

**GÜBRE FABRİKALARI
TÜRK
ANONİM ŞİRKETİ
INTERIM CONDENSED
CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE PERIOD
JANUARY 1-MARCH 31, 2023**

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GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Interim consolidated statement of financial position as of March 31, 2023

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

		Audited	
	Notes	March 31, 2023	December 31, 2022
ASSETS			
Current Assets			
Cash and cash equivalents	4	2.718.440.056	1.083.379.197
Financial investments	17	1.261.719.439	447.610.807
Trade receivables			
- Trade receivables from related parties	16	3.174.970.807	1.293.504.504
- Trade receivables from third parties	6	386.490.262	260.985.287
Other receivables			
- Other receivables from third parties	7	600.503.517	468.030.922
Inventories	8	5.560.144.612	7.798.691.052
Prepaid expenses	19	891.101.424	546.357.195
Assets related to the current period tax		2.330.823	74.773.277
Other current assets		243.439.586	131.073.520
Total current assets		14.839.140.526	12.104.405.761
Non-current assets			
Financial investments	17	64.711.377	79.159.050
Trade receivables			
- Trade receivables from third parties		967.185	1.133.425
Other receivables			
- Other receivables from third parties	7	19.147.451	34.371.497
Investments valued by equity method		226.423.683	200.338.233
Investments properties		267.963.745	267.963.745
Property, plant and equipment	9	7.449.714.358	7.522.556.514
Intangible assets	10		
-Goodwill		156.072.906	181.827.657
-Other intangible assets		365.051.992	278.568.344
Prepaid expenses	19	180.838.617	187.093.500
Deferred tax assets		--	--
Total non-current assets		8.730.891.314	8.753.011.965
Total assets		23.570.031.840	20.857.417.726

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ
Interim consolidated statement of financial position as of March 31, 2023
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

		March 31,	Audited
	Notes	2023	December 31,
			2022
LIABILITIES			
Current liabilities			
Short-term liabilities	5	7.589.707.933	5.515.983.218
Trade payables			
- Trade payables to related parties	16	26.221.125	7.152.251
- Trade payables to third parties	6	4.453.034.307	5.072.185.724
Employee benefit obligations	18	67.027.346	61.797.355
Other payables			
- Other payables to third parties	7	690.563.839	419.417.369
Deferred income	19	2.084.175.075	76.336.433
Liabilities related to current period tax		495.064.559	696.321.334
Short-term provisions			
-Short-term provisions for employee benefits	18	52.615.578	93.107.205
-Other short-term provisions	12	410.164.721	307.078.555
Derivative Instruments		--	8.421.300
Total current liabilities		15.868.574.483	12.257.800.744
Non-current liabilities			
Long-term borrowings	5	41.624.512	44.811.294
Long-term provisions			
- Long-term provisions for employee benefits	18	499.886.812	526.372.881
Deferred tax liability		127.158.267	150.718.544
Total non-current liabilities		668.669.591	721.902.719
Total liabilities		16.537.244.074	12.979.703.463
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		20.163.680	20.163.680
-Impairment on property, plant and equipment		2.135.281.930	2.134.574.576
-Defined benefit plans re-measurement losses		(63.275.207)	(50.733.395)
Accumulated other comprehensive income / expense to be reclassified to profit or loss			
-Foreign currency translation differences		(105.561.275)	456.162.026
Restricted reserves from profit			
- Legal reserves	20	68.182.652	68.182.652
Prior year profit		3.205.430.159	2.071.161.251
Current period profit / (loss)		(210.069.129)	757.352.143
Shareholders' equity		5.384.152.810	5.790.862.933
Non-controlling interests		1.648.634.956	2.086.851.330
Total shareholders' equity		7.032.787.766	7.877.714.263
Total liabilities and equities		23.570.031.840	20.857.417.726

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

**Interim consolidated statement of profit or loss and other comprehensive income as of March 31,2023
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)**

	Notes	January 1, – March 31, 2023	January 1, – March 31, 2022
Sales	13	7.141.220.142	7.923.039.262
Cost of sales	13	(6.490.029.084)	(6.411.119.173)
Gross profit		651.191.058	1.511.920.089
General and administrative expense		(185.309.187)	(69.299.831)
Marketing, selling and distribution expense		(296.390.383)	(202.382.150)
Other operating income	14	204.794.409	353.842.390
Other operating expenses	14	(328.021.746)	(823.302.216)
Operating profit		46.264.151	770.778.282
Income from investment activities		1.139.061	158.514
Expenses from investment activities		(93.617)	(240)
Profit / (loss) from investments accounted by equity method		26.085.450	21.833.771
Operating profit before financial income / (expense)		73.395.045	792.770.327
Financial income		260.440.388	164.951.174
Financial expense		(393.034.087)	(250.131.700)
Gain / (loss) from net monetary position		31.640.479	75.253.238
Profit before tax from continuing operations		(27.558.175)	782.843.039
- Current period tax expense	21	(3.798.805)	(79.392.604)
- Deferred tax (expense) / income	21	23.709.375	(13.107.872)
Total tax (expense) / income		19.910.570	(92.500.476)
Current period profit / (loss)		(7.647.605)	690.342.563
Distribution of income for the period			
Non-controlling interests		202.421.494	114.595.761
Attributable to equity holders of the parent		(210.069.099)	575.746.802
Gain / (Loss) per share (kr)	15	(0,629)	1,724
Other comprehensive income			
Items not to be reclassified to profit or loss			
Defined benefit plans re-measurement losses		(15.677.265)	(4.102.483)
Tax effect of other comprehensive income/expense		3.135.453	820.497
Items to be reclassified to profit or loss			
Foreign currency translation differences		(1.160.835.592)	417.966.538
Other comprehensive (expense)		(1.173.377.404)	414.684.552
Total comprehensive income / (expense)		(1.181.025.009)	1.105.027.115
Distribution of total comprehensive income /(income)			
Non-controlling interests		(396.690.795)	325.779.711
Attributable to equity holders of the parent		(784.334.214)	779.247.404

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 changes in equity as of March 31, 2023

(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					
	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 / (loss) for the period	Equity attributable to equity holders of the parent	Non-controlling interests	Total equities
Balances at January 1, 2022	334.000.000	549.972.967	(2.811.836)	6.243.916	332.976.445	53.838.737	921.268.125	523.125.635	2.718.613.989	1.309.644.390	4.028.258.379
Adjustments for mandatory changes in accounting policies	--	--	--	--	--	--	49.665.670	--	49.665.670	51.937.352	101.603.022
Balances after adjustments	334.000.000	549.972.967	(2.811.836)	6.243.916	332.976.445	53.838.737	970.933.795	523.125.635	2.768.279.659	1.361.581.742	4.129.861.401
Transfers	--	--	--	--	--	--	523.125.635	(523.125.635)	--	--	--
Total comprehensive income/ (expense)	--	--	(3.281.986)	--	206.782.588	--	--	575.746.802	779.247.404	325.779.711	1.105.027.115
Balances at March 31, 2022	334.000.000	549.972.967	(6.093.822)	6.243.916	539.759.033	53.838.737	1.494.059.430	575.746.802	3.547.527.063	1.687.361.453	5.234.888.516
Balances at January 1, 2023	334.000.000	2.134.574.576	(50.733.395)	20.163.680	456.162.026	68.182.652	2.071.161.251	757.352.143	5.790.862.933	2.086.851.330	7.877.714.263
Adjustments for mandatory changes in accounting policies	--	707.354	--	--	--	--	376.916.765	--	377.624.119	394.036.767	771.660.886
Balances after adjustments	334.000.000	2.135.281.930	(50.733.395)	20.163.680	456.162.026	68.182.652	2.448.078.016	757.352.143	6.168.487.052	2.480.888.097	8.649.375.149
Transfers	--	--	--	--	--	--	757.352.143	(757.352.143)	--	--	--
Dividends	--	--	--	--	--	--	--	--	--	(435.562.346)	(435.562.346)
Total comprehensive income/ (expense)	--	--	(12.541.812)	--	(561.723.301)	--	--	(210.069.129)	(784.334.242)	(396.690.795)	(1.181.025.037)
Balances at March 31, 2023	334.000.000	2.135.281.930	(63.275.207)	20.163.680	(105.561.275)	68.182.652	3.205.430.159	(210.069.129)	5.384.152.810	1.648.634.956	7.032.787.766

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 cash flows as of March 31, 2023

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

	Notes	January 1, – March 31, 2023	January 1, – March 31, 2022
Cash flows from operating activities			
Period income / (loss)		(7.647.605)	690.342.563
Adjustments to reconcile net profit/(loss) for the period			
Adjustments related to depreciation and amortization expense	9-10	174.946.489	96.148.236
Adjustments for undistributed profits of investments valued by equity method		(26.085.450)	(21.833.771)
Adjustments related to provisions for employee benefits	18	142.372.525	41.646.269
Adjustments related to interest expenses		251.615.632	230.750.721
Adjustments related to impairment of inventories	8	65.511.893	4.093.821
Adjustments related to impairment of receivables	6	5.727.551	(345.958)
Deferred financial income		4.141.228	(7.659.339)
Adjustments related to lawsuit provision	12	33.865.002	4.450.883
Adjustments related to tax income		(19.910.570)	92.500.476
Adjustments related to gains on sale of property, plant and equipments	9-10	(1.072.015)	(158.514)
Adjustments related to fair value gains on derivative financial instruments		(8.421.300)	39.424.793
Adjustments related to fair value losses (gains) on investment properties		--	86.746
Cash flows from the operating activities before changes in the assets and liabilities		615.043.380	1.169.446.926
Change in working capital			
Increase in trade receivables		(2.013.370.115)	(37.815.270)
Increase in other receivables		(117.248.549)	(91.503.114)
Decrease in inventories		1.973.094.458	24.979.963
Increase in trade payables		(603.386.253)	1.614.929.883
Increase / (decrease) in employee benefit obligations		5.229.991	3.629.802
Increase / (decrease) in deferred income		2.007.838.642	(540.837.037)
Increase / (decrease) in prepaid expenses		(338.489.346)	(1.052.438.495)
Increase / (decrease) in other payables		(164.415.909)	2.882.525
Adjustments related to other decrease in working capital		(156.236.215)	158.812.523
Cash flows from the operations after the changes in working capital		1.208.060.084	1.252.087.706
Interest paid		(314.675.348)	(125.649.906)
Taxes refunds/ (payments)		(87.465.748)	55.913.677
Payments related to provision for employee benefits	18	(98.968.340)	(51.604.938)
Cash flow from investment activities		706.950.648	1.130.746.539
Cash flow from investment activities			
Cash outflows from the purchases of property, plant and equipment and intangible assets	9-10	(377.692.505)	(160.944.703)
Cash inflows from the sales of property, plant and equipment and intangible assets	9-10	5.373.203	8.892.366
Other inflows (outflows) of cash		(799.660.959)	(46.849.666)
Cash flow from investment activities		(1.171.980.261)	(198.902.003)
Cash flow from financing activities			
Cash inflows from financing borrowings		10.943.829.112	3.341.200.000
Cash outflows from financing borrowings payments		(8.810.231.464)	(3.027.163.396)
Other inflows (outflows) of cash		114.759	--
Cash flow from financing activities		2.133.712.407	314.036.604
Net change in cash cash equivalents before affect of foreign currency translation differences		1.668.682.794	1.245.881.140
Cash and cash equivalents as of January 1		1.083.379.197	1.171.491.537
Foreign currency translation difference		(33.621.935)	78.884.313
Cash and cash equivalents as of March 31		2.718.440.056	2.496.256.990

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

Notes to the consolidated financial statements as of March 31, 2023

(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 seven subsidiaries (December 31, 2022: seven) and two associates (December 31, 2022: 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
Yarımcı 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 March 31, 2023 is 1.563 (December 31, 2022: 1.557).

23,42% 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	March 31, 2023		December 31, 2022	
	Share %	Share amount	Share %	Share amount
TKK	%75,95	253.684.607	%75,95	253.684.607
Other – public	%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 entities, which are included in the scope of consolidation as of March 31, 2023 and December 31, 2022, 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	March 31, 2023		December 31, 2022	
		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%
Petro Saman Avaran	IRR	33,73%	33,73%	--	--
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%
Tarım Kredi Teknoloji A.Ş.	Turkish Lira	15,78%	15,78%	15,78%	15,78%
Kavak Madencilik A.Ş.	Turkish Lira	80%	80%	--	--

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2023

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

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

1.1 Subsidiaries (Cont’d)

Razi Petrochemical Co.

Gübretaş has participated in Razi Petrochemical Co. (“Razi”) on May 24, 2008, which is located in Iran and conducts the production and sale of fertilizer and fertilizer raw materials. The share of Gübretaş in the share capital of Razi as of the date of balance sheet is 48,88% (December 31, 2022: 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.

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 on April 27, 2023, it was decided to increase the capital of the company from TL 40.000.000 to TL 140.000.000 and it was fully paid on April 5, 2023 in cash. As of report date Gübretaş Maden, consolidated included in the accompanying financial statements, continues its preparations in order to start its operations.

Kavak Madencilik A.Ş.

Gübretaş Maden acquired 80% of Kavak Madencilik A.Ş. from Teck Anadolu Madencilik A.Ş. for USD 1.800.000 and 2% royalty payment based on the agreement signed on January 3, 2022., which is the owner of the license field number 200709861 located within the borders of Bilecik province, in order to expand the exploration and development activities around the Söğüt Gold Mine and to identify possible new mineral resources. USD 900.000 of the relevant fee has been paid on the date of the agreement, and the remaining amount has not been paid yet as of the report date. The transfer of the related shares was completed on May 23, 2022.

Rexim Dış Ticaret A.Ş.

The company was established on August 19, 2022 by Raintrade with a capital of TL 1,000,000 for the purpose of marketing, issuing, debt and trading in all kinds of petrochemical costs. As of March 31, 2023 the investee was shown long-term financial investments.

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2023

(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)

Petro Saman Avaran

The Company was established in 2019 by the shareholders including Arya and started to its operations. The Company provides technical and general services to oil, gas and petrochemical industries. The Company also provides general and social services for Razi and Arya, including human resources, catering services, green space and repair complexes. As of the balance sheet date, the main shareholder Arya's ownership rate is 69% (December 31, 2022: 69%), and the Group's indirect participation rate is 33,73% (December 31, 2022: 33.73%).

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, 2022: 40%).

1.3 Other financial investments

The Group has participated at the rate of 15,78% in Tarım Kredi Teknoloji A.Ş. (“TK teknoloji”) which is a subsidiary of TKK.

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

1.4 The approval of the consolidated financial statements

The condensed consolidated financial statements have been approved by the Board of Directors and authorized to be issued on May 17, 2023. The General Assembly has the power to amend the consolidated financial statements.

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2023

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

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 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”).

Turkey 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, 2022.

The Group has prepared and presented its condensed consolidated financial statements for the interim period ended March 31, 2023 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 March 31, 2023, 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, 2023.

The consolidated financial statements have been prepared with historical cost principal excluding 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 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.

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2023

(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 condensed 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	March 31, 2023		December 31, 2022	
	Period End	Period Average	Period End	Period Average
IRR/TL	0,000052331	0,000058450	0,000065607	0,000052665

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2023

(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. In the statement made by the Public Oversight Accounting and Auditing Standards Authority on January 20, 2022, Since the cumulative change in the general purchasing power of the last three years according to the Consumer Price Index (CPI) is 74.41%, it is stated that there is no need to make any adjustments within the scope of TAS 29 in the financial statements for 2021. In this respect, while preparing the financial statements as of December 31, 2021, no inflation adjustment was made according to TAS 29. On the other hand, within the scope of tax legislation, inflation accounting has been postponed starting from the financial statements dated 31 December 2023, with the “Law on Amending the Tax Procedure Law and the Corporate Tax Law”, which was accepted on the agenda of the Turkish Grand National Assembly on January 20, 2022. 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 İnan.

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. As of January 1, 2023, the equity opening balances of the subsidiary have been corrected by TL 771.660.886 regarding inflation accounting.

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2023

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

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

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

New and amended standards and interpretations

The accounting policies adopted in preparation of the condensed interim consolidated financial statements as of March 31 2023 are consistent with those of the previous financial year, except for the adoption of new and amended Turkish Accounting Standards (“TAS”)/TFRS and IFRIC interpretations effective as of January 1, 2023.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8

The amendments effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The related amendment does not have a significant impact on the consolidated financial position and performance of the Group.

Amendment to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction

The amendments effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognize deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. The related amendment does not have a significant impact on the consolidated financial position and performance of the Group.

Standards, amendments, and interpretations that are issued but not effective

The new standards, interpretations and amendments published as of the approval date of the consolidated financial statements but not yet effective for the current reporting period and not early adopted by the Group are as follows. Unless stated otherwise, the Group will make the necessary changes that will affect its consolidated financial statements after the new standards and interpretations become effective.

Amendment to IFRS 16 - Leases on sale and leaseback

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

Amendment to IAS 1 - Non current liabilities with covenants

The amendment effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

The related amendment does not have a significant impact on the consolidated financial position and performance of the Group.

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2023

(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

- a) The consolidated financial statements for the period ended March 31, 2023, have been prepared in accordance with principles stated on consolidated financial statements for the year ended December 31, 2022 and include the financial statements of Gübretaş and those of subsidiaries.
- b) As of March 31, 2023, 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, 2022.
- 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.
- 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 March 31, 2023 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 March 31, 2022 are consistent with those used in the preparation of annual consolidated financial statements as of and for the year ended December 31, 2022. 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, 2022.

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ
Notes to the consolidated financial statements as of March 31, 2023
(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

Accounting policy changes resulting from the first application of a new standard, if any, are applied retrospectively or prospectively in accordance with the transitional provisions. Changes that do not include any transitional provisions, optional significant changes in accounting policy or accounting errors detected are applied retrospectively and prior period financial statements are restated. Changes in accounting estimates are applied in the current period if the change is made, if it relates to only one period, and both in the period when the change is made and prospectively if it is related to future periods.

The Company's property, plant and equipment were revalued in the statutory records by indexing them according to the indexation rates determined by the Ministry of Finance as from 31.05.2021 pursuant to the 11th Article of the Law No. 7326 on the Restructuring of Certain Receivables and the Amendment of Certain Laws and the Temporary Article 31 added to the Tax Procedure Law with the Board of Directors Decision dated 6 July 2021 and numbered 1346, as of September 30, 2022 and December 31, 2022, within the scope of the Temporary Article 32 added to the Tax Procedure Law with the Law No. 7338 with the Board of Directors Decision No. 10539 dated 28 October 2022, and the paragraph (Ç) of the Recurring Article 298. The statutory revaluation was not reflected in the consolidated financial statements.

The revaluations made in accordance with the Tax Procedure Law may differ from the TFRS fair value of the assets based on the market approach. The fair values of the land, buildings, underground and land improvement facilities and machinery and equipment owned by the Group have been determined as TL 3.033.144.000, based on the appraisal report dated 30 December 2022 prepared by the CMB licensed valuation company, which provides valuation services within the framework of the CMB legislation. As of 31 December 2022, the resultant fair value difference totaling TL 1.980.752.011, of which TL 665.024.106 , TL 311.026.540 , TL 410.801.968 and TL 593.899.397, respectively, was reflected in the accompanying financial statements.

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 consolidated financial statements originally issued in Turkish)

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2023

(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 March 31, 2023 and the year ending December 31, 2022 is as follows:

	Domestic Mine	Domestic Fertilizer	Foreign Fertilizer	Consolidation Adjustments	Total
	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023
Assets					
Current assets	245.066.509	11.499.936.524	3.149.527.739	(55.390.246)	14.839.140.526
Non-current assets	1.854.471.841	4.092.459.482	3.178.036.108	(394.076.117)	8.730.891.314
Total assets	2.099.538.350	15.592.396.006	6.327.563.847	(449.466.363)	23.570.031.840

Liabilities					
Short-term liabilities	2.204.892.908	11.037.573.785	3.014.569.154	(388.461.364)	15.868.574.483
Long-term liabilities	5.070.299	621.689.091	54.017.238	(12.107.037)	668.669.591
Equities	(110.424.857)	3.933.133.130	3.258.977.455	(48.897.962)	7.032.787.766
Total Liabilities	2.099.538.350	15.592.396.006	6.327.563.847	(449.466.363)	23.570.031.840

	Domestic Mine	Domestic Fertilizer	Foreign Fertilizer	Consolidation Adjustments	Total
	December 31,2022	December 31,2022	December 31,2022	December 31,2022	December 31,2022
Assets					
Current assets	133.477.757	8.629.756.895	3.854.338.835	(513.167.726)	12.104.405.761
Non-current assets	1.479.715.720	4.094.755.643	3.542.980.674	(364.440.072)	8.753.011.965
Total assets	1.613.193.477	12.724.512.538	7.397.319.509	(877.607.798)	20.857.417.726

Liabilities					
Short-term liabilities	1.636.964.876	7.831.798.963	3.287.850.063	(498.813.158)	12.257.800.744
Long-term liabilities	5.824.241	618.946.125	111.812.496	(14.680.143)	721.902.719
Equities	(29.595.640)	4.273.767.450	3.997.656.950	(364.114.497)	7.877.714.263
Total Liabilities	1.613.193.477	12.724.512.538	7.397.319.509	(877.607.798)	20.857.417.726

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GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ
Notes to the consolidated financial statements as of March 31, 2023
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NOTE 3 – SEGMENT REPORTING (Cont’d)

The distribution of segment assets and liabilities pertaining to the period ending March 31, 2023 and the year ending December 31, 2022 is as follows:

	Domestic Mine	Domestic Fertilizer	Foreign Fertilizer	Consolidation Adjustments	Total
	January 1- March 31, 2023	January 1- March 31, 2023	January 1- March 31, 2023	January 1- March 31, 2023	January 1- March 31, 2023
Sales	56.859.680	6.886.520.896	1.483.412.461	(1.285.572.895)	7.141.220.142
Cost of sales	(71.505.862)	(6.583.476.931)	(1.118.056.321)	1.283.010.030	(6.490.029.084)
Gross profit	(14.646.182)	303.043.965	365.356.140	(2.562.865)	651.191.058
Marketing, selling and distribution expense	(130.685)	(291.673.582)	(4.586.116)	--	(296.390.383)
General and administrative expense	(29.735.082)	(53.521.374)	(102.052.731)	--	(185.309.187)
Other operating income / expense, net	(9.872.316)	(94.930.529)	(18.424.492)	--	(123.227.337)
Operating profit / (loss)	(54.384.265)	(137.081.520)	240.292.801	(2.562.865)	46.264.151
Income from investments, net	--	1.045.444	--	--	1.045.444
Profit from investments accounted by equity method	--	26.085.450	--	--	26.085.450
Operation profit before financial income / (expense)	(54.384.265)	(109.950.626)	240.292.801	(2.562.865)	73.395.045
Financial expense, net	(53.690.975)	(213.858.022)	166.595.777	--	(100.953.220)
Profit / (loss) before tax	(108.075.240)	(323.808.648)	406.888.578	(2.562.865)	(27.558.175)
Tax Profit / (loss)	2.147.990	20.106.900	(8.769.601)	6.425.281	19.910.570
Profit / (loss) for the period	(105.927.250)	(303.701.748)	398.118.977	3.862.416	(7.647.605)

	Domestic Mine	Domestic Fertilizer	Foreign Fertilizer	Consolidation Adjustments	Total
	January 1- March 31, 2022	January 1- March 31, 2022	January 1- March 31, 2022	January 1- March 31, 2022	January 1- March 31, 2022
Sales	--	6.706.043.750	1.216.995.512	--	7.923.039.262
Cost of sales	--	(5.548.089.843)	(863.029.330)	--	(6.411.119.173)
Gross profit	--	1.157.953.907	353.966.182	--	1.511.920.089
Marketing, selling and distribution expense	--	(192.314.345)	(10.067.805)	--	(202.382.150)
General and administrative expense	(8.867.236)	(25.884.820)	(34.547.775)	--	(69.299.831)
Other operating income / expense, net	3.702.019	(316.823.995)	(156.337.850)	--	(469.459.826)
Operating profit	(5.165.217)	622.930.747	153.012.752	--	770.778.282
Income from investments, net	--	(223)	158.497	--	158.274
Profit from investments accounted by equity method	--	21.833.771	--	--	21.833.771
Operation profit before financial income / (expense)	(5.165.217)	644.764.295	153.171.249	--	792.770.327
Financial expense, net	606.867	(88.994.829)	78.460.674	--	(9.927.288)
Profit / (loss) before tax	(4.558.350)	555.769.466	231.631.923	--	782.843.039
Tax Profit / (loss)	781.216	(85.828.989)	(7.452.703)	--	(92.500.476)
Profit / (loss) for the period	(3.777.134)	469.940.477	224.179.220	--	690.342.563

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2023

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

NOTE 3 – SEGMENT REPORTING (Cont’d)

Investment expenditures pertaining to segment assets for the period ending March 31, 2023 and the year ending December 31, 2022.

	January 1- March 31, 2023	January 1- March 31, 2022
Gübretaş Maden (Mining)	333.930.091	126.332.644
Gübretaş (Fertilizer Production)	32.626.351	23.291.090
Iran (Fertilizer Production)	11.136.063	11.320.969
Total	377.692.505	160.944.703

Depreciation / Amortization:

Depreciation and amortization expenditures pertaining to segment assets for the periods ending March 31, 2023 and March 31, 2022 are as follows:

	January 1- March 31, 2023	January 1- March 31, 2022
Gübretaş Maden (Mining)	15.401.424	1.044.925
Gübretaş (Fertilizer Production)	55.114.608	13.673.882
Iran (Fertilizer Production)	104.430.457	81.429.429
Total	174.946.489	96.148.236

NOTE 4 – CASH AND CASH EQUIVALENTS

	March 31, 2023	December 31, 2022
Cash on hands	1.838.675	1.056.297
Bank	2.711.199.089	1.082.322.860
- demand deposits	717.209.698	638.451.175
- time deposits	1.993.989.391	443.871.685
Other cash equivalents	5.402.292	40
Total	2.718.440.056	1.083.379.197
Blocked deposit	--	--
Cash and cash equivalents at the statement of cash flow	2.718.440.056	1.083.379.197

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GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ
Notes to the consolidated financial statements as of March 31, 2023
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NOTE 4 – CASH AND CASH EQUIVALENTS (Cont’d)

4.1 Time deposits (TL)

Interest rate (%)	Maturity	March 31, 2023
20,25	3 days	872.304.836
Total		872.304.836

Interest rate (%)	Maturity	December 31, 2022
20,00	2 days	18.269.000
Total		18.269.000

4.2 Time Deposits (Foreign Currency)

Interest rate (%)	Maturity	Currency	Foreign currency amount	March 31, 2023 Amount in TL
1,39	3 day	USD	49.652.397	950.644.791
10-18	2 day	Million IRR	3.268.412	171.039.764
Total				1.121.684.555

Interest rate (%)	Maturity	Currency	Foreign currency amount	December 31, 2022 Amount in TL
2,50	2 days	USD	6.820.747	127.536.381
1,00	2 days	EUR	6.198.940	123.575.256
10-18	2 days	Million IRR	2.659.641	174.491.048
Total				425.602.685

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GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2023

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

NOTE 5 – FINANCIAL BORROWINGS

Short-term and Long-term borrowings	March 31, 2023	December 31,2022
Payable within 1 year	7.589.707.933	5.515.983.218
Payable within 1 – 5 years	41.624.512	44.811.294
Total	7.631.332.445	5.560.794.512

As of March 31, 2023 and December 31, 2022, details of short-term and long-term borrowings are as follows:

Short-term borrowings	March 31, 2023	December 31,2022
Short-term borrowings	7.572.288.196	5.497.064.441
Lease liabilities	17.419.737	18.918.777
Total	7.589.707.933	5.515.983.218

5.1 Short-term borrowings:

The details of short-term borrowings and short-term parts of long-term borrowings as of March 31, 2023 and December 31, 2022 are as follows:

March 31, 2023

Currency	Average effective annual interest rate (%)	Original amount	Amount in TL
Bank loans			
EUR	8,45	10.967.677	228.150.714
USD	7,40	5.347.800	102.388.979
TL	11,81	7.114.523.529	7.114.523.529
Other financial borrowings			
Million IRR	18,00	2.431.152	127.224.974
Total			7.572.288.196

December 31, 2022

Currency	Average effective annual interest rate (%)	Original amount	Amount in TL
Bank loans			
EUR	6,39	10.052.427	200.394.127
USD	6,61	30.138.927	563.546.692
TL	14,11	4.510.492.924	4.510.492.924
Other financial borrowings			
Million IRR	18,00	3.393.398	222.630.698
Total			5.497.064.441

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GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2023

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

NOTE 5 – FINANCIAL BORROWINGS (Cont’d)

5.2 Financial Lease Liabilities

March 31, 2023	Average effective annual	Original	Amount
Currency	interest rate (%)	Amount	in TL
USD	6,25	532.545	10.196.107
TL	14,29	7.223.630	7.223.630
Total			17.419.737

December 31, 2022	Average effective annual	Original	Amount
Currency	interest rate (%)	Amount	in TL
USD	6,25	524.873	9.814.241
TL	14,29	9.104.536	9.104.536
Total			18.918.777

5.3 Long-term Borrowings

	March 31, 2023	December 31, 2022
Lease liabilities	41.624.512	44.811.294
Total	41.624.512	44.811.294

5.4. Long-term Financial Lease Liabilities

March 31, 2023	Average effective annual	Original	Amount
Currency	interest rate (%)	amount	in TL
USD	6,25	1.643.278	31.462.209
TL	14,29	10.162.301	10.162.303
Total			41.624.512

December 31, 2022	Average effective annual	Original	Amount
Currency	interest rate (%)	amount	in TL
USD	6,25	1.779.444	33.272.580
TL	14,29	11.538.714	11.538.714
Total			44.811.294

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GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2023

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NOTE 6 – TRADE RECEIVABLES AND PAYABLES

6.1 Short-term trade receivables from third parties:

	March 31, 2023	December 31, 2022
Trade Receivables	347.008.752	176.132.578
Receivables from Iran Oil Ministry’s participations (Razi)	57.790.804	97.434.452
Provision for doubtful trade receivables	(18.309.294)	(12.581.743)
Total	386.490.262	260.985.287

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

Time after maturity	March 31, 2023	December 31, 2022
More than 9 months	18.309.294	12.581.743
Total	18.309.294	12.581.743

The movements of the doubtful trade receivables provision for the 3-month interim period ended on March 31, 2023 and March 31, 2022 are as follows:

	March 31, 2023	March 31, 2022
Balance at beginning of the period	12.581.743	14.673.089
Period cost	5.727.551	(345.958)
Balance at end of the period	18.309.294	14.327.131

As of March 31, 2023 and December 31, 2022, guarantees obtained for receivables not due yet are as follows:

	March 31, 2023	December 31, 2022
Guarantee letters and DBS received	348.448.285	385.378.201
Guarantee cheques and notes	6.875.001	6.875.001
Total	355.323.286	392.253.202

6.2 Short-term trade payables

	March 31, 2023	December 31, 2022
Liabilities to the Iranian gas supplier Creditors	716.584.323	1.116.139.381
Other trade payables	3.450.825.995	3.784.517.039
	285.623.989	171.529.304
Total	4.453.034.307	5.072.185.724

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GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2023

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NOTE 7 – OTHER RECEIVABLES AND PAYABLES

7.1 Other short-term receivables from third parties:	March 31, 2023	December 31, 2022
VAT receivables – Turkey	584.434	83.279.269
VAT receivables – Razi (*)	335.317.218	203.052.680
Due from personnel	27.599.775	27.014.731
Receivables from other government agencies - Razi	123.406.736	97.433.992
Other various receivables	113.595.354	57.250.250
Total	600.503.517	468.030.922

(*) Razi has a value added tax receivable of TL 392.797.593 (IRR 7.506 Million) on sales subject to exports. The portion of these receivables for the years 2015, 2016, 2018, 2019, 2020 and 2021 has been examined by the tax office and Razi has been informed that there is a refund right of TL 161.964.902 (IRR 3.095 Million) of these receivables. It is expected that the deduction of tax debts will occur in the next years either by collecting them or via offset to tax debts. The refund request of Razi administration for the remaining amount has not been accepted yet as of the report date. As of 31 March 2023, there is still uncertainty regarding the collection time of this receivable amount and the Group Management has made a provision thereon.

7.2 Other long-term receivables from third parties	March 31, 2023	December 31, 2022
Deposits and guarantees given	9.971.578	21.947.297
Due from personnel	--	1.573.642
Other long-term receivables	9.175.873	10.850.558
Total	19.147.451	34.371.497

7.3 Other short-term payables from third parties	March 31, 2023	December 31, 2022
Dividend payables to non-controlling interests	435.562.345	114.143.620
Taxes and funds payable	151.683.862	123.328.066
Other payables and liabilities	103.317.632	181.945.683
Total	690.563.839	419.417.369

NOTE 8 - INVENTORIES

	March 31, 2023	December 31, 2022
Raw materials and supplies	1.213.336.521	1.342.513.638
Semi-finished goods	90.451.206	62.170.647
Finished goods	1.003.241.091	1.151.581.773
Trade goods	2.857.976.275	3.947.162.976
Other inventories	525.547.035	1.360.157.641
	5.690.552.128	7.863.586.675
Provision of impairment of inventories (-)	(130.407.516)	(64.895.623)
Total	5.560.144.612	7.798.691.052

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GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the consolidated financial statements as of March 31, 2023

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NOTE 9 - PROPERTY, PLANT AND EQUIPMENT

The details of depreciation and amortization expenses calculated by the Group as of March 31, 2023 and March 31, 2022 are given below.

				March 31, 2023
	Gübretaş	Mining	Razi	Total
Depreciation expense	54.024.000	12.773.586	104.016.884	170.814.470
Amortization expense	1.090.608	2.627.838	413.573	4.132.019
Total	55.114.608	15.401.424	104.430.457	174.946.489

During the period ended March 31, 2023, depreciation and amortization expense totaling TL 174.946.489 was included in general production expenses by TL 166.323.343, in sales and marketing expenses by TL 2.812.936 and in general administrative expenses by TL 5.810.210.

				March 31, 2022
	Gübretaş	Mining	Razi	Total
Depreciation expense	12.734.701	800.677	81.368.758	94.904.136
Amortization expense	939.181	244.248	60.671	1.244.100
Total	13.673.882	1.044.925	81.429.429	96.148.236

During the period ended at March 31, 2022, depreciation and amortization expense totaling TL 96.148.236 was included in general production expenses by TL 92.586.959, in sales and marketing expenses by TL 827.180 and in general administrative expenses by TL 2.734.097.

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Notes to the consolidated financial statements as of March 31, 2023
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NOTE 9 - PROPERTY, PLANT AND EQUIPMENT (Cont’d)

	Lands	Land improvements	Buildings	Machinery, equipment and installations	Vehicles	Furniture and fixtures	Right of use assets	Special Costs	Construction in progress	Total
Cost Value										
Opening balance at January 1, 2023	1.672.909.939	716.962.477	2.343.480.832	26.122.664.004	158.401.110	416.320.114	73.280.064	2.126.241	851.772.630	32.357.917.411
Foreign currency translation differences	(92.545.964)	--	(303.524.322)	(4.992.784.699)	(26.732.026)	(75.159.487)	--	--	(81.662.321)	(5.572.408.819)
Inflation difference(*)	63.512.134	--	211.749.478	3.426.431.081	18.504.382	51.957.591	--	--	56.042.953	3.828.197.619
Additions	--	1.781.674	1.440.067	66.979.634	8.243.325	8.178.099	61.327.859	--	197.056.927	345.007.585
Sales / disposals	--	--	--	(156.398)	(1.586.298)	(99.717)	(62.624.783)	--	--	(64.467.196)
Transfer from construction in progress	--	1.366.850	--	60.167.578	--	--	--	--	(62.551.811)	(1.017.383)
Closing balance on March 31,2023	1.643.876.109	720.111.001	2.253.146.055	24.683.301.200	156.830.493	401.196.600	71.983.140	2.126.241	960.658.378	30.893.229.217
Accumulated depreciation										
Opening balance at January 1,2023	--	(106.316.491)	(1.337.188.695)	(22.879.216.065)	(121.971.366)	(364.846.497)	(24.419.876)	(1.401.907)	--	(24.835.360.897)
Foreign currency translation differences	--	--	262.807.321	4.984.331.315	26.482.073	76.484.523	--	--	--	5.350.105.232
Inflation difference (*)	--	--	(186.448.880)	(3.528.330.986)	(18.808.404)	(54.480.597)	--	--	--	(3.788.068.867)
Period cost	--	(18.869.185)	(15.305.998)	(126.667.945)	(2.605.654)	(3.304.036)	(3.968.672)	(92.980)	--	(170.814.470)
Sales / disposals	--	--	--	58.350	200.667	41.372	323.754	--	--	624.143
Closing balance on March 31,2023	--	(125.185.676)	(1.276.136.252)	(21.549.825.331)	(116.702.684)	(346.105.235)	(28.064.794)	(1.494.887)	--	(23.443.514.859)
Net book value on March 31,2023	1.643.876.109	594.925.325	977.009.803	3.133.475.869	40.127.809	55.091.365	43.918.346	631.354	960.658.378	7.449.714.358

(*) Inflation difference arises from the inflation accounting applied by Razi, subsidiary of the Group.

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

	Lands	Land improvements	Buildings	Machinery, equipment and installations	Vehicles	Furniture and fixtures	Right of use assets	Special Costs	Construction in progress	Total
Cost Value										
Opening balance at January 1,2022	747.322.298	215.141.908	1.235.125.992	13.641.426.665	73.585.700	222.563.214	33.284.030	2.396.214	264.264.280	16.435.110.301
Foreign currency translation differences	36.184.964	--	118.565.712	1.947.967.422	10.427.237	28.151.102	--	--	26.917.162	2.168.213.599
Inflation difference (*)	16.531.337	--	54.167.516	890.495.731	4.763.750	12.861.014	--	--	12.297.280	991.116.628
Additions	--	2.499.169	454.106	2.990.588	2.977.591	2.143.639	--	--	102.725.452	113.790.545
Sales / disposals	--	--	--	--	(31.123)	(1.429.962)	--	--	(7.883.204)	(9.344.289)
Transfer from construction in progress	--	--	--	244.211	--	--	--	--	(244.211)	--
Closing balance on March 31,2022	800.038.599	217.641.077	1.408.313.326	16.483.124.617	91.723.155	264.289.007	33.284.030	2.396.214	398.076.759	19.698.886.784
Accumulated depreciation										
Opening balance at January 1,2022	--	(87.858.323)	(769.768.971)	(12.220.926.145)	(64.266.125)	(193.228.006)	(16.231.378)	(1.104.288)	--	(13.353.383.236)
Foreign currency translation differences	--	--	(96.494.951)	(1.833.644.994)	(9.693.107)	(27.723.494)	--	--	--	(1.967.556.546)
Inflation difference (*)	--	--	(38.514.087)	(732.820.499)	(3.865.153)	(11.062.825)	--	--	--	(786.262.564)
Period cost	--	(4.336.397)	(7.979.941)	(77.587.812)	(797.631)	(2.330.505)	(1.770.079)	(101.771)	--	(94.904.136)
Sales / disposals	--	--	--	--	--	293.409	--	--	--	293.409
Closing balance on March 31,2022	--	(92.194.720)	(912.757.950)	(14.864.979.450)	(78.622.016)	(234.051.421)	(18.001.457)	(1.206.059)	--	(16.201.813.073)
Net book value on March 31,2022	800.038.599	125.446.357	495.555.376	1.618.145.167	13.101.139	30.237.586	15.282.573	1.190.155	398.076.759	3.497.073.711

(*) Inflation difference arises from the inflation accounting applied by Razi, a subsidiary of the Group.

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NOTE 10 – INTANGIBLE ASSETS

10.1 Rights and Mining Assets

March 31, 2023	Rights	Mine Research Expenses	Total
Cost			
Opening balance at January 1	63.985.420	234.793.999	298.779.419
Inflation difference (*)	1.697.382	--	1.697.382
Purchases	6.769.981	86.919.044	93.689.025
Sales / disposals	(3.606.270)	--	(3.606.270)
Transfers	(1.017.383)	--	(1.017.383)
Foreign currency translation differences, net	(147.087)	--	(147.087)
Closing balance	67.682.043	321.713.043	389.395.086
Accumulated Depreciation			
Opening balance at January 1	(18.449.307)	(1.761.768)	(20.211.075)
Current period amortization expense	(1.912.607)	(2.219.412)	(4.132.019)
Closing balance	(20.361.914)	(3.981.180)	(24.343.094)
Net Book Value	47.320.129	317.731.863	365.051.992
March 31, 2022			
Cost			
Opening balance at January 1	42.279.609	53.198.874	95.478.483
Inflation difference (*)	947.968	--	947.968
Purchases	2.630.966	44.523.192	47.154.158
Foreign currency translation differences, net	2.081.348	--	2.081.348
Closing balance	47.939.891	97.722.066	145.661.957
Accumulated Depreciation			
Opening balance at January 1	(12.766.349)	--	(12.766.349)
Current period amortization expense	(1.244.100)	--	(1.244.100)
Closing balance	(14.010.449)	--	(14.010.449)
Net Book Value	33.929.442	97.722.066	131.651.508

(*) Inflation difference arises from the inflation accounting applied by Razi, a subsidiary of the Group.

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NOTE 10 – INTANGIBLE ASSETS

10.1 Rights and Mining Assets (Cont’d)

	January 1, 2023	Additions	December 31, 2023
Cost			
Mine site exploration cost	213.287.461	492.544	213.780.005
Mine site development cost	12.615.110	70.602.568	83.217.678
Deferred mining costs	8.891.428	15.823.932	24.715.360
Closing balance	234.793.999	86.919.044	321.713.043
Accumulated Depreciation			
Deferred mining amortization costs	(1.761.768)	(2.219.412)	(3.981.180)
Closing balance	(1.761.768)	(2.219.412)	(3.981.180)
Net Book Value	233.032.231	84.699.632	317.731.863

10.2 Goodwill:

	March 31, 2023	March 31, 2022
Balance at January 1	181.827.657	119.358.609
Inflation difference (*)	(18.744.324)	6.096.132
Kavak Madencilik (Note 34)	15.138.021	--
Foreign currency translation differences	(22.148.448)	13.310.127
Closing balance	156.072.906	138.764.868

(*) Inflation difference arises from the inflation accounting applied by Razi, subsidiary of the Group.

NOTE 11 – COMMITMENTS

As of March 31, 2023, the Group has USD 23.430.750 of purchase commitment for raw materials and trade goods, planned to be imported for which purchase orders were placed and related letters of credit were opened (December 31, 2022: USD 26.900.000 and EUR 219.920).

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NOTE 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

12.1 Short-term provisions

	March 31, 2023	December 31,2022
Provisions for cost expenses	174.837.945	180.827.564
Provisions for lawsuit (*)	85.849.040	51.984.038
Other short-term debt provisions	149.477.736	74.266.953
Total	410.164.721	307.078.555

(*) There is a lawsuit filed against Razi in the local court in the amount of TL 6.318.180.000 (330 Million USD) (31 December 2022: TL 6.170.439.000 (330 Million USD)) due to the allegation of excessive gas use. The Group Management made a provision amounting to TL 42.655.351 (624 Billion IRR) related to this issue in the previous periods.

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

	March 31, 2023	December 31,2022
As of January 1,	51.984.038	38.339.617
Additional provision / (provisions no longer required)	33.865.002	4.450.883
Closing Balance	85.849.040	42.790.500

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

12.2 Guarantees given

As of March 31, 2023, and December 31, 2022, the tables related to the Group's tables related to Collaterals/ pledges/ mortgages/bill of guarantees ("CPMB") position are as follows:

	March 31, 2023			December 31, 2022		
	Currency Type	Currency Amount	Amount in TL	Currency Type	Currency Amount	Amount in TL
CPMB given by the company						
A. CPMB's given						
Total amount of guarantees	TL	19.070.479	19.070.479	TL	19.521.073	19.521.073
	USD	550.000	10.530.300	USD	1.450.000	27.112.535
B. CPMB's given on behalf of fully consolidated companies	--	--	--	--	--	--
	TL	1.744.666.626	1.744.666.626	TL	1.176.083.776	1.176.083.776
	USD	5.347.800	102.388.973	USD	4.048.510	75.700.256
	EUR	10.967.677	228.150.714	EUR	10.052.427	200.394.127
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			2.104.807.092			1.498.811.767

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.

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

12.3 Contingent liabilities and Assets (Cont’d)

Competition Board Investigation

With the "Notification of Investigation" sent to the Company in the annex of the letter dated 26.08.2021 and notified on 27.08.2021 by the Competition Board, it was announced that the producer companies operating in the chemical fertilizer production and sales markets, which also extends to the Company, an investigation has been launched to determine whether they violated the law with respect to Article 4 of the Law on the Protection of Competition No. 4054. Within the scope of the investigation carried out by the Board, information/documents requested from the Company had been submitted to the Board, together with the Preliminary Written Defense Report. Within the scope of the investigation, a ‘‘Preliminary Investigation Report" has been prepared by the Authority and notified on 12.08.2022. The ‘‘Additional Opinion" prepared by the Investigation Committee on 17.11.2022 has been notified. in response to the Additional Opinion a Third Written Defense" was submitted to the Authority. As the last stage of the investigation process the Board decided to hold a "Verbal Defense Hearing", on March 14, 2023 However due to the great earthquake disaster in Turkey, the verbal defense hearing was postponed to a later date. It is expected that the date of verbal defense hearing will be notified by the Board. The investigation process is still underway. continues.

Coastal Line

In November 2011, Iskenderun Property Directorate (“Treasury”), in accordance with the provisions of the Coastal Law and the Regulation on the Implementation of the Coastal Law, established the Coastal Edge Line from the location of the Group's 79,350 m2 real estate located within the borders of Hatay Province, İskenderun District, Sariseki. filed a lawsuit for the cancellation of the title deed registration of the immovable and its cancellation on behalf of the public. The net book value of the real estate subject to this lawsuit is TL 366,110,725 as of the balance sheet date. The Group objected to the lawsuit within its legal time limit, requested the reorganization of the expert report prepared for the determination of the Coastal Edge Line, which constituted the basis for the request for abandonment, and also filed a counterclaim for the compensation of the property right in the amount of 500.000.000 TL. In March 2018, Iskenderun 3rd Civil Court of First Instance partially accepted the lawsuit filed by the Property Directorate, canceling the title deed registration of the 78,674.76 m² portion of the immovable owned by the Group, located within the borders of Hatay Province, Iskenderun District, Sariseki. and to reject the claim for surplus and to reject the counter-claim brought by the Group. The Group appealed within the legal time limit, the Group's appeal was accepted, and the Gaziantep Regional Court of Justice removed the decisions made in terms of the 15th Civil Department Property Directorate and the Group's lawsuits, and returned the file to the local court for re-trial.

In the case that was re-heard under the file numbered 2018/8 at Iskenderun 3rd Civil Court of First Instance; the lawsuit filed for the cancellation of the title deed registration of the immovable property pertaining to the Company and its cancellation in the name of the public, under the allegation that the immovable of the Company crosses the Coastal Edge Line, has been partially accepted in accordance with the provisions of the Coastal Law Provisions of the Iskenderun Property Directorate and the Regulation on the Implementation of the Coastal Law on behalf of the Finance Treasury and it was decided to cancel the title deed registration of 78,674.76 m² of the immovable owned by the Company and to abandon it as a coastline, to reject the request for the surplus, and to reject the counterclaim action filed against the Company. After the notification of the substantiated decision, the Group made an appeal within the legal period. As of the report date, the legal proceeding is underway. In line with the opinion of the legal counsel, the Group Management, did not made any provision thereon in the consolidated financial statements at this stage.

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NOTE 13 - REVENUE

13.1 Sales	January 1 – March 31, 2023	January 1 – March 31, 2022
Domestic sales	6.746.290.492	7.329.389.011
Foreign sales	525.099.077	705.620.194
Service sales	10.240.763	20.609.109
Sales returns (-)	(257.512)	(3.765.756)
Sales discounts (-)	(121.486.733)	(102.120.820)
Other discounts from sales (-)	(18.665.945)	(26.692.476)
Total	7.141.220.142	7.923.039.262
13.2 Cost of sales	January 1 – March 31, 2023	January 1 – March 31, 2022
Cost of goods produced	2.094.888.938	2.533.135.933
Change in the finished goods	120.060.123	(122.291.998)
-Finished goods at the beginning of the period	1.213.752.420	993.329.692
-Finished goods at the end of the period	(1.093.692.297)	(1.115.621.690)
Cost of finished goods sold	2.214.949.061	2.410.843.935
-Trade goods at the beginning of the period	3.947.162.976	2.861.233.661
-Purchases	3.173.653.421	3.337.885.482
-Trade goods at the end of the period	(2.857.976.275)	(2.213.161.426)
Cost of trade goods sold	4.262.840.122	3.985.957.717
Cost of other sales	12.239.901	14.317.521
Total	6.490.029.084	6.411.119.173

NOTE 14 - OTHER OPERATING INCOME AND EXPENSES

14.1 Other operating income from Main Activities

	January 1 – March 31, 2023	January 1 – March 31, 2022
Foreign exchange income related to trade transactions	159.099.546	320.798.352
Interest Income	19.591.237	1.414.430
Other income	26.103.626	31.629.608
Total	204.794.409	353.842.390

14.2 Other operating expense from Main Activities

	January 1 – March 31, 2023	January 1 – March 31, 2022
Foreign exchange losses related to trade transactions	213.022.232	649.845.549
Provision expenses	6.818.270	5.700.369
Razi VAT Receivables	--	95.996.111
Previous year expenses – Razi	32.654.636	48.879.399
Other expenses	75.526.608	22.880.788
Total	328.021.746	823.302.216

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GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

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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 – March 31, 2023	January 1 – March 31, 2022
Net period (loss) on parent's shares)	(210.069.099)	575.746.802
Weighted average number of issued ordinary shares (1 kr each)	33.400.000.000	33.400.000.000
Earnings per share (kr) (*)	(0,629)	1,724

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.

NOTE 16 - RELATED PARTIES TRANSACTIONS

16.1 Balances due to / from related parties

	March 31, 2023	December 31, 2022
Trade receivables		
TKK	3.171.499.529	1.293.097.725
Other related parties	3.471.278	406.779
Total	3.174.970.807	1.293.504.504

The average terms in solid fertilizer sales made to TKK is around 15 days.

	March 31, 2023	December 31, 2022
Trade payables		
TK Teknoloji A.Ş.	813.932	2.117.241
TK Taşımacılık ve Lojistik A.Ş.	10.667.752	2.160.279
TK Holding A.Ş.	548.914	35.756
Bereket Sigorta A.Ş.	5.894.812	2.034.663
Tareks Hayvancılık A.Ş.	2.120.693	--
TKK	6.171.246	782.406
Tarım Kredi Birlik Tarım Ürünleri A.Ş.	--	19.989
Tarkim Bitki Koruma San. ve Tic. A.Ş.	3.776	1.917
Total	26.221.125	7.152.251

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NOTE 16 - RELATED PARTIES TRANSACTIONS (Cont'd)

16.2 Transactions with Related Parties

	January 1- March 31, 2023	January 1- March 31, 2022
Sales of goods and services		
TKK	6.742.300.861	5.970.444.198
Tarım Kredi Teknoloji A.Ş.	--	2.704
TK Taşımacılık ve Lojistik A.Ş.	2.326.733	--
Bereket Sigorta A.Ş.	894.571	7.847
Total	6.745.522.165	5.970.454.749
	January 1- March 31, 2023	January 1- March 31, 2022
Purchases of goods and services		
TKK	19.315.742	138.766
Bereket Sigorta A.Ş.	9.610.216	14.999.769
Bereket Emeklilik ve Hayat A.Ş.	310.261	--
TK Taşımacılık ve Lojistik A.Ş.	22.698.731	10.855.406
Tarım Kredi Teknoloji A.Ş.	1.622.156	2.708.152
Tarım Kredi Hayvancılık A.Ş.	2.120.693	--
Tarım Kredi Birlik Tarım Ürünleri San. ve Tic. A.Ş.	--	61.386
TK Holding A.Ş.	465.320	--
TK Tarım Kredi Pazarlama ve Marketçilik A.Ş.	295.450	4.265
Tarkim Bitki Koruma San. ve Tic. A.Ş.	3.200	4.690
Total	56.441.769	28.772.434
	January 1- March 31, 2023	January 1- March 31, 2022
Interest expense		
Tarım Kredi Birlik Tarım Ürünleri Hay. Amb. Tic. A.Ş.	2.307.336	--
Total	2.307.336	--

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 periods ended March 31, 2023 and March 31, 2022 are as follows:

	March 31,2023			March 31,2022		
	Gübretaş	Maden	Razi	Gübretaş	Maden	Razi
Benefits for getting high-end trunks	2.038.664	3.916.265	4.505.235	2.009.324	2.063.936	2.957.852
Total	2.038.664	3.916.265	4.505.235	2.009.324	2.063.936	2.957.852

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NOTE 17 - FINANCIAL INVESTMENTS

Short-term financial investments	Maturity	Int. rates (%)	March 31, 2023
Private sector bonds and bills	June 2023	15-19	327.062.607
Currency protected deposit	May 2023	26	934.656.832
Total			1.261.719.439

Short-term financial investments	Maturity	Int. rates (%)	December 31, 2022
Private sector bonds and bills	March 2023	15-18	390.529.022
Currency protected deposit	May 2023	13,50	57.081.785
Total			447.610.807

Long-term financial investments	Maturity	Int. rates (%)	March 31, 2023
Financial Assets (Investment Funds) at fair value through profit or loss	--	--	350.460
Public sector bonds and bills	June 2023	15-19	59.873.402
Total			60.223.862

Long-term financial investments	Maturity	Int. rates (%)	December 31, 2022
Financial Assets (Investment Funds) at fair value through profit or loss	--	--	391.050
Public sector bonds and bills	March 2023	15-18	75.030.485
Total			75.421.535

Title	Subject of activities	March 31, 2023		December 31, 2022	
		% Share	Amount of participant	% Share	Amount of participant
TK Teknoloji	Information Technologies	15,78	3.287.515	15,78	2.537.515
Tareksav	Agricultural Credit Cooperative Education Foundation	24,10	200.000	24,10	200.000
Rexim Dış Ticaret A.Ş.	Foreign Trade	100,00	1.000.000	100,00	1.000.000
Total			4.487.515		3.737.515

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NOTE 18 - EMPLOYEE BENEFITS

Liabilities for employee benefits

	March 31, 2023	December 31, 2022
Due to the personnel	42.792.613	53.330.082
Social security premiums payable	24.234.733	8.467.273
Total	67.027.346	61.797.355

Provision for Employee Benefits

Short-term	March 31, 2023	December 31, 2022
Provision for vacation allowance and employee termination benefits	38.010.308	36.958.706
Provision for premium	4.327.420	15.693.426
Provision for early retirement salary (*)	10.277.850	40.455.073
Total	52.615.578	93.107.205

Long-term	March 31, 2023	December 31, 2022
Allowance for retirement pay (Gübretaş)	133.740.224	103.174.075
Allowance for retirement pay (Razi)	356.521.844	351.125.536
Provision for early retirement salary (*)	9.624.744	72.073.270
Total	499.886.812	526.372.881

(*) 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 March 31,2023, the employment termination benefits liability of the Group has been calculated using the annual real discount rate of 4.09% (March 31,2022: 4.09%), which was determined by estimating the annual inflation rate of 15% and the discount rate of 19.50%. The Group's employment termination benefits provision is calculated over TL 10,849 (January 1, 2022: TL 10,849), effective as from January 1, 2023, as the maximum termination benefits pay is determined every six months. Movements in the provision for termination pay during the related periods are as follows:

	January 1 – March 31, 2023	January 1 – March 31, 2022
Provisions as of January 1	526.372.881	338.204.352
Adjustments on opening balance	(162.050.151)	45.031.043
Service cost	126.789.006	36.634.636
Interest cost	15.583.519	5.011.633
Payment termination indemnity	(98.968.340)	(51.604.938)
Foreign currency translation differences	76.524.169	(3.653.470)
Actuarial gain/loss	15.635.728	4.102.483
Provision as of March 31	499.886.812	373.725.739

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NOTE 19 - PREPAID EXPENSES AND DEFERRED INCOME

Short-term prepaid expenses	March 31, 2023	December 31, 2022
Order advances given for inventory purchase	608.509.084	432.517.073
Expenses for next month	282.592.340	113.840.122
Total	891.101.424	546.357.195

Long-term prepaid expenses	March 31, 2023	December 31, 2022
Order advances given for fixed assets	170.783.030	172.686.997
Other prepaid expenses	10.055.587	14.406.503
Total	180.838.617	187.093.500

Short term deferred income	March 31, 2023	December 31, 2022
Advances received (*)	1.964.003.921	14.676.256
Other deferred income	120.171.154	61.660.177
Total	2.084.175.075	76.336.433

(*) TL 1.854.988.322 of the order advances received consists of TTK and cooperatives.

NOTE 20 - EQUITY

Paid-in capital

The shareholders equity structure as of March 31, 2023 and December 31, 2022 is as follows:

	%	March 31, 2023	%	December 31, 2022
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 March 31, 2023, the share capital of the Company is composed of 33.400.000.000 shares and there are no privileged shares (2022: 33.400.000.000 shares). The nominal value of the shares is TL 0,01 (2022: TL 0,01).

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NOTE 20 – EQUITY (Cont’d)

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 March 31, 2023 and December 31, 2022:

	March 31, 2023	December 31, 2022
Legal reserves	68.182.652	68.182.652
Total	68.182.652	68.182.652

Publicly listed companies make their dividend distributions in accordance with the CMB's Dividend Communiqué No. II-19.1, which came into effect as from February 1, 2014.

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NOTE 21 - 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 March 31, 2023 are as follows:

	March 31, 2023		
	Amount in TL (Functional currency)	USD	EUR
1 Trade receivables	104.251.694	2.694.002	2.532.068
2 Monetary financial assets (including cash, bank accounts)	1.692.525.415	87.326.218	989.210
3 Other current assets	576.934.383	18.493.108	10.713.598
4 Foreign currency assets (1 + 2 + 3)	2.373.711.492	108.513.328	14.234.876
5 Trade payables	(233.440.219)	(2.827.251)	(8.619.787)
6 Financial borrowings	(457.764.670)	(5.347.800)	(17.083.645)
7 Other short-term liabilities, net	(3.447.298.906)	(179.351.143)	(646.181)
8 Short term liabilities in foreign currency (5 + 6 + 7)	(4.138.503.795)	(187.526.194)	(26.349.613)
9 Trade payables	--	--	--
10 Financial borrowings	--	--	--
11 Long term liabilities in foreign currency (9 + 10)	--	--	--
12 Total liabilities in foreign currency (8 + 11)	(4.138.503.795)	(187.526.194)	(26.349.613)
13 Net foreign currency asset, liability position (4-12)	(1.764.792.303)	(79.012.866)	(12.114.737)
14 Monetary items net foreign currency asset / liability position (4-12)	(1.764.792.303)	(79.012.866)	(12.114.737)
15 Fair value of derivative instruments classified for hedging purposes	--	--	--
16 Amount of hedged portion of foreign currency liabilities	--	--	--

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Notes to the consolidated financial statements as of March 31, 2023

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NOT 21 - 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, 2022 are as follows:

	December 31,2022		
	Amount in TL (Functional currency)	USD	EUR
1 Trade receivables	22.832.146	1.218.625	2.304
2 Monetary financial assets (including cash, bank accounts)	825.365.789	34.624.864	8.926.039
3 Other current assets	606.767.679	22.201.042	9.613.589
4 Foreign currency assets (1 + 2 + 3)	1.454.965.614	58.044.531	18.541.932
5 Trade payables	(378.205.044)	(11.019.665)	(8.635.912)
6 Financial borrowings	(984.880.872)	(30.048.510)	(21.220.313)
7 Other short-term liabilities, net	(2.603.596.899)	(138.987.988)	(238.667)
8 Short term liabilities in foreign currency (5 + 6 + 7)	(3.966.682.815)	(180.056.163)	(30.094.892)
9 Trade payables	--	--	--
10 Financial borrowings	--	--	--
11 Long term liabilities in foreign currency (9 + 10)	--	--	--
12 Total liabilities in foreign currency (8 + 11)	(3.966.682.815)	(180.056.163)	(30.094.892)
13 Net foreign currency asset, liability position (4-12)	(2.511.717.201)	(122.011.632)	(11.552.960)
14 Monetary items net foreign currency asset / liability position (4-12)	(2.511.717.201)	(122.011.632)	(11.552.960)
15 Fair value of derivative instruments classified for hedging purposes	--	--	--
16 Amount of hedged portion of foreign currency liabilities	1.869.830.000	100.000.000	--

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NOTE 21 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont’d)

As of March 31, 2023, and March 31, 2022, 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:

	March 31,2023	
	Profit/(loss)	
	Appreciation of foreign currency	Appreciation of foreign currency
Change of USD by %10 against TL		
1- Assets/liability denominated in USD – net	(151.278.033)	151.278.033
2- The part hedged for USD risk (-)	--	--
3- The impact of TL net profit for the period	(151.278.033)	151.278.033
Change of EUR by %10 against TL		
1- Assets/liability denominated in EUR - net	(25.201.197)	25.201.197
2- The part hedged for EUR risk (-)	--	--
3- The impact of TL net profit for the period	(25.201.197)	25.201.197
	March 31,2022	
	Profit/(loss)	
	Appreciation of foreign currency	Appreciation of foreign currency
Change of USD by %10 against TL		
1- Assets/liability denominated in USD – net	(188.159.439)	188.159.439
2- The part hedged for USD risk (-)	--	--
3- The impact of TL net profit for the period	(188.159.439)	188.159.439
Change of EUR by %10 against TL		
1- Assets/liability denominated in EUR - net	14.443.227	(14.443.227)
2- The part hedged for EUR risk (-)	--	--
3- The impact of TL net profit for the period	14.443.227	(14.443.227)

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NOTE 22 – BUSINESS COMBINATIONS

Gübretaş Maden acquired 80% of Kavak Madencilik A.Ş. (“Kavak Maden”), the owner of the license field number 200709861 located within the borders of Bilecik province, on 3 January 2022, in order to expand the exploration and development activities in the vicinity of Söğüt Gold Mine and identify possible new mineral resources. The purchase was made from Teck Anadolu Madencilik A.Ş., pursuant to the signed “Sales Agreement”, at a consideration of USD 1.800.000 and a royalty payment of 2%. USD 900.000 of the relevant purchase price was paid on the contract date and the remaining amount has not been paid yet as of the report date. The transfer of the related shares was completed on 23 May 2022. Kavak Maden's main field of activity is mining activities and is similar to Gübretaş Maden. The Group has accounted for the difference between the total acquisition amount and the net assets acquired for the mentioned purchase in accordance with the provisions of TFRS 3 “Business Combinations Standard”.

Information on the relevant acquisition amount and net assets acquired are as follows:

	December 31, 2022
Total acquisition amount	28.664.820
Net assets acquired	(13.526.799)
Goodwill	15.138.021
Cash and cash equivalents	86.894
Other current assets	2.377.671
Tangible assets	13.149.019
Trade payables	(67.779)
Other liabilities	(2.019.006)
Goodwill	13.526.799

NOTE 23 - SUBSEQUENTS EVENTS

Tarkim Bitki Koruma A.Ş., an investment of the Group, which had started the public offering procedures in the previous period, made an application to the Capital Markets Board on 04.04.2023 in respect of the public offering process.

In the Ordinary General Assembly meeting of Gübretaş Maden Yatırımları A.Ş., a subsidiary of the Group, pertaining to 2022, the share capital of Gübretaş Maden Yatırımları A.Ş. was increased from TL 40.000.000 to TL 140.000.000 and the increased capital was paid in cash by Gübretaş. After the related application, the capital increase was registered and published in the Turkish Trade Registry Gazette dated 7 April 2023 and numbered 10807.

Gübretaş held its Ordinary General Assembly meeting for 2022 on 19.04.2023 and no profit distribution was made. The General Assembly was registered on 10.05.2023.

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NOT 23 - SUBSEQUENTS EVENTS (Cont’d)

It has been communicated to the employers' union that the Petrol-İş union decided to implement a strike at Kocaeli Yarımca Facilities commencing on 12.05.2023, in the event of a failure to reach an agreement in the collective bargaining negotiations of the Group, covering the period between 2023 and 2024, between the labor union Türkiye Kimya Petrol Lastik İşçileri Sendikası (“Petrol-İş”) and the employer union Türkiye Kimya Petrol Lastik ve Plastik Sanayi İşverenleri Sendikası (“KIPLAS”). The related negotiations were satisfactorily finalized on 11.05.2023 and the decision to strike was abandoned.

In accordance with the decision of Gübretaş dated 05.05.2023, it has been decided to increase the issued capital to TL 1.336.000.000 by an increase of TL 1.000.000.00, corresponding to an increase of 300%, contributed from internal funds, pursuant to article 6.6 of the Capital Markets Board Registered Capital System Communiqué. The entire capital increase amounting to TL 1.002.000.000 to be made from internal resources will be contributed from the Extraordinary Reserves. All related administrative institutions including the Capital Markets Board, Borsa İstanbul A.Ş. and Central Registry Agency Inc. have been authorized to carry out the relevant applications and procedures

Razi Petrochemical Co., a subsidiary of Gübretaş located in Iran, held its 2022 Ordinary General Assembly meeting. At the meeting, it was decided to distribute a dividend of 4.600 Iranian Rials (IRR) per share from the distributable profit to the shareholders and to make the dividend payments within the time period determined by the local legislation. The amount of profit to be distributed is 12.880.000.000 IRR, and Gübretaş's dividend is IRR 6.296.011.577.400. As of 05.05.2023, the TL equivalent of the said amount amounted to approximately TL 229 million TL. Depending on the exchange rate on the payment date, the TL equivalent amount may change. The Board of Directors of Razi Petrochemical Co. is authorized in regards concerning the payment time of the dividend, The amount subject to profit distribution is included in the 2022 consolidated financial statements and has no effect on the consolidated profit of 2023.