



2021 1st Quarter BOARD of DIRECTORS OPERATING REVIEW REPORT

GÜBRE FABRİKALARI TÜRK A. Ş.

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I. INTRODUCTION

A. REPORTING PERIOD

01.01.2021 - 31.03.2021

B. COMMERCIAL TITLE

Gübre Fabrikaları Türk Anonim Şirketi ("Gübretas" 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 Gübretas 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: Bağarası Köyü Hacıveli Mh. Foça-İzmir Karayolu No: 401 Foça / İZMİR

Phone: +90 (232) 822 81 48

İSKENDERUN FACILITIES

Address: Sarıseki 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: Sarıseki Mah. Atatürk Cad. No: 6 Sarıseki İskenderun/HATAY

Phone : +90 (326) 626 14 42 - 44 – 49

Fax : +90 (326) 626 14 50

AEGEAN REGIONAL OFFICE

Address: Kırlar Mevkii Fatih Mah. Atatürk Cad. Helvacı - Aliğa / 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

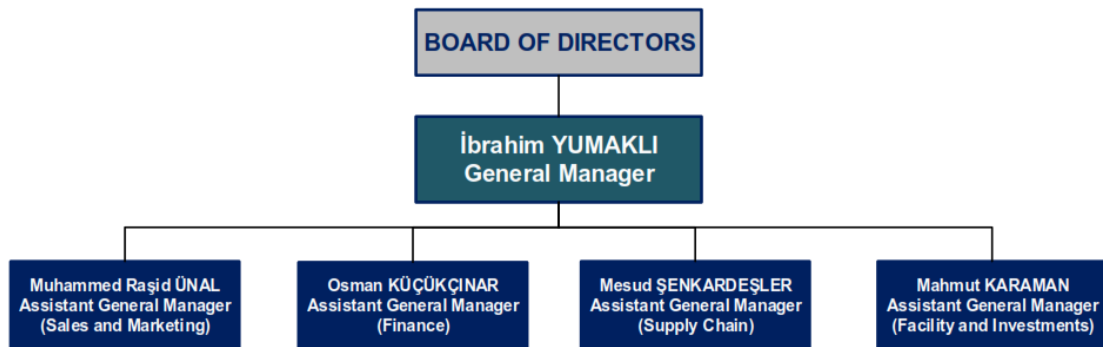
Fax : +90 (414) 381 08 10

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 31.12.2020, 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	Osman KÜÇÜKÇINAR	30.04.2020
Assistant GM – Sales & Marketing	Muhammed Raşid ÜNAL	15.06.2020

I. ADMINISTRATIVE ACTIVITIES

Number of Personnel

As of 31.03.2021, the number of personnel increased by 1% to 579 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 45 hours were carried out in the first quarter of 2021.

II. THE COMPANY'S ACTIVITIES

A. PRODUCTION

Gübretaş produced 138.055 tons (2020/3: 116.710 tons) of compound fertilizers, 58.835 tons (2020/3: 50.185 tons) of nitrogen-based fertilizers, 12.335 tons (2020/3: 7.640 tons) of phosphate-based fertilizers, and a total of 209.225 tons (2020/3: 174.535 tons) of solid fertilizers in the first quarter 2021. In addition, 26.017 tons (2020/3: 20.220 tons) of liquid and powder fertilizers were produced in the same period.

Solid fertilizer production increased by 20%; liquid-powder production increased by 29% in the first quarter of 2021 compared to the same period of 2020. Total fertilizer production including solid, liquid and powder increased by 21%.

Some of the products were used as raw material in the production process. Capacity utilization rate was 90% in the first quarter of 2021.

Table 2: PRODUCTION BY GROUP -TON

Production	2021/3	2020/3	Change
Solid Fertilizer	209.225	174.535	%20
Liquid - Powder Fertilizer	26.017	20.220	%29
TOTAL	235.242	194.755	%21

B. SALES AND PURCHASES

The Company sold 841.455 tons (2020/3: 756.541 tons) of solid, 38.252 tons (2020/3: 29.394 tons) of liquid and powder fertilizers in the first quarter of 2021.

The solid fertilizer sales increased by 11% and the liquid fertilizer sales increased by 30% in the first quarter of 2021, compared to same period of the previous year.

The volume of purchases was 742.558 tons the first quarter of 2021, and the increase is 53% comparing to the 485.327 tons in the same period of 2020. Export numbers increased 3 times to 12.181 tons in the first quarter of 2021, while it was 4.064 tons in the same period of 2020.

Table 3: PROCUREMENT AND SALES-TON

Solid Chemical Fertilizer	2021/3	2020/3	Change
Raw Material	202.765	93.710	%116
Commodity	539.793	391.617	%38
Total Purchases	742.558	485.327	%53

Table 4: SALES BY PRODUCT GROUPS-TON

Solid Chemical Fertilizer	2021/3	2020/3	Change
Compound	224.012	196.337	%14
Nitrogen-based	567.890	521.877	%9
Phosphate-based and others	49.553	38.327	%29
Total Solid Fertilizer	841.455	756.541	%11
Total Liquid - Powder Fertilizer	38.252	29.394	%30
Grand Total	879.707	785.935	%12

C. INVESTMENTS

In Turkish operations, the Company incurred 44.197.715 ₺ (Gübretas Mining Investments Co. 37.362.320₺ - Chemical Fertilizer Activities 6.835.395₺) of capital expenditure in the first quarter of 2021, while this figure was 20.437.240 ₺ 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 31 March 2021.

IV. RAZİ PETROCHEMICAL CO.'S ACTIVITIES

A. PRODUCTION

In the first quarter of 2021, 384.022 tons (2020/3: 376.274 tons) of fertilizer and fertilizer raw materials were produced in Razi Petrochemical Co. ("Razi"). The capacity utilization rate was 46% (2020/3: 45%)

Table 5: RAZİ PRODUCTION-TON

PRODUCT	2021/3	2020/3	Change	Capacity	2021/3 CUR
Ammonia	151.767	197.316	(%23)	1.336.000	%45
Urea	101.011	111.306	(%9)	594.000	%68
Sulphur	54.304	59.820	(%9)	508.000	%40
Sulphuric Acid	57.360	5.439	%955	627.000	%37
DAP	19.850	2.393	%718	450.000	%33
Total	384.022	376.274	%2	3.641.000	%46

B. SALES

In the first quarter of 2021, 305.036 tons (2020/3: 372.602 tons) of fertilizer were sold. The total revenue generated by Razi and its subsidiaries were 167.053.716 ₺ (2020/3: 383.358.684 ₺) during the reporting period. Razi exported 158.614 tons and sold 146.422 tons in the domestic market in the first quarter of 2021. The share of exports in total sales was 51%

Table 6: RAZİ SALES-TON

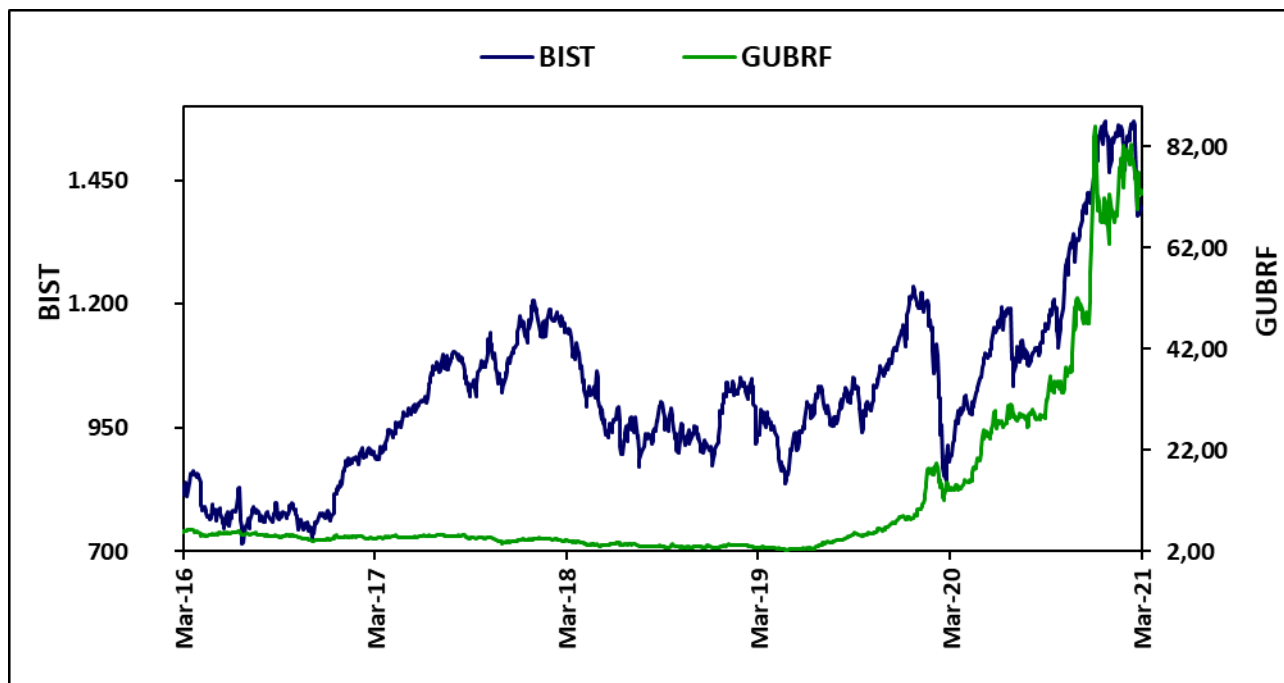
Sale Type	2021/3	2020/3	Change
Domestic	146.422	78.257	%87
Urea	67.343	56.577	%19
Sulphuric Acid	57.465	9.697	%493
DAP	19.567	9.036	%117
Ammonia	2.047	2.947	(%31)
Export	158.614	294.345	(%46)
Ammonia	90.105	148.003	(%39)
Sulphur	36.007	74.199	(%51)
Urea	32.502	71.643	(%55)
DAP	0	500	-
TOTAL	305.036	372.602	(%18)

C. INVESTMENTS

11.285.479 ₺ of capital expenditures were incurred by the Iran operations in the first quarter of 2021, while this figure was 1.452.101 ₺ in the same period of 2020.

V. PERFORMANCE OF THE STOCK

Graph 1 : PERFORMANCE OF THE STOCK



Date	03/31/2020	06/30/2020	09/30/2020	12/31/2020	03/31/2021
Stock Price	14,63	27,68	32,12	86,05	73,10

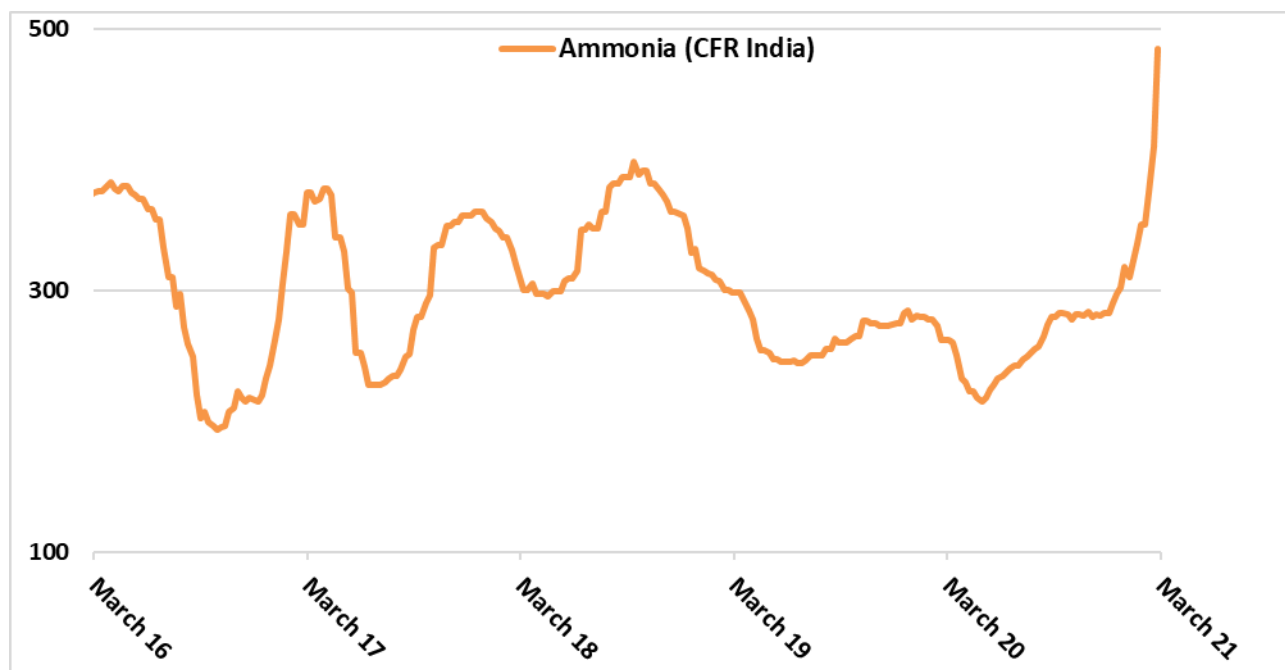
VI. REVIEW

The ammonia is the most important product for the Iranian operations. There was a strong upward trend in ammonia prices in the last quarter comparing to the previous quarter (%25) on the other hand the prices are up to 30% compared to the same period of the last year. In the first quarter of 2021, the average ammonia prices was around 345 USD. Although increasing Ammonia prices, has been observed as positive development for the Iranian operations, the decrease on export numbers due to pandemic has lead to a decrease in profitability.

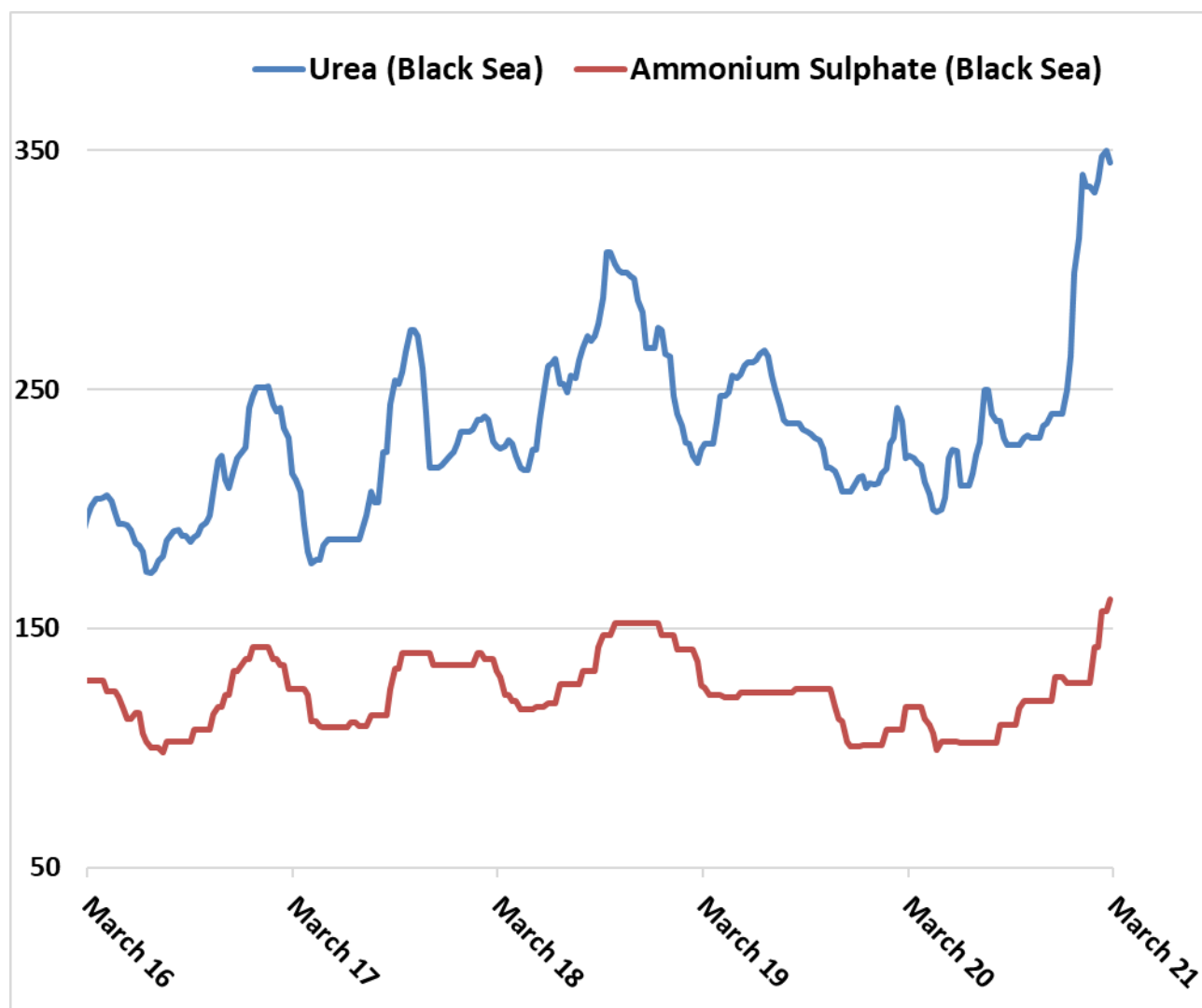
As the Ammonium Sulfat (AS) prices had also a upward trend with the %20 percent increase, the prices also increased %20 compared to the same period of the last year. The Urea prices had started an upward trend at the end of 2020, and continued to rise in the

first period of 2021. In phosphate fertilizers and fertilizer raw materials, a period with predominantly upward movement has been observed at the end of the quarter.

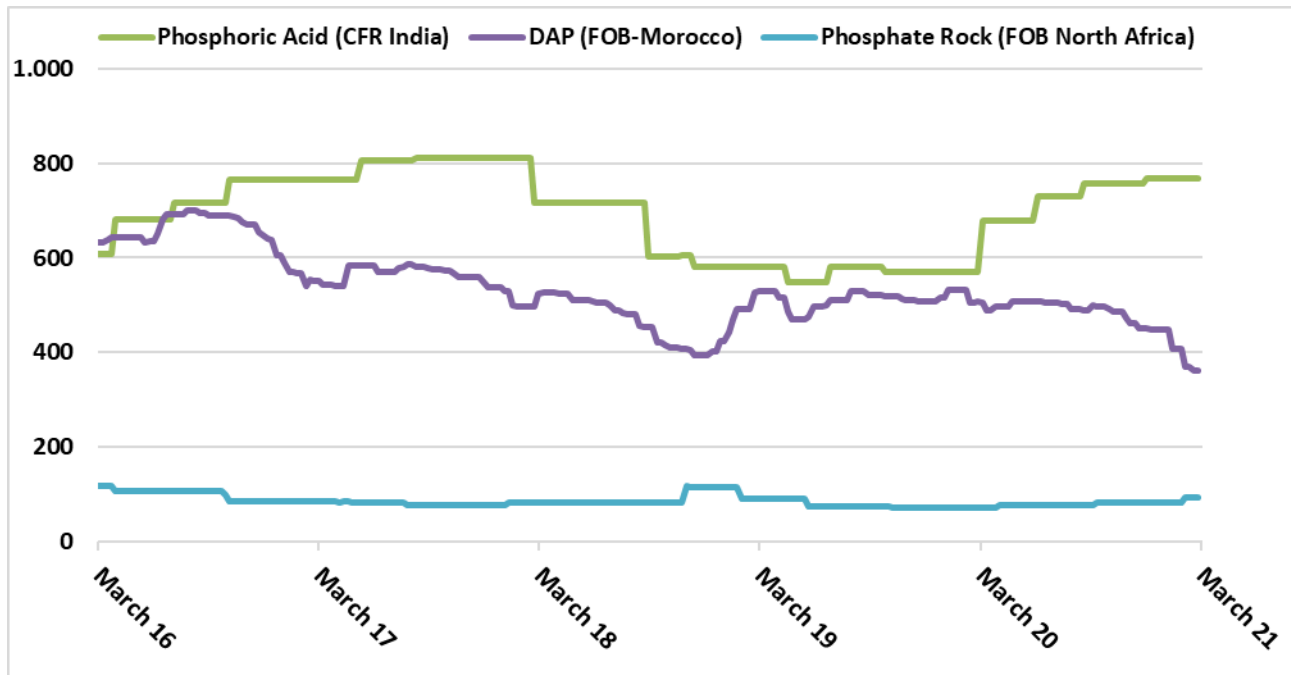
Graph 2 : FERTILIZER PRICES IN INTERNATIONAL MARKETS - US\$/TON



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



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



I. CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

- In accordance with the Board of Directors decision dated April 6, 2021 of Tarkim Plant Protection Inc., one of the affiliates of GÜBRETAS, it has been decided to start initial public offering process.
- The 2020 Ordinary General Assembly Meeting of GÜBRETAS was held on April 8, 2021.
- The paid in capital of GÜBRETAS Mining Investments Co. , which was decided to be increased to 40.000.000 TL in the General Assembly dated 29 January 2021, was paid in cash on 6 May 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 - 31.03.2021, 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 quarter of 2021, 742.558 tons (2020/3: 485.327 tons) of fertilizers and raw materials were procured from domestic and foreign markets. In the first quarter of 2021, 235.242 tons (2020/3: 194.755 tons) of various types of solid, liquid and powder fertilizer were produced at facilities and totally 879.707 tons (2020/3: 785.935 tons) fertilizers were sold in the same period. In Turkish operations of the Company, net sale revenues realized as 2.177.584.536 ₺ (2020/3: 1.348.676.957 ₺).

In addition, 384.022 tons (2020/3: 376.274 tons) of fertilizer and fertilizer raw materials were produced and 167.053.716₺ (2020/3: 383.358.684₺) sale revenues were realized by the sale of 305.036 tons (2020/3: 372.602 tons) of fertilizer and fertilizer raw material in Razi and its subsidiaries.

The Company reached to 2.344.638.252 ₺ (2020/3: 1.732.035.641 ₺) consolidated sales revenue. Beside, by deducting cost of goods sold, operation expenses, other operating expenses-income and financial expenses; 161.110.001 ₺ ((2020/3: 131.537.035 ₺) profit realized before tax. 94.661.179 ₺ (2020/3: 126.576.176 ₺) consolidated profit occurred after deducting 66.448.822 ₺ (2020/3: 4.960.859 ₺) net tax expense. 123.229.701 ₺ (2020/3: 69.655.779 ₺) consolidated net period profit to shareholders has occurred after adding 28.568.522 ₺ (2020/3: -56.920.397 ₺) shares of minority shareholders.

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

Best Regards,

BOARD OF DIRECTORS