

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

**GÜBRE FABRİKALARI
TÜRK
ANONİM ŞİRKETİ
JANUARY 1 - JUNE 30, 2023
CONDENSED INTERIM
CONSOLIDATED
FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S
REVIEW REPORT**

**INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE PERIOD ENDED JUNE 30, 2023**

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

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Gübre Fabrikaları Türk Anonim Şirketi ("the Company") and its subsidiaries (collectively referred to as the "Group") as of June 30, 2023, and the interim consolidated statements of profit or loss, interim consolidated other comprehensive income, interim consolidated changes in equity and interim consolidated cash flows for the six-month period then ended and notes to the interim consolidated financial information. The Group Management is responsible for the preparation and presentation of these interim consolidated financial information in accordance with the Turkish Accounting Standard 34 Interim Financial Reporting ("TAS 34") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is to express a conclusion on these the accompanying interim consolidated financial statements based on our review.

Scope of Review

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

Basis for Qualified Conclusion

The financial statements of Razi Petrochemical Co. ("Razi"), a subsidiary of the Group operating in Iran, which is consolidated in the accompanying financial statements, have been reviewed by the component auditor, where Razi's financial statements and financial information included in the accompanying consolidated financial statements are presented based on the report dated August 7, 2023 containing disclaimer of a conclusion. As explained in Note 12 to the interim financial statements, there is a lawsuit filed against Razi in the local court in the amount of TL 8.521.623.000 (330 million USD), alleging excessive gas consumption in previous periods. Razi objected to this lawsuit. The review report prepared by the component auditor contained an opinion disclaimer regarding the interim financial statements on the grounds that there is a fundamental uncertainty regarding the final outcome of the ongoing litigation as a final conclusion is not yet determined and a lawyer confirmation has not been received. In regards the aforementioned lawsuit, land pertaining to Razi amounting to TL 42.956.024 (624 Million IRR) has been mortgaged. The Group management has made a provision over the book value of the relevant land in its financial statements.

Basis for Qualified Conclusion (Cont'd)

Petro Saman Avaran, Razi a subsidiary of Razi, which is consolidated in the accompanying financial statements, has not been included in the consolidation.

The consolidated financial statements of Razi included the unaudited accounts of Arya Phosphoric Co., Razi's subsidiary, with a statement made to the effect that the consequences of auditing the investee's financial statements were not clear for the investee.

Based on our review, with the exception of the matters set out in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with TAS 34 Interim Financial Reporting Standard.

Emphasis of Matters

Due to the accumulative inflation rate of last three years in Iran exceeding 100% (year-end price index is 338.9 for 2020 and 676.5 for 2022), the commercial transactions have been adjusted according to the effects of inflation instead of historical cost basis, as of the beginning of the accounting period of 2020. IAS 29 "Financial Reporting in Highly Inflationary Economies" standard was applied during the preparation of the financial statements of Razi consolidated in the accompanying financial statements. Accordingly, as of January 1, 2022, Razi's equity opening balances have been adjusted by TL 1.245.581.706 regarding inflationary accounting.

As explained in Note 16 to the condensed financial statements, the sanctions imposed by the United Nations on the Islamic Republic of Iran ("Iran") since 2010 have been suspended for certain periods of time and extent. However, the United States of America, one of the parties to the agreement, stated on May 8, 2018 its withdrawal from the agreement, and that it will start to re-implement the previously suspended sanctions. The first part of the re-implemented sanctions came into effect on August 6, 2018, and it was stated that the trade of Iran's oil, petroleum products and petrochemical products will also be subject to sanctions in the second group of sanctions, which was put into effect on November 4, 2018 and on May 2, 2019, the United States lifted this exemption to countries that it granted exemptions to trade in petroleum, petroleum products, and petrochemical products. As of the date of these consolidated financial statements, none of the companies within the Group is not subject to sanctions. However, this situation may affect the future operations of the Group's subsidiary in this country. Iran's economic stability depends on the measures it will take in the face of sanctions and the effects of legal, administrative, and political developments. These developments are not under the control of companies operating in the country. As a result, companies operating in this country must consider some risks that are not generally observed in other markets. The attached consolidated financial statements contain the assumptions of the Group management about the effects of the current sanctions imposed on Iran on the operations and financial condition of the subsidiary. Iran's future economic situation may differ from Group management's assumptions.

After the sharp depreciation of the local currency, the Iranian Rial, the Central Bank of Iran created a new platform for foreign exchange transactions (called "NIMA") in April 2018 and required all banks and exchange offices to record their transactions on this platform. Companies exporting non-petroleum products are obliged to sell all their foreign currency income from exports to banks or licensed exchange offices through this platform, except (i) to import goods and services for themselves, (ii) to repay foreign currency debt and (iii) to use them as deposits in banks.

Emphasis of Matters (Cont'd)

TAS 21 Standard on the Effects of Changes in Currency states that where various exchange rates are available, the rate to be used is the rate at which the relevant transactions take place and the future cash flows are expected to occur. The Group management, in the foreign currency valuations of Razi in the accompanying consolidated financial statements, has taken the end-of-period exchange rate (NIMA rate) announced by the Foreign Exchange Transactions Center as the exchange rate regime in Iran is ambiguous and the exchange rate of future cash flows is uncertain. Similarly, while calculating the period average rates, the average of the rates announced by the Center was taken into account.

Due to the sanctions imposed on Iran, companies exporting in Iran face various difficulties in these sales. Exporting companies based in Iran are required to obtain approval from the Central Bank of Iran and other authorized institutions, and if this approval is not obtained, they cannot benefit from tax exemptions arising from exports to these companies.

As explained in the Note 16, in November 2011, Iskenderun Fiscal Directorate (“Treasury”) brought a suit in order to hypothecate on behalf of public and cancel land register of property owned by the Group having a surface area of located in Hatay, Iskenderun, in accordance with the Regulation on Implementation of Coastal Law and its provisions since the Shore Edge Line passes through the aforementioned land. The net book value of the aforementioned property is TL 365.093.956 as of the balance sheet date. The Group has appealed against the case in its legal period and requested the re-preparation of expert’s report issued towards determining Shore Edge Line which constitutes a base for the case and has filed a counterclaim for the compensation of the right to property, also has filed a counterclaim in the amount of TL 500.000.000 for the compensation of the property right, by considering that the case may result in favor of the Treasury. The lawsuits were resulted against the Company; however, the Company requested a revision of the appeal court within the legal period and its request was accepted. In addition, the Group management has opened new lawsuits in the Judicial and Administrative Judiciary in order to re-determine the Coast-Side line. The legal process is still ongoing as of the balance sheet date. In accordance with the opinions of the legal advisors, the Group Management has not recognized any provision for this matter in the consolidated financial statements at this stage.

These matters stated above do not affect our qualified conclusion.

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

Jale Akkaş
Engagement Auditor

İstanbul, August 18, 2023

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Interim consolidated statement of financial position as of June 30, 2023

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

		Reviewed	Audited
	Notes	June 30, 2023	December 31, 2022
ASSETS			
Current assets:			
Cash and cash equivalents	4	1.345.441.091	1.083.379.197
Financial investments	17	793.432.377	447.610.807
Trade receivables			
- Trade receivables from related parties	16	2.732.453.797	1.293.504.504
- Trade receivables from third parties	6	461.752.567	260.985.287
Other receivables			
- Other receivables from third parties	7	1.203.543.199	468.030.922
Inventories	8	4.078.808.568	7.798.691.052
Prepaid expenses	19	885.306.691	546.357.195
Assets related to the current period taxes	21	6.996.472	74.773.277
Other current assets		142.367.733	131.073.520
Total current assets		11.650.102.495	12.104.405.761
Non-current assets			
Financial investments	17	244.738.033	79.159.050
Trade receivables			
-Trade receivables from unrelated parties	7	627.835	1.133.425
Other receivables			
- Other receivables from third parties	7	25.062.654	34.371.497
Investments valued by equity method		226.575.130	200.338.233
Investments properties		267.963.745	267.963.745
Property, plant and equipment	9	8.599.558.703	7.522.556.514
Intangible assets	10		
-Goodwill		206.703.974	181.827.657
-Other intangible assets		465.994.903	278.568.344
Prepaid expenses	19	295.055.974	187.093.500
Deferred tax assets	21	353.406.949	--
Total non-current assets		10.685.687.900	8.753.011.965
Total assets		22.335.790.395	20.857.417.726

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

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GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Interim consolidated statement of financial position as of June 30, 2023

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

	Notes	Reviewed June 30, 2023	Audited December 31, 2022
LIABILITIES			
Current liabilities			
Short-term borrowings	5	8.348.615.635	5.515.983.218
Trade payables			
-Due to related parties	16	26.346.514	7.152.251
-Due to third parties	6	2.511.281.972	5.072.185.724
Payables due to employee benefits	18	56.163.735	61.797.355
Other payables			
-Other payables to third parties	7	1.057.319.908	419.417.369
Deferred income	19	216.322.810	76.336.433
Liabilities related to current period tax	21	520.502.737	696.321.334
Short-term provisions			
-Short-term provisions for employee benefits	18	83.394.553	93.107.205
-Other short-term provisions	12	697.808.625	307.078.555
Derivative Financial Instruments	24	16.590.500	8.421.300
Total short-term liabilities		13.534.346.989	12.257.800.744
Long-term liabilities			
Long-term borrowings	5	38.484.384	44.811.294
Long-term provisions			
- Long-term provisions for employee benefits	18	618.807.442	526.372.881
Deferred tax liability	21	--	150.718.544
Total long-term liabilities		657.291.826	721.902.719
Total liabilities		14.191.638.815	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		(565.422)	20.163.680
-Impairment on property, plant and equipment		2.135.281.930	2.134.574.576
-Defined benefit plans re-measurement losses		(35.719.430)	(50.733.395)
Accumulated other comprehensive income / expense to be reclassified to profit or loss			
-Foreign currency translation differences		473.271.893	456.162.026
Restricted reserves from profit			
- Legal reserves	20	80.028.186	68.182.652
Prior year profit		3.425.188.305	2.071.161.251
Current period profit / (loss)		(476.875.019)	757.352.143
Shareholders' equity		5.934.610.443	5.790.862.933
Non-controlling interests		2.209.541.137	2.086.851.330
Total shareholders' equity		8.144.151.580	7.877.714.263
Total liabilities and equities		22.335.790.395	20.857.417.726

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

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ
Consolidated Statements of Profit or Loss and Other Comprehensive Income
for the interim period ended June 30, 2023
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

	Notes	Reviewed Jan 1– June 30,2023	Reviewed Jan 1– June 30,2022	Reviewed April 1– June 30, 2023	Reviewed April 1– June 30, 2022
Sales	13	12.203.685.591	13.405.645.540	5.062.465.449	5.482.606.278
Cost of sales	13	(11.872.548.958)	(10.938.042.606)	(5.382.519.874)	(4.526.923.433)
Gross profit		331.136.633	2.467.602.934	(320.054.425)	955.682.845
General and administrative expense		(366.965.139)	(199.386.847)	(181.655.952)	(130.087.016)
Marketing, selling and distribution expense		(660.275.501)	(344.257.949)	(363.885.118)	(141.875.799)
Other operating income	14	2.355.577.708	873.017.611	2.150.783.299	519.175.221
Other operating expenses	14	(2.801.898.918)	(1.926.106.118)	(2.473.877.172)	(1.102.803.902)
Operating profit		(1.142.425.217)	870.869.631	(1.188.689.368)	100.091.349
Income from investment activities		84.052.850	1.916.931	82.913.789	1.758.417
Expenses from investment activities		(98.072)	(240)	(4.455)	--
Profit from investments accounted by equity method		46.965.998	86.582.750	20.880.548	64.748.979
Operating profit before financial income / (expense)		(1.011.504.441)	959.369.072	(1.084.899.486)	166.598.745
Financial income		571.207.311	483.959.412	310.766.923	319.008.238
Financial expense		(633.965.263)	(630.574.448)	(240.931.176)	(380.442.748)
Gain / (loss) from net monetary position		91.371.429	57.248.339	59.730.950	(18.004.899)
Profit / (loss) before tax from continuing operations		(982.890.964)	870.002.375	(955.332.789)	87.159.336
- Current period tax expense	21	(70.747.976)	(77.019.016)	(66.949.171)	2.373.588
- Deferred tax expense	21	520.909.423	22.821.550	497.200.048	35.929.422
Total tax income / (expense)		450.161.447	(54.197.466)	430.250.877	38.303.010
Current period profit / (loss)		(532.729.517)	815.804.909	(525.081.912)	125.462.346
Distribution of income for the period					
Non-controlling interests		(55.854.498)	308.851.205	(258.275.992)	194.255.444
Attributable to equity holders of the parent		(476.875.019)	506.953.704	(266.805.920)	(68.793.098)
Gain / (Loss) per share (kr)	15	(1,428)	1,518	(0,799)	(0,206)
Other comprehensive income					
Items not to be reclassified to profit or loss					
Tangible asset revaluation increases / (decreases) of investments valued by equity method		(20.729.102)	(840.913)	(20.729.102)	(840.913)
Defined benefit plans re-measurement gains		18.767.456	(14.727.481)	34.444.721	(10.624.998)
Tax effect of other comprehensive income/expense not to be reclassified to profit or loss		(3.753.491)	2.945.496	(6.888.944)	2.124.999
Items to be reclassified to profit or loss					
Foreign currency translation differences		132.219.424	1.676.416.868	1.293.055.016	1.258.450.330
Other comprehensive income		126.504.287	1.663.793.970	1.299.881.691	1.249.109.418
Total comprehensive income / (expense)		(406.225.230)	2.479.598.879	774.799.779	1.374.571.764
Distribution of total comprehensive income					
Non-controlling interests		59.255.058	1.165.439.281	455.945.853	839.659.570
Attributable to equity holders of the parent		(465.480.288)	1.314.159.598	318.853.926	534.912.194

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

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GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ
Consolidated Statements of Changes in Equity for the interim period ended June 30, 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			Equity attributable to equity holders of the parent	Non-controlling interests	Total equities
	Share capital	Impairment on property, plant and equipment	Actuarial gain/(loss) arising from defined benefit plans	Shares to be classified in profit / (loss) from other comprehensive income of investments accounted for using equity method	Foreign currency translation reserve	Restricted reserves	Retained earnings	Net profit / (loss) for the period			
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	--	--	--	--	--	--	(97.034.466)	--	(97.034.466)	(101.472.781)	(198.507.247)
Balances after adjustments	334.000.000	549.972.967	(2.811.836)	6.243.916	332.976.445	53.838.737	824.233.659	523.125.635	2.621.579.523	1.208.171.609	3.829.751.132
Transfers	--	--	--	--	--	14.343.915	508.781.720	(523.125.635)	--	--	--
Affiliate acquisition	--	--	--	--	--	--	(666.798)	--	(666.798)	1.210.582	543.784
Total comprehensive income/ (expense)	--	--	(11.781.985)	(840.913)	819.828.792	--	--	506.953.704	1.314.159.598	1.165.439.281	2.479.598.879
Balances at June 30, 2022	334.000.000	549.972.967	(14.593.821)	5.403.003	1.152.805.237	68.182.652	1.332.348.581	506.953.704	3.935.072.323	2.374.821.472	6.309.893.795
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	--	--	--	--	608.520.445	--	609.227.799	636.353.907	1.245.581.706
Balances after adjustments	334.000.000	2.135.281.930	(50.733.395)	20.163.680	456.162.026	68.182.652	2.679.681.696	757.352.143	6.400.090.732	2.723.205.237	9.123.295.969
Transfers	--	--	--	--	--	11.845.534	745.506.609	(757.352.143)	--	--	--
Subsidiary acquisition	--	--	--	--	--	--	--	--	--	(572.919.159)	(572.919.159)
Total comprehensive income/ (expense)	--	--	15.013.965	(20.729.102)	17.109.867	--	--	(476.875.019)	(465.480.289)	59.255.059	(406.225.230)
Balances at June 30, 2023	334.000.000	2.135.281.930	(35.719.430)	(565.422)	473.271.893	80.028.186	3.425.188.305	(476.875.019)	5.934.610.443	2.209.541.137	8.144.151.580

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

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Interim consolidated statement of cash flows for the interim period ended June 30, 2023

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

	Notes	January 1, – June 30, 2023	January 1, – June 30, 2022
Cash flows from operating activities			
Period income / (loss)		(532.729.517)	815.804.909
Adjustments to reconcile net profit/(loss) for the period			
Adjustments related to depreciation and amortization expense	9-10	335.784.505	198.649.452
Adjustments related to gain from investments accounted by equity method		(46.965.998)	(86.582.750)
Adjustments related to provisions for employee benefits	18	203.201.289	128.147.398
Adjustments related to interest expense		262.963.546	270.752.538
Adjustments related to impairment of inventories	8	73.748.542	96.022.261
Adjustments related to impairment of receivables	6	(2.157.810)	(457.454)
Deferred financial income / (expense)		11.862.418	(7.659.339)
Adjustments related to lawsuit provisions	12	3.875.876	8.044.102
Adjustments related to current year tax income / (expense)	21	(450.161.447)	54.197.466
Adjustments related to losses (gains) on sale of property, plant and equipments		(1.264.495)	(1.233.176)
Adjustments related to fair value losses (gains) on derivative financial instruments	24	8.169.200	227.458.958
Adjustments related to fair value losses (gains) on investment properties		--	174.458
Cash flows from the operating activities before changes in the assets and liabilities		(133.673.891)	1.703.318.823
Change in working capital (net):			
Adjustments related to increase in trade receivables		(1.634.702.178)	(113.102.503)
Adjustments related to increase in other receivables		(726.203.434)	(100.305.855)
Adjustments related to decrease in inventories		3.699.078.264	(1.366.804.202)
Adjustments related to increase in trade payables		(2.555.922.910)	151.335.790
Increase / (decrease) in employee benefit obligations		(5.633.620)	39.395.499
Increase / (decrease) in deferred income		139.986.377	(597.503.552)
Increase / (decrease) in prepaid expenses		(446.911.970)	(885.611.631)
Increase / (decrease) in other payables		65.173.921	117.324.244
Adjustments related to other decrease in working capital		331.012.024	281.551.523
Cash flows from the operations after the changes in working capital		(1.267.797.417)	(770.401.864)
Interest paid		(536.500.346)	(187.884.943)
Taxes refunds/ (payments)	21	(91.996.607)	(88.571.868)
Payments related to provision for employee benefits	18	(144.568.527)	(107.935.473)
Cash flow regarding investment activities		(2.040.862.897)	(1.154.794.148)
Cash flows from investment activities			
Cash outflows from the purchases of property, plant and equipment and intangible assets	9-10	(609.820.777)	(558.302.606)
Cash inflows from the purchases of property, plant and equipment and intangible assets	9-10	11.190.946	24.641.001
Other cash inflows / (outflows)		(511.400.553)	(144.722.758)
Cash flows from investment activities		(1.110.030.384)	(678.384.363)
Cash flows from financing activities			
Cash inflows from financial borrowings		8.961.514.355	6.033.122.500
Cash outflows from financial borrowings payments		(5.861.672.049)	(4.165.231.625)
Other cash inflows / (outflows)		--	543.784
Cash flows from financing activities		3.099.842.306	1.868.434.659
Net change in cash and cash equivalents before effect of foreign currency translation difference		(51.050.975)	35.256.148
Cash and cash equivalents as of January 1		1.083.379.197	1.171.491.537
Foreign currency translation difference		313.112.869	548.079.744
Cash and cash equivalents as of June 30		1.345.441.091	1.754.827.429

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 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 management / Logistics
Aegean Regional Directorate	Sales-marketing / Liquid-powder fertilizer production / Logistics
Black Sea Region Directorate	Sales-marketing / Logistics
Eastern Mediterranean Region Directorate	Sales-marketing / Port management / Logistics
Marmara Region Directorate	Sales-marketing / Logistics
Central Anatolia Region Directorate	Sales-marketing
Southeast Anatolia Region Directorate	Sales-marketing
GAP Region Directorate	Sales-marketing
West Mediterranean Region Directorate	Sales-marketing

The number of employees of the Company and its subsidiaries for the period ended June 30, 2023 is 1.553 (December 31, 2022: 1.557).

23,43% of the shares of the Company are in circulation on the Istanbul Stock Exchange.. The shareholders holding 10% and above shareholding in the Company’s share capital are listed below:

Name	June 30, 2023		December 31, 2022	
	Share (%)	Share Amount	Share (%)	Share Amount
TKK	75,95	253.684.607	75,95	253.684.607
Other (Public held)	24,05	80.315.393	24,05	80.315.393
Total	100,00	334.000.000	100,00	334.000.000

1.1 Subsidiaries

The consolidated entities as of June 30, 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	June 30, 2023			December 31, 2022	
	Currency in Use	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%
Kavak Madencilik A.Ş.	Turkish Lira	80%	80%	80%	80%

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 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 at the end of the 2010. 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, dated April 27, 2023, it was decided to increase the share capital of the company from TL 40.000.000 to TL 140.00.000, and it was fully paid in cash on April 5, 2023.

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.

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ
Notes to the interim condensed consolidated financial statements as of June 30, 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)

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, exporting, storing and trading all kinds of petrochemical products. As of the report date, it has been shown as long-term financial investments.

Petro Saman Avaran

The Company established in 2019 by the shareholders including Arya and started to its operations. The Company provides technical and general services to the 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 participation rate is 69% (December 31, 2022: 69%), and the Group’s indirect participation rate is 33,73% (December 31, 2022: 33.73%). As of the report date, it has not been consolidated and shown in long-term financial investments.

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.

1.4 The approval of the consolidated financial statements

The consolidated financial statements have been approved by the Board of Directors and authorized to be issued on August 18, 2023. 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 Applied

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”).

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

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

Financial Reporting Standards Applied (Cont'd)

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 June 30, 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 June 30, 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% (year-end price index is 338.9 for 2020 and 676.5 for 2022), 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.

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.

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

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

Functional Currency

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

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

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

The conversion rates used are as follows:

Currency	June 30, 2023		December 31, 2022	
	Period End	Period Average	Period End	Period Average
IRR/TL	0,000068840	0,000051932	0,000065607	0,000052665

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.

The Public Oversight Accounting and Auditing Standards Authority (POA) made an announcement on January 20, 2022 in order to clear any misunderstanding about the application of TMS 29 Financial Reporting in Hyperinflationary Economies for the entities applying Turkish Financial Reporting Standards (“TFRS”) in 2021 financial statements. In this respect, it was announced that companies using TFRS do not need to adjust their financial statements within the scope of TAS 29. Afterwards, no new statement was made by the POA about the TMS 29 application. Considering that no further explanation was made by KGK with respect to the application of TMS 29, the financial statements as of and for the period ending 30 June 2023 were not adjusted for inflation in accordance with TMS 29.

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 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 (Cont’d)

However due to the accumulative inflation rate of last three years in Iran exceeding 100% (the price index at the end of 2020 338,9 and 676,5 for 2022) the financial statements have been prepared by accounting for the effects of inflation instead of presenting financial statements under historical cost basis. Accordingly, TMS 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 consolidated 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 1.245.581.706 regarding inflation accounting.

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

The new standards, amendments and interpretations which are effective as at January 1, 2023 are as follows:

The accounting policies adopted in preparation of the consolidated financial statements as at June 30, 2023 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2023.

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

Effective from annual periods beginning on or after January 1, 2023. The amendments aim to improve accounting policy disclosures and to help users of the consolidated financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendment to TAS 12 – Deferred tax related to assets and liabilities arising from a single transaction

Effective from annual periods beginning on or after January 1, 2023. These amendments require Group’s to recognize deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. These changes are not expected to have a significant impact on the Group's consolidated financial position and performance.

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 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”) (Cont’d)

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

Amendment to IFRS 16 – Leases on sale and leaseback

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

Amendment to TAS 1 – Non-current liabilities with covenants

Effective from annual periods beginning on or after January 1, 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.

These changes are not expected to have a significant impact on the Group's consolidated financial position and performance.

2.3 Principles of Consolidation

- a) The consolidated financial statements for the period ended June 30, 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 June 30, 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.

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 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 (Cont’d)

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

2.4 Significant accounting policies

The condensed consolidated interim financial statements as of and for the period ended June 30, 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 June 30, 2023 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.

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.

In accordance with the Decision of the Board of Directors dated July 6, 2021 and numbered 1346, 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 revaluation in accordance with Tax Laws and Regulations may differ from the TFRS fair values of the assets based on market approach. The fair values of the land, buildings and underground and over the ground land improvement properties of the Group have been determined as TL 3.033.144.000, on the basis of the valuation report dated December 30, 2022 prepared by qualified valuers, CMB licensed valuation firm, which provides valuation services within the framework of the CMB legislation. On the basis of the fair values determined as of 31 December 2022, a revaluation surplus of TL 665.024.106, TL 311.026.540 and TL, 410.801.968, respectively, totaling TL 1.980.752.011 was reflected in the financial statements.

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2023

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

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. The Group continues its efforts to start mining activities through Gübretaş Maden.

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.

The distribution of segment assets and liabilities pertaining to the period ending June 30, 2023 and the year ending December 31, 2022 is as follows:

	Domestic Mining	Domestic Fertilizer	Foreign Fertilizer	Consolidation Adjustments	Total
	June 30, 2023	June 30, 2023	June 30, 2023	June 30, 2023	June 30, 2023
Assets					
Current assets	350.471.643	7.374.915.854	3.996.380.108	(71.665.110)	11.650.102.495
Non-current assets	2.075.686.622	3.806.597.673	5.150.028.027	(346.624.422)	10.685.687.900
Total assets	2.426.158.265	11.181.513.527	9.146.408.135	(418.289.532)	22.335.790.395
Liabilities					
Short-term liabilities	2.627.125.647	7.026.844.745	4.385.457.804	(505.081.207)	13.534.346.989
Long-term liabilities	4.777.756	133.423.935	519.090.135	--	657.291.826
Equities	(205.745.138)	4.021.244.847	4.241.860.196	86.791.675	8.144.151.580
Total Liabilities	2.426.158.265	11.181.513.527	9.146.408.135	(418.289.532)	22.335.790.395

	Domestic Mining	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

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ
Notes to the interim condensed consolidated financial statements as of June 30, 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 June 30, 2023 and the year ending December 31, 2022 is as follows:

	Domestic Mining	Domestic Fertilizer	Foreign Fertilizer	Consolidation Adjustments	Total
	January 1- June 30, 2023	January 1- June 30, 2023	January 1- June 30, 2023	January 1- June 30, 2023	January 1- June 30, 2023
Sales	180.149.467	10.655.267.943	2.772.731.083	(1.404.462.902)	12.203.685.591
Cost of sales	(197.793.055)	(10.059.348.374)	(3.019.870.431)	1.404.462.902	(11.872.548.958)
Gross profit	(17.643.588)	595.919.569	(247.139.348)	--	331.136.633
Marketing, selling and distribution expense	(327.476)	(488.807.407)	(171.140.618)	--	(660.275.501)
General and administrative (expense)	(57.017.135)	(91.557.018)	(218.390.986)	--	(366.965.139)
Other operating income / (expense), net	(122.214.267)	(492.732.805)	168.625.862	--	(446.321.210)
Operating profit / (loss)	(197.202.466)	(477.177.661)	(468.045.090)	--	(1.142.425.217)
Income from investments, net	--	83.954.778	--	--	83.954.778
Profit from investments accounted by equity method	--	46.965.998	--	--	46.965.998
Operation profit before financial income / (expense)	(197.202.466)	(346.256.885)	(468.045.090)	--	(1.011.504.441)
Financial income / (expense), net	(97.880.892)	(41.971.977)	168.466.346	--	28.613.477
Profit / (loss) before tax	(295.083.358)	(388.228.862)	(299.578.744)	--	(982.890.964)
Tax Profit / (loss)	19.097.832	240.550.153	184.600.754	5.912.708	450.161.447
Profit / (loss) for the period	(275.985.526)	(147.678.709)	(114.977.990)	5.912.708	(532.729.517)

	Domestic Mining	Domestic Fertilizer	Foreign Fertilizer	Consolidation Adjustments	Total
	January 1- June 30, 2022	January 1- June 30, 2022	January 1- June 30, 2022	January 1- June 30, 2022	January 1- June 30, 2022
Sales	--	10.435.903.210	2.969.742.330	--	13.405.645.540
Cost of sales	--	(8.939.408.849)	(1.998.633.757)	--	(10.938.042.606)
Gross profit	--	1.496.494.361	971.108.573	--	2.467.602.934
Marketing, selling and distribution expense	--	(328.847.037)	(15.410.912)	--	(344.257.949)
General and administrative (expense)	(18.730.894)	(54.531.439)	(126.124.514)	--	(199.386.847)
Other operating income / (expense), net	5.161.502	(750.591.463)	(307.658.546)	--	(1.053.088.507)
Operating profit / (loss)	(13.569.392)	362.524.422	521.914.601	--	870.869.631
Income from investments, net	--	689.168	1.227.523	--	1.916.691
Profit from investments accounted by equity method	--	86.582.750	--	--	86.582.750
Operation profit before financial income / (expense)	(13.569.392)	449.796.340	523.142.124	--	959.369.072
Financial income / (expense), net	75.589	(178.052.910)	88.610.624	--	(89.366.697)
Profit / (loss) before tax	(13.493.803)	271.743.430	611.752.748	--	870.002.375
Tax Profit / (loss)	855.315	(47.562.578)	(7.490.203)	--	(54.197.466)
Profit / (loss) for the period	(12.638.488)	224.180.852	604.262.545	--	815.804.909

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NOTE 3 – SEGMENT REPORTING (Cont’d)

Investment expenditures pertaining to segment assets for the periods ending June 30, 2023 and June 30, 2022 are as follows:

	January 1- June 30, 2023	January 1- June 30, 2022
Gübretaş Maden (Domestic Mining)	494.589.033	395.007.087
Gübretaş (Domestic Fertilizer)	56.926.487	124.758.488
Razi (Foreign Fertilizer)	58.305.257	38.537.031
Total	609.820.777	558.302.606

Depreciation / Amortization:

Depreciation and amortization expenditures pertaining to segment assets for the periods ending June 30, 2023 and June 30, 2022 are as follows:

	January 1- June 30, 2023	January 1- June 30, 2022
Gübretaş Maden (Domestic Mining)	45.486.959	36.235.378
Gübretaş (Domestic Fertilizer)	110.943.561	4.237.961
Razi (Foreign Fertilizer)	179.353.985	158.176.113
Total	335.784.505	198.649.452

NOTE 4 – CASH AND CASH EQUIVALENTS

	June 30, 2023	December, 31 2022
Cash on hands	2.904.058	1.056.297
Bank	1.342.537.033	1.082.322.860
- Demand deposits	278.772.131	638.451.175
- Time deposits	1.063.764.902	443.871.685
Other cash equivalents	--	40
Total	1.345.441.091	1.083.379.197

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

4.1 Time deposits (TL)

Interest rate (%)	Maturity	June 30, 2023
36,00	3 days	498.584.479
Total		498.584.479

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	June 30, 2023 Amount in TL
3,14	3 days	USD	15.725.113	406.071.178
10-18	1 day	Million IRR	2.311.291	159.109.245
Total				565.180.423

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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NOTE 5 – BORROWINGS

Short-term and Long-term borrowings	June 30, 2023	December 31,2022
Payable within 1 year	8.348.615.635	5.515.983.218
Payable within 1 – 5 years	38.484.384	44.811.294
Total	8.387.100.019	5.560.794.512

As of June 30, 2023 and December 31, 2022, details of short-term and long-term borrowings are as follows:

Short-term borrowings	June 30, 2023	December 31,2022
Short-term borrowings	8.332.126.380	5.497.064.441
Lease liabilities	16.489.255	18.918.777
Total	8.348.615.635	5.515.983.218

5.1 Short-term borrowings :

The details of short-term borrowings as of June 30, 2023 and December 31, 2022 are as follows:

June 30, 2023

Currency	Average effective annual interest rate (%)	Original amount	Amount in TL
Bank loans			
EUR	7,16	13.967.677	393.245.978
USD	8,84	13.974.800	360.872.658
TL	13,09	7.288.866.408	7.288.866.408
Other financial borrowings			
Million IRR	18,00	4.200.194	289.141.336
Total			8.332.126.380

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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NOTE 5 – BORROWINGS (Cont’d)

5.2 Short-term financial lease liabilities

June 30, 2023

Currency	Average effective annual interest rate (%)	Original Amount	Amount in TL
USD	7,16	430.097	11.106.429
TL	17,70	5.382.826	5.382.826
Total			16.489.255

December 31, 2022

Currency	Average effective annual interest rate (%)	Original Amount	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

	June 30,2023	December 31,2022
Long-term financial lease liabilities	38.484.384	44.811.294
Total	38.484.384	44.811.294

5.4 Long-term lease liabilities

June 30, 2023

Currency	Average effective annual interest rate (%)	Original Amount	Amount in TL
USD	7,16	1.215.528	31.388.692
TL	17,70	7.095.692	7.095.692
Total			38.484.384

December 31, 2022

Currency	Average effective annual interest rate (%)	Original Amount	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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NOTE 6 – TRADE RECEIVABLES AND PAYABLES

6.1 Short-term trade receivable from third parties

	June 30, 2023	December 31, 2022
Trade receivables	396.282.705	176.132.578
Receivables from Subsidiaries of Ministry of Agriculture of Iran (Razi)	75.893.795	97.434.452
Provision for doubtful trade receivables	(10.423.933)	(12.581.743)
Total	461.752.567	260.985.287

The summary information on doubtful receivables and provisions for these receivables is as follows:

Time after maturity	June 30, 2023	December 31, 2022
More than 9 months	10.423.933	12.581.743
Total	10.423.933	12.581.743

The movement of the provision for doubtful trade receivables for the six month interim period ending 30 June 2023 is as follows:

	June 30, 2023	December 31, 2022
Balance at beginning of the period	12.581.743	14.673.089
Reversal expenses	(2.157.810)	(457.454)
Balance at end of the period	10.423.933	14.215.635

As June 30, 2023 and December 31, 2022 guarantees obtained for receivables not due yet are as follows:

	June 30, 2023	December 31, 2022
Guarantee letters and direct debiting system received	501.676.839	385.378.201
Collateral cheques and notes	6.875.001	6.875.001
Total	508.551.840	392.253.202

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

6.2 Short-term trade payables from third parties

	June 30, 2023	December 31, 2022
Liabilities to the Iranian gas supplier	734.103.999	778.613.473
Creditors	1.106.182.030	3.784.517.039
Other trade payables	670.995.943	509.055.212
Total	2.511.281.972	5.072.185.724

NOTE 7 – OTHER RECEIVABLES AND PAYABLES

7.1 Other short-term receivables from third parties

	June 30, 2023	December 31, 2022
VAT receivables - Turkey	94.212.132	83.279.269
VAT receivables – Razi (*)	686.507.828	203.052.680
Due from personnel	40.898.164	27.014.731
Receivables from other government agencies - Razi	277.126.729	97.433.992
Other various receivables	104.798.346	57.250.250
Total	1.203.543.199	468.030.922

(*) Razi has VAT receivable from the tax office on the sales subject to export. The portion of these receivables concerning the years 2015, 2016, 2018, 2019, 2020, 2021 and 2022 has been examined by the tax office, and according to this review, TL 253.055.040 (3,676 Million IRR) of TL 357,553,830 (5,194 Million IRR) tax receivables.) has been accepted by the tax office. It is expected that this amount will be collected or deducted from tax debts in the coming years. As of 30 June 2023, the Group management has written off the amount of receivables that was not accepted by the tax office.

7.2 Other long-term receivables from third parties

	June 30, 2023	December 31, 2022
Deposits and guarantees given	12.886.343	21.947.297
Due from personnel	61.335	1.573.642
Other long-term receivables	12.114.976	10.850.558
Total	25.062.654	34.371.497

7.3 Other short-term payables from third parties

	June 30, 2023	December 31, 2022
Dividend payables to non-controlling interests	572.919.158	114.143.620
Taxes and funds payable	311.410.933	123.328.066
Other payables and liabilities	172.989.817	181.945.683
Total	1.057.319.908	419.417.369

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NOTE 8 – INVENTORIES

	June 30, 2023	December 31, 2022
Raw materials and supplies	1.219.704.447	1.342.513.638
Semi-finished goods	80.787.906	62.170.647
Finished goods	951.121.196	1.151.581.773
Trade goods	1.048.612.660	3.947.162.976
Other inventories	917.226.524	1.360.157.641
	4.217.452.733	7.863.586.675
Provision for impairment of inventories	(138.644.165)	(64.895.623)
Total	4.078.808.568	7.798.691.052

NOTE 9 - PROPERTY, PLANT AND EQUIPMENT

The allocation of the depreciation and amortization expenses of the Group as of June 30, 2023 and June 30, 2022 are given below.

	June 30, 2023			
	Gübretaş	Maden	Razi	Total
Depreciation expense	107.586.158	37.816.038	178.809.944	324.212.140
Amortization expense	3.357.403	7.670.921	544.041	11.572.365
Total	110.943.561	45.486.959	179.353.985	335.784.505

During the period ended 30 June 2023, out of depreciation and amortization expense of TL 335.784.505, TL 319.178.790 is included in general production expenses, TL 4.621.866 in sales, distribution and marketing expenses and TL 11.983.849 in general administrative expenses.

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

				June 30, 2022
	Gübretaş	Maden	Razi	Total
Depreciation expense	34.264.824	3.292.579	158.087.407	195.644.810
Amortization expense	1.970.554	945.382	88.706	3.004.642
Total	36.235.378	4.237.961	158.176.113	198.649.452

During the period ended 30 June 2022, out of depreciation and amortization expense of TL 198.649.452; TL 185.032.018 is included in general production expenses, TL 2.371.262 in sales, distribution and marketing expenses and TL 11.246.172 in general administrative expenses.

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GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

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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	22.538.485	--	73.919.790	1.215.934.174	6.510.271	18.304.212	--	--	19.887.901	1.357.094.833
Inflationary restatement effect (*)	132.758.022	--	435.408.377	7.162.194.106	38.347.338	107.816.973	--	--	117.145.351	7.993.670.167
Additions	--	4.242.811	1.829.067	75.127.830	8.406.325	17.587.660	--	--	317.751.468	424.945.161
Sales / disposals	--	--	--	(156.398)	(1.586.298)	(181.498)	(16.012.301)	--	--	(17.936.495)
Transfer from construction in progress	--	36.655.561	--	172.141.580	135.646	819.491	--	--	(222.481.773)	(12.729.495)
Closing balance on June 30,2023	1.828.206.446	757.860.849	2.854.638.066	34.747.905.296	210.214.392	560.666.952	57.267.763	2.126.241	1.084.075.577	42.102.961.582
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	--	--	(149.171.816)	(2.795.232.921)	(15.155.643)	(43.006.062)	--	--	--	(3.002.566.442)
Inflationary restatement effect (*)	--	--	(262.475.104)	(4.981.364.383)	(26.430.732)	(76.474.235)	--	--	--	(5.346.744.454)
Period cost	--	(37.991.946)	(29.526.386)	(238.117.557)	(5.152.564)	(7.008.723)	(6.233.399)	(181.565)	--	(324.212.140)
Sales / disposals	--	--	--	58.349	200.667	47.820	5.174.218	--	--	5.481.054
Closing balance on June 30,2023	--	(144.308.437)	(1.778.362.001)	(30.893.872.577)	(168.509.638)	(491.287.697)	(25.479.057)	(1.583.472)	--	(33.503.402.879)
Net book value on June 30,2023	1.828.206.446	613.552.412	1.076.276.065	3.854.032.719	41.704.754	69.379.255	31.788.706	542.769	1.084.075.577	8.599.558.703

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

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

	Lands	Land improve ments	Buildings	Machinery, equipment and installations	Vehicles	Furniture and fixtures	Right of use assets	Spec ial 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	52.904.727	--	173.350.637	2.848.613.162	15.245.286	41.158.708	--	--	39.354.608	3.170.627.128
Inflationary restatement effect (*)	79.178.356	--	259.440.301	4.265.111.219	22.816.422	61.599.008	--	--	58.898.955	4.747.044.261
Additions	--	2.616.455	423.750	7.634.770	2.977.590	4.952.521	71.420.169	--	377.124.435	467.149.690
Sales / disposals	--	--	--	--	(64.522)	(8.986.211)	(33.284.030)	(269.973)	(234.241)	(42.838.977)
Transfer from construction in progress	--	1.617.169	437.600	4.228.939	--	1.227.395	--	--	(10.302.633)	(2.791.530)
Closing balance at June 30, 2022	879.405.381	219.375.532	1.668.778.280	20.767.014.755	114.560.476	322.514.635	71.420.169	2.126.241	729.105.404	24.774.300.873
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	--	--	(173.360.329)	(3.307.360.386)	(17.305.316)	(50.162.927)	--	--	--	(3.548.188.958)
Inflationary restatement effect (*)	--	--	(165.072.155)	(3.140.883.485)	(16.566.126)	(47.415.492)	--	--	--	(3.369.937.258)
Period cost	--	(8.712.492)	(12.394.663)	(154.668.159)	(647.071)	(5.304.828)	(13.714.056)	(203.541)	--	(195.644.810)
Sales / disposals	--	--	--	--	64.522	668.900	16.231.378	--	--	16.964.800
Closing balance at June 30,2022	--	(96.570.815)	(1.120.596.118)	(18.823.838.175)	(98.720.116)	(295.442.353)	(13.714.056)	(1.307.829)	--	(20.450.189.462)
Net book value at June 30,2022	879.405.381	122.804.717	548.182.162	1.943.176.580	15.840.360	27.072.282	57.706.113	818.412	729.105.404	4.324.111.411

(*) 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

June 30, 2023	Rights	Mine Research Expenses	Total
Cost			
Opening balance at January 1	63.985.420	234.793.999	298.779.419
Inflationary restatement effect (*)	543.676	--	543.676
Purchases	11.230.505	173.645.111	184.875.616
Transfer	12.729.495	--	12.729.495
Foreign currency translation differences	850.137	--	850.137
Closing balance	89.339.233	408.439.110	497.778.343
Accumulated Depreciation			
Opening balance at January 1	(18.449.307)	(1.761.768)	(20.211.075)
Current period amortization expense	(4.856.614)	(6.715.751)	(11.572.365)
Closing balance	(23.305.921)	(8.477.519)	(31.783.440)
Net Book Value	66.033.312	399.961.591	465.994.903
June 30, 2022			
Cost			
Opening balance at January 1	42.279.609	53.198.874	95.478.483
Inflationary restatement effect (*)	4.414.182	--	4.414.182
Purchases	11.378.557	76.982.829	88.361.386
Transfers	2.791.530	--	2.791.530
Foreign currency translation differences/net	3.043.063	--	3.043.063
Closing balance	63.906.941	130.181.703	194.088.644
Accumulated Depreciation			
Opening balance at January 1	(12.766.349)	--	(12.766.349)
Current period amortization expense	(3.004.642)	--	(3.004.642)
Closing balance	(15.770.991)	--	(15.770.991)
Net Book Value	48.135.950	130.181.703	178.317.653

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

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NOTE 10 – INTANGIBLE ASSETS (Cont’d)

10.1 Rights and Mining Research Expenses

	January 1,2023	Additions	June 30,2023
Cost			
Mine site exploration cost	213.287.461	854.905	214.142.366
Mine site development cost	12.615.110	141.389.629	154.004.739
Deferred mining costs	8.891.428	31.400.577	40.292.005
Closing Balance	234.793.999	173.645.111	408.439.110
Accumulated Amortization			
Deferred mining amortization expense	(1.761.768)	(6.715.751)	(8.477.519)
Closing Balance	(1.761.768)	(6.715.751)	(8.477.519)
Net Book Value	233.032.231	166.929.360	399.961.591

10.2 Goodwill

	June 30, 2023	June 30, 2022
Opening balance at January 1	119.358.609	119.358.609
Inflation difference (*)	65.733.852	15.820.136
Kavak Maden (Note 23)	15.138.021	15.138.021
Foreign currency translation differences	6.473.492	19.460.256
Closing balance	206.703.974	169.777.022

(*) Inflationary restatement effects arise from the inflation accounting applied by Razi, a subsidiary of the Group

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NOTE 11 – COMMITMENTS

As of June 30 2023, the Group has a purchase commitment of 55.994.250 USD and 105.650 EUR for raw materials and commercial goods planned to be imported for which purchase orders were placed (December 31, 2022: 26.900.000 USD and 219.920 EUR).

NOT 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

12.1 Short-term other provisions

	June 30, 2023	December 31, 2022
Provisions for cost expenses	413.875.580	180.827.564
Provisions for lawsuit (*)	55.859.914	51.984.038
Other short-term debt provisions	228.073.131	74.266.953
Total	697.808.625	307.078.555

(*) There is a lawsuit filed against Razi in the local court in the amount of TL 8.521.623.000 (330 million USD), alleging excessive gas consumption (December 31, 2022: TL 6.170.439.000 (330 million USD)). The Group Management has 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:

	June 30, 2023	June 30, 2022
As of January 1,	51.984.038	38.339.617
Additional provision	3.875.876	8.044.102
Closing Balance	55.859.914	46.383.719

12.2 Guarantees given

As of June 30, 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:

	June 30, 2023			December 31, 2022		
	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	12.249.030	12.249.030	TL	19.521.073	19.521.073
	USD	550.000	14.202.705	USD	1.450.000	27.112.535
B. CPMB’s given on behalf of fully consolidated companies						
	TL	1.762.066.626	1.762.066.626	TL	1.176.083.776	1.176.083.776
	USD	13.974.800	360.872.650	USD	4.048.510	75.700.256
	EUR	13.967.677	393.245.978	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 C	--	--	--	--	--	--
Total			2.542.636.989			1.498.811.767

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2023

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

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

12.3 Contingent liabilities

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.

Competition Authority Investigation

It was declared that an investigation was launched to determine that if the manufacturer companies operating in the chemical fertilizer production and sales markets violate Article 4 of the Law on the Protection of Competition No. 4054 with the Investigation Notice received on August 27, 2021 in the annex of the letter dated August 26, 2021 sent by the Competition Authority. The information/documents requested from the Company within the scope of the investigation were submitted to the Authority. Within the scope of the investigation, the "First Written Defense" has already been submitted to the Authority, and the preparation process of the "Investigation Report" continues. 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, the producer companies operating in the chemical fertilizer production and sales markets, in which the Company is located, have been subject to Article 4 of the Law on the Protection of Competition No. 4054. It has been reported that an investigation has been launched to determine whether they violated the law. The information/documents requested from the Company within the scope of the investigation carried out by the Board were submitted to the Board. Within the scope of the investigation, the "First Written Defense" has already been submitted to the Authority, and the "Investigation Report" has been prepared by the Authority and notified to us on 12.08.2022. A "Second Written Defense" was presented to the Agency in response to the Investigation Report. The "Additional Opinion" prepared by the Investigation Committee on 17.11.2022 was communicated by us. A "Third Written Defense" was submitted to the Authority in response to the Additional Opinion. The Board decided to hold the "Oral Defense Meeting", which is the last stage of the investigation process, on March 14, 2023, but due to the great earthquake disaster in our country, the oral defense meeting was postponed to a later date.

The date of the oral defense was notified to the company by the Authority, and the oral defense meeting was held in Ankara on 25.07.2023 in the presence of the Competition Board. As a result of the investigation carried out by the Competition Authority with the letter notified on 03.08.2023, it has been decided by our company, openly, that Article 4 of the Law on the Protection of Competition No. 4054 has not been violated, and therefore there is no need to impose an administrative fine.

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

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

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

12.3 Contingent liabilities (Cont’d)

Coastal Line

Iskenderun Fiscal Directorate (“Treasury”) brought a lawsuit in order to hypothecate on behalf of public and cancel land register of property owned by the Group having a surface area of 79.350 m² located in Hatay, Iskenderun, Sariseki in accordance with the Regulation on Implementation of Coastal Law and its provisions since the Shore Edge Line passes through the aforementioned land. The net book value of the aforementioned property is TL 365.093.956 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 a counterclaim case has been filed for the compensation of the property right in the amount of 500.000.000 TL. In March of 2018, Iskenderun 3rd Civil Court partially accepted the case opened by the Property Directorate and decided to cancel the title deed registration of 78.674,76 m² of the immovable property of the Company located in Hatay, Iskenderun and Sariseki borders, the court ruled that the applicant had been denied the registration with the abandonment as a line and rejected the request concerning the surplus and rejected the case against the group. Within the legal period, the Group has applied for the appeal law, the group has accepted the appeal and the Gaziantep Regional Court of Justice has removed the decisions given by the Law Department of the 15th Law Department and the Group actions and returned the case to the local court for reconsideration.

In the litigation re-examined at the Iskenderun 3rd Civil Court of First Instance under the file number 2018/8 it was ruled to give partial acceptance to the lawsuit filed to the name of the Treasury of Finance, in accordance with the Provisions of Iskenderun Property Directorate Coastal Law and Regulation for the Implementation of the Coastal Law, for the annulment of the title deed registration of the real estate related to the allegation that the immovable of the Company crosses the Coastal Edge Line from the location where it is located with the aim of abandoning it on behalf of the public.

It was decided to cancel the title deed registration of 78,674.76 m² of the real estate belonging to the Company and leave it out of registration as a coastline, rejecting the request for the surplus and rejecting the counterclaim filed by the Company. After the notification of the reasoned decision an appeal was made within the legal period by the Group Management. As of report date the litigation procedures are underway. The Group Management, in line with the views of the legal counsel, has not recorded any provision thereon in the accompanying consolidated financial statements.

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2023

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NOTE 13 – REVENUE AND COST OF SALES

13.1 Sales	January 1 – June 30, 2023	January 1 June 30, 2022	April 1 – June 30, 2023	April 1 – June 30, 2022
Domestic sales	11.303.555.993	11.543.702.794	4.557.265.501	4.214.313.783
Foreign sales	1.134.144.649	2.001.672.777	609.045.572	1.296.052.583
Service sales	14.619.640	43.336.800	4.378.877	22.727.691
Sales returns	(913.464)	(2.388.731)	(655.952)	1.377.025
Sales discounts	(185.326.630)	(153.524.422)	(63.839.897)	(51.403.602)
Other discounts from sales	(62.394.597)	(27.153.678)	(43.728.652)	(461.202)
Total	12.203.685.591	13.405.645.540	5.062.465.449	5.482.606.278
13.2 Cost of sales	January 1 – June 30, 2023	January 1 June 30, 2022	April 1 – June 30, 2023	April 1 – June 30, 2022
<i>Cost of goods produced</i>	5.246.525.630	5.883.623.690	3.151.636.692	3.350.487.757
<i>Change in the finished goods</i>	181.843.318	(1.221.193.665)	61.783.195	(1.098.901.667)
<i>-Finished goods at the beginning of the period</i>	1.213.752.420	993.329.692	--	--
<i>-Finished goods at the end of the period</i>	(1.031.909.102)	(2.214.523.357)	61.783.195	(1.098.901.667)
Cost of finished goods sold	5.428.368.948	4.662.430.025	3.213.419.887	2.251.586.090
<i>-Trade goods at the beginning of the period</i>	3.947.162.976	2.861.233.661	--	--
<i>-Purchases</i>	3.525.402.278	5.272.904.610	351.748.857	1.935.019.128
<i>Trade goods at the end of the period</i>	(1.048.612.660)	(1.886.123.584)	1.809.363.615	327.037.842
Cost of trade goods sold	6.423.952.594	6.248.014.687	2.161.112.472	2.262.056.970
Cost of services sold	20.209.263	22.815.860	7.969.362	8.498.339
Cost of other sales	18.153	4.782.034	18.153	4.782.034
Total	11.872.548.958	10.938.042.606	5.382.519.874	4.526.923.433

NOTE 14 - OTHER OPERATING INCOME AND EXPENSES**14.1 Other operating income**

	January 1 – June 30, 2023	January 1 June 30, 2022	April 1 – June 30, 2023	April 1 – June 30, 2022
Foreign exchange incomes	2.095.239.031	819.631.508	1.936.139.485	498.833.156
Interest incomes	10.485.732	1.336.066	(9.105.505)	(78.364)
Other incomes	249.852.945	52.050.037	223.749.319	20.420.429
Total	2.355.577.708	873.017.611	2.150.783.299	519.175.221

14.2 Other operating expense

	January 1 – June 30, 2023	January 1 June 30, 2022	April 1 – June 30, 2023	April 1 – June 30, 2022
Foreign exchange expenses	2.387.401.673	1.577.928.165	2.174.379.441	928.082.616
Provision expenses	131.833.881	8.394.863	125.015.611	2.694.494
Razi VAT provision expenses	--	166.775.665	(32.654.636)	70.779.554
Previous year expenses - Razi	--	53.025.004	--	4.145.605
Non-working part expenses and losses	65.399.612	--	59.568.527	--
Other expenses	217.263.752	119.982.421	147.568.229	97.101.633
Total	2.801.898.918	1.926.106.118	2.473.877.172	1.102.803.902

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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 – June 30, 2023	January 1 June 30, 2022	April 1 – June 30, 2023	April 1 – June 30, 2022
Net period (loss) on parent's shares)	(476.875.019)	506.953.704	(266.805.920)	(68.793.098)
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)	(1,428)	1,518	(0,799)	(0,206)

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.

NOT 16 - RELATED PARTIES TRANSACTIONS

16.1 Balances due to / from related parties

	June 30, 2023	December 31, 2022
Trade receivables		
TKK and Tarım Kredi Kooperatifleri	2.726.250.056	1.293.097.725
Other related parties	6.203.741	406.779
Total	2.732.453.797	1.293.504.504

The average maturity in solid fertilizer sales to TKK is 15 days.

	June 30, 2023	December 31, 2022
Trade payables		
TKK ve Tarım Kredi Kooperatifleri	4.844	782.406
Tarım Kredi Teknoloji A.Ş.	345.058	2.117.241
Tarım Kredi Taşımacılık ve Lojistik A.Ş.	4.963.922	2.160.279
Tarım Kredi Holding A.Ş.	--	35.756
Bereket Emeklilik ve Hayat A.Ş.	5.900	--
Bereket Sigorta A.Ş.	21.026.790	2.034.663
Tareks Hayvancılık A.Ş.	--	--
Tarım Kredi Birlik Tarım Ürünleri A.Ş.	--	19.989
Tarkim Bitki Koruma San. ve Tic. A.Ş.	--	1.917
Total	26.346.514	7.152.251

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GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

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NOTE 16 - RELATED PARTIES TRANSACTIONS (Cont’d)

16.2 Transactions with Related Parties

	January 1 – June 30, 2023	January 1 June 30, 2022	April 1 – June 30, 2023	April 1 – June 30, 2022
Sales of goods and services				
TKK ve Tarım Kredi Kooperatifleri	10.381.617.388	8.115.936.076	3.639.316.527	2.145.491.878
Tarkim Bitki Koruma San. ve Tic. A.Ş.	--	3.136	--	3.136
Tarım Kredi Teknoloji A.Ş.	99.633	2.704	99.633	--
Bereket Sigorta A.Ş.	900.399	6.199.962	5.828	6.192.115
Tarım Kredi Taşımacılık ve Lojistik A.Ş.	2.330.970	2.150	4.237	2.150
Total	10.384.948.390	8.122.144.028	3.639.426.225	2.151.689.279

	January 1 – June 30, 2023	January 1 June 30, 2022	April 1 – June 30, 2023	April 1 – June 30, 2022
Purchases of goods and services				
TKK ve Tarım Kredi Kooperatifleri	65.291.246	88.749	45.975.504	(50.017)
Bereket Sigorta A.Ş.	33.297.178	19.051.876	23.686.962	4.052.107
Tarım Kredi Taşımacılık ve Lojistik A.Ş.	36.159.897	21.518.547	13.461.166	10.663.141
Tarım Kredi Teknoloji A.Ş.	2.679.800	5.130.122	1.057.644	2.421.970
Tarım Kredi Birlik Tarım Ürünleri San. ve Tic. A.Ş.	1.797.198	160.586	(323.495)	99.200
Tarım Kredi Yem Sanayi ve Tic. A.Ş.	--	7.190	--	7.190
Tarım Kredi Holding A.Ş.	482.230	38.462	16.910	38.462
Tarım Kredi Pazarlama ve Marketçilik A.Ş.	919.732	512.692	624.282	508.427
Tarkim Bitki Koruma San. ve Tic. A.Ş.	5.000	3.947.855	1.800	3.943.165
Bereket Katılım Emeklilik ve Hayat A.Ş.	291.560	138.659	(18.701)	138.659
Total	140.923.841	50.594.738	84.482.072	21.822.304

	January 1 – June 30, 2023	January 1 – June 30, 2023	January 1 – June 30, 2023	January 1 – June 30, 2022
Interest Expense				
TK Birlik Tarım Ürünleri San. ve Tic. A.Ş.	1.955.369	--	(351.967)	--
Total	1.955.369	--	(351.967)	--

16.3 Remuneration of board of directions and executive management

The total benefits provided by the Group to its board of directors and executive management during the years ended June 30, 2023 and June 30, 2022 are as follows:

	June 30,2023			June 30,2022		
	Gübretaş	Maden	Razi	Gübretaş	Maden	Razi
Benefits provided to top management	4.813.194	8.338.113	11.516.609	3.992.184	1.663.641	8.067.280
Total	4.813.194	8.338.113	11.516.609	3.992.184	1.663.641	8.067.280

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GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

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NOTE 17 - FINANCIAL INSTRUMENTS

Short-term financial investments	Maturity	Interest rates (%)	June 30, 2023
Private sector bonds and bills	July 2023	15,00-19,50	406.085.877
Currency protected deposit	July 2023	8,50-29,00	387.346.500
Total			793.432.377

Short-term financial investments	Maturity	Interest rates (%)	December 31, 2022
Private sector bonds and bills	March 2023	15,00-18,00	390.529.022
Currency protected deposit	May 2023	13,50	57.081.785
Total			447.610.807

Long-term financial investments	Maturity	Interest rates (%)	June 30, 2023
Financial Assets (Investment Funds) at fair value through profit or loss	--	--	351.945
Public sector bonds and bills	July 2023	15-19,50	239.772.841
Total			240.124.786

Long-term financial investments	Maturity	Interest 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	74.904.753
Total			75.295.803

NOTE 17 - FINANCIAL INSTRUMENTS (Cont'd)

Title	Subject of activities	June 30, 2023		December 31, 2022	
		% Share	Amount of participant	% Share	Amount of participant
TK Teknoloji	Internet Service Provider etc.	15,78	3.287.515	15,78	2.537.515
Tareksav	Agricultural Credit education, culture and health 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
Petro Saman Avaran	Service provider	33,73	125.732	33,73	125.732
Total			4.613.247		3.863.247

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GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

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NOTE 18 - EMPLOYEE BENEFITS

Liabilities for employee benefits:

	June 30, 2023	December 31, 2022
Due to the personnel	30.410.662	53.330.082
Social security premiums payable	25.753.073	8.467.273
Total	56.163.735	61.797.355

Provision for Employee Benefits:

Short-term	June 30, 2023	December 31, 2022
Provision for vacation allowance and employee termination benefits	54.942.489	36.958.706
Provision for premium	9.717.768	15.693.426
Provision for early retirement salary (*)	18.734.296	40.455.073
Total	83.394.553	93.107.205

Long-term	June 30, 2023	December 31, 2022
Allowance for retirement pay (Gübretaş)	99.717.308	103.174.075
Allowance for retirement pay (Razi)	458.934.973	351.125.536
Provision for early retirement salary (*)	60.155.161	72.073.270
Total	618.807.442	526.372.881

(*) During the privatization process of Razi, the right to early retirement has been granted to the employees and the obligation regarding this right has been recorded by Razi within the scope of TAS 19.

As of 30 June 2023, the severance pay liability of the Group has been calculated using the annual real discount rate of 1.51% (30 June 2022: 4,09%), which was determined by estimating an annual inflation rate of 12.30% and a discount rate of 14.00%. The Group's severance pay provision is calculated over the ceiling of TL 23.489,83 (30 June 2022: TL 15.371,40), effective from 30 June 2022, since the severance pay ceiling is determined every six months. Movements in the provision for severance pay during the year are as follows:

	January 1 – June 30, 2023	January 1 – June 30, 2022
Provisions as of January 1	526.372.881	338.204.352
Adjustments on opening balance	(22.690.086)	(11.510.220)
Service cost	178.361.685	112.649.790
Interest cost	24.839.604	15.497.608
Payment termination indemnity	(144.568.527)	(107.935.473)
Foreign currency translation differences	76.524.169	77.353.565
Actuarial gain/loss	(20.032.284)	14.727.481
Provision as of June 30	618.807.442	438.987.103

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GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

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NOTE 19 - PREPAID EXPENSES AND DEFERRED INCOME

Short-term prepaid expenses	June 30, 2023	December 31, 2022
Order advances given for inventory purchase	650.433.988	432.517.073
Expenses for next month	234.872.703	113.840.122
Total	885.306.691	546.357.195
Long-term prepaid expenses	June 30, 2023	December 31, 2022
Order advances given for stock purchase	275.076.329	172.686.997
Other prepaid expenses	19.979.645	14.406.503
Total	295.055.974	187.093.500
Short term deferred income	June 30, 2023	December 31, 2022
Received advances	94.820.946	14.676.256
Other deferred income	121.501.864	61.660.177
Total	216.322.810	76.336.433

NOT 20 - EQUITY

Paid-in capital

The equity structure as of June 30, 2023 and December 31 ,2022 is as follows:

	%	June 30, 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 June 30, 2023, the capital of the Company consists of 33.400.000.000 shares and there are no privileged shares (December 31,2022: 33.400.000.000 shares). The nominal value of the shares is 0,01 TL (2022: 0,01 TL).

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2023

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NOT 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 June 30, 2023 and December 31, 2022:

	June 30, 2023	December 31, 2022
Legal reserves	80.028.186	68.182.652
Total	80.028.186	68.182.652

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

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 tax system, financial losses can be deducted from the financial profits in the following five years, and it is not possible to deduct (retrospectively) from previous years' earnings. In addition, a temporary tax of 20% (December 31, 2023: 23%) is paid on the tax bases declared in the interim periods during the year to be deducted from the corporate tax in Turkey.

As of June 30, 2023, and December 31, 2022, tax provision has been reserved within the framework of the applicable 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.

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.

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

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

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.

The corporate tax rate in Turkey is 20% (However, in accordance with the articles added to the Corporate Tax Law, the 20% corporate tax rate has been applied as 23% for the corporate earnings of the 2022 taxation period) applied to earnings. Corporate tax is declared until the evening of the thirtieth day of the fourth month following the end of the relevant year and is paid as a single installment until the end of the relevant month. Corporate tax in Iran is 25% (December 31, 2022: 25%).

Companies calculate temporary tax at the rate of 20% on their quarterly financial profits (23% for the taxation period of 2022), and declare it 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 on 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.

According to the Corporate Tax Law, financial losses shown on the declaration can be deducted from the corporate tax base of the period, provided that they do not exceed 5 years. Declarations and related accounting records can be examined by the tax office within five years.

Dividend payments made to resident companies in Turkey, to those who are not liable and exempt from corporate tax and income tax, and to real persons and non-resident legal entities in Turkey are subject to 15% income tax.

Dividend payments from companies residing in Turkey to joint stock companies residing in Turkey are not subject to income tax. In addition, if the profit is not distributed or added to the capital, income tax is not calculated.

Turkish tax legislation does not allow the parent company to file a tax return on the consolidated financial statements of its subsidiaries. For this reason, tax liabilities reflected in the consolidated financial statements of the Group have been calculated separately for all companies included in the scope of consolidation.

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

Tax Advantages Obtained Under the Investment Incentive System

The Group's earnings obtained from investments subject to investment incentive certificate are subject to corporate tax at reduced rates starting from the accounting period in which the investment is partially or fully operational until the investment contribution amount has been reached. In this context, as of 30 June 2023, the tax advantage amounting to TL 168.275.431 (31 December 2022: TL 19.917.708) that the Group will benefit from in the foreseeable future has been reflected in the accompanying consolidated financial statements as deferred tax assets. As a result of the recognition of the said tax advantage as of 30 June 2023, the Group has deferred tax income amounting to TL 148.357.723 in the accompanying consolidated profit or loss statement for the period ended 30 June 2023 (31 December 2022: TL 57.910.293).

Deferred tax assets are recognized when it is determined that taxable income is likely to occur in the coming years. In cases where taxable income is likely to occur, deferred tax assets are calculated over deductible temporary differences, tax losses and tax advantages vested in indefinite-lived investment incentives that allow reduced corporate tax payments. In this context, the Group recognizes deferred tax assets arising from investment incentives in the consolidated financial statements based on long-term plans, and evaluates the recoverability of deferred tax assets related to these investment incentives as of each balance sheet date, based on business models that include taxable profit estimations.

Tax provision included in the balance sheet pertaining to the periods ended June 30, 2023 and December 31, 2022 is as follows:

	June 30, 2023		
	Gübretaş	Razi	Total
Provision for current period corporate tax	--	(70.747.976)	(70.747.976)
Prepaid tax	6.996.472	85.000.135	91.996.607
Prior year's corporate tax liabilities	--	(474.613.432)	(474.613.432)
Translation differences	--	(60.141.464)	(60.141.464)
Total	6.996.472	(520.502.737)	(513.506.265)

As of June 30, 2023, Gübretaş Maden Yatırımları A.Ş. has no corporate tax (31 December 2022: None).

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

Tax assets and liabilities (Cont’d)

	December 31, 2022		
	Gübretaş	Razi	Total
Provision for current period corporate tax	(219.632.692)	(354.952.003)	(574.584.695)
Prepaid tax	74.773.277	22.256.398	97.029.675
Prior year’s corporate tax liabilities	--	(19.018.710)	(19.018.710)
Translation differences	--	(124.974.327)	(124.974.327)
Total	(144.859.415)	(476.688.642)	(621.548.057)

Deferred tax assets and liabilities

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

	June 30, 2023		December 31, 2022	
	Temporary differences	Deferred tax, assets and liabilities	Temporary differences	Deferred tax, assets and liabilities
Investment incentive	673.101.723	168.275.431	99.588.541	19.917.708
Fiscal year losses	468.582.867	117.145.717	--	--
Adjustments for inventories	9.787.644	4.078.957	73.148.710	14.629.742
Trade receivables	2.853.472	713.368	5.072.950	1.014.590
Provisions for termination indemnity benefits	144.224.717	36.034.332	124.701.120	25.013.554
Unearned interest expense on receivables	4.617.879	1.154.470	6.968.874	1.393.775
Expense accruals	148.982.827	37.245.706	65.736.644	13.147.329
Others	45.974.714	9.702.670	34.077.491	6.815.499
Deferred tax assets	1.498.125.843	374.350.651	409.294.330	81.932.197
Tangible / Intangible / Investment properties	2.811.756.716	550.640.190	2.659.451.200	531.890.243
Income accrual	85.465.814	21.366.454	12.384.929	2.476.985
Unearned interest income on payables	7.367.303	1.841.823	21.580.716	4.316.143
Others	226.575.129	22.657.514	200.338.233	20.033.823
Deferred tax liabilities	3.131.164.962	596.505.981	2.893.755.078	558.717.194
Net deferred tax asset / (liability)		(222.155.330)		(476.784.997)
Razi Co. deferred tax asset / (liability) (*)		575.562.279		326.066.453
Total deferred tax asset / (liability)		353.406.949		(150.718.544)

(*) The liability amounting to TL 575.562.279 is due to the deferred tax effect of Razi's urea price differences (31 December 2022: TL 326.066.453).

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

Deferred tax assets and liabilities (Cont’d)

Information related to deferred tax transaction table:

	June 30, 2023	December 31, 2022
Opening balance on January 1	(150.718.544)	(75.809.339)
Impact of foreign currency translation of deferred tax of Razi	(13.030.439)	(12.296.376)
Sub total	(163.748.983)	(88.105.715)
Deferred tax income /(expense)	520.909.423	321.557.183
Tax revenue recognized in other comprehensive income /(expense)	(3.753.491)	(384.170.012)
Closing balance on June 30	353.406.949	(150.718.544)
Reconciliation of the tax provision:	January 1 - June 30, 2023	January 1- December 31, 2022
Profit / (Loss) before tax	(982.890.964)	1.193.086.552
Tax rate	0,20	0,23
Calculated tax	196.578.193	(274.409.907)
Non-deductible expense tax effect	(38.753.462)	(84.643.370)
Tax effect of deductibles and exemptions	30.958.164	16.347.683
Impact of foreign subsidiaries subjected to different tax rates	(11.379.240)	(51.517.805)
Total discounts of investment incentives	148.357.723	57.910.293
Impact of fiscal year losses	117.145.717	--
Other differences	7.254.352	(13.715.412)
Tax income / (expense)	450.161.447	(350.028.518)

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Notes to the interim condensed consolidated financial statements as of June 30, 2023

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NOTE 22 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

Assets and liabilities denominated in foreign currency held by the Group in terms of original and Turkish Lira currency units as of June 30, 2023 are as follows:

	June 30, 2023		
	Amount in TL (functional currency)	USD	EUR
1 Trade receivables	154.556.710	3.224.403	2.532.238
2 Monetary financial assets (including cash, bank accounts)	897.712.164	34.249.416	471.907
3 Other current assets	651.594.812	15.846.218	8.609.659
4 Foreign currency assets (1+2+3)	1.703.863.686	53.320.037	11.613.804
5 Trade payables	(167.290.879)	(442.665)	(5.535.977)
6 Financial borrowings	(1.043.259.963)	(13.974.800)	(24.237.668)
7 Other short-term liabilities, net	(977.971.751)	(37.048.718)	(755.097)
8 Short term liabilities in foreign currency (5+6+7)	(2.188.522.593)	(51.466.183)	(30.528.742)
9 Trade payables	--	--	--
10 Financial borrowings	--	--	--
11 Long term liabilities in foreign currency (9+10)	--	--	--
12 Total liabilities in foreign currency (8+11)	(2.188.522.593)	(51.466.183)	(30.528.742)
13 Net foreign currency asset, liability position (4-12)	(484.658.907)	1.853.854	(18.914.938)
14 Monetary items net foreign currency asset / liability position (4-12)	(484.658.907)	1.853.854	(18.914.938)
15 Fair value of derivative instruments classified for hedging purposes	--	--	--
16 Amount of hedged portion of foreign currency liabilities	387.346.500	15.000.000	--

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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, 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 22- FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont’d)

Foreign currency risk

As of June 30, 2023, and June 30, 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:

	June 30, 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	4.787.226	(4.787.226)
2- The part hedged for USD risk (-)	38.734.650	(38.734.650)
3- The impact of TL net profit for the period	43.521.876	(43.521.876)
Change of EUR by %10 against TL		
1- Assets/liability denominated in EUR - net	(53.253.116)	53.253.116
2- The part hedged for EUR risk (-)	--	--
3- The impact of TL net profit for the period	(53.253.116)	53.253.116
	June 30, 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	(303.805.246)	303.805.246
2- The part hedged for USD risk (-)	506.923.095	(506.923.095)
3- The impact of TL net profit for the period	203.117.849	(203.117.849)
Change of EUR by %10 against TL		
1- Assets/liability denominated in EUR - net	17.226.194	(17.226.194)
2- The part hedged for EUR risk (-)	--	--
3- The impact of TL net profit for the period	17.226.194	(17.226.194)

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NOT 23 – BUSINESS COMBINATIONS

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. Main activity of Kavak Maden is about mining and it is similar to Gübretaş Maden. The Group has accounted the difference between the acquisition amount and the net assets acquired in accordance with TFRS 3 “Business Combinations”.

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

	June 30, 2023
Acquisition amount	28.664.820
Net assets acquired	(13.526.799)
Goodwill	15.138.021
Cash and cash equivalent	47.525
Other current assets	2.482.424
Property, plant and equipment	14.003.924
Trade payables	(500.979)
Other liabilities	(2.506.095)
Net assets	13.526.799

NOTE 24 – DEERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments to protect against foreign currency risk and classifies them as financial instruments at fair value through profit or loss. Derivative instruments are first recorded at acquisition cost reflecting their fair value on the contract date and are valued at fair value in the periods following their registration. If a financial instrument is acquired to be sold or bought back at a later date, it is classified in this group. Derivative instruments are recognized as assets if fair value is positive, and liabilities if negative.

The derivative instruments of the Group, whose fair value differences are reflected in profit / loss, comprise foreign currency forward contracts. The Group does not have any derivative transactions within the scope of hedge accounting. For this reason, following the initial recording of derivative financial instruments, they were measured with their fair values and reflected to profit or loss as soon as changes in their fair values took place.

The details of derivative instruments as of June 30, 2023 and December 31, 2022 are as follows:

June 30, 2023

Forward agreement	Maturity	Nominal value (USD)	Fair value (TL)
USD buying	July 2023	15.000.000	(16.590.500)
Total		15.000.000	(16.590.500)

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NOTE 24 – DEERIVATIVE FINANCIAL INSTRUMENTS (Cont’d)

December 31, 2022

Forward agreement	Average Maturity	Nominal value (USD)	Fair value (TL)
USD buying	February 2023	100.000.000	(8.421.300)
Total		100.000.000	(8.421.300)

NOT 25 – SUBSEQUENT EVENTS

In line with the decision of the Competition Board dated 12.08.2021 and numbered 21-38/543-M on 27 August 2021, within the scope of Article 41 of the Law in order to determine whether Article 4 of the Law on the Protection of Competition No. 4054 has been violated, the Competition Board Investigation, which was shared with the public regarding the launch of an investigation against the Company, stated that with the decision numbered 23-36/670-226 dated 03 August 2023, the Company did not violate the Article 4 of the Law on the Protection of Competition No. 4054, and therefore an administrative fine was imposed. It was decided that there was no need for a judicial remedy in Ankara Administrative Courts within 60 days from the notification of the reasoned decision.

Subsequently an application was made to the Capital Markets Board, within the scope of increasing the issued share capital from TL 334.000.000 to TL 1.336.000.000 with an increase of 300% to be fully covered from internal resources, the approval of the share issue document regarding the shares representing the capital of TL 1.002.000.000 to be issued and the articles of association titled "Company's Capital", regarding the approval of the new version of Article 7. The approval of the said request is being awaited from the Capital Markets Board.