

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

**GÜBRE FABRİKALARI TÜRK  
ANONİM ŞİRKETİ  
CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE  
PERIOD JANUARY 1, -  
DECEMBER 31, 2023 TOGETHER  
WITH INDEPENDENT  
AUDITORS REPORT**

**INDEPENDENT AUDITOR'S REPORT**

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

**Eren Bağımsız Denetim A.Ş.**  
Maslak, Eski Büyükdere Cad.  
No.14 Kat :10  
34396 Sarıyer /İstanbul, Turkey

T + 90 212 373 00 00  
F + 90 212 291 77 97  
www.grantthornton.com.tr

**A) Report on the Audit of the Consolidated Financial Statements****1. Qualified Opinion**

We have audited the consolidated financial statements of Gübre Fabrikaları Türk Anonim Şirketi ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position as at December 31, 2023, and the consolidated statements of income, and other comprehensive income, consolidated statements of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter on the consolidated financial statements described in the Basis for Qualified Opinion paragraph, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards (TFRS).

**2. Basis for Qualified Opinion**

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 audited by the component auditor. Razi's financial statements and financial information included in the accompanying consolidated financial statements are presented based on the component auditor's report dated March 26, 2024 which included a disclaimer of opinion due to the significance of the lawsuit filed against Razi and whose probable outcome cannot be estimated.

As further explained in Note 16 to the financial statements, there is a lawsuit filed against Razi in the local court in the amount of TL 9.714.616.000 (approximately 330 million USD), based on allegations of excessive gas consumption in previous periods. Razi objected to this lawsuit. In the independent auditors report prepared by the component auditor, a disclaimer opinion was issued on the grounds that there is a fundamental uncertainty regarding the final outcome of the ongoing litigation and the proceeding of the lawsuit and no provision was recorded thereon for the possible outcomes of the lawsuit.

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





## 2. Basis for Qualified Opinion (Cont'd)

Our audit was conducted in accordance with the Standards on Independent Auditing published by the Capital Market Board ("CMB") and Standards on Independent Auditing (the "ISA") issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA") that are part of Turkish Standards on Auditing. Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We hereby declare that we are independent of the Company in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the consolidated financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

## 3. Emphasis of Matters

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

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





### 3. Emphasis of Matters (Cont'd)

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.

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

As explained in the Note 16, in November 2011, Iskenderun Fiscal Directorate ("Treasury") brought a suit in order to hypothecate on behalf of public and cancel land register of property owned by the Group having a surface area of located in Hatay, Iskenderun, in accordance with the Regulation on Implementation of Coastal Law and its provisions since the Shore Edge Line passes through the aforementioned land. The net book value of the aforementioned property is TL 500.000.000 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 opinion of the legal councils, the Group Management has not recognized any provision for this matter in the consolidated financial statements at this stage.

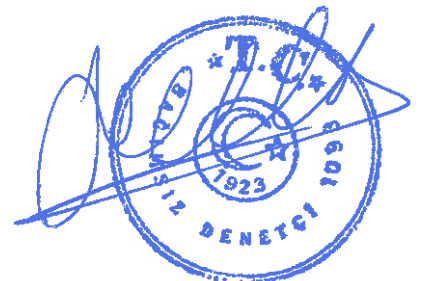




#### 4. Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Inventories</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <p>As of December 31, 2023, the inventories amounting to TL 5.945.039.993 in the consolidated financial statements constitute a significant portion of the assets in the financial statements. There is a risk of impairment of the relevant inventories due to reasons such as damage, partial or total loss of value or failure to recover due to decrease in the sales price, and economic factors. In addition, the calculation of the provision for inventory impairment includes management estimates and assumptions. These estimates and assumptions include the evaluation of slow-moving inventories and the provision for the non-moving and damaged inventories. Accordingly, inventories are a key audit matter.</p> <p>Explanations regarding the accounting policies of inventories are presented in the Note 2.</p> | <p>During our audit, the following audit procedures were applied in relation to inventories:</p> <ul style="list-style-type: none"> <li>- Understanding the accounting policy related to inventory impairment and evaluating the appropriateness of the policy applied,</li> <li>- Inquiries with the Group Management about the risk of impairment due to damage, partial or total loss of value and failure to recover due to decrease in the sales price.</li> <li>- Comparison of the inventory turnover rate with the previous year</li> <li>- Evaluating the adequacy of the provision for impairment on inventory in the current period against the impairment</li> <li>- Obtaining and examining inventory aging reports as to whether there is inventory that have not been moving or damaged for a long time during the year-end inventory census,</li> <li>- Net realizable values of stocks were tested on test basis based on selling prices net of discounts and we concluded that stocks were carried in the financial statements at fairly reasonable values.</li> </ul> <p>We had no material findings related to the impairment of the inventory as a result of these procedures.</p> |



**4. Key Audit Matters (Cont'd)**

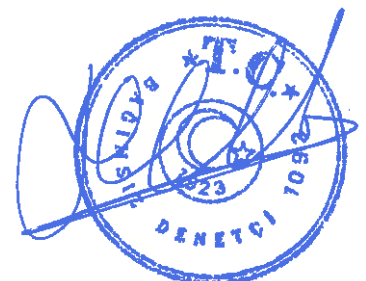
| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Accounting for property, plant and equipment using the revaluation method</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <p>As further explained in Footnotes 2 and 12, land, underground and over-ground land improvements, buildings and machinery equipment, which are included in the Group's property, plant and equipment are valued by the revaluation method based on the valuation reports prepared by an independent real estate appraisal company.</p> <p>As of December 31, 2023, the revaluation of property, plant and equipment has been considered as a key audit matter by us, since underground and over-ground land improvements, buildings and machinery equipment belonging to the Parent Company constitute a significant part of the Group's total assets and the valuation methods applied include significant estimations and assumptions.</p> | <p>In our audit, the appropriateness of the methods used by the valuation experts in the aforementioned valuation reports, which constitute the basis for the fair values of the relevant tangible fixed assets measured according to the revaluation model, has been evaluated. The relevance and reasonableness of the appraiser's findings and conclusions, and the consistency of these findings and conclusions with other audit evidence, were reviewed. The assumptions and methods used in the valuation report, the factors related to the evaluation of the methods, whether these assumptions and methods are generally accepted in the expert's field of expertise, whether they are consistent with the provisions of the applicable financial reporting framework, whether they are dependent on the use of featured models, and whether they are consistent with management's assumptions and methods, were questioned.</p> <p>As a result of the studies and examinations we have carried out on the revaluation calculations in question, we have evaluated whether the estimations and assumptions used in the valuation report are within an acceptable range of fair value as assessed by the Group's independent valuation experts.</p> <p>The accuracy of the valuation method used has been checked by evaluating the related tangible asset item together with its intended use.</p> |





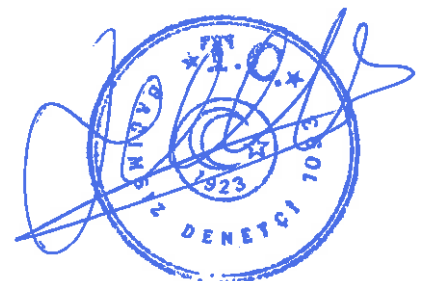
4. Key Audit Matters (Cont'd)

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Recoverability of trade receivables</b></p> <p>As of December 31, 2023, trade receivables amounting to TL 3.929.528.496 constitute a significant portion of total assets. On the other hand, impairment provisions calculated for trade receivables are accounted for as a result of estimations made by taking into account the past payment performances and creditworthiness information of customers and the maturity analysis of the receivables balances. For these reasons, the recoverability of such receivables is an important issue for our audit.</p> <p>Explanations regarding the accounting policies of the trade receivables of the Group are presented in Note 2.</p> | <p>We performed the following procedures in relation to the recoverability of trade receivables:</p> <ul style="list-style-type: none"> <li>- Understanding the Group's process for collections from customers and evaluating the operational effectiveness of these controls</li> <li>- Understanding and evaluating the customer collections process,</li> <li>- Analytical procedures on aging of receivables and trade receivables turnover days, comparing them to the prior period,</li> <li>- Inquiries in relation to any disputes/lawsuits with customers, inquiries with legal counsels on outstanding litigation in relation to trade receivables,</li> <li>- Testing a sample of trade receivables due from third parties by obtaining confirmation letters from customers using sampling method,</li> <li>- Testing selected collections in the subsequent period,</li> </ul> <p>Assessing the adequacy of disclosures of the trade receivables due from third parties in the financial statements.</p> <p>We had no material findings related to the trade receivables as a result of these procedures.</p> |



#### 4. Key Audit Matters (Cont'd)

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Application of TAS 29 - Financial Reporting in Hyperinflationary Economies</b></p> <p>The Group has started to apply “TAS 29 Financial Reporting in Hyperinflation Economies” since the functional currency of the Group (Turkish Lira) is the currency of a hyperinflationary economy as per TAS 29 as of December 31, 2023.</p> <p>In accordance with TAS 29, financial statements and corresponding figures for previous periods have been restated in order to reflect the changes in the general purchasing power of Turkish Lira and, as a result, are expressed in terms of purchasing power of Turkish Lira as of the reporting date.</p> <p>In accordance with the guidance in TAS 29, the Group utilised the Turkey consumer price indices to prepare inflation adjusted financial statements. The principles applied for inflation adjustment is explained in 2.</p> <p>Given the significance of the impact of TAS 29 on the reported result and financial position of the Group, we have assessed the hyperinflation accounting as a key audit matter.</p> | <p>Our audit procedures included the following;</p> <p>We inquired management responsible for financial reporting on the principles, which they have considered during the application of TAS 29, identification of non-monetary Accounts and tested TAS 29 models designed,</p> <p>We have tested the inputs and indices used, to ensure completeness and accuracy of the calculations,</p> <p>We have audited the restatements of the corresponding figures as required by TAS 29,</p> <p>We assessed the adequacy of the disclosures in inflation adjusted financial statements for compliance with TAS 29.</p> |



## **5. Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The Group Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Group's consolidated financial reporting process.

## **6. Auditor's Responsibility for the Audit of the Financial Statements**

Our aim is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with ISA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an independent audit conducted in accordance with ISA and independent auditing standards published by the CMB, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.





## 6. Auditor's Responsibility for the Audit of the Financial Statements (Cont'd)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### B) Report on Other Legal and Regulatory Requirements

- 1) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period January 1, - December 31, 2023 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.
- 2) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.
- 3) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on April 6, 2024.

The name of the engagement partner who supervised and concluded this audit is Jale Akkaş.

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



Jale Akkaş  
Engagement Auditor

İstanbul, April 6, 2024

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

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Consolidated Statements of Financial Position as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

|                                            | Notes | Audited<br>December 31, 2023 | Audited<br>December 31, 2022 |
|--------------------------------------------|-------|------------------------------|------------------------------|
| <b>ASSETS</b>                              |       |                              |                              |
| <b>Current assets</b>                      |       |                              |                              |
| Cash and cash equivalents                  | 5     | 2.279.416.182                | 1.785.115.431                |
| Financial investments                      | 31    | 44.716.110                   | 737.541.307                  |
| Trade receivables                          |       |                              |                              |
| - Trade receivables from related parties   | 30    | 1.185.131.892                | 2.131.344.883                |
| - Trade receivables from third parties     | 7     | 2.744.396.604                | 445.282.372                  |
| Other receivables                          |       |                              |                              |
| - Other receivables from third parties     | 8     | 1.305.106.402                | 754.471.962                  |
| Inventories                                | 9     | 5.945.039.993                | 13.215.279.520               |
| Prepaid expenses                           | 10    | 1.047.377.092                | 915.837.780                  |
| Derivative financial instruments           | 20    | --                           | --                           |
| Assets related to the current period taxes | 28    | --                           | 1.788                        |
| Other current assets                       | 18    | 157.281.598                  | 208.835.216                  |
| <b>Current Assets</b>                      |       | <b>14.708.465.873</b>        | <b>20.193.710.259</b>        |
| <b>Non-current assets</b>                  |       |                              |                              |
| Financial investments                      | 31    | 418.436.997                  | 171.703.769                  |
| Trade receivables                          |       |                              |                              |
| - Trade receivables from third parties     | 7     | 300.000                      | 1.867.576                    |
| Other receivables                          |       |                              |                              |
| - Other receivables from third parties     | 8     | 32.976.550                   | 56.634.907                   |
| Investments valued by equity method        | 3     | 390.341.867                  | 366.908.745                  |
| Investment properties                      | 11    | 599.081.040                  | 521.982.180                  |
| Property, plant and equipment              | 12    | 13.761.474.359               | 12.575.268.533               |
| Intangible assets                          | 13    |                              |                              |
| -Goodwill                                  |       | 222.296.838                  | 274.659.347                  |
| -Other intangible assets                   |       | 1.237.894.652                | 557.311.866                  |
| Prepaid expenses                           | 10    | 275.207.787                  | 308.279.384                  |
| Deferred tax assets                        | 28    | 386.038.687                  | 269.654.962                  |
| <b>Total non-current assets</b>            |       | <b>17.324.048.777</b>        | <b>15.104.271.269</b>        |
| <b>Total Assets</b>                        |       | <b>32.032.514.650</b>        | <b>35.297.981.528</b>        |

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 Financial Position as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

|                                                                                           |       | Audited               | Audited               |
|-------------------------------------------------------------------------------------------|-------|-----------------------|-----------------------|
|                                                                                           | Notes | December 31, 2023     | December 31, 2022     |
| <b>LIABILITIES</b>                                                                        |       |                       |                       |
| <b>Current liabilities</b>                                                                |       |                       |                       |
| Short term borrowings                                                                     | 6     | 7.310.818.067         | 9.088.845.507         |
| Trade payables                                                                            |       |                       |                       |
| - Trade payables to related parties                                                       | 30    | 22.262.385            | 11.784.960            |
| - Trade payables to third parties                                                         | 7     | 4.538.102.117         | 8.488.805.125         |
| Payables due to employee benefits                                                         | 17    | 119.776.568           | 101.825.292           |
| Other payables                                                                            |       |                       |                       |
| -Other payables to third parties                                                          | 8     | 877.651.284           | 691.086.167           |
| Deferred income                                                                           | 10    | 183.547.862           | 126.965.959           |
| Liabilities related to current period tax                                                 | 28    | 631.089.158           | 940.003.970           |
| Short term provisions                                                                     |       |                       |                       |
| -Short-term provisions for employee benefits                                              | 17    | 142.746.290           | 136.061.641           |
| -Other short-term provisions                                                              | 16    | 442.849.286           | 550.219.434           |
| Derivative financial instruments                                                          | 20    | 3.483.981             | 13.876.020            |
| <b>Current liabilities</b>                                                                |       | <b>14.272.326.998</b> | <b>20.149.474.075</b> |
| <b>Non-current liabilities</b>                                                            |       |                       |                       |
| Long-term borrowings                                                                      | 6     | 11.018.513            | 73.836.879            |
| Long term provisions                                                                      |       |                       |                       |
| - Long-term provisions for employee benefits                                              | 17    | 764.200.350           | 867.468.506           |
| - Other long-term provisions                                                              | 13    | 347.589.691           | --                    |
| Deferred tax liability                                                                    | 28    | --                    | --                    |
| <b>Total non-current liabilities</b>                                                      |       | <b>1.122.808.554</b>  | <b>941.305.385</b>    |
| <b>Total liabilities</b>                                                                  |       | <b>15.395.135.552</b> | <b>21.090.779.460</b> |
| <b>Equity</b>                                                                             |       |                       |                       |
| Share Capital                                                                             | 19    | 334.000.000           | 334.000.000           |
| Share Capital Inflationary adjustment differences                                         |       | 2.947.603.563         | 2.947.603.563         |
| Accumulated other comprehensive income / expense not to be reclassified to profit or loss |       |                       |                       |
| -Investments Valued by Equity Method                                                      |       | 6.966.276             | 33.224.280            |
| - Revaluation of property, plant and equipment                                            |       | 4.057.173.963         | 1.609.820.238         |
| - Defined benefit plans re-measurement losses                                             |       | (49.804.660)          | (83.560.719)          |
| Accumulated other comprehensive income / expense to be reclassified to profit or loss     |       |                       |                       |
| -Foreign currency translation differences                                                 |       | 1.294.708.286         | 817.183.165           |
| Restricted reserves from profit                                                           |       |                       |                       |
| -Legal reserves                                                                           | 19    | 481.278.542           | 462.449.384           |
| Retained earnings / (losses)                                                              |       | 4.715.784.443         | 4.506.470.162         |
| Current year profit/(loss)                                                                |       | (417.275.408)         | 228.143.439           |
| <b>Parent Company's Shareholders' equity</b>                                              |       | <b>13.370.435.005</b> | <b>10.855.333.512</b> |
| Non-controlling interests                                                                 |       | 3.266.944.093         | 3.351.868.556         |
| <b>Total shareholders' equity</b>                                                         |       | <b>16.637.379.098</b> | <b>14.207.202.068</b> |
| <b>Total liabilities and equities</b>                                                     |       | <b>32.032.514.650</b> | <b>35.297.981.528</b> |

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

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

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ Consolidated Statements**  
**of Profit or Loss and Other Comprehensive Income as of December 31, 2023**  
(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

|                                                                                        |       | Audited<br>January 1 –<br>December 31,<br>2023 | Audited<br>January 1 –<br>December 31,<br>2022 |
|----------------------------------------------------------------------------------------|-------|------------------------------------------------|------------------------------------------------|
|                                                                                        | Notes |                                                |                                                |
| Sales                                                                                  | 21    | 35.541.343.688                                 | 48.304.277.005                                 |
| Cost of sales                                                                          | 21    | (31.658.806.129)                               | (41.132.159.781)                               |
| <b>Gross profit</b>                                                                    |       | <b>3.882.537.559</b>                           | <b>7.172.117.224</b>                           |
| General and administrative expense                                                     | 22    | (913.737.696)                                  | (940.365.754)                                  |
| Marketing, selling and distribution expense                                            | 22    | (1.783.407.265)                                | (1.553.475.284)                                |
| Other operating income                                                                 | 24    | 3.294.230.689                                  | 2.106.005.714                                  |
| Other operating expense                                                                | 24    | (1.612.689.765)                                | (4.650.575.202)                                |
| <b>Operating profit</b>                                                                |       | <b>2.866.933.522</b>                           | <b>2.133.706.698</b>                           |
| Income from investment activities                                                      | 25    | 290.959.838                                    | 242.982.316                                    |
| Expenses from investment activities                                                    | 25    | (328.460)                                      | (101.720)                                      |
| Profit/(loss) from investments accounted by equity method                              | 3     | 180.863.852                                    | 244.559.343                                    |
| <b>Financial income / (expense) before operating profit</b>                            |       | <b>3.338.428.752</b>                           | <b>2.621.146.637</b>                           |
| Financial income                                                                       | 26    | 1.982.358.905                                  | 1.566.110.492                                  |
| Financial expense                                                                      | 26    | (2.217.102.582)                                | (2.173.429.102)                                |
| Gains / (losses) from net monetary position                                            | 26    | (3.618.926.211)                                | (1.804.474.174)                                |
| <b>Profit before tax from continuing operations</b>                                    |       | <b>(515.241.136)</b>                           | <b>209.353.853</b>                             |
| - Current period tax (expense)                                                         | 28    | (357.840.712)                                  | (1.022.306.872)                                |
| - Deferred tax (expense) / income                                                      | 28    | 824.567.089                                    | 1.129.889.270                                  |
| <b>Total tax (expense) / income</b>                                                    |       | <b>466.726.377</b>                             | <b>107.582.398</b>                             |
| <b>Net period profit / (loss)</b>                                                      |       | <b>(48.514.759)</b>                            | <b>316.936.251</b>                             |
| <b>Distribution of income / (loss) for the period</b>                                  |       |                                                |                                                |
| Non-controlling interests                                                              |       | 368.760.649                                    | 88.792.812                                     |
| Attributable to equity holders of the parent                                           |       | (417.275.408)                                  | 228.143.439                                    |
| <b>Loss per share (kr)</b>                                                             | 29    | <b>(1,249)</b>                                 | <b>0,683</b>                                   |
| <b>Other comprehensive income</b>                                                      |       |                                                |                                                |
| Tangible asset revaluation increases of investments accounted for by the equity method |       | (26.258.004)                                   | 22.935.999                                     |
| Property, plant and equipment revaluation increases                                    | 12    | 3.059.192.156                                  | 3.263.742.530                                  |
| Tax effect of other comprehensive income/ (expense)                                    | 28    | (611.838.431)                                  | (652.748.506)                                  |
| Actuarial gain/(loss) arising from defined benefit plans                               | 17    | 42.195.074                                     | (98.659.469)                                   |
| Tax effect of other comprehensive income/ (expense)                                    | 28    | (8.439.015)                                    | 19.731.894                                     |
| <b>Items to be reclassified to profit or loss</b>                                      |       |                                                |                                                |
| Changes in currency translation differences                                            | 28    | 765.821.040                                    | 1.155.625.411                                  |
| <b>Other comprehensive</b>                                                             |       | <b>3.220.672.820</b>                           | <b>3.710.627.859</b>                           |
| <b>Total comprehensive income / (expense)</b>                                          |       | <b>3.172.158.061</b>                           | <b>4.027.564.110</b>                           |
| <b>Distribution of total comprehensive income /</b>                                    |       | <b>3.172.158.061</b>                           | <b>4.027.564.110</b>                           |
| Non-controlling interests                                                              |       | 657.056.568                                    | 1.015.036.541                                  |
| Equity holders of the parent                                                           |       | 2.515.101.493                                  | 3.012.527.569                                  |

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

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

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Consolidated Statements of Changes in Equity as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

| Notes                                 | Share capital | 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                        |                                          | Restricted reserves | Accumulated profit |                                  | Equity holders of the parent | Non controlling interests | Total equities                 |
|---------------------------------------|---------------|---------------------------------------------------------------------------------------------|----------------------------------------------|--------------------------------------------------------------------------------------------------------------|------------------------------------------|---------------------|--------------------|----------------------------------|------------------------------|---------------------------|--------------------------------|
|                                       |               | Impairment on property, plant and equipment                                                 | -Defined benefit plans re-measurement losses | Shares to be classified in profit / (loss) from other comprehensive income accounted for using equity method | Foreign currency translation differences |                     | Retained earnings  | Net profit / (loss) for the year |                              |                           |                                |
| <b>Balances at January 1, 2022</b>    | 334.000.000   | --                                                                                          | (7.610.847)                                  | 16.900.520                                                                                                   | 965.579.239                              | 431.707.316         | 3.095.543.610      | 1.442.764.675                    | 9.226.488.076                | 3.266.446.406             | 12.492.934.482                 |
| Transfers                             | --            | --                                                                                          | --                                           | --                                                                                                           | --                                       | 30.742.068          | 1.412.022.607      | (1.442.764.675)                  | --                           | --                        | --                             |
| Dividends paid                        | --            | --                                                                                          | --                                           | --                                                                                                           | --                                       | --                  | --                 | --                               | --                           | --                        | --                             |
| Subsidiary acquisition and disposal   | --            | --                                                                                          | --                                           | --                                                                                                           | --                                       | --                  | --                 | --                               | --                           | --                        | --                             |
| Total comprehensive income/ (expense) | 19            | --                                                                                          | --                                           | --                                                                                                           | --                                       | --                  | (1.096.055)        | --                               | (1.096.055)                  | 3.527.961                 | (933.142.352)<br>2.431.906     |
|                                       |               | 1.609.820.238                                                                               | (75.949.872)                                 | 16.323.760                                                                                                   | (148.396.074)                            | --                  | --                 | 228.143.439                      | 1.629.941.491                | 1.015.036.541             | 2.644.978.032                  |
| <b>Balances at December 31, 2022</b>  | 334.000.000   | 1.609.820.238                                                                               | (83.560.719)                                 | 33.224.280                                                                                                   | 817.183.165                              | 462.449.384         | 4.506.470.162      | 228.143.439                      | 10.855.333.512               | 3.351.868.556             | 14.207.202.068                 |
| <b>Balances at January 1, 2023</b>    | 334.000.000   | 1.609.820.238                                                                               | (83.560.719)                                 | 33.224.280                                                                                                   | 817.183.165                              | 462.449.384         | 4.506.470.162      | 228.143.439                      | 10.855.333.512               | 3.351.868.556             | 14.207.202.068                 |
| Transfers                             | --            | --                                                                                          | --                                           | --                                                                                                           | --                                       | 18.829.158          | 209.314.281        | (228.143.439)                    | --                           | --                        | --                             |
| Dividends paid                        | --            | --                                                                                          | --                                           | --                                                                                                           | --                                       | --                  | --                 | --                               | --                           | --                        | --                             |
| Total comprehensive income/ (expense) | 19            | --                                                                                          | 33.756.059                                   | (26.258.004)                                                                                                 | 477.525.121                              | --                  | --                 | (417.275.408)                    | 2.515.101.493                | 657.056.568               | (741.981.031)<br>3.172.158.061 |
|                                       |               | 2.447.353.725                                                                               |                                              |                                                                                                              |                                          |                     |                    |                                  |                              |                           |                                |
| <b>Balances at December 31, 2023</b>  | 334.000.000   | 4.057.173.963                                                                               | (49.804.660)                                 | 6.966.276                                                                                                    | 1.294.708.286                            | 481.278.542         | 4.715.784.443      | (417.275.408)                    | 13.370.435.005               | 3.266.944.093             | 16.637.379.098                 |

The accompanying notes from 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 Cash Flows as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

|                                                                                                     | Notes | Audited<br>January 1 –<br>December 31,<br>2023 | Audited<br>January 1 –<br>December 31,<br>2022 |
|-----------------------------------------------------------------------------------------------------|-------|------------------------------------------------|------------------------------------------------|
| <b>Cash flows from operating activities</b>                                                         |       |                                                |                                                |
| Period income / (losses)                                                                            |       | (48.514.759)                                   | 316.936.251                                    |
| <b>Adjustments to reconcile net profit/(loss) for the period</b>                                    |       |                                                |                                                |
| Adjustments related to depreciation and amortization expense                                        | 12-13 | 1.240.635.364                                  | 902.878.504                                    |
| Adjustments for undistributed profits of investments valued by equity method                        | 3     | (180.863.852)                                  | (244.559.343)                                  |
| Adjustments related to provisions for employee benefits                                             | 17    | 486.343.325                                    | 631.282.118                                    |
| Adjustments related to interest expenses                                                            |       | 320.728.031                                    | 1.086.801.301                                  |
| Adjustments related to impairment of inventories                                                    | 9     | 67.847.760                                     | 33.326.373                                     |
| Adjustments related to impairment of receivables                                                    | 8     | (4.959.229)                                    | (3.445.971)                                    |
| Unearned finance expense/(income) arising from forward sales                                        |       | 15.102.929                                     | (29.875.441)                                   |
| Adjustments related to lawsuit provision                                                            | 16    | 13.321.311                                     | 22.482.308                                     |
| Adjustments related to current period tax income                                                    | 28    | (466.726.377)                                  | (107.582.398)                                  |
| Adjustments related to losses (gains) on sale of property, plant and equipments                     | 25    | (1.379.921)                                    | (2.539.579)                                    |
| Adjustments related to fair value losses (gains) on derivative financial instruments                | 20    | (10.392.039)                                   | 120.587.821                                    |
| Adjustments related to fair value losses (gains) on investment properties                           | 25    | (243.242.548)                                  | (226.093.880)                                  |
| Monetary (gain)/loss adjustments                                                                    |       | 2.161.940.371                                  | 306.086.049                                    |
| <b>Cash flows from the operating activities before changes in the assets and liabilities</b>        |       | <b>3.349.840.366</b>                           | <b>2.806.284.113</b>                           |
| <b>Change in working capital (net):</b>                                                             |       |                                                |                                                |
| Increase in trade receivables                                                                       |       | (1.352.167.430)                                | 2.587.587.105                                  |
| Increase in other receivables                                                                       |       | (526.976.083)                                  | (138.781.790)                                  |
| Decrease in inventories                                                                             |       | 7.332.976.843                                  | 3.207.860.343                                  |
| Increase in trade payables                                                                          |       | (3.949.535.533)                                | (4.167.294.635)                                |
| Increase / (decrease) in employee benefit obligations                                               |       | 17.951.276                                     | (108.849.488)                                  |
| Increase / (decrease) in deferred income                                                            |       | 56.581.903                                     | (1.914.605.256)                                |
| Increase / (decrease) in prepaid expenses                                                           |       | (98.467.717)                                   | 999.019.429                                    |
| Increase / (decrease) in other payables                                                             |       | (490.974.084)                                  | (852.150.831)                                  |
| Adjustments related to other decrease in working capital                                            |       | (9.628.162)                                    | (1.471.752.273)                                |
| <b>Cash flows from the operations after the changes in working capital</b>                          |       | <b>4.329.601.379</b>                           | <b>947.316.717</b>                             |
| Interest paid                                                                                       |       | (1.130.278.689)                                | (960.752.607)                                  |
| Taxes refunds/ (payments)                                                                           | 28    | (315.551.471)                                  | (159.878.642)                                  |
| Payments related to provision for employee benefits                                                 | 17    | (347.392.241)                                  | (572.920.666)                                  |
| <b>Cash flow regarding investment activities</b>                                                    |       | <b>2.536.378.978</b>                           | <b>(746.235.198)</b>                           |
| <b>Cash flow from investment activities</b>                                                         |       |                                                |                                                |
| Cash outflows from the purchases of property, plant and equipment and intangible assets             | 12-13 | (2.516.025.600)                                | (3.001.036.041)                                |
| Cash inflows from the sales of property, plant and equipment and intangible assets                  | 12-13 | 43.029.943                                     | 88.386.220                                     |
| Other outflows of cash                                                                              |       | 415.644.074                                    | (309.302.829)                                  |
| <b>Cash flow from investment activities</b>                                                         |       | <b>(2.057.351.583)</b>                         | <b>(3.221.952.650)</b>                         |
| <b>Cash flow from financing activities</b>                                                          |       |                                                |                                                |
| Cash inflows from financing borrowings                                                              |       | 13.475.520.933                                 | 10.419.020.800                                 |
| Cash outflows from financing borrowings payments                                                    |       | (14.506.816.077)                               | (8.330.941.301)                                |
| Other inflows (outflows) of cash                                                                    |       |                                                | 2.429.257                                      |
| <b>Cash flow from financing activities</b>                                                          |       | <b>(1.031.295.144)</b>                         | <b>2.090.508.756</b>                           |
| <b>Net change in cash cash equivalents before affect of foreign currency translation difference</b> |       | <b>(552.267.749)</b>                           | <b>(1.877.679.092)</b>                         |
| <b>Cash and cash equivalents as of January 1</b>                                                    | 5     | <b>1.785.115.431</b>                           | <b>1.171.491.537</b>                           |
| Foreign currency translation difference                                                             |       | 30.119.435                                     | 3.640.711.544                                  |
| The effect of monetary gain/loss on cash and cash equivalents                                       |       | 1.016.449.065                                  | (1.149.408.558)                                |
| <b>Cash and cash equivalents as of December 31</b>                                                  | 5     | <b>2.279.416.182</b>                           | <b>1.785.115.431</b>                           |

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

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Notes to the Consolidated Financial Statements as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 1 - GROUP'S ORGANIZATION AND NATURE OF OPERATIONS**

Gübre Fabrikaları T.A.Ş. ("Gübretaş" or "the Company") and its subsidiaries (altogether referred to as "the Group") are composed of direct or indirect seven subsidiaries (December 31, 2022: seven) and two associates (December 31, 2022: two). Gübretaş, established in 1952, operates in the field of production and marketing of chemical fertilizers.

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

| Operational units                          | Operation details                                               |
|--------------------------------------------|-----------------------------------------------------------------|
| Yarımca Plant Directorate                  | Production / Port facilities / Storage                          |
| Aegean Regional Directorate                | Sales-marketing / Liquid-powder fertilizer production / Storage |
| Black Sea Regional Directorate             | Sales-marketing / Storage                                       |
| Eastern Mediterranean Regional Directorate | Sales-marketing / Port facilities / Storage                     |
| Marmara Regional Directorate               | Sales-marketing / Storage                                       |
| Central Anatolia Regional Directorate      | Sales-marketing                                                 |
| Southeastern Anatolia Regional Directorate | Sales-marketing                                                 |
| GAP Regional Directorate                   | Sales-marketing                                                 |
| Western Mediterranean Regional Directorate | Sales-marketing                                                 |

The number of employees of the Company and its subsidiaries for the period ended December 31, 2023 is 1.638 (December 31, 2022: 1.557).

23,88% 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           | December 31, 2023 |                    | December 31, 2022 |                    |
|----------------|-------------------|--------------------|-------------------|--------------------|
|                | Share %           | Share amount       | Share %           | Share amount       |
| TKK            | %75,95            | 253.684.607        | %75,95            | 253.684.607        |
| Other – public | %24,05            | 80.315.393         | %24,05            | 80.315.393         |
| <b>Total</b>   | <b>%100,00</b>    | <b>334.000.000</b> | <b>%100,00</b>    | <b>334.000.000</b> |

**1.1 Subsidiaries**

The entities which are included in the scope of consolidation as of December 31, 2023 and December 31, 2022, the direct and indirect voting rights of Gübretaş and the effective ownership rates (%) and the relevant functional currencies according to their countries of operation are shown below:

| Name                                       | 31 December 2023 |              |                          | 31 December 2022 |                          |
|--------------------------------------------|------------------|--------------|--------------------------|------------------|--------------------------|
|                                            | Currency in Use  | Voting Right | Effective Ownership Rate | Voting Right     | Effective Ownership Rate |
| Razi Petrochemical Co.                     | IRR              | %48,88       | %48,88                   | %48,88           | %48,88                   |
| Arya Phosphoric Jonoob Co.                 | IRR              | %48,88       | %48,88                   | %48,88           | %48,88                   |
| Raintrade Petrokimya ve Dış Ticaret A.Ş.   | TL               | %48,88       | %48,88                   | %48,88           | %48,88                   |
| Gübretaş Maden Yatırımları A.Ş.            | USD              | %100,00      | %100,00                  | %100,00          | %100,00                  |
| Tarkim Bitki Koruma Sanayi ve Ticaret A.Ş. | TL               | %30,48       | %40,00                   | %40,00           | %40,00                   |
| Kavak Madencilik A.Ş.                      | USD              | %80          | %80                      | %80              | %80                      |

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Notes to the Consolidated Financial Statements as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

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

**1.1 Subsidiaries (Cont'd)**

**Razi Petrochemical Co.**

Gübretaş has participated in Razi Petrochemical Co. ("Razi") on May 24, 2008, which is located in Iran and conducts the production and sale of fertilizer and fertilizer raw materials. The share of Gübretaş in the share capital of Razi as of the date of balance sheet is 48,88% (December 31, 2022: 48,88%). Razi is considered a subsidiary because Gübretaş has the right to select and nominate three of the five-member Board of Razi and has controlling power over the operational management of Razi.

**Raintrade Petrokimya ve Dış Ticaret A.Ş.**

As of December 31, 2010, 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. Razi's ownership in Raintrade is 100%, and the Group's indirect ownership percentage is 48,88%.

**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 Mining Investments Inc.) ("Gübretaş Maden") on March 31, 2020, with the aim of conducting mining investments domestically and internationally. On February 24, 2021, the mining license number 82050 pertaining to Söğüt Gold Mine and the works within the scope of the license were transferred to Gübretaş Maden. At the General Assembly Meeting of Gübretaş Maden held on April 27, 2023, it was decided to increase the Company's share capital from TL 40.000.000 to TL 140.000.000 TL, and the entire amount was paid in cash on April 5, 2023.

**Kavak Madencilik A.Ş.**

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

**Rexim Dış Ticaret A.Ş.**

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

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Notes to the Consolidated Financial Statements as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

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

**1.1 Subsidiaries (Cont'd)**

**Petro Saman Avaran**

The Company was established in 2019 by the shareholders including Arya and started to its operations. The Company provides technical and general services to oil, gas and petrochemical industries. The Company also provides general and social services for Razi and Arya, including human resources, catering services, green space and repair complexes. As of the balance sheet date, the main shareholder Arya's ownership rate is 69% (December 31, 2022: 69%), and the Group's indirect participation rate is 33,73% (December 31, 2022: 33.73%). As of the report date, the subsidiary is not consolidated and is shown under long-term financial investments. Based on the subsidiary's unaudited financial statements, as of December 31, 2023, total assets amount to TL 164.694.954 (equivalent to USD 5.594.600), total revenues amount to TL 739.578.842 (equivalent to USD 25.123.100), and the net profit is TL 4.224.382 (equivalent to USD 143.500). All of the Company's sales are made to Razi and Arya Phosphoric, and 95% of trade receivables of TL 144.382.596 (equivalent to USD 4.904.600) are from Razi, and 28% of the total payables of TL 144.382.596 (equivalent to USD 4.904.600) are due to to Razi.

**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 shareholding rate of Gübretaş in Tarkim is 30,48% (December 31, 2022: 40%).

**1.3 Other financial investments**

The Group has participated at the rate of 15,78% in Tarnet Tarım Kredi Bilişim ve İletişim Hizmetleri A.Ş. ("Tarnet") which is a subsidiary of TKK.

**1.4 The approval of the consolidated financial statements**

The consolidated financial statements have been approved by the Board of Directors and authorized to be issued on April 6, 2024. The General Assembly has the power to amend the consolidated financial statements.

**NOTE 2 - BASIS OF THE PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**

**2.1 Basis of presentation**

**Financial Reporting Standards**

The Company and its subsidiaries located in Turkey 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 NOTE

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Notes to the Consolidated Financial Statements as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

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

**2.1 Basis of presentation (Cont'd)**

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 parallel to changes made in International Financial Reporting Standards ("IFRS").

**Financial Reporting under hyper inflationary economies**

Entities Businesses applying TFRSs began implementing inflation accounting in accordance with TAS 29 "Financial Reporting under Hyperinflationary Economies" starting from the financial statements ending December 31, 2023, or thereafter, as announced by the Public Oversight Accounting and Auditing Standards Authority (KGK) on November 23, 2023. TAS 29 is applied in the financial statements of entities whose functional currency is the currency of a hyper-inflationary economy, including its consolidated financial statements.

According to the related standard, financial statements prepared based on the currency of a hyper inflationary economy are presented in terms of the purchasing power of that currency at the balance sheet date. Comparative information including prior period financial statements are also expressed in the current measurement unit currency at the end of the reporting period for comparison purposes. Therefore, the Group has presented its consolidated financial statements as of December 31, 2022, in terms of purchasing power as of December 31, 2023.

According to the decision of the Capital Markets Board (CMB) numbered 81/1820 dated December 28, issuers and capital market institutions applying the Turkish Accounting/Financial Reporting Standards have to implement inflation accounting in accordance with TAS 29 starting from the annual financial statements ending on December 31, 2023.

The adjustments made in accordance with TAS 29 are based on the Consumer Price Index (CPI) obtained from the Turkish Statistical Institute (TÜİK). As of December 31, 2023, the indices and correction coefficients used in the restatement of the consolidated financial statements are as follows:

| Date | Index   | Three Year Compound Interest Rate | Coefficient |
|------|---------|-----------------------------------|-------------|
| 2021 | 686,95  | 74                                | 2,70672     |
| 2022 | 1128,45 | 156                               | 1,64773     |
| 2023 | 1859,38 | 268                               | 1,00000     |

-The basic principles of the restatement of the Group's financial statements under hyperinflationary economies are as follows:

-The current period consolidated financial statements are stated in terms of the measuring unit current at the balance sheet date. Comparative figures for prior periods should be restated into the same current measuring unit.

-Monetary assets and liabilities are not adjusted as they are currently expressed with current purchasing power at the balance sheet date. In cases where the inflation-adjusted values of non-monetary items exceed the recoverable amount or net realizable value, the provisions of TAS 36 and TAS 2 were applied, respectively.

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Notes to the Consolidated Financial Statements as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

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

**2.1 Basis of presentation (Cont'd)**

-Non-monetary assets and liabilities and equity items that are not expressed in current purchasing power at the balance sheet date have been corrected using the relevant correction coefficients.

-All items in the comprehensive income statement, except those impacting the comprehensive income from non-monetary items on the balance sheet, have been indexed using coefficients calculated based on the periods when income and expense items were first reflected in the financial statements.

-The impact of inflation on the Group's net monetary asset position in the current period has been recorded in the consolidated income statement under the account of net monetary position gains/(losses).

**Financial Reporting under hyper inflationary economies**

In accordance with TMS 29, in order to make the necessary adjustments in the financial statements, assets and liabilities were first classified as monetary and non-monetary, and non-monetary assets and liabilities were further classified as those measured at current value and those measured at cost. Monetary items (excluding those linked to an index) and non-monetary items already expressed at the current measurement unit as of December 31, 2023, were not subject to inflation adjustment. Non-monetary items not expressed at the measurement unit as of December 31, 2023, were adjusted for inflation using the relevant coefficient. In cases where the inflation-adjusted value of non-monetary items exceeded their recoverable amount or net realizable value, a reduction in book value was made in accordance with the relevant TFRS. Additionally, inflation adjustment was made for all equity items as well as items in the income statement and other comprehensive income statement. Non-monetary items acquired or assumed before January 1, 2005, when the Turkish lira ceased to be recognized as the currency of a high-inflation economy, and equity items put into operation or formed before this date were adjusted based on the changes in the Consumer Price Index (CPI) from January 1, 2005, to December 31, 2023.

The implementation of TMS 29 has necessitated adjustments presented in the income statement's Net Monetary Position Gains (Losses) section due to the decrease in the purchasing power of the Turkish lira. During inflation periods, as long as the value of monetary assets or liabilities is not subject to changes in the index, businesses carrying a higher amount of monetary assets experience a decrease in purchasing power, whereas those with higher monetary liabilities experience an increase in purchasing power. The net monetary position gain or loss is derived from the adjustment differences of non-monetary items, equity items, items in the income statement and other comprehensive income statement, and index-linked monetary assets and liabilities.

Additionally, during the initial application period of TMS 29, the provisions of the Standard are applied assuming that there is always high inflation in the relevant economy. Therefore, for subsequent reporting periods, the comparative earliest beginning-of-period financial position statement dated January 1, 2022, has been adjusted for inflation to serve as a basis. The inflation-adjusted amount of retained earnings in the financial position statement dated January 1, 2022, is derived from the balance sheet equality that should exist after adjusting the other items of this statement for inflation.

Additionally, due to Iran's high inflation exceeding the past three years as of 2020, financial statements in Iran are now accounted for based on the effects of inflation rather than historical cost. The TAS 29 "Financial Reporting in High Inflation Economies" standard has also been applied during the preparation of summary consolidated financial statements for the subsidiary in Iran.

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Notes to the Consolidated Financial Statements as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

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

**2.1 Basis of presentation (Cont'd)**

**Going Concern**

The Group has prepared its consolidated financial statements considering the going concern concept.

**Netting/ Offset**

Financial assets and liabilities are offset and reported in the net amount when there is a legally enforceable right or when there is an intention to settle the assets and liabilities on a net basis or realize the assets and settle the liabilities simultaneously.

**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.

The Group has applied consistent accounting policies in its consolidated financial statements for the periods presented, and there have been no significant changes in accounting policies or estimates during the current period.

Any accounting policy changes resulting from the initial application of a new standard are applied retrospectively or prospectively in accordance with transition provisions. Changes without transition provisions, optional significant changes in accounting policies, or identified accounting errors are retrospectively applied, and the previous period financial statements are restated. Changes in accounting estimates are applied retrospectively if they relate to a single period or both in the current period and prospectively for future periods if applicable.

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.

**Currency Used**

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. Financial statements of subsidiaries operating in foreign countries have been prepared in accordance with TAS/IFRS published by POA, reflecting the necessary adjustments and classifications in order to make the correct presentation. Currency translation differences resulted from closing and average rate usage is accounted under currency translation difference under equity. These translation differences are recognized as income or loss at the period.

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

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(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

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

**Currency Used (Cont'd)**

The exchange rates used are as follows:

| Currency | December 31, 2023 |                   | December 31, 2022 |                   |
|----------|-------------------|-------------------|-------------------|-------------------|
|          | Period<br>End     | Period<br>Average | Period<br>End     | Period<br>Average |
| IRR/TL   | 0,000075449       | 0,000055796       | 0,000065607       | 0,000052665       |
| USD/TL   | 29,4382           | 23,7394           | 18,6983           | 16,5600           |

**2.2 Changes in Turkish Financial Reporting Standards ("TFRS")**

**TAS 8 Changes - Definition of Accounting Estimates**

In August 2021, the Turkish Public Oversight Authority (KGK) issued amendments to TAS 8, introducing a new definition for "accounting estimates." The amendments provide clarity on the distinction between changes in accounting estimates and changes in accounting policies and corrections of errors. Additionally, the revised standard clarifies that if a change in input or a change in measurement technique does not arise from the correction of prior period errors, it constitutes a change in accounting estimates. The previous definition of changes in accounting estimates indicated that such changes could arise from new information or developments. Therefore, these types of changes are not considered corrections of errors. This aspect of the definition has been retained by the Turkish Public Oversight Authority (KGK). The amendments will apply to changes in accounting estimates or accounting policy changes occurring on or after the effective date. The said amendment has not had a significant impact on the Group's financial position or performance.

**TAS 1 Changes - Disclosure of Accounting Policies**

In August 2021, the Turkish Public Oversight Authority (KGK) issued amendments to TAS 1, providing guidance and examples to assist entities in applying materiality judgments to their accounting policy disclosures. As there is no definition of the term "material" in TFRS, the Turkish Public Oversight Authority (KGK) decided to replace this term with the term "significant" in the context of disclosing accounting policy information. "Significant" is a term defined in TFRS and is largely understood by financial statement users, according to the Turkish Public Oversight Authority (KGK). When assessing the significance of accounting policy information, entities should consider both the size of transactions, other events or conditions, and their nature. Additionally, examples of situations where an entity may consider its accounting policy information to be significant have been added. This amendment has not had a significant impact on the Group's financial position or performance.

**TAS 12 Changes - Deferred Tax on Single Transactions Arising from Assets and Liabilities**

In August 2021, the Turkish Public Oversight Authority (KGK) issued amendments to TAS 12, which narrowed the scope of the initial recognition exemption in order to ensure that the exemption does not apply to transactions that give rise to taxable and deductible temporary differences. The amendments clarify that in cases where payments made on a liability are tax deductible, whether such deductions are taxably attributable to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense) is a matter of judgement (taking into account the current tax law).

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

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

**2.2 Changes in Turkish Financial Reporting Standards ("TFRS") (Cont'd)**

This judgement is important in determining whether there are any temporary differences upon initial recognition of the asset and liability in the financial statements. The amendments apply to transactions occurring at or after the beginning of the earliest comparative period presented. Additionally, at the beginning of the earliest comparative period presented, deferred tax assets (subject to sufficient taxable income) and deferred tax liabilities are recognized for all deductible and taxable temporary differences related to leases, withdrawals from services, restoration obligations, and similar liabilities.

**Published Not-enacted Standards not Early Adopted**

As of the date of approval of the financial statements, the following new standards, interpretations, and amendments have been published but have not yet become effective for the current reporting period and have not been early adopted by the Group:

Unless otherwise indicated, the Group will make necessary changes to its financial statements and notes following the enactment of new standards and interpretations to reflect their impact, after they become effective.

**TFRS 10 and TMS 28 Changes: Asset Sales or Contributions by an Investor to an Associate or Joint Venture**

TFRS 10 and TMS 28 Changes have been indefinitely deferred as of December 2017 by the Turkish Oversight Board pending the outcomes of ongoing research projects related to the equity method. However, early adoption is still permitted. The Group will assess the effects of these changes once the respective standards have been finalized.

**TFRS 17 - New Insurance Contracts Standard**

In February 2019, the Turkish Oversight Authority (KGK) issued TFRS 17, a comprehensive new accounting standard covering accounting, measurement, presentation, and disclosure for insurance contracts. TFRS 17 introduces a model that allows for both the measurement of insurance contract liabilities at current balance sheet values and the recognition of profit over the period services are provided.

With an announcement made by the Turkish Oversight Authority (KGK), the mandatory effective date of the Standard has been deferred to accounting periods beginning on or after January 1, 2024. The Standard is not applicable to the Group and will not have an impact on the Group's financial position or performance.

**TAS 1 Changes - Classification of Liabilities as Current or Non-current**

In January 2021 and January 2023, the Turkish Oversight Authority (KGK) made changes to TAS 1 to establish principles for the classification of liabilities as current or non-current. According to the changes made in January 2023, if an entity has the right to defer payment of a liability, contingent upon compliance with the terms of a credit agreement after the reporting period, the entity has a right to defer that liability at the end of the reporting period (even if compliance with the terms is not met at the end of the reporting period).

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

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

**2.2 Changes in Turkish Financial Reporting Standards ("TFRS") (Cont'd)**

When a liability arising from a credit agreement is classified as non-current and the entity's right to defer payment is contingent upon compliance with the terms of the credit agreement within 12 months, the January 2023 amendments require entities to make various disclosures. These disclosures should include information about the terms of the credit agreement and related liabilities.

Furthermore, the changes clarify that for the liability to be classified as non-current, the right to defer payment must exist at the end of the reporting period, regardless of whether compliance with the terms of the agreement will be tested on the reporting date or at a later date.

In the amendments, it is explicitly stated that the possibility of the entity not exercising the right to defer payment for at least twelve months after the reporting period will not affect the classification of the liability. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The amendments are applied retrospectively according to TAS 8. Early adoption is permitted. However, if an entity early adopts any of the amendments, it is required to early adopt the other amendment as well. The amendment is not applicable to the Group and has no impact on its financial position or performance.

**New Standard, Changes and Interpretations Effective January 1, 2022**

The accounting policies taken as basis in the preparation of the financial statements for the period ending as of 31 December 2023 have been applied consistently with TMS/TFRS and TMS/TFRS Interpretations. In accordance with TFRS, new standards, amendments and interpretations effective from 1 January 2023 are not expected to have an impact on the Group's financial statements.

**TFRS 16, Sale and leaseback transactions**

In January 2023, the Public Oversight Authority (KGK) published amendments to the TFRS 16 standard. These amendments determine the provisions to be applied in the measurement of lease liabilities arising from sale and leaseback transactions by the seller-lessee, in a manner that ensures no gain or loss related to the remaining right-of-use is recognized. Accordingly, seller-lessees will determine "lease payments" or "revised lease payments" without recognizing any gain or loss related to the remaining right-of-use when applying the provisions under "Subsequent Measurement of Lease Liability" of TFRS 16 after the commencement of the sale and leaseback transaction. The amendments do not contain specific provisions regarding the measurement of lease liabilities arising from leaseback transactions. Therefore, seller-lessees are required to develop and implement accounting policies that provide reliable and relevant information in accordance with IAS 8. These changes are effective for annual reporting periods beginning on or after January 1, 2024, with early adoption permitted. Seller-lessees retrospectively apply the changes to sale and leaseback transactions entered into after the initial application date of TFRS 16. However, these changes are not applicable to the Group and do not impact its financial position or performance.

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

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

**2.2 Changes in Turkish Financial Reporting Standards ("TFRS") (Cont'd)**

**TMS 7 and IFRS 7 Amendments - Explanations: Supplier Financing Arrangements**

The amendments published by the Public Oversight, Accounting and Auditing Standards Authority (KGK) in September 2023 introduce explanatory notes aimed at facilitating the understanding of the effects of supplier financing agreements on an entity's obligations, cash flows, and liquidity risks by financial statement users. Supplier financing agreements are defined as agreements in which one or more financing providers undertake to pay the entity's supplier's debt, and the entity accepts payment on the date or after the payment is made to the supplier. These amendments require disclosures regarding the terms and conditions of such agreements, quantitative information about the obligations arising from them at the beginning and end of the reporting period, as well as explanations about the nature and effects of non-cash changes in the carrying amount of these obligations. Additionally, as part of the quantitative disclosures prescribed for liquidity risk under IFRS 7, supplier financing agreements are provided as an example of other factors that may need to be disclosed. These changes are effective for annual reporting periods beginning on or after January 1, 2024, with early adoption permitted, subject to disclosure. Overall, no significant impact is expected on the Group's financial statements.

**2.3 Principles of Consolidation**

- a) The consolidated financial statements for the year ended December 31, 2023, have been prepared in accordance with principles stated on consolidated financial statements for the year ended December 31, 2022 and include the financial statements of Gübretaş and those of subsidiaries.

The consolidated financial statements include the financial statements of the parent company Gübretaş and its Subsidiaries and Affiliates. During the preparation of the financial statements of the companies included in the consolidation, necessary adjustments and classifications were made in terms of compliance with the TAS/TFRS, which were put into effect by the POA in accordance with the provisions of the Communiqué Serial II, No. 14.1, and in compliance with the accounting policies and presentation formats applied by the Group.

Subsidiaries are companies in which Gübretaş is exposed to or has rights to variable returns due to its relationship with the investee, and over which it has control because it has the ability to affect these returns through its power over the investee.

- b) As of December 31, 2023, there have been no changes in voting rights or proportion of effective interest on subsidiaries that are subject to consolidation with respect to the information stated in the consolidated financial statements for the year ended December 31, 2022.
- c) The statement of financial position and statement of comprehensive income of the subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by the Company is eliminated against the related equity. Intercompany transactions and balances between the Company and its subsidiaries are eliminated on consolidation. The cost of and the dividends arising from, shares held by the Company in its subsidiaries are eliminated from equity and statement of comprehensive income for the year, respectively.

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Notes to the Consolidated Financial Statements as of December 31, 2023**

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

**2.3 Principles of Consolidation (Cont'd)**

- d) The non-controlling shareholders' share of the net assets and results for the period for the subsidiaries are classified separately in the consolidated statement of financial position and statements of comprehensive income as non-controlling interest.
- e) The Group'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 Summary of Significant Accounting Policies**

**2.4.1 Revenue**

The Group has started to use the five-step model below in recognizing revenues in accordance with TFRS 15 "Revenue from Contracts with Customers", which is applicable as of January 1, 2018.

- Identification of customer contracts
- Identification of performance obligations
- Determination of transaction price in the contract
- Allocation of price to performance obligations
- Recognition of revenue

According to this model, firstly, the committed goods or services are evaluated in each contract made with the customers and each commitment made to transfer the said goods or services is determined as a separate performance obligation. Afterwards, it is determined whether performance obligations will be fulfilled over time or at a certain time. If the Group transfers control of a good or service over time and therefore fulfills its performance obligations regarding the related sales over time, it measures the progress towards the fulfillment of such performance obligations and recognizes the revenue in the consolidated financial statements over time. Revenues related to performance obligations, which are the transfer of goods or services, are recognized when the control of goods or services passed to the customers. The Group takes into account the following conditions evaluating the transfer of control of the goods or services to the customer:

- a) Right of the Group to collect related to goods or services,
- b) Ownership of the good or services of the customer,
- c) Transfer of possession of goods or services,
- d) Significant risk arising from the ownership of the customer of goods or services and the ownership of the returns and
- e) Acceptation of the goods or services by the customer.

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Notes to the Consolidated Financial Statements as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

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

**2.4.2 Dividend and interest income**

The interest income is realized at the related period at rate of the effective interest reducing the assumed cash input gained from the related financial asset with the remaining principal amount over its expected life to the recorded value of the asset. Dividends from the share investments are recorded when the shareholders get right to receive the dividend.

**2.4.3 Lease income**

The rental income from the real estate is accounted in accordance with linear method during the related leasing contract is in effect.

**2.4.4 Leases – TFRS 16 (as a lessee)**

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, The Group assess whether:

- The contract includes an identified asset (contract includes a definition of a specified asset explicitly or implicitly),
- A capacity portion of an asset is physically distinct or represents substantially all of the capacity of an asset (if the supplier has a substantive right to substitute the asset and obtain economic benefits from use of the asset, then the asset is not an identified asset),
- Group has the right to obtain substantially all of the economic benefits from use of the identified asset,
- The Group has the right to direct the use of an identified asset. Group has the right to direct the use of the asset throughout the period of use only if either:
  - a) The Group has the right to direct how and for what purpose the asset is used throughout the period of use or
  - b) Relevant decisions about how and for what purpose the asset is used are predetermined:
    - i. Group has the right to operate the asset (or to direct others to operate the asset in a manner that it determines) throughout the period of use, without the supplier having the right to change those operating instructions; or
    - ii. Group designed the asset (or specific aspects of the asset) in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

The Group recognizes a right-of-use asset and a lease liability at the commencement date of the lease following the consideration of the above-mentioned factors.

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Notes to the Consolidated Financial Statements as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

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

**2.4 Summary of Significant Accounting Policies (Cont'd)**

**2.4.4 Leases – TFRS 16 (as a lessee) (Cont'd)**

**Right of use**

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- a) the amount of the initial measurement of the lease liability,
- b) any lease payments made at or before the commencement date, less any lease incentives received,
- c) any initial direct costs incurred by the Group, and
- d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories).

When applying the cost model, the Group measures the right-of-use asset at cost:

- a) less any accumulated depreciation and any accumulated impairment losses; and
- b) adjusted for any remeasurement of the lease liability.

The Group applies the depreciation requirements in TAS 16 Property, Plant and Equipment Standard in depreciating the right-of-use asset. Group applies TAS 36 Impairment of Assets Standard to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Lease payments that are included in the measurement of the Group's lease obligation and which have not been realized at the actual date of the lease are as follows:

- a) fixed payments, less any lease incentives receivable,
- b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- c) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the effective date of the lease, the Group measures the lease obligation as follows:

- a) increasing the carrying amount to reflect interest on the lease liability,
- b) reducing the carrying amount to reflect the lease payments made, and
- c) remeasuring the carrying amount to reflect any reassessment or lease modifications. The Group recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

**Practical expedients**

Short-term lease agreements with a lease term of 12 months or less and contracts for information technology equipment leases (predominantly printers, laptops, mobile telephones, etc.) designated by the Group as low value have been evaluated within the scope of the exemption recognized by TFRS 16 Leases Standard. The payments related to the contracts continued to be recognized as expense in the period in which they are incurred.

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

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(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

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

**2.4 Summary of Significant Accounting Policies (Cont'd)**

**2.4.5 Inventories**

Inventories are calculated with the lower one of the cost or net realizable value. Net realizable value is calculated by deducting the completion cost and assumed costs for sale from the assumed sale price fixed under normal commercial conditions. When the net realizable value of inventories falls below its cost, the inventories value is reduced to net realizable value and reflected to the income statement as an expense on the year when the value decrease happened. If the conditions causing the inventories to reduce to the net realizable value are no more effective or if the net realizable value increase due to changing economic conditions; the provision for decrease in value of the stocks is cancelled. The cancelled amount is limited with the earlier determined amount of decrease in value of the inventories.

The phase cost system is used as the cost system. First in first out method is applied for raw materials, finished goods and trade goods, where monthly moving average cost method is for spare parts in inventories.

**2.4.6 Investment properties**

The investment properties are presented for rental income or/and value growth gain, and they are initially valued with their main cost as well as operational cost. Following the initial accounting, the investment properties are evaluated with the fair values reflecting market realities as at the balance sheet date. Gains / losses from the fair value amendments are included in the income statement during the period when they occurred.

The real estate used by the owner has been considered as amortized until they become investment properties shown on the basis of fair value. Since then, no amortization has been calculated.

**2.4.7 Property, plant and equipment**

Landed properties and buildings that are held in use for the purpose of delivering product /service or for administrative purposes are expressed with their re-evaluated value. Re-evaluated value is determined by subtracting accumulated depreciation and accrued depredation that occur within the next period from fair value measured at the re-evaluation date. The re-evaluations are done on a regular basis in such a way that it will not differ from book value of fair value that is to be determined at the re-evaluation date.

Increase resulting from the re-evaluation of the aforementioned landed properties and buildings is recorded to re-evaluation fund in equity. If there is a depreciation that has been showed previously in income statement concerning the tangible-fixed assets, increment value resulting from the re-evaluation is recorded to income statement at the rate of said depreciation. Decrease in book value resulting from the re-evaluation of mentioned landed property and building is recorded to the income statement in case the asset exceeds its balance in re-evaluation fund relating its previous re-evaluation. Depreciation of re-evaluated building is included in income statement. When the re-evaluated real estate is sold or upon its retirement, remaining balance in re-evaluation fund is transferred to profits which are not distributed directly. Unless the asset is excluded from the balance sheet, it shall not be transferred from re-evaluation fund to profits which are not distributed directly.

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

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

**2.4 Summary of Significant Accounting Policies (Cont'd)**

**2.4.7 Property, plant and equipment (Cont'd)**

Land, buildings, land improvements and machinery and equipment are stated at revalued amounts based on the fair appraisal values determined in the valuation reports prepared by valuation experts qualified by the Capital Market Board. The re-evaluations are done on a regular basis in such a way that it will not differ from book value of fair value that is to be determined at the re-evaluation date.

If a revaluation results in an increase in value of the aforementioned land, building, land improvements and machinery and equipment, it is recorded in shareholders equity under the heading "revaluation surplus" unless it represents the reversal of a revaluation decrease of the same asset previously recognized as an expense, in which case it should be recognized in consolidated statement of income. A decrease arising as a result of a revaluation of mentioned property, plant and equipment should be recognized as an expense to the extent that it exceeds any amount previously credited to the revaluation surplus relating to the same asset. When a revalued asset is disposed of, any revaluation surplus may be transferred directly to retained earnings, or it may be left in equity under the heading revaluation surplus. The transfer to retained earnings should not be made through profit or loss.

Except land, buildings, land improvement and machinery and equipment, property, plant and equipment are stated at cost less accumulated depreciation and impairment. Except land and construction in progress the revalued or cost amount of property, plant and equipment are subject to depreciation using the straight-line method according to their expected useful life. The residual value and the useful life of an asset are reviewed at least at each financial year-end and, if expectations differ from previous estimates, any change is accounted for prospectively as a change in estimate.

The gain or loss on disposal or retirement of property, plant and equipment is the difference between the proceeds and the carrying amount and should be recognised in profit and loss.

Tangible-fixed assets are amortized over the asset's useful life by using the straight-line depreciation method and on basis of prorated depreciation as set out below:

|                                    |             |
|------------------------------------|-------------|
| Buildings, land improvements       | 10-50 Years |
| Machines, facilities and equipment | 3-40 Years  |
| Vehicles                           | 4-10 Years  |
| Furniture and fixtures             | 3-15 Years  |
| Leasehold improvements             | 5 Years     |

**2.4.8 Intangible assets**

Intangible assets are recognized if, and only if it is probable that the future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably.

Intangible assets are carried at cost at the initial recognition. The cost of a separately acquired intangible asset is calculated by deducting all discounts from the purchase price and including import taxes and non-refundable purchase taxes as well as all other kind of costs linked to the asset in order to operationalize it. In the current period, the intangible assets are amortized by using the straight line method according to their economic life based on the cost value, over their useful life period.

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

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

**2.4 Summary of Significant Accounting Policies (Cont'd)**

**2.4.9 Goodwill**

In the consolidated financial statements, goodwill showing the difference between the fair value of the Group's net assets acquired and the purchase price which is accounted for within the framework of TFRS 3 Business Combinations Standard, is tested at the end of each year to determine whether there is impairment, and an impairment provision is set aside.

In the impairment test, goodwill is allocated to each cash generating unit of the Group. In order to check whether there is impairment in cash-generating units where goodwill has been allocated, it is applied more frequently each year or in cases where there is an indication of impairment.

In cases where the recoverable amount of the cash generating unit is lower than the book value, the impairment is first used to reduce the book value of the goodwill allocated to the cash generating unit and then to reduce the book value of other assets within its relative rates. Provision for the decrease in the value reserved for goodwill cannot be canceled in the following periods. Profits and losses arising from the sale of an enterprise include the recorded value of the goodwill on the organization sold.

**2.4.10 Impairment of assets**

Assets with indefinite lives, such as goodwill, are not subject to amortization. An impairment test is performed annually for these assets. For the tangible and intangible assets that are subject to depreciation and amortization, impairment test shall be performed if there is a situation or events in which it is not possible to recover the book value.

An impairment loss is recognized if the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, the assets are grouped at the lowest level of separately identifiable cash flows (cash-generating units). Non-financial assets that are subject to impairment, except for goodwill and economic life are reviewed for possible reversal of the impairment at each reporting date.

**2.4.11 Borrowings costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur.

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

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

**2.4 Summary of Significant Accounting Policies (Cont'd)**

**2.4.12 Financial instruments**

A financial asset or a financial liability is recognized in the statement of financial position only when it is a party to the contract of the financial instrument. Normal purchases or sales of financial instruments are recognized in the financial statements or excluded from the financial statements by using one of the accounting methods on the transaction date or delivery date. The purchase and sale of securities are recognized on the delivery date. The initial recognition and classification of financial instruments depends on the contractual terms and the relevant business model. A financial asset or financial liability other than TFRS 15 Customer Contracts are measured at fair value when first recognized in financial statements. Transaction costs directly attributable to the acquisition or the issuance of financial assets and liabilities, except for the fair value changes recognized in profit or loss, are also added to the fair value or deducted from the fair value. The financial assets and liabilities of the Group under TFRS 9 are as follows:

**Financial Assets**

Financial investments, except financial assets classified at fair value through profit or loss and financial assets initially recognized at fair value, are recognized at fair value net of directly attributable transaction costs. Investments are recognized and derecognized on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned. Financial assets are classified into the following specified categories: "financial assets at fair value through profit or loss ("FVTPL")", "financial assets measured at amortized cost", and "financial assets at fair value through other comprehensive income ("FVTOCI)".

**Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets at FVTPL unless they are designated for hedging purposes.

**Financial assets measured at amortized cost**

Financial assets measured at amortized cost are those financial assets that are held within the framework of a business model aimed at collecting contractual cash flows over the life of the asset and which result in cash flows that include principal and interest on the principal amount outstanding at specific dates. Financial assets measured at amortized cost with the initial recognition at fair value including transaction costs are subject to valuation with their discounted cost value by using the effective interest rate method, net of any provision for impairment. Interest income from financial assets measured at amortized cost are recognized in the income statement as an interest income.

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

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

**2.4 Summary of Significant Accounting Policies (Cont'd)**

**2.4.12 Financial instruments (Cont'd)**

**Financial assets at fair value through other comprehensive income**

Financial assets at fair value through other comprehensive income are financial assets that are held under a business model that aims both to collect contractual cash flows and to sell financial assets, and financial assets with contractual terms that lead to cash flows that are solely payments of principal and interest on the principle amount outstanding at specific dates.

Financial assets at fair value through other comprehensive income are initially recognized at their fair value including their transaction costs on the financial statements. However, if the fair value cannot be determined reliably, for those with a fixed maturity, the discount rate is calculated using the internal rate of return method for those who do not have a fixed maturity, they are valued using fair value pricing models or discounted cash flow techniques. Unrealized gains or losses arising from the changes in the fair value of financial assets at fair value through profit and loss is recognized in other comprehensive income are shown below Financial Assets Value Increase / Decrease Fund. In the event that the fair value differences of financial assets that are reflected in other comprehensive income are eliminated, the value in the equity accounts as a result of the fair value application is reflected to the period profit/loss.

**Recognition and derecognition of financial assets**

The Group reflects the financial assets or liabilities to its balance sheet when it becomes a party to the relevant financial instrument contracts. The Group derecognizes an asset; all or part of it, when it loses its control over its contractual rights. The Group derecognizes a financial liability only if the obligation defined in the contract is eliminated, cancelled or expired.

**Impairment of financial assets / expected credit loss**

At each reporting period, each financial asset's credit risk within the scope of impairment is assessed from the date which it is first recognized in the financial statements. Within this assessment, the change of the default risk of the financial asset is taken into consideration. The expected loss provision estimate is unbiased, weighted according to probabilities, and includes information that can be supported about past events, current conditions, and forecasts for future economic conditions.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of profit or loss. With the exception of equity instruments at fair value through other comprehensive income, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

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

**2.4 Summary of Significant Accounting Policies (Cont'd)**

**2.4.12 Financial instruments (Cont'd)**

**Impairment of financial assets / expected credit loss**

In respect of equity securities, any increase in equity instruments at fair value through other comprehensive income, subsequent to an impairment loss is recognized directly in equity.

**Derivative financial assets**

The Group holds derivative financial instruments to hedge its foreign currency risk and classifies it as financial instrument at fair value through profit or loss. Derivative instruments are initially recognized at their acquisition costs which reflect their fair value at the date of contract and are valued at their fair value in the following periods. A financial instrument is classified in this group if it is acquired for sale or repurchase at a later date. Derivative financial instruments are recognized as assets when the fair value is positive and as liabilities when the fair value is negative.

The derivative financial instruments at fair value through profit or loss of the Group consist of forward foreign currency purchase / sale contracts. Subsequent to initial recognition, derivative financial instruments are measured at fair value and are reflected to profit or loss at the time of changes in fair value.

**Financial assets available for sale**

Quoted equity investments and some debt securities held by the Group that are traded in an active market are classified as available-for-sale financial assets and are measured at fair value. The Group has equity instruments that are not traded in an active market but are classified as available-for-sale financial assets and are stated at cost since their fair value cannot be measured reliably.

**Trade Receivables**

Trade receivables that are created as a result of providing products or services to the buyer are recognized at amortized cost at the original invoice amount by using the effective interest method. Short-term receivables with no stated interest rate are measured at the original invoice amount unless the effect of the original effective interest rate is significant.

For the calculation of impairment of trade receivables that are measured at amortized cost and has no important financial component (a maturity with less than one year), "Simplified approach" is used. In cases where the trade receivables are not impaired due to certain reasons (except for the realized impairment losses), the provisions for losses related to trade receivables are measured by an amount equal to the "lifetime expected credit loss"

After recognizing allowance receivables, if the entire amount or a portion of the entire amount is collected, the amount deducted from the provision for receivables and the amount is recognized in other operating income.

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

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

**2.4 Summary of Significant Accounting Policies (Cont'd)**

**2.4.12 Financial instruments (Cont'd)**

**Cash and cash equivalents**

Cash and cash equivalent values are the short-term investments made up of cash, demand deposits and other short-term investments with original maturities of 3 months or less, eligible to be immediately converted into cash without being subjected to the risk of steep value changes and have high liquidity.

**Financial Liabilities**

A financial liability is measured at fair value at initial recognition. During initial recognition of financial liabilities that are not accounted for at fair value through profit or loss, transaction costs directly attributable to the financial liability are added to the fair value. Financial liabilities are subsequently measured at amortized cost using the effective interest method plus the interest expense recognized on an effective yield basis.

**2.4.13 Impact of exchange rates**

Financial statements of each enterprise of Group are presented with currency unit (functional currency unit) which is valid for basic economic environment that they operate. Financial situation and operation results of each enterprise are indicated as TL which is valid currency unit for company and presentation unit for consolidated financial statements.

Foreign currency unit-based transactions (other currencies than TL) made during the preparation of financial statement of each enterprise are recorded based on foreign exchange rates that are applicable on the date of transaction. The monetary assets and liabilities indexed to foreign currency used in balance sheet are converted to Turkish Lira by using foreign exchange bid rates valid on balance sheet date.

Those non-monetary items which are followed with their fair value and recorded in foreign currency unit are converted to TL based on exchange rates on the date fair values are determined. Non-monetary items in foreign currency unit of which date is calculated over cost are not subjected to conversion again.

Exchange rate differences, except for the conditions listed below, are accounted as profit or loss in the period which they come into existence:

- Exchange rate differences which are handled with as adjustment item to interest costs on payables that are associated with assets constructed in order to use in future and indicated in foreign currency unit and which are included in costs of such assets,
- Exchange rate differences caused by transactions made in order to provide financial protection against risks arising from foreign currency unit (accounting policies related to providing financial protection against risks are explained below),
- Exchange rate differences arising from monetary payables and receivables which compose a part of net investment in foreign operation, are accounted in conversion reserve, are associated with profit and loss in net investment sale and derive from foreign operation of which there is no payment intention or possibility.

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

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

**2.4 Summary of Significant Accounting Policies (Cont'd)**

**2.4.13 Impact of exchange rates (Cont'd)**

Assets and liabilities of Group in its foreign operations are expressed in consolidated financial statements in TL by using exchange rates valid on the date of balance sheet. Income and expense items are converted by using average exchange rates during the period, in case that no substantial fluctuation has been occurred on foreign exchange rates during the period in which exchange rates valid on the date of transaction should be used (in case a substantial fluctuation occurs, exchange rates on transaction date are used). Exchange rate difference which has occurred is classified as equity and transferred to Group's conversion fund. Conversion differences in question are recorded on consolidated income statement in the period when foreign operations are sold out.

Goodwill and fair value adjustments arising from foreign operation purchase are considered as assets and liabilities of foreign operation and converted by using period-end exchange rate.

**2.4.14 Earnings per share**

Earnings per share stated in consolidated income statement is calculated by dividing net profit by weighted average number of share certificate which exists in market during the year.

In Turkey companies increase their capitals by means of "non-paid-up shares" which they distributed from their previous year profit to their shareholders. Such kind of "non-paid-up shares" distribution is evaluated as exported shares in calculation of earnings per share. According to this, weighted average number of shares used in this calculation is found by taking into account past effects of share distribution in question.

**2.4.15 Subsequent Events**

Event after the reporting period include all events that occurs between the end of the reporting period and the date that the financial statements are authorized for issue. These include all events such as dividends declared after the reporting period or other events between the reporting period and the date financial statements are authorized for issue.

An adjusting event is an event after the reporting period that provides further evidence of conditions that existed at the end of the reporting period. The Group adjusts financial statements for adjusting events - events after the balance sheet date that provide further evidence of conditions that existed at the end of the reporting period,

**2.4.16 Provisions, conditional assets and liabilities**

A provision is reserved in consolidated financial statements, in case that there is a current liability arising from past events, it is possible to carry out the liability and the amount of liability in question can be estimated in a safe way.

The amount reserved as provision is calculated by estimating in the safest way the expense to be made in order to fulfill the liability as of balance sheet date by taking into account risks and uncertainties about liability.

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

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

**2.4 Summary of Significant Accounting Policies (Cont'd)**

**2.4.16 Provisions, conditional assets and liabilities (Cont'd)**

In case that provision is measured by using estimated cash flow required for meeting current liability, the book value of provision in question is equal to present value of relevant cash flows.

In case that either a part or whole of economic benefit required for paying the provision is expected to be met by third parties, the amount to be collected is accounted in case that the collection of relevant amounts is almost certain and can be measured in a safe way.

**2.4.17 Tax calculated on the basis of the Group's earnings**

Since Turkish tax legislation does not allow preparation of consolidated tax statement of a parent company with its subsidiary, tax provisions are calculated separately based on each enterprise as it is reflected on attached consolidated financial statements. Expense of income tax consists of sum of current tax and deferred tax expense.

**Current tax**

Current year tax liability is calculated over the part of period income which is subjected to tax. The profit subjected to tax is different than the profit included in income statement since it excludes the items which is taxable in other years or is tax deductible as well as those which are impossible to tax or could not be tax deductible. Current tax liability of Group has been calculated by using tax rate which has become legal as of the date of balance sheet or become legal at a considerable extend.

**Deferred tax**

Deferred tax liability or asset is found out by calculating temporary differences between the amounts of assets and liabilities shown in financial statement and the amounts taken into consideration in calculation of legal tax base by balance sheet method taking into account legalized tax rates of tax effects. While deferred tax liabilities are calculated for all of taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated provided that benefiting from the differences in question is highly likely by making profit subjected to tax in future. The mentioned assets and liabilities are not accounted in case that they arise from inclusion of temporary difference, goodwill related to transaction not affecting commercial or financial profit/loss or other assets and liabilities in the financial statement for the first time (except for business enterprise merger).

Deferred tax liabilities are calculated for all of taxable temporary differences which are associated with investments in subsidiaries and affiliates and shares in joint ventures except for the conditions under which Group is able to control removal of temporary differences and under which possibility of removal of these differences in near future is low. Deferred tax assets arising from taxable temporary differences which are associated with such kind of investments and shares are calculated provided that benefiting from the differences in question is highly likely by making sufficient profit subjected to tax in near future and removal of relevant differences in future is possible. Recorded value of deferred tax asset is reviewed as of each balance sheet date. Recorded value of deferred tax asset is reduced at extend to which it is impossible to obtain financial profit which will enable to benefit from it partially or wholly.

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

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

**2.4 Summary of Significant Accounting Policies (Cont'd)**

**2.4.17 Tax calculated on the basis of the Group's earnings (Cont'd)**

Deferred tax assets and liabilities are calculated over tax rate which has become legal or become legal at a considerable extend (tax regulations) as of the date of balance sheet and which is expected to be valid in the period during which assets will realize or liabilities will be fulfilled. During the calculation of deferred tax assets and liabilities, tax results of methods anticipated for Group assets' regaining their book value or fulfilling its liabilities as of balance sheet date are taken into consideration.

Deferred tax assets and liabilities are deducted in case that there is a legal right related to deducting current tax assets and current tax liabilities or assets and liabilities in question are associated with income tax collected by the same taxation authority or Group has the intention to pay it by way of clarifying its current tax assets and liabilities.

Current tax except for those which are associated with the items accounted as receivable or payable directly in equity (under these circumstances deferred tax related to relevant items are accounted directly in equity) or those which arises from first recording of business enterprise mergers as well as deferred tax of the period are accounted as income or expense in income statement. Tax effect is taken into account during business enterprise mergers, calculation of cost control or determination of purchase-cost exceeding part of share obtained by purchaser at the fair value of identifiable asset, liability and contingent payables of purchased subsidiary.

**2.4.18 Benefits for employees**

**Severance pay**

In accordance with provisions of current laws and collective labor agreements in Turkey, termination indemnity is made in case of retirement or displacement. In compliance with TAS 19 Employee Benefits Standard ("IAS 19") which has been updated, such payments in question are described as identified retirement benefit plans. In fact, Turkish and Iranian seniority indemnity systems are similar, there are not core differences between them. Moreover, during Razi's privatization, the right of early retirement was granted to employees and the obligation arising from such entitled rights was accounted for within the scope of TAS 19 by Razi.

Termination indemnity liability which was accounted in balance sheet was calculated according to net present value of estimated amount of liability which was expected to arise in future due to retirement of all employees and reflected on financial statements.

**Severance incentive premium**

In accordance with the prevailing collective labor agreement, seniority incentive premium is paid to the staff within the scope of agreement in the years when they complete certain seniority incentive periods. The liability calculated for incentive premium in question is reflected on records.

**Vacation Pay provision**

The Group makes a provision for the wages corresponding to the unused portion of vacation allowances of its employees in the previous years.

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

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

**2.4 Summary of Significant Accounting Policies (Cont'd)**

**2.4.19 Statement of cash flow**

The cash flows pertaining to the period are classified and reported in a manner that will include the costs of main activities, investments and financing.

Cash flows originating from main activities indicate cash flow of Group arising from activities of fertilizer and petrochemical products sale. Cash flows related to investment operations indicate Group's cash flow used in and obtained through investment operations (fixed investments and financial investments). Cash flows related to finance operations indicate resources of Group used in finance operations and repayment of these resources.

Cash and cash equivalent values are the short-term investments made up of cash, demand deposits and other short-term investments with original maturities of 3 months or less, eligible to be immediately converted into cash without being subjected to the risk of steep value changes and have high liquidity.

**2.4.20 Capital and dividends**

Ordinary shares are classified as equity capital. Dividends distributed on ordinary shares are recorded by deducting from the accumulated profit in the period that the dividend payment decision is reached.

**2.4.21 Mining assets**

Mining assets consist of mine site development, mining rights, mining plots, deferred mining costs and discounted costs associated with the rehabilitation, rehabilitation and closure of mine sites. Mining assets are reflected in the financial statements at their net value after deducting accumulated depreciation and permanent impairment, if any, over their acquisition costs. Mining assets are amortized with the start of production. Depreciation expenses of mining assets are included in the production cost on the basis of the relevant mining sites.

The mine site development costs include the evaluation and development of new ore veins, as well as the opening of underground galleries, excavation and construction of roads for the continuation and development of existing ore seams. Mine development costs are capitalized in cases where it is highly likely to obtain an economic benefit in the future from the mine in question, can be identified for specific mining areas and the cost can be measured reliably. Costs incurred during production are capitalized as long as they are directly related to the development of the mine site. Production-related costs are reflected as expense in the statement of profit or loss and other comprehensive income.

In cases where mining site development expenses cannot be distinguished from research and evaluation expenses, the said expenses are recorded as expense in the profit or loss and other comprehensive income statement in the period they occur.

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

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

**2.4 Summary of Significant Accounting Policies (Cont'd)**

**2.4.21 Mining assets (Cont'd)**

Mining assets are depreciated when their capacity is ready to be used fully and their physical conditions meet the production capacity determined by the Company management. Mine development costs are capitalized in cases where it is highly probable to obtain economic benefit in the future and are subject to depreciation considering the economic benefit. Mine development costs are distributed to the departments to the extent that they can be defined on the basis of the relevant mining areas as soon as they are first recorded, and the departments in each mine area are subjected to depreciation by using the units of production method, taking into account the economic benefits separately.

The large-scale and important revision works carried out at the said mine, which will increase the economic benefits to be obtained during the life of the relevant mine, are capitalized. Maintenance and repair expenses, excluding large-scale and significant revisions, that can be evaluated within this scope are recorded as expense in the profit or loss and other comprehensive income statement of the period in which they occur.

The mine development costs at each mine site are depreciated over the redemption rate found by dividing the total amount of gold in ounce mined from the relevant mine by the total ounce of visible and possible workable remaining gold reserves in the said mine during the period. The visible and possible reserve amounts in each mine site indicate the known and measurable resource that can be extracted and processed economically in the foreseeable future.

Apart from the land on which the production facilities are built and where the wastes are stored, the Company also purchases land for mining exploration activities. These lands are followed in mineral assets and are reflected in the financial statements over their acquisition costs. These lands begin to be depreciated over the depreciation rate found by dividing the total ounce of visible and possible workable reserve in the said mine by the remaining gold reserve amount as soon as the ore is started to be extracted in the relevant mine site.

The deferred mining costs consist of the direct costs incurred during stripping, which facilitates access to the defined part of the ore in each open pit ore deposit during the period, and the general production costs associated with the stripping work. It is subject to depreciation taking into account the deferred extraction rate, which is calculated based on the usable remaining life of each open pit.

The production costs corresponding to the part of the benefit generated in the stripping work realized in the form of manufactured products are accounted for by including the cost of inventories. The removal costs of each open pit ore deposit and, as long as it is measurable, for phases related to each ore deposit are accounted by taking into account the calculated rates.

Deferred mining costs are depreciated over the amortization rate found by dividing the total ounce of gold mined from the relevant mine by the total ounce of visible and possible workable remaining gold reserves in the said mine. The visible and possible reserve amounts in each mine site indicate the known and measurable resource that can be extracted and processed economically in the foreseeable future.

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Notes to the Consolidated Financial Statements as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

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

**2.4 Summary of Significant Accounting Policies (Cont'd)**

**2.4.21 Mining assets (Cont'd)**

The actual mineral extraction rate is calculated by proportioning the amount of waste and ore extracted from each open pit until the balance sheet date. The estimated mineral extraction rate, which is calculated by taking into account the remaining useful life of each open pit, is calculated by proportioning the estimated cumulative pass and ore amounts to each other in tonne to be prospectively extracted from each open pit connected to the reserve.

Accordingly, if the actual extraction rate is higher than the estimated extraction rate calculated by taking into account the useful life of each related open pit, part of the estimated cumulative passage during the year and the cost incurred for ore extraction is capitalized in line with the said rates.

If the estimated mineral extraction rate calculated considering the useful life of the mine is higher than the actual extraction rate, the related costs are accounted as production expense in the profit or loss and other comprehensive income statement, taking into account the depreciation rate stated above. The useful life of the mine is reviewed annually and changes in the deferred extraction rate are accounted for prospectively.

Mining operation rights are reflected in the financial statements at the acquisition cost and are amortized using the lower of the depreciation rate found by dividing the remaining economic life of the relevant mine or the mineral extracted from underground and open pit during the period by the remaining amount of visible and possible workable reserves.

Reclamation, rehabilitation and closure costs according to the current conditions of the mine fields that arise due to the open pit mine development activities and the production in the open pit; Provision for expenses that are likely to be spent during the closure and rehabilitation of mines is reflected in the financial statements at their reduced cost values as of the balance sheet date.

These provisions are reduced to their values at the balance sheet date, taking into account the risk of interest and liability in the markets, with a pre-tax discount rate that does not include the risk of future cash flow estimates, and the calculations are reviewed in each balance sheet period. Changes resulting from changes in management estimates used in the computation of the reclamation, rehabilitation and closure provision of mine sites are reflected in the cost of rehabilitation, rehabilitation and closure of mine sites.

On the other hand, for each mine, the costs of rehabilitation, rehabilitation and closure of the respective mine sites; It is amortized using the lower of the depreciation rate found by dividing the remaining economic life of the relevant mine or the mine extracted from the open pit during the period by the amount of open pit visible and possible workable remaining reserves. The costs incurred for the prevention of environmental pollution and protection of the environment within the scope of existing programs are reflected in the profit or loss and other comprehensive income statement as an expense in the period they occur.

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Notes to the Consolidated Financial Statements as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

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

**2.4 Summary of Significant Accounting Policies (Cont'd)**

**2.4.21 Mining assets (Cont'd)**

**Mineral exploration, evaluation and development expenses**

Pre-license costs are expensed in the period in which they occur.

Mine site development costs are capitalized in cases where it is highly likely that an economic benefit will be obtained from the mine in question in the future, can be identified for specific mine sites and the costs can be measured reliably. The costs incurred during the research and evaluation are capitalized as long as they are directly related to the development of the mine site.

After the license acquisition, mineral exploration and evaluation expenses include all kinds of technical services from the initial prospecting and exploration stages of a mine site to the realization of a mining project. These technical services; All kinds of geological studies from mining activities to reserve calculation, all kinds of ore production planning from exploitable reserve calculation to production method, optimization and organization, construction and implementation of ore enrichment projects for determination of complete flow chart, from process mineralogy to market analysis, necessary financing. It includes activities such as feasibility studies in every scope up to its source. At the point where production is decided at the mine site, all costs incurred are transferred to the mining assets account. However, when it is decided that there is no future economic benefit, all costs incurred are reflected in the income statement. As the production starts after the preparation period, mineral assets begin to be depreciated.

For the capitalized development costs, the Company management evaluates on each balance sheet date whether there is any indication of depreciation, such as a significant decrease in the reserve amount, expiration of the rights acquired for mining sites, and failure to renew or cancel. If there is such an indicator, the relevant recoverable value, which is determined as the higher of the amount to be recovered through sale after deducting the expenses required for the use or sale of the said asset, is estimated and the impairment losses are reflected as expense in the profit or loss and other comprehensive income statement. The carried value is reduced to its recoverable value.

**Rehabilitation provision**

The Company records the present value of the estimated costs of legal and constructive obligations required to restore the operating places in the period in which the obligation occurred. These restoration activities include the dismantling and removal of structures, the rehabilitation of mines and waste dams, the dismantling of operating facilities, the closure and restoration of factories and waste areas, and the remediation and greening of the affected areas. The requirement usually occurs when the asset is set up or the place / environment in the production area is adversely affected.

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Notes to the Consolidated Financial Statements as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

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

**2.4 Summary of Significant Accounting Policies (Cont'd)**

**2.4.22 Critical accounting estimates and judgements**

At the process of preparing of consolidated financial statements pursuant to Turkish Financial Reporting Standards, The Group's management should make critical accounting estimates and judgments that determines as date of reporting period, amount of income and expenses and amount of probable liabilities and guarantees that may be occurred as date of balance sheet. Although these forecasts and assumptions, is dependent on the groups' well knowledge that is associated current event and transactions, may differ from actual results. Forecasts are reviewed on a regular basis, required adjustments is made and reflected to periods' income statement.

In the next financial period, forecasts and assumptions that may risk of adjustment of assets and liabilities' registered values, are shown as follows:

**Net realizable value**

Stock is valued at lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

**Goodwill impairment**

Goodwill is tested for impairment by the Group annually. As of the balance sheet date, goodwill arises as a result of the acquisition of Razi and its subsidiary Arya, and Razi is identified as the cash-generating unit for the impairment test of goodwill. These value-in-use calculations include discounted after-tax cash flow estimates and are based on annual budgets approved by Group management. As of December 31, 2023, the Group has not identified any impairment in the amount of goodwill as a result of the impairment tests conducted using the above assumptions.

**Deferred tax**

The Group recognizes deferred tax assets and liabilities for temporary timing differences arising from the differences between its tax base legal financial statements and its consolidated financial statements prepared in accordance with TFRS. The partially or wholly recoverable amount of deferred tax assets has been estimated under current conditions. During the evaluation, future profit projections, losses in current periods, expiry dates of unused losses and other tax assets, and tax planning strategies that can be used when necessary are taken into consideration. In the light of the data obtained, if the future taxable profit of the Group is not sufficient to cover all deferred tax assets, a provision is made for all and part of the deferred tax asset. If future operating results exceed the Group's current expectations, it may be necessary to recognize an unrecognized deferred tax asset.

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Notes to the Consolidated Financial Statements as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

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

**2.4 Summary of Significant Accounting Policies (Cont'd)**

**2.4.22 Critical accounting estimates and judgements (Cont'd)**

***Fair value of properties***

The fair value of the Group's investment properties, land and buildings as of December 31, 2023 has been determined according to the valuation carried out by an independent valuation firm that is not related to the Group. TSKB Gayrimenkul Değerleme A.Ş. is an independent valuation firm, which is authorized by the Turkish Capital Markets Board and the Banking Regulation and Supervision Agency, has appropriate qualifications and experience in valuation of immovable properties in the said places. Fair value has been determined by the appropriate one of the Market (Benchmark) Approach, Cost Approach and Income Approach methods, which are in accordance with the International Valuation Standards. In Market Approach, the unit price is determined after price adjustment is made within the framework of criteria that may affect the market value, taking into account similar real estates that have recently been put on the market and sold/leased.

The appraisal in the valuation does not take into account the title deed encumbrances and is based on the assumption that there is no lawsuit related to the real estate. The Cost Approach Method is based on the cost of rebuilding the existing structure in today's conditions.

**2.5 Changes and Errors in Accounting Policies and Estimates (Cont'd)**

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.

Due to the fact that the major part of the operating income/expenses, financial assets /liabilities of Gübretaş Maden Yatırımları A.Ş., a subsidiary consolidated by the Group, consists predominantly of items denominated in USD it has been considered that the necessary conditions for transitioning to reporting based on USD as the functional currency, have been met. As from January 1, 2023, the subsidiary reported by taking the USD as functional currency and this change in functional currency has been reflected in the current and comparative financial statements.

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Notes to the Consolidated Financial Statements as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

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

**2.6 Business Combinations**

Gübretaş Maden acquired 80% of Kavak Madencilik A.Ş. ("Kavak Maden"), the owner of the license field number 200709861 located within the borders of Bilecik province, on 3 January 2022, in order to expand the exploration and development activities around the Söğüt Gold Mine and identify possible new mineral resources from Teck Anadolu Madencilik A.Ş. at a consideration of USD 1.800.000 plus royalty payment of 2% based on the signed "Share Sales Agreement" (Note 34).

**NOTE 3 – INTEREST IN OTHER ENTITIES**

The balance sheet and income statement of the associates accounted for using the equity method are as follows:

|                        | <b>Tarkim Bitki Koruma San. ve Tic. A.Ş.</b> |                         |
|------------------------|----------------------------------------------|-------------------------|
|                        | <b>December 31,2023</b>                      | <b>December 31,2022</b> |
| Current assets         | 1.231.515.987                                | 1.248.731.983           |
| Non-current assets     | 392.331.693                                  | 502.585.219             |
| Short-term liabilities | 227.019.925                                  | 659.990.986             |
| Long-term liabilities  | 116.178.587                                  | 172.897.649             |
| <b>Net Assets</b>      | <b>1.280.649.168</b>                         | <b>918.428.567</b>      |

|            | <b>Tarkim Bitki Koruma San. ve Tic. A.Ş.</b> |                                          |
|------------|----------------------------------------------|------------------------------------------|
|            | <b>January 1 –<br/>December 31, 2023</b>     | <b>January 1 –<br/>December 31, 2022</b> |
| Net sales  | 995.212.355                                  | 1.393.030.068                            |
| Net profit | (239.346.100)                                | 420.540.820                              |

The net assets of associates included in the consolidated statement of financial position accounted for using the equity method are as follows:

|                                       | <b>December 31,2023</b> | <b>December 31,2022</b> |
|---------------------------------------|-------------------------|-------------------------|
| Tarkim Bitki Koruma San. ve Tic. A.Ş. | 390.341.867             | 366.908.745             |
| <b>Total Net Asset</b>                | <b>390.341.867</b>      | <b>366.908.745</b>      |

The effect of the affiliates accounted for using the equity method on the results of the period is as follows:

|                                                             | <b>December<br/>31,2023</b> | <b>December 31,2022</b> |
|-------------------------------------------------------------|-----------------------------|-------------------------|
| Tarkim Bitki Koruma San. ve Tic. A.Ş., net profit           | 180.863.852                 | 244.559.343             |
| Tarkim Bitki Koruma San. ve Tic. A.Ş., comprehensive income | (13.197.404)                | 22.935.999              |
| <b>Total</b>                                                | <b>167.666.448</b>          | <b>267.495.342</b>      |

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 3 – INTEREST IN OTHER ENTITIES (Cont'd)**

|                                     | <b>Tarkim Bitki Koruma San. ve Tic. A.Ş.</b> |                    |
|-------------------------------------|----------------------------------------------|--------------------|
|                                     | <b>2023</b>                                  | <b>2022</b>        |
| Investment rate                     | %30,48                                       | %40,00             |
| Total equity                        | 1.280.649.168                                | 918.428.567        |
| <b>Balances as of 1 January</b>     | <b>366.908.745</b>                           | <b>269.084.057</b> |
| Net monetary gain / (loss)          | (144.233.326)                                | (64.495.076)       |
| Current period comprehensive income | 167.666.448                                  | 162.319.764        |
| <b>Balances as of 31 December</b>   | <b>390.341.867</b>                           | <b>366.908.745</b> |

**NOTE 4 – 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. Gübretaş 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. Gübretaş Maden continues to undertake its mining investments near the vicinity of Söğüt gold mine.

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 years ending December 31, 2023 and December 31, 2022 is as follows:

|                          | <b>Local Mining</b>  | <b>Local Fertilizer</b> | <b>Foreign Fertilizer</b> | <b>Consolidation Adjustments</b> | <b>Total</b>          |
|--------------------------|----------------------|-------------------------|---------------------------|----------------------------------|-----------------------|
|                          | <b>December</b>      | <b>December</b>         | <b>December</b>           | <b>December</b>                  | <b>December</b>       |
|                          | <b>31,2023</b>       | <b>31,2023</b>          | <b>31,2023</b>            | <b>31,2023</b>                   | <b>31,2023</b>        |
| <b>Assets</b>            |                      |                         |                           |                                  |                       |
| Current assets           | 463.789.479          | 7.846.570.481           | 6.612.323.482             | (214.217.569)                    | 14.708.465.873        |
| Non-current assets       | 5.406.658.701        | 12.194.139.199          | 5.462.936.926             | (5.739.686.049)                  | 17.324.048.777        |
| <b>Total assets</b>      | <b>5.870.448.180</b> | <b>20.040.709.680</b>   | <b>12.075.260.408</b>     | <b>(5.953.903.618)</b>           | <b>32.032.514.650</b> |
| <b>Liabilities</b>       |                      |                         |                           |                                  |                       |
| Short-term liabilities   | 3.298.563.765        | 6.030.886.880           | 5.156.643.732             | (213.767.379)                    | 14.272.326.998        |
| Long-term liabilities    | 574.120.498          | 700.602.957             | 635.464.049               | (787.378.950)                    | 1.122.808.554         |
| Equities                 | 1.997.763.917        | 13.309.219.843          | 6.283.152.627             | (4.952.757.289)                  | 16.637.379.098        |
| <b>Total Liabilities</b> | <b>5.870.448.180</b> | <b>20.040.709.680</b>   | <b>12.075.260.408</b>     | <b>(5.953.903.618)</b>           | <b>32.032.514.650</b> |

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 4 – SEGMENT REPORTING (Cont'd)**

|                          | Local Mining         | Local Fertilizer      | Foreign Fertilizer    | Consolidation Adjustments | Total                 |
|--------------------------|----------------------|-----------------------|-----------------------|---------------------------|-----------------------|
|                          | December 31,2022     | December 31,2022      | December 31,2022      | December 31,2022          | December 31,2022      |
| <b>Assets</b>            |                      |                       |                       |                           |                       |
| Current assets           | 220.765.560          | 14.456.608.146        | 6.361.897.897         | (845.561.344)             | 20.193.710.259        |
| Non-current assets       | 2.684.155.640        | 11.210.426.257        | 6.451.658.772         | (5.241.969.400)           | 15.104.271.269        |
| <b>Total assets</b>      | <b>2.904.921.200</b> | <b>25.667.034.403</b> | <b>12.813.556.669</b> | <b>(6.087.530.744)</b>    | <b>35.297.981.528</b> |
| <b>Liabilities</b>       |                      |                       |                       |                           |                       |
| Short-term liabilities   | 2.697.494.991        | 12.714.209.517        | 5.559.678.471         | (821.908.904)             | 20.149.474.075        |
| Long-term liabilities    | 73.771.529           | 447.076.631           | 769.699.360           | (349.242.135)             | 941.305.385           |
| Equities                 | 133.654.680          | 12.505.748.255        | 6.484.178.838         | (4.916.379.705)           | 14.207.202.068        |
| <b>Total Liabilities</b> | <b>2.904.921.200</b> | <b>25.667.034.403</b> | <b>12.813.556.669</b> | <b>(6.087.530.744)</b>    | <b>35.297.981.528</b> |

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

|                                                             | Local Mining                   | Local Fertilizer               | Foreign Fertilizer             | Consolidation Adjustments      | Total                          |
|-------------------------------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|                                                             | January 1, - December 31, 2023 | January 1, - December 31, 2023 | January 1, - December 31, 2023 | January 1, - December 31, 2023 | January 1, - December 31, 2023 |
| Sales                                                       | 1.064.518.028                  | 25.964.682.769                 | 10.416.559.641                 | (1.904.416.750)                | 35.541.343.688                 |
| Cost of sales                                               | (683.652.672)                  | (22.867.663.179)               | (10.011.456.850)               | 1.903.966.572                  | (31.658.806.129)               |
| <b>Gross profit</b>                                         | <b>380.865.356</b>             | <b>3.097.019.590</b>           | <b>405.102.791</b>             | <b>(450.178)</b>               | <b>3.882.537.559</b>           |
| Marketing, selling and distribution expense                 | (1.287.269)                    | (1.266.125.013)                | (515.994.983)                  | --                             | (1.783.407.265)                |
| General and administrative expense                          | (140.202.119)                  | (226.870.892)                  | (546.664.685)                  | --                             | (913.737.696)                  |
| Other operating income / expense, net                       | 23.062.566                     | 68.582.731                     | 1.589.895.627                  | --                             | 1.681.540.924                  |
| <b>Operating profit</b>                                     | <b>262.438.534</b>             | <b>1.672.606.416</b>           | <b>932.338.750</b>             | <b>(450.178)</b>               | <b>2.866.933.522</b>           |
| Income from investments, net                                | --                             | 649.099.489                    | --                             | (358.468.111)                  | 290.631.378                    |
| Profit from investments accounted by equity method          | --                             | 180.863.852                    | --                             | --                             | 180.863.852                    |
| <b>Operation profit before financial income / (expense)</b> | <b>262.438.534</b>             | <b>2.502.569.757</b>           | <b>932.338.750</b>             | <b>(358.918.289)</b>           | <b>3.338.428.752</b>           |
| Financial expense, net                                      | (307.333.239)                  | (103.271.082)                  | 175.860.644                    | --                             | (234.743.677)                  |
| Net monetary gain / (loss)                                  | 745.932.447                    | (2.256.727.729)                | (148.063.346)                  | (1.960.067.583)                | (3.618.926.211)                |
| <b>Profit / (loss) before tax</b>                           | <b>701.037.742</b>             | <b>142.570.946</b>             | <b>960.136.048</b>             | <b>(2.318.985.872)</b>         | <b>(515.241.136)</b>           |
| Deferred tax income / (expense)                             | 722.468.496                    | 18.609.202                     | (274.238.776)                  | (112.545)                      | 466.726.377                    |
| <b>Profit / (loss) for the period</b>                       | <b>1.423.506.238</b>           | <b>161.180.148</b>             | <b>685.897.272</b>             | <b>(2.319.098.417)</b>         | <b>(48.514.759)</b>            |

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 4 – SEGMENT REPORTING (Cont'd)**

|                                                             | Local Mining                         | Local Fertilizer                     | Foreign Fertilizer                   | Consolidation Adjustments            | Total                                |
|-------------------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
|                                                             | January 1, -<br>December 31,<br>2022 | January 1, -<br>December 31,<br>2022 | January 1, -<br>December 31,<br>2022 | January 1, -<br>December 31,<br>2022 | January 1, -<br>December 31,<br>2022 |
| Sales                                                       | --                                   | 40.586.456.351                       | 9.290.809.952                        | (1.572.989.298)                      | 48.304.277.005                       |
| Cost of sales                                               | --                                   | (34.908.183.728)                     | (7.771.543.499)                      | 1.547.567.446                        | (41.132.159.781)                     |
| <b>Gross profit</b>                                         | --                                   | <b>5.678.272.623</b>                 | <b>1.519.266.453</b>                 | <b>(25.421.852)</b>                  | <b>7.172.117.224</b>                 |
| Marketing, selling and distribution expense                 | --                                   | (1.322.825.038)                      | (230.650.246)                        | --                                   | (1.553.475.284)                      |
| General and administrative expense                          | (92.164.702)                         | (243.371.936)                        | (604.829.116)                        | --                                   | (940.365.754)                        |
| Other operating income / expense, net                       | 162.505.964                          | (1.859.416.257)                      | (847.659.195)                        | --                                   | (2.544.569.488)                      |
| <b>Operating profit)</b>                                    | <b>70.341.262</b>                    | <b>2.252.659.392</b>                 | <b>(163.872.104)</b>                 | <b>(25.421.852)</b>                  | <b>2.133.706.698</b>                 |
| Income from investments, net                                | --                                   | 799.582.046                          | --                                   | (556.701.450)                        | 242.880.596                          |
| Profit from investments accounted by equity method          | --                                   | 244.559.343                          | --                                   | --                                   | 244.559.343                          |
| <b>Operation profit before financial income / (expense)</b> | <b>70.341.262</b>                    | <b>3.296.800.781</b>                 | <b>(163.872.104)</b>                 | <b>(582.123.302)</b>                 | <b>2.621.146.637</b>                 |
| Financial expense, net                                      | (151.859.743)                        | (800.072.575)                        | 197.257.312                          | --                                   | (607.318.610)                        |
| Net monetary gain / (loss)                                  | 147.356.396                          | (144.635.533)                        | 309.311.068                          | (1.969.149.710)                      | (1.804.474.174)                      |
| <b>Profit / (loss) before tax</b>                           | <b>65.837.915</b>                    | <b>2.352.092.674</b>                 | <b>342.696.276</b>                   | <b>(2.551.273.012)</b>               | <b>209.353.853</b>                   |
| Deferred tax income / (expense)                             | (49.349.378)                         | 300.504.283                          | (148.656.878)                        | 5.084.371                            | 107.582.398                          |
| <b>Profit / (loss) for the period</b>                       | <b>16.488.537</b>                    | <b>2.652.596.957</b>                 | <b>194.039.398</b>                   | <b>(2.546.188.641)</b>               | <b>316.936.251</b>                   |

Investment expenditures pertaining to segment assets for the year ending December 31, 2023 and December 31, 2022 are as follows:

|                               | January 1, -<br>December 31, 2023 | January 1, -<br>December 31, 2022 |
|-------------------------------|-----------------------------------|-----------------------------------|
| Gübretaş Maden (Local Mining) | 2.215.857.497                     | 2.424.113.264                     |
| Gübretaş (Local Fertilizer)   | 157.036.115                       | 381.775.481                       |
| Gübretaş (Foreign Fertilizer) | 143.131.988                       | 195.147.296                       |
| <b>Total</b>                  | <b>2.516.025.600</b>              | <b>3.001.036.041</b>              |

**Depreciation and amortization:**

Depreciation and amortization charges pertaining to segment assets for the year ending December 31, 2023 and December 31, 2022 are as follows:

|                               | January 1, -<br>December 31, 2023 | January 1, -<br>December 31, 2022 |
|-------------------------------|-----------------------------------|-----------------------------------|
| Gübretaş Maden (Local Mining) | 240.739.636                       | 24.150.436                        |
| Gübretaş (Local Fertilizer)   | 461.569.198                       | 105.895.895                       |
| Gübretaş (Foreign Fertilizer) | 538.326.530                       | 772.832.173                       |
| <b>Total</b>                  | <b>1.240.635.364</b>              | <b>902.878.504</b>                |

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 5 – CASH AND CASH EQUIVALENTS**

|                        | December<br>31,2023  | December<br>31,2022  |
|------------------------|----------------------|----------------------|
| Cash on hands          | 1.154.544            | 1.740.481            |
| Bank                   | 2.277.728.017        | 1.783.374.884        |
| - demand deposits      | 224.924.838          | 1.051.994.636        |
| - time deposits        | 2.052.803.179        | 731.380.248          |
| Other cash equivalents | 533.621              | 66                   |
| <b>Total</b>           | <b>2.279.416.182</b> | <b>1.785.115.431</b> |

**5.1 Time deposits (TL)**

| Interest rate (%) | Maturity | December 31,2023   |
|-------------------|----------|--------------------|
| 41,85             | 2 days   | 488.794.812        |
| <b>Total</b>      |          | <b>488.794.812</b> |

| Interest rate (%) | Maturity | December 31,2022  |
|-------------------|----------|-------------------|
| 20,00             | 2 days   | 30.102.361        |
| <b>Total</b>      |          | <b>30.102.361</b> |

**5.2 Time deposits (Foreign Currency):**

| Interest rate (%) | Maturity | Currency    | December 31,2023 |                      |
|-------------------|----------|-------------|------------------|----------------------|
|                   |          |             | Currency amount  | Amount in TL         |
| 4,34              | 2 days   | USD         | 31.175.676       | 917.755.789          |
| 10-18             | 2 days   | Million IRR | 8.565.418        | 646.252.578          |
| <b>Total</b>      |          |             |                  | <b>1.564.008.367</b> |

| Interest rate (%) | Maturity | Currency    | December 31,2022 |                    |
|-------------------|----------|-------------|------------------|--------------------|
|                   |          |             | Currency amount  | Amount in TL       |
| 2,5               | 2 days   | USD         | 11.238.743       | 210.145.395        |
| 1,00              | 2 days   | EUR         | 10.214.174       | 203.618.533        |
| 10-18             | 2 days   | Million IRR | 4.382.388        | 287.513.959        |
| <b>Total</b>      |          |             |                  | <b>701.277.887</b> |

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 6 – FINANCIAL BORROWINGS**

| Short-term and Long-term borrowings | December 31,2023     | December 31,2022     |
|-------------------------------------|----------------------|----------------------|
| Payable within 1 year               | 7.310.818.067        | 9.088.845.507        |
| Payable within 1 – 5 years          | 11.018.513           | 73.836.879           |
| <b>Total</b>                        | <b>7.321.836.580</b> | <b>9.162.682.386</b> |

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

| Short-term borrowings       | December 31,2023     | December 31,2022     |
|-----------------------------|----------------------|----------------------|
| Short-term borrowings       | 7.267.896.692        | 9.057.672.483        |
| Lease liabilities           | 42.921.375           | 31.173.024           |
| Other short-term borrowings | --                   | --                   |
| <b>Total</b>                | <b>7.310.818.067</b> | <b>9.088.845.507</b> |

**a. Short-term borrowings**

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

**December 31, 2023**

| Currency                          | Average effective<br>annual<br>interest rate (%) | Original<br>amount | Amount<br>in TL      |
|-----------------------------------|--------------------------------------------------|--------------------|----------------------|
| <b>Bank loans</b>                 |                                                  |                    |                      |
| EUR                               | 7,68                                             | 15.145.219         | 493.338.849          |
| USD                               | 9,47                                             | 17.714.498         | 521.482.935          |
| TL                                | 26,63                                            | 5.572.586.469      | 5.572.586.469        |
| <b>Other financial borrowings</b> |                                                  |                    |                      |
| Mil. IRR                          | 15,00-18,00                                      | 9.019.235          | 680.488.439          |
| <b>Total</b>                      |                                                  |                    | <b>7.267.896.692</b> |

**December 31, 2022**

| Currency                          | Average effective<br>annual<br>interest rate (%) | Original<br>amount | Amount<br>in TL      |
|-----------------------------------|--------------------------------------------------|--------------------|----------------------|
| <b>Bank loans</b>                 |                                                  |                    |                      |
| EUR                               | 6,39                                             | 16.563.675         | 330.195.214          |
| USD                               | 6,61                                             | 49.660.783         | 928.572.227          |
| TL                                | 14,11                                            | 7.432.069.984      | 7.432.069.984        |
| <b>Other financial borrowings</b> |                                                  |                    |                      |
| Mil. IRR                          | 15,00-18,00                                      | 5.591.428          | 366.835.058          |
| <b>Total</b>                      |                                                  |                    | <b>9.057.672.483</b> |

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 6 – FINANCIAL BORROWINGS (Cont'd)****6.2 Short-term Lease Liabilities (Cont'd)**

| December 31,<br>2023<br>Currency | Average effective<br>annual<br>interest rate (%) | Original<br>Amount | Amount<br>in TL   |
|----------------------------------|--------------------------------------------------|--------------------|-------------------|
| USD                              | 9,47                                             | 644.069            | 18.960.228        |
| TL                               | 12,16                                            | 23.961.147         | 23.961.147        |
| <b>Total</b>                     |                                                  |                    | <b>42.921.375</b> |
| December 31,<br>2022<br>Currency | Average effective<br>annual<br>interest rate (%) | Original<br>Amount | Amount<br>in TL   |
| USD                              | 6,25                                             | 864.849            | 16.171.216        |
| TL                               | 14,29                                            | 15.001.808         | 15.001.808        |
| <b>Total</b>                     |                                                  |                    | <b>31.173.024</b> |

**6.3 Long-term Lease Liabilities**

|                                        | December 31, 2023 | December<br>31, 2022 |
|----------------------------------------|-------------------|----------------------|
| Long-term Lease Liabilities (Note 2.4) | 11.018.513        | 73.836.879           |
| <b>Total</b>                           | <b>11.018.513</b> | <b>73.836.879</b>    |

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

| December 31, 2023<br>Currency    | Average effective<br>annual<br>interest rate (%) | Original<br>Amount | Amount<br>in TL   |
|----------------------------------|--------------------------------------------------|--------------------|-------------------|
| TL                               | 12,16                                            | 11.018.513         | 11.018.513        |
| <b>Total</b>                     |                                                  |                    | <b>11.018.513</b> |
| December 31,<br>2022<br>Currency | Average effective<br>annual<br>interest rate (%) | Original<br>Amount | Amount<br>in TL   |
| USD                              | 6,25                                             | 2.932.042          | 54.824.195        |
| TL                               | 14,29                                            | 19.012.674         | 19.012.684        |
| <b>Total</b>                     |                                                  |                    | <b>73.836.879</b> |

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Notes to the Consolidated Financial Statements as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 7 – TRADE RECEIVABLES AND PAYABLES**

**7.1 Short Term Trade Receivables From Unrelated Parties**

|                                                            | <b>December<br/>31,2023</b> | <b>December<br/>31,2022</b> |
|------------------------------------------------------------|-----------------------------|-----------------------------|
| Trade receivables                                          | 100.943.324                 | 305.468.104                 |
| Receivables from Iran Oil Ministry's participations (Razi) |                             |                             |
| - Urea price difference (*)                                | 2.638.270.649               | --                          |
| - Other                                                    | 14.896.491                  | 160.545.571                 |
| Provision for doubtful trade receivables                   | (9.713.860)                 | (20.731.303)                |
| <b>Total</b>                                               | <b>2.744.396.604</b>        | <b>445.282.372</b>          |

(\*) Razi, based on the decree of the Iranian government dated September 29, 2019, the decision of the General Assembly of the Administrative Court dated August 22, 2017 and numbered 505, and the approval of the 24th meeting of the Executive Branch of the Economic Affairs Assistant Judiciary Executive Branch and the market regulation working group of the Administrative Court of Appeals accounted for as revenue the difference between the minimum price of urea in the trading stock exchange and the requested selling price during the year. As of 31 December 2023, Razi has a receivable of TL 3.095.176.135 (41.024 Billion IRR) (31 December 2022: TL 532.264.965 (27.406 Billion IRR)) arising from this income from Agricultural Support Services affiliated with the Iranian Ministry of Agriculture and union members. However, as of the year-end, since an agreement was reached with the Iranian government regarding the receivable of TL 2.638.270.649 (33.879 Billion IRR), the remaining amount of the related trade receivables as of year-end, amounting to TL 456.905.486 (7.145 Billion IRR), was written off and removed from sales.

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

| <b>Time after maturity</b> | <b>December<br/>31,2023</b> | <b>December<br/>31,2022</b> |
|----------------------------|-----------------------------|-----------------------------|
| More than 9 months         | 9.713.860                   | 20.731.303                  |
| <b>Total</b>               | <b>9.713.860</b>            | <b>20.731.303</b>           |

For the years ended December 31, 2023 and December 31, 2022, the movement of doubtful trade receivables provision is as follows:

|                                           | <b>December<br/>31,2023</b> | <b>December<br/>31,2022</b> |
|-------------------------------------------|-----------------------------|-----------------------------|
| <b>Balance at beginning of the period</b> | <b>20.731.303</b>           | <b>39.715.916</b>           |
| Period cost                               | (4.959.229)                 | (3.445.971)                 |
| Monetary gain / (loss)                    | (6.058.214)                 | (15.538.642)                |
| <b>Balance at end of the period</b>       | <b>9.713.860</b>            | <b>20.731.303</b>           |

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Notes to the Consolidated Financial Statements as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 7 – TRADE RECEIVABLES AND PAYABLES (Cont'd)**

**7.1 Short Term Trade Receivables From Unrelated Parties (Cont'd)**

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

|                                    | December<br>31,2023 | December<br>31,2022 |
|------------------------------------|---------------------|---------------------|
| Guarantee letters and DBS received | 559.494.612         | 634.998.837         |
| Guarantee cheques and notes        | 6.875.001           | 11.328.139          |
| <b>Total</b>                       | <b>566.369.613</b>  | <b>646.326.976</b>  |

**7.2 Short-Term Trade Payables to Unrelated Parties**

|                                         | December<br>31,2023  | December<br>31,2022  |
|-----------------------------------------|----------------------|----------------------|
| Liabilities to the Iranian gas supplier | 2.249.066.829        | 1.839.095.227        |
| Creditors                               | 2.205.848.848        | 6.509.964.044        |
| Other trade payables                    | 83.186.440           | 139.745.854          |
| <b>Total</b>                            | <b>4.538.102.117</b> | <b>8.488.805.125</b> |

**7.3 Long Term Trade Receivables From Unrelated Parties**

|                  | December<br>31,2023 | December<br>31,2022 |
|------------------|---------------------|---------------------|
| Trade Receivable | 300.000             | 1.867.576           |
| <b>Total</b>     | <b>300.000</b>      | <b>1.867.576</b>    |

**NOTE 8 – OTHER RECEIVABLES AND PAYABLES**

**8.1 Other Short-Term Receivables From Unrelated Parties**

|                                                   | December<br>31,2023  | December<br>31,2022 |
|---------------------------------------------------|----------------------|---------------------|
| VAT receivables - Turkey                          | 139.948.457          | 137.221.667         |
| VAT receivables – Razi (**)                       | 832.870.118          | 334.575.789         |
| Due from personnel                                | 50.865.387           | 44.512.956          |
| Receivables from other government agencies - Razi | 53.833.087           | 160.544.814         |
| Other various receivables                         | 227.589.353          | 77.616.736          |
| <b>Total</b>                                      | <b>1.305.106.402</b> | <b>754.471.962</b>  |

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 8 – OTHER RECEIVABLES AND PAYABLES (Cont'd)****8.1 Other Short-Term Receivables From Unrelated Parties (Cont'd)**

(\*) Razi has receivables of VAT from the tax office on sales subject to export. The portion of these receivables belonging to the years 2015, 2016, 2018, 2019, 2020, 2021, and 2022 has been reviewed by the tax office, and according to this review, VAT receivables amounting to 544,210,580 TL (7,213 million IRR) have been accepted by the tax office. The remaining TL 495.539.534 (2,742 million IRR) is expected to be collected in future years or offset against tax liabilities. As of December 31, 2023, the Group management has provided a provision for the unaccepted portion of the receivables in the amount of TL 495.539.534 (2,742 million IRR) by the tax office.

**8.2 Other Long-Term Receivables From Unrelated Parties**

|                               | December<br>31,2023 | December<br>31,2022 |
|-------------------------------|---------------------|---------------------|
| Deposits and guarantees given | 15.125.151          | 36.163.193          |
| Due from personnel            | 1.436.618           | 2.592.936           |
| Other long-term receivables   | 16.414.781          | 17.878.778          |
| <b>Total</b>                  | <b>32.976.550</b>   | <b>56.634.907</b>   |

**8.3 Other Short-Term Payables to Unrelated Parties**

|                                                | December<br>31,2023 | December<br>31,2022 |
|------------------------------------------------|---------------------|---------------------|
| Dividend payables to non-controlling interests | --                  | 188.077.753         |
| Taxes and funds payable                        | 695.332.446         | 22.374.156          |
| Other payables and liabilities                 | 182.318.838         | 480.634.258         |
| <b>Total</b>                                   | <b>877.651.284</b>  | <b>691.086.167</b>  |

**NOTE 9 - INVENTORIES**

|                                            | December<br>31,2023  | December<br>31,2022   |
|--------------------------------------------|----------------------|-----------------------|
| Raw materials and supplies                 | 1.326.216.847        | 2.292.523.405         |
| Semi-finished goods                        | 233.242.101          | 103.270.768           |
| Finished goods                             | 1.815.153.147        | 1.914.616.654         |
| Trade goods                                | 2.052.405.480        | 6.770.661.270         |
| Other inventories                          | 664.153.539          | 2.212.490.784         |
|                                            | <b>6.091.171.114</b> | <b>13.293.562.881</b> |
| Provision of impairment of inventories (-) | (146.131.121)        | (78.283.361)          |
| <b>Total</b>                               | <b>5.945.039.993</b> | <b>13.215.279.520</b> |

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 10 – PREPAID EXPENSES AND DEFERRED INCOME**

| <b>Short-term prepaid expenses</b>          | <b>December<br/>31,2023</b> | <b>December<br/>31,2022</b> |
|---------------------------------------------|-----------------------------|-----------------------------|
| Order advances given for inventory purchase | 746.782.124                 | 784.005.393                 |
| Expenses for next month                     | 300.594.968                 | 131.832.387                 |
| <b>Total</b>                                | <b>1.047.377.092</b>        | <b>915.837.780</b>          |
| <b>Long-term prepaid expenses</b>           | <b>December<br/>31,2023</b> | <b>December<br/>31,2022</b> |
| Order advances given for stock purchase     | 212.830.268                 | 284.541.371                 |
| Other prepaid expenses                      | 47.483.411                  | 23.738.013                  |
| Expenses for future years                   | 14.894.108                  | --                          |
| <b>Total</b>                                | <b>275.207.787</b>          | <b>308.279.384</b>          |
| <b>Short term deferred income</b>           | <b>December<br/>31,2023</b> | <b>December<br/>31,2022</b> |
| Received advances                           | 27.773.902                  | 25.366.697                  |
| Other deferred income                       | 155.773.960                 | 101.599.262                 |
| <b>Total</b>                                | <b>183.547.862</b>          | <b>126.965.959</b>          |

**NOTE 11 – INVESTMENT PROPERTIES**

|                                                 | <b>December 31, 2023</b>     |                    |                    | <b>December 31, 2022</b>     |                    |                   |
|-------------------------------------------------|------------------------------|--------------------|--------------------|------------------------------|--------------------|-------------------|
|                                                 | <b>Lands and<br/>parcels</b> | <b>Building</b>    | <b>Total</b>       | <b>Lands and<br/>parcels</b> | <b>Building</b>    | <b>Total</b>      |
| <b>Net value at the beginning of the period</b> |                              |                    |                    |                              |                    | 315.371.57        |
|                                                 | 411.611.600                  | 110.370.580        | 521.982.180        | 245.591.748                  | 69.779.829         | 7                 |
| Transfer to property, plant, and equipment      | (127.450.767)                | (38.692.921)       | (166.143.688)      | (21.056)                     | (19.462.221)       | (19.483.27)       |
| Fair value increase / (decrease) (Note 25)      | 186.594.205                  | 56.648.343         | 243.242.548        | 122.411.562                  | 103.682.318        | 7)                |
|                                                 |                              |                    |                    |                              |                    | 226.093.88        |
| <b>Total</b>                                    | <b>470.755.038</b>           | <b>128.326.002</b> | <b>599.081.040</b> | <b>411.611.600</b>           | <b>110.370.580</b> | <b>521.982.18</b> |
|                                                 |                              |                    |                    |                              |                    | <b>0</b>          |

During the period ended 31 December 2023, the Group has obtained rental income of TL 1.130.028 from its investment properties (31 December 2021: TL 4.041.141). Investment properties owned by Gübretaş consist of land and buildings, and their fair values have been determined as TL 599.081.040 as per the valuation report dated 30 December 2023 prepared by the CMB licensed expert institution, which provides valuation services within the framework of CMB legislation. In the valuation report prepared by the expert institution, the fair values of property, plant and equipment assets subject to valuation were determined using the market approach and cost approach methods. As of December 31, 2023, the revaluation differences of land and buildings, based on the appraised fair values, amount to a total of TL 243.242.548, with values of TL 186.594.205 and TL 56.648.343, respectively, reflected in the financial statements.

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

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Notes to the Consolidated Financial Statements as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 12 - PROPERTY, PLANT AND EQUIPMENT**

|                                            | Lands                | Land improvements    | Buildings              | Machinery, equipment and installations | Vehicles             | Furniture and fixtures | Right of use assets | Special Costs     | Construction in progress | Total                   |
|--------------------------------------------|----------------------|----------------------|------------------------|----------------------------------------|----------------------|------------------------|---------------------|-------------------|--------------------------|-------------------------|
| <b>Cost Value</b>                          |                      |                      |                        |                                        |                      |                        |                     |                   |                          |                         |
| Opening balance at January 1,2023          | 2.757.480.234        | 1.215.439.528        | 3.855.590.808          | 43.140.412.336                         | 265.242.665          | 695.068.590            | 120.745.688         | 5.535.880         | 1.439.532.991            | 53.495.048.720          |
| Foreign currency translation differences   | 312.989.287          | (221.218.303)        | 506.647.101            | 15.901.710.981                         | 101.955.232          | 240.202.617            | --                  | 10.863.740        | 380.732.819              | 17.233.883.474          |
| Valuation differences                      | 1.453.111.661        | 469.451.433          | 551.158.523            | 367.823.423                            | --                   | --                     | --                  | --                | --                       | 2.841.545.040           |
| Additions                                  | 1.030.935            | 39.809.466           | 13.256.055             | 154.882.192                            | 26.444.862           | 51.206.313             | 4.419.167           | --                | 1.262.485.320            | 1.553.534.310           |
| Sales / disposals                          | --                   | (1.582.476)          | (16.833.824)           | (18.384.834)                           | (3.676.130)          | (533.920)              | (54.330.706)        | --                | --                       | (95.341.890)            |
| Transfer from construction in progress     | --                   | 42.959.385           | 38.110.133             | 394.690.906                            | 1.149.804            | 19.909.010             | --                  | --                | (509.508.553)            | (12.689.315)            |
| <b>Closing balance on December 31,2023</b> | <b>4.524.612.117</b> | <b>1.544.859.033</b> | <b>4.947.928.796</b>   | <b>59.941.135.004</b>                  | <b>391.116.433</b>   | <b>1.005.852.610</b>   | <b>70.834.149</b>   | <b>16.399.620</b> | <b>2.573.242.577</b>     | <b>75.015.980.339</b>   |
| <b>Accumulated depreciation</b>            |                      |                      |                        |                                        |                      |                        |                     |                   |                          |                         |
| Opening balance at January 1,2023          | --                   | (175.562.105)        | (2.198.923.538)        | (37.699.295.029)                       | (202.126.421)        | (600.765.538)          | (40.237.335)        | (2.870.221)       | --                       | (40.919.780.187)        |
| Foreign currency translation differences   | --                   | (15.125.960)         | (970.533.641)          | (18.078.607.610)                       | (97.748.448)         | (282.426.846)          | (1.732.169)         | 2.477.407         | --                       | (19.443.697.267)        |
| Period cost                                | --                   | (144.857.667)        | (98.449.642)           | (640.941.646)                          | (15.459.166)         | (23.813.583)           | (18.438.848)        | --                | --                       | (941.960.552)           |
| Sales / disposals                          | --                   | 911.400              | 9.930.150              | 18.297.822                             | 200.667              | 1.799.883              | 19.792.104          | --                | --                       | 50.932.026              |
| <b>Closing balance on December 31,2023</b> | <b>--</b>            | <b>(334.634.332)</b> | <b>(3.257.976.671)</b> | <b>(56.400.546.463)</b>                | <b>(315.133.368)</b> | <b>(905.206.084)</b>   | <b>(40.616.248)</b> | <b>(392.814)</b>  | <b>--</b>                | <b>(61.254.505.980)</b> |
| <b>Net book value on December 31,2023</b>  | <b>4.524.612.117</b> | <b>1.210.224.701</b> | <b>1.689.952.125</b>   | <b>3.540.588.541</b>                   | <b>75.983.065</b>    | <b>1.006.456.526</b>   | <b>30.217.901</b>   | <b>16.006.806</b> | <b>2.573.242.577</b>     | <b>13.761.474.359</b>   |

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

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

Notes to the Consolidated Financial Statements as of December 31, 2023

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 12 - PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

|                                          | Land          |               | Buildings       |                  | Machinery, equipment and installations |               | Vehicles     |             | Furniture and fixtures |                  | Right of use assets |  | Special Costs |  | Construction in progress |  | Total |
|------------------------------------------|---------------|---------------|-----------------|------------------|----------------------------------------|---------------|--------------|-------------|------------------------|------------------|---------------------|--|---------------|--|--------------------------|--|-------|
| Cost Value                               | Lands         | improvements  |                 |                  |                                        |               |              |             |                        |                  |                     |  |               |  |                          |  |       |
| Opening balance at January 1, 2022       | 1.475.454.347 | 354.495.561   | 2.863.226.564   | 35.624.711.318   | 193.267.007                            | 559.190.975   | 54.843.061   | 3.948.311   | 616.993.765            | 41.746.130.909   |                     |  |               |  |                          |  |       |
| Foreign currency translation differences | 99.867.602    | 531.063       | 324.027.244     | 5.324.900.190    | 28.496.507                             | 84.954.612    | 4.981.868    | 2.032.411   | 113.264.352            | 5.983.055.849    |                     |  |               |  |                          |  |       |
| Valuation differences                    | 1.111.969.169 | 512.487.450   | 686.891.075     | 1.000.615.210    |                                        |               |              |             |                        | 3.311.962.904    |                     |  |               |  |                          |  |       |
| Additions                                | 70.189.116    | 9.290.077     | 6.418.498       | 31.173.059       | 10.630.220                             | 20.150.528    | 103.396.606  |             | 2.328.695.544          | 2.579.943.648    |                     |  |               |  |                          |  |       |
| Sales / disposals                        | --            | (23.164)      | (43.279.683)    | (462.669)        | (2.193.869)                            | (1.569.043)   | (42.475.847) | (444.842)   | (27.762.655)           | (118.211.772)    |                     |  |               |  |                          |  |       |
| Transfer from construction in progress   | --            | 338.658.541   | 18.307.110      | 1.159.475.228    | 35.042.800                             | 32.341.518    | --           |             | (1.591.658.015)        | (7.832.818)      |                     |  |               |  |                          |  |       |
| Closing balance on December 31, 2022     | 2.757.480.234 | 1.215.439.528 | 3.855.590.808   | 43.140.412.336   | 265.242.665                            | 695.068.590   | 120.745.688  | 5.535.880   | 1.439.532.991          | 53.495.048.720   |                     |  |               |  |                          |  |       |
| Accumulated depreciation                 |               |               |                 |                  |                                        |               |              |             |                        |                  |                     |  |               |  |                          |  |       |
| Opening balance at January 1, 2022       | --            | (144.766.707) | (1.768.588.999) | (29.653.120.388) | (156.207.026)                          | (462.167.955) | (26.744.912) | (1.819.567) | --                     | (32.213.415.554) |                     |  |               |  |                          |  |       |
| Foreign currency translation differences | --            | --            | (385.454.390)   | (7.315.115.652)  | (39.572.677)                           | (112.322.292) | --           | --          | --                     | (7.852.465.011)  |                     |  |               |  |                          |  |       |
| Period cost                              | --            | (30.810.964)  | (62.688.969)    | (731.521.648)    | (7.175.990)                            | (27.686.502)  | (27.670.191) | (1.080.914) | --                     | (888.635.176)    |                     |  |               |  |                          |  |       |
| Sales / disposals                        | --            | 15.566        | 17.808.820      | 462.659          | 829.272                                | 1.411.211     | 14.177.766   | 30.260      | --                     | 34.735.554       |                     |  |               |  |                          |  |       |
| Closing balance on December 31, 2022     | --            | (175.562.105) | (2.198.923.538) | (37.699.295.029) | (202.126.421)                          | (600.765.538) | (40.237.335) | (2.870.221) | --                     | (40.919.780.187) |                     |  |               |  |                          |  |       |
| Net book value on December 31, 2022      | 2.757.480.234 | 1.039.877.423 | 1.656.667.270   | 5.441.117.307    | 63.116.244                             | 94.303.052    | 80.508.353   | 2.665.659   | 1.439.532.991          | 12.575.268.533   |                     |  |               |  |                          |  |       |

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Notes to the Consolidated Financial Statements as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 12 - PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

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

|                      |                    |                    |                    | December 31,<br>2023 |
|----------------------|--------------------|--------------------|--------------------|----------------------|
|                      | Gübretaş           | Maden              | Razi               | Total                |
| Depreciation expense | 447.304.682        | 176.273.540        | 537.730.260        | 1.161.308.482        |
| Amortization expense | 14.264.516         | 64.466.096         | 596.270            | 79.326.882           |
| <b>Total</b>         | <b>461.569.198</b> | <b>240.739.636</b> | <b>538.326.530</b> | <b>1.240.635.364</b> |

During the year ended 31 December 2023, depreciation and amortization expense amounting to TL 1.240.635.364 is allocated to general production expenses in the amount of TL 1.213.809.794, to marketing, sales and distribution expenses in the amount of TL 23.629.384 and to general administrative expenses in the amount of TL 31.961.896.

|                      |                    |                   |                    | December 31,<br>2022 |
|----------------------|--------------------|-------------------|--------------------|----------------------|
|                      | Gübretaş           | Maden             | Razi               | Total                |
| Depreciation expense | 97.062.701         | 19.594.632        | 771.977.843        | 888.635.176          |
| Amortization expense | 8.833.193          | 4.555.804         | 854.331            | 14.243.328           |
| <b>Total</b>         | <b>105.895.894</b> | <b>24.150.436</b> | <b>772.832.174</b> | <b>902.878.504</b>   |

During the year ended 31 December 2022, depreciation and amortization expense amounting to TL 902.878.504 is allocated to general production expenses in the amount of TL 864.265.030, to marketing, sales and distribution expenses in the amount of TL 10.647.289 and to general administrative expenses in the amount of TL 27.966.186.

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Notes to the Consolidated Financial Statements as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 13 – INTANGIBLE ASSETS**

**13.1 Rights and Mining Research Expenses**

| <b>December 31,2023</b>                       | <b>Rights</b>      | <b>Mining Research Expenses</b> | <b>Total</b>         |
|-----------------------------------------------|--------------------|---------------------------------|----------------------|
| <b>Cost</b>                                   |                    |                                 |                      |
| Opening balance at January 1                  | 110.098.457        | 482.492.220                     | 592.590.677          |
| Purchases                                     | 25.386.558         | 937.104.732                     | 962.491.290          |
| Transfers                                     | 12.689.315         | --                              | 12.689.315           |
| Foreign currency translation differences, net | 4.076.993          | --                              | 4.076.993            |
| <b>Closing balance</b>                        | <b>152.251.323</b> | <b>1.419.596.952</b>            | <b>1.571.848.275</b> |

**Accumulated Depreciation**

|                                     |                     |                      |                      |
|-------------------------------------|---------------------|----------------------|----------------------|
| Opening balance at January 1        | (32.057.376)        | (3.221.435)          | (35.278.811)         |
| Current period amortization expense | (47.076.637)        | (251.598.175)        | (298.674.812)        |
| <b>Closing balance</b>              | <b>(79.134.013)</b> | <b>(254.819.610)</b> | <b>(333.953.623)</b> |
| <b>Net Book Value</b>               | <b>73.117.310</b>   | <b>1.164.777.342</b> | <b>1.237.894.652</b> |

| <b>December 31,2022</b>                       | <b>Rights</b>      | <b>Mining Research Expenses</b> | <b>Total</b>       |
|-----------------------------------------------|--------------------|---------------------------------|--------------------|
| <b>Cost</b>                                   |                    |                                 |                    |
| Opening balance at January 1                  | 77.769.622         | 87.657.327                      | 165.426.949        |
| Purchases                                     | 26.257.500         | 394.834.893                     | 421.092.393        |
| Sales / disposals                             | (7.449.581)        | --                              | (7.449.581)        |
| Transfers                                     | 7.832.818          | --                              | 7.832.818          |
| Foreign currency translation differences, net | 5.688.098          | --                              | 5.688.098          |
| <b>Closing balance</b>                        | <b>110.098.457</b> | <b>482.492.220</b>              | <b>592.590.677</b> |

**Accumulated Depreciation**

|                                     |                     |                    |                     |
|-------------------------------------|---------------------|--------------------|---------------------|
| Opening balance at January 1        | (21.035.483)        | --                 | (21.035.483)        |
| Current period amortization expense | (11.021.893)        | (3.221.435)        | (14.243.328)        |
| <b>Closing balance</b>              | <b>(32.057.376)</b> | <b>(3.221.435)</b> | <b>(35.278.811)</b> |
| <b>Net Book Value</b>               | <b>78.041.081</b>   | <b>479.270.785</b> | <b>557.311.866</b>  |

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Notes to the Consolidated Financial Statements as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 13 – INTANGIBLE ASSETS (Cont'd)**

**13.1 Rights and Mining Research Expenses (Cont'd)**

|                                    | January 1, 2023    | Additions            | December 31, 2023    |
|------------------------------------|--------------------|----------------------|----------------------|
| <b>Cost</b>                        |                    |                      |                      |
| Mining site exploration cost       | 446.265.831        | 157.487.428          | 603.753.259          |
| Mining site development cost       | 21.545.121         | 351.862.743          | 373.407.864          |
| Mining site rehabilitation cost    | --                 | 352.762.013          | 352.762.013          |
| Deferred mining costs              | 14.681.269         | 74.992.547           | 89.673.816           |
| <b>Closing balance</b>             | <b>482.492.221</b> | <b>937.104.732</b>   | <b>1.419.596.952</b> |
| <b>Accumulated Depreciation</b>    |                    |                      |                      |
| Deferred mining amortization costs | (3.221.435)        | (251.598.175)        | (254.819.610)        |
| <b>Closing balance</b>             | <b>(3.221.435)</b> | <b>(251.598.175)</b> | <b>(254.819.610)</b> |
| <b>Net Book Value</b>              | <b>479.270.786</b> | <b>685.506.556</b>   | <b>1.164.777.342</b> |

The amount of TL 347.589.691 provided for the rehabilitation cost of the mine facility is reflected under long-term other provisions and the remaining TL 5.172.322 is recorded under other short-term provisions (December 31, 2022: None).

**13.2 Goodwill:**

|                                          | December 31, 2023  | December 31, 2022  |
|------------------------------------------|--------------------|--------------------|
| Balance at January 1                     | 274.659.347        | 323.070.108        |
| Monetary gains / (losses)                | (70.294.035)       | (108.347.129)      |
| Foreign currency translation differences | 17.931.526         | 59.936.368         |
| <b>Closing balance</b>                   | <b>222.296.838</b> | <b>274.659.347</b> |

As of the balance sheet date, goodwill arose from the acquisition of Razi and its subsidiary Arya. The Group subjects the goodwill amount to impairment testing annually. The impairment test for goodwill has been conducted based on approved cash flow projections.

**NOTE 14 – COMMITMENTS**

As of December 31, 2023, the Group has purchase commitments for raw materials and commercial goods totaling USD 5.679.541 (as of December 31, 2022: USD 26.900.000 and EUR 219.920) to be ordered and imported.

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Notes to the Consolidated Financial Statements as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 15 -GOVERNMENT GRANTS**

The completion application for the Investment Incentive Certificate numbered 110061 was made by the Ministry of Industry and Technology on 20 September 2018. The fixed investment amount is TL 290.369.160. The benefits under the investment incentive comprise Tax Reduction Rate of 50% and the Investment Contribution Rate of 25% for the year 2022. In the current period, tax deductions amounting to TL 24.168.245,3 have been utilized.

The Investment Incentive Certificate dated 16 May 2018 and numbered 136984 was obtained with the application made by the Company to the Ministry of Industry and Technology dated March 26, 2018 and numbered 38928. The said Investment Incentive Certificate is valid until September 26, 2023 and includes fixed asset investment plans amounting to TL 377.947.636. The benefits under the investment incentive certificate include Tax Reduction Rate (90%), Investment Contribution Rate (50%), VAT exemption, interest support, Customs Duty Exemption.

The Investment Incentive Certificate dated March 26, 2018 and numbered 38927 was obtained with the application made by the Company to the Ministry of Industry and Technology dated 11 June 2018 and numbered 137850. The said Investment Incentive Certificate is valid until 26 March 2024 and includes fixed asset investment plans amounting to TL 235.000.000. The benefits under the investment incentive certificate include Tax Reduction Rate (50%), Investment Contribution Rate (25%) , VAT exemption, interest support, Customs Duty Exemption. In the current period, tax deductions amounting to TL 726.860 have been utilized.

The Investment Incentive Certificate dated October 26, 2022 and numbered 55417 was obtained with the application made by the Company to the Ministry of Industry and Technology dated November 10, 2022 and numbered 543746. The said Investment Incentive Certificate is valid until October 26, 2025 and includes fixed asset investment plans amounting to TL 4.450.000. The benefits under the investment incentive certificate include Tax Reduction Rate (70%), Investment Contribution Rate (30%), VAT exemption, interest support, Customs Duty Exemption. In the current period, tax deductions amounting to TL 715.475 have been utilized.

The Investment Incentive Certificate dated October 26, 2022 and numbered 55416 was obtained with the application made by the Company to the Ministry of Industry and Technology dated November 10, 2022 and numbered 543747. The said Investment Incentive Certificate is valid until October 26, 2025 and includes fixed asset investment plans amounting to TL TL 6.950.000. The benefits under the investment incentive certificate include Tax Reduction Rate (70%), Investment Contribution Rate (30%), Employer's Insurance Premium Share Support and VAT exemption. In the current period, tax deductions amounting to TL 1.191.031 have been utilized.

On 8 May 2018, with the approval of the Ministry of Industry and Technology of the Turkish Republic, an R&D Center was established in Gübretaş Yarımcı Facility, Benefits under this context include R&D deduction, income tax withholding incentive, insurance premium support, stamp tax exemption and cash contribution support.

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Notes to the Consolidated Financial Statements as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 16 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

**16.1 Short-term provisions**

|                                  | <b>December<br/>31,2023</b> | <b>December<br/>31,2022</b> |
|----------------------------------|-----------------------------|-----------------------------|
| Provisions for cost expenses     | 242.285.935                 | 307.251.595                 |
| Provisions for lawsuit (*)       | 65.305.349                  | 85.655.607                  |
| Other short-term debt provisions | 135.258.002                 | 157.312.232                 |
| <b>Total</b>                     | <b>442.849.286</b>          | <b>550.219.434</b>          |

(\*) During the previous periods Razi has been filed a lawsuit in the local court for the claim of excessive gas usage for an amount of TL 9.174.606.000 (330 Million USD) (as of December 31, 2022: TL 6.170.439.000 (330 Million USD)). As of the reporting date, the legal proceedings are underway and the future potential outcome of the lawsuit cannot be predicted. The Group Management has made a provision of TL 47.079.912 (624 Billion IRR) related to this matter in the previous periods.

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

|                                                        | <b>December<br/>31,2023</b> | <b>December<br/>31,2022</b> |
|--------------------------------------------------------|-----------------------------|-----------------------------|
| As of January 1,                                       | 85.655.607                  | 103.774.535                 |
| Additional provision / (provisions no longer required) | 13.321.311                  | 22.482.308                  |
| Net financial income/(loss)                            | (33.671.569)                | (40.601.236)                |
| <b>Closing Balance</b>                                 | <b>85.655.607</b>           | <b>103.774.535</b>          |

According to the statement provided by the Group Legal Counsel, the summary of ongoing lawsuits related to Gübretaş as of the reporting date is as follows:

As of the reporting date, based on the statement obtained from the Group Legal Counsel, there are 94 civil lawsuits filed for and against the Group, along with 104 criminal cases and 53 execution files. The legal proceedings regarding these cases are ongoing, and provisions for the lawsuits filed against the Group have been established based on the opinion of the legal counsel.

As of the reporting date, the total amount of lawsuits filed by the Group, consisting of various cancellation, receivable, reinstatement, and other compensation lawsuits, is approximately TL 747.000 across 94 civil cases. The total claim amounts for the 29 civil lawsuits filed against the Group amount to TL 15.072.720. These amounts represent the initial claim amounts, and the final claim amounts may vary in the future.

As of the date of the report, 18 of the 104 criminal cases are currently pending, 1 case is in the appeal process, and 2 cases are in appeal. A total of 65 criminal cases were closed. As of the report date, the total amount of 53 enforcement files is TL 4.682.342, the amount of 31 enforcement cases filed by the Group is TL 13.387.352 and the amount of 22 enforcement cases filed against the Group is TL 1.249.989.

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 16 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)****16.2 Guarantees given**

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

|                                                                                                       | December 31, 2023 |                    |                      | December 31, 2022 |                    |                      |
|-------------------------------------------------------------------------------------------------------|-------------------|--------------------|----------------------|-------------------|--------------------|----------------------|
|                                                                                                       | Curr<br>ency      | Currency<br>Amount | Amount in<br>TL      | Cur<br>renc<br>y  | Currency<br>Amount | Amount in<br>TL      |
| CPMB given by the company                                                                             |                   |                    |                      |                   |                    |                      |
| A. CPMB's given for Company's own legal Personality                                                   | TL                | 32.978.954         | 32.978.954           | TL                | 32.165.439         | 32.165.439           |
|                                                                                                       | USD               | 550.000            | 16.191.010           | USD               | 2.389.207          | 44.674.110           |
| B. CPMB's given on behalf of fully consolidated companies                                             | TL                | 1.965.424.737      | 1.965.424.737        | TL                | 1.937.867.344      | 1.937.867.344        |
|                                                                                                       | USD               | 17.714.498         | 521.482.935          | USD               | 6.670.847          | 124.733.507          |
|                                                                                                       | EUR               | 15.145.219         | 493.338.849          | EUR               | 16.563.675         | 330.195.214          |
| 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 | --                | --                 | --                   | --                | --                 | --                   |
| CPMB given by the company                                                                             | --                | --                 | --                   | --                | --                 | --                   |
| A. CPMB's given for Company's own legal                                                               | --                | --                 | --                   | --                | --                 | --                   |
| <b>Total</b>                                                                                          |                   |                    | <b>3.029.416.488</b> |                   |                    | <b>2.469.635.614</b> |

**16.3 Contingent liabilities and Assets****Iran Comprehensive Action Plan**

The Comprehensive Joint Action Plan ("KOEP", "JCPOA") signed in July 2015 between Iran, permanent members of the United Nations Security Council, Germany and the European Union includes the abolition of economic sanctions imposed to Iran as a result of its nuclear activities by the US, the European Union and the United Nations Security Council and the suspension of some of the sanctions in exchange for restricting Iran's nuclear activities. On May 8, 2018, the United States has stated that it had withdrawn from KOEP and stated that it would begin to re-apply sanctions that had previously been repealed or suspended. The sanctions put into effect on November 4, 2018, Iran's oil, petroleum products and petrochemical products were subject to sanctions. None of the Group's companies is subject to sanction as of the date of these consolidated financial statements.

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

The consolidated financial statements include assumptions made by the Group Management regarding the impact of the current sanctions imposed on Iran on the operations and financial condition of the subsidiary. The future economic situation of Iran may differ from the assumptions made by the Group management.

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Notes to the Consolidated Financial Statements as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 16 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont'd)**

**16.3 Contingent liabilities and Assets (Cont'd)**

**Competition Authority Investigation**

The Competition Authority initiated an investigation to determine whether the companies operating in the chemical fertilizer production and sales markets, including the Company, have violated Article 4 of Law No. 4054 on the Protection of Competition. As part of the investigation conducted by the Authority, the information/documents requested from the Company have been submitted to the Authority. Currently, a 'First Written Defense' has been submitted to the Authority within the scope of the investigation, and a 'Investigation Report' has been prepared by the Authority and notified to us on 12.08.2022. In response to the Investigation Report, a 'Second Written Defense' has been submitted to the Authority. An 'Additional Opinion' prepared by the Investigation Committee was served to us on 17.11.2022. In response to the Additional Opinion, a 'Third Written Defense' has been submitted to the Authority. The final stage of the investigation process, the 'Oral Defense Meeting', was decided by the Board to be held on 14 March 2023, but due to the major earthquake disaster in our country, the oral defense meeting has been postponed to a later date. The oral defense date has been notified to us by the Authority, and the oral defense meeting was held in front of the Competition Authority in Ankara on 25.07.2023. In a letter dated 03.08.2023, the Competition Authority concluded that our Company did not violate Article 4 of Law No. 4054 on the Protection of Competition, and therefore, there is no need to impose an administrative fine, with the decision subject to judicial review. No lawsuit has been filed, and the decision that there is no need to impose an administrative fine on behalf of our Company has become final.

**Coastal Line**

In November 2011, Iskenderun Property Directorate ("Treasury"), in accordance with the provisions of the Coastal Law and the Regulation on the Implementation of the Coastal Law, established the Coastal Edge Line from the location of the Group's 79,350 m<sup>2</sup> real estate located within the borders of Hatay Province, Iskenderun District, Sariseki. filed a lawsuit for the cancellation of the title deed registration of the immovable and its cancellation on behalf of the public. The net book value of the real estate subject to this lawsuit is TL 366,110,725 as of the balance sheet date. The Group objected to the lawsuit within its legal time limit, requested the reorganization of the expert report prepared for the determination of the Coastal Edge Line, which constituted the basis for the request for abandonment, and also filed a counterclaim for the compensation of the property right in the amount of 500.000.000 TL. In March 2018, Iskenderun 3rd Civil Court of First Instance partially accepted the lawsuit filed by the Property Directorate, canceling the title deed registration of the 78,674.76 m<sup>2</sup> portion of the immovable owned by the Group, located within the borders of Hatay Province, Iskenderun District, Sariseki. and to reject the claim for surplus and to reject the counter-claim brought by the Group. The Group appealed within the legal time limit, the Group's appeal was accepted, and the Gaziantep Regional Court of Justice removed the decisions made in terms of the 15th Civil Department Property Directorate and the Group's lawsuits, and returned the file to the local court for re-trial. Group management has filed new lawsuits in the Judicial and Administrative Judiciary for the redefinition of the Coast-Side line. As of the date of the report, the court decided to cancel the title deed registration of the relevant real estate, to abandon it as the Coastal Edge Line and to reject the counterclaim filed by the Group. After the period, the Group Management applied to the appeal procedure following the notification of the reasoned decision. As of the report date, the legal process continues. The Group Management, in line with the opinions of its legal advisors, has not made any provision regarding this issue in the consolidated financial statements at this stage. The appellate review of the file is ongoing.

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Notes to the Consolidated Financial Statements as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 17 - EMPLOYEE BENEFITS**

**Liabilities for employee benefits**

|                                  | <b>December<br/>31,2023</b> | <b>December<br/>31,2022</b> |
|----------------------------------|-----------------------------|-----------------------------|
| Due to the personnel             | 87.986.352                  | 87.873.508                  |
| Social security premiums payable | 31.790.216                  | 13.951.784                  |
| <b>Total</b>                     | <b>119.776.568</b>          | <b>101.825.292</b>          |

**Provision for Employee Benefits**

| <b>Short-term</b>                                    | <b>December<br/>31,2023</b> | <b>December<br/>31,2022</b> |
|------------------------------------------------------|-----------------------------|-----------------------------|
| Leave and seniority incentive provisions             | 81.869.687                  | 60.974.617                  |
| Provision for premiums                               | 39.796.346                  | 66.658.849                  |
| Provision for early retirement salaries (*)          | 21.080.257                  | 8.428.175                   |
| <b>Total</b>                                         | <b>142.746.290</b>          | <b>136.061.641</b>          |
| <b>Long-term</b>                                     | <b>December<br/>31,2023</b> | <b>December<br/>31,2022</b> |
| Employment termination benefits provision (Gübretas) | 128.736.301                 | 170.151.560                 |
| Employment termination benefits provision (Razi)     | 572.142.173                 | 578.559.729                 |
| Provision for early retirement salaries (*)          | 63.321.876                  | 118.757.217                 |
| <b>Total</b>                                         | <b>764.200.350</b>          | <b>867.468.506</b>          |

(\*) During the period of Razi's privatization, the right of early retirement was granted to employees and the obligation arising from these rights was accounted for in accordance with TAS 19 by Razi.

As of December 31, 2023, the Group's employment termination benefits pay obligation was calculated using an annual real discount rate of 2.90% (December 31, 2022: 0.55%). Since the Group's termination benefits pay ceiling is determined every six months, it was calculated over TL 35.058,58 (1 January 2023: TL 19.982,83) effective as of 1 January 2024. The movements in the provision for employee termination benefits during the year are as follows:

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

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**NOTE 17 - EMPLOYEE BENEFITS (Cont'd)**

**Liabilities for employee benefits (Cont'd)**

|                                          | January 1 –<br>December 31, 2023 | January 1 –<br>December 31, 2022 |
|------------------------------------------|----------------------------------|----------------------------------|
| <b>Provisions as of January 1</b>        | 867.468.506                      | 942.468.496                      |
| Service cost                             | 428.597.268                      | 562.170.470                      |
| Interest cost                            | 57.746.057                       | 69.111.648                       |
| Payment termination indemnity            | (347.392.241)                    | (572.920.666)                    |
| Foreign currency translation differences | 76.524.169                       | 126.091.102                      |
| Actuarial gain/loss                      | (42.195.074)                     | 98.659.469                       |
| Monetary gain/ (loss)                    | (276.548.335)                    | (358.112.013)                    |
| <b>Provision as of December 31</b>       | <b>764.200.350</b>               | <b>867.468.506</b>               |

**NOTE 18 – OTHER ASSETS AND LIABILITIES**

| <b>Other current assets</b>  | <b>December<br/>31, 2023</b> | <b>December<br/>31, 2022</b> |
|------------------------------|------------------------------|------------------------------|
| Deferred VAT                 | 117.420.930                  | 64.816.673                   |
| Job advances                 | 23.274.904                   | 79.277.075                   |
| Other various current assets | 16.585.764                   | 64.741.468                   |
| <b>Total</b>                 | <b>157.281.598</b>           | <b>208.835.216</b>           |

**NOTE 19 - EQUITY**

**Paid-in capital**

The shareholders as of December 31, 2023 and December 31, 2022 is as follows

|                                    | %             | December 31,<br>2023 | %             | December 31,<br>2022 |
|------------------------------------|---------------|----------------------|---------------|----------------------|
| Türkiye Tarım Kredi Kooperatifleri |               |                      |               |                      |
| Merkez Birliği                     | 75,95         | 253.684.607          | 75,95         | 253.684.607          |
| Other                              | 24,05         | 80.315.393           | 24,05         | 80.315.393           |
| <b>Total</b>                       | <b>100,00</b> | <b>334.000.000</b>   | <b>100,00</b> | <b>334.000.000</b>   |

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

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Notes to the Consolidated Financial Statements as of December 31, 2023**

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**NOTE 19 – EQUITY (Cont'd)**

**Reserves on retained earnings**

Legal reserves consist of first and second legal reserves, which are allocated according to the Turkish Commercial Code. The first legal reserves are set aside at the rate of 5% per annum from the previous period's commercial profit, until they reach 20% of the historical paid-in capital. Second order legal reserves are set aside at the rate of 10% per annum over all cash dividend distributions after the first legal reserves and dividends. As of 31 December 2022 and 2021, profit reserves consisted of the following items:

|                | December<br>31,2023 | December<br>31,2022 |
|----------------|---------------------|---------------------|
| Legal reserves | 481.278.542         | 462.449.384         |
| <b>Total</b>   | <b>481.278.542</b>  | <b>462.449.384</b>  |

Publicly traded companies distribute dividends in accordance with the CMB's Dividend Communiqué No. II-19.1, which came into force as of February 1, 2014.

**NOTE 20 – DERIVATIVE FINANCIAL INSTRUMENTS**

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

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

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

**December 31, 2023**

| Forward agreement | Maturity   | Nominal value<br>(USD) | Fair value<br>(TL) |
|-------------------|------------|------------------------|--------------------|
| USD buying        | April 2024 | 26.000.000             | (3.483.981)        |
| <b>Total</b>      |            |                        | <b>(3.483.981)</b> |

**December 31, 2022**

| Forward agreement | Maturity  | Nominal value<br>(USD) | Fair value<br>(TL)  |
|-------------------|-----------|------------------------|---------------------|
| USD buying        | July 2023 | 100.000.000            | (13.876.020)        |
| <b>Total</b>      |           |                        | <b>(13.876.020)</b> |

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Notes to the Consolidated Financial Statements as of December 31, 2023**

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**NOTE 21 - REVENUE**

| <b>Sales</b>                                   | <b>January 1 –<br/>December 31, 2023</b> | <b>January 1 –<br/>December 31, 2022</b> |
|------------------------------------------------|------------------------------------------|------------------------------------------|
| Domestic sales                                 | 32.044.630.965                           | 40.240.042.997                           |
| Foreign sales                                  | 4.020.494.963                            | 8.705.911.565                            |
| Service sales                                  | 45.701.343                               | 169.405.032                              |
| Sales returns (-)                              | (8.256.304)                              | (14.664.437)                             |
| Sales discounts (-)                            | (470.103.623)                            | (733.457.381)                            |
| Other discounts from sales (-)                 | (91.123.656)                             | (62.960.771)                             |
| <b>Total</b>                                   | <b>35.541.343.688</b>                    | <b>48.304.277.005</b>                    |
| <b>Cost of sales</b>                           | <b>January 1 –<br/>December 31, 2023</b> | <b>January 1 –<br/>December 31, 2022</b> |
| <b>Cost of goods produced</b>                  | <b>14.012.658.503</b>                    | <b>20.415.054.471</b>                    |
| Change in the finished goods                   | (30.507.827)                             | (381.643.713)                            |
| -Finished goods at the beginning of the period | 2.017.887.421                            | 1.636.243.708                            |
| -Finished goods at the end of the period       | (2.048.395.248)                          | (2.017.887.421)                          |
| <b>Cost of finished goods sold</b>             | <b>13.982.150.676</b>                    | <b>20.033.410.758</b>                    |
| -Trade goods at the beginning of the period    | 6.770.661.270                            | 4.202.786.479                            |
| -Purchases                                     | 12.894.948.456                           | 23.544.465.867                           |
| -Trade goods at the end of the period          | (2.052.405.480)                          | (6.770.661.270)                          |
| <b>Cost of trade goods sold</b>                | <b>17.613.204.246</b>                    | <b>20.976.591.076</b>                    |
| <b>Cost of other sales</b>                     | <b>13.782.333</b>                        | <b>97.156.945</b>                        |
| <b>Cost of services sold</b>                   | <b>49.668.874</b>                        | <b>24.992.002</b>                        |
| <b>Total</b>                                   | <b>31.658.806.129</b>                    | <b>41.132.159.781</b>                    |

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Notes to the Consolidated Financial Statements as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 22 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING, SELLING AND DISTRIBUTION EXPENSES**

|                                              | January 1 –<br>December 31, 2023 | January 1 –<br>December 31, 2022 |
|----------------------------------------------|----------------------------------|----------------------------------|
| General administrative expenses              | 913.737.696                      | 940.365.754                      |
| Marketing, selling and distribution expenses | 1.783.407.265                    | 1.553.475.284                    |
| <b>Total</b>                                 | <b>2.697.144.961</b>             | <b>2.493.841.038</b>             |

| <b>General administrative expenses</b> | <b>January 1 –<br/>December 31, 2023</b> | <b>January 1 –<br/>December 31, 2022</b> |
|----------------------------------------|------------------------------------------|------------------------------------------|
| Personnel expenses                     | 611.737.375                              | 621.992.608                              |
| Outsourced services                    | 44.407.147                               | 24.156.534                               |
| Depreciation and amortization expenses | 31.961.896                               | 27.966.186                               |
| Taxes and duties                       | 2.221.333                                | 34.389.417                               |
| Other expenses                         | 223.409.945                              | 231.861.009                              |
| <b>Total</b>                           | <b>913.737.696</b>                       | <b>940.365.754</b>                       |

| <b>Marketing, selling and distribution expenses</b> | <b>January 1 –<br/>December 31, 2023</b> | <b>January 1 –<br/>December 31, 2022</b> |
|-----------------------------------------------------|------------------------------------------|------------------------------------------|
| Outsourced services (*)                             | 1.259.341.010                            | 1.215.006.323                            |
| Fertilizer tracking system expenses                 | 255.221.434                              | 162.183.209                              |
| Personnel expenses                                  | 116.661.524                              | 109.948.715                              |
| Advertising expenses                                | 13.475.944                               | 14.183.030                               |
| Depreciation and amortization expenses              | 23.629.384                               | 10.647.289                               |
| Rental expenses                                     | 52.342.565                               | 10.969.746                               |
| Other expenses                                      | 62.735.404                               | 30.536.972                               |
| <b>Total</b>                                        | <b>1.783.407.265</b>                     | <b>1.553.475.284</b>                     |

(\*) The benefits and services providing from the outside are formed mainly by the transportation costs.

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

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**NOTE 23 – EXPENSES BY NATURE**

|                                        | January 1 –<br>December 31, 2023 | January 1 –<br>December 31, 2022 |
|----------------------------------------|----------------------------------|----------------------------------|
| Cost of goods sold                     | 13.016.454.522                   | 19.169.154.728                   |
| Cost of trade goods sold               | 17.613.204.246                   | 20.976.591.076                   |
| Outsourced services                    | 1.558.969.591                    | 1.239.162.857                    |
| Personnel expenses                     | 728.398.899                      | 731.941.323                      |
| Depreciation and amortization expenses | 1.240.635.364                    | 902.878.505                      |
| Tax and duties                         | 2.221.333                        | 34.389.417                       |
| Advertising expenses                   | 13.475.944                       | 14.183.030                       |
| Cost of other sales                    | 13.782.333                       | 97.165.945                       |
| Cost of service sold                   | 49.668.874                       | 24.992.002                       |
| Other expenses                         | 119.139.984                      | 435.550.936                      |
| <b>Total</b>                           | <b>34.355.951.090</b>            | <b>43.626.009.819</b>            |

**NOTE 24 - OTHER OPERATING INCOME AND EXPENSES**

**24.1 Other operating income**

|                                                       | January 1 –<br>December 31, 2023 | January 1 –<br>December 31, 2022 |
|-------------------------------------------------------|----------------------------------|----------------------------------|
| Foreign exchange income related to trade transactions | 553.648.917                      | 1.768.540.908                    |
| Interest income                                       | 109.413.548                      | 49.958.829                       |
| Provisions no longer required                         | 2.631.168.224                    | 287.505.977                      |
| <b>Total</b>                                          | <b>3.294.230.689</b>             | <b>2.106.005.714</b>             |

**24.2 Other operating expense**

|                                                         | January 1 –<br>December 31, 2023 | January 1 –<br>December 31, 2022 |
|---------------------------------------------------------|----------------------------------|----------------------------------|
| Foreign exchange expenses related to trade transactions | 961.338.179                      | 3.795.463.717                    |
| VAT provision expense related to Razi                   | 98.389.474                       | 237.652.396                      |
| Previous year expenses – Razi (*)                       | --                               | 90.793.496                       |
| Unworked portion expenses                               | 198.725.270                      | --                               |
| Other expenses                                          | 354.236.842                      | 526.665.593                      |
| <b>Total</b>                                            | <b>1.612.689.765</b>             | <b>4.650.575.202</b>             |

(\*) This is the expense arising from the correction of the previous year natural gas price.

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements as of December 31, 2023**

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**NOTE 25 – INCOME / (EXPENSE) FROM INVESTMENT ACTIVITIES**

| <b>Income from investment activities</b>                                             | <b>January 1 –<br/>December 31, 2023</b> | <b>January 1 –<br/>December 31, 2022</b> |
|--------------------------------------------------------------------------------------|------------------------------------------|------------------------------------------|
| Value increase of investment properties                                              | 243.242.548                              | 226.093.880                              |
| Rental income from investment properties                                             | 1.130.028                                | 4.041.141                                |
| Profit from sales of property, plant and equipment                                   | 1.379.921                                | 2.539.579                                |
| Valuation difference of financial assets stated at fair value through profit or loss | 21.073.516                               | 10.307.716                               |
| Other income                                                                         | 24.133.825                               | --                                       |
| <b>Total</b>                                                                         | <b>290.959.838</b>                       | <b>242.982.316</b>                       |
| <b>Expense from investment activities</b>                                            | <b>January 1 –<br/>December 31, 2023</b> | <b>January 1 –<br/>December 31, 2022</b> |
| Loss on sales of property, plant and equipment                                       | 328.460                                  | 101.720                                  |
| <b>Total</b>                                                                         | <b>328.460</b>                           | <b>101.720</b>                           |

**NOTE 26- FINANCIAL INCOME AND EXPENSES**

| <b>Financial expenses</b>                          | <b>January 1 –<br/>December 31, 2023</b> | <b>January 1 –<br/>December 31, 2022</b> |
|----------------------------------------------------|------------------------------------------|------------------------------------------|
| Exchange rate gains                                | 1.328.046.017                            | 1.325.242.672                            |
| Interest income                                    | 644.302.354                              | 228.904.653                              |
| Non-operating interest income                      | 10.010.534                               | 10.578.010                               |
| Other financing income                             | --                                       | 1.385.157                                |
| <b>Total</b>                                       | <b>1.982.358.905</b>                     | <b>1.566.110.492</b>                     |
| <b>Finance expenses</b>                            | <b>January 1 –<br/>December 31, 2023</b> | <b>January 1 –<br/>December 31, 2022</b> |
| Exchange rate losses                               | 1.117.884.805                            | 1.215.381.141                            |
| Interest expenses                                  | 1.031.857.096                            | 936.392.494                              |
| Other finance expenses                             | 67.360.681                               | 21.655.467                               |
| <b>Total</b>                                       | <b>2.217.102.582</b>                     | <b>2.173.429.102</b>                     |
| <b>Net monetary position gains / (losses)</b>      | <b>January 1 –<br/>December 31, 2023</b> | <b>January 1 –<br/>December 31, 2022</b> |
| Net monetary position gains / (high inflation) (*) | (3.618.926.211)                          | (1.804.474.174)                          |
| <b>Total</b>                                       | <b>(3.618.926.211)</b>                   | <b>(1.804.474.174)</b>                   |

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

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**NOTE 27- ASSETS HELD FOR SALE**

None.

**NOTE 28 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)**

**Current and deferred income tax**

Tax expense includes current tax expense and deferred tax expense or income. Tax is included in the consolidated statement of income unless it relates to a transaction accounted for directly under equity. Otherwise, the tax is accounted for under equity along with the related transaction.

Period tax expense is calculated by considering the tax laws in force in the countries where the Group's subsidiaries and associates valued using the equity method operate as of the balance sheet date. According to Turkish tax legislation, corporations whose legal or business centers are located 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 25% (which will be 23% for after taxation in 2022) is paid on the basis of the tax base declared in the interim periods during the year to be deducted from the corporate tax in Turkey. separated.

Deferred tax is calculated over the temporary differences between the carrying values of assets and liabilities in the consolidated financial statements and their tax values, using the liability method. In the calculation of deferred tax, the tax rates valid as of the balance sheet date are used in accordance with the current tax legislation.

While deferred tax liability is calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated provided that it is highly probable to benefit from these differences by generating taxable profit in the future.

Provided that they are subject to the tax legislation of the same country and there is a legally enforceable right to set off current tax assets from current tax liabilities, deferred tax assets and liabilities are mutually offset.

**Tax benefits obtained within the scope of the Investment Incentive System**

The profits obtained from investments covered by the Group's incentive certificate are subject to corporate tax at discounted rates until the contribution amount to the investment is reached, starting from the accounting period in which the investment is partially or fully put into operation. In this context, as of December 31, 2023, a tax advantage of TL 1.240.849.318 (as of December 31, 2022: TL 32.818.985) which the Group is expected to benefit from in the foreseeable future, has been reflected in the consolidated financial statements as deferred tax asset. As a result of the accounting for this tax advantage as of December 31, 2023, a deferred tax income of TL 1.208.030.321 has been recognized in the consolidated statement of profit or loss for the period ended December 31, 2023 (December 31, 2022: TL 95.420.469 ).

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

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**NOTE 28 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)**  
**(Cont'd)**

**Tax assets and liabilities**

**Corporate tax**

The Company and its Subsidiaries and Affiliates established in Turkey and other countries within the scope of consolidation are subject to the applicable tax legislation and practices of the countries in which they operate.

The corporate tax rate in Turkey is 25% (it will be applied as 23% for the year 2023 and thereafter.) The corporate tax rate is applied to corporate incomes derived at as a result of adding to the commercial earnings of corporations the non-deductible expenses and deducting the exemptions and deductions as per tax laws. Corporate tax is declared until the evening of the twenty-fifth day of the fourth month following the end of the relevant year and is paid until the end of the relevant month.

Companies calculate 25% temporary tax on their quarterly fiscal profits 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 return 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.

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

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**NOTE 28 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)  
(Cont'd)**

**Tax assets and liabilities (Cont'd)**

**Corporate tax (Cont'd)**

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

|                                            | December 31,<br>2023 |                      |                      |
|--------------------------------------------|----------------------|----------------------|----------------------|
|                                            | Gübretaş             | Razi                 | Total                |
| Provision for current period corporate tax | (265.546.571)        | (94.270.177)         | (359.816.748)        |
| Prepaid tax                                | 99.416.155           | 216.135.316          | 315.551.471          |
| Prior year's corporate tax liabilities     | --                   | (19.018.710)         | (19.018.710)         |
| Translation differences                    | --                   | (567.805.171)        | (567.805.171)        |
| <b>Total</b>                               | <b>(166.130.416)</b> | <b>(464.958.742)</b> | <b>(631.089.158)</b> |

|                                            | December 31,<br>2022 |                      |                      |
|--------------------------------------------|----------------------|----------------------|----------------------|
|                                            | Gübretaş             | Razi                 | Total                |
| Provision for current period corporate tax | (277.754.613)        | (584.864.709)        | (862.619.322)        |
| Prepaid tax                                | 123.206.130          | 36.672.512           | 159.878.642          |
| Prior year's corporate tax liabilities     | --                   | (31.337.680)         | (31.337.680)         |
| Translation differences                    | --                   | (205.923.822)        | (205.925.610)        |
| <b>Total</b>                               | <b>(154.548.483)</b> | <b>(785.453.699)</b> | <b>(940.003.970)</b> |

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 28 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)**  
(Cont'd)**Deferred tax assets and liabilities**

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

|                                                                            | December 31, 2023     |                                      | December 31, 2022     |                                      |
|----------------------------------------------------------------------------|-----------------------|--------------------------------------|-----------------------|--------------------------------------|
|                                                                            | Temporary differences | Deferred tax, assets and liabilities | Temporary differences | Deferred tax, assets and liabilities |
| Investment deduction benefits                                              | 810.452.306           | 202.613.077                          | 164.094.927           | 32.818.985                           |
| Trade receivables                                                          | 3.006.333             | 751.583                              | 8.358.847             | 1.671.769                            |
| Employee termination benefits and leave provisions                         | 174.064.851           | 42.980.475                           | 205.473.652           | 24.003.058                           |
| Receivable discounts                                                       | 12.761.869            | 2.552.374                            | 18.636.058            | 3.727.212                            |
| Expense accruals                                                           | —                     | —                                    | 13.876.020            | 2.775.204                            |
| Provision for litigation                                                   | 15.225.437            | 3.806.359                            | 18.199.940            | 3.639.988                            |
| Gübretaş Mining investment deduction                                       | 2.697.666.132         | 1.038.236.241                        | —                     | —                                    |
| Other                                                                      | 98.632.037            | 24.658.009                           | 108.141.326           | 21.628.265                           |
| <b>Deferred tax assets</b>                                                 | <b>3.811.808.965</b>  | <b>1.315.598.117</b>                 | <b>536.780.769</b>    | <b>90.264.482</b>                    |
| Bases differences of property, plant and equipment and investment property | 4.288.003.943         | 1.021.268.252                        | 1.339.156.058         | 274.525.515                          |
| Inventory adjustments                                                      | 75.306.334            | 23.548.646                           | 243.823.836           | 48.764.767                           |
| Income/expense accruals (net)                                              | 5.675.145             | 1.418.786                            | 5.471.864             | 1.094.373                            |
| Debt discounts                                                             | 12.270.782            | 3.067.696                            | 35.559.172            | 7.111.834                            |
| Other receivables                                                          | —                     | —                                    | —                     | —                                    |
| Other                                                                      | 65.233.766            | 15.437.446                           | 369.642.590           | 30.543.341                           |
| <b>Deferred tax liabilities</b>                                            | <b>4.446.489.970</b>  | <b>1.064.740.826</b>                 | <b>1.993.653.520</b>  | <b>362.039.830</b>                   |
| <b>Net deferred tax asset</b>                                              |                       | <b>250.857.291</b>                   |                       | <b>(271.775.348)</b>                 |
| <b>Razi Co. deferred tax asset / (liability) (*)</b>                       |                       | <b>135.181.396</b>                   |                       | <b>541.430.311</b>                   |
| <b>Total deferred tax asset / (liability)</b>                              |                       | <b>386.038.687</b>                   |                       | <b>269.654.962</b>                   |

(\*) The investment incentive certificate for Gübretaş Maden, related to the Investment Incentive Certificate number 531623 issued by the Ministry of Industry and Technology of the Republic of Turkey commenced on December 28, 2021. The total investment amount covered by the certificate amounted to TL 4.602.562.065. The incentives to be utilized from the investments include an 80% tax deduction rate for the year 2023 and a 40% investment contribution rate. In the current period, a tax deduction of TL 40.830.223 will be utilized.

(\*) The asset amounting to TL 135.181.396 arise from the deferred tax effect of Razi's urea price difference.

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

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(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 28 - INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)**  
**(Cont'd)**

**Deferred tax assets and liabilities (Cont'd)**

Information related to deferred tax transaction table:

|                                                                   | December 31,<br>2023               | December 31,<br>2022               |
|-------------------------------------------------------------------|------------------------------------|------------------------------------|
| Opening balance on January 1                                      | 269.654.962                        | (374.232.388)                      |
| Impact of foreign currency translation<br>of deferred tax of Razi | (23.271.768)                       | 89.222.616                         |
| <b>Sub total</b>                                                  | <b>246.383.194</b>                 | <b>(285.009.772)</b>               |
| Deferred tax income /(expense)                                    | 824.567.089                        | 1.129.889.270                      |
| Tax revenue recognized in other comprehensive income              | (620.277.446)                      | (633.016.612)                      |
| Monetary gain/(loss)                                              | (64.634.150)                       | 57.792.076                         |
| <b>Reconciliation of the tax provision:</b>                       | <b>(150.718.544)</b>               | <b>(75.809.339)</b>                |
|                                                                   |                                    |                                    |
|                                                                   | January 1-<br>December 31,<br>2023 | January 1-<br>December 31,<br>2022 |
| <b>Reconciliation of the tax provision</b>                        |                                    |                                    |
| Profit / (Loss) before tax                                        | (515.241.136)                      | 209.353.853                        |
| Tax rate                                                          | 25%                                | 23%                                |
| <b>Calculated tax</b>                                             | <b>128.810.284</b>                 | <b>(48.151.386)</b>                |
| Impact of foreign subsidiaries subjected to different tax rates   | --                                 | (84.887.381)                       |
| Disallowable expenses                                             | (106.633.128)                      | (171.225.701)                      |
| Tax effects of discount and exemptions                            | 158.633.128                        | 19.679.022                         |
| Differences not subject to other taxes                            | --                                 | (5.084.371)                        |
| Total discounts of investment incentives                          | 169.794.091                        | 95.420.469                         |
| Monetary gain/(loss)                                              | 115.551.699                        | 86.666.950                         |
| <b>Tax income / expense</b>                                       | <b>466.726.377</b>                 | <b>(107.582.398)</b>               |

**NOTE 29 - 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-<br>December<br>31,2023 | January 1-<br>December 31,<br>2022 |
|---------------------------------------------------------------|-----------------------------------|------------------------------------|
| Net period (loss) on parent's shares)                         | (417.275.408)                     | 228.143.439                        |
| Weighted average number of issued ordinary shares (1 kr each) | 33.400.000.000                    | 33.400.000.000                     |
| <b>Earnings per share (kr) (*)</b>                            | <b>(1,249)</b>                    | <b>0,683</b>                       |

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

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Notes to the Consolidated Financial Statements as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 30 - RELATED PARTIES TRANSACTIONS**

**30.1 Related Party Balances**

| Trade receivables                        | December 31,<br>2023 | December 31,<br>2022 |
|------------------------------------------|----------------------|----------------------|
| TKK                                      | 1.185.099.335        | 2.130.674.621        |
| Other related parties                    | 32.557               | 670.262              |
| <b>Total</b>                             | <b>1.185.131.892</b> | <b>2.131.344.883</b> |
| Trade payables                           | December 31,<br>2023 | December 31,<br>2022 |
| Tarım Kredi Teknoloji A.Ş.               | 43.989               | 3.488.640,00         |
| Tarım Kredi Taşımacılık ve Lojistik A.Ş. | --                   | 3.559.543            |
| Tarım Kredi Holding A.Ş.                 | 2.356.440            | 58.916               |
| Bereket Sigorta A.Ş.                     | 18.748.631           | 3.352.573            |
| TKK ve Tarım Kredi Kooperatifleri        | 11.440               | 1.289.193            |
| Tarım Kredi Birlik Tarım Ürünleri A.Ş.   | --                   | 32.936               |
| Tarkim Bitki Koruma San. ve Tic. A.Ş.    | 1.087.485            | 3.159                |
| Bereket Katılım Emeklilik ve Hayat A.Ş.  | 14.400               | --                   |
| <b>Total</b>                             | <b>22.262.385</b>    | <b>11.784.960</b>    |

**30.2 Transactions with Related Parties**

| Sales of goods and services              | January 1-<br>December 31,<br>2023 | January 1-<br>December 31,<br>2022 |
|------------------------------------------|------------------------------------|------------------------------------|
| TKK ve Tarım Kredi Kooperatifleri        | 19.267.365.218                     | 30.698.377.799                     |
| Tarım Kredi Lojistik A.Ş.                | 2.335.136                          | --                                 |
| Tarkim Bitki Koruma San. ve Tic. A.Ş.    | --                                 | 5.167                              |
| Tarım Kredi Teknoloji A.Ş.               | --                                 | 9.910                              |
| Tarım Kredi Holding A.Ş.                 | --                                 | 3.838.719                          |
| Bereket Sigorta A.Ş.                     | 10.538.117                         | 14.020.478                         |
| Tarım Kredi Yem Sanayi ve Tic. A.Ş.      | --                                 | 22.725                             |
| Tarım Kredi Taşımacılık ve Lojistik A.Ş. | --                                 | 20.268                             |
| <b>Total</b>                             | <b>19.280.238.471</b>              | <b>30.716.295.066</b>              |

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 30 - RELATED PARTIES TRANSACTIONS (Cont'd)****30.2 Transactions with Related Parties (Cont'd)**

|                                                     | January 1-<br>December 31,<br>2023 | January 1-<br>December 31,<br>2022 |
|-----------------------------------------------------|------------------------------------|------------------------------------|
| <b>Purchases of goods and services</b>              |                                    |                                    |
| İmece Plastik A.Ş.                                  | --                                 | 429.139                            |
| Tarım Kredi Teknoloji A.Ş.                          | 8.368.360                          | 35.387.508                         |
| Tarım Kredi Birlik Tarım Ürünleri San. ve Tic. A.Ş. | --                                 | 3.323.066                          |
| Tarkim Bitki Koruma San. ve Tic. A.Ş.               | 6.477.344                          | 16.174.312                         |
| Tarım Kredi Yem Sanayi ve Tic. A.Ş.                 | --                                 | 11.847                             |
| Bereket Sigorta A.Ş.                                | 43.987.969                         | 45.295.731                         |
| Bereket Katılım Emeklilik ve Hayat A.Ş.             | 279.473                            | 210.639                            |
| Tarım Kredi Pazarlama ve Marketçilik A.Ş.           | 954.445                            | 2.216.677                          |
| Tarım Kredi Holding A.Ş.                            | 8.898.082                          | 94.451                             |
| Tarım Kredi Hayvancılık A.Ş.                        | 1.797.198                          | --                                 |
| Tarım Kredi Taşımacılık ve Lojistik A.Ş.            | 58.153.129                         | 58.842.581                         |
| <b>Total</b>                                        | <b>565.815.919</b>                 | <b>192.416.227</b>                 |

|                                                       | January 1-<br>December 31,<br>2023 | January 1-<br>December 31,<br>2022 |
|-------------------------------------------------------|------------------------------------|------------------------------------|
| <b>Interest expense</b>                               |                                    |                                    |
| Tarım Kredi Holding A.Ş.                              | --                                 | 49.928                             |
| Tarım Kredi Tedarik ve Üretim A.Ş.                    | 1.955.369                          | --                                 |
| Tarım Kredi Birlik Tarım Ürünleri Hay. Amb. Tic. A.Ş. | --                                 | 3.392.081                          |
| <b>Total</b>                                          | <b>1.955.369</b>                   | <b>3.442.009</b>                   |

**30.3 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 December 31, 2023 and December 31, 2022 are as follows:

|                                                         | December 31,2023  |                   |                   | December 31,2022  |                   |                   |
|---------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                                                         | Gübretaş          | Maden             | Razi              | Gübretaş          | Maden             | Razi              |
| Remuneration and benefits provided to senior executives | 13.270.834        | 19.361.198        | 12.875.095        | 15.107.029        | 25.866.549        | 13.372.955        |
| <b>Total</b>                                            | <b>13.270.834</b> | <b>19.361.198</b> | <b>12.875.095</b> | <b>15.107.029</b> | <b>25.866.549</b> | <b>13.372.955</b> |

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ****Notes to the Consolidated Financial Statements as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 31 – FINANCIAL INVESTMENTS**

| Short-term financial investments                                                                       |                                                 | Maturity          | Int. rates (%)        | December 31,2023  |                       |
|--------------------------------------------------------------------------------------------------------|-------------------------------------------------|-------------------|-----------------------|-------------------|-----------------------|
| Private sector bonds and bills                                                                         |                                                 | --                | --                    | --                |                       |
| Currency protected deposit                                                                             |                                                 | July 2024         | 8,50-29               | 44.716.110        |                       |
| Total                                                                                                  |                                                 |                   |                       | 44.716.110        |                       |
| Short-term financial investments                                                                       |                                                 | Maturity          | Int. rates (%)        | December 31,2022  |                       |
| Private sector bonds and bills                                                                         |                                                 | March 2023        | 15-18                 | 643.485.994       |                       |
| Currency protected deposit                                                                             |                                                 | May 2023          | 13,50                 | 94.055.313        |                       |
| Total                                                                                                  |                                                 |                   |                       | 737.541.307       |                       |
| Long-term financial investments                                                                        |                                                 |                   |                       |                   |                       |
|                                                                                                        |                                                 | Maturity          | Int. rates (%)        | December 31,2023  |                       |
| Financial Assets ( Investment Funds) at fair value through profit or loss                              |                                                 | --                | --                    | 676.699           |                       |
| Financial Assets (Eurobonds) at fair value through profit or loss                                      |                                                 | --                | --                    | 311.279.603       |                       |
| Public sector bonds and bills                                                                          |                                                 | 2024              | 15                    | 59.022.765        |                       |
| Total                                                                                                  |                                                 |                   |                       | 370.979.067       |                       |
|                                                                                                        |                                                 | Maturity          | Int. rates (%)        | December 31,2022  |                       |
| Realized gains/losses on financial assets (investment funds) reflected in profit or loss at fair value |                                                 | --                | --                    | 644.344           |                       |
| Public sector bonds and bills                                                                          |                                                 | March 2023        | 15-18                 | 123.601.495       |                       |
| Total                                                                                                  |                                                 |                   |                       | 124.245.839       |                       |
| Title                                                                                                  | Subject of activities                           | December 31, 2023 |                       | December 31, 2022 |                       |
|                                                                                                        |                                                 | % Share           | Amount of participant | % Share           | Amount of participant |
| TK Teknoloji                                                                                           | Information Technologies                        | 15,78             | 45.269.238            | 15,78             | 45.269.238            |
| Tareksav                                                                                               | Agricultural Credit Cooperatives Education Fund | 24,10             | 200.000               | 24,10             | 200.000               |
| Rexim Dış Ticaret A.Ş.                                                                                 | Foreign Trade                                   | 48,88             | 1.830.729             | 48,88             | 1.830.729             |
| Petro saman Avaran                                                                                     | Service Provider                                | 33,73             | 157.963               | 33,73             | 157.963               |
| Total                                                                                                  |                                                 |                   | 47.457.930            |                   | 47.457.930            |

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Notes to the Consolidated Financial Statements as of December 31, 2023**

(Amounts expressed in terms of the purchasing power of Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's risk management program focuses on the fluctuations of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

**Capital risk management**

The Group's main objectives for capital management are to keep the Group's ability to continue as a going concern in order to increase the returns provided to shareholders and benefits for other stakeholders and to maintain an optimal debt / equity structure effectively. The capital structure of the Group comprises of debt, cash and cash equivalents and equity items including paid in capital, equity reserves and profit reserves, which are disclosed in Note 19.

The Group evaluates the risks associated with each capital item together with capital cost and monitors capital to obtain the optimal debt/total equity ratio. Debt/total equity ratio is calculated dividing the net financial debt by total capital. Net financial debt is calculated as total financial liabilities less cash and cash equivalents.

Net financial debt/total equity ratio as of December 31, 2023 and December 31, 2022 is as follows:

|                                | December 31,<br>2023  | December 31,<br>2022  |
|--------------------------------|-----------------------|-----------------------|
| Total debt                     | 15.395.135.552        | 21.090.779.460        |
| Cash and cash equivalents (-)  | 2.279.416.182         | 1.785.115.431         |
| <b>Net debt</b>                | <b>13.115.719.370</b> | <b>19.305.664.030</b> |
| Total equity                   | 16.637.379.098        | 14.207.202.068        |
| <b>Net debt / total equity</b> | <b>%79</b>            | <b>%136</b>           |

**Hedging activities and derivative instruments**

**Liquidity risk**

The Group Management manages the liquidity risk by managing the balance sheet and its cash flows in compliance. Accordingly, the Group Management ensures that the maturities of receivables and payables are in compliance; net working capital management targets are set to protect the short-term liquidity; liquidity opportunities are kept available in the financial institutions to meet the possible liquidity problems and balance sheet ratios are trying to be kept in acceptable level.

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Notes to the Consolidated Financial Statements as of December 31, 2023**

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**NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**

**Liquidity risk (Cont'd)**

In medium- and long-term liquidity management, the Group's cash flow estimates are based on financial markets and industry dynamics, the cash flow cycle is monitored and tested according to various scenarios.

| December 31, 2023                           | Book value            | Total of contractual cash outflows 1 | Shorter than 3 months | Between 3-12 months  | Longer than 5 years |
|---------------------------------------------|-----------------------|--------------------------------------|-----------------------|----------------------|---------------------|
| <b>Non-derivative financial liabilities</b> |                       |                                      |                       |                      |                     |
| Financial borrowings                        | 7.321.836.580         | 7.321.836.580                        | 623.053.711           | 6.687.764.356        | 11.018.513          |
| Trade payables                              | 4.560.364.502         | 4.572.635.284                        | 2.015.330.357         | 2.447.734.356        | 109.570.571         |
| Other payables                              | 877.651.284           | 877.651.284                          | 877.651.284           | --                   | --                  |
| <b>Total</b>                                | <b>12.759.852.366</b> | <b>12.772.123.148</b>                | <b>3.516.035.352</b>  | <b>9.135.498.712</b> | <b>120.589.084</b>  |

| December 31, 2022                           | Book value            | Total of contractual cash outflows 1 | Shorter than 3 months | Between 3-12 months  | Longer than 5 years |
|---------------------------------------------|-----------------------|--------------------------------------|-----------------------|----------------------|---------------------|
| <b>Non-derivative financial liabilities</b> |                       |                                      |                       |                      |                     |
| Financial borrowings                        | 9.162.682.386         | 9.162.682.386                        | 3.206.322.226         | 5.882.483.281        | 73.876.879          |
| Trade payables                              | 8.500.590.085         | 8.465.030.913                        | 7.231.109.074         | 1.117.111.193        | 116.810.646         |
| Other payables                              | 691.086.167           | 691.086.167                          | 691.086.167           | --                   | --                  |
| <b>Total</b>                                | <b>18.354.358.638</b> | <b>18.318.799.466</b>                | <b>11.128.517.467</b> | <b>6.999.594.474</b> | <b>190.687.525</b>  |

**Interest rate risk**

The Group is exposed to significant interest rate risk arising from the rate changes on interest-bearing liabilities and assets. The Group manages this risk by balancing the repricing terms of interest-bearing assets and liabilities with fixed-floating interest mainly.

|                                             | December 31, 2023 | December 31, 2022 |
|---------------------------------------------|-------------------|-------------------|
| <b>Fixed interest financial instruments</b> |                   |                   |
| Financial assets                            |                   |                   |
| -Time deposits                              | 2.052.803.179     | 731.380.248       |
| -Financial investments                      | 463.153.107       | 909.245.076       |
| Financial borrowings                        | 3.822.255.584     | 7.534.732.087     |
| <b>Floating rate financial instruments</b>  |                   |                   |
| Financial liabilities                       | 3.499.580.996     | 1.627.950.299     |

**Funding risk**

The funding risk of current and prospective debt requirements is managed by maintaining the availability of sufficient number of high-quality lenders.

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

**Notes to the Consolidated Financial Statements as of December 31, 2023**

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**NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**

**Credit risk**

The Group is exposed to credit risk arising from receivables from credit financed sales and deposits with banks.

In the management of the collection risk of trade receivables, the principle of securing the receivables at the highest possible rate is acted upon. In this context, bank guarantees (letter of guarantee, limits defined to customers in direct debit systems) are used in general.

For receivables that are not secured by bank guarantees, individual limits are determined as a result of the evaluation of the credit quality of the customer, taking into account the risk control, the customer's financial position, past experience and other factors, and the use of these credit limits is constantly monitored.

**Credit risk management**

The Group is exposed to credit risk due to the trade receivables arising from the sales on account. Management minimizes the credit risk regarding its trade receivables by taking guarantees (such as bank letter of guarantee, mortgage, etc.) from customers (except for related parties). These credit risks are monitored continuously by the Group and the quality of the receivables are evaluated by considering past experiences and current economic condition. The trade receivables are presented in the consolidated balance sheet in net amount after deducting the allowance for doubtful receivables not to be collected. Approximately 64% of the Group sales were made to the main shareholder TTK.

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

**GÜBRE FABRİKALARI TÜRK ANONİM ŞİRKETİ**

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**NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**

**Credit risk management (Cont'd)**

The credit risks exposed by the financial instrument types as of December 31, 2023 and December 31, 2022 are as follows:

| December 31, 2023                                                                                             | Receivables       |               |                   |               |                  |             | Derivative financial instruments | Financial investments |
|---------------------------------------------------------------------------------------------------------------|-------------------|---------------|-------------------|---------------|------------------|-------------|----------------------------------|-----------------------|
|                                                                                                               | Trade receivables |               | Other receivables |               | Deposit in banks |             |                                  |                       |
|                                                                                                               | Related party     | Other party   | Related party     | Other party   |                  |             |                                  |                       |
| Minimum credit risk exposed as of reporting date (A+B+C+D)<br>-part of maximum risk secured by guarantee etc. | 1.185.131.892     | 2.744.696.604 | --                | 1.338.082.952 | 2.277.728.017    | (3.483.981) | 463.153.107                      |                       |
| A) Net book value of financial assets which are undue or not exposed to depreciation                          | 1.185.131.892     | 2.744.696.604 | --                | 1.338.082.952 | 2.277.728.017    | (3.483.981) | 463.153.107                      |                       |
| B) Net book value of assets which are overdue but not exposed to depreciation                                 | --                | --            | --                | --            | --               | --          | --                               |                       |
| C) Net book value of assets which are exposed to depreciation                                                 | --                | --            | --                | --            | --               | --          | --                               |                       |
| -Overdue (gross book value)                                                                                   | --                | 9.713.860     | --                | --            | --               | --          | --                               |                       |
| - Value decrease (-)                                                                                          | --                | (9.713.860)   | --                | --            | --               | --          | --                               |                       |
| - Part of net value secured by guarantee, etc.                                                                | --                | --            | --                | --            | --               | --          | --                               |                       |
| -Undue (gross book value)                                                                                     | --                | --            | --                | --            | --               | --          | --                               |                       |
| - Value decrease (-)                                                                                          | --                | --            | --                | --            | --               | --          | --                               |                       |
| - Part of net value secured by guarantee, etc.                                                                | --                | --            | --                | --            | --               | --          | --                               |                       |
| D) Off-balance sheet elements carrying credit risk                                                            | --                | --            | --                | --            | --               | --          | --                               |                       |

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**NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**

**Credit risk management (Cont'd)**

| December 31, 2022                                                                                             | Receivables       |              |                   |             |                  | Derivative financial instruments | Financial investments |
|---------------------------------------------------------------------------------------------------------------|-------------------|--------------|-------------------|-------------|------------------|----------------------------------|-----------------------|
|                                                                                                               | Trade receivables |              | Other receivables |             | Deposit in banks |                                  |                       |
|                                                                                                               | Related party     | Other party  | Related party     | Other party |                  |                                  |                       |
| Minimum credit risk exposed as of reporting date (A+B+C+D)<br>-part of maximum risk secured by guarantee etc. | 2.131.344.883     | 447.149.948  | --                | 811.106.869 | 1.783.374.884    | --                               | 909.245.076           |
| A) Net book value of financial assets which are undue or not exposed to depreciation                          | --                | --           | --                | --          | --               | --                               | --                    |
| B) Net book value of assets which are overdue but not exposed to depreciation                                 | 2.131.344.883     | 447.149.948  | --                | 811.106.869 | 1.783.374.884    | --                               | 909.245.076           |
| C) Net book value of assets which are exposed to depreciation                                                 | --                | --           | --                | --          | --               | --                               | --                    |
| -Overdue (gross book value)                                                                                   | --                | --           | --                | --          | --               | --                               | --                    |
| - Value decrease (-)                                                                                          | --                | 20.731.303   | --                | --          | --               | --                               | --                    |
| - Part of net value secured by guarantee, etc.                                                                | --                | (20.731.303) | --                | --          | --               | --                               | --                    |
| -Undue (gross book value)                                                                                     | --                | --           | --                | --          | --               | --                               | --                    |
| - Value decrease (-)                                                                                          | --                | --           | --                | --          | --               | --                               | --                    |
| - Part of net value secured by guarantee, etc.                                                                | --                | --           | --                | --          | --               | --                               | --                    |
| D) Off-balance sheet elements carrying credit risk                                                            | --                | --           | --                | --          | --               | --                               | --                    |

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**NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**

**Foreign currency risk**

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 December 31, 2023 are as follows:

|    |                                                                       | Amount in TL<br>(Functional currency) |                     | December<br>31, 2023 |                     |
|----|-----------------------------------------------------------------------|---------------------------------------|---------------------|----------------------|---------------------|
|    |                                                                       |                                       |                     | USD                  | EUR                 |
| 1  | Trade receivables                                                     | 174.928.960                           | 2.725.772           |                      | 2.528.922           |
| 2  | Monetary financial assets (including cash, bank accounts)             | 1.393.179.431                         | 46.841.012          |                      | 380.975             |
| 3  | Other current assets                                                  | 265.789.261                           | 7.364.187           |                      | 1.308.724           |
| 4  | <b>Foreign currency assets (1 + 2 + 3)</b>                            | <b>1.833.897.652</b>                  | <b>56.930.971</b>   |                      | <b>4.218.621</b>    |
| 5  | Trade payables                                                        | (30.859.262)                          | (656.239)           |                      | (308.233)           |
| 6  | Financial borrowings                                                  | (1.769.034.126)                       | (17.714.498)        |                      | (33.319.833)        |
| 7  | Other short-term liabilities, net                                     | (1.953.325.176)                       | (65.812.170)        |                      | (425.551)           |
| 8  | <b>Short term liabilities in foreign currency (5 + 6 + 7)</b>         | <b>(3.753.218.564)</b>                | <b>(84.182.907)</b> |                      | <b>(34.053.617)</b> |
| 9  | Trade payables                                                        | --                                    | --                  |                      | --                  |
| 10 | Financial borrowings                                                  | --                                    | --                  |                      | --                  |
| 11 | Long term liabilities in foreign currency (9 + 10)                    | --                                    | --                  |                      | --                  |
| 12 | <b>Total liabilities in foreign currency (8 + 11)</b>                 | <b>(3.753.218.564)</b>                | <b>(84.182.907)</b> |                      | <b>(34.053.617)</b> |
| 13 | <b>Net foreign currency asset, liability position (4-12)</b>          | <b>(1.919.320.912)</b>                | <b>(27.251.936)</b> |                      | <b>(29.834.996)</b> |
| 14 | Monetary items net foreign currency asset / liability position (4-12) | (1.919.320.912)                       | (27.251.936)        |                      | (29.834.996)        |
| 15 | Fair value of derivative instruments classified for hedging purposes  | --                                    | --                  |                      | --                  |
| 16 | <b>Amount of hedged portion of foreign currency liabilities</b>       | <b>765.393.200</b>                    | <b>26.000.000</b>   |                      | --                  |

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**NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**

**Foreign currency risk (Cont'd)**

Assets and liabilities denominated in foreign currency held by the Group in terms of original and Turkish Lira currency units as of December 31, 2022 are as follows:

|                                                                                 | <b>Amount in TL<br/>(Functional currency)</b> |                      | <b>December<br/>31, 2022</b> |  |
|---------------------------------------------------------------------------------|-----------------------------------------------|----------------------|------------------------------|--|
|                                                                                 |                                               | <b>USD</b>           | <b>EUR</b>                   |  |
| 1 Trade receivables                                                             | 37.621.189                                    | 1.218.625            | 2.304                        |  |
| 2 Monetary financial assets (including cash, bank accounts)                     | 1.359.979.146                                 | 34.624.864           | 8.926.039                    |  |
| 3 Other current assets                                                          | 630.347.452                                   | 16.596.846           | 3.622.917                    |  |
| 4 <b>Foreign currency assets (1 + 2 + 3)</b>                                    | <b>2.027.947.787</b>                          | <b>52.440.335</b>    | <b>12.551.260</b>            |  |
| 5 Trade payables                                                                | (5.057.437)                                   | (158.450)            | (5.347)                      |  |
| 6 Financial borrowings                                                          | (1.221.312.830)                               | (26.000.000)         | (12.794.344)                 |  |
| 7 Other short-term liabilities, net                                             | (4.290.022.115)                               | (138.987.988)        | (238.667)                    |  |
| 8 <b>Short term liabilities in foreign currency (5 + 6 + 7)</b>                 | <b>(5.516.392.382)</b>                        | <b>(165.146.438)</b> | <b>(13.038.358)</b>          |  |
| 9 Trade payables                                                                | --                                            | --                   | --                           |  |
| 10 Financial borrowings                                                         | --                                            | --                   | --                           |  |
| 11 Long term liabilities in foreign currency (9 + 10)                           | --                                            | --                   | --                           |  |
| 12 <b>Total liabilities in foreign currency (8 + 11)</b>                        | <b>(5.516.392.382)</b>                        | <b>(165.146.438)</b> | <b>(13.038.358)</b>          |  |
| 13 <b>Net foreign currency asset, liability position (4-12)</b>                 | <b>(3.488.444.595)</b>                        | <b>(112.706.103)</b> | <b>(487.098)</b>             |  |
| 14 <b>Monetary items net foreign currency asset / liability position (4-12)</b> | <b>(3.488.444.595)</b>                        | <b>(112.706.103)</b> | <b>(487.098)</b>             |  |
| 15 <b>Fair value of derivative instruments classified for hedging purposes</b>  | <b>--</b>                                     | <b>--</b>            | <b>--</b>                    |  |
| 16 <b>Amount of hedged portion of foreign currency liabilities</b>              | <b>3.080.973.116</b>                          | <b>100.000.000</b>   | <b>--</b>                    |  |

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**NOTE 32 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)**

**Foreign currency risk (Cont'd)**

As of December 31, 2023, and December 31, 2022, if related currencies had appreciated/depreciated by 10% against Turkish Lira with all other variables held constant, profit before tax and other comprehensive income (before tax) as a result of foreign exchange losses on the translation of foreign exchange position is as follows:

|                                               | <b>December 31, 2023</b>                        |                                                 |
|-----------------------------------------------|-------------------------------------------------|-------------------------------------------------|
|                                               | <b>Profit/(loss)</b>                            |                                                 |
|                                               | <b>Appreciation of<br/>foreign<br/>currency</b> | <b>Depreciation of<br/>foreign<br/>currency</b> |
| <b>Change of USD by %10 against TL</b>        |                                                 |                                                 |
| 1- Assets/liability denominated in USD – net  | (80.224.794)                                    | 80.224.794                                      |
| 2- The part hedged for USD risk (-)           | 76.539.320                                      | (76.539.320)                                    |
| 3- The impact of TL net profit for the period | (3.685.474)                                     | 3.685.474                                       |
| <b>Change of EUR by %10 against TL</b>        |                                                 |                                                 |
| 1- Assets/liability denominated in EUR - net  | (111.707.297)                                   | 111.707.297                                     |
| 2- The part hedged for EUR risk (-)           | --                                              | --                                              |
| 3- The impact of TL net profit for the period | (111.707.297)                                   | 111.707.297                                     |
| <b>December 31, 2022</b>                      |                                                 |                                                 |
| <b>Profit/(loss)</b>                          |                                                 |                                                 |
|                                               | <b>Appreciation of<br/>foreign<br/>currency</b> | <b>Depreciation of<br/>foreign<br/>currency</b> |
| <b>Change of USD by %10 against TL</b>        |                                                 |                                                 |
| 1- Assets/liability denominated in USD – net  | (347.244.473)                                   | 347.244.473                                     |
| 2- The part hedged for USD risk (-)           | 308.097.312                                     | (308.097.312)                                   |
| 3- The impact of TL net profit for the period | (39.147.162)                                    | 39.147.162                                      |
| <b>Change of EUR by %10 against TL</b>        |                                                 |                                                 |
| 1- Assets/liability denominated in EUR - net  | (1.599.986)                                     | 1.599.986                                       |
| 2- The part hedged for EUR risk (-)           | --                                              | --                                              |
| 3- The impact of TL net profit for the period | (1.599.986)                                     | 1.599.986                                       |

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**NOTE 33- FINANCIAL INSTRUMENTS (FAIR VALUE EXPLANATIONS AND EXPLANATIONS WITHIN THE FRAME OF HEDGE ACCOUNTING)**

**Fair values of financial instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The estimated fair values of financial instruments have been determined by the Group, using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange. Following methods and assumptions were used to estimate the fair value of the financial instruments for which is practicable to estimate fair value:

**Financial assets**

The carrying values of foreign currency denominated monetary assets which are translated at year end exchange rates are considered to approximate their fair values.

The carrying values of cash and cash equivalents are estimated to be their fair values since they are short term.

The carrying values of trade receivables along with the related allowances for uncollectible are estimated to be their fair values since they are short term.

**Financial liabilities**

The fair values of short-term financial liabilities and other financial liabilities are estimated to be their fair values since they are short term. The fair values of long-term bank borrowings with variable interest are considered to approximate their respective carrying values, since the initial rates applied to bank borrowings are updated periodically by the lender to reflect active market price quotations. The fair value of financial assets and liabilities are determined as follows:

- First level: Financial assets and liabilities are valued over stock exchange prices used in active market for assets and liabilities which are similar.
- Second level: Financial assets and liabilities are valued over the inputs used to find out observable price of relevant asset or liability directly or indirectly in the market other than its stock exchange price specified in first level.
- Third level: Financial assets and liabilities are valued over the inputs not based on an observable data in the market, which is used to find out fair value of asset and liability.

Fair value hierarchy table as of December 31, 2023 and December 31, 2022 is as follows

| December 31,2023                            | Level 1 | Level 2      | Level 3     |
|---------------------------------------------|---------|--------------|-------------|
| Financial investments                       | --      | --           | 151.873.504 |
| Derivative financial assets / (liabilities) | --      | (3.483.981)  | --          |
| December 31,2023                            | Level 1 | Level 2      | Level 3     |
| Financial investments                       | --      | --           | 909.245.076 |
| Derivative financial assets / (liabilities) | --      | (13.876.020) | --          |

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**NOTE 34 - SUBSEQUENT EVENTS**

None.

**NOTE 35 - FEES FOR SERVICES RECEIVED FROM THE INDEPENDENT AUDITOR'S**

|                        | January 1-<br>December 31,<br>2023 | January 1-<br>December 31,<br>2022 |
|------------------------|------------------------------------|------------------------------------|
| Independent audit fees | 2.095.000                          | 576.705                            |
| <b>Total</b>           | <b>2.095.000</b>                   | <b>576.705</b>                     |