



**2022 3<sup>rd</sup> Quarter**

**BoD OPERATING REVIEW**

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## I. INTRODUCTION

### A. REPORTING PERIOD

01.01.2022 - 30.09.2022

### 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.12-30-31”.

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 Hacıveli Mh. Foça-İzmir Karayolu No: 401 Foça / 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: Kırlar 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. ORGANIZATIONAL STRUCTURE



## F. CAPITAL STRUCTURE

As of 30.09.2022, authorized capital of the company is 1.000.000.000 ₺ and paid capital is 334.000.000 ₺. There has not been any change in terms of paid and shareholder's structure of Gübretas within the reporting period.

There are no preferred shares issued by the Company and that it bought back.

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

Shareholders	Share Amount -₺	Share %
Central Union of Turkish Agricultural Credit Cooperatives	253.684.607	75,95
Other	80.315.393	24,05
<b>Total</b>	<b>334.000.000</b>	<b>100,00</b>

## G. VOTING RIGHTS AND MINORITY RIGHTS

At Gübretas, practices that make it difficult to exercise the right to vote are avoided, and all shareholders are provided with the opportunity to vote equally, easily and appropriately. The Company does not have privileged voting rights as it does not have any preferred shares.

According to the Company's Articles of Association, minority rights can be exercised by "shareholders who own at least 5% of the company's capital," as stipulated in Article 411 of the TCC for publicly traded companies. Minority shareholders are not represented in the management.

## H. BOARD OF DIRECTORS

Title	Name	Date of Election
Chairman	Hüseyin AYDIN	22.04.2022
Vice Chairman	Yasin AYZ	03.08.2022
Executive Member	Aytaç ONKUN	10.06.2022
Independent Member	Mustafa HAMARAT	25.05.2022
Independent Member	Hasan DURSUN	19.08.2022

The Members who left the office during or after the reporting period;

Title	Name	Date of Election	Date of Leaving
Chairman	Fahrettin POYRAZ	19.12.2017	03.02.2022
Independent Member	Vahit KİRİŞÇİ	25.06.2020	04.03.2022
Executive Member	İbrahim YUMAKLI	28.10.2016	11.04.2022
Chairman	Temel Tayyar YEŞİL	08.04.2022	22.04.2022
Independent Member	Murat YAŞA	11.05.2017	25.05.2022
Independent Member	Mehmet BULUT	30.03.2018	25.05.2022
Member	Mehmet Okan ATEŞ	02.05.2019	25.05.2022
Member	Selahattin KÜLCÜ	22.03.2019	25.05.2022
Member	Zeynep Müjde SAKAR	08.04.2021	25.05.2022
Independent Member	Adnan GÜN	25.05.2022	03.08.2022
Vice Chairman	Ahmet BAĞCI	03.05.2018	03.08.2022
Executive Member	Mehmet YENER	11.04.2022	10.06.2022

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.

## I. TOP MANAGEMENT

Title	Name	Date of Appointment
General Manager (D)	Aytaç ONKUN	10.06.2022
Assistant GM - Supply Chain& Facilities	Mesud ŞENKARDEŞLER	30.09.2016
Assistant GM – Finance, Sales & Marketing	Muhammed Raşid ÜNAL	15.06.2020

The Executives who left the office during or after the reporting period;

Title	Name	Date of Appointment	Date of Leaving
General Manager	İbrahim YUMAKLI	28.10.2016	11.04.2022
General Manager (D)	Mehmet YENER	11.04.2022	10.06.2022
Assistant GM - Facility and Investments	Mahmut KARAMAN	04.02.2015	13.08.2022
Assistant GM - Finance	Hüseyin BAĞRIYANIK	04.08.2021	13.08.2022

## J. EMPLOYEE INFORMATION

### Number of Personnel

As of 30.09.2022, the number of personnel increased by 4 to 579 people compared to the same date of previous year.

EMPLOYEE	30.09.2022	31.12.2021	30.09.2021
Headquarters	108	106	105
Yarımca Facilities	342	342	334
Other Facilities and Reg. Off.	129	134	136
<b>TOTAL</b>	<b>579</b>	<b>582</b>	<b>575</b>

### Training Activities

Training activities are aimed at developing managerial, personal and professional skills of the staff. Education activities of 4.737 hours were carried out in the first 9 months of 2022.

## II. 2022 9 MONTHS REVIEW & FERTILIZER PRICES

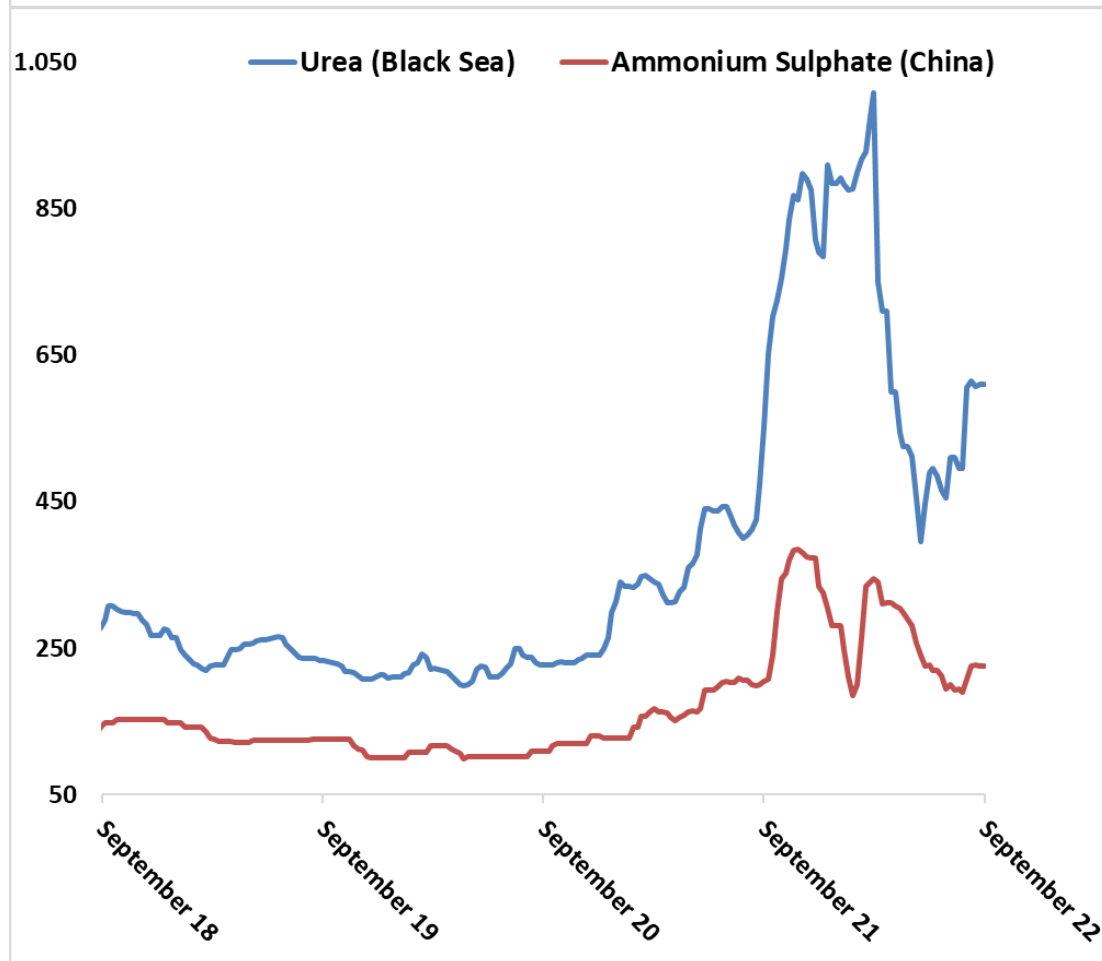
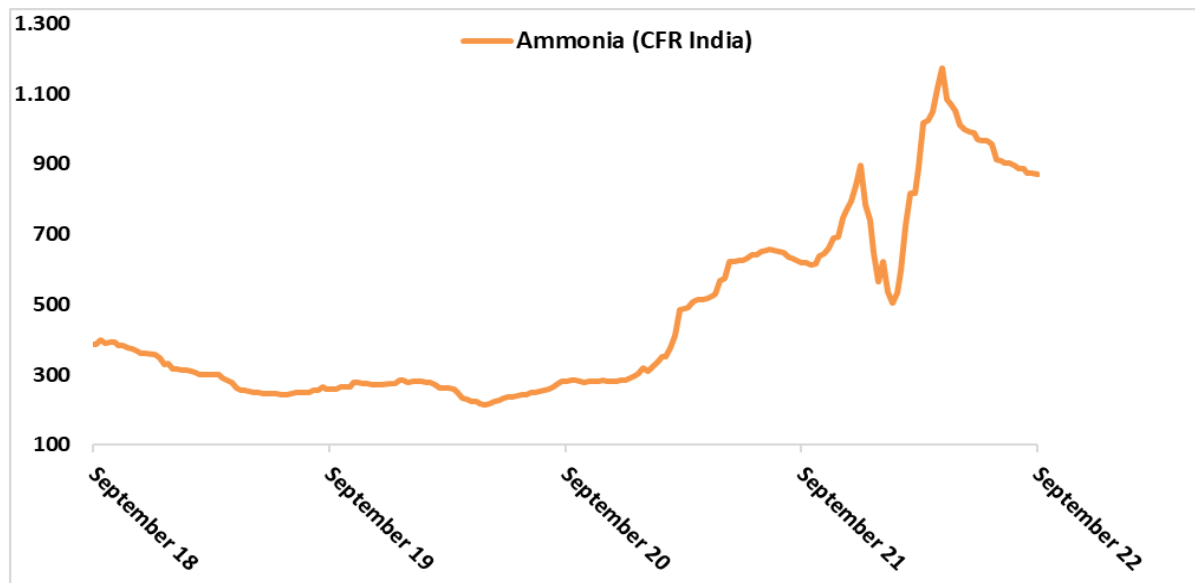
Fertilizer prices, which continued to increase in the first half of the year in international markets, decreased in the third quarter, albeit limited. While the decrease in prices revived the fertilizer demand, which contracted in the first half of the year, it had a positive impact on consumption in the third quarter.

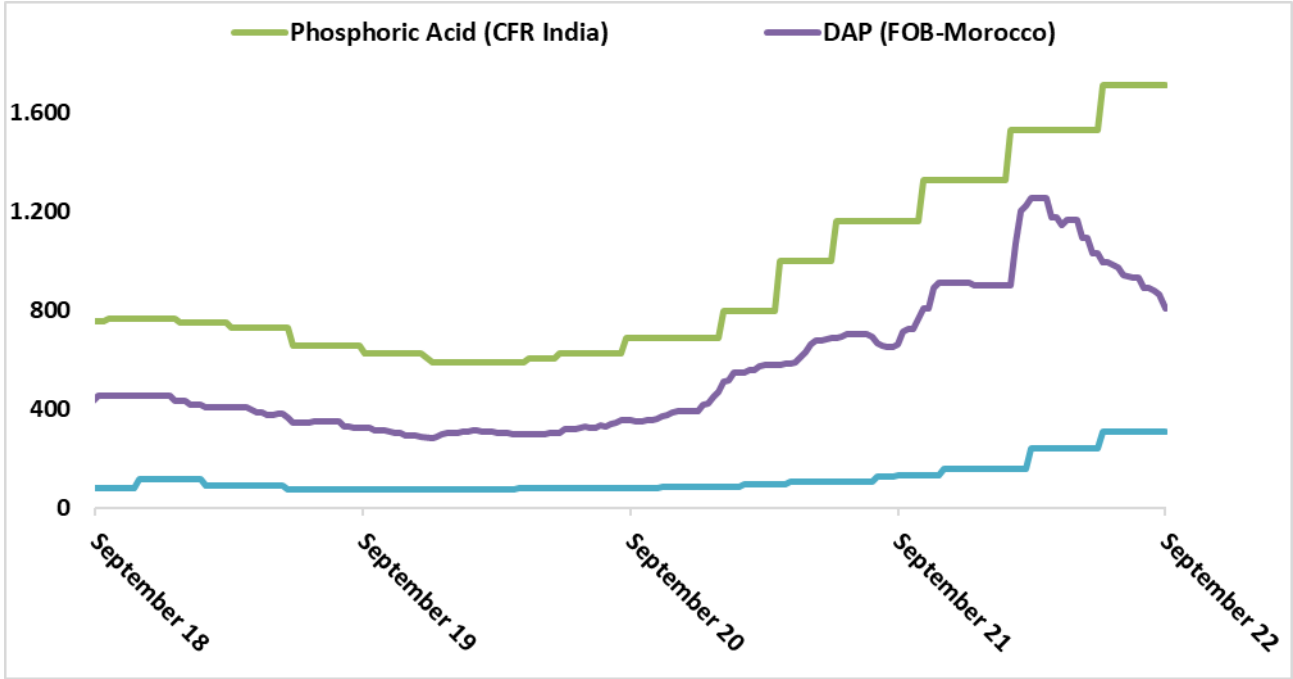
Another factor that positively affects fertilizer consumption is the positive reaction of the farmers to the grain purchase prices of the Turkish Grain Board (TMO). TGB's regulation of the domestic market as a strong buyer has been an important development for the agricultural sector in the recent period when the prices of agricultural and food products, which rose with the war with Russia and Ukraine, saw downward movements after the "Grain Corridor" agreement. Farmers earning good income from cereals demanded more chemical fertilizers compared to the same period last year.

Following the developments above, the 14% decrease in the consumption amount observed in the first half of 2022 compared to the same period of the previous year, decreased to 10% in the January-September 2022 period. With the effect of having a productive year in agricultural production, this decrease is expected to decrease to 5% at the end of the year.



### GLOBAL FERTILIZER PRICES-USD/TONS





#### A. GÜBRE FABRİKALARI TÜRK A.Ş. ACTIVITIES

Gübretaş is Turkey's first and leading company operating in the chemical fertilizer industry. A significant portion of the Company's sales are realized through the Türkiye Agricultural Credit Cooperatives (“TKK”), of which is the main shareholder of Gübretaş. There are 8 regional sales directorates throughout Turkey. Gübretaş makes sales in every region of Turkey where agricultural production is carried out, with its 2,700 sales points (consists of dealers and cooperatives).

#### B. INFORMATION ON FACILITIES

Gübretaş owns a total of 445,470 m<sup>2</sup> of real estate, of which 179,106 m<sup>2</sup> is closed area, consisting of facilities, warehouses and administrative buildings. Gübretaş has a production capacity of 1,085,000 tons/year in total, with Yarımca Facilities 985,000 tons/year chemical fertilizer and İzmir Facilities 100,000 tons/year liquid and powder fertilizer capacity. The total capacity of the warehouses of Gübretaş is 450,000 tons.

### C. PRODUCTION

Gübretaş produced a total of 499.614 tons of fertilizers, which consists of 452.435 of solid fertilizers and 47.179 tons of liquid and powder fertilizers in the first nine months of 2022.

Solid fertilizer production decreased by 28% while liquid-powder production increased by 15% in the first nine months of 2022 compared to the same period of 2021. Total fertilizer production including solid, liquid and powder decreased by 25%.

Capacity utilization rate was 61% in the first nine months of 2022.

#### PRODUCTION BY GROUP -TONS

Production	2022/9	2021/9	Change
Solid Fertilizer	452.435	625.070	(28%)
Liquid - Powder Fertilizer	47.179	41.166	15%
<b>TOTAL</b>	<b>499.614</b>	<b>666.236</b>	<b>(25%)</b>
<b>CUR (%)</b>	<b>%61</b>	<b>%85</b>	

### D. SALES AND PURCHASES

The Company sold a total of 1.473.490 tons fertilizers consist of 1.388.842 solid and 84.648 tons of liquid and powder fertilizers in the first nine months of 2022.

The solid fertilizer sales decreased by 11% and the liquid fertilizer sales increased by 32%, the total fertilizer sales decreased by 10% in the first nine months of 2022, compared to same period of the previous year.

The volume of purchases decreased by 32% to 1.163.598 tons the first nine months of 2022 compared to same period of the previous year.

#### PROCUREMENT AND SALES-TONS

Solid Chemical Fertilizer	2022/9	2021/9	Change
Raw Material	418.123	538.192	(22%)
Commodity (Finished Products)	745.475	1.183.262	(37%)
<b>Total Purchases</b>	<b>1.163.598</b>	<b>1.721.454</b>	<b>(32%)</b>

**SALES BY PRODUCT GROUPS-TONS**

Solid Chemical Fertilizer	2022/9	2021/9	Change
Compound	530.063	583.364	(9%)
Nitrogen-based	731.908	833.151	(12%)
Phosphate-based and others	126.871	147.696	(14%)
<b>Total Solid Fertilizer</b>	<b>1.388.842</b>	<b>1.564.211</b>	<b>(11%)</b>
<b>Total Liquid - Powder Fertilizer</b>	<b>84.648</b>	<b>64.149</b>	<b>32%</b>
<b>Grand Total</b>	<b>1.473.490</b>	<b>1.628.360</b>	<b>(10%)</b>

**E. INVESTMENTS**

In Turkey operations, the Company incurred 138.440.597 ₺ of capital expenditure in the first nine months of 2022, while this figure was 25.321.775₺ in the same period of 2021.

**III. AFFILIATES AND SUBSIDIARIES**

Detailed information about affiliates and subsidiaries are given in the Note 1 of interim consolidated financial statements of 30 September 2022.

**IV. RAZİ PETROCHEMICAL CO.'s ACTIVITIES**
**A. PRODUCTION**

In the first nine months of 2022, 952.288 tons of fertilizer and fertilizer raw materials were produced by Razi.

**RAZİ PRODUCTION-TONS**

PRODUCT	2022/9	2021/9	Change
Ammonia	336.607	495.661	(%32)
Urea	257.961	312.831	(%18)
Sulphuric Acid	134.971	135.424	(%0,3)
Sulphur	115.116	162.989	(%29)
Phosphoric Acid	74.130	81.421	(%9)
DAP	33.503	48.740	(%31)
<b>Total</b>	<b>952.288</b>	<b>1.237.066</b>	<b>(%23)</b>

## B. SALES

In the first nine months of 2022, 762.214 tons of fertilizer were sold. The total revenue generated by Razi and its subsidiaries were 5.022.883.604 ₺

### RAZİ SALES-TONS

Sale Type	2022/9	2021/9	Change
Urea	266.356	262.447	%1
Ammonia	180.689	233.074	(%22)
Sulphuric Acid	140.688	140.698	(%0)
Phosphoric Acid	72.298	89.206	(%19)
Sulphur	70.096	134.826	(%48)
DAP	32.087	47.268	(%32)
<b>TOTAL</b>	<b>762.214</b>	<b>907.519</b>	<b>(%16)</b>

## C. INVESTMENTS

48.851.776₺ of capital expenditures were incurred by the Iran operations in the first nine months of 2022, while this figure was 30.793.215 ₺ in the same period of 2021.

## V. GÜBRETAŞ MINING CO. ACTIVITIES

The works for the facility to be established at the mine site are planned in 3 phases, and the works for the Phase 1 facility, waste storage facility, electrical line works and administrative buildings, and the construction of the structure and road under the mine site are continuing and progressing uninterruptedly according to the planned work schedule. Necessary drilling and canal studies were carried out in order to maintain the mineralizations in the mine site and to detail the areas within the open pit. The amount of investment made in mining activities in the first 9 months of 2022 was 858,607,236₺. This amount was 56,665,782₺ in the same period of the previous year.

## VI. FINANCIAL RESULTS & STOCK PERFORMANCE

### A. FINANCIAL RESULTS

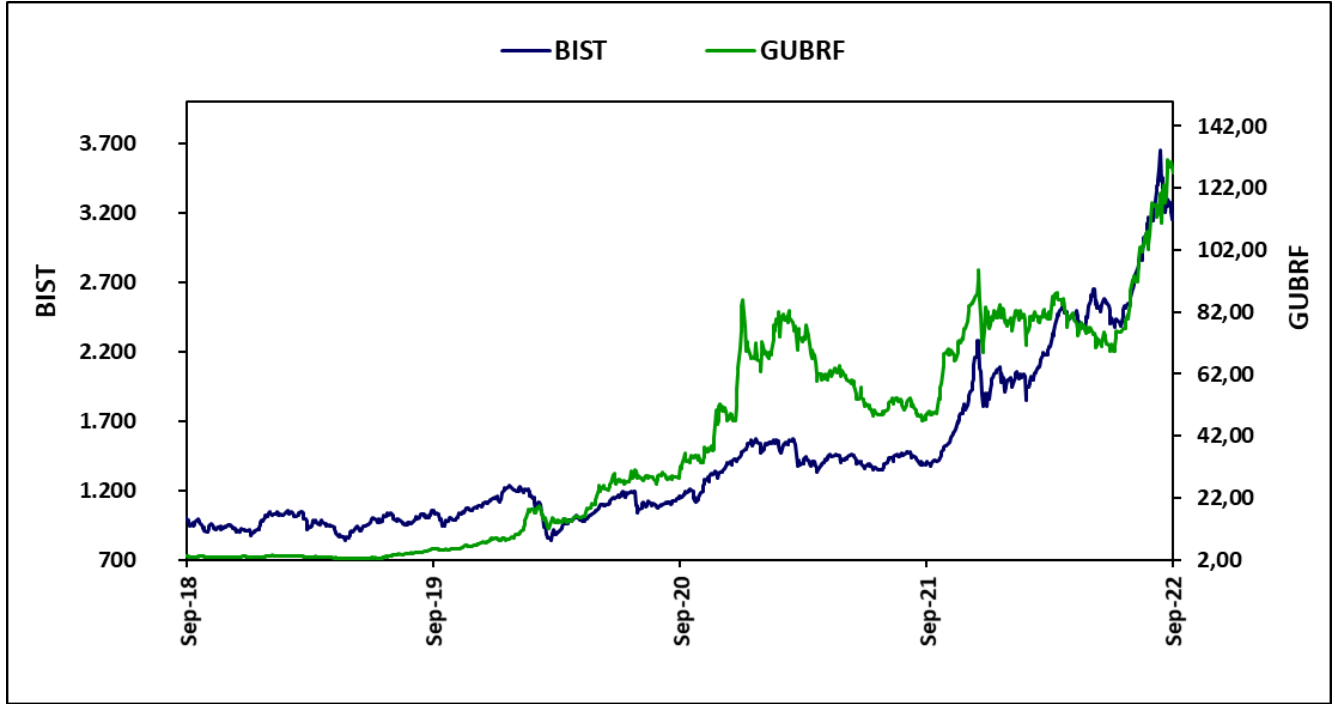
#### Consolidated Balance Sheet Summary

ASSETS	30 September 2022	31 December 2021
Current Assets	11.284.165.543	9.259.730.241
Non-current Assets	6.253.421.829	3.789.879.650
<b>TOTAL ASSETS</b>	<b>17.537.587.372</b>	<b>13.049.609.891</b>
<b>LIABILITIES</b>		
Current Liabilities	9.539.485.227	8.598.983.356
Non-current Liabilities	678.530.034	422.368.156
<b>Total Liabilities</b>	<b>10.218.015.261</b>	<b>9.021.351.512</b>
Equity Capital	7.319.572.111	4.028.258.379
<b>TOTAL ASSETS</b>	<b>17.537.587.372</b>	<b>13.049.609.891</b>

#### Consolidated Income Statement

ONGOING OPERATIONS	1 January – 30 September 2022	1 January – 30 September 2021
Sales	19.898.030.743	6.216.824.037
Cost of Sales	(16.274.509.565)	(4.898.506.478)
<b>Gross Profit</b>	<b>3.623.521.178</b>	<b>1.318.317.559</b>
Operational Income/ (Loss)	(2.305.367.721)	(773.391.080)
<b>Gross Profit (Loss) from Commercial Operations</b>	<b>1.318.153.457</b>	<b>544.926.479</b>
Finance Income / (Loss)	(66.319.946)	(143.648.638)
Profits from Investments Valued by Equity Method	75.267.491	1.865.097
Other Income (Loss)	201.715.412	(21.137.657)
<b>Profit Before Tax</b>	<b>1.528.816.414</b>	<b>382.005.281</b>
Tax Expenditures	(109.640.705)	(92.326.016)
<b>Profit of the Current Period</b>	<b>1.419.175.709</b>	<b>289.679.265</b>
<b>Profit Distribution</b>		
Non-controlling Shares	553.457.347	(18.086.576)
Main Shareholder Shares	865.718.362	307.765.841
<b>Profit Per Share (kr)</b>	<b>2,592</b>	<b>0,921</b>

## B. PERFORMANCE OF THE STOCK



## VII. MAJOR EVENTS AFTER THE REPORTING PERIOD

- According to the Capital Markets Board decision dated October 27, 2022 and numbered 63/1564, the Group's application for issuing debt instruments up to TL 3,000,000,000 to be sold to qualified investors and/or privately, without public offering, has been approved.
- The investment decision, which was shared with the public on February 17, 2021, regarding the modernization of the existing NPK facility in Iskenderun and increasing the capacity, was revised as of October 14, 2022 and it was decided to establish a liquid and powder fertilizer production facility at the Iskenderun Sariseki Facilities.

## VIII. 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 nine months of 2022 covering the dates of 01.01.2022 - 30.09.2022, 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 2022 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 March 02, 2022.
2. Regarding to the article 11/1 of Corporate Governance Communiqué, Investor Relations Department prepared "Investor Relations 2021 Operating Report" and "Investor Relations 2022 6 Months Operating Report" related to activities within the 2021, 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 2021 yearly and 2022 quarterly financial statements excluding footnotes, were announced in the Public Disclosure Platform both in Turkish and English.



## IX. CONCLUSION

### DEAR SHAREHOLDERS,

In the first nine months of 2022, 1.163.598 tons of fertilizers and raw materials were procured from domestic and foreign markets. In the first nine months of 2022, 499.614 tons of various types of solid, liquid and powder fertilizer were produced at facilities and totally 1.473.490 tons fertilizers were sold in the same period. In Turkey operations of the Company, net sale revenues realized as 15.571.177.816₺.

In addition, 952.288 tons of fertilizer and fertilizer raw materials were produced and 5.022.883.604₺ sale revenues were realized by the sale of 762.214 tons of fertilizer and fertilizer raw material in Razi and its subsidiaries.

The Company, after the elimination has reached to 19.898.030.743₺ consolidated sales revenue. Beside, by deducting cost of goods sold, operation expenses, other operating expenses-income and financial expenses, 1.419.175.709₺ consolidated profit occurred. Consolidated net period profit attributable to our company is 865.718.362₺

We would kindly like to ask you to evaluate the results mentioned above regarding the first nine months of 2022 activities.

**Best Regards,**  
**BOARD OF DIRECTORS**