

**(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 - JUNE 30, 2022**



Grant Thornton

INDEPENDENT AUDITORS' REVIEW REPORT FOR THE PERIOD ENDED JUNE 30, 2022

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

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Introduction

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We have reviewed the accompanying interim consolidated statement of financial position of Gübre Fabrikaları Türk Anonim Şirketi ("the Company") and its subsidiaries (collectively referred to as the "Group") as of June 30, 2022, and the interim consolidated statements of profit or loss, interim consolidated other comprehensive income, interim consolidated changes in equity and interim consolidated cash flows for the six-month period then ended and notes to the interim consolidated financial information. Group Management is responsible for the preparation and presentation of these interim consolidated financial information in accordance with the Turkish Accounting Standard 34 Interim Financial Reporting ("TAS 34") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is to express a conclusion on these the accompanying interim consolidated financial statements based on our review.

Scope of Review

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

Basis for Qualified Conclusion

The financial statements of Razi Petrochemical Co. ("Razi"), a subsidiary of the Group operating in Iran, which is consolidated in the accompanying financial statements, have been reviewed by the component auditor, where Razi's financial statements and financial information included in the accompanying consolidated financial statements are presented based on the report dated August 6, 2022 containing disclaimer of a conclusion. As explained in Note 12 to the interim financial statements, there is a lawsuit filed against Razi in the local court in the amount of TL 5.498.262.000 (330 million USD), alleging excessive gas consumption in previous periods. Razi objected to this lawsuit. In the review report prepared by the component auditor, it is issued a disclaimer of a conclusion regarding the interim financial statements on the grounds that there is a fundamental uncertainty regarding the final outcome of the ongoing litigation. The accompanying financial statements do not contain a provision for the possible outcomes of the lawsuit.

As of 30 June 2022, the inventories of Razi, the subsidiary consolidated in the Group's consolidated financial statements, include spare parts inventories amounting to TL 339.783.558 (equivalent to IRR 5.301 billion), and spare parts usage costs amounting to TL 47.112.038 (equivalent to IRR 735 billion) is included in the cost of sold goods. With respect to this, due to the changes made by Razi in the inventory system in the previous periods, the accounting of some inventory purchases in the prepaid expenses account, the incorrect reflections that were made to the cost accounts during the year, using incorrect exchange rates in the conversion of stock purchases in foreign currency, the emergence of variance deviations between the inventory registration system and the inventory accounts, various classification and adjustment changes should have been made in the relevant accounts in order to accurately reflect the inventories and cost of sold goods accounts in the financial statements. However, it is not possible to determine the possible effects of this issue under the current conditions. In the limited audit report prepared by the component auditor, it was stated that due to the lack of sufficient information about the purchase dates of the inventories purchased before 2018, and the problems arising from the system, it was not possible to make price level adjustments on the basis of price indices and to determine the required estimated correction amount for the related inventories.

As explained in Note 6 to the interim financial statements, as of June 30, 2022, Razi has receivables 1.180.356.098 TL (18.415 billion IRR) (December 31, 2021: 532.264.965 TL (10.067 billion IRR)) due from Agricultural Support Services affiliated to the Ministry of Agriculture of Iran and its union members. Razi recognized income for the difference between the minimum amount that has occurred in the commodity exchange in the last six months and urea sales price at requested price based on the enactment of government dated September 29, 2019, the decision of the Administrative Court General Assembly dated August 22, 2017 and numbered 505, and the approval of the Administrative Judicial Court Economic Affairs Deputy Judiciary Executive Branch and the 24th meeting of the market regulation working group. In this regard, a special audit report has been prepared for the performance of the difference between the minimum price determined in the commodity exchange and the subsidized sales price for the agricultural sector for the period ending on March 19, 2020 (5 months 13 days) and the first and second six months of 2021. However, it is unclear how and when the receivable recognized for the related income will be received. In addition, the requested confirmation letter could not be obtained. For the matters mentioned above, it is stated that the effects of possible adjustments that may arise from this issue could not be determined.

Petro Saman Avaran, which is established in 2019, had total assets amounting to 51.643.623 TL (977 billion IRR) and total operating profit 58.966.142 (1.825 billion IRR), is not included in the consolidation of the financial statements of Razi, which is the subsidiary consolidated in the accompanying financial statements, since the interim consolidated financial statements of Arya Phosphoric Co., which is its main shareholder of Petro Saman Avaran, have not been prepared.

The consolidated financial statements of Arya Phosphoric Co., the subsidiary of Razi, which is consolidated in the accompanying financial statements, have not been reviewed, and the conclusion if audited is uncertain as of the report date.

Qualified Conclusion

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

Emphasis of Matters

As of June 30, 2022, the consolidated subsidiary Razi's trade receivables due from Agricultural Support Services and National Iran Petrochemical Institutions amounting to TL 67.174.716 (1.048 billion IRR) are due to urea sales and pertain to the previous periods. As of the report date, no collection has been realized regarding this amount.

The limited review audit report prepared by the component auditor stated that the inventories of Razi, the consolidated subsidiary as of June 30, 2022, carried at TL 1.213.607.967 (10.864 billion IRR) as of June 30, 2022 did not have sufficient insurance coverage.

In the limited review audit report prepared by the component auditor, trade payables due from Fajr Energy Petrochemical (ancillary services supplier) amounting to TL 223.445.668 (3.486 billion IRR) was recognized in the consolidated subsidiary Razi's financial statements as of June 30, 2022, based on the increase in the rate referred to the meeting resolution 489 of the National Competition Council. As of the report date, Razi has applied for the annulment of this decision taken by the National Competition Council and the National Petrochemical Industry Company and is following the issue.

Due to the accumulative inflation rate of last three years in Iran exceeding 100% (120%), the commercial transactions have been adjusted according to the effects of inflation instead of historical cost basis, as of the beginning of the accounting period of 2020. IAS 29 "Financial Reporting in Highly Inflationary Economies" standard was applied during the preparation of the financial statements of Razi consolidated in the accompanying financial statements. Accordingly, as of January 1, 2022, Razi's equity opening balances have been adjusted by TL (198.507.247) regarding inflationary accounting.

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

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

As explained in the Note 12, in November 2011, Iskenderun Fiscal Directorate ("Treasury") brought a suit in order to hypothecate on behalf of public and cancel land register of property owned by the Group having a surface area of located in Hatay, Iskenderun, in accordance with the Regulation on Implementation of Coastal Law and its provisions since the Shore Edge Line passes through the aforementioned land. The net book value of the aforementioned property is TL 149.466.593 as of the balance sheet date. The Group has appealed against the case in its legal period and requested the re-preparation of expert's report issued towards determining Shore Edge Line which constitutes a base for the case and has filed a counterclaim for the compensation of the right to property, by considering that the case may result in favor of the Treasury. The lawsuits were resulted against the Company; however, the Company requested a revision of the appeal court within the legal period and its request was accepted. The legal process is still ongoing as of the balance sheet date. In accordance with the opinions of the legal advisors, the Group Management has not recognized any provision for this matter in the consolidated financial statements at this stage.

These matters stated above do not affect our qualified conclusion.

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



İale Akkaş
Engagement Auditor

İstanbul, August 19, 2022

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Interim consolidated statement of financial position as of June 30, 2022

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

		Reviewed	Audited
	Notes	June 30, 2022	December 31, 2021
ASSETS			
Current assets:			
Cash and cash equivalents	4	1.764.803.387	1.179.720.584
Financial investments	17	331.433.031	191.032.590
Trade receivables			
- Trade receivables from related parties	16	533.668.369	1.248.779.873
- Trade receivables from third parties	6	1.491.027.421	659.621.649
Other receivables			
- Other receivables from third parties	7	325.561.192	230.134.594
Inventories	8	6.107.211.277	5.018.321.850
Prepaid expenses	19	1.256.530.878	590.944.195
Derivative financial instruments	24	--	39.424.793
Assets related to the current period taxes	21	3.937.600	52.859
Other current assets		98.489.730	101.697.254
Total current assets		11.912.662.885	9.259.730.241
Non-current assets			
Financial investments	17	27.289.479	22.967.162
Other receivables			
- Other receivables from third parties	7	23.816.728	18.937.471
Investments valued by equity method		126.417.858	40.676.021
Investments properties		191.303.835	191.478.293
Property, plant and equipment	9	4.324.111.411	3.081.727.065
Intangible assets	10		
-Goodwill		169.777.022	119.358.609
-Other intangible assets		178.317.653	82.712.134
Prepaid expenses	19	452.047.843	232.022.895
Deferred tax assets	21	--	--
Total non-current assets		5.493.081.829	3.789.879.650
Total assets		17.405.744.714	13.049.609.891

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

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GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Interim consolidated statement of financial position as of June 30, 2022

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

	Notes	Reviewed June 30, 2022	Audited December 31, 2021
LIABILITIES			
Current liabilities			
Short-term borrowings	5	4.470.216.224	2.559.498.555
Short-term portion of long-term borrowings	5	--	--
Trade payables			
-Due to related parties	16	13.139.216	7.177.456
-Due to third parties	6	4.837.143.051	4.696.694.049
Payables due to employee benefits	18	116.461.329	77.065.830
Other payables			
Other payables to third parties	7	310.113.495	192.789.251
Deferred income	19	155.289.577	752.793.129
Liabilities related to current period tax	21	15.439.774	72.397.614
Short-term provisions			
-Short-term provisions for employee benefits	18	59.470.817	51.430.512
-Other short-term provisions	12	388.660.841	189.136.960
Derivative Financial Instruments	24	188.034.165	--
Total short-term liabilities		10.553.968.489	8.598.983.356
Long-term liabilities			
Long-term borrowings	5	48.395.266	8.354.465
Long-term provisions			
- Long-term provisions for employee benefits	18	438.987.103	338.204.352
Deferred tax liability	21	54.500.061	75.809.339
Total long-term liabilities		541.882.430	422.368.156
Total liabilities		11.095.850.919	9.021.351.512
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		5.403.003	6.243.916
-Impairment on property, plant and equipment		549.972.967	549.972.967
-Defined benefit plans re-measurement losses		(14.593.821)	(2.811.836)
Accumulated other comprehensive income / expense to be reclassified to profit or loss			
-Foreign currency translation differences		1.152.805.237	332.976.445
Restricted reserves from profit			
- Legal reserves	20	68.182.652	53.838.737
Prior year profit		1.332.348.581	921.268.125
Current period profit / (loss)		506.953.704	523.125.635
Shareholders' equity		3.935.072.323	2.718.613.989
Non-controlling interests		2.374.821.472	1.309.644.390
Total shareholders' equity		6.309.893.795	4.028.258.379
Total liabilities and equities		17.405.744.714	13.049.609.891

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ
Consolidated Statements of Profit or Loss and Other Comprehensive Income
for the interim period ended June 30, 2022
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Reviewed Jan 1– June 30, 2022	Reviewed Jan 1– June 30, 2021	Reviewed April 1– June 30, 2022	Reviewed April 1– June 30, 2021
	Notes				
Sales	13	13.405.645.540	3.849.705.906	5.482.606.278	1.505.067.654
Cost of sales	13	(10.938.042.606)	(2.938.266.256)	(4.526.923.433)	(1.139.388.837)
Gross profit		2.467.602.934	911.439.650	955.682.845	365.678.817
General and administrative expense (-)		(199.386.847)	(104.538.883)	(130.087.016)	(44.383.833)
Marketing, selling and distribution expense (-)		(344.257.949)	(190.381.555)	(141.875.799)	(50.994.926)
Other operating income	14	873.017.611	218.190.676	519.175.221	58.228.150
Other operating expenses (-)	14	(1.926.106.118)	(463.548.475)	(1.102.803.902)	(190.496.195)
Operating profit		870.869.631	371.161.413	100.091.349	138.032.013
Income from investment activities		1.916.931	6.554.835	1.758.417	631.201
Expenses from investment activities		(240)	(96.578)	--	(65)
Profit from investments accounted by equity method		86.582.750	3.588.300	64.748.979	2.247.195
Operating profit before financial income / (expense)		959.369.072	381.207.970	166.598.745	140.910.344
Financial income		483.959.412	135.127.865	319.008.238	66.954.409
Financial expense		(630.574.448)	(215.306.532)	(380.442.748)	(92.388.325)
Gain / (loss) from net monetary position		57.248.339	3.633.033	(18.004.899)	28.075.907
Profit before tax from continuing operations		870.002.375	304.662.336	87.159.336	143.552.335
- Current period tax (expense)	21	(77.019.016)	(24.523.472)	2.373.588	(19.752.963)
- Deferred tax (expense) / income	21	22.821.550	(64.817.878)	35.929.422	(3.139.565)
Total tax (expense) / income		(54.197.466)	(89.341.350)	38.303.010	(22.892.528)
Current period profit / (loss)		815.804.909	215.320.986	125.462.346	120.659.807
Distribution of income for the period					
Non-controlling interests		308.851.205	(42.505.831)	194.255.444	(13.937.309)
Attributable to equity holders of the parent		506.953.704	257.826.817	(68.793.098)	134.597.116
Gain / (Loss) per share (kr)	15	1,518	0,772	(0,206)	0,403
Other comprehensive income					
Items not to be reclassified to profit or loss					
Tangible asset revaluation increases of investments valued by equity method		(840.913)	6.110.400	(840.913)	6.110.400
Gains (Losses) on Remeasurements of Defined Benefit Plans		(14.727.481)	(100.630)	(10.624.998)	(1.335.669)
Taxes Relating to Components of Other Comprehensive Income that will not be reclassified to profit or loss		2.945.496	20.126	2.124.999	267.134
Items to be reclassified to profit or loss					
Foreign currency translation differences		1.676.416.868	667.037.080	1.258.450.330	420.963.101
Other comprehensive income		1.663.793.970	673.066.976	1.249.109.418	426.004.966
Total comprehensive income		2.479.598.879	888.387.962	1.374.571.764	546.664.773
Distribution of total comprehensive income					
Non-controlling interests		1.165.439.281	288.015.489	839.659.570	194.417.625
Attributable to equity holders of the parent		1.314.159.598	600.372.473	534.912.194	352.247.148

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

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Consolidated Statements of Changes in Equity for the interim period ended June 30, 2022

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

		Accumulated other comprehensive income / (expense) not to be reclassified to profit or loss			Accumulated other comprehensive income / expense to be reclassified to profit or loss		Accumulated profit				
	Share capital	Impairment on property, plant and equipment	Actuarial gain/(loss) arising from defined benefit plans	Shares to be classified in profit / (loss) from other comprehensive income of investments accounted for using equity method	Foreign currency translation reserve	Restricted reserves	Retained earnings	Net profit / (los) for the period	Equity attributable to equity holders of the parent	Non-controlling interests	Total equities
Balances at January 1, 2021	334.000.000	317.298.232	(1.097.445)	--	(490.429.269)	53.838.737	604.588.289	262.056.082	1.080.254.626	682.000.259	1.762.254.885
Adjustments for mandatory changes in accounting policies	--	--	--	--	--	--	41.806.550	--	41.806.550	43.718.761	85.525.311
Balances after adjustments	334.000.000	317.298.232	(1.097.445)	--	(490.429.269)	53.838.737	646.394.839	262.056.082	1.122.061.176	725.719.020	1.847.780.196
Transfers	--	--	--	--	--	--	262.056.082	(262.056.082)	--	--	--
Total comprehensive income/ (expense)	--	--	(80.504)	6.110.400	336.515.760	--	--	257.826.817	600.372.473	288.015.489	888.387.962
Balances at June 30, 2021	334.000.000	317.298.232	(1.177.949)	6.110.400	(153.913.509)	53.838.737	908.450.921	257.826.817	1.722.433.649	1.013.734.509	2.736.168.158
Balances at January 1, 2022	334.000.000	549.972.967	(2.811.836)	6.243.916	332.976.445	53.838.737	921.268.125	523.125.635	2.718.613.989	1.309.644.390	4.028.258.379
Adjustments for mandatory changes in accounting policies	-	--	--	--	--	--	(97.034.466)	--	(97.034.466)	(101.472.781)	(198.507.247)
Balances after adjustments	334.000.000	549.972.967	(2.811.836)	6.243.916	332.976.445	53.838.737	824.233.659	523.125.635	2.621.579.523	1.208.171.609	3.829.751.132
Transfers	--	--	--	--	--	14.343.915	508.781.720	(523.125.635)	--	--	--
Subsidiary acquisition	--	--	--	--	--	--	(666.798)	--	(666.798)	1.210.582	543.784
Total comprehensive income/ (expense)	--	--	(11.781.985)	(840.913)	819.828.792	--	--	506.953.704	1.314.159.598	1.165.439.281	2.479.598.879
Balances at June 30, 2022	334.000.000	549.972.967	(14.593.821)	5.403.003	1.152.805.237	68.182.652	1.332.348.581	506.953.704	3.935.072.323	2.374.821.472	6.309.893.795

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

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Interim consolidated statement of cash flows for the interim period ended June 30, 2022

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

	Notes	January 1, – June 30, 2022	January 1, – June 30, 2021
Cash flows from operating activities			
Period income		815.804.909	215.320.986
Adjustments to reconcile net profit/(loss) for the period			
Adjustments related to depreciation and amortization expense	9-10	198.649.452	74.958.190
Adjustments related to gain from investments accounted by equity method		(86.582.750)	(3.588.300)
Adjustments related to provisions for employee benefits	18	128.147.398	70.250.673
Adjustments related to interest expense		270.752.538	78.236.130
Adjustments related to impairment of inventories	8	96.022.261	6.252.019
Adjustments related to impairment of receivables	6	(457.454)	(10.261)
Deferred financial income		(7.659.339)	563.251
Adjustments related to lawsuit provisions	12	8.044.102	4.352.615
Adjustments related to current year tax income	21	54.197.466	89.341.350
Adjustments related to losses (gains) on sale of property, plant and equipments	9-10	(1.233.176)	(5.698.455)
Adjustments related to fair value losses (gains) on derivative financial instruments	24	227.458.958	--
Adjustments related to fair value losses (gains) on investment properties		174.458	173.494
Cash flows from the operating activities before changes in the assets and liabilities		1.703.318.823	530.151.692
Change in working capital (net):			
Adjustments related to increase in trade receivables		(113.102.503)	(121.562.912)
Adjustments related to increase in other receivables		(100.305.855)	(85.111.393)
Adjustments related to decrease in inventories		(1.366.804.202)	5.433.759
Adjustments related to increase in trade payables		151.335.790	318.658.827
Increase / (decrease) in employee benefit obligations		39.395.499	10.542.560
Increase / (decrease) in deferred income		(597.503.552)	(10.746.400)
Increase / (decrease) in prepaid expenses		(885.611.631)	(146.116.694)
Increase / (decrease) in other payables		117.324.244	95.880.172
Adjustments related to other decrease in working capital		281.551.523	32.845.938
Cash flows from the operations after the changes in working capital		(770.401.864)	629.975.549
Interest paid		(187.884.943)	(44.283.604)
Taxes refunds / (payments)	21	(88.571.868)	(5.626.396)
Payments related to provision for employee benefits	18	(107.935.473)	(32.974.096)
Cash flow regarding investment activities		(1.154.794.148)	547.091.453
Cash flows from investment activities			
Cash outflows from the purchases of property, plant and equipment and intangible assets	9-10	(558.302.606)	(72.812.988)
Cash inflows from the purchases of property, plant and equipment and intangible assets	9-10	24.641.001	21.392.829
Other cash inflows / (outflows)		(144.722.758)	(101.206.579)
Cash flows from investment activities		(678.384.363)	(152.626.738)
Cash flows from financing activities			
Cash inflows from financial borrowings		6.033.122.500	1.209.500.000
Cash outflows from financial borrowings payments		(4.165.231.625)	(1.662.562.364)
Other cash inflows / (outflows)		543.784	--
Cash flows from financing activities		1.868.434.659	(453.062.364)
Net change in cash and cash equivalents before effect of foreign currency translation difference		35.256.148	(58.597.649)
Cash and cash equivalents at the beginning of the period		1.171.491.537	657.508.102
Foreign currency translation difference		548.079.744	327.405.591
Cash and cash equivalents at the end of the period		1.754.827.429	926.316.044

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2022

(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 five subsidiaries (December 31, 2021: four) and two associates (December 31, 2021: two). Gübretaş, established in 1952, operates in the field of production and marketing of chemical fertilizers.

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

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

The number of employees of the Company and its subsidiaries for the period ended June 30, 2022 is 1.516 (December 31, 2021: 1.576).

23,67% of the shares of the Company are traded in the Istanbul Stock Exchange and is registered to the Capital Market Board (“CMB”). The shareholders holding 10% and above shareholding in the Company’s share capital are listed below:

Name	June 30, 2022		December 31, 2021	
	Share (%)	Share Amount	Share (%)	Share Amount
TKK	%75,95	253.684.607	%75,95	253.684.607
Other (Public held)	%24,05	80.315.393	%24,05	80.315.393
Total	%100,00	334.000.000	%100,00	334.000.000

1.1 Subsidiaries

The consolidated entities as of June 30, 2022 and December 31, 2021, the direct and indirect voting rights of Gübretaş and their effective ownership rates (%) and the applicable currencies according to the countries of operation are shown below:

Name	June 30, 2022			December 31, 2021	
	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
Petro Saman Avaran	IRR	%33,73	%33,73	%33,73	%33,73
Raintrade Petrokimya ve Dış Ticaret A.Ş.	TL	%48,88	%48,88	%48,88	%48,88
Gübretaş Maden Yatırımları A.Ş.	TL	%100,00	%100,00	%100,00	%100,00
Tarkim Bitki Koruma Sanayi ve Ticaret A.Ş.	TL	%40,00	%40,00	%40,00	%40,00
Tarım Tarım Kredi Bilişim ve İletişim Hizmetleri A.Ş.	TL	%15,78	%15,78	%15,78	%15,78
Kavak Madencilik A.Ş.	TL	%80	%80	--	--

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2022

(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, 2021: 48,88%). Razi is considered a subsidiary because Gübretaş has the right to select and nominate three of the five-member Board of Razi. Also, it has the controlling power over the operational management of Razi.

Raintrade Petrokimya ve Dış Ticaret A.Ş.

Razi has established Raintrade Petrokimya ve Dış Ticaret A.Ş. (“Raintrade”) in Turkey in order to conduct its sales activities outside Iran. Raintrade has commenced its operations in April 2011. Razi has 100% shareholding of Raintrade; therefore, the Group has indirect ownership of 48,88% of the shares of Raintrade. In the Extraordinary General Assembly of Razi held on August 19, 2020, it was decided to liquidate Raintrade Petrokimya ve Dış Ticaret A.Ş. and the relevant liquidation process was cancelled as of the report date. As of the report date Raintrade continues its operations.

Arya Phosphoric Jonoob Co.

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

Gübretaş Maden Yatırımları A.Ş.

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

Kavak Madencilik A.Ş.

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2022

(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, 2021: 69%), and the Group's indirect participation rate is 33,73% (December 31, 2021: 33.73%).

1.2 Associates

Gübretaş has participated in Tarkim Bitki Koruma Sanayi ve Ticaret A.Ş. (“Tarkim”), which operates in agricultural pesticide sector on April 13, 2009. As of the balance sheet date, the shares held by Gübretaş is 40% of total shares of Tarkim (December 31, 2021: 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 consolidated financial statements have been approved by the Board of Directors and authorized to be issued on August 19, 2022. 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”).

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2022

(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, 2021.

The Group has prepared and presented its condensed consolidated financial statements for the interim period ended June 30, 2022 in accordance with TAS 34 Interim Financial Reporting Standards with the announcement of the CMB's Communiqué Serial: XII, 14.1 and its announcements.

The accounting policies used in the preparation of the condensed consolidated financial statements for the interim period ended as of June 30, 2022, 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, 2022.

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

Going Concern

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

Netting/ Offset

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

Comparative Information and Restatement of the Prior Period Financial Statements

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2022

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

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

2.1 Basis of presentation (Cont'd)

Functional Currency

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

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

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

The conversion rates used are as follows:

Currency	June 30, 2022		December 31, 2021	
	Period End	Period Average	Period End	Period Average
IRR/TL	0,000064098	0,000052349	0,000052874	0,000032305

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 June 30, 2022, 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 the accumulative inflation rate of last three years in Iran exceeding 100% (120%), the financial statements have been prepared accounting the effects of inflation instead of historical cost basis, as of the beginning of the accounting period of 2020. IAS 29 "Financial Reporting in Highly Inflationary Economies" standard was applied during the preparation of the financial statements of the subsidiary in Iran.

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2022

(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 894.409.298 related with the prior periods was recognized in the opening balances in the equity in the previous year's profits as of January 1, 2020. As of January 1, 2022, the equity opening balances of the subsidiary have been corrected by TL (198.507.247) 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, 2022 are as follows:

The accounting policies adopted in preparation of the consolidated financial statements as at June 30, 2022 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, 2022.

Standards published but not yet effective and not early adopted

The new standards, interpretations and amendments that have been published as of the approval date of the consolidated financial statements but have not yet entered into effect for the current reporting period and have not been applied early by the Group are as follows. Unless stated otherwise, the Group will make the necessary changes that will affect its consolidated financial statements and notes after the new standards and interpretations come into effect.

TFRS 17 - The new Standard for insurance contracts

The POA issued TFRS17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. TFRS 17 will become effective for annual reporting periods beginning on or after January 1, 2023; 53 early application is permitted. The standard is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2022

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

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

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

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

Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities

On March 12, 2020, the POA issued amendments to TAS 1 Presentation of Financial Statements. The amendments issued to TAS 1 which are effective for periods beginning on or after January 1, 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted. The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

TAS 8 Amendments – Definition of accounting estimates

In August 2021, POA published amendments to TAS 8 that introduce a new definition for "accounting forecasts". The amendments published for TAS 8 are valid for annual accounting periods beginning on or after January 1, 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and correction of errors. It also clarifies how businesses can use measurement techniques and inputs to improve accounting estimates. The amended standard clarifies that the effects of a change in input or a change in a measurement technique on the accounting estimate are changes in accounting estimates unless they result from a correction for prior period errors. The previous definition of change in accounting estimate indicated that changes in accounting estimates could result from new information or new developments. Therefore, such changes are not considered as corrections of errors. This aspect of the definition has been preserved by the UPS. The effects of the said change on the financial position and performance of the Group are being evaluated.

TAS 1 Amendments – Disclosure of accounting policies

In August 2021, POA published amendments to TAS 1, providing guidance and examples to help businesses apply materiality estimates to accounting policy disclosures. The amendments published in TAS 1 are valid for annual accounting periods beginning on or after January 1, 2023. Due to the lack of a definition of the term "significant" in TFRS, POA has decided to replace this term with "significant" in the context of disclosing accounting policy information. 'Significant' is a term defined in TFRS and is widely understood by users of financial statements according to POA. In assessing the materiality of accounting policy information, entities need to consider both the size of transactions, other events or conditions, and their nature. In addition, examples of situations in which the entity may consider accounting policy information to be important are included. The effects of the said change on the financial position and performance of the Group are being evaluated.

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2022

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

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

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

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

TAS 12 Amendments – Deferred tax on assets and liabilities arising from a single transaction

In August 2021, POA published amendments to TAS 12 that narrows the scope of the initial recognition exemption and thus ensures that the exemption is not applied to transactions that result in equal taxable and deductible temporary differences. Amendments to TAS 12 are valid for annual accounting periods beginning on or after January 1, 2023. Changes require a judgment (given applicable tax law) whether such deductions are attributable for tax purposes to the recognized liability (and interest expense) or related asset component (and interest expense) where payments made on a liability are tax deductible. clarifies that it is an issue. This judgment is important in determining whether there is any temporary difference in initial recognition of the asset and liability. Changes apply to transactions that occur at or after the beginning of the earliest period presented comparatively. In addition, at the beginning of the earliest comparative period presented, deferred tax asset (provided there is sufficient taxable income) and deferred tax liability are recognized for all deductible and taxable temporary differences related to leases and decommissioning, restoration and similar liabilities. The effects of the said change on the financial position and performance of the Group are being evaluated.

2.3 Principles of Consolidation

- a) The consolidated financial statements for the period ended June 30, 2022, have been prepared in accordance with principles stated on consolidated financial statements for the year ended December 31, 2021 and include the financial statements of Gübretaş and those of subsidiaries.
- b) As of June 30, 2022, 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, 2021.
- c) The statement of financial position and statement of comprehensive income of the subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by the Company is eliminated against the related equity. Intercompany transactions and balances between the Company and its subsidiaries are eliminated on consolidation. The cost of and the dividends arising from, shares held by the Company in its subsidiaries are eliminated from equity and statement of comprehensive income for the year, respectively.
- d) The non-controlling shareholders’ share of the net assets and results for the period for the subsidiaries are classified separately in the consolidated statement of financial position and statements of comprehensive income as non-controlling interest.

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2022

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

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

2.3 Principles of Consolidation (Cont’d)

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

2.4 Significant accounting policies

The condensed consolidated interim financial statements as of and for the period ended June 30, 2022 have been prepared in accordance with TAS 34. The accounting policies used in the preparation of these condensed interim consolidated financial statements as of and for the period ended June 30, 2022 are consistent with those used in the preparation of annual consolidated financial statements as of and for the year ended December 31, 2021. 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, 2021.

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 indexed its fixed assets on the basis of the revaluation rates and indices determined by the Ministry of Finance and revalued them in its legal records in accordance with Law No. 7326 related to the Restructuring of Certain Receivables and Making Amendments in Certain Laws, Article No.11 and the Provisional article No. 31, added to the Tax Procedure Act. The revaluation made in accordance with the Tax Procedure Law may differ from their fair values determined in accordance with TFRS principles based on market approach. The fair values of the land, buildings and underground and above-ground properties owned by the Group have been determined as TL 814.396.000, which was appraised in the valuation report dated October 12, 2021 prepared by the CMB licensed valuation firm, which provides valuation services within the framework of the CMB legislation. As of December 31, 2021, the valuation difference of TL 153.120.578, TL 98.287.102, and TL 7.119.803 totaling to TL 258.527.483 over the appraised fair values of the land and buildings, has been reflected in the financial statements.

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2022

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

NOTE 3 – SEGMENT REPORTING

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

The Company is engaged in carrying out the production and sales of chemical fertilizer within Turkey. Razi is engaged in carrying out the production and trading of chemical fertilizers and fertilizer raw materials. The Group continues its efforts to start mining activities through Gübretaş Maden.

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

The distribution of segment assets and liabilities pertaining to the period ending June 30, 2022 and the year ending December 31, 2021 is as follows:

	Domestic Mining	Domestic Fertilizer	Foreign Fertilizer	Consolidation Adjustments	Total
	June 30, 2022	June 30, 2022	June 30, 2022	June 30, 2022	June 30, 2022
Assets					
Current assets	33.078.337	7.561.261.458	4.318.369.426	(46.336)	11.912.662.885
Non-current assets	843.477.940	1.898.887.807	3.068.763.286	(318.047.204)	5.493.081.829
Total assets	876.556.277	9.460.149.265	7.387.132.712	(318.093.540)	17.405.744.714

Liabilities					
Short-term liabilities	842.054.534	7.476.811.353	2.235.148.938	(46.336)	10.553.968.489
Long-term liabilities	4.707.286	122.884.541	414.290.603	--	541.882.430
Equities	29.794.457	1.860.453.371	4.737.693.171	(318.047.204)	6.309.893.795
Total Liabilities	876.556.277	9.460.149.265	7.387.132.712	(318.093.540)	17.405.744.714

	Domestic Mine	Domestic Fertilizer	Foreign Fertilizer	Consolidation Adjustments	Total
	December 31, 2021	December 31, 2021	December 31, 2021	December 31, 2021	December 31, 2021
Assets					
Current assets	12.348.229	6.810.991.321	2.496.422.713	(60.032.022)	9.259.730.241
Non-current assets	240.005.989	1.749.386.779	2.137.229.112	(336.742.230)	3.789.879.650
Total assets	252.354.218	8.560.378.100	4.633.651.825	(396.774.252)	13.049.609.891

Liabilities					
Short-term liabilities	206.378.565	6.822.908.481	1.629.728.332	(60.032.022)	8.598.983.356
Long-term liabilities	4.086.492	88.511.942	329.769.722	--	422.368.156
Equities	41.889.161	1.648.957.677	2.674.153.771	(336.742.230)	4.028.258.379
Total Liabilities	252.354.218	8.560.378.100	4.633.651.825	(396.774.252)	13.049.609.891

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**Notes to the interim condensed consolidated financial statements as of June 30, 2022****(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)****NOTE 3 – SEGMENT REPORTING (Cont’d)**

The distribution of segment assets and liabilities pertaining to the period ending June 30, 2022 and the year ending December 31, 2021 is as follows:

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

	Domestic Mining	Domestic Fertilizer	Foreign Fertilizer	Consolidation Adjustments	Total
	January 1- June 30, 2021	January 1- June 30, 2021	January 1- June 30, 2021	January 1- June 30, 2021	January 1- June 30, 2021
Sales	--	3.385.495.736	707.101.248	(242.891.078)	3.849.705.906
Cost of sales	--	(2.636.331.052)	(544.371.721)	242.436.517	(2.938.266.256)
Gross profit	--	749.164.684	162.729.527	(454.561)	911.439.650
Marketing, selling and distribution expense	--	(183.751.719)	(6.629.836)	--	(190.381.555)
General and administrative expense	(7.983.634)	(47.765.314)	(48.789.935)	--	(104.538.883)
Other operating income / expense, net	(70.281)	(141.482.166)	(103.805.352)	--	(245.357.799)
Operating profit	(8.053.915)	376.165.485	3.504.404	(454.561)	371.161.413
Income from investments, net	--	6.081.123	377.134	--	6.458.257
Profit from investments accounted by equity method	--	3.588.300	--	--	3.588.300
Operation profit before financial income / (expense)	(8.053.915)	385.834.908	3.881.538	(454.561)	381.207.970
Financial expense, net	94.861	380.276	(77.020.771)	--	(76.545.634)
Profit / (loss) before tax	(7.959.054)	386.215.184	(73.139.233)	(454.561)	304.662.336
Tax Profit / (loss)	--	(79.782.643)	(9.663.256)	104.549	(89.341.350)
Profit / (loss) for the period	(7.959.054)	306.432.541	(82.802.489)	(350.012)	215.320.986

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2022

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

NOTE 3 – SEGMENT REPORTING (Cont’d)

Investment expenditures pertaining to segment assets for the periods ending June 30, 2022 and June 30, 2021 are as follows:

	January 1- June 31, 2022	January 1- June 31, 2021
Gübretaş Maden (Domestic Mining)	392.215.557	42.481.684
Gübretaş (Domestic Fertilizer)	124.758.488	12.485.086
Razi (Foreign Fertilizer)	38.537.031	17.846.218
Total	555.511.076	72.812.988

Depreciation / Amortization:

Depreciation and amortization expenditures pertaining to segment assets for the periods ending June 30, 2022 and June 30, 2021 are as follows:

	January 1- June 31, 2022	January 1- June 31, 2021
Gübretaş Maden (Domestic Mining)	36.235.378	388.688
Gübretaş (Domestic Fertilizer)	4.237.961	24.870.976
Razi (Foreign Fertilizer)	158.176.113	49.698.526
Total	198.649.452	74.958.190

NOTE 4 – CASH AND CASH EQUIVALENTS

	June 30, 2022	December, 31 2021
Cash on hands	2.280.818	935.227
Bank	1.656.055.670	1.176.256.732
- Demand deposits	449.422.438	153.216.859
- Time deposits	1.206.633.232	1.023.039.873
Repo	100.064.869	--
Other cash equivalents	6.402.030	2.528.625
Total	1.764.803.387	1.179.720.584
Blocked deposit	(9.975.958)	(8.229.047)
Cash and cash equivalents at the statement of cash flow	1.754.827.429	1.171.491.537

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GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2022

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

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

4.1 Time deposits (TL)

Interest rate (%)	Maturity	June 30, 2022
18,84	2 days	438.726.294
Total		438.726.294

Interest rate (%)	Maturity	December 31, 2021
15,00	3 days	7.254.351
Total		7.254.351

4.2 Time Deposits (Foreign Currency)

				June 30, 2022
Interest rate (%)	Maturity	Currency	Foreign currency amount	Amount in TL
6,29	1 day	USD	13.173.300	219.485.627
1,00	1 day	EUR	14.076.142	244.503.987
10-18	1 day	Million IRR	4.741.447	303.917.324
Total				767.906.938

				December 31, 2021
Interest rate (%)	Maturity	Currency	Foreign currency amount	Amount in TL
1,30	3 days	USD	51.781.436	690.194.767
1,00	3 days	EUR	15.083.480	227.559.941
10 – 11	3 days	Million IRR	1.854.057	98.030.814
Total				1.015.785.522

4.3 Repo (TL)

Interest Rate (%)	Maturity	June 30, 2022
24	1 day	100.064.869
Total		100.064.869

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2022

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

NOTE 5 – SHORT-TERM AND LONG-TERM BORROWINGS

Short-term and Long-term borrowings	June 30, 2022	December 31, 2021
Payable within 1 year	4.470.216.224	2.559.498.555
Payable within 1 – 5 years	48.395.266	8.354.465
Total	4.518.611.490	2.567.853.020

As of June 30, 2022 and December 31, 2021, details of short-term and long-term borrowings are as follows:

Short-term borrowings	June 30, 2022	December 31, 2021
Short-term borrowings	4.452.540.318	2.549.567.447
Lease liabilities	17.675.906	7.533.393
Other short-term borrowings	--	2.397.715
Total	4.470.216.224	2.559.498.555

5.1 Short-term borrowings:

The details of short-term borrowings and short-term parts of long-term borrowings as of June 31, 2022 and December 31, 2021 are as follows:

June 31, 2022

Currency	Average effective annual interest rate (%)	Original amount	Amount in TL
Bank loans			
EUR	6,46	8.602.627	149.697.753
USD	6,29	28.696.464	478.984.157
TL	18,84	3.744.380.656	3.744.380.656
Other financial borrowings			
Million IRR (*)	18,00	1.239.941	79.477.752
Total			4.452.540.318

December 31, 2021

Currency	Average effective annual interest rate (%)	Original amount	Amount in TL
Bank loans			
EUR	6,50	1.626.458	24.582.124
TL	18,07	2.363.142.703	2.363.142.703
Other financial borrowings			
Million IRR (*)	18,00	3.060.930	161.842.620
Total			2.549.567.447

(*) The amounts included in the short-term and long-term other financial borrowings of Razi represent the financial payables to its previous owner before the privatization.

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2022

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

NOTE 5 – BORROWINGS (Cont'd)

5.2 Short-term financial lease liabilities

June 30, 2022

Currency	Average effective annual interest rate (%)	Original Amount	Amount in TL
TL	19,05	9.163.348	9.163.348
USD	6,17	510.915	8.512.558
Total			17.675.906

December 31, 2021

Currency	Average effective annual interest rate (%)	Original Amount	Amount in TL
TL	14	7.533.393	7.533.393
Total			7.533.393

5.3 Long-term borrowings

	June 30,2022	December 31,2021
Long-term financial lease liabilities	48.395.266	8.354.465
Total	48.395.266	8.354.465

5.4 Long-term lease liabilities

June 30, 2022

Currency	Average effective annual interest rate (%)	Original Amount	Amount in TL
TL	19,05	14.254.728	14.254.728
USD	6,17	2.049.080	34.140.538
Total			48.395.266

31 December, 2021

Currency	Average effective annual interest rate (%)	Original Amount	Amount in TL
TL	14	8.354.465	8.354.465
Total			8.354.465

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2022

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

NOTE 6 – TRADE RECEIVABLES AND PAYABLES

6.1 Short-term trade receivable from third parties

	June 30, 2022	December 31, 2021
Trade receivables	212.762.172	82.773.081
Notes receivable	39.803.769	--
Receivables from Subsidiaries of Ministry of Agriculture of Iran (Razi)		
- Urea price difference (*)	1.180.356.098	532.264.965
- Other	72.321.017	59.256.692
Provision for doubtful trade receivables	(14.215.635)	(14.673.089)
Total	1.491.027.421	659.621.649

(*) As of June 30, 2022, Razi has receivables TL 1.180.356.098 (IRR 18.415 billion) (December 31, 2021: TL 532.264.965 (IRR 10.067 billion)) due from Agricultural Support Services affiliated to the Ministry of Agriculture of Iran and its union members. Razi recognized income for the difference between the minimum amount that has occurred in the commodity exchange in the last six months and urea sales price at requested price based on the enactment of government dated September 29, 2019, the decision of the Administrative Court General Assembly dated August 22, 2017 and numbered 505, and the approval of the Administrative Judicial Court Economic Affairs Deputy Judiciary Executive Branch and the 24th meeting of the market regulation working group. Negotiations are continuing for the collection of unsecured trade receivables, and no provision has been made for the relevant amounts since the trade with these companies is continuing.

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

Time after maturity	June 30, 2022	December 31, 2021
More than 9 months	14.215.635	14.673.089
Total	14.215.635	14.673.089

The movements of the provision for doubtful trade receivables for the six-month interim periods ending on 30 June 2022 and 2021 are as follows:

	June 30, 2022	December 31, 2021
Balance at beginning of the period	14.673.089	9.124.754
Reversal expenses	(457.454)	(10.261)
Balance at end of the period	14.215.635	9.114.493

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2022

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

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

6.1 Short-term trade receivable from third parties (Cont’d)

As June 30, 2022 and December 31, 2021 guarantees obtained for receivables not due yet are as follows:

	June 30, 2022	December 31, 2021
Guarantee letters	281.244.960	111.558.883
Collateral cheques and notes	6.875.001	8.967.841
Total	288.119.961	120.526.724

6.2 Short-term trade payables from third parties

	June 30, 2022	December 31, 2021
Liabilities to the Iranian gas supplier	272.197.205	673.023.837
Creditors	3.655.448.750	3.959.952.257
Other trade payables	909.497.096	63.717.955
Total	4.837.143.051	4.696.694.049

NOTE 7 – OTHER RECEIVABLES AND PAYABLES

7.1 Other short-term receivables from third parties:	June 30, 2022	December 31, 2021
VAT receivables - Turkey	73.279.771	81.593.928
Due from personnel	31.240.923	35.094.389
Receivables from Tabosan (*) (Note 12)	--	36.391.022
Receivables from other government agencies - Razi	136.218.145	58.197.738
Other various receivables	84.822.353	18.857.517
Total	325.561.192	230.134.594

(*)The Group management requested from the Bankruptcy Administration to affect the transfer of Razi shares pertaining to Tabosan Mühendislik ve İmalat ve Montaj San. A.Ş. (“Tabosan”) at the rate of 1,31% corresponding to payments in the amount of EUR 5.439.402 made as co-guarantor. Since this request was not accepted by the Bankruptcy Administration, the Group applied to court whereby it was ruled by the court to issue an interim injunction on June 27, 2013 in order to avoid any savings on the shares and the distribution of 1,31% of Razi shares owned by Tabosan. The share transfer lawsuit brought to the court by the Group was dismissed and appealed by the Group. However, the court ruling was approved by the Supreme Court. The Group hence applied to the Supreme Court in order to seek a revision of the verdict. The lawsuit filed by the Group against the Bankruptcy Court to seek share transfer plea was rejected. Accordingly, the Group filed a lawsuit against the Bankruptcy Administration to seek approval of receivables. The Bankruptcy Administration ruled for the acceptance of the aforementioned lawsuit and the Court decided to accept the lawsuit regarding recording of receivables following this acceptance declaration on July 15, 2017. The Group collected the principle amounting to TL 12.395.509 on June 14, 2022, the interest amounting to TL 24.621.355 on 23 June 2022 and foreign exchange difference amounting to TL 1.571.576 on June 24, 2022 totaling to TL 38.588.440.

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2022

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

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

	June 30, 2022	December 31, 2021
7.2 Other long-term receivables from third parties		
Deposits and guarantees given	11.278.657	9.280.676
Due from personnel	1.817.550	1.535.302
Other long-term receivables	10.720.521	8.121.493
Total	23.816.728	18.937.471
7.3 Other short-term payables from third parties	June 30, 2022	December 31, 2021
Dividend payables to non-controlling interests	24.294.799	112.222.501
Other payables to related parties	278.136.267	5.707.468
Other payables and liabilities	7.682.429	74.859.282
Total	310.113.495	192.789.251

NOTE 8 – INVENTORIES

	June 30, 2022	December 31, 2021
Raw materials and supplies	1.739.774.706	1.245.286.249
Finished goods	2.214.523.357	993.029.623
Trade goods	1.886.123.584	2.550.653.948
Other inventories	379.421.300	245.961.439
	6.219.842.947	5.034.931.259
Provision of impairment of inventories (-)	(112.631.670)	(16.609.409)
Total	6.107.211.277	5.018.321.850

NOTE 9 - PROPERTY, PLANT AND EQUIPMENT

The details of depreciation and amortization expenses calculated by the Group as of June 30, 2022 and June 30, 2021 are given below.

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

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

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GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2022

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

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

	June 30, 2022			
	Gübretaş	Maden	Razi	Total
Depreciation expense	23.579.969	331.755	49.432.455	73.344.179
Amortization expense	1.291.007	56.933	266.071	1.614.011
Total	24.870.976	388.688	49.698.526	74.958.190

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

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GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2022

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

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

	Lands	Land improvements	Buildings	Machinery, equipment and installations	Vehicles	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	52.904.727	--	173.350.637	2.848.613.162	15.245.286	41.158.708	--	--	39.354.608	3.170.627.128
Inflation difference	79.178.356	--	259.440.301	4.265.111.219	22.816.422	61.599.008	--	--	58.898.955	4.747.044.261
Additions	--	2.616.455	423.750	7.634.770	2.977.590	4.952.521	71.420.169	--	377.124.435	467.149.690
Sales / disposals	--	--	--	--	(64.522)	(8.986.211)	(33.284.030)	(269.973)	(234.241)	(42.838.977)
Transfer from construction in progress	--	1.617.169	437.600	4.228.939	--	1.227.395	--	--	(10.302.633)	(2.791.530)
Closing balance on June 30,2022	879.405.381	219.375.532	1.668.778.280	20.767.014.755	114.560.476	322.514.635	71.420.169	2.126.241	729.105.404	24.774.300.873
Accumulated depreciation										
Opening balance at January 1,2022	--	(87.858.323)	(769.768.971)	(12.220.926.145)	(64.266.125)	(193.228.006)	(16.231.378)	(1.104.288)	--	(13.353.383.236)
Foreign currency translation differences	--	--	(173.360.329)	(3.307.360.386)	(17.305.316)	(50.162.927)	--	--	--	(3.548.188.958)
Inflation difference	--	--	(165.072.155)	(3.140.883.485)	(16.566.126)	(47.415.492)	--	--	--	(3.369.937.258)
Period cost	--	(8.712.492)	(12.394.663)	(154.668.159)	(647.071)	(5.304.828)	(13.714.056)	(203.541)	--	(195.644.810)
Sales / disposals	--	--	--	--	64.522	668.900	16.231.378	--	--	16.964.800
Closing balance on June 30,2022	--	(96.570.815)	(1.120.596.118)	(18.823.838.175)	(98.720.116)	(295.442.353)	(13.714.056)	(1.307.829)	--	(20.450.189.462)
Net book value on June 30,2022	879.405.381	122.804.717	548.182.162	1.943.176.580	15.840.360	27.072.282	57.706.113	818.412	729.105.404	4.324.111.411

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GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2022

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

	Lands	Land improve ments	Buildings	Machinery, equipment and installations	Vehicles	Furniture and fixtures	Right of use assets	Special Costs	Construction in progress	Total
Cost Value										
Opening balance at January 1,2021	441.715.486	203.034.895	648.328.125	5.639.827.669	28.877.200	99.237.132	25.778.418	1.387.441	58.376.740	7.146.563.106
Foreign currency translation differences	40.772.929	--	133.598.889	2.195.481.432	10.970.257	31.122.752	--	--	16.718.940	2.428.665.199
Inflation difference	17.760.474	--	58.194.987	956.184.329	4.778.691	13.556.913	--	--	5.944.956	1.056.420.350
Additions	520.817	2.753.972	93.767	511.082	1.600.851	3.422.640	--	447.540	55.961.222	65.311.891
Sales / disposals	--	(6.353)	--	(9.533.553)	(317.060)	(1.479.254)	--	--	(19.330.352)	(30.666.572)
Transfer from construction in progress	--	--	--	416.609	494.913	987.114	--	--	(1.898.636)	--
Closing balance at June 30, 2021	500.769.706	205.782.514	840.215.768	8.782.887.568	46.404.852	146.847.297	25.778.418	1.834.981	115.772.870	10.666.293.974
Accumulated depreciation										
Opening balance at January 1,2021	--	(70.935.633)	(374.984.509)	(4.898.171.392)	(25.817.253)	(80.899.764)	(9.151.060)	(698.205)	--	(5.460.657.816)
Foreign currency translation differences	--	--	(112.037.115)	(2.120.097.927)	(11.010.193)	(32.245.400)	--	--	--	(2.275.390.635)
Inflation difference	--	--	(35.825.486)	(681.561.614)	(3.511.648)	(10.211.267)	--	--	--	(731.110.015)
Period cost	--	(7.848.600)	(8.871.062)	(48.915.163)	(760.660)	(4.014.558)	(2.789.598)	(144.538)	--	(73.344.179)
Sales / disposals	--	424	--	1.600.865	541.491	1.432.508	--	--	--	3.575.288
Closing balance at June 30,2021	--	(78.783.809)	(531.718.172)	(7.747.145.231)	(40.558.263)	(125.938.481)	(11.940.658)	(842.743)	--	(8.536.927.357)
Net book value at June 30,2021	500.769.706	126.998.705	308.497.596	1.035.742.337	5.846.589	20.908.816	13.837.760	992.238	115.772.870	2.129.366.617

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2022

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

NOTE 10 – INTANGIBLE ASSETS**10.1 Rights**

June 30, 2022	Rights	Mine Research Expenses	Total
Cost			
Opening balance at January 1	42.279.609	53.198.874	95.478.483
Inflation difference	4.414.182	--	4.414.182
Purchases	11.378.557	76.982.829	88.361.386
Transfer	2.791.530	--	2.791.530
Foreign currency translation differences	3.043.063	--	3.043.063
Closing balance	63.906.941	130.181.703	194.088.644
Accumulated Depreciation			
Opening balance at January 1	(12.766.349)	--	(12.766.349)
Current period amortization expense	(3.004.642)	--	(3.004.642)
Closing balance	(15.770.991)	--	(15.770.991)
Net Book Value	48.135.950	130.181.703	178.317.653
June 30, 2021	Rights	Mine Research Expenses	Total
Cost			
Opening balance at January 1	27.319.638	--	27.319.638
Inflation difference	1.592.300	--	1.592.300
Purchases	5.187.569	2.313.528	7.501.097
Foreign currency translation differences	3.104.449	--	3.104.449
Closing balance	37.203.956	2.313.528	39.517.484
Accumulated Depreciation			
Opening balance at January 1	(8.607.652)	--	(8.607.652)
Current period amortization expense	(1.614.011)	--	(1.614.011)
Closing balance	(10.221.663)	--	(10.221.663)
Net Book Value	26.982.293	2.313.528	29.295.821

10.2 Goodwill

	June 30, 2022	June 30, 2021
Opening balance at January 1	119.358.609	60.572.972
Inflation difference	15.820.136	6.553.768
Kavak Madencilik (Note 23)	15.138.021	--
Foreign currency translation differences	19.460.256	20.246.291
Closing balance	169.777.022	87.373.031

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2022

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

NOTE 11 – COMMITMENTS

As of June 30 2022, the Group has a purchase commitment of USD 93.943.176 and EUR 1.566.660 of raw materials and commercial goods planned to be imported for which purchase orders were related letters credit were opened (December 31, 2021: USD 250.602.406 and EUR 915.960).

NOT 12 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

12.1 Short-term provisions

	June 30, 2022	December 31, 2021
Provisions for cost expenses	330.944.058	141.359.517
Provisions for lawsuit (*)	46.383.719	38.339.617
Other short-term debt provisions	11.333.064	9.437.826
Total	388.660.841	189.136.960

(*) There is a lawsuit filed against Razi in the local court in the amount of TL 5.498.262.000 (330 million USD), alleging excessive gas consumption. The Group Management has made a provision amounting to TL 39.997.159 (IRR 624 billion) related to this issue in the previous periods.

A lawsuit has been filed against the Group by Denizciler Birliği Deniz Nakliyatı ve Ticaret Anonim Şirketi, for profit of TL 785.193. The Group Management had not made a provision in the consolidated financial statements regarding this lawsuit, considering the legal opinion received.

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

	June 30, 2022	June 30, 2021
As of January 1,	38.339.617	25.287.069
Additional provision	8.044.102	4.352.615
Closing Balance	46.383.719	29.639.684

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2022

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

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

12.2 Guarantees given

As of June 30, 2022, and December 31, 2021, the tables related to the Group's tables related to Collaterals/ pledges/ mortgages/bill of guarantees ("CPMB") position are as follows:

	June 30, 2022			December 31, 2021		
	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	19.604.487	19.604.487	TL	37.939.409	37.939.409
	USD	1.450.000	24.159.030	USD	18.650.000	248.585.850
B. CPMB's given on behalf of fully consolidated companies	--	--	--	--	--	--
C. CPMB's given on behalf of third parties						
For ordinary of business	--	--	--	--	--	--
D. Total amount of other CPMB'S	--	--	--	--	--	--
i. Total amount of CPMB's given on behalf of the majority shareholder	--	--	--	--	--	--
ii. Total amount of CPMB's given on behalf of other Group companies which are not in scope of B and C	--	--	--	--	--	--
iii. Total amount of CPMB's given on behalf of third parties, which are not in scope C	--	--	--	--	--	--
Total			43.763.517			286.525.259

12.3 Contingent liabilities

Iran Comprehensive Action Plan

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

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

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

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

Competition Authority Investigation

It was declared that an investigation was launched to determine that if the manufacturer companies operating in the chemical fertilizer production and sales markets violate Article 4 of the Law on the Protection of Competition No. 4054 with the Investigation Notice received on August 27, 2021 in the annex of the letter dated August 26, 2021 sent by the Competition Authority. The information/documents requested from the Company within the scope of the investigation were submitted to the Authority. Within the scope of the investigation, the "First Written Defense" has already been submitted to the Authority, and the preparation process of the "Investigation Report" continues.

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2022

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

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

12.3 Contingent liabilities (Cont’d)

Receivables from Tabosan

During the purchasing process of Razi shares, the Group and other consortium members became joint and several guarantors for each other against the financed banks and the Iranian Privatization Administration. The bankruptcy of Tabosan Engineering Manufacturing and Assembly A.Ş. (“Tabosan”), one of the consortium members, was requested, Tabosan's request for bankruptcy postponement in 2011 was rejected by the court, and it was decided to bankrupt Tabosan and to transfer all transactions to the bankruptcy desk by establishing a bankruptcy office. The Group has requested a share transfer for some of the payments made on behalf of Tabosan, for which it is the guarantor, and has applied to the bankruptcy office for the remaining receivables.

The Group has filed a lawsuit for the transfer of 1,31% shares of Razi in Tabosan for the payments made on behalf of Tabosan. The court dismissed the case on April 28, 2014. Thereupon, Gübretaş applied to the Court to rectify the decision. However, this request was also rejected, and an application was made to register the receivable subject to this lawsuit as a credit to the bankruptcy desk, and a part of this amount was recorded in the bankruptcy desk.

The Group has applied to the bankruptcy administration for the registration of other receivables that it has not been subject to the share transfer case, but this request was rejected by the administration. This time, the Group filed a receivable acceptance lawsuit against the bankruptcy administration. The Bankruptcy Administration accepted the registration action filed by the Group and upon this acceptance statement, the Court decided to accept the registration acceptance lawsuit filed by the Group on 15 July 2017. The Group collected the principle amounting to TL 12.395.509 on June 14, 2022, the interest amounting to TL 24.621.355 on 23 June 2022 and foreign exchange difference amounting to TL 1.571.576 on June 24, 2022 totaling to TL 38.588.440.

Coastal Line

İskenderun 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, İskenderun, Sarıseki in accordance with the Regulation on Implementation of Coastal Law and its provisions since the Shore Edge Line passes through the aforementioned land. The net book value of the aforementioned property is TL 149.466.593 as of balance sheet date. The Group has appealed against the case in its legal period and requested to re-preparation of expert's report issued towards determining Shore Edge Line which constitutes a base for the aforementioned case. Additionally, the Group has brought a suit for the compensation of property right through considering that the case will result in favor of Treasury. In March of 2018, İskenderun 3rd Civil Court partially accepted the case opened by the Property Directorate and decided to cancel the title deed registration of 78.674,76 m² of the immovable property of the Company located in Hatay, İskenderun and Sarıseki borders, the court ruled that the applicant had been denied the registration with the abandonment as a line and rejected the request concerning the surplus and rejected the case against the group. Within the legal period, the Group has applied for the appeal law, the group has accepted the appeal and the Gaziantep Regional Court of Justice has removed the decisions given by the Law Department of the 15th Law Department and the Group actions and returned the case to the local court for reconsideration. The Group Management has not recorded any provision in its accompanying consolidated financial statements since the legal procedures have not been finalized yet in the views of the legal advisors.

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2022

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

NOTE 13 – REVENUE AND COST OF SALES

13.1 Sales	January 1 – June 30, 2022	January 1 June 30, 2021	April 1 – June 30, 2022	April 1 – June 30, 2021
Domestic sales	11.543.702.794	3.498.273.311	4.214.313.783	1.327.625.073
Foreign sales	2.001.672.777	394.914.302	1.296.052.583	193.442.530
Service sales	43.336.800	1.894.269	22.727.691	661.161
Sales returns (-)	(2.388.731)	(394.919)	1.377.025	(306.321)
Sales discounts (-)	(153.524.422)	(44.386.211)	(51.403.602)	(15.956.862)
Other discounts from sales (-)	(27.153.678)	(594.846)	(461.202)	(397.927)
Total	13.405.645.540	3.849.705.906	5.482.606.278	1.505.067.654
13.2 Cost of sales	January 1 – June 30, 2022	January 1 June 30, 2021	April 1 – June 30, 2022	April 1 – June 30, 2021
<i>Cost of goods produced</i>	5.883.623.690	1.676.510.210	3.350.487.757	931.688.967
<i>Change in the finished goods</i>	(1.221.193.665)	(278.938.424)	(1.098.901.667)	(286.292.009)
<i>-Finished goods at the beginning of the period</i>	993.329.692	163.335.197	--	155.981.612
<i>-Finished goods at the end of the period</i>	(2.214.523.357)	(442.273.621)	(1.098.901.667)	(442.273.621)
Cost of finished goods sold	4.662.430.025	1.397.571.786	2.251.586.090	645.396.958
<i>-Trade goods at the beginning of the period</i>	2.861.233.661	782.814.591	--	467.202.797
<i>-Purchases</i>	5.272.904.610	1.132.724.759	1.935.019.128	404.820.730
<i>Trade goods at the end of the period</i>	(1.886.123.584)	(383.049.665)	327.037.842	(383.049.665)
Cost of trade goods sold	6.248.014.687	1.532.489.685	2.262.056.970	488.973.862
Cost of services sold	22.815.860	8.204.785	8.498.339	5.018.017
Cost of other sales	4.782.034	--	4.782.034	--
Total	10.938.042.606	2.938.266.256	4.526.923.433	1.139.388.837

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

	January 1 – June 30, 2022	January 1 June 30, 2021	April 1 – June 30, 2022	April 1 – June 30, 2021
Foreign exchange income related to trade transactions	819.631.508	192.886.198	498.833.156	53.568.164
Interest income	1.336.066	3.201.227	(78.364)	847.507
Other revenues	52.050.037	22.103.251	20.420.429	3.812.479
Total	873.017.611	218.190.676	519.175.221	58.228.150

14.2 Other operating expense

	January 1 – June 30, 2022	January 1 June 30, 2021	April 1 – June 30, 2022	April 1 – June 30, 2021
Foreign exchange expenses related to trade transaction	1.577.928.165	339.876.036	928.082.616	119.455.868
Provision expenses	8.394.863	4.456.520	2.694.494	4.352.645
Razi VAT Receivables	166.775.665	63.808.504	70.779.554	44.197.502
Previous year expenses - Razi	53.025.004	--	4.145.605	--
Other expenses	119.982.421	55.407.415	97.101.633	22.490.180
Total	1.926.106.118	463.548.475	1.102.803.902	190.496.195

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2022

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

NOTE 15 - EARNINGS PER SHARE

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

	January 1 – June 30, 2022	January 1 June 30, 2021	April 1 – June 30, 2022	April 1 – June 30, 2021
Net period (loss) on parent's shares)	506.953.704	257.826.817	(68.793.098)	134.597.116
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)	1,518	0,772	(0,206)	0,403

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

NOT 16 - RELATED PARTIES TRANSACTIONS

16.1 Balances due to / from related parties

	June 30, 2022	December 31, 2021
Trade receivables		
TKK	533.228.855	935.479.657
North Star Co.	--	312.697.879
Other related parties	439.514	602.337
Total	533.668.369	1.248.779.873

The average maturity in solid fertilizer sales to TKK is 15 days, other fertilizer sales' maturity is between 15 – 45 days.

	June 30, 2022	December 31, 2021
Trade payables		
Tarnet Tarım Kredi Bilişim ve İletişim Hizmetleri A.Ş.	1.192.617	3.710.961
TK Taşımacılık ve Lojistik A.Ş.	2.222.532	1.142.567
TK Holding A.Ş.	60.657	--
TK Teknoloji A.Ş.	147.794	--
Bereket Sigorta A.Ş.	4.801.820	2.257.964
Bereket Emeklilik ve Hayat A.Ş.	33.589	8.667
TKK	900	31.907
Tarım Kredi Birlik Tarım Ürünleri A.Ş.	19.989	24.540
Tarkim Bitki Koruma San. ve Tic. A.Ş.	4.659.318	850
Total	13.139.216	7.177.456

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2022

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

NOTE 16 - RELATED PARTIES TRANSACTIONS (Cont'd)**16.2 Transactions with Related Parties**

	January 1 – June 30, 2022	January 1 June 30, 2021	April 1 – June 30, 2022	April 1 – June 30, 2021
Sales of goods and services				
TKK	8.115.936.076	2.574.346.760	2.145.491.878	1.041.362.874
Northstar Fertilizer and Chemical Co.	--	29.188.621	--	2.443.555
Tarkim Bitki Koruma San. ve Tic. A.Ş.	3.136	53.663	3.136	1.697
Tarnet Tarım Kredi Bilişim ve İletişim Hizmetleri A.Ş.	2.704	5.040	--	5.040
TK Holding A.Ş.	--	44.997	--	16.659
Bereket Sigorta A.Ş.	6.199.962	753.063	6.192.115	753.063
TK Taşımacılık ve Lojistik A.Ş.	2.150	3.078	2.150	3.078
Total	8.122.144.028	2.604.395.222	2.151.689.279	1.044.585.966

	January 1 – June 30, 2022	January 1 June 30, 2021	April 1 – June 30, 2022	April 1 – June 30, 2021
Purchases of goods and services				
TKK	88.749	1.115.943	(50.017)	1.102.995
Bereket Sigorta A.Ş.	19.051.876	7.382.731	4.052.107	7.382.731
TK Taşımacılık ve Lojistik A.Ş.	21.518.547	7.750.209	10.663.141	3.135.356
Tarnet Tarım Kredi Bilişim ve İletişim Hizmetleri AŞ	5.130.122	2.527.018	2.421.970	1.118.797
Tarım Kredi Birlik Tarım Ürünleri San. ve Tic. A.Ş.	160.586	17.536	99.200	17.536
Tarım Kredi Yem Sanayi ve Tic. A.Ş.	7.190	--	7.190	--
TK Holding A.Ş.	38.462	24.000	38.462	--
TK Tarım Kredi Pazarlama ve Marketçilik A.Ş.	512.692	25.197	508.427	15.854
Tarkim Bitki Koruma San. ve Tic. A.Ş.	3.947.855	--	3.943.165	--
Bereket Katılım Emeklilik ve Hayat A.Ş.	138.659	80.177	138.659	80.177
Total	50.594.738	18.922.811	21.822.304	12.853.446

16.3 Renumeration of board of directions and executive management

The total benefits provided by the Group to its board of directors and executive management during the years ended June 30, 2022 and June 30, 2021 are as follows:

	June 30,2022			June 30,2021		
	Gübretaş	Maden	Razi	Gübretaş	Maden	Razi
Benefits provided to top management	3.992.184	1.663.641	8.067.280	2.357.765	860.788	3.751.420
Total	3.992.184	1.663.641	8.067.280	2.357.765	860.788	3.751.420

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2022

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

NOTE 17 - FINANCIAL INSTRUMENTS

Short-term financial investments	Maturity	Int.rates (%)	June 30, 2022
Private sector bonds and bills	July 2022	15-18	280.749.290
Mutual funds	--	--	50.683.741
Total			331.433.031

Short-term financial investments	Maturity	Int.rates (%)	December 31, 2021
Private sector bonds and bills	March 2022	15-18	191.032.590
Total			191.032.590

Long-term financial investments	Maturity	Int.rates (%)	June 30, 2022
Private sector bonds and bills	2023	15-18	24.551.964
Total			24.551.964

Long-term financial investments	Maturity	Int.rates (%)	December 31, 2021
Private sector bonds and bills	2022	15	20.229.647
Total			20.229.647

Title	Subject of activities	June 30, 2022		December 31, 2021	
		% Share	Amount of participant	% Share	Amount of participant
Tarnet	Internet Service Provider etc.	15,78	2.537.515	15,78	2.537.515
Tareksav	Agricultural Credit Cooperative Education Foundation	24,10	200.000	24,10	200.000
Total			2.737.515		2.737.515

NOTE 18 - EMPLOYEE BENEFITS

Liabilities for employee benefits:

	June 30, 2022	December 31, 2021
Due to the personnel	110.194.393	73.344.765
Social security premiums payable	6.266.936	3.721.065
Total	116.461.329	77.065.830

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2022

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

NOTE 18 - EMPLOYEE BENEFITS (Cont'd)

Provision for Employee Benefits:

Short-term	June 30, 2022	December 31, 2021
Provision for vacation allowance and employee termination benefits	25.766.009	22.540.981
Provision for premium	7.735.950	8.939.941
Provision for early retirement salary (*)	25.968.858	19.949.590
Total	59.470.817	51.430.512

Long-term	June 30, 2022	December 31, 2021
Allowance for retirement pay (Gübretaş)	47.865.466	27.924.086
Allowance for retirement pay (Razi)	336.856.902	261.557.967
Provision for early retirement salary (*)	54.264.735	48.722.299
Total	438.987.103	338.204.352

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

As of 30 June 2022, the severance pay liability of the Group has been calculated using the annual real discount rate of 4.09% (30 June 2021: 3.87%), which was determined by estimating an annual inflation rate of 15.00% and a discount rate of 19.50%. The Group's severance pay provision is calculated over TL 15,371.40 (30 June 2021: TL 7.639), effective from 30 June 2022, since the severance pay ceiling is determined every six months. Movements in the provision for severance pay during the year are as follows:

	January 1 – June 30, 2022	January 1 – June 30, 2021
Provisions as of January 1	338.204.352	94.829.669
Adjustments on opening balance	(11.510.220)	41.505.241
Service cost	112.649.790	62.351.540
Interest cost	15.497.608	7.899.133
Payment termination indemnity	(107.935.473)	(32.974.096)
Foreign currency translation differences	77.353.565	(6.291.614)
Actuarial gain/loss	14.727.481	104.551
Provision as of June 30	438.987.103	167.424.424

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2022

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

NOTE 19 - PREPAID EXPENSES AND DEFERRED INCOME

Short-term prepaid expenses	June 30, 2022	December 31, 2021
Order advances given for inventory purchase	1.130.892.195	506.885.154
Expenses for next month	125.638.683	84.059.041
Total	1.256.530.878	590.944.195
Long-term prepaid expenses	June 30, 2022	December 31, 2021
Order advances given for stock purchase	384.670.193	199.549.756
Other prepaid expenses	67.377.650	32.473.139
Total	452.047.843	232.022.895
Short term deferred income	June 30, 2022	December 31, 2021
Received advances	155.289.577	751.163.780
Other deferred income	--	1.629.349
Total	155.289.577	752.793.129

NOT 20 - EQUITY

Paid-in capital

The equity structure as of June 30, 2022 and December 31 ,2021 is as follows:

	%	June 30, 2022	%	December 31, 2021
Türkiye Tarım Kredi Kooperatifleri				
Merkez Birliği	75,95	253.684.607	75,95	253.684.607
Other	24,05	80.315.393	24,05	80.315.393
Total	100,00	334.000.000	100,00	334.000.000

As of June 30, 2022, the capital of the Company consists of 33.400.000.000 shares and there are no privileged shares (December 31,2020: 33.400.000.000 shares). The nominal value of the shares is TL 0,01 (2021: TL 0,01).

Reserves on retained earnings

The legal reserves consist of first and second composition of legal reserves according to the Turkish Code of Commerce. The first composition of legal reserves is composed of 5% of the previous period's commercial profits until the date it reaches 20% of the paid capital. The second composition of legal reserves is allocated as 10% of the total cash dividend distributions following the first composition of legal reserves and dividends.

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2022

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

NOT 20 – EQUITY (Cont'd)

The profit reserves were comprised of as follows as of June 30, 2022 and December 31, 2021:

	June 30, 2022	December 31, 2021
Legal reserves	68.182.652	53.838.737
Total	68.182.652	53.838.737

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

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

Current and deferred income tax

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

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

In the Turkish tax system, financial losses can be deducted from the financial profits in the following five years, and it is not possible to deduct (retrospectively) from previous years' earnings. In addition, a temporary tax of 23% (it will be 20% for the year 2023 and after) is paid on the tax bases declared in the interim periods during the year to be deducted from the corporate tax in Turkey. As of June 30, 2022, and 2021, 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.

Since the corporate tax rate has changed to 23% for 2022 corporate earnings, as of 30 June 2022, a tax rate of 23% has been used for temporary differences expected to be realized/closed within one year, and 20% for temporary differences expected to be realized/closed after one year in the calculation of deferred tax. Iran corporate tax is 25% (31 December 2021: 25%).

Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2022

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

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

Tax assets and liabilities

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 23% (it will be applied as 20% for the year 2023 and after). applied to earnings. Corporate tax is declared until the evening of the twenty-fifth day of the fourth month following the end of the relevant year and is paid until the end of the relevant month.

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

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

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

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

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

Tax provision included in the balance sheet pertaining to the periods ended June 30, 2022 and December 31, 2021 is as follows:

	June 30, 2022		
	Gübretaş	Razi	Total
Provision for current period corporate tax	(68.750.540)	(8.268.476)	(77.019.016)
Prepaid tax	72.688.140	15.883.728	88.571.868
Prior year’s corporate tax liabilities	--	(19.018.710)	(19.018.710)
Translation differences	--	(4.036.316)	(4.036.316)
Total	3.937.600	(15.439.774)	(11.502.174)

As of June 30, 2022, Gübretaş Maden Yatırımları A.Ş has no corporate tax (31 December 2021: None).

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2022

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

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

			December 31, 2021
	Gübretaş	Razi	Total
Provision for current period corporate tax	(52.406.973)	(27.864.847)	(80.271.820)
Prepaid tax	17.503.387	247.453	17.750.840
Prior year's corporate tax liabilities	--	(27.419.231)	(27.419.231)
Translation differences	--	17.595.456	17.595.456
Total	(34.903.586)	(37.441.169)	(72.344.755)

Deferred tax assets and liabilities

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

		June 30, 2022	December 31, 2021	
	Temporary differences	Deferred tax, assets and liabilities	Temporary differences	Deferred tax, assets and liabilities
Investment incentive	196.797.523	45.263.430	288.866.688	57.773.336
Adjustments for inventories	109.979.050	25.295.182	9.582.838	2.204.053
Trade receivables	3.298.673	661.692	4.187.698	863.515
Premium accrual	4.000.000	920.000	--	--
Other	2.488.546	572.366	1.918.432	441.239
Provisions for termination indemnity	63.661.978	13.206.291	38.155.285	7.937.993
Receivable re-discounts	4.338.204	997.787	5.649.134	1.299.301
Exchange rate valuation	5.504.101	1.265.943	74.034.313	17.027.892
Expense accruals	6.386.560	1.468.909	2.342.794	538.843
Derivative expense accrual	188.034.165	43.247.858	--	--
Deferred tax assets	584.488.800	132.899.458	424.737.182	88.086.172
Tangible / Intangible assets / investments properties	743.115.030	148.021.777	566.200.503	113.240.101
Income/expense accruals (net)	873.704	200.952	1.808.209	415.888
Derivative income accrual	--	--	39.424.793	9.067.702
Trade receivables	451.584	103.864	1.350.751	310.673
Payable re-discounts	8.296.327	1.908.155	2.129.693	489.829
Other receivables	--	--	2.669.232	613.923
Income accrual	5.887.031	1.354.017	--	--
Other	126.417.858	12.641.788	202.679.237	20.267.924
Deferred tax liabilities	885.041.534	164.230.553	816.262.418	144.406.040
Net deferred tax asset		(31.331.095)		(56.319.868)
Razi Co. deferred tax asset / (liability) (*)		(23.168.966)		(19.489.471)
Total deferred tax asset / (liability)		(54.500.061)		(75.809.339)

(*) The liability amounting to TL 23.168.966 is due to the deferred tax effect of Razi's real estate value increase classification (31 December 2021: TL 19.489.471).

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GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

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

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

Deferred tax assets and liabilities (Cont’d)

Information related to deferred tax transaction table:

	June 30, 2022	December 31, 2021
Opening balance on January 1	(75.809.339)	18.473.466
Impact of foreign currency translation of deferred tax of Razi	(4.457.768)	(10.656.190)
Sub total	(80.267.107)	7.817.276
Deferred tax income /(expense)	22.821.550	(58.202.465)
Tax revenue recognized in other comprehensive income	2.945.496	(25.424.150)
Closing balance on June 30	(54.500.061)	(75.809.339)
Reconciliation of the tax provision:	January 1 - June 30, 2022	January 1 - December 31, 2021
Profit / (Loss) before tax	870.002.375	608.263.683
Tax rate	%23	%25
Calculated tax	(200.100.546)	(152.065.921)
Impact of foreign subsidiaries subjected to different tax rates	(25.344.779)	(39.584.835)
Tax effect of deductibles and exemptions	1.029.101	16.042.029
Razi deduction amount	130.186.717	--
Total discounts of investment incentives	47.430.538	31.516.266
Other differences	(7.398.497)	5.618.176
Tax income / expense	(54.197.466)	(138.474.285)

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GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2022

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

NOTE 22 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

Assets and liabilities denominated in foreign currency held by the Group in terms of original and Turkish Lira currency units as of June 30, 2022 are as follows:

	June 30, 2022		
	Amount in TL (functional currency)	USD	EUR
1 Trade receivables	38.746.905	2.320.006	5.317
2 Monetary financial assets (including cash, bank accounts)	713.056.019	28.162.228	14.037.563
3 Other current assets	251.304.275	14.566.363	495.580
4 Foreign currency assets (1+2+3)	1.003.107.199	45.048.597	14.538.460
5 Trade payables	--	--	--
6 Financial borrowings	496.012.744	25.000.000	4.575.549
7 Other short-term liabilities, net	3.372.884.970	202.389.364	45.758
8 Short term liabilities in foreign currency (5+6+7)	3.868.897.714	227.389.364	4.621.307
9 Trade payables	--	--	--
10 Financial borrowings	--	--	--
11 Long term liabilities in foreign currency (9+10)	--	--	--
12 Total liabilities in foreign currency (8+11)	3.868.897.714	227.389.364	4.621.307
13 Net foreign currency asset, liability position (4-12)	(2.865.790.516)	(182.340.767)	9.917.153
14 Monetary items net foreign currency asset / liability position (4-12)	(2.865.790.516)	(182.340.767)	9.917.153
15 Fair value of derivative instruments classified for hedging purposes	--	--	--
16 Amount of hedged portion of foreign currency liabilities	5.069.230.950	304.250.000	--

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

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2022

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

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

Assets and liabilities denominated in foreign currency held by the Group in terms of original and Turkish Lira currency units as of December 31, 2021 are as follows:

		December 31, 2021	
	Amount in TL (functional currency)	USD	EUR
1 Trade receivables	620.222.174	42.447.821	3.608.156
2 Monetary financial assets (including cash, bank accounts)	929.067.776	51.978.521	15.659.227
3 Other current assets	401.884.867	29.652.265	440.774
4 Foreign currency assets (1 + 2 + 3)	1.951.174.817	124.078.607	19.708.157
5 Trade payables	3.761.683.119	281.728.782	432.181
6 Financial borrowings	161.842.620	--	10.727.503
7 Other short-term liabilities, net	849.908	63.109	579
8 Short term liabilities in foreign currency (5 + 6 + 7)	3.924.375.647	281.791.891	11.160.263
9 Trade payables	--	--	--
10 Financial borrowings	--	--	--
11 Long term liabilities in foreign currency (9 + 10)	--	--	--
12 Total liabilities in foreign currency (8 + 11)	3.924.375.647	281.791.891	11.160.263
13 Net foreign currency asset, liability position (4-12)	(1.973.200.824)	(157.713.284)	8.547.894
14 Monetary items net foreign currency asset / liability position (4-12)	(1.973.200.824)	(157.713.284)	8.547.894
15 Fair value of derivative instruments classified for hedging purposes	--	--	--
16 Amount of hedged portion of foreign currency liabilities	581.144.400	43.600.000	--

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2022

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

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

Foreign currency risk

As of June 30, 2022, and June 30, 2021, if related currencies had appreciated/depreciated by 10% against Turkish Lira with all other variables held constant, profit before tax and other comprehensive income (before tax) as a result of foreign exchange losses on the translation of foreign exchange position is as follows:

	June 30, 2022	
	Profit/(loss)	
	Appreciation of foreign currency	Appreciation of foreign currency
Change of USD by %10 against TL		
1- Assets/liability denominated in USD – net	(303.805.246)	303.805.246
2- The part hedged for USD risk (-)	506.923.095	(506.923.095)
3- The impact of TL net profit for the period	203.117.849	(203.117.849)
Change of EUR by %10 against TL		
1- Assets/liability denominated in EUR - net	17.226.194	(17.226.194)
2- The part hedged for EUR risk (-)	--	--
3- The impact of TL net profit for the period	17.226.194	(17.226.194)
	June 30, 2021	
	Profit/(loss)	
	Appreciation of foreign currency	Appreciation of foreign currency
Change of USD by %10 against TL		
1- Assets/liability denominated in USD – net	(13.944.335)	13.944.335
2- The part hedged for USD risk (-)	--	--
3- The impact of TL net profit for the period	(13.944.335)	13.944.335
Change of EUR by %10 against TL		
1- Assets/liability denominated in EUR - net	16.451.045	(16.451.045)
2- The part hedged for EUR risk (-)	--	--
3- The impact of TL net profit for the period	16.451.045	(16.451.045)

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2022

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NOT 23 – BUSINESS COMBINATIONS

Gübretaş Maden acquired 80% of Kavak Madencilik A.Ş. from Teck Anadolu Madencilik A.Ş. for USD 1.800.000 and 2% royalty payment based on the agreement signed on January 3, 2022., which is the owner of the license field number 200709861 located within the borders of Bilecik province, in order to expand the exploration and development activities around the Söğüt Gold Mine and to identify possible new mineral resources. USD 900.000 of the relevant fee has been paid on the date of the agreement, and the remaining amount has not been paid yet as of the report date. The transfer of the related shares was completed on May 23, 2022. Main activity of Kavak Maden is about mining and it is similar to Gübretaş Maden. The Group has accounted the difference between the acquisition amount and the net assets acquired in accordance with TFRS 3 “Business Combinations”.

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

	June 30, 2022
Acquisition amount	28.664.820
Net assets acquired	(13.526.799)
Goodwill	15.138.021
Cash and cash equivalent	24.702
Other current assets	2.310.366
Property, plant and equipment	13.069.277
Trade payables	(12.373)
Other liabilities	(1.865.173)
Net assets	13.526.799

NOTE 24 – DEERIVATIVE FINANCIAL INSTRUMENTS

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

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

The details of derivative instruments as of June 30, 2022 and December 31, 2021 are as follows:

June 30, 2022

Forward agreement	Average Maturity	Nominal value (USD)	Fair value (TL)
USD buying	36 days	304.250.000	(188.034.165)
Total		304.250.000	(188.034.165)

GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ

Notes to the interim condensed consolidated financial statements as of June 30, 2022

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

NOTE 24 – DEERIVATIVE FINANCIAL INSTRUMENTS (Cont’d)

December 31, 2021

Forward agreement	Average Maturity	Nominal value (USD)	Fair value (TL)
USD buying	30 days	43.600.000	39.424.793
Total		43.600.000	39.424.793

NOT 25 – SUBSEQUENT EVENTS

Pursuant to the Board of Directors' decision dated July 1, 2022 and numbered 10597, it was decided to issue debt instruments and/or lease certificates (domestically and/or abroad, with and/or without public offering) within the framework of CMB legislation considering the needs of the Group and market conditions in the determined period of time at once or in parties up to TL 5.000.000.000.

As of August 3, 2022, Board Member and Deputy Chairman Ahmet Bağcı resigned from his duties and Yasin Ayaz was elected as Board Member and Deputy Chairman to be submitted for the approval of the first General Assembly to be held.

As of August 12, 2022, Deputy General Managers Hüseyin Bağrıyanık and Mahmut Karaman have resigned from their duties.