

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

**GÜBRE FABRİKALARI
TÜRK
ANONİM ŞİRKETİ
INTERIM CONDENSED
CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE PERIOD
JANUARY 1 - SEPTEMBER 30,
2023**

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GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

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

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

		September 30,	Audited
	Notes	2023	December 31,
			2022
ASSETS			
Current assets:			
Cash and cash equivalents	4	2.605.997.381	1.083.379.197
Financial investments	17	894.348.229	447.610.807
Trade receivables			
- Trade receivables from related parties	16	2.022.393.750	1.293.504.504
- Trade receivables from third parties	6	665.016.462	260.985.287
Other receivables			
- Other receivables from third parties	7	1.363.950.212	468.030.922
Inventories	8	4.650.403.051	7.798.691.052
Prepaid expenses	19	980.985.079	546.357.195
Derivative financial instruments	23	7.052.476	--
Assets related to the current period taxes		11.362.842	74.773.277
Other current assets		253.722.885	131.073.520
Total current assets		13.455.232.367	12.104.405.761
Non-current assets			
Financial investments	17	326.180.695	79.159.050
Trade receivables			
-Trade receivables from third parties		600.000	1.133.425
Other receivables			
- Other receivables from third parties	7	52.136.406	34.371.497
Investments valued by equity method		342.137.285	200.338.233
Investments properties		267.963.745	267.963.745
Property, plant and equipment	9	9.292.087.289	7.522.556.514
Intangible assets	10		
-Goodwill		223.886.292	181.827.657
-Other intangible assets		843.961.092	278.568.344
Prepaid expenses	19	197.079.966	187.093.500
Deferred tax assets		425.257.490	--
Total non-current assets		11.971.290.260	8.753.011.965
Total assets		25.426.522.627	20.857.417.726

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

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

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

		September 30, 2023	Audited December 31, 2022
	Notes		
LIABILITIES			
Current liabilities			
Short-term borrowings	5	7.183.908.609	5.515.983.218
Trade payables			
-Due to related parties	16	109.684.368	7.152.251
-Due to third parties	6	4.706.302.739	5.072.185.724
Payables due to employee benefits	18	63.120.499	61.797.355
Other payables			
Other payables to third parties	7	1.252.482.263	419.417.369
Deferred income	19	327.663.055	76.336.433
Liabilities related to current period tax	21	585.480.495	696.321.334
Short-term provisions			
-Short-term provisions for employee benefits	18	156.885.589	93.107.205
-Other short-term provisions	12	787.012.652	307.078.555
Derivative Financial Instruments	23	--	8.421.300
Total short-term liabilities		15.172.540.269	12.257.800.744
Long-term liabilities			
Long-term borrowings	5	23.905.384	44.811.294
Long-term provisions			
- Long-term provisions for employee benefits	18	665.309.128	526.372.881
-Other long term provisions	10	323.396.394	--
Deferred tax liability		--	150.718.544
Total long-term liabilities		1.012.610.906	721.902.719
Total liabilities		16.185.151.175	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		(473.894)	20.163.680
-Impairment on property, plant and equipment		2.135.324.576	2.134.574.576
-Defined benefit plans re-measurement losses		(15.333.397)	(50.733.395)
Accumulated other comprehensive income / expense to be reclassified to profit or loss			
-Foreign currency translation differences		511.663.482	456.162.026
Restricted reserves from profit			
- Legal reserves	20	80.028.186	68.182.652
Prior year profit		3.474.804.030	2.071.161.251
Current period profit / (loss)		565.107.870	757.352.143
Shareholders' equity		7.085.120.853	5.790.862.933
Non-controlling interests		2.156.250.599	2.086.851.330
Total shareholders' equity		9.241.371.452	7.877.714.263
Total liabilities and equities		25.426.522.627	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
Interim consolidated Statements of Profit or Loss and Other Comprehensive Income
for the interim period ended September 30, 2023
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

	Notes	January 1– September 30, 2023	January 1– September 30, 2022	July 1– September 30, 2023	July 1– September 30, 2022
Sales	13	20.534.974.532	19.898.030.743	8.331.288.941	6.492.385.203
Cost of sales	13	(18.808.268.955)	(16.274.509.565)	(6.935.719.997)	(5.336.466.959)
Gross profit		1.726.705.577	3.623.521.178	1.395.568.944	1.155.918.244
General and administrative expense (-)		(565.852.098)	(372.076.154)	(198.886.959)	(172.689.307)
Marketing, selling and distribution expense (-)		(1.093.384.422)	(512.250.051)	(433.108.921)	(167.992.102)
Other operating income	14	1.028.244.589	1.039.778.513	(1.327.333.119)	166.760.902
Other operating expenses (-)	14	(1.447.533.783)	(2.460.820.029)	1.354.365.135	(534.713.911)
Operating profit		(351.820.137)	1.318.153.457	790.605.080	447.283.826
Income from investment activities		15.695.138	3.955.442	(68.357.712)	2.038.511
Expenses from investment activities		(6.080.838)	(18.217)	(5.982.766)	(17.977)
Profit / (loss) from investments accounted by equity method		162.436.626	75.267.491	115.470.628	(11.315.259)
Operating profit before financial income / (expense)		(179.769.211)	1.397.358.173	831.735.230	437.989.101
Financial income		820.626.620	712.508.055	249.419.309	228.548.643
Financial expense		(945.038.186)	(778.828.001)	(311.072.923)	(148.253.553)
Gain / (loss) from net monetary position		170.544.068	197.778.187	79.172.639	140.529.848
Profit before tax from continuing operations		(133.636.709)	1.528.816.414	849.254.255	658.814.039
- Current period tax (expense)	21	(161.049.976)	(77.454.542)	(90.302.000)	(435.526)
- Deferred tax (expense) / income	21	618.037.802	(32.186.163)	97.128.379	(55.007.713)
Total tax (expense) / income		456.987.826	(109.640.705)	6.826.379	(55.443.239)
Current period profit / (loss)		323.351.117	1.419.175.709	856.080.634	603.370.800
Distribution of income for the period					
Non-controlling interests		(241.756.753)	553.457.347	(185.902.255)	244.606.142
Attributable to equity holders of the parent		565.107.870	865.718.362	1.041.982.889	358.764.658
Gain / (Loss) per share (kr)	15	1,692	2,592	3,120	1,074
Other comprehensive income					
Items not to be reclassified to profit or loss					
Tangible asset revaluation increases of investments valued by equity method		(20.637.574)	(840.913)	91.528	--
Defined benefit plans re-measurement gains		44.249.998	(11.595.836)	25.482.542	3.131.645
Tax effect of other comprehensive income/expense not to be reclassified to profit or loss		(8.850.000)	2.319.167	(5.096.509)	(626.329)
Items to be reclassified to profit or loss					
Foreign currency translation differences		332.985.514	1.085.673.321	200.766.090	(590.743.547)
Other comprehensive (expense)		347.747.938	1.075.555.739	221.243.651	(588.238.231)
Total comprehensive income / (expense)		671.099.055	2.494.731.448	1.077.324.285	15.132.569
Distribution of total comprehensive income / (income)					
Non-controlling interests		35.727.305	1.154.061.407	(23.527.753)	(11.377.874)
Attributable to equity holders of the parent		635.371.750	1.340.670.041	1.100.852.038	26.510.443

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

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Interim consolidated Statements of Changes in Equity for the interim period ended September 30, 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 / (los) 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	--	--	--	--	--	--	389.120.156	--	389.120.156	406.918.344	796.038.500
Balances after adjustments	334.000.000	549.972.967	(2.811.836)	6.243.916	332.976.445	53.838.737	1.310.388.281	523.125.635	3.107.734.145	1.716.562.734	4.824.296.879
Transfers	--	--	--	--	--	14.343.915	508.781.720	(523.125.635)	--	--	--
Subsidiary acquisition	--	--	--	--	--	--	(666.798)	--	(666.798)	1.210.582	543.784
Total comprehensive income/ (expense)	--	--	(9.276.669)	(840.913)	485.069.261	--	--	865.718.362	1.340.670.041	1.154.061.407	2.494.731.448
Balances at September 30, 2022	334.000.000	549.972.967	(12.088.505)	5.403.003	818.045.706	68.182.652	1.818.503.203	865.718.362	4.447.737.388	2.871.834.723	7.319.572.111
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	--	750.000	--	--	--	--	658.136.170	--	658.886.170	688.239.034	1.347.125.204
Balances after adjustments	334.000.000	2.135.324.576	(50.733.395)	20.163.680	456.162.026	68.182.652	2.729.297.421	757.352.143	6.449.749.103	2.775.090.364	9.224.839.467
Transfers	--	--	--	--	--	11.845.534	745.506.609	(757.352.143)	--	--	--
Dividend paid	--	--	--	--	--	--	--	--	--	(654.567.070)	(654.567.070)
Total comprehensive income/ (expense)	--	--	35.399.998	(20.637.574)	55.501.456	--	--	565.107.870	635.371.750	35.727.305	671.099.055
Balances at September 30, 2023	334.000.000	2.135.324.576	(15.333.397)	(473.894)	511.663.482	80.028.186	3.474.804.030	565.107.870	7.085.120.853	2.156.250.599	9.241.371.452

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GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

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

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

	Notes	January 1, – September 30, 2023	January 1, – September 30, 2022
Cash flows from operating activities			
Period income /loss		323.351.117	1.419.175.709
Adjustments to reconcile net profit/(loss) for the period			
Adjustments related to depreciation and amortization expense	9-10	542.666.788	396.555.598
Adjustments related to gain from investments accounted by equity method		(162.436.626)	(75.267.491)
Adjustments related to provisions for employee benefits	18	345.397.033	236.372.272
Adjustments related to interest expense		320.728.031	468.651.099
Adjustments related to impairment of inventories	8	45.406.416	90.195.072
Adjustments related to impairment of receivables	6	711.140	(2.398.494)
Deferred financial income		4.889.858	461.379
Adjustments related to lawsuit provisions	12	6.315.527	11.645.315
Adjustments related to current year tax income		(456.987.826)	109.640.705
Adjustments related to losses (gains) on sale of property, plant and equipments	9-10	(1.202.639)	(1.430.686)
Adjustments related to fair value losses (gains) on derivative financial instruments		(15.473.776)	70.729.839
Adjustments related to fair value losses (gains) on investment properties		--	263.133
Cash flows from the operating activities before changes in the assets and liabilities		953.365.043	2.724.593.450
Change in working capital (net):			
Adjustments related to increase in trade receivables		(1.126.129.262)	(806.445.240)
Adjustments related to increase in other receivables		(913.684.199)	(201.259.109)
Adjustments related to decrease in inventories		3.233.466.661	(315.074.806)
Adjustments related to increase in trade payables		(275.209.608)	(778.942.066)
Increase / (decrease) in employee benefit obligations		1.323.144	21.333.009
Increase / (decrease) in deferred income		251.326.622	(607.489.462)
Increase / (decrease) in prepaid expenses		(444.614.350)	115.542.630
Increase / (decrease) in other payables		179.100.230	105.861.617
Adjustments related to other decrease in working capital		721.456.416	428.588.709
Cash flows from the operations after the changes in working capital		2.580.400.697	686.708.732
Interest paid		(802.769.242)	(369.282.034)
Taxes refunds/ (payments)	21	(151.186.551)	(90.937.072)
Payments related to provision for employee benefits	18	(242.318.644)	(162.577.240)
Cash flow regarding investment activities		1.384.126.260	63.912.386
Cash flows from investment activities			
Cash outflows from the purchases of property, plant and equipment and intangible assets	9-10	(1.357.111.858)	(1.045.899.609)
Cash inflows from the purchases of property, plant and equipment and intangible assets	9-10	7.030.841	36.411.926
Other cash inflows / (outflows)		(693.759.067)	(299.832.207)
Cash flows from investment activities		(2.043.840.084)	(1.309.319.890)
Cash flows from financing activities			
Cash inflows from financial borrowings		10.513.523.806	7.860.792.000
Cash outflows from financial borrowings payments		(8.384.463.114)	(6.074.220.943)
Other cash inflows / (outflows)		--	543.784
Cash flows from financing activities		2.129.060.692	1.787.114.841
Net change in cash and cash equivalents before effect of foreign currency translation difference		1.469.346.868	541.707.337
Cash and cash equivalents as of January 1		1.083.379.197	1.171.491.537
Foreign currency translation difference		53.271.316	315.419.346
Cash and cash equivalents as of September 30		2.605.997.381	2.028.618.220

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

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

Operational units	Operation details
Yarımcı Plant Directorate	Production / Port management / Logistics
Aegean Regional Directorate / Izmir Facilities	Sales-marketing / Liquid-powder fertilizer production / Logistics
Black Sea Region Directorate	Sales-marketing / Logistics
Eastern Mediterranean Region Directorate / Iskenderun Facilities	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 September 30, 2023 is 1.584 (December 31, 2022: 1.577).

Some of the company's shares (23.43%) are in actual circulation on Stock Market Istanbul ("BIST"). The shareholders holding 10% and above shareholding in the Company's share capital are listed below:

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

1.1 Subsidiaries

The consolidated entities as of September 30, 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	September 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.	TL	%48,88	%48,88	%48,88	%48,88
Gübretaş Maden Yatırımları A.Ş.	TL	%100,00	%100,00	%100,00	%100,00
Tarkim Bitki Koruma Sanayi ve Ticaret A.Ş.	TL	%30,48	%30,48	%40,00	%40,00
Kavak Madencilik A.Ş.	TL	%80	%80	%80	%80

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of September 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. 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 to TL 140.000.000 from TL 40.000.000 and the share capital increase was fully paid in cash on 5 April 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.

Rexim Dış Ticaret A.Ş.

Rexim was established by Raintrade on August 19, 2022 with a share capital of TL 1.000.000 for the purpose of marketing, exporting, storing and trading of all sorts of chemical products. As of report date it is shown under long-term financial investments.

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

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

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 report date, the investment was not consolidated and shown under 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 30,48% 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 Tarnet Tarım Kredi Bilişim ve İletişim Hizmetleri A.Ş. (“Tarnet”) which is a subsidiary of TKK.

1.4 The approval of the consolidated financial statements

The condensed consolidated financial statements have been approved by the Board of Directors and authorized to be issued on November 8, 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 September 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 September 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 September 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 high inflation in Iran, which has exceeded 100% in total for the last 3 years (end of year price index 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 September 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	September 30, 2023		December 31, 2022	
	Period End	Period Average	Period End	Period Average
IRR/TL	0,000073091	0,000053728	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. In the statement made by the Public Oversight Accounting and Auditing Standards Authority on January 20, 2022, Since the cumulative change in the general purchasing power of the last three years according to the Consumer Price Index (CPI) is 74.41%, it is stated that there is no need to make any adjustments within the scope of TAS 29 in the financial statements for 2021. In this respect, while preparing the financial statements as of September 30, 2023, no inflation adjustment was made according to TAS 29. On the other hand, within the scope of tax legislation, inflation accounting has been postponed starting from the financial statements dated December 31, 2023, with the “Law on Amending the Tax Procedure Law and the Corporate Tax Law”, which was accepted on the agenda of the Turkish Grand National Assembly on January 20, 2022. However, due to high inflation in Iran, which has exceeded 100% in total for the last 3 years (end of year price index 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.

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of September 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)**

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

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

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

The effect of the adjustment of the financial statements for inflation amounting to TL 796.038.500 related with the prior periods was recognized in the opening balances in the equity in the previous year's profits as of January 1, 2022. As of January 1, 2023, the equity opening balances of the subsidiary have been corrected by TL 1.347.125.204 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 September 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 September 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 Sept 30, 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 September 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 the subsidiaries.
- b) As of September 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.
- 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.

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

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

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

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

2.4 Significant accounting policies

The condensed consolidated interim financial statements as of and for the period ended September 30, 2023 have been prepared in accordance with TAS 34. The accounting policies used in the preparation of these condensed interim consolidated financial statements 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, December 31, 2022 and September 30, 2023, 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 September 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 September 30, 2023 and the year ending December 31, 2022 is as follows:

	Domestic Mining	Domestic Fertilizer	Foreign Fertilizer	Cons. Adjustments	Total
	September 30, 2023	September 30, 2023	September 30, 2023	September 30, 2023	September 30, 2023
Assets					
Current assets	338.743.483	8.172.907.446	5.019.287.115	(75.705.677)	13.455.232.367
Non-current assets	2.652.432.833	4.226.602.504	5.432.013.718	(339.758.795)	11.971.290.260
Total assets	2.991.176.316	12.399.509.950	10.451.300.833	(415.464.472)	25.426.522.627

Liabilities					
Short-term liabilities	2.787.661.797	7.127.051.343	5.331.161.534	(73.334.405)	15.172.540.269
Long-term liabilities	328.825.661	94.539.890	589.245.355	--	1.012.610.906
Equities	(125.311.142)	5.177.918.717	4.530.893.944	(342.130.067)	9.241.371.452
Total Liabilities	2.991.176.316	12.399.509.950	10.451.300.833	(415.464.472)	25.426.522.627

	Domestic Mining	Domestic Fertilizer	Foreign Fertilizer	Cons. 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 September 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 September 30, 2023 and the year ending December 31, 2022 is as follows:

	Domestic Mining	Domestic Fertilizer	Foreign Fertilizer	Consolidation Adjustments	Total
	January 1-September 30, 2023	January 1-September 30, 2023	January 1-September 30, 2023	January 1-September 30, 2023	January 1-September 30, 2023
Sales	527.693.533	15.971.964.250	5.558.621.651	(1.523.304.902)	20.534.974.532
Cost of sales	(359.697.204)	(14.092.832.954)	(5.876.672.429)	1.520.933.632	(18.808.268.955)
Gross profit	167.996.329	1.879.131.296	(318.050.778)	(2.371.270)	1.726.705.577
Marketing, selling and distribution expense	(798.853)	(753.945.155)	(338.640.414)	--	(1.093.384.422)
General and administrative expense	(92.242.001)	(120.148.332)	(353.461.765)	--	(565.852.098)
Other operating income / expense, net	(162.286.469)	(431.873.147)	174.870.422	--	(419.289.194)
Operating profit / (loss)	(87.330.994)	573.164.662	(835.282.535)	(2.371.270)	(351.820.137)
Income from investments, net	--	90.776.100	--	(81.161.800)	9.614.300
Profit from investments accounted by equity method		162.436.626	--	--	162.436.626
Operation profit before financial income / (expense)	(87.330.994)	826.377.388	(835.282.535)	(83.533.070)	(179.769.211)
Financial expense, net	(149.742.056)	10.055.465	185.819.093	--	46.132.502
Profit / (loss) before tax	(237.073.050)	836.432.853	(649.463.442)	(83.533.070)	(133.636.709)
Tax Profit / (loss)	42.123.558	151.440.063	258.104.315	5.319.890	456.987.826
Profit / (loss) for the period	(194.949.492)	987.872.916	(391.359.127)	(78.213.180)	323.351.117

	Domestic Mining	Domestic Fertilizer	Foreign Fertilizer	Consolidation Adjustments	Total
	January 1-September 30, 2022	January 1-September 30, 2022	January 1-September 30, 2022	January 1-September 30, 2022	January 1-September 30, 2022
Sales	--	15.571.177.816	5.022.883.604	(696.030.677)	19.898.030.743
Cost of sales	--	(13.541.153.312)	(3.412.493.403)	679.137.150	(16.274.509.565)
Gross profit	--	2.030.024.504	1.610.390.201	(16.893.527)	3.623.521.178
Marketing, selling and distribution expense	--	(441.531.033)	(70.719.018)	--	(512.250.051)
General and administrative expense	(36.516.740)	(82.925.475)	(252.633.939)	--	(372.076.154)
Other operating income / expense, net	4.442.900	(982.223.879)	(454.055.953)	10.795.416	(1.421.041.516)
Operating profit	(32.073.840)	523.344.117	832.981.291	(6.098.111)	1.318.153.457
Income from investments, net	--	3.937.225	--	--	3.937.225
Profit from investments accounted by equity method	--	75.267.491	--	--	75.267.491
Operation profit before financial income / (expense)	(32.073.840)	602.548.833	832.981.291	(6.098.111)	1.397.358.173
Financial expense, net	(2.947.613)	(130.469.198)	264.875.052	--	131.458.241
Profit / (loss) before tax	(35.021.453)	472.079.635	1.097.856.343	(6.098.111)	1.528.816.414
Tax Profit / (loss)	2.030.678	(102.764.482)	(10.126.523)	1.219.622	(109.640.705)
Profit / (loss) for the period	(32.990.775)	369.315.153	1.087.729.820	(4.878.489)	1.419.175.709

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

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

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

NOTE 3 – SEGMENT REPORTING (Cont’d)

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

	January 1- September 31, 2023	January 1- September 31, 2022
Gübretaş Maden (Domestic Mining)	1.141.404.795	858.607.236
Gübretaş (Domestic Fertilizer)	147.413.784	138.440.597
Razi (Foreign Fertilizer)	68.293.279	48.851.776
Total	1.357.111.858	1.045.899.609

Depreciation / Amortization:

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

	January 1- September 31, 2023	January 1- September 31, 2022
Gübretaş Maden (Domestic Mining)	88.039.239	6.362.630
Gübretaş (Domestic Fertilizer)	177.775.715	46.599.461
Razi (Foreign Fertilizer)	276.851.834	343.593.507
Total	542.666.788	396.555.598

NOTE 4 – CASH AND CASH EQUIVALENTS

	September 30, 2023	December 31, 2022
Cash on hands	1.709.551	1.056.297
Bank	2.603.667.198	1.082.322.860
- Demand deposits	735.790.620	638.451.175
- Time deposits	1.867.876.578	443.871.685
Other cash equivalents	620.632	40
Total	2.605.997.381	1.083.379.197

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

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

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

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

4.1 Time deposits (TL)

Interest rate (%)	Maturity	September 30, 2023
34,04	2 days	525.909.332
Total		525.909.332

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	September 30, 2023	
			Foreign currency amount	Amount in TL
2,27	2 days	USD	40.467.039	1.107.853.979
10-18	2 days	Million IRR	3.203.041	234.113.267
Total				1.341.967.246

Interest rate (%)	Maturity	Currency	December 31, 2022	
			Foreign currency amount	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

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

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

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

NOTE 5 – BORROWINGS

Short-term and Long-term borrowings	September 30, 2023	December 31,2022
Payable within 1 year	7.183.908.609	5.515.983.218
Payable within 1 – 5 years	23.905.384	44.811.294
Total	7.207.813.993	5.560.794.512

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

Short-term borrowings	September 30, 2023	December 31,2022
Short-term borrowings	7.140.025.361	5.497.064.441
Lease liabilities	43.883.248	18.918.777
Total	7.183.908.609	5.515.983.218

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

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

September 30, 2023

Currency	Average effective annual interest rate (%)	Original amount	Amount in TL
Bank loans			
EUR	8,23	13.967.677	405.488.647
USD	9,41	16.416.498	449.429.541
TL	19,37	5.657.938.728	5.657.938.728
Other financial borrowings			
Million IRR	18,00	8.580.652	627.168.445
Total			7.140.025.361

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

September 30, 2023

Currency	Average effective annual interest rate (%)	Original Amount	Amount in TL
TL	7,16	502.785	13.764.584
USD	17,70	30.118.664	30.118.664
Total			43.883.248

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

	September 30, 2023	December 31, 2022
Long-term financial lease liabilities	23.905.384	44.811.294
Total	23.905.384	44.811.294

5.4 Long-term lease liabilities

September 30, 2023

Currency	Average effective annual interest rate (%)	Original Amount	Amount in TL
USD	7,16	205.057	5.613.796
TL	17,70	18.291.588	18.291.588
Total			23.905.384

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

	September 30, 2023	December 31, 2022
Trade receivables	607.404.416	176.132.578
Receivables from Subsidiaries of Ministry of Agriculture of Iran (Razi)	70.904.929	97.434.452
Provision for doubtful trade receivables	(13.292.883)	(12.581.743)
Total	665.016.462	260.985.287

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

Overdue	September 30, 2023	December 31, 2022
More than 9 months	13.292.883	12.581.743
Total	13.292.883	12.581.743

The movements of the provision for doubtful trade receivables for the nine-month interim periods ending 30 September 2023 and 2022 are as follows:

	September 30, 2023	September 30, 2022
Balance at beginning of the period	12.581.743	14.673.089
Reversal expenses	711.140	(2.398.494)
Balance at end of the period	13.292.883	12.274.595

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

	September 30, 2023	December 31, 2022
Guarantee letters	521.143.006	385.378.201
Collateral cheques and notes	6.875.001	6.875.001
Total	528.018.007	392.253.202

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

6.2 Short-term trade payables

	September 30, 2023	December 31, 2022
Liabilities to the Iranian gas supplier	1.597.866.322	1.116.139.381
Creditors	2.763.700.672	3.784.517.039
Other trade payables	344.735.745	171.529.304
Total	4.706.302.739	5.072.185.724

NOTE 7 – OTHER RECEIVABLES AND PAYABLES

7.1 Other short-term receivables:	September 30, 2023	December 31, 2022
VAT receivables - Turkey	38.936.560	83.279.269
VAT receivables – Razi (*)	822.368.015	203.052.680
Receivables from personnel	56.057.257	27.014.731
Receivables from other government agencies - Razi	332.266.411	97.433.992
Other various receivables	114.321.969	57.250.250
Total	1.363.950.212	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 268.682.270 (3,676 Million IRR) of TL 379.634.306 (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 September 30, 2023, the Group management has written off and made a provision for the amount of receivables that was not accepted by the tax office.

7.2 Other long-term receivables	September 30, 2023	December 31, 2022
Deposits and guarantees given	14.711.023	21.947.297
Due from personnel	1.677.489	1.573.642
Other long-term receivables	35.747.894	10.850.558
Total	52.136.406	34.371.497

7.3 Other Short-Term Payables to Unrelated Parties	September 30, 2023	December 31, 2022
Dividend payables to non-controlling interests	626.650.011	114.143.620
Taxes and funds payable	447.818.378	123.328.066
Other payables and liabilities	178.013.874	181.945.683
Total	1.252.482.263	419.417.369

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NOTE 8 – INVENTORIES

	September 30, 2023	December 31, 2022
Raw materials and supplies	1.131.420.880	1.342.513.638
Semi-finished goods	154.651.252	62.170.647
Finished goods	1.187.198.964	1.151.581.773
Trade goods	1.394.998.610	3.947.162.976
Other inventories	892.435.384	1.360.157.641
	4.760.705.090	7.863.586.675
Provision of impairment of inventories (-)	(110.302.039)	(64.895.623)
Total	4.650.403.051	7.798.691.052

NOTE 9 - PROPERTY, PLANT AND EQUIPMENT

The details of depreciation and amortization expense of the Group for the periods ended September 30, 2023 and September 30, 2022 are given below.

	September 30, 2023			
	Gübretaş	Maden	Razi	Total
Depreciation expense	171.825.074	58.483.375	276.274.196	506.582.645
Amortization expense	5.950.641	29.555.864	577.638	36.084.143
Total	177.775.715	88.039.239	276.851.834	542.666.788

During the period ended 30 September 2023, out of depreciation and amortization expense amounting to TL 542.451.616; TL 508.451.616 is included in general production expenses, 11.065.082 TL in sales and marketing expenses, TL 23.150.090 in general administrative expenses.

	September 30, 2022			
	Gübretaş	Maden	Razi	Total
Depreciation expense	43.541.645	4.944.557	343.471.135	391.957.337
Amortization expense	3.057.816	1.418.073	122.372	4.598.261
Total	46.599.461	6.362.630	343.593.507	396.555.598

During the period ended 30 September 2022, out of depreciation and amortization expense amounting to TL 396.555.598; TL 372.925.476 is included in general production expenses, 3.117.138 TL in sales and marketing expenses, TL 20.512.984 in general administrative expenses.

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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	52.173.964	--	171.115.696	2.814.745.866	15.070.519	42.372.116	--	--	46.038.172	3.141.516.333
Inflation difference (*)	183.550.996	--	601.994.819	9.902.436.506	53.018.957	149.067.545	--	--	161.964.943	11.052.033.766
Additions	1.016.635	9.482.856	1.915.338	91.967.135	10.551.725	23.366.030	6.871.373	--	625.737.525	770.908.617
Sales / disposals	--	(1.582.476)	(16.833.824)	(18.384.834)	(1.586.298)	(215.901)	(1.409.699)	--	--	(40.013.032)
Transfer from construction in progress	--	39.333.475	1.343.145	187.876.128	147.110	7.757.622	--	--	(249.186.973)	(12.729.493)
Closing balance on September 30,2023	1.909.651.534	764.196.332	3.103.016.006	39.101.304.805	235.603.123	638.667.526	78.741.738	2.126.241	1.436.326.297	47.269.633.602
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	--	--	(273.230.053)	(5.100.715.182)	(27.679.496)	(79.007.652)	--	--	--	(5.480.632.383)
Inflation difference (*)	--	--	(353.610.522)	(6.710.971.211)	(35.607.886)	(103.027.281)	--	--	--	(7.203.216.900)
Period cost	--	(57.422.092)	(47.799.397)	(362.719.402)	(8.038.804)	(12.508.724)	(17.824.833)	(269.393)	--	(506.582.645)
Sales / disposals	--	911.400	9.930.150	17.117.167	203.345	101.399	19.983.051	--	--	48.246.512
Closing balance on September 30,2023	--	(162.827.183)	(2.001.898.517)	(35.036.504.693)	(193.094.207)	(559.288.755)	(22.261.658)	(1.671.300)	--	(37.977.546.313)
Net book value on September 30,2023	1.909.651.534	601.369.149	1.101.117.489	4.064.800.112	42.508.916	79.378.771	56.480.080	454.941	1.436.326.297	9.292.087.289

(*) 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 improvements	Buildings	Machinery, equipment and installations	Vehicles	Furniture and fixtures	Right of use assets	Special Costs	Construction in progress	Total
Cost Value										
Opening balance at January 1,2022	747.322.298	215.141.908	1.235.125.992	13.641.426.665	73.585.700	222.563.214	33.284.030	2.396.214	264.264.280	16.435.110.301
Foreign currency translation differences	72.983.425	--	239.141.640	3.930.195.095	21.031.261	56.779.490	--	--	54.290.689	4.374.421.600
Inflation difference (*)	120.991.490	--	396.447.595	6.517.417.540	34.865.501	94.128.702	--	--	90.002.783	7.253.853.611
Additions	--	3.494.312	678.750	8.444.808	6.269.882	11.491.063	68.435.293	--	812.112.399	910.926.507
Sales / disposals	--	--	--	--	(1.071.681)	(9.056.761)	(33.284.030)	(269.973)	(234.241)	(43.916.686)
Transfer from construction in progress	--	1.617.169	446.216	38.039.549	--	6.002.747	--	--	(48.897.210)	(2.791.529)
Closing balance on September 30,2022	941.297.213	220.253.389	1.871.840.193	24.135.523.657	134.680.663	381.908.455	68.435.293	2.126.241	1.171.538.700	28.927.603.804
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	--	--	(242.826.622)	(4.611.692.646)	(24.448.825)	(70.671.248)	--	--	--	(4.949.639.341)
Inflation difference (*)	--	--	(256.168.359)	(4.874.201.641)	(25.708.256)	(73.582.058)	--	--	--	(5.229.660.314)
Period cost	--	(12.606.528)	(28.790.788)	(321.222.230)	(2.775.023)	(13.221.092)	(13.036.364)	(305.312)	--	(391.957.337)
Sales / disposals	--	--	--	--	161.965	86.744	10.536.081	--	--	10.784.790
Closing balance on September 30,2022	--	(100.464.851)	(1.297.554.740)	(22.028.042.662)	(117.036.264)	(350.615.660)	(18.731.661)	(1.409.600)	--	(23.913.855.438)
Net book value on September 30,2022	941.297.213	119.788.538	574.285.453	2.107.480.995	17.644.399	31.292.795	49.703.632	716.641	1.171.538.700	5.013.748.366

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

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NOTE 10 – INTANGIBLE ASSETS

10.1 Rights and Mining Assets

September 30, 2023	Rights	Mining Assets	Total
Cost			
Opening balance at January 1	63.985.420	234.793.999	298.779.419
Inflation difference (*)	576.188	--	576.188
Purchases	15.745.485	570.457.756	586.203.241
Transfer	12.729.493	--	12.729.493
Foreign currency translation differences	1.967.969	--	1.967.969
Closing balance	95.004.555	805.251.755	900.256.310
Accumulated Amortization			
Opening balance at January 1	(18.449.307)	(1.761.768)	(20.211.075)
Current period amortization expense	(8.065.862)	(28.018.281)	(36.084.143)
Closing balance	(26.515.169)	(29.780.049)	(56.295.218)
Net Book Value	68.489.386	775.471.706	843.961.092
September 30, 2022	Rights	Mining Assets	Total
Cost			
Opening balance at January 1	42.279.609	53.198.874	95.478.483
Inflation difference(*)	4.706.659	--	4.706.659
Purchases	14.986.120	119.986.982	134.973.102
Sales/disposals	(4.710.716)	--	(4.710.716)
Transfer	2.791.529	--	2.791.529
Foreign currency translation differences	4.197.984	--	4.197.984
Closing balance	64.251.185	173.185.856	237.437.041
Accumulated Amortization			
Opening balance at January 1	(12.766.349)	--	(12.766.349)
Current period amortization expense	(4.598.261)	--	(4.598.261)
Closing balance	(17.364.610)	--	(17.364.610)
Net Book Value	46.886.575	173.185.856	220.072.431

(*) 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 Assets

	January 1, 2023	Additions	September 30, 2023
Cost			
Mine site exploration cost	213.287.461	1.137.415	214.424.876
Mine site development cost	12.615.110	194.279.688	206.894.798
Mine site rehabilitation cost	--	323.396.394	323.396.394
Deferred mining costs	8.891.428	51.644.259	60.535.687
Closing Balance	234.793.999	570.457.756	805.251.755
Accumulated Amortization			
Deferred mining amortization expense	(1.761.768)	(28.018.281)	(29.780.049)
Closing Balance	(1.761.768)	(28.018.281)	(29.780.049)
Net Book Value	233.032.231	542.439.475	775.471.706

10.2 Goodwill

	September 30, 2023	September 30, 2022
Opening balance at January 1	181.827.657	119.358.609
Inflation difference (*)	13.076.665	23.301.322
Kavak Madencilik (Note 22)	15.138.021	15.138.021
Foreign currency translation differences	13.843.949	26.845.922
Closing balance	223.886.292	184.643.874

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

NOTE 11 – COMMITMENTS

As of September 30, 2023, the Group has raw material and trade goods purchase commitment planned to order and import amounting to USD 43.689.483 and EUR 418.262 (December 31, 2022: USD 26.900.000 and EUR 219.920).

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NOT 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

12.1 Short-term provisions

	September 30, 2023	December 31, 2022
Provisions for cost expenses	613.953.312	180.827.564
Provisions for lawsuit (*)	58.299.565	51.984.038
Other short-term debt provisions	114.759.775	74.266.953
Total	787.012.652	307.078.555

(*) There is a lawsuit filed against Razi in the local court in the amount of TL 9.034.311.000 (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 45.608.742 (624 billion IRR) related to this issue in the previous periods.

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

	September 30, 2023	September 30, 2022
As of January 1,	51.984.038	38.339.617
Additional provision	6.315.527	11.645.315
Closing Balance	58.299.565	49.984.932

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

12.2 Guarantees given

As of September 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:

	September 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	28.238.715	28.238.715	TL	19.521.073	19.521.073
	USD	550.000	15.057.185	USD	1.450.000	27.112.535
B. CPMB's given on behalf of fully consolidated companies						
	TL	1.760.966.626	1.760.966.626	TL	1.176.083.776	1.176.083.776
	USD	16.416.498	449.429.532	USD	4.048.510	75.700.256
	EUR	13.967.677	405.488.647	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			2.659.180.705			1.498.811.767

12.3 Contingent liabilities

Sanctions Imposed on the Islamic Republic of Iran

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

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

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

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

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

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 the 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.

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 358.108.750 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.

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

Coastal Line (Cont’d)

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.

NOTE 13 – REVENUE AND COST OF SALES

13.1 Sales	January 1 – September 30, 2023	January 1 – September 30, 2022	July 1- September 30, 2023	July 1- September 30, 2022
Domestic sales	18.371.377.095	16.569.767.699	7.067.821.102	5.026.064.905
Foreign sales	2.475.815.420	3.531.591.070	1.341.670.771	1.529.918.293
Service sales	41.871.417	76.238.625	27.251.777	32.901.825
Sales returns (-)	(4.186.528)	(2.894.110)	(3.273.064)	(505.379)
Sales discounts (-)	(287.122.847)	(249.460.563)	(101.796.217)	(95.936.141)
Other discounts from sales (-)	(62.780.025)	(27.211.978)	(385.428)	(58.300)
Total	20.534.974.532	19.898.030.743	8.331.288.941	6.492.385.203
13.2 Cost of sales	January 1 – September 30, 2023	January 1 – September 30, 2022	July 1- September 30, 2023	July 1- September 30, 2022
<i>Cost of goods produced</i>	8.971.980.682	8.791.600.584	3.725.455.052	2.907.976.894
<i>Change in the finished goods</i>	(128.097.796)	(345.702.183)	(309.941.114)	875.491.482
<i>-Finished goods at the beginning of the period</i>	1.213.752.420	993.329.692	--	2.214.523.357
<i>-Finished goods at the end of the period</i>	(1.341.850.216)	(1.339.031.875)	(309.941.114)	(1.339.031.875)
Cost of finished goods sold	8.843.882.886	8.445.898.401	3.415.513.938	3.783.468.376
<i>-Trade goods at the beginning of the period</i>	3.947.162.976	2.861.233.661	--	1.886.123.584
<i>-Purchases</i>	7.381.843.702	7.162.925.963	3.856.441.424	1.890.021.353
<i>Trade goods at the end of the period</i>	(1.394.998.610)	(2.243.009.743)	(346.385.950)	(2.243.009.743)
Cost of trade goods sold	9.934.008.068	7.781.149.881	3.510.055.474	1.533.135.194
<i>Cost of other sales</i>	30.354.904	42.608.033	10.145.641	19.792.173
<i>Cost of services sold</i>	23.097	4.853.250	4.944	71.216
Total	18.808.268.955	16.274.509.565	6.935.719.997	5.336.466.959

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GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

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NOTE 14 - OTHER OPERATING INCOME AND EXPENSES

14.1 Other operating income

	January 1 – September 30, 2023	January 1 – September 30, 2022	July 1- September 30, 2023	July 1- September 30, 2022
Foreign exchange income related to trade transactions	543.397.156	980.758.148	(1.551.841.875)	161.126.640
Interest income	62.872.453	3.089.959	52.386.721	1.753.893
Other revenues	421.974.980	55.930.406	172.122.035	3.880.369
Total	1.028.244.589	1.039.778.513	(1.327.333.119)	166.760.902

14.2 Other operating expense

	January 1 – September 30, 2023	January 1 – September 30, 2022	July 1- September 30, 2023	July 1- September 30, 2022
Foreign exchange expenses	950.241.874	1.932.595.827	(1.437.159.799)	354.667.662
Provision expenses	87.960.613	78.717.040	(123.800.705)	70.322.177
Razi VAT provision expenses	--	295.743.135	--	128.967.470
Previous year expenses - Razi	--	54.989.018	--	1.964.014
Non-working part expenses and losses	111.778.093	--	46.378.481	--
Other expenses	297.553.203	98.775.009	160.216.888	(21.207.412)
Total	1.447.533.783	2.460.820.029	(1.354.365.135)	534.713.911

NOTE 15 - EARNINGS PER SHARE

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

	January 1 – September 30, 2023	January 1 – September 30, 2022	July 1- September 30, 2023	July 1- September 30, 2022
Net period (loss) on parent's shares)	565.107.870	865.718.362	1.041.982.889	358.764.658
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)	1,692	2,592	3,120	1,074

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.

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

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NOTE 16 - RELATED PARTIES TRANSACTIONS

16.1 Balances due to / from related parties

	September 30, 2023	December 31, 2022
Trade receivables		
TKK and Tarım Kredi Kooperatifleri	2.015.641.696	1.293.097.725
Other related parties	6.752.054	406.779
Total	2.022.393.750	1.293.504.504

16.1 Balances due to / from related parties (Cont'd)

	September 30, 2023	December 31, 2022
Trade payables		
Tarım Kredi Teknoloji A.Ş.	260.363	2.117.241
Tarım Kredi Taşımacılık ve Lojistik A.Ş.	4.886.387	2.160.279
Tarım Kredi Holding A.Ş.	--	35.756
Bereket Sigorta A.Ş.	16.246.473	2.034.663
Tarım Kredi Hayvancılık A.Ş.	--	--
TKK ve Tarım Kredi Kooperatifleri	80.923.743	782.406
Tarım Kredi Tedarik ve Üretim A.Ş.	161.200	19.989
Tarkim Bitki Koruma Sanayi ve Ticaret A.Ş.	7.206.202	1.917
Total	109.684.368	7.152.251

16.2 Transactions with Related Parties

	January 1 – September 30, 2023	January 1 – September 30, 2022	July 1- September 30, 2023	July 1- September 30, 2022
Sales of goods and services				
TKK ve Tarım Kredi Kooperatifleri	15.672.534.689	12.824.845.504	5.290.917.301	4.708.909.428
Tarım Kredi Teknoloji A.Ş.	--	11.609	(99.633)	11.609
Tarkim Bitki Koruma Sanayi ve Ticaret A.Ş.	--	3.136	--	--
Tarım Kredi Holding A.Ş.	--	2.329.703	--	2.329.703
Bereket Sigorta A.Ş.	10.503.010	8.338.790	9.602.611	2.138.828
Tarım Kredi Taşımacılık ve Lojistik A.Ş.	2.330.970	2.150	--	--
Total	15.685.368.669	12.835.530.892	5.300.420.279	4.713.389.568

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

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NOTE 16 - RELATED PARTIES TRANSACTIONS (Cont’d)

16.2 Transactions with Related Parties (Cont’d)

	January 1 – September 30, 2023	January 1 – September 30, 2022	July 1- September 30, 2023	July 1- September 30, 2022
Purchases of goods and services				
TKK ve Tarım Kredi Kooperatifleri	132.467.531	153.124	67.176.285	64.375
Bereket Sigorta A.Ş.	37.945.189	23.549.690	4.648.011	4.497.814
Tarım Kredi Taşımacılık ve Lojistik A.Ş.	47.544.348	29.134.963	11.384.451	7.616.416
Tarım Kredi Teknoloji A.Ş.	4.916.340	14.096.179	2.236.540	8.966.057
Tarım Kredi Hayvancılık A.Ş.	1.797.198	--	--	--
Tarım Kredi Tedarik ve Üretim A.Ş.	--	2.119.044	--	1.958.458
Tarım Kredi Yem Sanayi ve Ticaret A.Ş.	--	7.190	--	--
Tarım Kredi Holding A.Ş.	482.230	38.782	--	320
Tarım Kredi Pazarlama ve Marketçilik A.Ş.	926.249	543.748	6.517	31.056
Tarkim Bitki Koruma Sanayi ve Ticaret A.Ş.	6.005.252	9.816.124	6.000.252	5.868.269
Bereket Katılım Emeklilik ve Hayat A.Ş.	278.043	129.211	(13.517)	(9.448)
Total	232.362.380	79.588.055	91.438.539	28.993.317

	January 1 – September 30, 2023	January 1 – September 30, 2022	July 1- September 30, 2023	July 1- September 30, 2022
Interest Expense				
Tarım Kredi Tedarik ve Üretim A.Ş.	1.955.369	--	--	--
Total	1.955.369	--	--	--

16.3 Remuneration of board of directions and executive management

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

	September 30, 2023			September 30, 2022		
	Gübretaş	Maden	Razi	Gübretaş	Maden	Razi
Benefits provided to top management	13.159.348	5.481.495	13.902.549	7.335.422	2.868.303	8.737.251
Total	13.159.348	5.481.495	13.902.549	7.335.422	2.868.303	8.737.251

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NOTE 17 - FINANCIAL INSTRUMENTS

Short-term financial investments	Maturity	Int.rates (%)	September 30, 2023
Private sector bonds and bills	October 2023	15-19,50	372.502.093
Foreign exchange protected deposit	November 2023	17,09	521.846.136
Total			894.348.229

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

Long-term financial investments	Maturity	Interest rates (%)	September 30, 2023
Financial Assets (Investment Funds) at fair value through profit or loss	--	--	371.250
Financial Assets (Eurobonds) at fair value through profit or loss	July 2030	--	263.998.605
Public sector bonds and bills	March 2024	15-19	57.181.087
Total			321.550.942

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

Title	Subject of activities	September 30, 2023		December 31, 2022	
		% Share	Amount of participant	% Share	Amount of participant
TK Teknoloji	Information technologies	15,78	3.287.515	15,78	2.537.515
Tareksav	Agriculture 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	142.238	33,73	125.732
Total			4.629.753		3.863.247

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NOTE 18 - EMPLOYEE BENEFITS

Liabilities for employee benefits:

	September 30, 2023	December 31, 2022
Due to the personnel	38.779.929	53.330.082
Social security premiums payable	24.340.570	8.467.273
Total	63.120.499	61.797.355

Provision for Employee Benefits:

Short-term	September 30, 2023	December 31, 2022
Provision for vacation allowance and employee termination benefits	83.151.246	36.958.706
Provision for premium	20.329.924	15.693.426
Provision for early retirement salaries payable (*)	53.404.419	40.455.073
Total	156.885.589	93.107.205

Long-term	September 30, 2023	December 31, 2022
Allowance for retirement pay (Gübretaş)	76.063.774	103.174.075
Allowance for retirement pay (Razi)	526.998.193	351.125.536
Provision for early retirement salaries payable (*)	62.247.161	72.073.270
Total	665.309.128	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 September 2023, the severance pay liability of the Group has been calculated using the annual real discount rate of 3,25 % (30 September 2022: 4,09%), which was determined by estimating an annual inflation rate of 14,00 % and a discount rate of 17,70 %. The Group's severance pay provision is calculated over the ceiling of TL 23.489,83 (30 September 2022: TL 15.371,40), effective from 30 September 2023, 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 – September 30, 2023	January 1 – September 30, 2022
Provisions as of January 1	526.372.881	338.204.352
Adjustments on opening balance	6.748.028	13.475.212
Service cost	300.983.328	208.839.878
Interest cost	44.413.705	27.532.394
Payment termination indemnity	(242.318.644)	(162.577.240)
Foreign currency translation differences	76.524.169	77.353.565
Actuarial gain/loss	(47.414.339)	11.424.327
Provision as of September 30	665.309.128	514.252.488

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NOTE 19 - PREPAID EXPENSES AND DEFERRED INCOME

Short-term prepaid expenses	September 30, 2023	December 31, 2022
Order advances given for inventory purchase	810.934.850	432.517.073
Expenses for next month	170.050.229	113.840.122
Total	980.985.079	546.357.195
Long-term prepaid expenses	September 30, 2023	December 31, 2022
Order advances given for stock purchase	157.963.672	172.686.997
Other prepaid expenses	39.116.294	14.406.503
Total	197.079.966	187.093.500
Short term deferred income	September 30, 2023	December 31, 2022
Received advances	159.556.613	14.676.256
Other deferred income	168.106.442	61.660.177
Total	327.663.055	76.336.433

NOTE 20 - EQUITY

Paid-in capital

The shareholder structure as of September 30, 2023 and December 31 ,2022 is as follows:

	%	September 30, 2023	%	December 31, 2022
Türkiye Tarım Kredi Kooperatifleri				
Merkez Birliği	75,95	253.684.607	75,95	253.684.607
Others	24,05	80.315.393	24,05	80.315.393
Total	100,00	334.000.000	100,00	334.000.000

As of September 30, 2023, the share 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).

Restricted Profit Reserves

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.

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NOTE 20 – EQUITY (Cont’d)

The profit reserves were comprised of as follows as of September 30, 2023 and December 31, 2022:

	September 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 from 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.

As of September 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

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

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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 25% (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%).

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 10% 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.

In accordance with the "Law No. 7440 on Restructuring of Certain Receivables and Amendments to Certain Laws" published in the Official Gazette on March 12, 2023, exemption and discount amounts deducted from corporate earnings in accordance with the regulations in the law, with the condition of being shown in the corporate tax return for 2022, are subject to an additional tax calculated at the rate of 10% over the reduced corporate tax basis without being associated with current period earnings, and an additional tax at the rate of 5% must be calculated on tax exempt earnings. As of September 30, 2023, the additional tax amounts calculated within the scope of the said regulation have been accrued in the Company's financial statements and have been paid.

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 September 2023, the tax advantage amounting to TL 161.100.153 (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 September 2023, the Group has deferred tax income amounting to TL 141.182.445 in the accompanying consolidated profit or loss statement for the period ended 30 September 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 September 30, 2023 and December 31, 2022 is as follows:

	September 30, 2023		
	Gübretaş	Razi	Total
Provision for current period corporate tax	(90.749.214)	(70.300.762)	(161.049.976)
Prepaid tax	11.362.842	139.823.709	151.186.551
Prior year's corporate tax liabilities	--	(474.613.432)	(474.613.432)
Effect of translation differences	--	(89.640.796)	(89.640.796)
Total	(79.386.372)	(494.731.281)	(574.117.653)

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

	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)
Effect of translation differences	--	(124.974.327)	(124.974.327)
Total	(144.859.415)	(476.688.642)	(621.548.057)

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

Deferred tax assets and liabilities (Cont’d)

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.

	Temporary differences		Deferred tax assets / (liabilities)	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Reduced corporate tax application	644.400.612	99.588.541	161.100.153	19.917.708
Tangible/intangible assets/investment properties	(2.115.318.114)	(2.659.451.200)	(383.138.993)	(531.890.243)
Fair valuation differences	9.412.001	--	2.353.000	--
Adjustments for inventories	(18.137.037)	73.148.710	(3.082.448)	14.629.742
Derivative income accrual	(7.052.476)	8.421.300	(1.763.119)	1.684.260
Provisions for termination indemnity benefits	145.265.903	124.701.120	36.258.085	25.013.555
lawsuit provisions	12.690.823	11.045.469	3.172.706	2.209.094
Income/expense accruals, net	(4.214.082)	53.381.407	(1.053.521)	10.676.282
Other	(259.693.814)	(195.296.095)	(18.332.366)	(19.025.395)
Net deferred tax asset (liability)			(204.486.503)	(476.784.997)
Razi Co. deferred tax asset / (liability) (*)			629.743.993	326.066.453
Total deferred tax asset / (liability)			425.257.490	(150.718.544)

(*) Liability amounting to TL 629.743.993 is due to the deferred tax effect of Razi's urea price differences (31 December 2022: TL 326.066.453).

Information related to deferred tax movement table:

	September 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	(33.211.768)	(12.296.376)
Sub total	(183.930.312)	(88.105.715)
Deferred tax income /(expense)	618.037.802	321.557.183
Tax revenue (expense) recognized in other comprehensive income	(8.850.000)	(384.170.012)
Closing balance on September 30	425.257.490	(150.718.544)

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

Reconciliation of the tax provision:	January 1 - September 30, 2023	January 1- December 31, 2022
Profit / (Loss) before tax	(133.636.709)	1.193.086.552
Tax rate	0,25	0,23
Calculated tax	33.409.177	(274.409.907)
Non-deductible expense tax effect	(15.299.430)	(84.643.370)
Tax effect of deductibles and exemptions	74.607.128	16.347.683
Impact of foreign subsidiaries subjected to differing tax rates	24.358.495	(51.517.805)
Investment incentives deductions	141.182.445	57.910.293
Razi deduction amounts	222.515.298	--
Other differences not subject to tax	(23.785.287)	(13.715.412)
Tax expense	456.987.826	(350.028.518)

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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 September 30, 2023 are as follows:

		September 30, 2023	
	Amount in TL (Functional currency)	USD	EUR
1 Trade receivables	186.894.654	4.141.500	2.532.304
2 Monetary financial assets (including cash, bank accounts)	1.976.964.712	71.714.428	470.551
3 Other current assets	355.977.573	4.645.261	7.881.561
4 Foreign currency assets (1+2+3)	2.519.836.939	80.501.189	10.884.416
5 Trade payables	(205.030.843)	(670.325)	(6.430.463)
6 Financial borrowings	(1.482.086.636)	(16.416.498)	(35.571.454)
7 Other short-term liabilities, net	(2.540.447.643)	(91.291.480)	(1.418.790)
8 Short term liabilities in foreign currency (5+6+7)	(4.227.565.122)	(108.378.303)	(43.420.707)
9 Trade payables	--	--	--
10 Financial borrowings	--	--	--
11 Long term liabilities in foreign currency (9+10)	--	--	--
12 Total liabilities in foreign currency (8+11)	(4.227.565.122)	(108.378.303)	(43.420.707)
13 Net foreign currency asset, liability position (4-12)	(1.707.728.183)	(27.877.114)	(32.536.291)
14 Monetary items net foreign currency asset / liability position (4-12)	(1.707.728.183)	(27.877.114)	(32.536.291)
15 Fair value of derivative instruments classified for hedging purposes	--	--	--
16 Amount of hedged portion of foreign currency liabilities	520.157.300	19.000.000	--

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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)

As of September 30, 2023, and September 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:

	September 30, 2023	
	Appreciation of foreign currency	Profit/(loss) Appreciation of foreign currency
Change of USD by %10 against TL		
1- Assets/liability denominated in USD – net	(76.318.339)	76.318.339
2- The part hedged for USD risk (-)	52.015.730	(52.015.730)
3- The impact of TL net profit for the period	(24.302.609)	24.302.609
Change of EUR by %10 against TL		
1- Assets/liability denominated in EUR - net	(94.454.480)	94.454.480
2- The part hedged for EUR risk (-)	--	--
3- The impact of TL net profit for the period	(94.454.480)	94.454.480
	September 30, 2022	
	Appreciation of foreign currency	Profit/(loss) Appreciation of foreign currency
Change of USD by %10 against TL		
1- Assets/liability denominated in USD – net	(139.836.465)	139.836.465
2- The part hedged for USD risk (-)	345.651.536	(345.651.536)
3- The impact of TL net profit for the period	205.815.071	(205.815.071)
Change of EUR by %10 against TL		
1- Assets/liability denominated in EUR - net	(67.149.421)	67.149.421
2- The part hedged for EUR risk (-)	--	--
3- The impact of TL net profit for the period	(67.149.421)	67.149.421

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NOTE 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:

	September 30, 2023
Cash and cash equivalent	105.966
Other current assets	2.558.703
Property, plant and equipment	14.286.434
Trade payables	(741.363)
Other liabilities	(2.682.941)
Net assets	13.526.799
Acquisition amount	28.664.820
Net assets acquired	(13.526.799)
Goodwill	15.138.021

NOTE 24 – DERIVATIVE 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.

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NOTE 24 – DERIVATIVE FINANCIAL INSTRUMENTS (Cont’d)

As of September 30, 2023 and December 31, 2022, the details of derivative instruments are as follows:

September 30, 2023

Forward agreements	Average Maturity	Nominal value (USD)	Fair value (TL)
USD buying	December 2023	19.000.000	7.052.476
Total		19.000.000	7.052.476

December 31, 2022

Forward agreements	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)

NOTE 25 – SUBSEQUENT EVENTS

Related to the application made by the Group to the Capital Markets Board on September 8, 2023, within the scope of an issue to be made without public offering nationally as issued on a dedicated basis or to be sold to qualified investors within the scope of the issue ceiling of TL 2.000.000.000, the issue document regarding the lease certificate issue ceiling, of which it is the source institution, was approved by the Capital Markets Board on 27 October 2023.

Aytaç ONKUN, who is acting as the General Manager of Gübretaş, has been appointed to this position as principal as of October 3, 2023.