213.573	7.978
Tarkim Bitki Koruma San. ve Tic. A.Ş.	1.668.667	65.591	1.668.667	10.631
TK Holding A.Ş.	33.577	--	9.577	--
TK Tarım Kredi Pazarlama ve Marketçilik A.Ş.	27.637	--	2.440	--
Bereket Sigorta A.Ş.	9.093.069	--	1.710.338	--
Bereket Katılım				
Emeklilik ve Hayat A.Ş.	83.254	--	3.077	--
Total	28.953.845	14.398.034	10.031.034	3.670.980

Interest income	January 1- September 30, 2021	January 1- September 30, 2020	July 1- September 30, 2021	July 1- September 30, 2020
Tarım Kredi Holding	--	70.959	--	--
Tarım Kredi Birlik Tarım Ürünleri	--	1.478.065	--	795.873
Total	--	1.549.024	--	795.873

Interest expenses	January 1- September 30, 2021	January 1- September 30, 2020	July 1- September 30, 2021	July 1- September 30, 2020
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 September 30, 2021 and September 30, 2020 are as follows:

	September 30, 2021		September 30, 2020	
	Gübretaş	Razi	Gübretaş	Razi
Short-term employee benefits	3.705.532	5.932.194	3.083.578	4.018.498
Total	3.705.532	5.932.194	3.083.578	4.018.498

(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 September 30, 2021

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

NOTE 17 - FINANCIAL INSTRUMENTS

Short-term financial investments	Maturity	Int. rates (%)	September 30, 2021
Private sector bonds and bills	December 2021	15-18	113.275.485
Total			113.275.485

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 (%)	September 30, 2021
Public sector bonds and bills	2023	15	14.590.555
Total			14.590.555

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	September 30, 2021		December 31, 2020	
		% Share	Amount of participant	% Share	Amount of participant
Tarnet	Internet Service Provider	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:

	September 30, 2021	December 31, 2020
Due to the personnel	36.970.303	28.492.805
Social security premiums payable	3.004.468	2.374.759
Total	39.974.771	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 September 30, 2021

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

NOTE 18 - EMPLOYEE BENEFITS (Cont'd)

Provision for Employee Benefits:

Short-term	September 30, 2021	December 31, 2020
Provision for vacation allowance and employee termination benefits	15.216.952	7.621.226
Provision for premium	5.986.113	9.654.772
Provision for early retirement salary (*)	15.376.704	10.769.038
Total	36.579.769	28.045.036

Long-term	September 30, 2021	December 31, 2020
Allowance for retirement pay (Gübretaş)	24.622.372	19.309.529
Allowance for retirement pay (Razi)	168.405.320	51.471.941
Provision for early retirement salary (*)	35.228.370	24.048.199
Total	228.256.062	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 September 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 (September 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 8.285 which is valid as of the date of September 30, 2021 onwards (September 30, 2020: TL 7.117). The movements of the provision for severance pay during the year are as follows:

	January 1- September 30, 2021	January 1- September 30, 2020
Provisions as of January 1	94.829.669	113.665.364
Adjustments on opening balance	35.041.157	(26.413.080)
Service cost	147.286.623	46.406.549
Interest cost	17.504.024	5.607.288
Payment termination indemnity	(52.468.121)	(36.227.545)
Foreign currency translation differences	(15.092.747)	(4.618.691)
Actuarial gain/loss	1.155.457	(1.109.830)
Provision as of September 30	228.256.062	97.310.055

NOTE 19 - PREPAID EXPENSES AND DEFERRED INCOME

Short-term prepaid expenses	September 30, 2021	December 31, 2020
Order advances given for inventory purchase (*)	260.218.205	106.521.084
Expenses for next month	46.341.151	56.895.153
Total	306.559.356	163.416.237

(*) As of 30 September 2021, TL 138.213.412 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 September 30, 2021

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

NOTE 19 - PREPAID EXPENSES AND DEFERRED INCOME (Cont'd)

Long-term prepaid expenses	September 30, 2021	December 31, 2020
Order advances given for stock purchase	73.544.104	28.692.334
Other prepaid expenses	21.785.937	1.988.091
Total	95.330.041	30.680.425

Short term deferred income	September 30, 2021	December 31, 2020
Received advances	68.105.566	30.579.281
Total	68.105.566	30.579.281

NOTE 20- EQUITY

Paid-in capital

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

		September 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 September 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 September 30, 2021 and December 31, 2020:

	September 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

(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 September 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 September 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 September 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 September 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 September 30, 2021 and December 31, 2020 is as follows:

	September 30, 2021		
	Gübretaş	Razi	Total
Provision for current period corporate tax	(16.814.865)	(13.098.121)	(29.912.986)
Prepaid tax	15.219.085	192.652	15.411.737
Prior year’s corporate tax liabilities	--	(24.325.504)	(24.325.504)
Translation differences	--	17.564.003	17.564.003
Total	(1.595.780)	(19.666.970)	(21.262.750)

(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 September 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.

	September 30, 2021		December 31, 2020	
	Temporary differences	Deferred tax, assets and liabilities	Temporary differences	Deferred tax, assets and liabilities
Investment incentive	131.285.358	26.257.072	153.488.980	30.697.796
Losses for usable tax	--	--	263.383.498	52.676.700
Adjustments for inventories	6.767.990	1.556.638	9.337.298	1.867.460
Trade receivables	1.781.191	357.286	1.639.993	327.999
Property plant and equipment / Intangible assets and Investment properties	113.229.716	22.982.002	142.582.711	28.516.542
Other	1.278.992	294.168	1.281.466	256.293
Provisions for termination indemnity	28.482.748	5.812.361	23.085.168	4.617.034
Receivable re-discounts	2.216.432	509.779	2.247.115	449.423
Premium accrual	4.209.795	968.253		
Exchange rate valuation	9.081.535	2.088.753		
Interest accruals	--	--	988.135	197.627
Expense accruals	4.983.313	1.146.162	4.659.670	931.933
Deferred tax assets	303.317.070	61.972.474	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)	14.095.142	3.241.883	110.108	22.022
Derivative financial instruments	620.534	142.723	--	--
Trade receivables	1.586.036	364.788	866.779	173.356
Payable re-discounts	1.598.433	367.640	1.613.594	322.719
Other receivables	2.384.136	548.351	1.538.142	307.628
Other	1.021.984	235.056		
Property plant and equipment / Intangible assets and Investment properties	193.561.343	19.356.134	185.585.846	18.558.586
Deferred tax liabilities	574.692.234	96.221.500	548.682.715	91.177.959
Net deferred tax asset		(34.249.026)		29.360.848
Razi Co. deferred tax asset / (liability) (*)		(14.907.171)		(10.887.382)
Total deferred tax asset / (liability)		(49.156.197)		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 September 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 14.907.171 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:

	September 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	(5.447.725)	10.413.175
Sub total	13.025.741	59.420.668
Deferred tax income /(expense)	(62.413.030)	(40.801.906)
Tax revenue recognized in other comprehensive income	231.092	(145.296)
Closing balance on September 30	(49.156.197)	18.473.466
	January 1 - September 30, 2021	January 1- December 31, 2020
Reconciliation of the tax provision:		
Profit / (Loss) before tax	382.005.281	471.209.510
Tax rate	%25	%22
Calculated tax (%22)	(95.501.320)	(103.666.092)
Impact of foreign subsidiaries subjected to different tax rates	--	13.802.919
Disallowable expenses	(15.671.977)	(6.948.550)
Tax effects of discount and exemptions	12.637.098	6.158.343
Previous period tax expense of Razi	(24.325.502)	(2.441.198)
Total discounts of investment incentives	19.346.173	30.697.796
Other differences	11.189.512	7.255.400
Tax income / expense	(92.326.016)	(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 September 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 September 30, 2021 are as follows:

	September 30, 2021		
	Amount in TL (Functional currency)	USD	EUR
1 Trade receivables	514.341.638	1.141.265	48.892.140
2 Monetary financial assets (including cash, bank accounts)	243.567.542	26.990.008	473.826
3 Other current assets	144.065.559	16.290.928	0
4 Foreign currency assets (1+2+3)	901.974.739	44.422.201	49.365.966
5 Trade payables	(2.232.133.507)	(252.409.565)	--
6 Financial borrowings	(75.539.845)	(5.858)	(7.319.342)
7 Other short-term liabilities, net	(2.657.699)	(300.533)	--
8 Short term liabilities in foreign currency (5+6+7)	(2.310.331.051)	(252.715.956)	(7.319.342)
9 Trade payables	--	--	--
10 Financial borrowings	--	--	--
11 Long term liabilities in foreign currency (9+10)	--	--	--
12 Total liabilities in foreign currency (8+11)	(2.310.331.051)	(252.715.956)	(7.319.342)
13 Net foreign currency asset, liability position (4-12)	(1.408.356.312)	(208.293.755)	42.046.624
14 Monetary items net foreign currency asset / liability position (4-12)	(1.408.356.312)	(208.293.755)	42.046.624
15 Fair value of derivative instruments classified for hedging purposes	--	--	--
16 Amount of hedged portion of foreign currency liabilities	30.940.500	--	3.000.000

(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 September 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	--	--	--

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of September 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 September 30, 2021, and September 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:

	September 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	(184.200.416)	184.200.416
2- The part hedged for USD risk (-)	3.094.050	(3.094.050)
3- The impact of TL net profit for the period	(181.106.366)	181.106.366
Change of EUR by %10 against TL		
1- Assets/liability denominated in EUR - net	43.364.786	(43.364.786)
2- The part hedged for EUR risk (-)	--	--
3- The impact of TL net profit for the period	43.364.786	(43.364.786)
	September 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	(926.621)	926.621
2- The part hedged for USD risk (-)	--	--
3- The impact of TL net profit for the period	(926.621)	926.621
Change of EUR by %10 against TL		
1- Assets/liability denominated in EUR - net	29.849.749	(29.849.749)
2- The part hedged for EUR risk (-)	--	--
3- The impact of TL net profit for the period	29.849.749	(29.849.749)

(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 September 30, 2021

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

NOT 23 – EVENTS AFTER BALANCE SHEET DATE

An application was made by Gübretaş Maden Yatırımları A.Ş. to the General Directorate of Mining and Petroleum Affairs on 25.03.2021 for the expropriation of the immovables belonging to third parties in Bilecik Province, Söğüt, where the Söğüt Gold Mine Project is located. With the Presidential Decree dated 16.10.2021 and numbered 4626, it was decided to expropriate the related immovables by the General Directorate of Mining and Petroleum Affairs pursuant to Article 27 of the Expropriation Law No. 2942, and this Decree was published in the Official Gazette dated 17.10.2021 and numbered 31631.

At the Extraordinary General Assembly Meeting of Razi Petrochemical Co. held on December 17, 2021, it was decided to distribute IRR 2.903 per share of distributable profit for 2020 and to pay the profit within the date range set by the Commercial Code. The amount of the profit to be distributed belongs to the Parent Company (IRR 3.973.330.784.607) and is approximately TL 136.5 million as of the date of the General Assembly, however the amount of TL may vary depending on the currency rates at the date of payment. As for the date of payment, the Board of Directors of Razi Petrochemical Co. is authorized. The amount subject to profit distribution has been included in the consolidated financial statements for 2020 and will act as a cash movement in the financial statements at the date of payment.