



**2021 2<sup>nd</sup> Quarter BOARD of DIRECTORS  
OPERATING REVIEW  
REPORT**

**GÜBRE FABRİKALARI TÜRK A. Ş.**

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## I. INTRODUCTION

### A. REPORTING PERIOD

01.01.2021 - 30.06.2021

### B. COMMERCIAL TITLE

Gübre Fabrikaları Türk Anonim Şirketi (“Gübretaş” or “the Company”)

### C. TRADE REGISTER NUMBER

The Company is registered to the İstanbul Trade Registry with the registry number 47535.

### D. CONTACT INFORMATION

#### HEAD OFFICE

The address of headquarters, which is registered to the trade registry, is “İstanbul Kadıköy Bora Sk. Nida Kule Göztepe İşm. No.1 K.12 (Bölüm: 42, 45) K. 30 - 31”.

The telephone, fax, e-mail and web address of Gübretaş are as below:

Tel: +90 (216) 468 50 50

Fax: +90 (216) 407 10 11

E-mail Address: [gubretas@gubretas.com.tr](mailto:gubretas@gubretas.com.tr)

Web Address: [www.gubretas.com.tr](http://www.gubretas.com.tr)

The contact information of production facilities and regional offices is listed below;

#### YARIMCA FACILITIES

Address: Atalar Mahallesi Hayat Sokak No: 30 41740 Körfez / KOCAELİ

Phone : +90 (262) 528 46 40

Fax : +90 (262) 528 21 31

#### İZMİR FACILITIES

Address: Fatih Mah. Atatürk Cad.No: 28 Aliğa / İZMİR

Phone : +90 (232) 627 91 59

Fax : +90 (232) 627 91 59

**FOÇA FACILITIES**

Address: Baęarası Ky Haciveli Mh. Foęa-İzmir Karayolu No: 401 Foęa / İZMİR

Phone: +90 (232) 822 81 48

**İSKENDERUN FACILITIES**

Address: Sariseki Mah. 12 Eylül Caddesi E-5 Karayolu Altı No: 1 İskenderun / HATAY

Phone : +90 (326) 656 22 88

Fax : +90 (326) 656 22 80

**INNER ANATOLIA REGIONAL OFFICE**

Address: Emek Mah. Kazakistan Cad. (4. Cadde) No: 139 Çankaya / ANKARA

Phone : +90 (312) 212 75 75

Fax : +90 (312) 231 92 99

**WEST MEDITERRENEAN REGIONAL OFFICE**

Address: Kızıltoprak Mah. Aspendos Bulvarı, Çam Plaza, No:19 Daire:3 Muratpaşa/ANTALYA

Phone : +90 (242) 311 43 73 - 83

Fax : +90 (242) 311 43 93

**SOUTHEAST ANATOLIA REGIONAL OFFICE**

Address: Kayapınar Mah. Urfa Yolu 3. Km DİYARBAKIR

Phone : +90 (412) 251 12 46 / +90 (412) 251 15 46

Fax : +90 (412) 251 18 55

**EAST MEDITERRENEAN REGIONAL OFFICE**

Address: Sariseki Mah. Atatrk Cad. No: 6 Sariseki İskenderun/HATAY

Phone : +90 (326) 626 14 42 - 44 - 49

Fax : +90 (326) 626 14 50

**AEGEAN REGIONAL OFFICE**

Address: Kirlar Mevkii Fatih Mah. Atatrk Cad. Helvacı - Alięa / İZMİR

Phone : +90 (232) 627 91 59

Fax : +90 (232) 627 91 60

**BLACK SEA REGIONAL OFFICE**

Address: Kamalı Mah. 4043 Sok. No.1/A Atakum / SAMSUN

Phone : +90 (362) 266 40 10

Fax : +90 (362) 266 68 25

**GAP REGIONAL OFFICE**

Address: Ulubağ Mh. Recep Tayyip Erdoğan Blv. Tarım Kredi St. No.305/5 Haliliye/  
ŞANLIURFA

Phone : +90 (414) 341 08 08

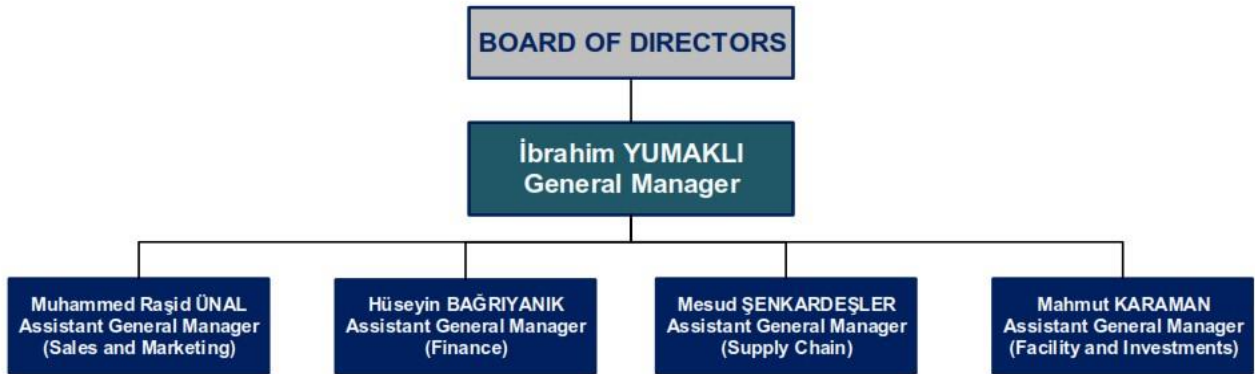
Fax : +90 (414) 381 08 10

**MARMARA REGIONAL OFFICE**

Address: Hürriyet Mah. Dekanlar Sk. No: 2 Yaşam Plaza Kat:1 D:2 Süleymanpaşa/TEKİRDAĞ

Phone : +90 (282) 262 76 50 / +90 (282) 262 47 94

Fax : +90 (282) 262 98 51

**E. ORGANIZATION CHART****F. CAPITAL STRUCTURE**

As of 30.06.2021, authorized share capital of the company is 1.000.000.000 ₺ and paid-in share capital is 334.000.000 ₺. There has not been any change in terms of share capital and shareholder's structure of Gübretas within the reporting period.

There is no preferred shares issued by the Company and the Company does not own any shares that it has acquired.

"Capital loss" or "Indebtedness" situations, which are defined in 376<sup>th</sup> article of TCC, has not been observed.

**Table 1 : CAPITAL STRUCTURE**

Shareholders	Share Amount -₺	Share %
Central Union of Turkish Agricultural Credit Cooperatives	253.684.606,88	75,95
Other	80.315.393,12	24,05
<b>Total</b>	<b>334.000.000,00</b>	<b>100,00</b>

## G. BOARD OF DIRECTORS

Title	Name	Date of Election
Chairman	Fahrettin POYRAZ	19.12.2017
Vice Chairman	Ahmet BAĞCI	03.05.2018
Executive Member	İbrahim YUMAKLI	28.10.2016
Member	Zeynep Müjde SAKAR	08.04.2021
Member	Selahattin KÜLCÜ	22.03.2019
Member	Mehmet Okan ATEŞ	02.05.2019
Independent Member	Murat YAŞA	11.05.2017
Independent Member	Vahit Kirişçi	25.06.2020
Independent Member	Mehmet BULUT	30.03.2018

The members of Board of Directors have the rights, which are described in the Articles of Association and Turkish Commercial Code. In the footnote 16 of interim consolidated financial statements, information about the benefits provided to the Board of Directors and top management is disclosed.

## H. TOP MANAGEMENT

Title	Name	Date of Appointment
General Manager	İbrahim YUMAKLI	28.10.2016
Assistant GM - Facility and Investments	Dr. Mahmut KARAMAN	04.02.2015
Assistant GM - Supply Chain	Mesud ŞENKARDEŞLER	30.09.2016
Assistant GM - Finance	Hüseyin BAĞRIYANIK	04.08.2021
Assistant GM – Sales & Marketing	Muhammed Raşid ÜNAL	15.06.2020

## I. ADMINISTRATIVE ACTIVITIES

### Number of Personnel

As of 30.06.2021, the number of personnel increased by 1% to 574 people compared to the previous year.

### Training Activities

Training activities are aimed at developing managerial, personal and professional skills of the staff. Education activities of 185 hours were carried out in the first six months of 2021.

## II. THE COMPANY'S ACTIVITIES

### A. PRODUCTION

Gübretaş produced 394.725 tons of solid, 35.285 tons of liquid-powder fertilizers in the first six months of 2021. Total production number of the six month period is 430.010 tons. Solid fertilizer production increased by 42% ; liquid-powder production increased by 34% in the first half of 2021 compared to the same period of 2020. Total fertilizer production including solid, liquid and powder increased by 42 %.

Capacity utilization rate was 80% in the first half of 2021.

**Table 2: PRODUCTION BY GROUP -TON**

Production	2021/6	2020/6	Change
Solid Fertilizer	394.725	277.125	%42
Liquid - Powder Fertilizer	35.285	26.627	%34
<b>TOTAL</b>	<b>430.010</b>	<b>303.752</b>	<b>%42</b>

### B. SALES AND PURCHASES

The Company sold 1.217.910 tons of solid, 55.672 tons of liquid and powder fertilizers in the first half of 2021.

The solid fertilizer sales increased by 12% and the liquid fertilizer sales increased by 27% in the first half of 2021, compared to same period of the previous year.

The volume of purchases was 1.101.737 tons the first half of 2021, and the increase is 27% comparing to the 869.223 tons in the same period of 2020. Export numbers increased 14 times to 9.761 tons in the first half of 2021.

**Table 3: PROCUREMENT AND SALES-TON**

<b>Solid Chemical Fertilizer</b>	<b>2021/6</b>	<b>2020/6</b>	<b>Change</b>
Raw Material	332.097	229.444	%45
Commodity	769.640	652.141	%18
<b>Total Purchases</b>	<b>1.101.737</b>	<b>881.585</b>	<b>%25</b>

**Table 4: SALES BY PRODUCT GROUPS-TON**

<b>Solid Chemical Fertilizer</b>	<b>2021/6</b>	<b>2020/6</b>	<b>Change</b>
Compound	373.561	286.637	%30
Nitrogen-based	778.265	735.831	%6
Phosphate-based and others	66.084	62.817	%5
<b>Total Solid Fertilizer</b>	<b>1.217.910</b>	<b>1.085.285</b>	<b>%12</b>
<b>Total Liquid - Powder Fertilizer</b>	<b>55.672</b>	<b>43.856</b>	<b>%27</b>
<b>Grand Total</b>	<b>1.273.582</b>	<b>1.129.141</b>	<b>%13</b>

### C. INVESTMENTS

In Turkish operations, the Company incurred 54.966.770₺ (Gübretaş Mining Investments Co. 42.481.684₺ - Chemical Fertilizer Operations 12.485.086₺) of capital expenditure in the first half of 2021, while this figure was 45.454.498₺ in the same period of 2020.

### III. AFFILIATES AND SUBSIDIARIES

Detailed information about affiliates and subsidiaries are given in the Note 1 of interim consolidated financial statements of 30 June 2021.



## IV. RAZI PETROCHEMICAL CO.'S ACTIVITIES

### A. PRODUCTION

In the first half of 2021, 752.219 tons of fertilizer and fertilizer raw materials were produced in Razi Petrochemical Co. ("Razi"). The capacity utilization rate was 40%

**Table 5: RAZI PRODUCTION-TON**

PRODUCT	2021/6	2020/6	Change	Annual Capacity	2021/6 CUR
Ammonia	334.673	416.604	(%20)	1.336.500	%50
Urea	203.256	240.079	(%15)	866.250	%47
Sulphur	106.866	121.960	(%13)	508.000	%42
Sulphuric Acid	79.355	36.427	%119	627.000	%25
DAP	28.069	2.393	%1180	450.000	%13
<b>Total</b>	<b>752.219</b>	<b>817.463</b>	<b>(%8)</b>	<b>3.787.750</b>	<b>%40</b>

### B. SALES

In the first half of 2021, 470.923 tons of fertilizer were sold. The total revenue generated by Razi and its subsidiaries were 707.101.248€ during the reporting period.

**Table 6: RAZI SALES-TON**

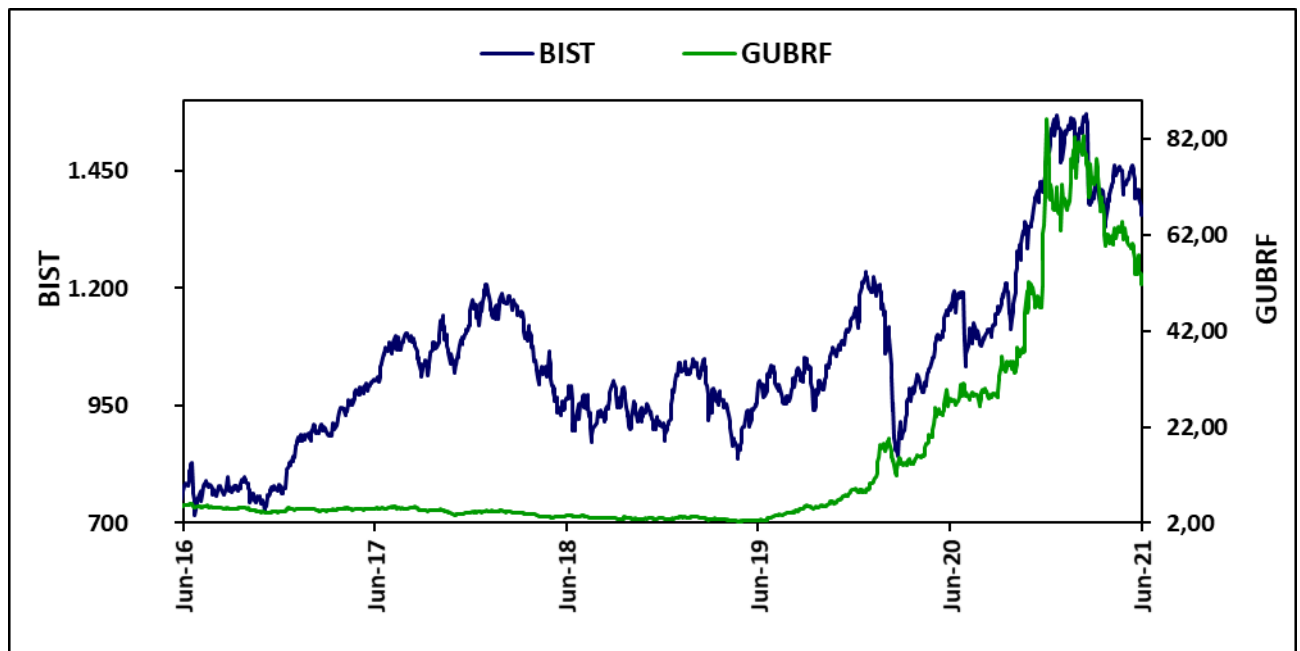
Sale Type	2021/6	2020/6	Change
Urea	160.678	216.107	%12
Ammonia	163.181	283.734	(%43)
Sulphur	64.807	145.064	(%55)
Phosphoric Acid	44.368	28.009	%58
DAP	30.197	25.004	%24
Sulphuric Acid	7.692	5.455	%40
<b>TOTAL</b>	<b>470.923</b>	<b>703.373</b>	<b>(%33)</b>

### C. INVESTMENTS

17.846.218€ of capital expenditures were incurred by the Iran operations in the first half of 2021, while this figure was 8.133.804€ in the same period of 2020.

## V. PERFORMANCE OF THE STOCK

Graph 1 : PERFORMANCE OF THE STOCK



Date	06/30/2020	09/30/2020	12/31/2020	03/31/2021	06/30/2021
Stock Price	27,68	32,12	86,05	73,10	51,55

## VI. REVIEW

In the first half of 2021, the effects of the Covid-19 epidemic and climate crisis continued to effect the global fertilizer trade. In this period, countries took measures such as imposing export quotas on agricultural products and re-arranging customs duties in order not to risk food supply security. On the other hand, countries dependent on imports of chemical fertilizers, have chosen to supply the products they need before the season in order to maintain their agricultural production. While pushing the future demands brought up the problem of product availability, this development led to an increase in raw material and commodity prices in foreign markets.

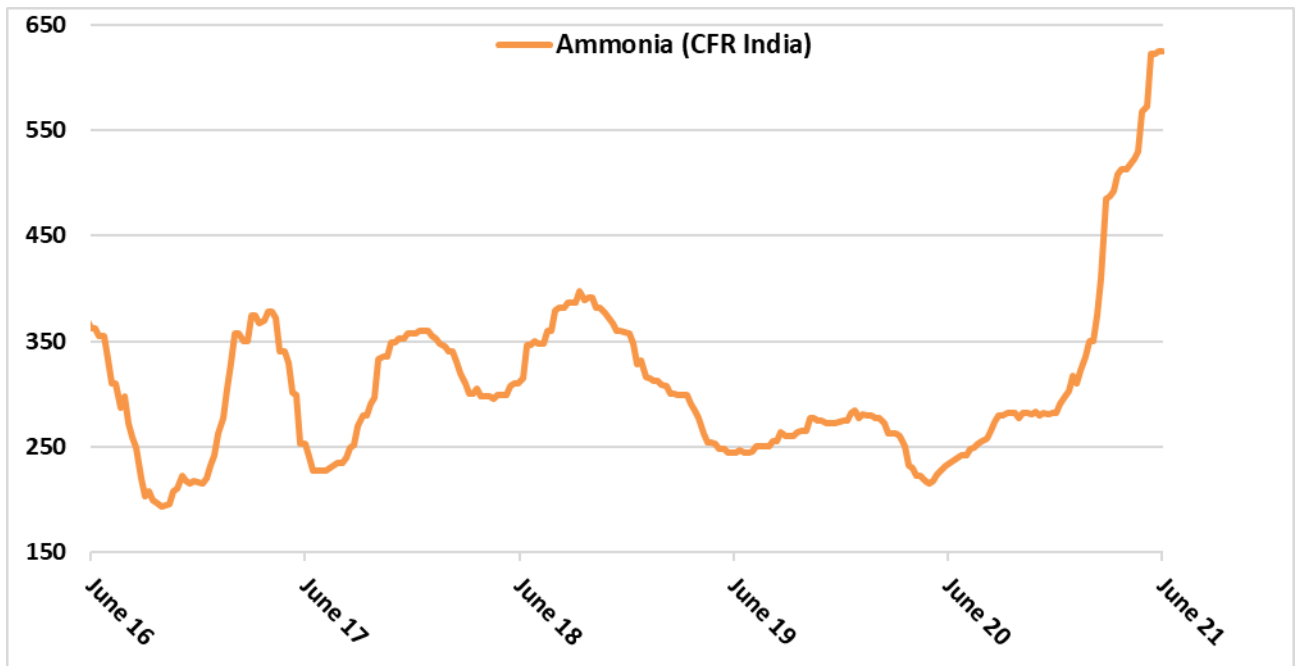
In this context, in the second quarter of 2021, fertilizer prices increased by 70% in Urea Gr, 90% in DAP, and 135% in ammonia compared to the same period of the previous year.

In addition to these price changes in foreign markets, significant increases in freight prices were another important factor that increased fertilizer, raw material and commodity costs.

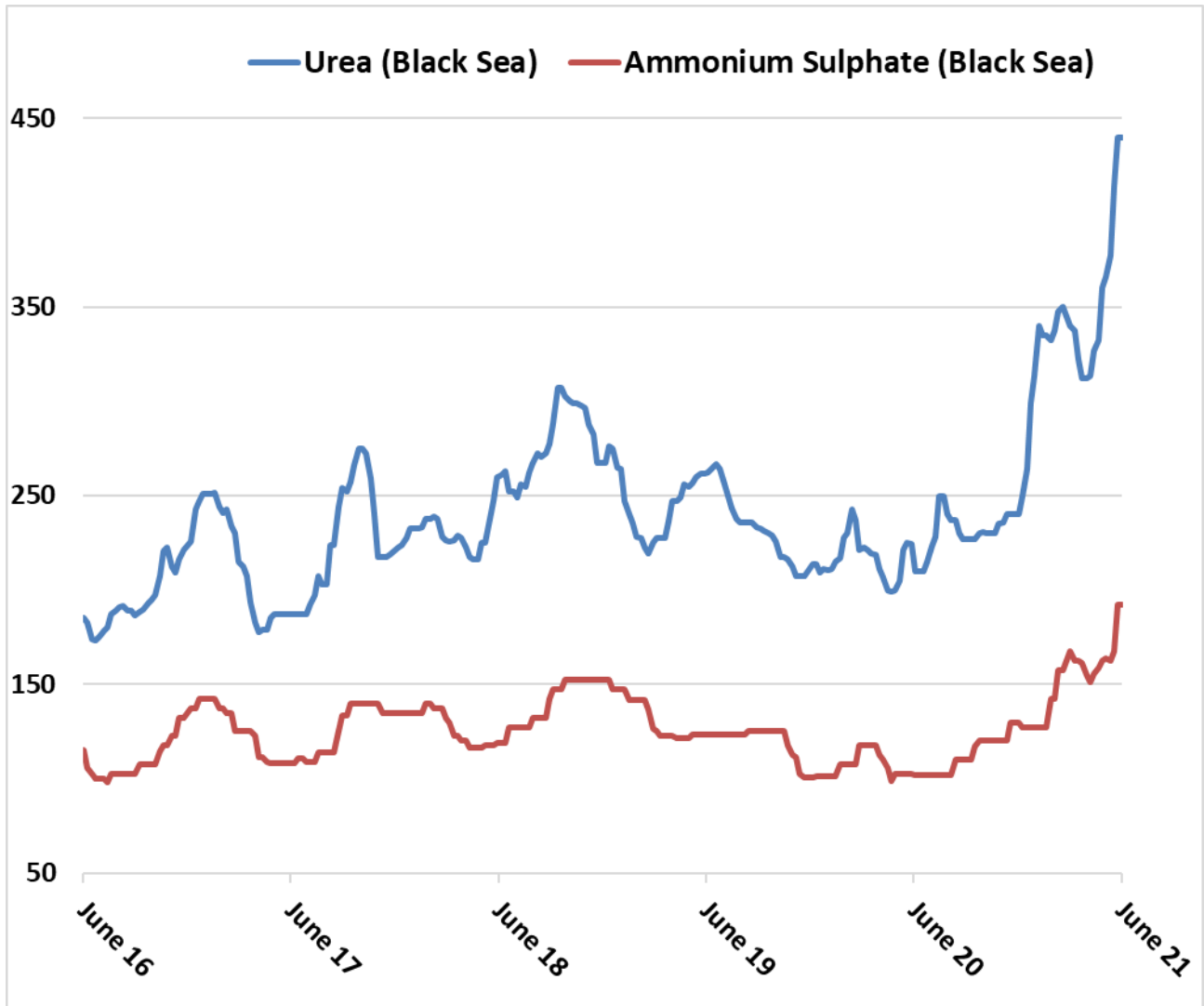
The above-mentioned developments have led to sharp rises in prices in domestic markets in Turkey, which is among the import-dependent countries.

Moreover, the expectation that the upward trend in prices would continue in the first half of the year, increased the fertilizer purchases of the producers. However, it has been observed that buyers who want to reduce their costs tend to prefer more affordable products.

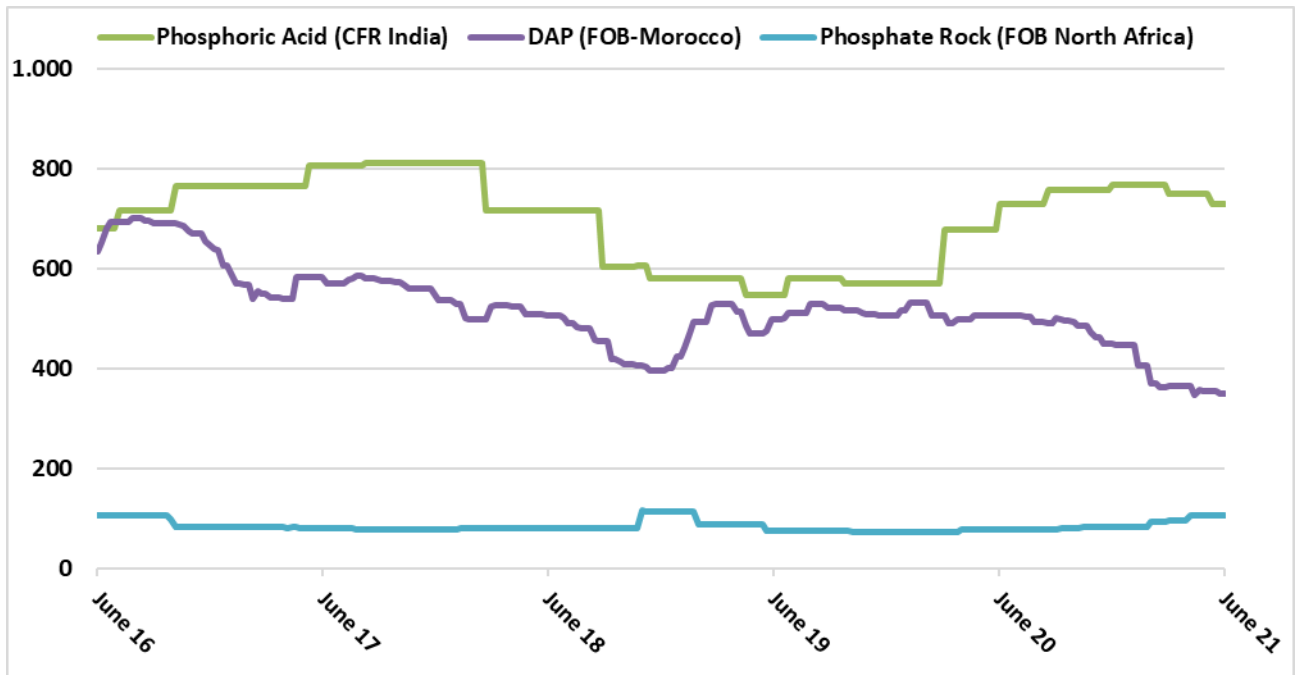
**Graph 2 : FERTILIZER PRICES IN INTERNATIONAL MARKETS - US\$/TON**



Graph 3 : FERTILIZER PRICES IN INTERNATIONAL MARKETS - US\$/TON



Graph 4 : FERTILIZER PRICES IN INTERNATIONAL MARKETS - US\$/TON



## VII. FINANCIAL STRUCTURE

### A. CONSOLIDATED BALANCE SHEET

<b>ASSETS</b>	<b>30 June 2021</b>	<b>31 December 2020</b>
Current Assets	3.784.202.472	3.157.837.294
Non-current Assets	2.532.649.612	2.011.065.657
<b>TOTAL ASSETS</b>	<b>6.316.852.084</b>	<b>5.168.902.951</b>
<b>LIABILITIES</b>	<b>30 June 2021</b>	<b>31 December 2020</b>
Short-term Liabilities	3.303.649.267	3.230.345.066
Long-term Liabilities	277.034.659	176.303.000
<b>Total Liabilities</b>	<b>3.580.683.926</b>	<b>3.406.648.066</b>
Equity	2.736.168.158	1.762.254.885
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>6.316.852.084</b>	<b>5.168.902.951</b>

### B. CONSOLIDATED INCOME STATEMENT

<b>CONTINUING OPERATIONS</b>	<b>1 Jan - 30 June 2021</b>	<b>1 Jan - 30 June 2020</b>
Sales (net)	3.849.705.906	2.683.735.693
Costs of Sales	(2.938.266.256)	(2.088.795.576)
<b>GROSS PROFIT</b>	<b>911.439.650</b>	<b>594.940.117</b>
Operating Expenses	540.278.237	455.437.356
<b>OPERATION PROFIT/(LOSS)</b>	<b>371.161.413</b>	<b>139.502.761</b>
Financial Income/(Expense)	(76.545.634)	67.817.729
Other Income/(Expense)	10.046.557	18.406.483
<b>PRE-TAX PROFIT / LOSS FROM CONTINUING OPERATIONS</b>	<b>304.662.336</b>	<b>225.726.973</b>
Total Tax Income / (Expense)	(89.341.350)	(5.052.493)
<b>PERIOD PROFIT/ (LOSS)</b>	<b>215.320.986</b>	<b>220.674.480</b>
<b>Distribution of Period Profit / (Loss)</b>		
Minority Shares	(42.505.831)	97.233.481
Parent Company's Shares	257.826.817	123.440.999
<b>Earnings / (Loss) Per Share (kr)</b>	<b>0,77</b>	<b>0,37</b>

## I. EVENTS AFTER BALANCE SHEET DATE

Assistant General Manager-Finance Osman Küçükçınar has resigned from the company at 30.07.2021. Hüseyin Bağrıyanık was appointed as Assistant General Manager-Finance at 04.08.2021.

## II. CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

In accordance with Communiqué on Corporate Governance, which is numbered II-17.1 and published by Capital Markets Board in 03.01.2014, within the year of 2020 covering the dates of 01.01.2021 - 31.06.2021, the following works have been realized by the Company in order to be compliant with the principles issued in the related communiqué:

1. About the fertilizer sales which will be realized by the Company, Gübre Fabrikaları T.A.Ş, within the year of 2021 to the related party, Central Union of Turkish Agriculture Credit Cooperatives, the conclusion part of the Board of Directors' report which was prepared due to the Article 10 under the heading of Common and Continuous Transactions of Communiqué on Corporate Governance numbered II-17.1 was submitted for public information on January 22, 2021.
2. Regarding to the article 11/1 of Corporate Governance Communiqué, Investor Relations Department prepared "Investor Relations 2020 Operating Report" related to activities within the 2021, "Investor Relations 2020 Yearly Operating Report" and submitted them for the Board's information.
3. Regarding to the article 2.1.3, under the title of "Public Disclosure and Transparency", in Corporate Governance Principles, which are stated in the Annex-1 of the Corporate Governance Communiqué, our disclosure of 2020 1Q-2Q-3Q-4Q financial statements excluding footnotes was announced in the Public Disclosure Platform both in Turkish and English.



### III. CONCLUSION

#### DEAR SHAREHOLDERS,

In the first half of 2021, 1.101.737 tons of fertilizers and raw materials were procured from domestic and foreign markets. In the first half of 2021, 430.010 tons of various types of solid, liquid and powder fertilizer were produced at facilities and totally, 1.273.582 tons fertilizers were sold in the same period. In Turkish operations of the Company, net sale revenues realized as 3.385.495.736₺.

In addition, 752.219 tons of fertilizer and fertilizer raw materials were produced and 707.101.248₺ sale revenues were realized by the sale of 470.923 tons of fertilizer and fertilizer raw material in Razi and its subsidiaries.

The Company reached to 3.849.705.906₺ consolidated sales revenue. Beside, by deducting cost of goods sold, operation expenses, other operating expenses-income and financial expenses, tax and non-controlling interest the net profit for the period is 257.826.817₺

We would kindly like to ask you to evaluate the results mentioned above regarding the first half of 2021 activities.

**Best Regards,  
BOARD OF DIRECTORS**