



**2021 3rd Quarter BOARD of DIRECTORS
OPERATING REVIEW
REPORT**

GÜBRE FABRİKALARI TÜRK A. Ş.

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I.	INTRODUCTION	2
A.	REPORTING PERIOD	2
B.	COMMERCIAL TITLE	2
C.	TRADE REGISTER NUMBER	2
D.	CONTACT INFORMATION	2
E.	ORGANIZATION CHART	4
F.	CAPITAL STRUCTURE.....	4
G.	BOARD OF DIRECTORS	5
H.	TOP MANAGEMENT.....	5
II.	THE COMPANY'S ACTIVITIES.....	6
A.	PRODUCTION.....	6
B.	SALES AND PURCHASES	6
C.	INVESTMENTS.....	7
III.	AFFILIATES AND SUBSIDIARIES	7
IV.	RAZI PETROCHEMICAL CO.'S ACTIVITIES	7
A.	PRODUCTION	7
B.	SALES	8
C.	INVESTMENTS	8
V.	PERFORMANCE OF THE STOCK	9
VI.	REVIEW	10
VII.	FINANCIAL STRUCTURE.....	13
A.	CONSOLIDATED BALANCE SHEET	13
B.	CONSOLIDATED INCOME STATEMENT	13
I.	EVENTS AFTER BALANCE SHEET DATE	14
II.	CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT	14
III.	CONCLUSION	16

I. INTRODUCTION

A. REPORTING PERIOD

01.01.2021 - 30.09.2021

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

Web Address: 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 Hacıveli 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 30.09.2021, 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 376th 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
Total	334.000.000,00	100,00

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

II. THE COMPANY'S ACTIVITIES

A. PRODUCTION

Gübretaş produced 625.070 tons of solid, 41.136 tons of liquid-powder fertilizers in the first nine months of 2021. Total production number of the nine months period is 666.206 tons. Solid fertilizer production increased by 40%, liquid-powder production increased by 38% in the nine months of 2021 compared to the same period of 2020. Total fertilizer production including solid, liquid and powder increased by 40 %.

Capacity utilization rate was 85% in the first nine months of 2021.

Table 2: PRODUCTION BY GROUP -TON

Production	2021/9	2020/9	Change
Solid Fertilizer	625.070	446.885	%40
Liquid - Powder Fertilizer	41.136	29.899	%38
TOTAL	666.206	476.764	%40

B. SALES AND PURCHASES

The Company sold 1.564.211 tons of solid, 64.149 tons of liquid and powder fertilizers in the first nine month of 2021.

The solid fertilizer sales increased by 7% and the liquid fertilizer sales increased by 25% in the first nine months 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 40% comparing to the 869.223 tons in the same period of 2020. Export numbers increased 2.5 times to 25.006 tons in the first nine months of 2021.

Table 3: PROCUREMENT AND SALES-TON

Solid Chemical Fertilizer	2021/9	2020/9	Change
Raw Material	538.192	328.736	%64
Commodity	1.183.262	902.807	%31
Total Purchases	1.721.454	1.231.543	%40

Table 4: SALES BY PRODUCT GROUPS-TON

Solid Chemical Fertilizer	2021/9	2020/9	Change
Compound	583.364	487.485	%20
Nitrogen-based	833.151	785.224	%6
Phosphate-based and others	147.696	190.782	(%23)
Total Solid Fertilizer	1.564.211	1.463.491	%7
Total Liquid - Powder Fertilizer	64.149	51.314	%25
Grand Total	1.628.360	1.514.805	%8

C. INVESTMENTS

In Turkish operations, the Company incurred 81.987.557 ₺ (Gübretaş Mining Investments Co.5 6.665.782 ₺ - Chemical Fertilizer Operations 25.321.775 ₺) of capital expenditure in the first nine months of 2021, while this figure was 92.683.916 ₺ 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 September 2021.

IV. RAZİ PETROCHEMICAL CO.'S ACTIVITIES

A. PRODUCTION

In the first nine months of 2021, 1.155.545 tons of fertilizer and fertilizer raw materials were produced in Razi Petrochemical Co. ("Razi"). The capacity utilization rate was 41%

Table 5: RAZİ PRODUCTION-TON

PRODUCT	2021/9	2020/9	Change	Annual Capacity	2021/9 CUR
Ammonia	495.661	604.549	(%18)	1.336.500	%49
Urea	312.831	344.030	(%9)	866.250	%48
Sulphur	162.889	181.476	(%10)	508.000	%43
Sulphuric Acid	135.424	71.969	%88	627.000	%29
DAP	48.740	7.999	%610	450.000	%14
Total	1.155.545	1.210.023	(%5)	3.787.750	%41

B. SALES

In the first nine months of 2021, 728.661 tons of fertilizer were sold. The total revenue generated by Razi and its subsidiaries are 1.493.252.809 ₺ during the reporting period.

Table 6: RAZİ SALES-TON

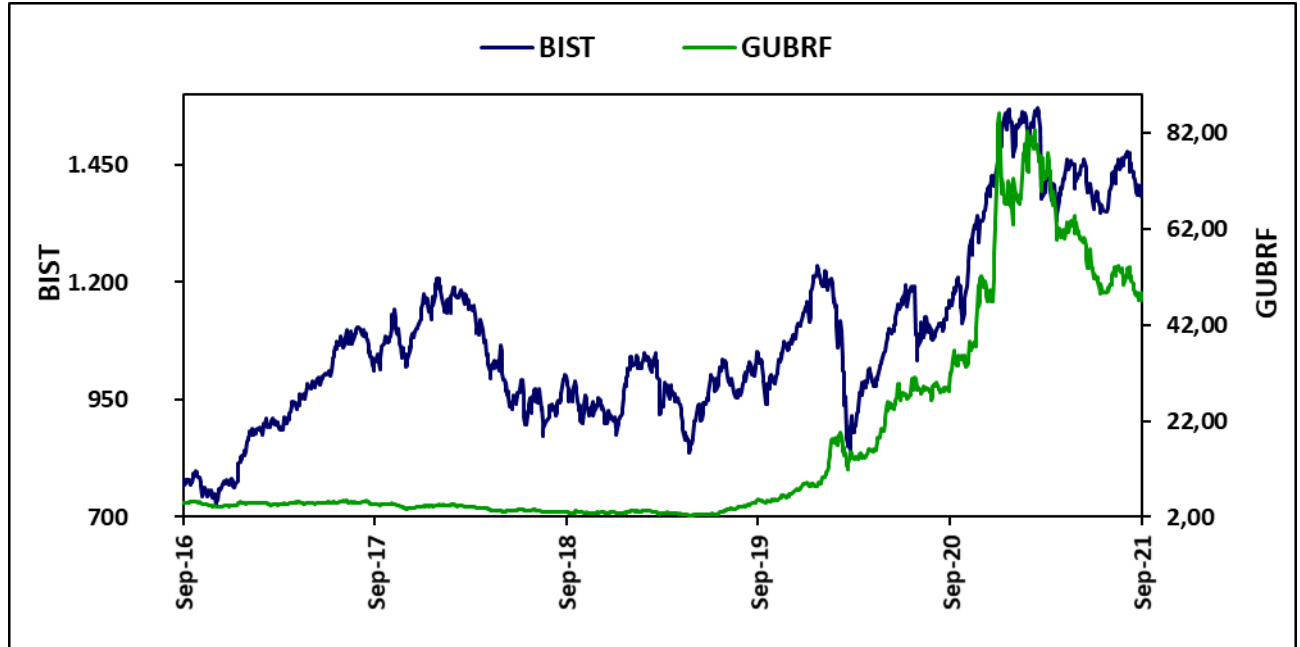
Sale Type	2021/9	2020/9	Change
Urea	262.447	353.998	(%26)
Ammonia	233.073	399.800	(%42)
Sulphur	134.823	189.147	(%29)
Phosphoric Acid	47.268	35.354	%34
DAP	39.512	37.115	%6
Sulphuric Acid	11.538	9.086	%26
TOTAL	728.661	1.024.500	(%29)

C. INVESTMENTS

30.793.215 ₺ of capital expenditures were incurred by the International operations in the first nine months of 2021, while this figure was 14.774.411 ₺ in the same period of 2020.

V. PERFORMANCE OF THE STOCK

Graph 1 : PERFORMANCE OF THE STOCK



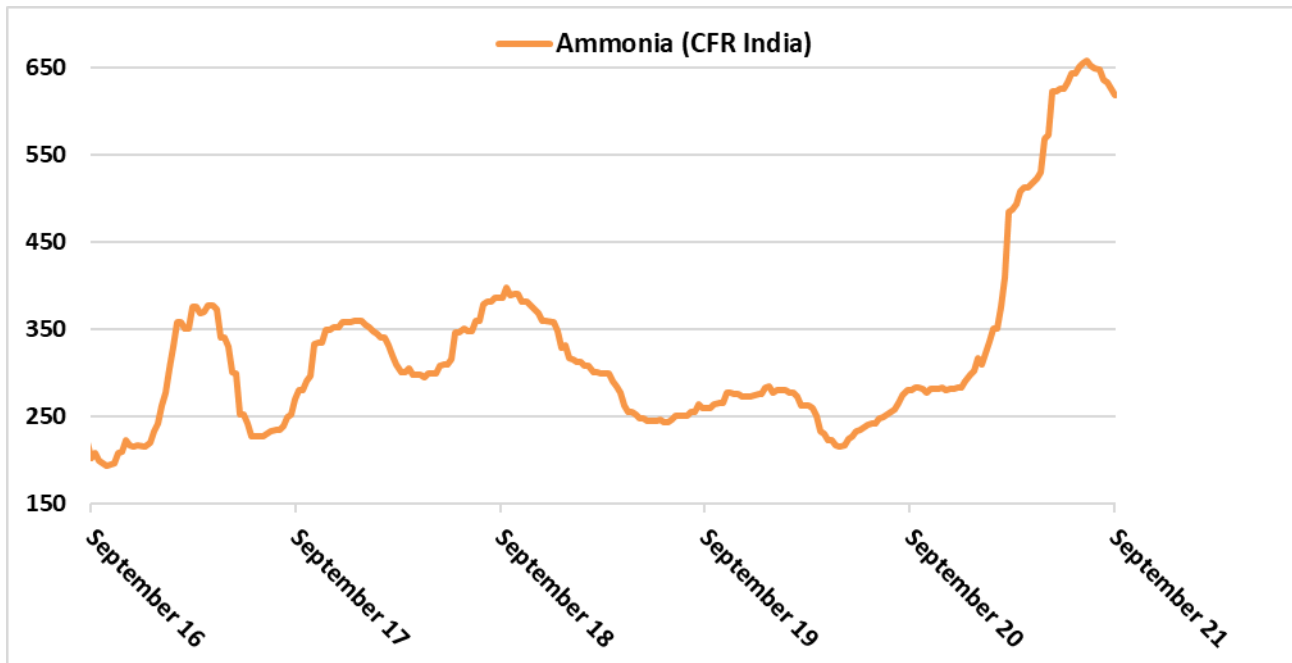
Date	30.09.2020	31.12.2020	31.03.2021	30.06.2021	30.09.2021
Stock Price	32,12	86,05	73,10	51,55	48,66

VI. REVIEW

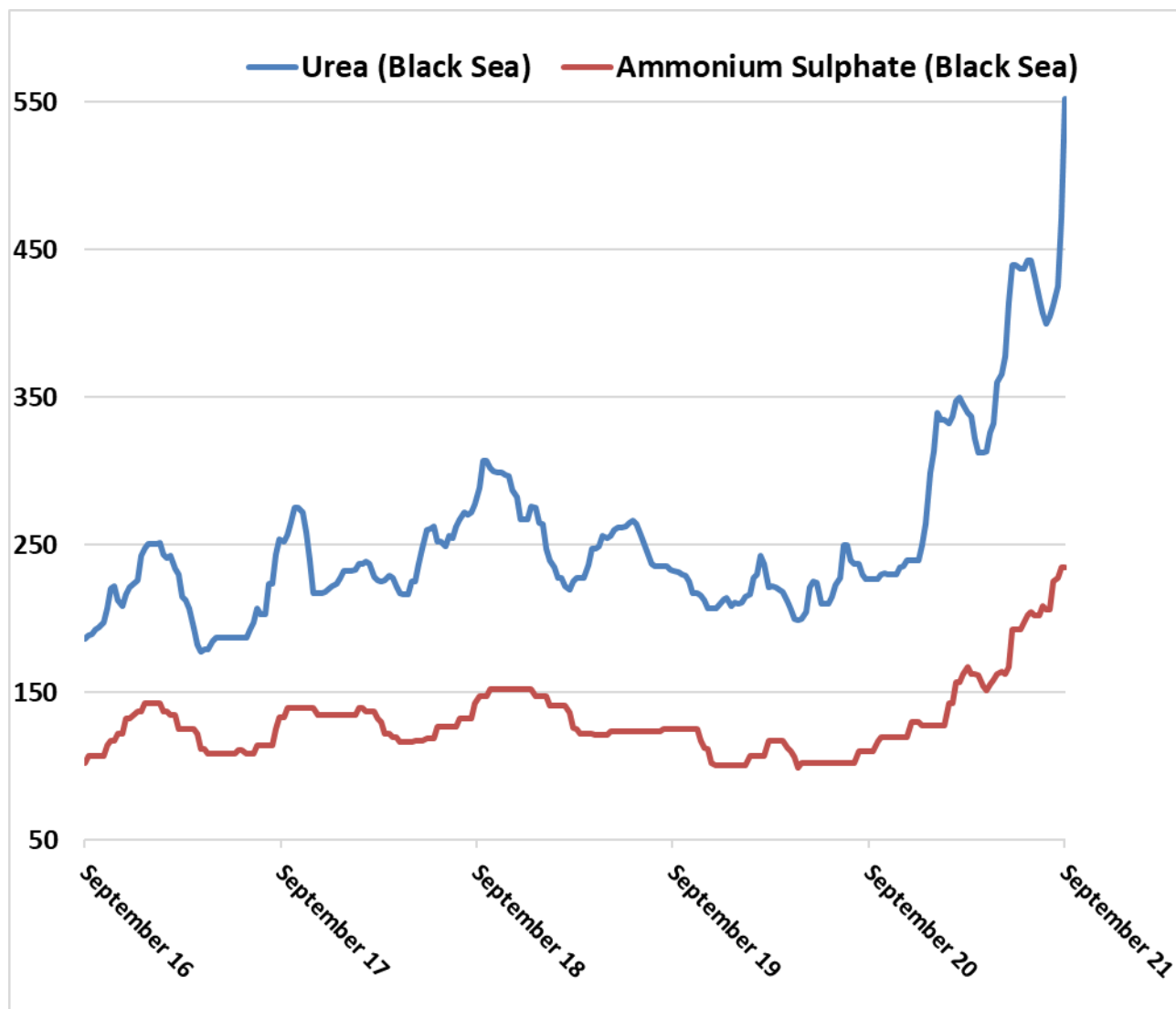
In the third quarter of 2021, due to the increase in raw material, energy and logistics costs in international markets and the problem of product availability worldwide, there were very high price increases in fertilizer and fertilizer raw materials, especially Urea, DAP and Ammonia, compared to the same period of the previous year.

With the effect of price increases in international markets, prices in the Turkish fertilizer sector, which is highly dependent on foreign markets, also moved upwards.

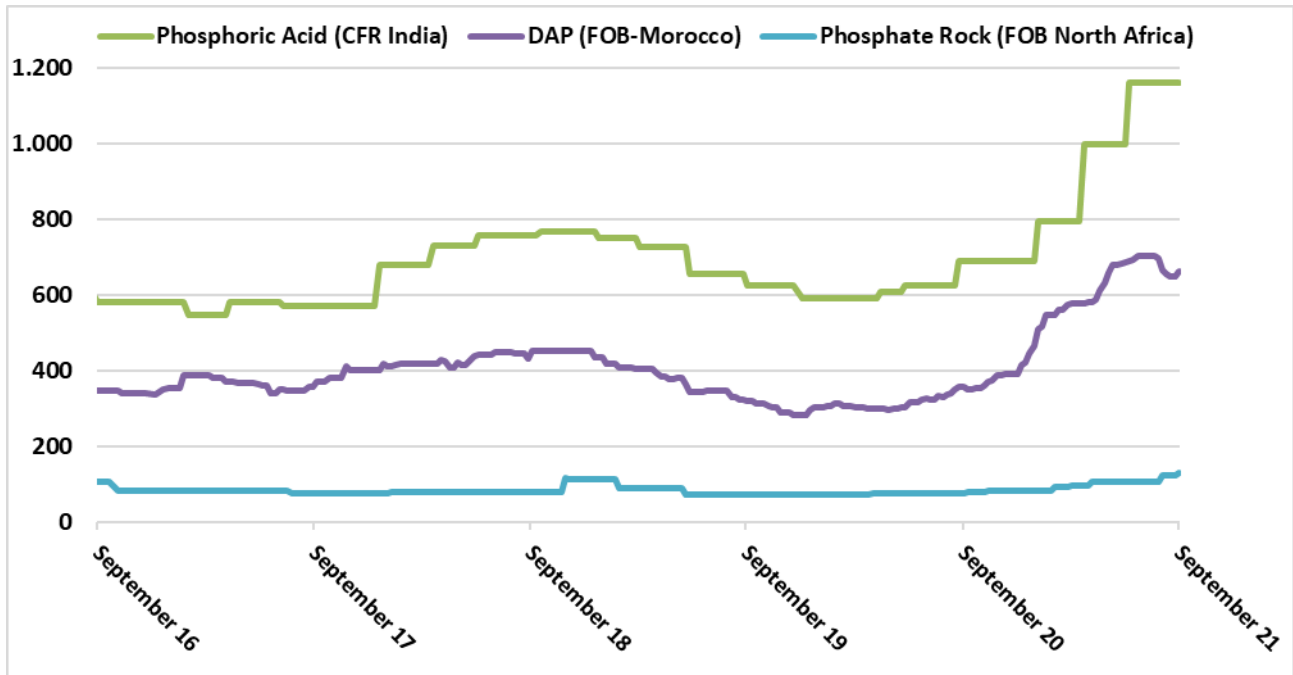
Graph 2 : FERTILIZER PRICES IN INTERNATIONAL MARKETS - US\$/TON



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

ASSETS	30 September 2021	31 December 2020
Current Assets	5.429.186.740	3.157.837.294
Non-current Assets	2.601.692.135	2.011.065.657
TOTAL ASSETS	8.030.878.875	5.168.902.951
LIABILITIES	30 September 2021	31 December 2020
Short-term Liabilities	4.765.661.163	3.230.345.066
Long-term Liabilities	334.035.914	176.303.000
Total Liabilities	5.099.697.077	3.406.648.066
Equity	2.931.181.798	1.762.254.885
TOTAL LIABILITIES AND EQUITY	8.030.878.875	5.168.902.951

B. CONSOLIDATED INCOME STATEMENT

CONTINUING OPERATIONS	1 Jan - 30 Sep 2021	1 Jan - 30 Sep 2020
Sales (net)	6.216.824.037	3.851.071.077
Costs of Sales	(4.898.506.478)	(2.883.285.520)
GROSS PROFIT	1.318.317.559	967.785.557
Operating Expenses	(773.391.080)	(812.778.947)
OPERATION PROFIT/(LOSS)	544.926.479	155.006.610
Financial Income/(Expense)	(171.591.653)	133.373.052
Other Income/(Expense)	8.670.455	7.545.713
PRE-TAX PROFIT / LOSS FROM CONTINUING OPERATIONS	382.005.281	295.925.375
Total Tax Income / (Expense)	(92.326.016)	(5.544.314)
PERIOD PROFIT/ (LOSS)	289.679.265	290.381.061
Distribution of Period Profit / (Loss)		
Minority Shares	(18.086.579)	136.411.408
Parent Company's Shares	307.765.844	153.969.653
Earnings / (Loss) Per Share (TL)	0,921	0,461

I. EVENTS AFTER BALANCE SHEET DATE

Gübretaş Mining Investments Inc. made an application to the General Directorate of Mining and Petroleum Affairs on 25.03.2021 for the expropriation of the intangible mining assets belonging to third parties in Bilecik Province, Söğüt District, where the Söğüt Gold Mine Project is located. With the President's Decision dated 16.10.2021 and numbered 4626, it was decided to expropriate the related immovables by the General Directorate of Mining and Petroleum Affairs pursuant to Article 27 of the Expropriation Law No. 2942, and this decision was published in the Official Gazette dated 17.10.2021 and numbered 31631.

At the extraordinary general assembly meeting of Razi Petrochemical Co. held on 17.10.2021, it was decided to distribute a dividend of 2,903 Iranian Rials (IRR) per share from the distributable profit for 2020 and to pay the profit within the date range determined by the Commercial Code. The portion of the profit to be distributed belonging to the Parent Company is 136.500.000 TL (3.973.330.784.607 IRR) and may change according to the exchange rate on the payment date. Regarding the payment time, Razi Petrochemical Co. The Board of Directors is authorized. The amount subject to profit distribution has been included in the consolidated financial statements for 2020 and will have an effect as a cash movement in the financial statements on the payment date.

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 - 30.09.2021, 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.

II. CONCLUSION

DEAR SHAREHOLDERS,

In the first nine months of 2021, 1.721.454 tons of fertilizers and raw materials were procured from domestic and foreign markets. In the first nine months of 2021, 666.206 tons of various types of solid, liquid and powder fertilizer were produced at facilities and totally, 1.628.360 tons fertilizers were sold in the same period. In Turkish operations of the Company, net sale revenues realized as 4.966.462.306 ₺.

In addition, 1.155.545 tons of fertilizer and fertilizer raw materials were produced and 1.250.361.731 ₺ net sale revenues were realized by the sale of 728.661 tons of fertilizer and fertilizer raw material in Razi and its subsidiaries.

The Company reached to 289.679.265 ₺ consolidated sales revenue. Beside, by deducting cost of goods sold, operation expenses, other operating expenses-income, financial expenses, tax and non-controlling interest the net profit for the period is 307.765.844 ₺

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

**Best Regards,
BOARD OF DIRECTORS**