hektaş

Annual Report

2024

We stand with our farmers
to keep the hands that cultivate the land strong.

Deloitte.

DRT Bağımsız Denetim ve
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(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT

To the General Assembly of
Hektaş Ticaret Türk Anonim Şirketi

1) Opinion

As we have audited the full set consolidated financial statements of Hektaş Ticaret Türk Anonim Şirketi ("the Company") and its subsidiaries ("the Group") for the period between 01/01/2024–31/12/2024, we have also audited the annual report for the same period.

In our opinion, the consolidated financial information provided in the Management's annual report and the Management's discussions on the Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated financial statements and the information obtained from our audit.

2) Basis for Opinion

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is disclosed under *Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report* in detail. We declare that we are independent from the Group in accordance with the *Code of Ethics for Independent Auditors* ("Code of Ethics") issued by POA and ethical provisions stated in the regulation of audit. We have fulfilled other responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3) Auditor's Opinion for the Full Set Consolidated Financial Statements

We have presented unqualified opinion for the Group's full set consolidated financial statements for the period between 01/01/2024–31/12/2024 in our Auditor's Report dated 11 March 2025.

4) Management's Responsibility for the Annual Report

The Group's Management is responsible for the following in accordance with Article 514 and 516 of the Turkish Commercial Code No. 6102 ("TCC") and "Communiqué on Principles of Financial Reporting in Capital Markets" with No.14.1 of the Capital Markets Board ("the Communiqué"):

a) Preparing the annual report within the three months following the reporting date and presenting it to the General Assembly,

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4) Management's Responsibility for the Annual Report (Cont'd)

b) Preparing the annual report with the all respects of the Group's flow of operations for that year and the Group's consolidated financial performance accurately, completely, directly and fairly. In this report, the consolidated financial position is assessed in accordance with the consolidated financial statements. The Group's development and risks that the Group may probably face are also pointed out in this report. The Board of Director's evaluation on those matters are also stated in this report.

c) The annual report also includes the matters stated below:
- The significant events occurred in the Group's activities subsequent to the financial year ends,
- The Group's research and development activities,
- The compensation paid to key management personnel and members of Board of Directors including financial benefits such as salaries, bonuses and premiums, allowances, travelling, accommodation and representation expenses, in cash and kind facilities, insurances and other similar guarantees.

The Board of Directors also considers the secondary regulations prepared by the Ministry of Trade and related institutions while preparing the annual report.

5) Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report

Our aim is to express an opinion and prepare a report about whether the Management's discussions and consolidated financial information in the annual report within the scope of the provisions of the TCC and the Communiqué are fairly presented and consistent with the information obtained from our audit.

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the SIA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Management's discussions on the Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated financial statements and the information obtained from our audit.

The engagement partner on the audit resulting in this independent auditor's report is Volkan Becerik.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Volkan Becerik
Partner

İstanbul, 11 March 2025

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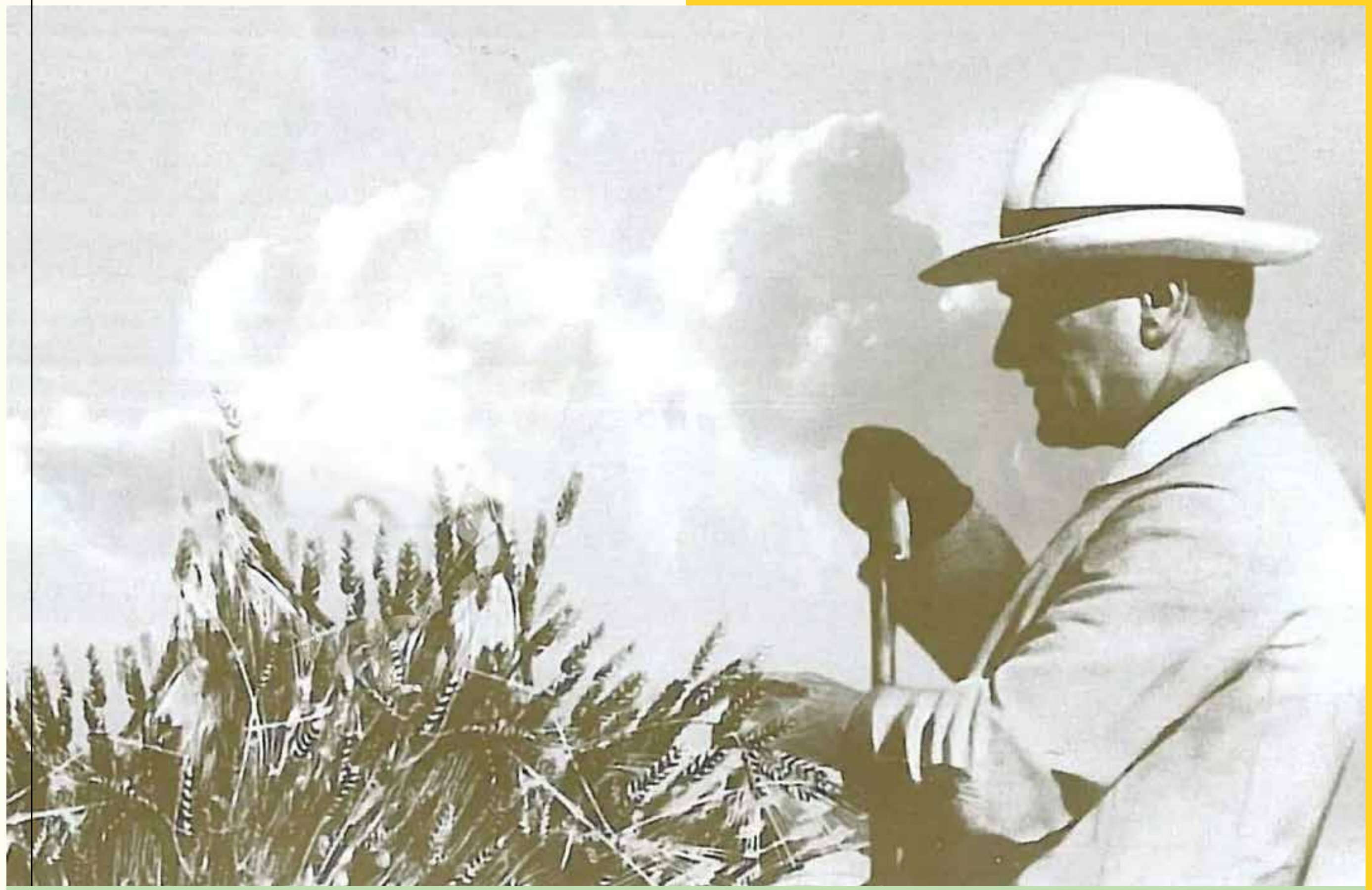


With the efforts of our farmers, the fertile lands of our homeland will become a source of development. Undoubtedly, to defend this prosperity against the enemies of the world, we will also have a valuable army.

Mustafa Kemal ATATÜRK

WE CONTINUE TO LEAD IN THE AGRICULTURE SECTOR.

With our strong R&D efforts, technological investments, and customer-oriented service approach, we are shaping the future of agriculture. We will continue to grow together with our stakeholders and maintain our leadership position in shaping our sector

OUR SEEDS HAVE SPROUTED.

Every seed we plant in the soil will be a harbinger of a prosperous future. We continue to grow with our companies, Areo Tohum and Agriventis, by adopting eco-friendly production methods and working hand in hand with our farmers. Because we know that the seeds sown together grow stronger.

WE HAVE BEEN CROWNED WITH AWARDS.

We are proud to receive the fruits of our labor through our innovative efforts in the agriculture sector and our commitment to sustainable production. The prestigious awards we received in 2024 are not only a reflection of our work but also of our dedication to nature and the future.

WE STAND BY THE FARMER

With our continuously developed quality products, innovative solutions, and expert technical support, we enhance the productivity of our farmers and support sustainable agriculture, adapting to changing seasonal conditions and expectations. We grow together, we produce together.

68 YEARS OF EXPERIENCE

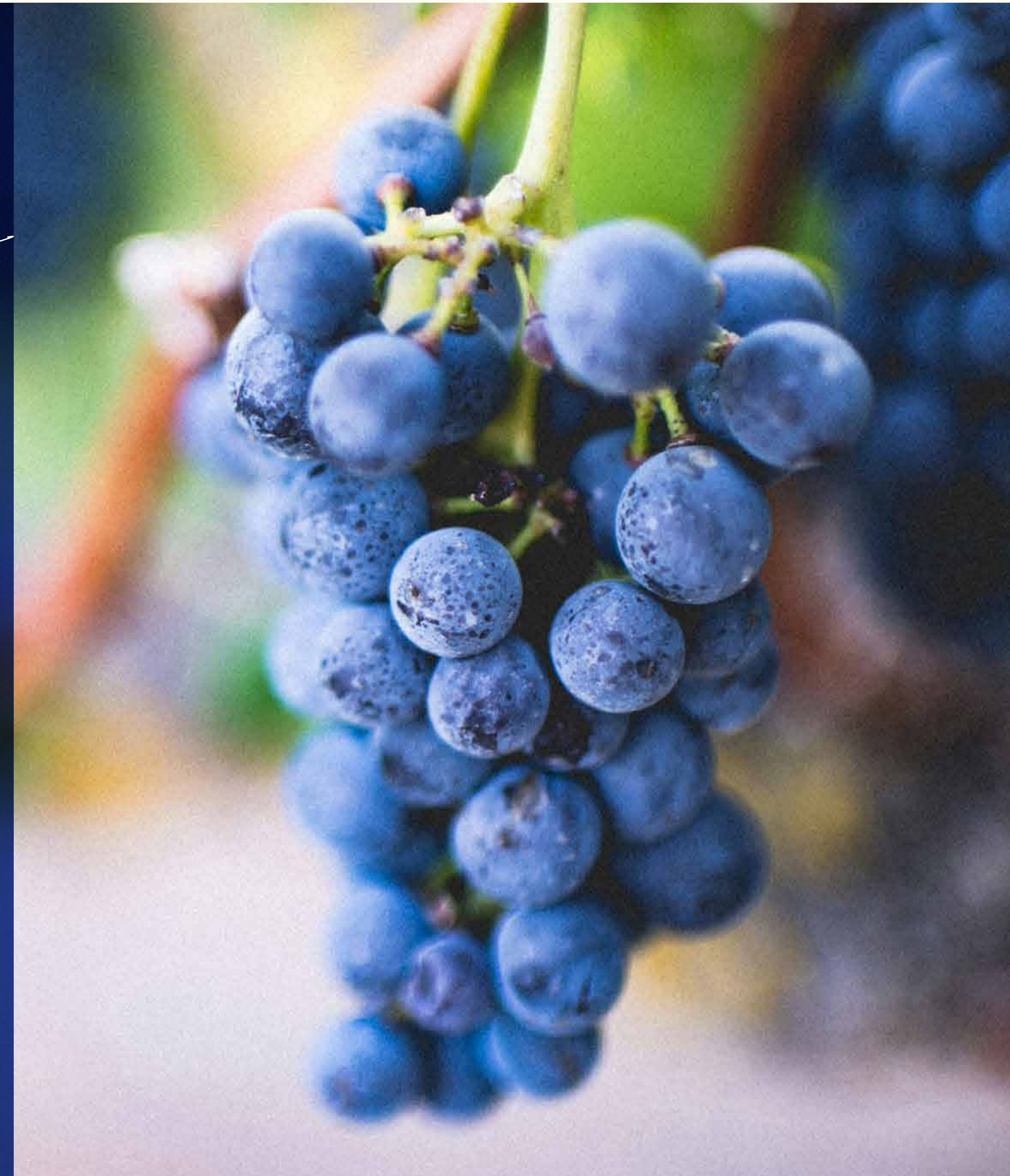
With 68 years of experience, we are the address of trust, quality, and innovation in the agriculture sector. By combining our knowledge accumulated over the years with modern agricultural techniques, we provide the best service to our farmers. With our love for the soil and dedication to agriculture, we continue to build a stronger future day by day.

HEKTAŞ'S TRANSFORMATION PROCESS CONTINUES WITH OYAK'S DISCIPLINE.

We continue the transformation process without slowing down, guided by Oyak's disciplined management approach. With the localization of agricultural inputs, the widespread adoption of smart farming practices, and an environmentally friendly production approach, HEKTAŞ will continue to shape Türkiye's agricultural future.

HEKTAŞ'S SMART SOLUTIONS COME TO LIFE IN THE FIELDS WITH THE HARD WORK OF FARMERS

Thanks to modern agricultural practices, productivity-enhancing fertilizers, plant protection products, seeds, and digital farming systems, our farmers' hard work is turning into abundance in the fields. We continue on our path with the awareness that the hard work of farmers is our most valuable resource.



OUR ROOTS ARE IN THE FIELDS OF OUR COUNTRY, AND OUR VISION EXTENDS BEYOND OUR BORDERS

Inspired by our local values, we aim to establish a strong presence in the global agricultural world. On the path to becoming a global brand that opens to the world from Türkiye's fertile lands, we are growing together with our farmers, business partners, and customers.

Message From the Chairman of the Board of Directors

HEKTAŞ, HEKTAŞ, by closely following the new trends in the agricultural industry, continues to make a difference in the sector, especially through its R&D investments and experienced workforce, and remains one of the most well-known Turkish brands in agriculture.

Dear Shareholders,
Esteemed Employees,
Honorable Business Partners and Farmers,

OYAK is Türkiye's largest supplementary professional pension fund, operating not only in seven geographical regions of Türkiye but also across six continents in 25 countries, with more than 150 companies and over 40,000 employees.

HEKTAŞ, one of OYAK's publicly listed seven companies, has been operating under the OYAK umbrella since 1963 and continues to maintain its leadership in the agricultural sector as of 2024. Thanks to this successful performance, it continued to be among the top 30 most valuable companies on Borsa İstanbul, further strengthening its strong position in the sector this year. HEKTAŞ's achievement is not only a great source of pride for OYAK but also contributes to Türkiye's further prominence in the international agricultural sector.

The year 2024 witnessed significant developments both in Türkiye and around the world. While global balances shaken by the pandemic are being reshaped worldwide, the wars and uncertainties in Türkiye's neighboring region, along with the presidential elections in the United States, were among the most prominent topics of the year.

In Türkiye, significant reductions in inflation rates were achieved thanks to the strict monetary policies and fiscal discipline implemented. The year ended with an annual inflation rate of 44.38%. This situation indicates that Türkiye's economy displayed a stable performance in 2024 and provided promising signals for the future.

HEKTAŞ WILL BE COMPETITIVE BY FOCUSING ON WORLD AGRICULTURE.

HEKTAŞ continues its mission to shape the future of the agricultural sector...

Significant developments took place in 2024 in the plant protection, plant nutrition, and seed sectors in Türkiye and around the world, with the aim of increasing the sustainability and productivity of agricultural production.

As the global population continues to grow rapidly, it is projected that the growth in the global agricultural market will increase by 70% by 2050. The increase in the world's population, limited agricultural land, climate change, sustainability concerns, and technological advancements have made the need to improve agricultural productivity more crucial than ever. In response to this need, the Food and Agriculture Organization has aimed to raise global awareness of integrated nutrient management practices through field projects and publications conducted over the past 20 years. In this regard, efforts to educate and raise awareness for the adoption of modern agricultural techniques have gained momentum in Türkiye. Through these efforts, a new perspective was brought to the agriculture sector, and technology-supported sustainable farming practices were promoted.

In our country, the support provided by the government aims to ensure the sustainability of agricultural production and food security, as well as to increase productivity and quality. Thanks to the regulations, technological innovations, and sectoral activities implemented during this period, agricultural practices at world standards were encouraged. In parallel with this, an increase in the demand for agricultural production inputs was observed.

For growing independently from economic cycles, market diversity and export are essential key element.

HEKTAŞ, by closely following the new trends in the agricultural industry, continues to make a difference in the sector, especially through its R&D investments and experienced workforce, and remains one of the most well-known Turkish brands in agriculture.

HEKTAŞ, which has achieved successful results in seed breeding studies that are critical for food sovereignty, continues to lead Turkish agriculture and move forward confidently towards becoming a strong player in the global market, through its partnerships with AREO Tohum and AGRIVENTIS to ensure biodiversity, and with FERBİS and SUNSET in the fields of plant protection and nutrition.

With these innovative steps, HEKTAŞ continues to uphold its mission of shaping the future of the agricultural sector. With our R&D investments, sustainable production approach, and the solutions we provide to our farmers, we continue to grow in both local and international markets. In the upcoming period, we are determined to support innovation in agricultural production by utilizing technology in the most efficient way, increase the productivity of our farmers, and elevate Turkish agriculture to a stronger position on the global stage.

I sincerely thank all our employees, business partners, stakeholders, and our farmers, who are our greatest source of motivation, for their efforts and contributions in 2024.

Eren Ziya DİK
Chairman of the Board of Directors

Message From The General Manager

The transformation process we began in 2023 and the solid steps we took in 2024 will carry us forward into the future with greater strength.

Dear Business Partners and Stakeholders,
Esteemed HEKTAŞ Employees,

We have left behind another year in which we continued our transformation by adapting to the dynamic nature of the agricultural sector. The year 2024 was not only a year in which HEKTAŞ achieved significant milestones in terms of development, but also a year in which we confidently moved forward towards the future.

The past is the greatest treasure of a family or an institution. The experiences gained over the years, the challenges faced, and the successes achieved are the foundations that build today. Having a deep-rooted history is not just about existing for many years; it is about passing on values, traditions, and wisdom from generation to generation. 68 years ago, a group of patriotic and idealistic doctors, pharmacists, and chemists passed on their experiences, and we are working with all with the same perspective and our effort to carry these experiences forward to future generations and build the future.

With the strength drawn from our 68-year-old deep-rooted history and the sense of responsibility we feel towards our farmers, we continued to produce smart solutions tailored to their needs. By keeping a pulse on agriculture in the field, we supported sustainable and efficient production.

In 2023, we laid the foundations for our future vision, and throughout 2024, we continued to strengthen them.

As an agricultural company, while aiming for sustainable growth, we must also take market conditions into account. Due to the current economic climate and rising costs, we have decided to temporarily slow down the pace of our investments during this period. However, this does not mean that we are giving up on development and innovation. We continue to plan strategic steps and make R&D-focused investments that enhance our efficiency while ensuring that we use our existing resources in the most effective way to sustain our production.

IN 2023, WE LAID THE FOUNDATIONS FOR OUR FUTURE VISION, AND THROUGHOUT 2024, WE CONTINUED TO STRENGTHEN THEM.

Our company, which continues its operations in plant protection, plant nutrition, and seed production in the agricultural sector, was affected by the economic and financial developments in the sector during this period.

High interest rates on loans and deposits have made access to financing more difficult, while also reducing the risk appetite of farmers and stakeholders in the agricultural sector.

In particular, the restrictions imposed on active substances in our core business segment, the crop protection sector, have increased production costs. Additionally, inflation rates in many agricultural products have remained below the general inflation rate, negatively affecting our profitability.

Furthermore, cash flow challenges in the agricultural sector have heightened risk perception. This situation has made it more difficult for companies supplying agricultural inputs to collect payments, while the high risk has also limited producers' purchasing decisions for stock.

In our other business sector, plant nutrition, we continued to contribute to Türkiye's plant nutrition industry in 2024 with organomineral, biostimulant and next-generation plant nutrition products. In this sector, by providing the nutrients plants need in the most efficient way through the balanced combination of natural organic matter and minerals, we improve the soil structure and ensure long-term yield increases.

In the plant nutrition sector, global price fluctuations in raw materials have naturally had a negative impact on our company as well. To minimize the impact of this instability, we have adopted policies such as controlled cash and short-term sales, as well as active working capital management.

Our only focus is agriculture.

Our passion for the seed sector and the dreams we have built over the years became a reality with Areo Tohum since 2019 and Agriventis since 2022. Thanks to our innovative approaches and R&D investments, we have brought high-yielding and quality seeds to our farmers. With our global partnerships in the sector, we will continue to strengthen agricultural production in 2025. Every seed is the beginning of a great future. In 2024, we continued to breathe new life into the seed sector with Areo Tohum and Agriventis to shape this future. In the seed sector, while advancing toward becoming a global seed brand after first establishing a regional presence, we will now continue the seed development activities, which we have been carrying out under the name Areo Tohumculuk since 2019, under the HEKTAŞ Tohum brand.

As of 2024, the economic and financial developments in the agricultural sector have significantly impacted market dynamics. In light of all these developments, it is crucial to implement various solution proposals and support mechanisms to ensure sustainable growth in the agricultural sector and improve the financial conditions of farmers.

This year, we took significant steps towards becoming a global company. We have made important agreements, particularly for our plant protection and plant nutrition facility to be established in Uzbekistan. Despite the instability in the Middle East, thanks to the measures we took, we achieved the targets we set at the beginning of 2024 for our overseas sales.

In conclusion, to summarize 2024; the transformation process we began in 2023 and the solid steps we took in 2024 will carry us forward into the future with greater strength. In the upcoming period, we will continue our path with determination, guided by innovation, efficiency, and a commitment to sustainable agriculture.

As I conclude my words, I must express our deep gratitude to our stakeholders, especially for the capital increase we carried out in 2024! This debt of gratitude is as sacred to us as a debt to the homeland. Our gratitude will not only be in words but will also be reflected in the steps we take towards the future.

Therefore, I sincerely thank each and every one of you for the trust you have placed in us and the support you have given.

Enis Emre Terzi
General Manager

HEKTAŞ AT A GLANCE

Financial Indicators

DECREASE IN TOTAL DEBTS...

Key Financial Indicators	31.12.2024	31.12.2023	Change % (2024-2023)
Sales Income	4,867,088,189	8,719,027,378	-44.18%
Real operating profit / loss	-2,813,640,823	-2,104,251,126	33.71%
Gross Profit/Loss	-1,010,173,310	1,177,542,924	-185.79%
Profit / (Loss) for the Period	-2,754,157,519	-1,291,407,227	113.27%
EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization)	-1,989,107,196	-1,319,353,167	50.76%

Margins	31.12.2024	31.12.2023
Gross Profit Margin	-21%	14%
Operating Profit Margin	-58%	-24%
Net Profit Margin	-57%	-15%
EBITDA Margin	-41%	-15%

Summary Income Statement (TRY)	31.12.2024	31.12.2023	Change % (2024-2023)
Revenue	4,867,088,189	8,719,027,378	-44.18%
Cost of Sales (-)	-5,877,261,499	-7,541,484,454	-22.07%
Gross Profit / Loss	**-1,010,173,310**	**1,177,542,924**	**-185.79%**
Operating Expenses (Marketing, Distribution, General Administration, R&D)	-1,885,228,451	-2,331,869,969	-19.15%
Other Activities (Income / Expenses)	81,760,938	-949,924,081	-108.61%
Real Operating Profit / (Loss)	**-2,813,640,823**	**-2,104,251,126**	**33.71%**
Income/Expenses from Investment Activities	16,880,509	1,830,860,184	-99.08%
Operating Profit / (Loss) Before Finance Expenses	**-2,796,760,314**	**-273,390,942**	**922.99%**
Finance Income/Expenses	-4,183,436,746	-4,212,179,600	-0.68%
Net Monetary Loss Profit	3,435,323,623	2,298,443,143	49.46%
Profit / Loss Before Tax From Continuing Operations	**-3,544,873,437**	**-2,187,127,399**	**62.08%**
Tax Income / Expense From Continuing Operations	790,715,918	895,720,172	-11.72%
Profit / Loss For The Period	**-2,754,157,519**	**-1,291,407,227**	**113.27%**

Summary Balance (TRY)	31.12.2024	31.12.2023	Change % (2024-2023)
Current Assets	8,848,414,927	21,844,083,146	-59.49%
Fixed Assets	15,228,946,134	14,908,018,975	2.15%
Total Assets	**24,077,361,061**	**36,752,102,121**	**-34.49%**
Short-Term Liabilities	7,328,602,945	22,809,342,097	-67.87%
Long-Term Liabilities	3,014,575,332	3,056,924,587	-1.39%
Equities	13,734,182,784	10,885,835,437	26.17%
Total Equities	**24,077,361,061**	**36,752,102,121**	**-34.49%**

Operations Map

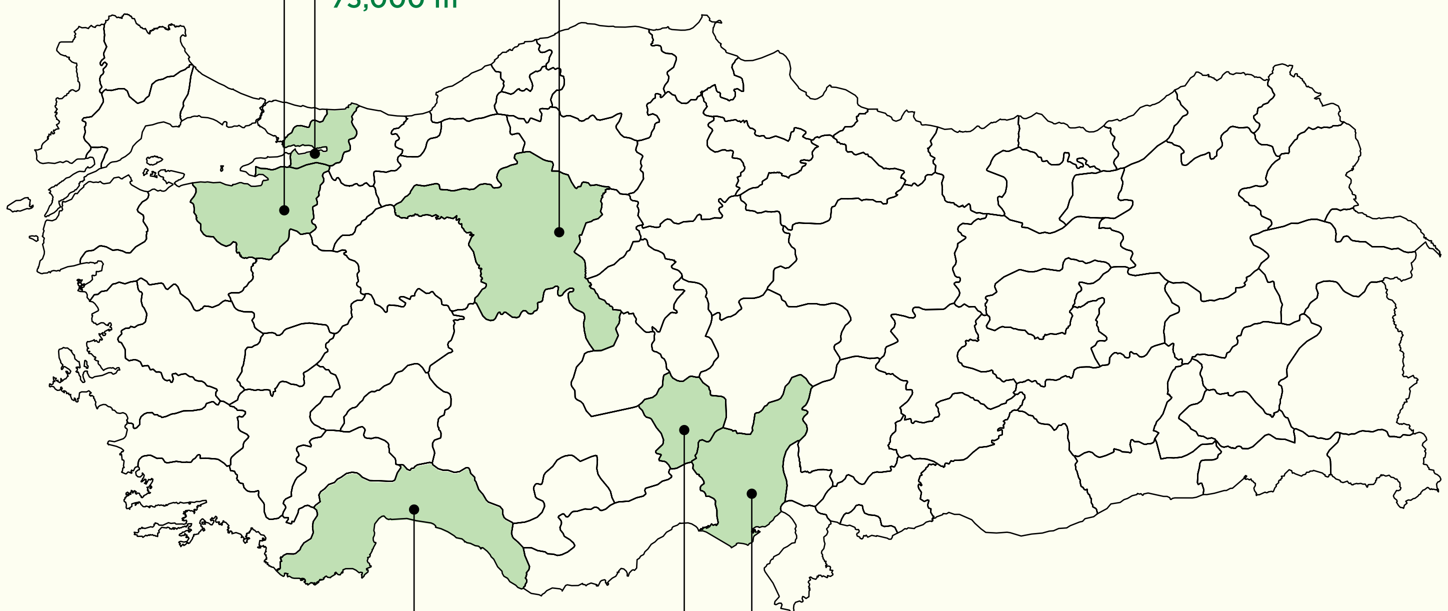
With our state-of-the-art production facilities in many regions of Türkiye, we continue to contribute to employment and remain a leader in Turkish agriculture.

Domestic

Kocaeli/Gebze
HEKTAŞ Headquarters and Plant Protection Products Production Facility
HEKTAŞ R&D Center
Facility Area: **75,000 m²**

Bursa/Orhangazi
Ferbis Headquarters
HEKTAŞ F.A.R.M.
Facility Area: **634,000 m²**

Ankara/Sincan
Ankara High Technology Center
HEKTAŞ R&D Center
Facility Area **12,000 m²**



Antalya/Konyaaltı
Areo Seed Technologies Center
Facility Area: **43,300 m²**
Greenhouse Area: **29,000 m²**

Niğde/Bor
Ferbis Plant Protection Products Production Facility
Facility Area: **24,000 m²**

Adana/Sarıçam
HEKTAŞ Organomineral Fertilizer Production Facility
Facility Area: **20,000m²**

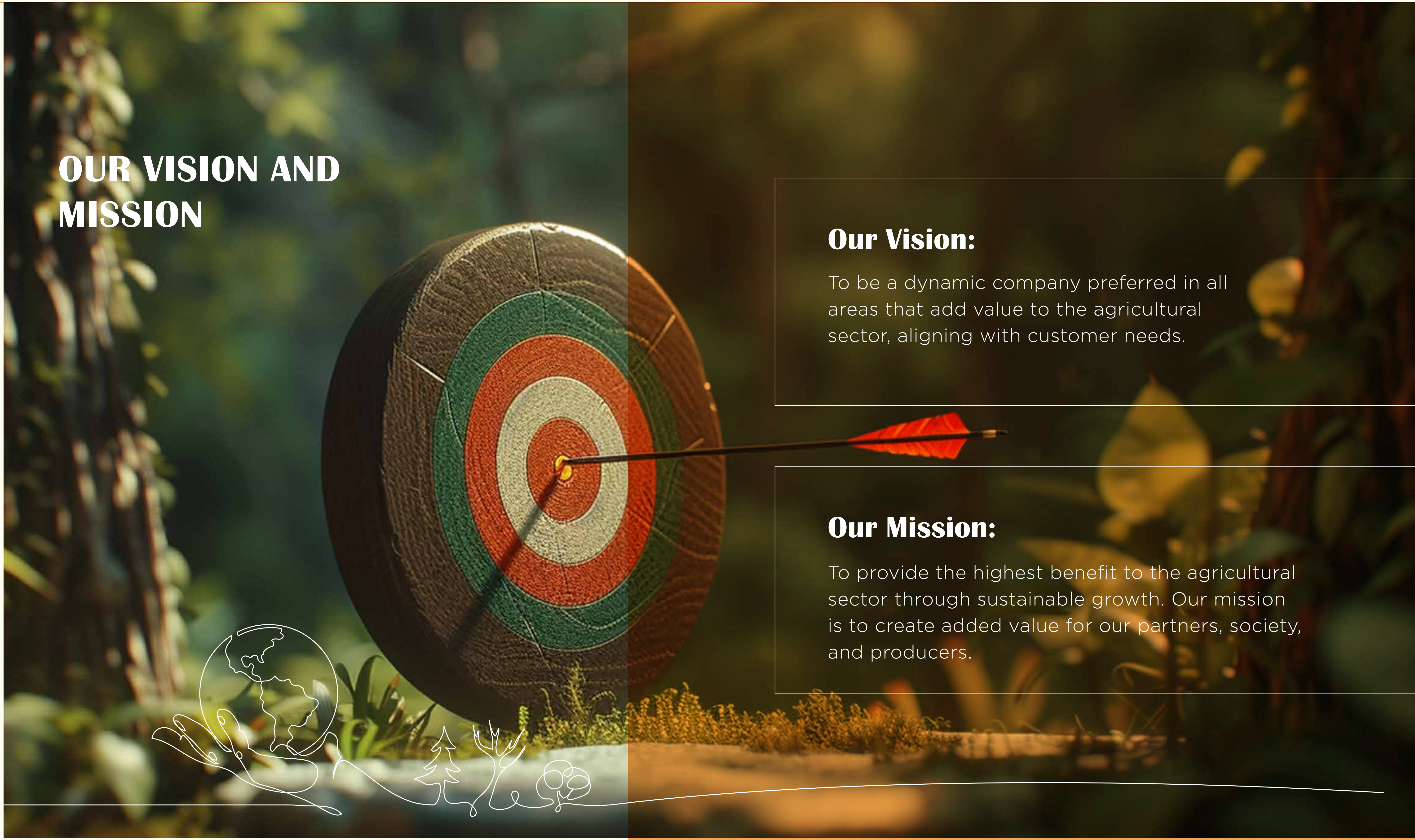
Overseas

It has been a year in which the infrastructure work for our strategic overseas investments, which we laid the foundations for in the past, has accelerated.

Türkiye
Sunset Kimya Tarım Ürünleri ve Aletleri İmalat Pazarlama Sanayi ve Tic. A.Ş.
310 Overseas Licensed Plant Protection Products

Uzbekistan
HEKTAS ASIA LLC
Plant Protection Capacity: 30,000 tons/year
Organomineral Fertilizer Capacity: 150,000 tons/year

Australia
Agriventis Technologies Pty. Ltd
Number of Seed Lines 260+



OUR VISION AND MISSION

Our Vision:

To be a dynamic company preferred in all areas that add value to the agricultural sector, aligning with customer needs.

Our Mission:

To provide the highest benefit to the agricultural sector through sustainable growth. Our mission is to create added value for our partners, society, and producers.

About Us

With over half a century of experience in the agricultural sector, HEKTAŞ, one of the most established companies, has carried its journey, which started in Adana, to the global stage with the vision of becoming a world brand. HEKTAŞ, with the motto "Pioneer of Smart Agriculture," has been making a difference every year with groundbreaking work and is one of the largest solution partners in the agricultural production sector. The company is engaged in the production, sales, and marketing of plant protection, plant nutrition, and seed products.

Guided by its R&D efforts, HEKTAŞ works with full force to strengthen national agriculture. With internationally recognized certifications and standards, modern production facilities, production capacity and capabilities, strong infrastructure, logistics, and technical service, HEKTAŞ is shaping the future of Turkish agriculture.

OYAK, one of Türkiye's largest and strongest industrial groups, became a partner in HEKTAŞ in 1963 and became the largest shareholder with a 53.82% stake in 1981. As of 2024, OYAK holds a 55.37% share in HEKTAŞ. After OYAK became a shareholder, HEKTAŞ went public in 1981. In 1986, its shares began trading on Borsa İstanbul.

The company's product portfolio includes over 400 plant protection and plant nutrition products, as well as seed varieties, all tailored to the ecological structure and product diversity of our country. While developing its current product range, HEKTAŞ offers products that are in line with sustainable agricultural practices, respecting people, the environment, and nature, and meeting the needs and expectations of producers. As a result, it is the leading organization with the widest product range in its sector. HEKTAŞ, together with its subsidiaries, markets its products through 6 regional offices and approximately 1,800 distribution points.

With its modern production facilities, production capacity, and strong infrastructure in line with international standards, it continues to create value for Turkish agriculture.

With its modern production facilities, production capacity, and strong infrastructure in line with international standards, it continues to create value for Turkish agriculture.

In 1986, its shares began trading on Borsa İstanbul.

Corporate Profile

COMMERCIAL TITLE	HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ
INCORPORATION DATE	1956
BUSINESS ACTIVITIES	Production, sales, and marketing of plant nutrition and plant protection products, as well as seed breeding, production, sales, and marketing
HEADQUARTERS ADDRESS	Gebze Organize Sanayi Bölgesi 700. Sokak No:711 41480 Gebze / Kocaeli
WEBSITE ADDRESS	www.hektas.com.tr
E-MAIL	info@hektas.com.tr
TELEPHONE	262 751 1412
FAX	262 751 3717

PRODUCTION FACILITY ADDRESSES

-HEKTAŞ / Plant Protection Production Facility	Gebze Organize Sanayi Bölgesi 700. Sokak No:711 41480 Gebze / Kocaeli
-HEKTAŞ / Adana Organomineral Fertilizer Production Facility	Acıdere Osb Mahallesi Atatürk Blv. No: 19 Sarıçam / ADANA
-FERBİS / Niğde Plant Protection Production Facility	Organize Sanayi Bölgesi Mah. 2 B No'lu Yol Cad. No.6 Bor / Niğde
-AREO / Seed Breeding and Production Facility	Pınarbaşı Mahallesi Dumlupınar Bulvarı No:812 Konyaaltı / Antalya
AGRİVENTİS	Level 36, Gateway, 1 Macquarie Place, Sydney NSW Australia 2000
ANKARA HIGH TECHNOLOGY CENTER	Alcı OSB Mah. 2024 Cad. No: 25 Sincan / Ankara

TAX OFFICE / NO	İlyasbey / 4610015898
TRADE REGISTRY DIRECTORATE / NO	Gebze Trade Registry Directorate / 6535-10921
MERSIS NO	461001589800013
PAID-IN CAPITAL	TRY 8,430,000,000
AUTHORIZED CAPITAL CAP	TRY 8,500,000,000
INDEPENDENT AUDITOR	DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

Milestones

INNOVATIVE STEPS TAKEN WITH A SOLID TRADITION OF 68 YEARS...

Founded in Adana in 1956, HEKTAŞ continues its domestic and international investments and achieves growth in line with its strategic goals.

1956

Founded in Adana.

1963

Türkiye's largest occupational pension fund, OYAK, became one of the shareholders of HEKTAŞ.

1981

HEKTAŞ shares were offered to the public.

1986

It started trading on the stock exchange.

2005

The animal health division was established.

2017

The plant nutrition and seed divisions were established.

Organic-mineral fertilizer production began in Adana.

Ferbis company was acquired.

2018

It was included in the BIST 100 index.

The company entered the pet food and care products sector.

2019

AREO Seed Company was acquired.

It was included in the BIST 50 index.

2020

Sunset Kimya Tarım Ürünleri Company was acquired.

2021

Arma Pharmaceuticals, which produces veterinary medicinal products, was acquired.

Work has begun on establishing a factory in Balıkesir for local pet food production.

It was included in the BIST 30 reserve list.

2022

51% of Agriventis Technologies was acquired.

It was included in the BIST 30 index.

A company named HEKTAŞ Asia LLC was established in Tashkent, Uzbekistan.

2023

The public offering process for Ferbis has begun.

The process of change and transformation has begun.

The animal health business line was exited.

2024

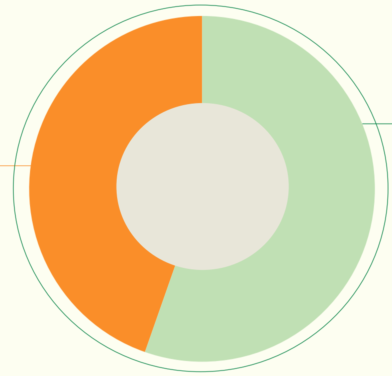
A paid-in capital increase was made.

Its capital has reached TRY 8,430,000,000.

Shareholding Structure

With its companies operating in the sectors of mining metallurgy, cement, concrete, paper, automotive logistics, chemicals, agriculture, energy, finance, and food; with operations in all seven geographical regions of Türkiye, across six continents, in 20 different countries, and with over 130 companies and nearly 40,000 employees, OYAK is HEKTAŞ's largest shareholder with a 55.37% stake.

Shareholders



Capital Distribution

The company adopts the registered capital system in accordance with the provisions of the Capital Markets Law (CML). The company's registered capital ceiling is TRY 8,500,000,000, divided into 850,000,000,000 shares, each with a nominal value of 1 (one) Kuruş. The registered capital ceiling approval granted by the Capital Markets Board is valid for the years 2023-2027 (5 years).

The company's issued capital is fully paid and amounts to 8,430,000,000 (eight billion, four hundred thirty million) Turkish Lira, consisting of 843,000,000,000 (eight hundred forty-three billion) shares, each with a nominal value of 1 (one) Kuruş.

Each share carries 1 voting right. Founders' usufruct certificate holders have a 5% dividend right arising from the company's articles of association.

Voting Right

There is no voting privilege Each share carries 1 voting right. The shares representing the capital are tracked electronically in accordance with the principles of dematerialization.

Nature and Amount of Issued Capital Market Instruments

Our application for the issuance ceiling limit regarding the debt instrument to be issued to allocated and/or qualified investors domestically, without a public offering, up to a nominal amount of TRY 5,000,000,000, was approved by the Capital Markets Board (CMB) on January 9, 2024.

The company redeemed a debt instrument worth TRY 2,350,000,000 in 2024.

ISIN CODE	NOMINAL VALUE	MATURITY	ISSUANCE DATE	REDEMPTION DATE
TRFHEKT12411	TRY 850,000,000.00	182	07.07.2023	05.01.2024
TRFHEKT22410	TRY 1,000,000,000.00	177	09.08.2023	02.02.2024
TRFHEKT82414	TRY 500,000,000.00	364	09.08.2023	07.08.2024
	TRY 2,350,000,000.00			

Group of Companies

A report outlining the relationships with the dominant and affiliated companies was prepared by the Company's Board of Directors, with the date of 29.03.2024 and the number of 20 decision, in accordance with Article 199 of the Turkish Commercial Code (TCC), and the conclusions of the report approved by the Board of Directors are as follows:

In the 2024 fiscal year, there are no legal actions taken for the benefit of the Company's dominant shareholder, the Armed Forces Assistance and Solidarity Fund (OYAK), or its affiliated companies, nor any measures taken or avoided for the benefit of OYAK or its affiliates. All commercial activities conducted between the Company and both our dominant shareholder and its affiliated companies in the 2024 fiscal year were carried out under market conditions.

Affiliates & Subsidiaries

Company Name	Shareholding Percentage (%)
Ferbis Tarım Ticaret ve Sanayi Anonim Şirketi	100.00
Areo Tohumculuk Arge Sanayi ve Dış Ticaret Anonim Şirketi	100.00
Sunset Kimya Tarım Ürünleri Ve Aletleri İmalat Pazarlama Sanayi Ve Ticaret Anonim Şirketi	100.00
Agriventis Technologies Pty. Ltd	51.00
Hektas Asia LLC	100.00
Takimsan Tarım Kimya Sanayi ve Ticaret Anonim Şirketi	99.78
Çantaş Çankırı Tuz Ürünleri Üretim ve Dağıtım Anonim Şirketi	0.37

Affiliates & Subsidiaries

Ferbis Tarım Ticaret ve Sanayi Anonim Şirketi

In the last quarter of 2017, HEKTAŞ acquired 100% of Ferbis Tarım Ticaret ve Sanayi Anonim Şirketi, a company engaged in plant protection production and marketing in Niğde, with the aim of pursuing a price-focused strategy, targeting both domestic and international markets, and diversifying its existing product and customer portfolio with lower and mid-range products.

The main reason for the acquisition of the plant protection production facility in Niğde is its proximity to the Çukurova and GAP regions, as well as its location in the 'Bor Organized Industrial Zone 5th Stage Incentive Area.

The Republic of Türkiye provides certain advantages, including tax incentives, to companies investing in Niğde province, which is classified as part of the 5th and 6th regions in the regional and sectoral incentive program, as well as to those investing in Niğde OSB and Niğde Bor KOSB.

The advantages provided to Ferbis by having its production facilities located in Niğde / Bor KOSB can be summarized as follows:

+ **As for transportation convenience;** its proximity to highways, railways, ports, and airports.
+ **As for land incentives;** a 90% discount opportunity on industrial plots for investors in the Niğde Bor Mixed and Leather Specialized Organized Industrial Zone in Bor District.
+ **As for investment incentives;** in addition to VAT exemption, customs duty exemption, tax reductions, employer's share of social security premium support, and interest subsidies, Ferbis, which holds an investment incentive certificate, benefits from the 6th region incentives, allowing it to take advantage of a 90% + 10% tax reduction, a 50% + 15% investment contribution rate, and many other similar advantages.
+ **As for regional advantages;** due to Niğde being located in the fourth earthquake zone, it is one of the provinces with the lowest earthquake risk in our country, resulting in lower construction costs and investment risks.

With the four major advantages mentioned above and ongoing investments, along with the support for the production of developing plant protection products, the goal is for the Company's production facility in Niğde to become one of the most qualified production facilities in the agricultural pesticide market.

CONTINUES TO STRENGTHEN ITS POSITION IN THE MARKET AND INCREASE ITS MARKET SHARE WITH A COST - AND QUALITY - FOCUSED SERVICE APPROACH.

The innovative face of efficient agriculture

Ferbis, operating in the field of plant protection, continues to strengthen its position in the market and increase its market share with a cost- and quality-focused service approach. The majority of the market is made up of companies producing generic products, while the other portion is composed of foreign companies producing specific products. Ferbis has started to shape the lower and mid-market segment by producing and selling generic products licensed by the Ministry of Agriculture, leveraging its experienced team and strong infrastructure.

At Ferbis, plant protection products, herbicides (weed killers), insecticides (insect repellents), fungicides (fungus treatments), and plant growth regulators are produced and sold. In the future, products related to mineral oils will be produced, and new formulations will be added to herbicide and insecticide products, leading to product diversification.

FERBİS LICENSE **123**

Ferbis, which continues to grow and evolve year by year, continues its operations with the motto 'The Innovative Face of Efficient Agriculture.

HEKTAŞ, which has grown and become a market leader by focusing on value-driven and biological products, has started entering regions it previously did not enter through Ferbis, due to this strategy. Ferbis, which made a rapid entry into the market with leading and driving products, has significantly increased its market share over the last 6 years with its widespread network, fast licensing process, and a service approach that never compromises on quality, such as after-sales technical support. After joining HEKTAŞ in 2017 and undergoing a transformation in its brand identity, FERBIS, with its strong infrastructure and experienced team, has rapidly gained a significant market share, continuing to grow quickly and make new investments.

As of 2020, the number of licenses for the products it produces was 30, and by 2021, this number increased to 85. With licenses developed through the recommendation method, this number reached 109 by the end of 2022, 111 in 2023, and 123 as of 2024
Ferbis is expanding its product portfolio for international markets and focusing on exports, continuing to export to Turkic Republics within 2024.

Ferbis, focusing on expanding its product portfolio through R&D efforts and creating a difference in the market, effectively provides solutions to the changing market expectations and needs, primarily driven by climate conditions. It also offers technical support to producers in the field with its team of expert agricultural engineers.

The construction of the third parcel building, which began in October 2021, was completed, and in the first phase, the storage facility was commissioned in 2023. In the last quarter of 2024, the herbicide production facility was also brought into operation.

Ferbis, which continues to grow and evolve year by year, continues its operations with the motto 'The Innovative Face of Efficient Agriculture.

In addition to plant protection, the company is also exploring opportunities in various sectors that contribute to agricultural production. With its efficiency-focused solutions, it works towards productive farming, easy access to food, and a sustainable future. Among its future goals, the company aims to enter new sectors and continues to add value to our country and HEKTAŞ by transferring its quality and experience to other markets every day.

Ferbis; has significantly increased its market share over the last 6 years with its widespread network, fast licensing process, and a service approach that never compromises on quality, such as after-sales technical support.

Affiliates & Subsidiaries

Areo Tohumculuk Arge Sanayi ve Dış Ticaret Anonim Şirketi

OUR MOTTO IS "LOCAL R&D, LOCAL SEED"...

HEKTAŞ, operating in many areas of the agriculture sector, took a significant step in the strategic field of seed production by acquiring 100% of Areo Tohumculuk, which carries out local seed production and R&D activities, in 2019. Thanks to this important step, the company continued its R&D activities for vegetable and field crop seeds and began seed production. With the brand transformation carried out in 2024, the company now presents its products to the market under the HEKTAŞ Tohum brand.

The sales of hybrid seeds developed at the facility conducting R&D activities began in 2023. Sales of a total of 28 registered varieties in 5 product groups (tomato, pepper, cucumber, cotton) continued in 2024.

Areo Tohumculuk, which continues its activities at the Technopark at Akdeniz University, has a greenhouse area of 29,000 m² within its 36,900 m² R&D and trial facility. Areo Tohumculuk develops seed varieties for vegetables (tomato, pepper, cucumber, and eggplant), as well as industrial crops (cotton, barley, wheat, chickpea, pea, corn, and sunflower).

Additionally, cotton, barley, wheat, beans, peas, corn, and sunflower seeds are produced on a 6,400 m² area in the Köşk district of Aydın province.

As a result, it continues its operations on a total area of 43,300 m².

In 2024, 5 new projects were initiated, bringing the total number of completed projects to 13. Work is ongoing for 1 project set to start in 2025.

AREO Tohumculuk develops local hybrid vegetable and industrial plant varieties with the motto 'Local R&D, Local Seeds.' In this context, AREO Tohumculuk continues its breeding activities by integrating modern breeding technologies into its R&D efforts to reduce Türkiye's dependence on foreign seed, offer sustainable agricultural solutions, and become a strong and reliable brand in the international market. In 2024, 5 new projects were initiated, bringing the total number of completed projects to 13. Work is ongoing for 1 project set to start in 2025.

Total Operations Area
43,300 m²

Due to its geopolitical location, Areo Tohumculuk, operating in Antalya, benefits from the advantages provided by its geographical position. The location offers the opportunity to develop varieties that can adapt to both high-altitude regions and areas suitable for sea level.

In Antalya province, R&D activities and the development of highly adaptable hybrid varieties are suitable for production and cultivation not only throughout Türkiye but also in the MENA region (Middle East and North Africa), Spain, Italy, Mexico, China, and other key production areas worldwide. Additionally, the R&D centers of some of the world's leading seed companies are located in Antalya.

The location of this production facility in the temperate Mediterranean climate results in significantly lower heating and natural gas costs. Known as the capital of agriculture, Antalya province has highly fertile soils, natural water resources, and inexpensive, skilled agricultural labor. One of the city's significant advantages is the widespread greenhouse cultivation, the large farming population, and the ability to grow crops two or three times a year in Antalya, while other regions can only produce once annually.

The proximity of Antalya province to ports and its highly developed air transportation and logistics infrastructure help reduce logistics costs. For example, for 1 decare of land, an average of 4 kilograms of cotton and corn seed, 18 kilograms of wheat seed, 500 grams of sunflower seed, 2,500 tomato (8.75 g) and cucumber (45.7 g) seeds, 1,600 pepper (13.5 g) and eggplant (7 g) seeds, 1,600 melon (53 g), and 350 watermelon (12 g) seeds can be planted. Especially, vegetable seeds come in very small packaging and have a high economic return.

In greenhouse vegetable cultivation, Antalya holds more than 60% of the production and exports, and has a structure that covers all links of the chain, from R&D and production to reaching the consumer. Due to its advanced knowledge base and technological infrastructure, Antalya is at the forefront in this regard.

By leveraging the advantages listed above, the decision to invest in this field, particularly in Antalya, is a very important and significant strategic step for HEKTAŞ.

With the HEKTAŞ Tohum brand, the company will help prevent Türkiye from being a country dependent on foreign seed production. Thus, Areo Tohumculuk, with local capital, will make a significant contribution to Türkiye becoming a self-sufficient country in the seed and food sectors.

Projects Completed in 2024
13

Affiliates & Subsidiaries

Areo Tohumculuk, one of the leading companies creating added value in the seed sector in Türkiye, utilizes technology more effectively than other companies. In addition to its biotechnology and tissue culture laboratory equipped with the latest technology, it also has a phytopathology test greenhouse and speed breeding rooms. In addition to the R&D activities carried out in these laboratories, the goal is to produce products that are beneficial to human health and have high nutritional value, maximizing the nutritional value obtained from each unit of product. This aims to contribute to healthier diets by enabling people to consume less food while still receiving high nutritional value.

Although the wheat seed market in Türkiye is predominantly based on local seeds, the resistance of these seeds to diseases is low. By increasing the disease resistance of the wheat seeds produced under the HEKTAŞ Tohum brand, the company reduces potential yield losses by 40%.

In the sunflower and corn seed markets, the goal is to reduce foreign dependency from 80% to 50% by developing seeds that are disease-resistant, high in nutritional value, and yield.

In 2022, the production and sales rights of two varieties, Volkan and Selçuk Bey, were acquired from the Nazilli Cotton Research Institute in exchange for royalties. Sales continued in 2023-2024.

In the field of wheat breeding, drought-tolerant varieties are being developed, and international trials are being conducted for disease resistance.

In the development of new hybrid varieties, one of the stages, namely 'pure line development', takes an average of 4-5 years. Areo Tohumculuk, by integrating modern breeding methods (tissue culture) with traditional breeding methods in its R&D efforts, can reduce this process to up to 8 months.

Because Areo Tohumculuk operates within a Technopark, it benefits from many incentives. In particular, it benefits from R&D incentives, and the sale of products developed following these incentives will be exempt from Corporate Tax at a rate of 25%. This will lead to a reduction in the company's costs and will positively affect its year-end profitability.

Areo Tohumculuk holds a Global Gap certificate and, in addition, it possesses the seed production, processing, and packaging certificate granted by the Ministry of Agriculture and Forestry, as well as the authorized seed company and research institution certificate.

HEKTAŞ will work in coordination with its 'HEKTAŞ Asia LLC', established in Uzbekistan, to expand its export network. By sending cotton seeds to Uzbekistan and wheat seeds to Saudi Arabia, the company has also proven the quality of Turkish seeds in these markets.

Because the expanding cotton cultivation areas cannot meet Türkiye's supply-demand balance, contract-based cotton seed production has been initiated. In April 2023, in the provinces of Urfa and Aydın, seeds sown on 2,250 decares yielded 71,787 tons of Selçuk Bey and 119,169 tons of Volkan delinte cotton seeds. It is planned that during 2024-2025, approximately 1,000 metric tons of delinte cotton seeds will be produced from an area of 12,000 decares.

Areo Tohumculuk has a structure that keeps pace with the times, tracking all changes and innovations occurring in its field both globally and in Türkiye In line with this, it is developing business development projects and establishing collaborations, particularly with universities and the Ministry of Industry.

Areo Tohumculuk holds a Global Gap certificate and, in addition, it possesses the seed production, processing, and packaging certificate granted by the Ministry of Agriculture and Forestry, as well as the authorized seed company and research institution certificate.

The patent application titled "Determination of Resistance Against TSWV (Tomato Spotted Wilt Virus) in Tomato by Using Real-Time PCR with Fluorescently Labeled Sequence-Specific Probes," filed with the Turkish Patent Institute, is currently under examination as of 2024.

Additionally, within this framework, the patent application numbered 2021/022138, titled 'Multiplex (Multiple) PCR Method for the Identification of the Tsw Resistance Gene against Tomato Spotted Wilt Virus (TSWV) and the L4 Resistance Gene against Pepper Mild Mottle Virus (PMMoV) in Pepper (Capsicum annuum),' which was carried out in collaboration with Akdeniz University, was accepted by the Turkish Patent and Trademark Office in 2023, and the patent became owned by Areo Tohum.

Areo Tohumculuk is a company that utilizes human resources at every stage of its operations. It places great emphasis on women's employment. Sixty percent of the employees are women. Furthermore, it also has a well-educated and experienced team. It strongly supports the education and development of its employees. It stands out with its postgraduate employee profile.

Women Employee Rate **60%**

Areo Tohumculuk is a company that utilizes human resources at every stage of its operations. It places great emphasis on women's employment.

Affiliates & Subsidiaries

Sunset Kimya Tarım Ürünleri ve Aletleri İmalat Pazarlama Sanayi ve Ticaret Anonim Şirketi

Alongside its domestic market activities, HEKTAŞ, which is taking steps toward becoming a global agriculture company, acquired Sunset Kimya Tarım Ürünleri - one of the leading players in the plant protection sector - in 2020 in line with its long-term growth objectives. Sunset Kimya Tarım Ürünleri, which offers significant agricultural solutions in the domestic market with its portfolio of 95 licensed plant protection products, also has 310 licensed plant protection products abroad. The acquisition is an important step in HEKTAŞ's efforts to increase its market share by entering new markets, both domestically and abroad, particularly in the Middle East and the Caucasus.

Exports are made to 7 countries through international distribution, namely Azerbaijan, Iraq, Kazakhstan, Cyprus, Kyrgyzstan, Uzbekistan, and Tajikistan.

EXPORT COUNTRIES **7**

Azerbaijan,
Iraq,
Kazakhstan,
Cyprus,
Kyrgyzstan,
Uzbekistan,
Tajikistan.

Affiliates & Subsidiaries

Agriventis Technologies Pty.Ltd.

With the aim of developing smart solutions and guiding the market to ensure a sustainable supply-demand balance in food, HEKTAŞ made a strategic move by acquiring 51% of Australia-based Agriventis Technologies, which develops drought-tolerant seeds, thereby positioning itself on a global scale.

Agriventis Technologies continues its production and sales activities in various regions of Australia in the areas of agricultural seed technology development, seed breeding, and production. Agriventis Technologies focuses on the breeding and cultivation of seeds that have high yields, are disease-resistant, and require little water. It continues its research and development activities in strategic collaboration with many universities, most notably Central Queensland University (CQUniversity). It is among the key partners of various seed development projects initiated by the Australian government.

Agriventis has more than 260 seed lines, including legumes, oilseeds, various cereals, and spices. Among these lines, the most recently added is 'Graze & Grain,' which focuses on providing high-quality and high-value multi-species seeds to the livestock sector. Among these are varieties such as fodder Adzuki beans, horse beans, moth beans, and Texas cowpea beans.

The seed varieties that have been launched for sale are recognized as some of the best in Australia and are favored by farmers. It is generating demand for its seeds not only in Australia, but also from various regions including America and the Asia-Pacific.

The company's trials continue in various parts of the world, primarily in Australia, and in doing so, it aims to elevate its seed research and development activities to the next level every day.

AGRIVENTIS TECHNOLOGIES FOCUSES ON THE BREEDING AND CULTIVATION OF SEEDS THAT HAVE HIGH YIELDS, ARE DISEASE - RESISTANT, AND REQUIRE LITTLE WATER.

SEED LINES **260+**

Agriventis has more than 260 seed lines, including legumes, oilseeds, various cereals, and spices.

HEKTAŞ's long-term goal in this area is to strengthen international R&D collaborations in the seed sector and to undertake R&D initiatives that are not very common in Türkiye - such as developing efficient and highly diverse seeds capable of growing in arid and semi-arid regions - thus establishing a mission that guides the industry in combating climate change, promoting sustainable agriculture, and ensuring food security, and ultimately becoming a global player.

In an ever-changing global order, just like all living beings, climates are also changing. Our world is now becoming an aging planet; nowadays, water resources in particular are depleting at an alarming rate, prompting people to resort to alternative ways to sustain their lives.

To ensure the healthy continuation of the chain of life, to maintain the living standards of all beings even as conditions change, and to keep the food supply sufficient to meet everyone's needs, the most important technique developed is to maximize agricultural productivity by adopting a waterless agriculture approach.

Within 2024

- **Development of a range of fodder products through seed multiplication across Central and South Queensland,**
- **Expansion and development of sesame,**
- **Development of protein markets for protein extraction targeting the feed, health, and food sectors,**
- **Commercialization of the third variety (desert type) of mung bean, which is planned to be launched on the market next year,**
- **Multiplication and commercialization of desi chickpeas, sesame, and fodder varieties,**
- **Increasing field pea production in Türkiye for commercialization opportunities,**
- **Activities were undertaken to increase soybean production in Türkiye for commercialization opportunities.**

Affiliates & Subsidiaries

Within 2025

Agriventis will continue to work on state-supported R&D projects in 2025. In line with this, it is planned to introduce unique genetic varieties of Texas cowpea, sesame, desi chickpea, sorghum, and fodder adzuki, thereby injecting fresh vitality into Australia's agricultural sector.

It is anticipated that the commercialization process for these varieties, scheduled to begin in mid-2025, will continue until the beginning of 2026.

In addition to its ongoing R&D efforts, Agriventis has made significant investments to protect the intellectual property of its 260 seed lines. More than $380,000 has been invested in seed renewal efforts for each seed line. The related four-year investment, scheduled for completion in August 2025, is being carried out by its research partner, CQUniversity. This investment will secure Agriventis' intellectual property for years by establishing a long-term system across three independent secure storage facilities.

It continues the multiplication of sesame, fodder adzuki, moth beans, horse beans, and Texas cowpea varieties at various farms and research centers in Northern Australia. In this context, the goal is to achieve sufficient seed stock for commercial launch by the end of 2025 and the beginning of 2026.

The new Desi chickpea variety will be launched in the winter of 2025 according to the Southern Hemisphere calendar, with more than 70 tons of stock currently available. The first batch of sales is planned to be carried out alongside the commercialization of the Green Taipan mung bean variety in its third year. Additionally, the new mung bean variety named 'Green Devil' is planned to be launched by the end of 2025.

The increase in stock of pasture plants, scheduled for commercial launch at the end of the 2025 season, is ongoing. The new high-protein and high-yield fodder program, consisting of new genetic varieties of moth beans, horse beans, and fodder adzuki, will form a new product group called 'Graze & Grain' alongside the Texas cowpea varieties. Compared to other Agriventis products, this new product group is expected to generate significant revenue and profit for Agriventis in the future.

Seed multiplication efforts for new fodder seed lines are ongoing across Central and South Queensland.

Both black and white sesame are planned to be launched on the market by the end of 2025 for both local and export markets.

The goal is to create new protein markets for the healthy food and bodybuilding sectors through protein extraction methods using various seed lines owned by Agriventis.

The evaluation of sorghum and durum wheat varieties for local and international markets will continue.

AGRIVENTIS PLANS TO INCREASE ITS MARKET SHARE IN 2026 WITH ITS CURRENT OPERATIONS.

2025 PBR (Plant Breeder's Rights) Varieties:

+ U.S. Sesame (two white varieties from Sesaco), funded by Sesaco and will be licensed to Agriventis.
+ Adzuki bean,
+ Moth bean,
+ Horse bean,
+ Mung bean (registered in Australia under the 'Green Devil' brand),
+ Texas cowpea (registered in Australia under the 'King Brown' brand),

All varieties in the development stage will undergo DNA certification to protect intellectual property.

Agriventis plans to increase its market share in 2026 with its current operations. Although the company's revenue has not yet reached the desired level, the work completed in recent years is expected to make a significant contribution to revenue in 2026 and beyond.

Affiliates & Subsidiaries

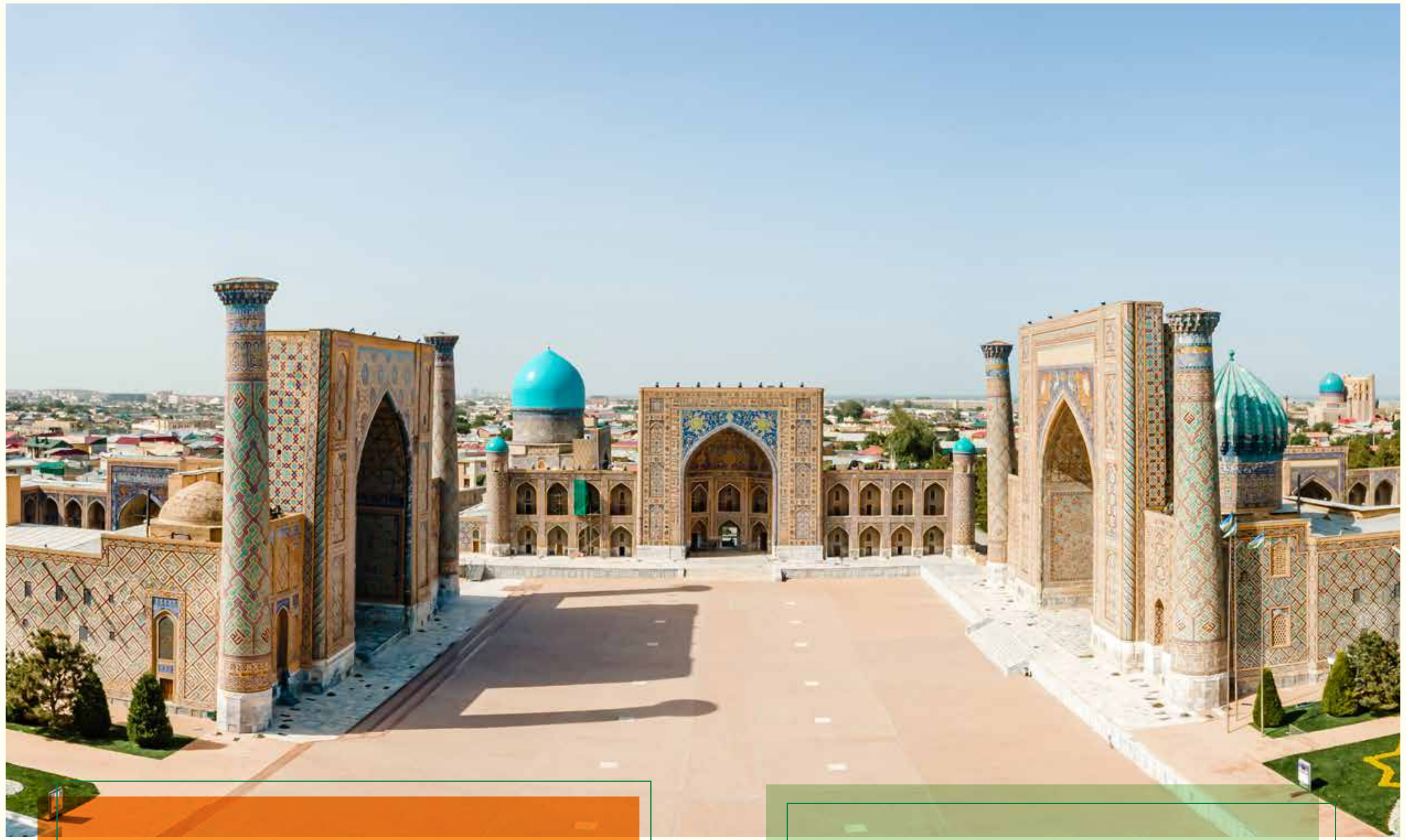
HEKTAŞ Asia LLC

In recent years, Uzbekistan, which has entered a rapid liberalization process, has taken significant steps towards large-scale modernization efforts in the agricultural sector. Thanks to scientific research and new technological methods, significant successes have started to be achieved in the agricultural sector. It has become a country that applies the best technologies in the world to increase agricultural production and make it more efficient. As part of this, various reforms, including the support of the private sector, have paved the way for the more efficient use of arable lands in Uzbekistan compared to the past.

HEKTAŞ evaluated its knowledge, experience, and expertise in the agricultural sector as part of the development process in Uzbekistan. With its close proximity not only to the Uzbek market but also to other Turkic Republics in the region, it aims to support export-oriented growth. For this purpose, in November 2022, HEKTAŞ established a company called ‘HEKTAS ASIA LLC’ in the city of Tashkent, Uzbekistan, to operate in the fields of plant protection and plant nutrition.

Applying plant protection products in the correct dosages improves plant health and boosts yields. Due to the application of much lower dosages in Uzbekistan, it was decided to enter the plant protection market in Uzbekistan by establishing a plant protection production facility with an annual production capacity of approximately 30,000 tons.

As a result of discussions with Uzbek authorities regarding the location of the plant protection product production facility, a contract for the 25-year lease of a 10-hectare area within the ‘Uzbek-Turkish Industrial Cluster’ for the establishment of the production facility was signed between HEKTAŞ ASIA LLC and OSTIM GLOBAL TURK SANOAT KLASTERI DIREKSIYASI in August 2024. The contract grants the right to extend the lease period once it expires.



In November 2022, HEKTAŞ established a company called ‘HEKTAS ASIA LLC’ in the city of Tashkent, Uzbekistan, to operate in the fields of plant protection and plant nutrition.

10 HECTARE AREA LEASED FOR THE PLANT PROTECTION PRODUCT PRODUCTION

The turnkey completion time for the first phase is planned to be 28 months.

Following the signing of the agreement for the lease of the 10-hectare land, a ‘Plant Protection Product Production Facility, Engineering-Procurement-Construction (EPC)’ contract was signed between the company and the contractor firm in August 2024.

The signed contract will facilitate the construction and installation of the plant protection products production facility. The turnkey completion time for the first phase is planned to be 28 months. The proposed duration may vary depending on different situations and conditions that may arise during this period.

This investment is partly financed by the funds obtained from the capital increase made in 2022, with the remaining portion to be financed through external funding. In this context, the company’s capital was increased from 229,248,747,392.41 Uzbekistani Som to 610,705,855,931.66 Uzbekistani Som.

The turnkey service to be provided by the contractor company includes the construction of the production facility, as well as the procurement and installation of machinery and equipment.

Affiliates & Subsidiaries

Takimsan Tarım Kimya Sanayi ve Ticaret Anonim Şirketi

HEKTAŞ has a company called Takimsan Tarım Kimya San. ve Tic. A.Ş., which holds the licenses for agricultural chemicals.

Çantaş Çankırı Tuz Ürünleri Üretim ve Dağıtım Anonim Şirketi

When the financial statements of Çantaş are examined both individually and collectively, they are not considered material in terms of amount and nature, and due to the limited scope of Çantaş's operations, it is not included in the consolidation scope.

HEKTAŞ, operating in many fields from plant protection and nutrition products to fertilizers and seed production, and involved in every stage of production from seed to table, has adopted serving public health through good agricultural practices as its most important mission.

HEKTAŞ Headquarters and Plant Protection Production Facility (GEBZE)

HEKTAŞ continues its operations with its high-capacity modern facility, which was completed in 1991 at the address 700. Sokak, No: 711/1, Gebze OSB Mahallesi, Gebze / Kocaeli. The facility continues its operations in the production of plant protection, plant nutrition, and biocidal products. Covering a total area of approximately 75,000 m^2, with 32,723 m^2 of closed space, the facility, with its modern infrastructure and automation systems, continues to lead Turkish agriculture and represent our country in the agricultural sector abroad.

In the facility, approximately 3,192 tons of active ingredients and approximately 7,226 tons of finished products were produced in 2024, totaling approximately 10,418 tons of production. The product portfolio created is designed to meet all the needs of agricultural production. In this context, it contributes to reducing foreign dependence in the plant protection product market.

Industry 4.0, synonymous with smart manufacturing, is a collective system that incorporates various contemporary automation systems, data exchanges, and production technologies. The production facility is the first in its field to operate with Industry 4.0 standards.

As of 2020, the final phase of the modernization and automation investments has been reached. During this process, all production stages, filling, machinery, and equipment were renewed, and an automation system was implemented in the filling processes.

With the modernization and automation investments put into operation in 2022 in line with Industry 4.0, the process is monitored from production to packaging, ensuring standardization in production. The process, made traceable in the system room equipped with the latest technologies and software, allows real-time and rapid analysis by expert engineers and the R&D team, ensuring the production of products at the same standard without compromising on quality.

HEKTAŞ is the first company to adopt the QR code application created under the Plant Protection Products Stock Tracking System (BKTS) introduced by the Ministry of Agriculture and Forestry. BKTS is a portal established to ensure the tracking of plant protection products, identified by QR codes, through notifications at each point they pass, starting from their production or import. In this way, HEKTAŞ supported the fight against underground production in our country, helping to eliminate organizations that negatively impacted market dynamics, and provided all necessary contributions for the infrastructure of legal traceability.

The production facility, designed in accordance with Industry 4.0 standards, has four different production areas for liquid herbicides, liquid other products, powders, and granules. All filling lines operate with robotic systems.

Due to the emphasis placed on occupational health and safety at the production facility, and in alignment with OYAK's sustainability development goals, the Prevention of Major Industrial Accidents and Impact Mitigation (MIA) and Environmental Management Systems (EMS) are maintained at high standards As a natural consequence of its commitment to all living beings and the environment, it meets all the requirements of Occupational Health and Safety (OHS) regulations, Environmental Impact Assessment (EIA) regulations, and other relevant legislation.

The production facility holds ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, and ISO 27001:2013 certifications, and is accredited within the framework of standards, ensuring compliance with all legal regulations.

THE NUMBER OF THE LICENSES HAS INCREASED TO 233 AS OF 2024.

At the Gebze (Plant Protection) production facility, plant protection products are produced in technical substance, liquid form, herbicide liquid form, and powder form varieties. As of the end of 2024, the total production quantity of finished products reached 10,417,863 kg.

The annual production capacity of the HEKTAŞ Gebze Production Facility for 2024 is 21,910 tons.

As of 2020, the number of licenses for the products it produced was 155, while this number increased to 173 in 2021. With the licenses developed through the recommendation method, this number increased to 179 by the end of 2022, 205 in 2023, and 233 as of 2024.

21,910 (TONS)

Production Capacity

Ferbis Plant Protection Products Production Facility (NİĞDE)

In line with HEKTAŞ's strategic goals, the production facility acquired in 2017 is located at Organize Sanayi Bölgesi Mah. 2 B No'lu Yol Cad. No:6 Bor / Niğde. The facility operates in the field of plant protection and plant nutrition product manufacturing. With a closed area of 17,394 m², and a total area of 24,000 m², the facility became one of the qualified production plants in Türkiye's agricultural pesticide market with the completion of its second and third buildings.

The facility contains warehouses for storing finished products and raw materials.

Currently, there are 2 finished product warehouses, and with the completion of 2 additional warehouses started in 2023, the total number of finished product warehouses has increased to 4. As of 2022, the storage capacity was 1,400 pallets, and with the new warehouses, the storage capacity has reached 4,000 pallets.

Currently, there are 4 raw material warehouses, and with the completion of 1 additional warehouse started in 2023, the total number of raw material warehouses has increased to 5. As of 2022, the storage capacity was approximately 2,000 m², and with the new warehouse, the storage capacity has been increased by 1,000 m², reaching a total of 3,000 m².

At the facility, where many efforts to increase production are ongoing, the construction of a new plant, expansion of storage capacity, acquisition of new machines, and the transition to automation in production, along with the increase in workforce, are among the most notable innovations.

This facility, which stands out with its strong infrastructure, houses two different laboratories. In the physical and chemical laboratories, the pH density, emission pool, and instrumental analysis of the produced products are carried out, ensuring the production of the highest quality products.

This production facility operates according to a zero-waste policy, where all waste generated during production is sorted by type and temporarily stored in a waste storage area in compliance with regulations. These wastes are sent to licensed companies for recycling or disposal.

FERBIS CONTINUES TO STRENGTHEN ITS POSITION IN BOTH DOMESTIC AND INTERNATIONAL MARKETS.

PRODUCTION CAPACITY (TONS) **12.272**

For 2024, the annual production capacity of the FERBIS Niğde Production Facility is 12,272 tons.

The production facility serves both domestic and international markets. This facility contributes to the gradual reduction of Türkiye's dependency on imports, particularly through the production of plant protection products. With a product portfolio designed to meet all the needs of agricultural production, Ferbis continues to strengthen its position in both domestic and international markets.

In addition, Ferbis holds the "Organic Farming Practices Certificate," which guarantees consumers the evaluation of all processes in the production chain and the ingredients within the product, the use of the highest-quality ecological content, and sensitivity to environmental issues.

Ferbis, having passed the aforementioned audit phase, operates as an environmentally friendly company that adheres to these standards.

In light of the emphasis placed on occupational health and safety at the production facility and in alignment with OYAK's sustainable development goals, Environmental Management Systems are maintained to high standards. As a natural result of its commitment to all living beings and the environment, it complies with all the requirements of the Occupational Health and Safety regulations, the Environmental Impact Assessment regulations, and other related legislation.

The production facility is certified with ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018, and it is accredited within the framework of standards while ensuring compliance with all legal regulations.

In the Niğde (Plant Protection) production facility, plant protection products are produced in various forms, including technical substances, liquid form, herbicide liquid form, and powder form. As of the end of 2024, the total finished product output amounted to 2,868,774 kg. The total production quantity, including technical substances, is 3,645,861 kg.

For 2024, the annual production capacity of the FERBIS Niğde Production Facility is 12,272 tons.

HEKTAŞ Organomineral Fertilizer Production Facility (ADANA)

In the field of organomineral fertilizer production, HEKTAŞ continues its operations at the Acıdere OSB Mahallesi Hacı Sabancı OSB Atatürk Bulvarı No:19 Sarıçam/Adana address, which was leased as a warehouse in 2019, purchased in 2022, and converted into a production facility. The site spans a total of 20,000 m², including approximately 12,400 m² of indoor space, and features state-of-the-art laboratories equipped with the latest technology.

This production facility was strategically located in Adana due to its geopolitical position, offering proximity to both ports and the Central Anatolia and GAP regions. At this facility, granular fertilizers - referred to as subsoil and topsoil fertilizers - are produced. The production process includes steps such as steaming, drying-cooling, sieving, and filling.

Organomineral fertilizer, referred to as a new-generation fertilizer, is a type of fertilizer developed to enrich agricultural land that has lost productivity due to improper farming practices and to return the minerals needed by cultivated crops back to the soil. It is obtained by combining the soil-improving properties of organic materials with the benefits of minerals into a single fertilizer.

A low amount of organic matter limits soil fertility. Furthermore, it slows down the development of soil organisms. With the use of organomineral fertilizer, bacterial activity in the soil is enhanced by organic matter. In addition, it increases the soil's oxygen levels, as well as its water and nutrient retention capacity, and prevents nitrogen losses, helping the soil warm up more quickly. Organomineral fertilizer improves soil aeration, helps it retain moisture, and thus reduces the plant's need for water. This, in turn, helps water resources be used more efficiently and effectively. Its most significant impact is reducing the use of chemical fertilizers, thereby purifying the soil from heavy metals and greatly enhancing soil fertility.

The foundation of sustainable agricultural practices is based on methods that maintain and improve the organic matter content of the soil and support soil organisms. The biocharization of organic matter, allowing it to persist in the soil for long periods, is a crucial agricultural strategy for sustainable farming.

ORGANOMINERAL FERTILIZER IS PRODUCED IN PRODUCTION FACILITY IN ADANA.

99,000 (TONS)

2024 production capacity

By improving soil structure, reducing chemical fertilizer consumption, and increasing productivity, this type of fertilizer is particularly important for Turkish agriculture. Due to its contribution to next-generation farming practices, it represents one of the rational solutions brought to agriculture.

In a large portion of Türkiye's soil, pH levels and lime content are at high levels. In approximately 70% of agricultural land in Türkiye, the organic matter content is around 0.6%. For a plant to be properly nourished, the organic matter in the soil needs to be at 3%. Over the past 50 years, the excessive use of chemical fertilizers has decreased organic matter in the soil while increasing pH levels. In 1990, the proportion of soils with insufficient organic matter was 92%, and by 2014, this figure had risen to 99%. In Türkiye, the prevalence of improper farming practices and the use of stubble burning methods - which destroy soil elements - have caused the organic matter content in the soil to decrease by approximately 0.6%. Organomineral fertilizer, which helps raise organic matter levels from 0.6% to as high as 3%, contributes to repairing the broken chain in this vital cycle thanks to its leonardite content.

Ending hunger and all forms of malnutrition by 2030, and ensuring adequate food for all people, especially children, is one of the United Nations' Sustainable Development Goals. The United Nations envisions achieving these goals by supporting small-scale farmers and promoting sustainable agricultural practices that ensure equal access to land, technology, and markets. At the same time, it supports international partnerships aimed at investing in infrastructure and technology to improve agricultural productivity.

In alignment with the United Nations' Sustainable Development Goals and once again demonstrating its commitment to all living beings and the environment, HEKTAŞ contributes to sustainable and efficient agricultural production with the organomineral fertilizer produced at this facility. This fertilizer helps restore the productivity of increasingly barren agricultural lands caused by chemical fertilization, while also protecting groundwater resources polluted by chemical fertilizers.

HEKTAŞ is a market maker and the market leader in the organomineral fertilizer sector. The organomineral fertilizer market in Türkiye has a history of approximately 10 years. HEKTAŞ has been present in this market for approximately 7 years. Organomineral fertilizer reduces the rate of chemical fertilizer use from abroad to almost 50%, thereby decreasing Türkiye's dependency on external sources in the fertilizer sector.

With the facility established in Adana, the company firmly maintains its position as one of the leading firms in this market in Türkiye. HEKTAŞ, producing fertilizers that meet farmers' desired standards without compromising quality, became the most preferred brand in this market under the TRADITE PREMIUM brand. In TRADITE PREMIUM organomineral fertilizer varieties, raw materials are carefully selected, and at every stage of production, the most suitable analyses are conducted to ensure that products are prepared in the quality, hardness, and moisture levels desired by farmers. Premium plays a significant role in enhancing product quality to a higher level by coating the granules with a coating solution.

In light of the emphasis placed on occupational health and safety at the production facility and in alignment with OYAK's sustainable development goals, Environmental Management Systems are maintained to high standards. As a natural result of its commitment to all living beings and the environment, it complies with all the requirements of the Occupational Health and Safety regulations, the Environmental Impact Assessment regulations, and other related legislation.

The production facility is certified with ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018, and it is accredited within the framework of standards while ensuring compliance with all legal regulations.

Organomineral fertilizer is produced at the Adana (Organomineral Fertilizer) production facility. As of the end of 2024, total production amounted to 13,781,463kg.

For 2024, the annual production capacity of the Adana Organomineral Fertilizer Production Facility is 99,000 tons.

TOTAL AREA (m²) **20,000**

Features state-of-the-art laboratories equipped with the latest technology.

HEKTAŞ F.A.R.M. (Farming, Analysis, Research & More)

IT IS NECESSARY TO ESTABLISH PRODUCTIVE, MODERN, AND PRACTICAL AGRICULTURAL CENTERS THAT VILLAGERS CAN SEE WITH THEIR OWN EYES AND USE AS EXAMPLES FOR THEIR WORK.

Mustafa Kemal ATATÜRK

Since 1956, HEKTAŞ has supported local production and producers by carrying out projects that contribute to Türkiye's agricultural industry, and it continues to guide the nation's agriculture through a global-scale project.

Because agricultural production depends on natural conditions, the level of risk and uncertainty in production is high. Access to safe food has gained strategic importance for countries, particularly due to changing climatic conditions and international crises. This is why the use of rational approaches in agriculture is becoming increasingly important to minimize these risks and uncertainties and to boost productivity. HEKTAŞ F.A.R.M. offers innovative solutions to help producers stay ahead in this highly competitive period, gain a greater share of the market, benefit from smart farming practices, increase productivity per unit area, reduce costs, and support their export-oriented growth.

HEKTAŞ F.A.R.M., located in the Orhangazi district of Bursa, is the first of its kind in Türkiye and among a select few agricultural R&D centers worldwide. Established on an area of 634 decares, HEKTAŞ F.A.R.M. is one of the most comprehensive facilities in its field, focusing on enhancing agricultural productivity and sustainability through digitalized processes and next-generation techniques.

One of the most important reasons for locating the HEKTAŞ F.A.R.M. facility in Orhangazi is its geopolitical position, which provides easy and fast accessibility, and its proximity to Lake İznik, which, due to its micro-climate characteristics, allows for the cultivation of various product groups.

HEKTAŞ F.A.R.M., located in the Orhangazi district of Bursa, is the first of its kind in Türkiye and among a select few agricultural R&D centers worldwide.

300+ Product Variety

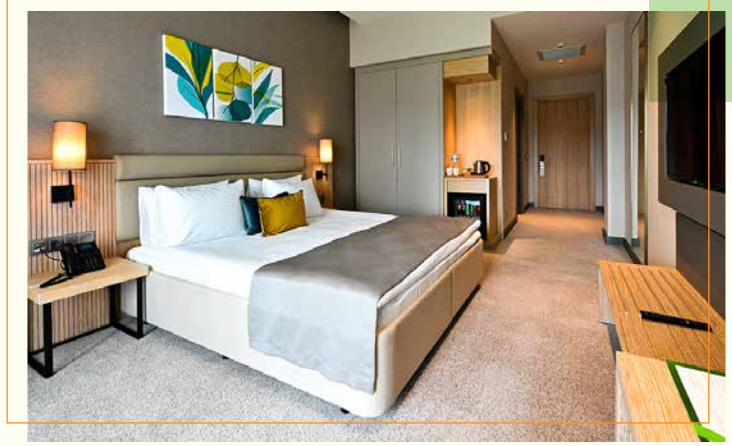
Plant production and seed production are carried out in soilless agricultural greenhouses controlled by smart automation sites.

Within the facility's 370-decare area:

- **Hard and soft stone fruit trees** (peach, nectarine, olive, plum, apricot, apple, pear, quince, cherry, pomegranate, persimmon, fig)
- **Hard-shelled nut trees** (walnut, almond)
- **Field crops** (wheat, sunflower, corn)
- **Berry groups** (blueberry, blackberry)
- **Vineyards** (table grapes, raisin varieties, and aromatic grape varieties)
- **Summer / Winter Vegetables** (tomato, pepper, beans, lettuce, cauliflower, broccoli, artichoke, peas)
- **Sustainable and innovative agricultural production is carried out in Smart Soilless Greenhouses** (for tomatoes, peppers, cucumbers, and seed production) in line with the principles of modern agriculture.

Plant and seed production takes place in soilless agriculture greenhouses controlled by smart automation systems, which are highly significant in the face of shrinking farmland and the potential food crisis expected due to climate change.

HEKTAŞ F.A.R.M. (Farming, Analysis, Research & More)



634 Total Area (Decares)

Focusing on enhancing agricultural productivity and sustainability through digitalized processes and next-generation techniques.

In addition to the 370 decares of plant production fields, the facility includes a 137-room guesthouse, a convention center with a 900-person auditorium and 9 meeting rooms ranging from 15 to 900 seats, an agriculture and science experience center (museum), and R&D laboratories focused on plant protection, nutrition, and breeding.

At this facility, which will create added value and guide the country's agriculture, solutions will be developed to increase crop productivity and to address the growing global challenges of climate change by advancing waterless farming techniques. Through this unique center in Türkiye and Europe, efficiency-focused production is aimed to be achieved, indirectly contributing to the Turkish economy. Farmers will be able to maximize their yields with minimal resources thanks to the increase in harvest obtained per unit of cultivated area.

Open Field Crop Production

HEKTAŞ F.A.R.M. hosts a wide variety of plant species due to its advantageous location. In the open field production plots, 148 different varieties across 16 species are cultivated. The cultivated species are generally high-value crops grown in Türkiye that have significant export potential. In the fields, smart farming techniques are used for cultural practices (pruning, training, plant protection, plant nutrition), and sustainable production is achieved with digital technologies.

Berry Fruits

Berry fruits have become one of the most prominent product groups attracting producers' attention in recent years, due both to favorable growing conditions and economic reasons. At F.A.R.M., there are blueberry, blackberry, aromatic grape, and vineyard plots. The blueberry crop includes 26 different varieties, and the aim is to demonstrate their suitability for different climates to the producers.

At the same time, yield increase is targeted through pruning and training techniques that differ from traditional methods.

Stone Fruits

Among the most widely produced stone fruits in Türkiye and worldwide are plums, cherries, olives, apricots, sour cherries, nectarines, and peaches. The production of these fruits, which typically grow in warm and temperate climates, depends on factors such as appropriate soil selection and care, proper fertilization, irrigation, and controlling diseases and pests. Many types of stone fruits are grown at HEKTAŞ F.A.R.M. The goal is to achieve maximum yield through trials with various technological devices, biological products, and different pruning techniques.

Pome Fruits

At the F.A.R.M. facility, pome fruit trees commonly grown in our country - such as apples, persimmons, figs, pomegranates, and kiwis - are cultivated. By applying different training and pruning methods in our production areas, we achieve early harvests, and with our plant protection and nutrition products, we achieve quality and yield results above the national average.

One of the key missions embraced by HEKTAŞ F.A.R.M. is to ensure that agriculture gives back more to people and the planet than it takes. To achieve this, the facility adopts a covered soilless farming method, offering ecological, high - quality, and flavorful products free from chemical pesticide residues, unaffected by weather conditions year-round. Every stage of production is carried out with an automated, sustainable, reliable, and meticulous approach. In soilless greenhouses, flower pollination is carried out entirely naturally using pollinator bumblebees. In this fully digitized facility focused on increasing agricultural productivity, product variety changes seasonally, and alongside well-known varieties, thousands of different tomato varieties are produced.

In addition to crop production, AREO Tohum, HEKTAŞ's seed-focused subsidiary, conducts seed breeding and production activities at F.A.R.M.

One of the facility's most important functions is to provide Türkiye's agricultural producers and HEKTAŞ customers with innovative agricultural practices and a variety of applications as part of its training and experience programs.

In this fully digitized center focused on increasing agricultural productivity, all activities, as well as the latest technologies and modern production techniques in agriculture, are shared through hands-on experience with numerous producers, distributors, academics, and students.

Established to allow Turkish farmers to experience and learn innovative, technology-driven, and productivity-focused agricultural practices, the facility began conducting activities for all stakeholders in addition to producers as of 2021. In 2022, 2023, and 2024, the center hosted over 10,000 producers and visitors, organizing informational meetings and training sessions on innovative agricultural practices and technologies.

IN THE OPEN FIELD PRODUCTION PLOTS, 148 DIFFERENT VARIETIES ACROSS 16 SPECIES ARE CULTIVATED.

Ankara High Technology Center

In the final quarter of 2019, HEKTAŞ initiated R&D activities for the production of protein-based plant nutrients, beneficial microorganisms, and organic acids. A "High Technology Center" was established in Sincan district, Ankara, to introduce high-value-added products to our country that will minimize dependence on foreign sources in the fertilizer market, reduce imports, decrease the use of traditional chemical and animal-based fertilizers, and support food and environmental health. Established by utilizing regional incentives, this facility is Türkiye's most equipped center for biological products, with a production capacity of 21 million liters. In 2024, 240,000 liters were produced at the center, which aims to produce high-value-added, import-intensive products that are currently at risk within the supply chain. These strategic products, developed through R&D and product development efforts, are expected to significantly reduce import dependency in the short term. In this context, a total of 17 products have been registered and are reaching producers. In the long term, the development of new products will continue.

240,000 (Production - Liters)

Türkiye's most equipped center for biological products, with a production capacity of 21 million liters.

Number of Registered Products **17**

These strategic products, developed through R&D and product development efforts, are expected to significantly reduce import dependency in the short term. In this context, a total of 17 products have been registered.

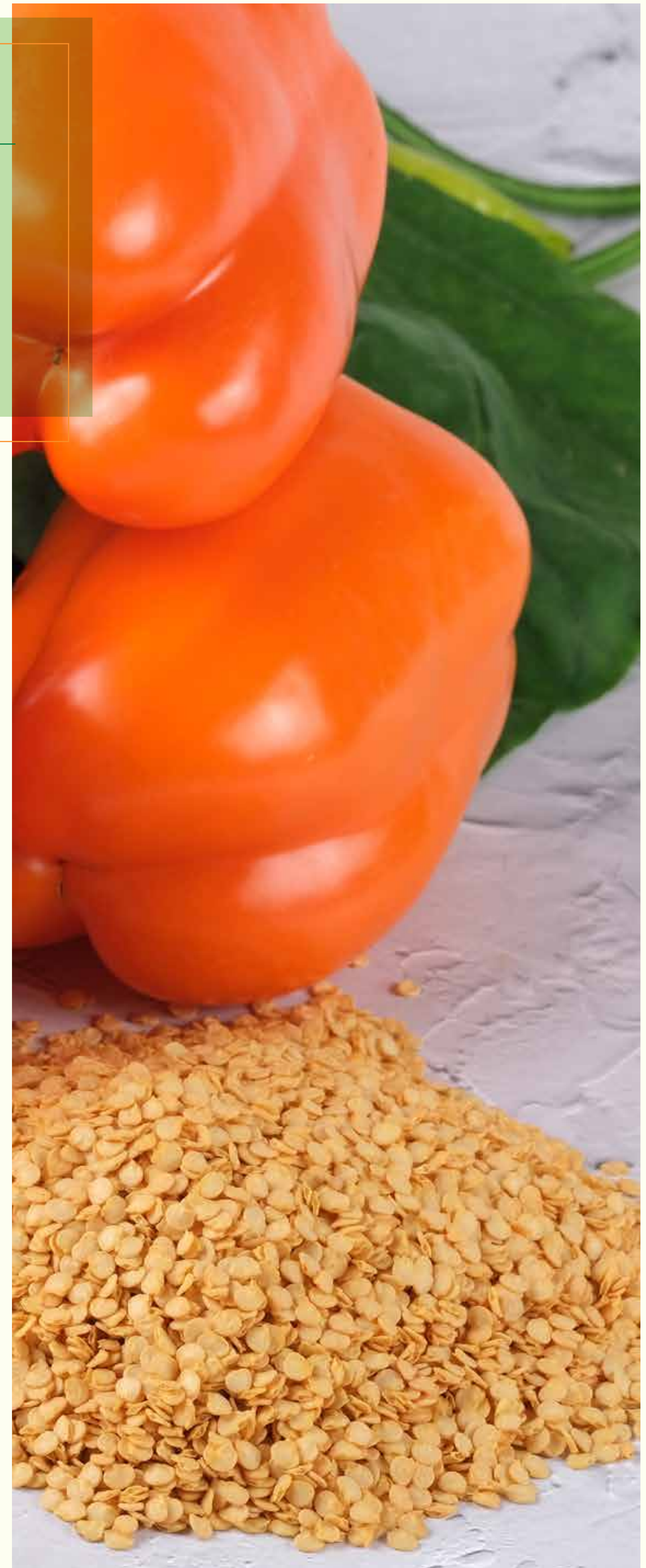
12,000 m² (Total Area)

A "High Technology Center" was established in Sincan district, Ankara.

Products

Product Variety **+400**

The company's product portfolio includes more than 400 plant protection and nutrition products, as well as seed varieties, all tailored to Türkiye's ecological structure and crop diversity.



Since its establishment, HEKTAŞ has been a market leader in many of its business areas. With its unwavering commitment to quality, the company continues to create value in the markets it operates in through the products it produces.

HEKTAŞ, operating in many fields from plant protection and nutrition products to fertilizers and seed production, and involved in every stage of production from seed to table, has adopted serving public health through good agricultural practices as its most important mission.

The company's product portfolio includes more than 400 plant protection and nutrition products, as well as seed varieties, all tailored to Türkiye's ecological structure and crop diversity.

For its fertilizer production activities, organomineral fertilizers are produced at the production/processing facility located at Acıdere Osb Mahallesi Atatürk Blv. No: 19 Sarıçam/ADANA.

In Antalya, under the HEKTAŞ Tohum brand at the Areo Tohumculuk company, seed breeding and production activities are carried out. Additionally, in 2021, the "Seed Technologies Center" was established within Areo Tohumculuk.

In Niğde, the Ferbis company also produces plant protection products. Additionally, as part of R&D projects, vegetables are grown in a smart greenhouse and field crops are produced in open fields at the Orhangazi facility.

Plant Protection Products	Plant Nutrition Products	Seed
+ Fungicides	+ Smart Base Fertilizers	+ Tomato Seed
+ Herbicides	+ Organically Coated Fertilizers	+ Pepper Seed
+ Acaricides	+ Foliar Fertilizers	+ Cucumber Seed
+ Insecticides	+ Pure Fertilizers	+ Eggplant Seed
+ Fumigants and Nematicides	+ Organominerals	+ Cotton Seed
+ Harvest Aids & Plant Growth Regulators	+ Drip Irrigation	+ Barley Seed
+ Winter Dormant Oils and Summer Oils	+ Special Products	+ Wheat Seed
+ Spreaders-Adhesives	+ Biological Preparations	+ Bean Seed
+ Pheromones	+ Other	+ Pea Seed
+ Biological Products		+ Corn Seed
		+ Sunflower Seed

Information about other products that are currently in the R&D phase can be found in the Research and Development Activities section of this report.

GOVERNANCE STRUCTURE

Board Members

Board Of Directors Members

The company's affairs and management are carried out by the Board of Directors. The Board of Directors consists of a minimum of 5 and a maximum of 9 members elected by the General Assembly in accordance with the provisions of the Turkish Commercial Code (TCC) and the Capital Markets Law (CMB). Independent Board Members are elected for one year, while other Board Members are elected for three years. Board Members whose terms have expired may be re-elected. The Independence Declarations of Independent Board Members are provided in Annex-1.

Eren Ziya DİK
(Chairman of the Board)

OMSAN LOJİSTİK A.Ş. Natural Person Acting on Behalf
The Representative's Initial Appointment Date to the Board of Directors – 21/07/2023
Duties of the Representative Outside the Company – Consultant

Since July 21, 2023, Mr. Eren Ziya DİK has been serving as the Chairman of the Board of Directors in our Company as the Corporate Representative of Omsan Lojistik A.Ş. Born in 1980, he completed his undergraduate studies in the Business Administration Department of Istanbul University in 2002.

Over the past 10 years, Mr. DİK served as a Senior Manager at PRICEWATERHOUSECOOPERS from 2002 to 2010, Finance Director at AKSA AKRİLİK from 2010 to 2017, General Manager at AKDENİZ CHEMSON KİMYA from 2017 to 2021, and Head of the OYAK Chemical Sector Group from 2021 to 2023. Mr. DİK has been serving as the OYAK Chemical and Agricultural Sector Group President since 2023.

Can ÖRÜNG
(Vice Chairman of the Board)

OYTAŞ İÇ VE DIŞ TİCARET A.Ş. Natural Person Acting on Behalf
The Representative's Initial Appointment Date to the Board of Directors – 28/12/2023
Duties of the Representative Outside the Company – OYAK Human Resources Group President

Since December 28, 2023, Mr. Can ÖRÜNG has been serving as the Vice Chairman of the Board of Directors in our Company as the Corporate Representative of OYTAŞ İç ve Dış Ticaret A.Ş. Born in 1978, he completed his undergraduate degree in Industrial Engineering at Istanbul Technical University in 2001, and in 2011, he completed the Executive MBA program at KOÇ University.

Over the past 10 years, Mr. ÖRÜNG served as Head of Technology, Subsidiaries, and Retail Banking Group at ZİRAAT Bank from 2012 to 2016, Deputy Head of Human Resources Group at ERDEMİR from 2017 to 2020, Deputy Head of Information Technologies Group at ERDEMİR from 2021 to 2023, and has been serving as OYAK Human Resources Group President since 2023.

The Chairperson and Members of the Board of Directors possess the duties and authorities set forth in the relevant articles of the Turkish Commercial Code and in Article 15 of the Company's Articles of Association.

Independent Board Members are elected for one year, while other Board Members are elected for three years. Board Members whose terms have expired may be re-elected. If a seat becomes vacant for any reason, the Board of Directors will temporarily appoint a person meeting the qualifications stipulated in the Turkish Commercial Code, Capital Markets Regulations, and the Articles of Association, and present this appointment for approval at the next General Assembly. Thus, the newly appointed member will serve out the remaining term of the previous member.

The Board of Directors convened 33 times during 2024. The Board of Directors members participated in the meetings on a largely regular basis.

Gözde ERKOÇ
(Board Member)

AKDENİZ CHEMSON KİMYA SANAYİ VE TİCARET A.Ş. Natural Person Acting on Behalf
The Representative's Initial Appointment Date to the Board of Directors – 27/03/2024
Duties of the Representative Outside the Company – OYAK Group Legal Director

Since March 27, 2024, Ms. Gözde ERKOÇ has been serving as a Board Member in our company as the Corporate Representative of Akdeniz Chemson Kimya Sanayi ve Ticaret A.Ş. Born in 1985, she completed her undergraduate degree in Law at Bilgi University in 2007 and earned her master's degree in Business Administration from Sabancı University in 2018.

Over the past 10 years, Ms. ERKOÇ worked as an Attorney at ESİN Law Firm from 2007 to 2014 and served as Legal Counsel at SABANCI HOLDING from 2014 to 2021. Since 2021, she has been the Group Legal Director at OYAK.

Şansel YILMAZ
(Board Member)

OYAK DENİZCİLİK VE LİMAN İŞLETMELERİ A.Ş. Natural Person Acting on Behalf
The Representative's Initial Appointment Date to the Board of Directors – 01/06/2023
Duties of the Representative Outside the Company –

Since June 1, 2023, Mr. Şansel YILMAZ has been serving as a Board Member in our company as the Corporate Representative of Oyak Denizcilik ve Liman İşletmeleri A.Ş. Born in 1970, he completed his undergraduate degree in Management and Organization at the Turkish Military Academy in 1992, a master's degree in Economic Policy at Van Yüzüncü Yıl University in 2007, and another master's degree in Sociology at Konya Selçuk University in 2009.

Over the past 10 years, Mr. YILMAZ served as Head of the Press and Public Relations Department at the 3rd Corps (NRDC-T) Command in Istanbul from 2009 to 2015, as Director of the Bursa Military Officers' Club from 2015 to 2019, and as General Coordinator at the Kayapa Organized Industrial Zone Directorate from 2021 to 2022.

Board Members

Ferhat BAĞLARLIOĞLU
(Board Member)

OYAK PAZARLAMA HİZMET VE TURİZM A.Ş. Natural Person Acting on Behalf
The Representative's Initial Appointment Date to the Board of Directors – 08/05/2024
Duties of the Representative Outside the Company –

Since May 8, 2024, Mr. Ferhat BAĞLARLIOĞLU has been serving as a Board Member in our company as the Corporate Representative of Oyak Pazarlama Hizmet ve Turizm A.Ş. Born in 1965, he completed his undergraduate degree in Fire Control Systems at the Naval Academy in 1987 and earned a master's degree from the Naval War College in 1999.

Over the past 10 years, Mr. BAĞLARLIOĞLU served as Commander of the Erdek Naval Base from 2013 to 2015, as Head of Academics at the Naval War College from 2015 to 2016, and as Chief of Staff at the Southern Naval Area Command from 2016 to 2018.

Bülent Şamil YETİŞ
(Independent Board Member)

The Independent Member's Initial Appointment Date to the Board of Directors – 31/03/2020
Duties of the Independent Member Outside the Company – Consultancy

Since March 31, 2020, Mr. Bülent Şamil YETİŞ has been serving as an Independent Board Member in the Company. Born in 1973, he completed his undergraduate degree in English Business Administration at Eastern Mediterranean University in 1997 and his master's degree in English Business Administration at the University of Essex in 1998.

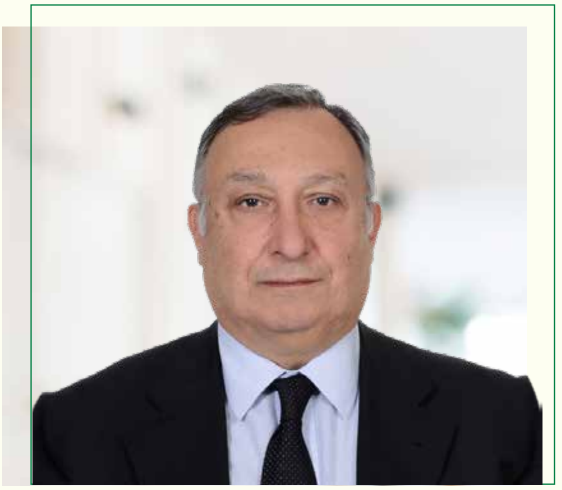
Over the past 10 years, Mr. YETİŞ worked as a Certified Public Accountant (SMMM) from 2004 to 2015, became a Sworn-in Certified Public Accountant (YMM) in 2016, and served as an Independent Board Member at ÜNYE Çimento from 2017 to 2020. He has been serving as an Independent Board Member at HEKTAŞ since 2020.

Kadri ÖZGÜNEŞ
(Independent Board Member)

The Independent Member's Initial Appointment Date to the Board of Directors – 06/04/2022
Duties of the Independent Member Outside the Company – Faculty Member

Since April 1, 2022, Mr. Kadri ÖZGÜNEŞ has been serving as an Independent Board Member in the Company. Born in 1973, he completed his undergraduate degree in Industrial Engineering at Istanbul Technical University in 1993 and earned his Ph.D. in Finance from Boğaziçi University in 2006.

Over the past 10 years, Mr. ÖZGÜNEŞ served as Strategy and Business Development Manager at H.Ö. SABANCI HOLDING from 2009 to 2013, and as Business Development and Performance Director at H.Ö. SABANCI HOLDING from 2013 to 2016. From 2016 to 2018, he was Deputy General Manager of International Sales and Marketing at TEMSA Ulaşım Araçları, and in 2018, he served as Deputy General Manager of Business Development at the same company while also working as an Assistant Professor at İSTİNYE University. From 2021 to 2023, he served as an Independent Board Member at OYAK Yatırım. Mr. ÖZGÜNEŞ has been serving as an Independent Board Member at HEKTAŞ since 2022 and at ERDEMİR and İSDEMİR since 2023.



Kurtuluş Bedri VAROĞLU
(Independent Board Member)

The Independent Member's Initial Appointment Date to the Board of Directors – 03/04/2023
Duties of the Independent Member Outside the Company – Attorney

Since March 30, 2023, Mr. Kurtuluş Bedri VAROĞLU has been serving as an Independent Board Member in the Company. Born in 1960, he completed his undergraduate degree in Law at Ankara University in 1982 and earned his master's degree at Ankara University Institute of Social Sciences in 1985.

Over the past 10 years, Mr. VAROĞLU has served as a Legal Consultant and Attorney at VAROĞLU Law Office since 1988. Additionally, he served as an Independent Board Member at ERDEMİR from 2017 to 2023 and at İSDEMİR from 2019 to 2023. Mr. VAROĞLU has been serving as an Independent Board Member at HEKTAŞ since 2023.

Changes Made in the Board of Directors During the Period

The changes made to our Company's Board of Directors are listed below.

At our Company's Board of Directors meeting held on 27.03.2024, Ms. Gözde ERKOÇ was appointed to replace Mr. Sebahattin KARAKOÇ as the natural person acting on behalf of Akdeniz Chemson Kimya Sanayi ve Ticaret Anonim Şirketi, which serves as a Corporate Board Member. An announcement regarding this change was published on the Public Disclosure Platform (KAP).

At our Company's Board of Directors meeting held on 29.03.2024, it was decided that, effective from 1 April 2024, Ms. İrem ATALAY would be appointed to replace Mr. Arif ÇETİNKAYA as the natural person acting on behalf of OYAK Pazarlama Hizmet ve Turizm Anonim Şirketi, which serves as a Corporate Board Member. An announcement regarding this change was published on the Public Disclosure Platform (KAP).

At our Company's Board of Directors meeting held on 08.05.2024, it was decided that, effective from 08 May 2024, Mr. Ferhat BAĞLARLIOĞLU would be appointed to replace Ms. İrem ATALAY as the natural person acting on behalf of OYAK Pazarlama Hizmet ve Turizm Anonim Şirketi, which serves as a Corporate Board Member. An announcement regarding this change was published on the Public Disclosure Platform (KAP).

Duties and Authorities of the Board Members

The Chairman and Members of the Board of Directors possess the duties and authorities specified in the relevant articles of the Turkish Commercial Code and in Articles 14 and 15 of the Company's Articles of Association.

The Corporate Board Member OMSAN Lojistik A.Ş. (represented by Eren Ziya DİK) was elected as Chairman of the Board, and the Corporate Board Member OYTAŞ İç ve Dış Ticaret A.Ş. (represented by Can ÖRÜNG) was elected as Vice Chairman of the Board for a term of one year. An announcement regarding this matter was published on the Public Disclosure Platform (KAP).

Activities Covered by the Non-Compete Obligation

At the Ordinary General Assembly Meeting held on April 26, 2024, regarding the Company's 2023 activities, the Board Members were granted permission, as in the previous period, to carry out transactions within the scope of the relevant articles of the Turkish Commercial Code (TCC) for the year 2024.

No transactions were carried out within this scope during 2024.

Financial Benefits Provided to the Board Members and Senior Executives

At the Ordinary General Assembly Meeting held on April 26, 2024, it was approved that, effective from the beginning of the month following the General Assembly, Independent Board Members would receive a monthly net payment of TRY 26,500, while no payment would be made to other Board Members. Individual accident and life insurance are provided for the Board Members.
The total amount of salaries and similar benefits paid to key executives and personnel for their services is TRY 63,768,923.

No performance-based compensation was provided to the Board Members.

During the period, no loans were granted to any Board Member or executive, nor were any personal loans extended directly or through a third party, and no guarantees such as sureties were provided on their behalf.

The salaries of the company's senior executives are determined by the Board of Directors. Within the company, including senior executives, non-unionized personnel receive performance-based additional payments.

Senior Management

Enis Emre TERZİ
(General Manager)

Since January 26, 2024, Mr. Enis Emre TERZİ has been serving as the General Manager of the Company. Born in 1984, he completed his undergraduate degree in Business Administration at Istanbul University in 2008.

Mr. TERZİ began his professional career in 2008 as an Audit Assistant at ERNST & YOUNG and left the company in 2013 as a Senior Auditor. In 2013, he joined SABANCI HOLDİNG as a Financial Analysis and Investor Relations Specialist. From 2014 to 2016, he worked at YILDIZ HOLDİNG, first as an Internal Audit Manager and later as a Financial Analysis Manager, and subsequently served as Group Finance Manager at ÜLKER Romania.In 2016, he joined AK GIDA, the Turkish subsidiary of GRUP LACTALIS, as Group Finance Manager responsible for the sales and marketing company. Later, he took on roles in Risk Management, Internal Control, Treasury, and Finance Group Management. Before joining HEKTAŞ, he served as the CFO of LACTALIS Türkiye. Mr. TERZİ began serving as HEKTAŞ's Finance Director in September 2022 and continued his role as General Manager as of January 26, 2024. Additionally, he also serves in General Manager positions within HEKTAŞ group companies.

Murat KILIÇ
(Finance Director)

Since April 15, 2024, Mr. Murat KILIÇ has been serving as the Finance Director at HEKTAŞ. Born in 1986, he completed his undergraduate degree in Economics at Middle East Technical University (METU) in 2009.

Mr. KILIÇ, who began his professional career in 2009, served as a Senior Specialist Auditor at PRICEWATERHOUSECOOPERS between 2009 and 2012, as a Consolidation Specialist and Financial Control Consolidation Manager at YILDIZ HOLDING between 2013 and 2017, as the Budget Reporting Manager at EMAAR TÜRKİYE between 2017 and 2018, and successively as Financial Control Manager, Director, and Finance Director at ÜLKER between 2018 and 2024. Since April 2024, he has been serving as the Financial Affairs Director at HEKTAŞ.

Ayhan GÖKBAĞ
(Who has been serving as the Company's Technical Affairs Director)

Since January 23, 2024, was born in 1970. He completed his bachelor's degree in Mechanical Engineering at Istanbul Technical University in 1991 and his master's degree in Mechanical Engineering at Boğaziçi University in 1995.

Mr. GÖKBAĞ, who began his professional career in 1993, served as the Field Manager at BSH PROFİLO Company between 1993 and 2001, as the Production Manager at TERMAL ELEKTRONİK Company from 2002 to 2003, as the Technical Director at ODE YALITIM Company between 2003 and 2014, as the Technical Director at ISIDEM YALITIM Company between 2014 and 2019, and as a Senior Executive at AKKAR SİLAH Company between 2019 and 2020. On March 23, 2020, he started at HEKTAŞ as a Technical Advisor, and from July 2020 onward, he has served as the Factory Director at FERBİS Tarım Ticaret ve Sanayi A.Ş, a 100% subsidiary of HEKTAŞ. As of January 2024, he has been serving as the Technical Affairs Director.

Tendü ARSAN
(Human Resources Director)

Since October 26, 2023, Ms. Tendü ARSAN has been serving in the Company's Human Resources Directorate. Born in 1981, she completed her bachelor's degree in Labor Economics and Industrial Relations at Marmara University in 2003 and her master's degree in Management and Work Psychology at Marmara University in 2008.

Starting her professional career in 2002, Ms. ARSAN has held various positions, including serving as the Human Resources Manager for Oyak Teknoloji at OYAK Pazarlama Şirketi from 2002 to 2014; as the Human Resources Manager at OYAK Pazarlama Şirketi from 2014 to 2015; as the Payroll and Personnel Affairs Manager at OMSAN Lojistik Şirketi from 2015 to 2019; as the Human Resources Director at OYAK Erdemir Mühendislik Şirketi from 2019 to 2023; and in 2023, she assumed the role of Human Resources Director at OYAK Ataer Madencilik Şirketi. As of October 2023, she has been serving as the Human Resources Director.

Senior Management

Emrah ÖZDEMİR
(Supply Chain Director)

Has been serving in the Company's Supply Chain Directorate since October 11, 2023. Born in 1978, he completed his bachelor's degree in Chemical Engineering at Istanbul University in 2002 and his master's degree in Business Administration at Gebze Technical University in 2010.

Mr. ÖZDEMİR, who began his professional career in 2005, worked in Production Engineering at PLAS PLASTİK ve AMBALAJ Company from 2005 to 2006, served as Production Control Officer at YORİM CAM Company in 2006, and since 2007 has held successive positions at HEKTAŞ, including roles in Production Engineering, as Assistant Production Manager, as Logistics Manager, and finally as Integrated Management System Manager. As of October 2023, he has been serving as the Supply Chain Director.

Mehmet DERİN
(R&D & Plant Nutrition Director)

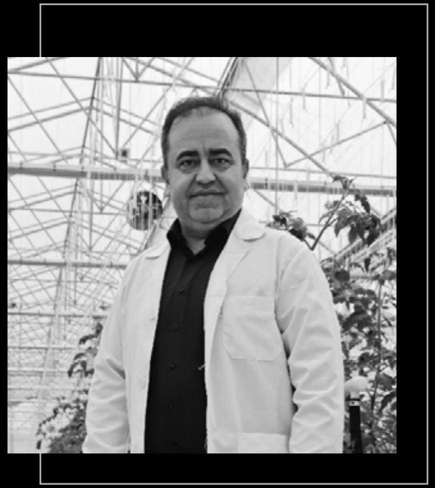
Has been serving in the Company's Research and Development and Plant Nutrition Directorate since November 17, 2021. Born in 1973, he completed his bachelor's degree in Agricultural Engineering at Çukurova University in 1997.

Mr. DERİN, who began his professional career in 1997, served as the Director at "S" Çiçekçilik ve Sebzecilik Company between 1997 and 2000; as the Founder and Technical Director at PILARQUIM MEDITERRENEAN (TAR-SAN) Company between 2000 and 2002; as the Sales Manager at FORM GIDA Company between 2002 and 2003; as the Technical Director at BİONTİS Company from 2003 to 2008; as the Sales Manager at GÖKER Tarım Ltd. Company between 2010 and 2016; as an Agronomist at AGROKİMYA Azerbaycan MMC Gilan Holding Company from 2017 to 2018; and from 2018 to 2020, he worked at TARIM TARIM Bitki Koruma San.ve Tic. A.Ş. He assumed the role of General Manager at the Company. Between 2020 and 2021, he served as a Strategy and Marketing Consultant at HEKTAŞ Ticaret T.A.Ş. As of November 2021, he has been serving as the R&D and Plant Nutrition Director.

Cüneyt KÖSEOĞLU
(Sales Director)

Has been serving in the Company's Sales Directorate since September 09, 2024. Born in 1973, he completed his bachelor's degree in Plant Protection at Çukurova University's Faculty of Agriculture in 1997 and his master's degree in Field Crops at Çukurova University's Faculty of Agriculture in 2008.

Mr. KÖSEOĞLU, who began his professional career in 1999, held various positions at SYNGENTA Company between 1999 and 2015, including Project Leader, Technical Consultant, Southeast Europe Development Center-Sebze Plant Protection Products Leader, Regional Marketing and Sales Manager, Portfolio Manager, and Technical Manager for Field Crops and Plant Protection. Between 2015 and 2021, he served as the Technical and Marketing Manager at ERTAR KİMYA Company; from 2021 to 2024, he held the position of Global Registration and Marketing Manager at AGRİ SCİENCES Company; and from March 2024 to September 2024, he worked as a Consultant at AGROMACS TARIM Company. As of September 2024, he has been serving as the Sales Director at HEKTAŞ.



Doç. Dr. Duran Şimşek

We Remember with Respect and Fondness...

We remember with respect and gratitude Mr. Associate Professor Dr. Duran Şimşek, Technical Operations Director of Areo Seed, who passed away in July 2024 at a very young age due to a heart attack.

Mr. Şimşek, with his 21 years of knowledge and experience in the agriculture sector, not only made significant contributions to our company but also to the agricultural development of our country. Through his scientific work, he led the development of the agriculture sector. He devoted great effort to raising awareness among farmers and promoting the widespread use of local seed initiatives.

Our esteemed professor, who also signed important academic projects, made lasting contributions to the sector by bringing 53 agricultural projects to life.

We deeply feel his absence... We would like to express that the valuable work he left us as part of his academic legacy will continue to illuminate our path forever.

We pray for God's mercy upon him and extend our condolences to his family and all of his loved ones.

Organizational Structure

- **HEKTAŞ GENERAL MANAGER**
  - Administrative Assistant
  - Advisors
  - **R&D & Plant Nutrition Director**
    - Plant Protection Product Manager
    - Plant Nutrition Product Manager
    - Orhangazi Facility Manager
    - Organomineral Production Manager
    - R&D Manager
    - Quality Control Manager
    - Export Manager
    - Ankara Advanced Technology Production Manager
    - Plant Nutrition Sales Manager
  - **Financial Affairs Director**
    - Cost Accounting Manager
    - Finance Manager
    - Investor Relations Manager
    - Commercial Finance Manager
    - Information Technologies Manager
    - Corporate Monitoring Manager
    - Budget Manager
    - Accounting Manager
  - **Technical Director**
    - Gebze Production Manager
    - Project and Maintenance Manager
  - **Supply Chain Manager**
    - Purchasing Manager
    - Foreign Trade Operations Manager
    - Production Planning and Logistics Manager
    - Integrated Management Systems Manager
  - **Sales Director**
    - Country Sales Manager
    - Çukurova Regional Manager
    - GAP Regional Manager
    - Central Anatolia Regional Manager
    - Aegean Regional Manager
    - Marmara Regional Manager
    - Mediterrean Regional Manager
  - **Human Resources Director**
    - Human Resources Expertise Center Manager
    - Human Resources Business Partnership Manager
    - Department of Administrative Manager
  - **Audit Manager**
    - Department of Law
    - Strategy and Bussiness Development Manager
    - Brand and Communication Manager

Human Resources

PROJECTS FOR INCREASING SOCIAL GENDER EQUALITY AND WOMEN EMPLOYMENT

In recruitment processes, equal opportunities are provided to candidates who possess the competencies required for the position, who will embrace and uphold the Company's culture, and who will add value to the Company, contributing to sustainable success.

Under the slogan "PIONEER OF SMART AGRICULTURE," HEKTAŞ, with its expertise and existing products in plant protection, plant nutrition, and seeds, has become the solution partner for sustainable agricultural production in our country's agriculture sector. HEKTAŞ continues to serve with a human resources policy that values its employees, draws strength from their creativity and enthusiasm, remains open to change and development, creates career opportunities, and respects people, the environment, and nature - all while adhering to quality standards and prioritizing innovation and sustainability.

As of 31.12.2024, the number of employees in our company is 579 in total, consisting of 205 blue-collar and 374 white-collar workers.

Recruitment

In all human resources processes, including recruitment, in line with the importance given to equal opportunities and diversity, no discrimination is made on the basis of gender, language, race, ethnic origin, political views, beliefs, religion, sect, age, physical disabilities, or similar reasons.

In recruitment processes, equal opportunities are provided to candidates who possess the competencies required for the position, who will embrace and uphold the Company's culture, and who will add value to the Company, contributing to sustainable success.

Candidates are interviewed online or face-to-face through competency- and technical-based interviews. Measurement tools include assessment center practices specific to managerial roles, personality inventories for all white-collar positions, as well as general aptitude and foreign language tests, with objective evaluations conducted based on the results.

With a focus on gender equality, projects aimed at increasing the employment of both white-collar and blue-collar women are being prioritized, with location-based initiatives being carried out in this context. Equal opportunities are provided to contribute to women's employment in the sector.

Digital Performance Management

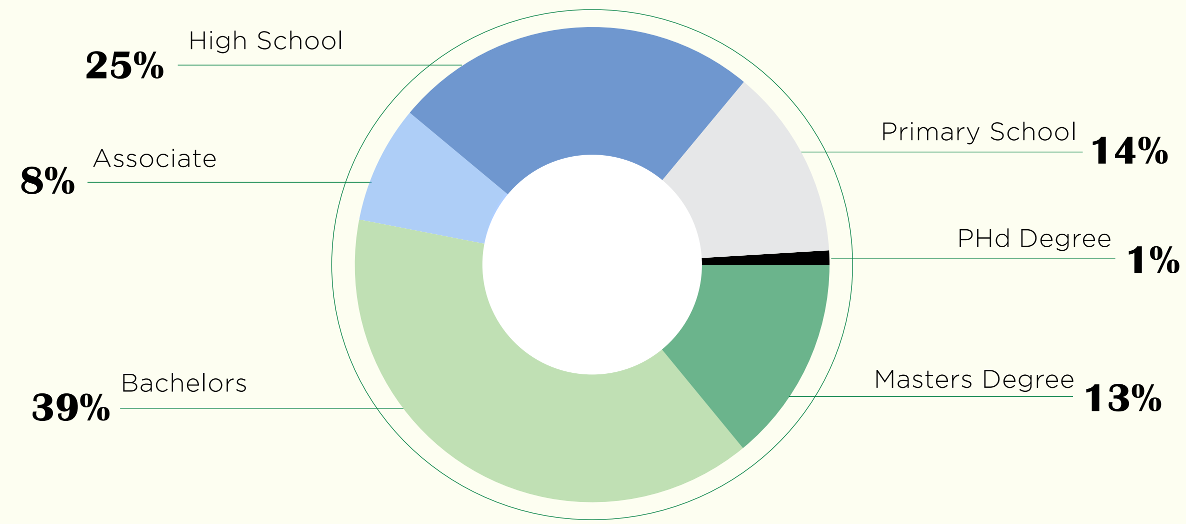
In 2024, the performance management system continued to be implemented through the DijitalİK system. White-collar and blue-collar employees performing routine operations are evaluated once a year on a competency basis, while other white-collar employees are evaluated once a year on a target-based basis.

During the goal-setting period, the individual targets entered into the system by employees are subject to managerial approval. During the goal evaluation period, first an individual evaluation is conducted, followed by a managerial evaluation, with the process proceeding by consensus.

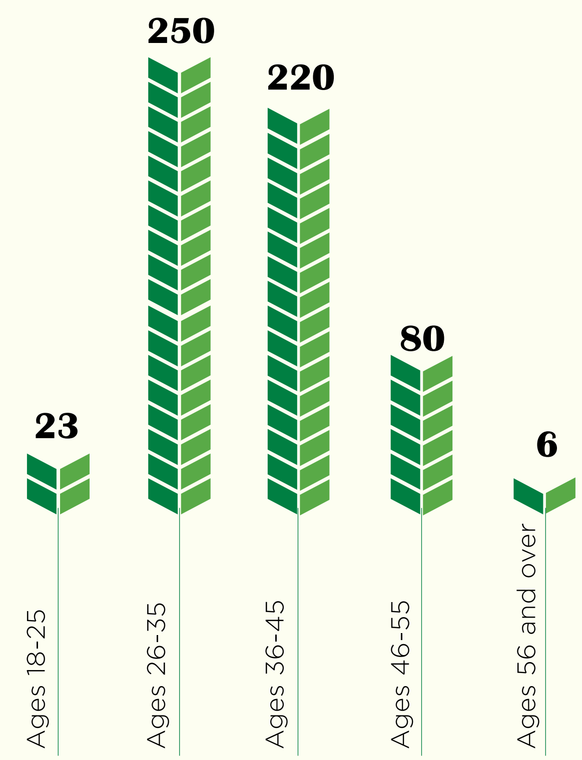
Total Employees
579

In all human resources processes, including recruitment, the importance given to equal opportunities and diversity.

Educational Distribution



Age Distribution



Seniority Distribution

Human Resources

Compensation and Benefits

At HEKTAŞ, the process is carried out using a methodology based on a defined systematic approach with international validity, in accordance with the job grades established for the positions. There is no hourly wage in the Company; all employees are paid based on fixed net amounts determined on a monthly basis. Employees are also granted benefits such as private health insurance, performance-based variable pay (bonus), and employer-supported individual retirement and life insurance.

Employees are provided their social rights on a monthly and regular basis in accordance with legal regulations. The Company does not have a Collective Bargaining Agreement.

It is essential that the positions within the company's organizational structures be evaluated using a defined methodology, and that the magnitude of the job be determined;

+ The relative magnitudes of jobs are objectively evaluated within a defined framework using a job evaluation methodology that has international validity,

+ Establishing an infrastructure that enables easy comparison of the existing salary structure with global, local, and sectoral market salary research results,

+ The goal is to establish a common infrastructure that facilitates the integration and holistic management of human resources processes, including recruitment and placement, training and development, talent management and organizational development, payroll, and performance management.

The compensation policy is reviewed annually based on the results of salary surveys conducted within the relevant sector and detailed salary analyses. Employees receive 12 salary payments per year.

Shuttle services are provided for employees' commutes to and from the company, meal allowances are given to field employees, and cafeteria meal services are available for employees working at company facilities.

Talent Management

Having the necessary talent with the required qualifications to achieve the company's strategic goals is one of the most crucial aspects of its growth journey.

Throughout this process, to ensure the organization's sustainability, talents are supported by guiding their career and development plans. This support includes assigning competency-based projects, providing training, enriching their roles beyond their current responsibilities, and offering coaching and mentoring assistance.

Internship Program

As part of talent management, to attract young talents to the Company, support students' development, prepare them for professional life, and contribute to the potential workforce, 50 university students completed their mandatory internships within our organization in 2024, based on predefined internship selection criteria.

Training

In 2024, training programs were organized to enhance HEKTAŞ's valuable human capital by equipping employees with competencies that enable them to adapt to the digitalizing and evolving world while also improving their existing talents.

Based on the results of the training needs analysis, the annual plan includes individual development, classroom training, technical training, and mandatory training programs.

In the learning experience journey, monthly training assignments are made through DijitalİK based on employees' needs and/or current trends, with assignments determined according to job titles.

Classroom training programs included courses such as the "Manager Development Program," "IFRS Training," "Problem-Solving Techniques and Continuous Improvement," and "Effective Report Writing Techniques."

,As part of technical training, programs such as "Overhead Crane Operator Training," "Boilerman Training," "First Aid Refresher Training," "LOTO (Lockout Tagout) Training," "Electric Pallet Truck Training," "Firefighting Training," and various awareness-based internal training sessions were conducted.

Training Hours Per Employee

Company	Employee/Hour
HEKTAŞ	39,27
FERBİS	28,26
AREO	13,18
TAKİMSAN	32,08
SUNSET	29,26

Total Training Hours

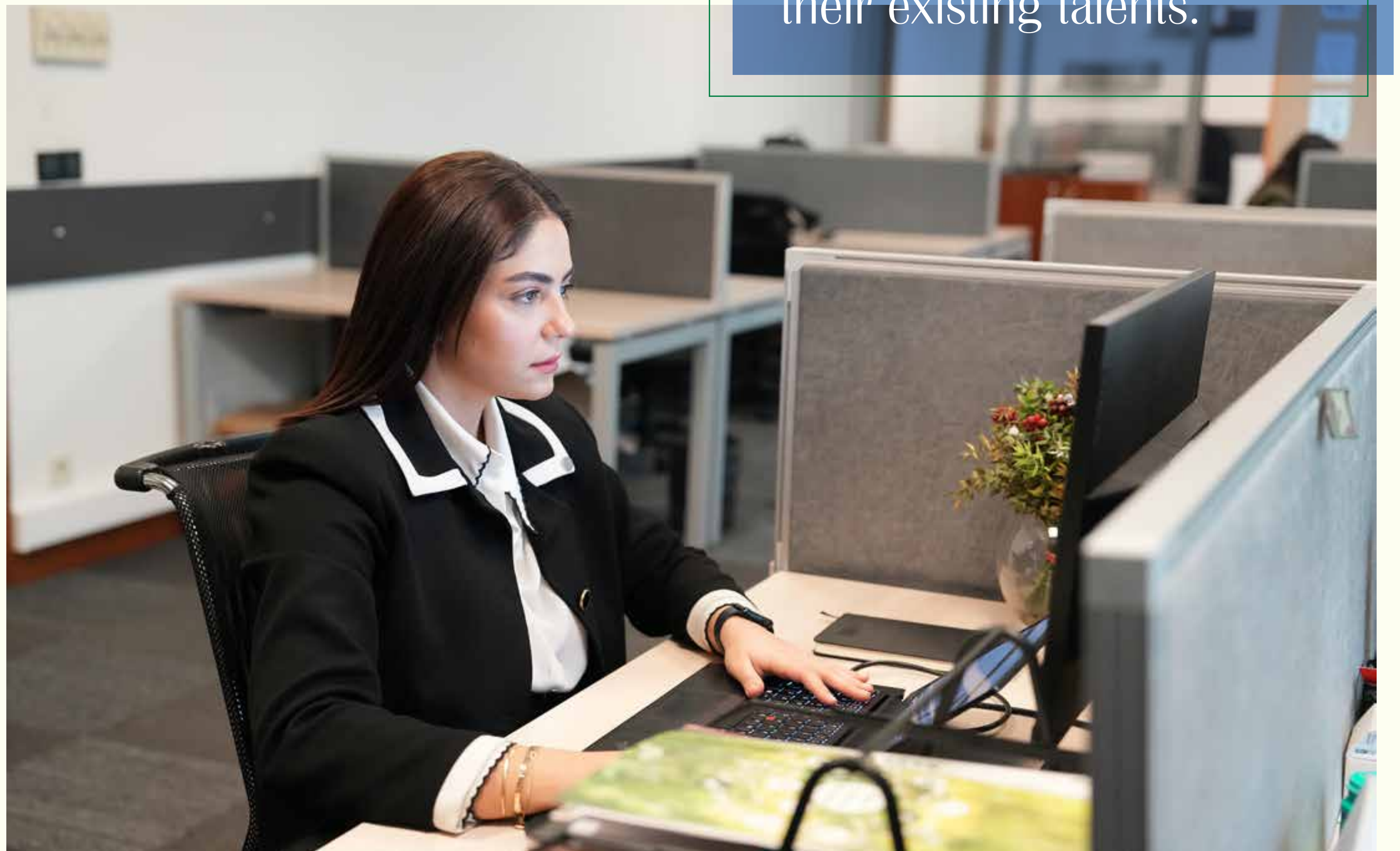
Company	In-Class Hours	Online Hours
HEKTAŞ	8974,37	7506,63
FERBİS	1535,83	1482,89
AREO	29,00	602,86
TAKİMSAN	48	77,02
SUNSET	36,17	106,63

Online Training Support Platforms

Employees' development is also supported through external online platforms, contributing to their learning experiences.

Through the DijitalİK platform, all employees receive training on various topics, including work-life balance, functional development, competency development, foreign language skills, and managerial skills enhancement.

Training programs were organized for equipping employees with competencies that enable them to adapt to the digitalizing and evolving world while also improving their existing talents.



Committee Structure

According to Article 20 of the Company's Articles of Association, the formation, duties, and working principles of the committees that the Board of Directors is required to establish under the Capital Markets Legislation and Article 378 of the Turkish Commercial Code, including the Early Detection of Risk Committee, as well as their relationships with the Board of Directors, are governed by the relevant legislative provisions.

The Audit Committee, the Early Detection of Risk Committee, and the Corporate Governance Committee, along with their members, are as follows:

COMMITTEE	TITLE	NAME - SURNAME	NATURE	MEETING FREQUENCY
Audit Committee	Chairperson	Kurtuluş Bedri VAROĞLU	Independent Member	At least four times a year, once every three months.
	Member	Kadri ÖZGÜNEŞ	Independent Member	
Corporate Governance Committee	Chairperson	Bülent Şamil YETİŞ	Independent Member	At least four times a year, once every three months.
	Member	Kurtuluş Bedri VAROĞLU	Independent Member	
	Member	Tuba BEKTAŞ	Investor Relations Director	
Early Detection of Risk Committee	Chairperson	Kadri ÖZGÜNEŞ	Independent Member	At least six times a year, once every two months.
	Member	Bülent Şamil YETİŞ	Independent Member	

The Audit Committee convened nine times in 2024 and continues its activities within the framework of the Capital Markets Board (SPK) regulations and its obligations.

The Early Detection of Risk Committee convened six times in 2024, while the Corporate Governance Committee met seven times in the same year, continuing their activities within the framework of the Capital Markets Board (SPK) regulations and their obligations.

All committees submit their meeting minutes and evaluations to the Board of Directors.

TRANSPARENCY, FAIRNESS, RESPONSIBILITY AND ACCOUNTABILITY

HEKTAS 2024 ACTIVITIES

Company Activities on a Periodic Basis in 2024

First Quarter

HEKTAŞ received **two Crystal Mortar Awards** in the categories of National R&D Patent Count and R&D Brand Count as part of the International Pharmaceutical Chemistry Congress organized by the Chemists Association.

HEKTAŞ won the **"Star of Export"** award for the **sixth** consecutive time at the İKMİB Stars of Export Awards.

A bond redemption of TRY **1,850,000,000** was completed within the first three months.

Within the first three months, three of the 37 R&D projects carried over from 2023 were completed at the Gebze R&D Center, and **15 new projects** were initiated.

The Orhangazi Branch's application for an R&D Center was approved, and it continued its operations as an officially recognized **R&D Center**.

Within the first three months, **10 new projects** were initiated at the Orhangazi R&D Center.

Within the first three months, an investment of TRY **216,895,075** was made.

Second Quarter

HEKTAŞ ranked **352nd** in the "Fortune 500 Türkiye" Survey.

Within the first six months, a bond redemption of TRY **1,850,000,000** was completed.

Within the first six months, **10 new projects** were initiated at the Orhangazi R&D Center.

HEKTAŞ ranked **484th** in the ISO 500 "Türkiye's Top 500 Industrial Enterprises" Survey.

The 2023 Ordinary **General Assembly** Meeting was held.

Within the first six months, an investment of TRY **276,123,159** was made.

Within the first six months, three of the 37 R&D projects carried over from 2023 were completed, and **15 new projects** were initiated at the Gebze R&D Center.

Company Activities on a Periodic Basis in 2024

Third Quarter

In the "Türkiye's Top 250 Companies by R&D Expenditure" Survey, HEKTAŞ ranked 1st in the Chemicals and Chemical Products Sector as the "Company with the Highest R&D Expenditure."

The paid-in capital increase process was initiated, and the procedures to raise the paid-in capital from TRY **2,530,000,000** to TRY **8,430,000,000** continued during this period.

Within the first nine months, a bond redemption of TRY **2,350,000,000** was completed.

Within the first nine months, an investment of TRY **401,964,597** was made.

Within the first nine months, six of the 37 R&D projects carried over from 2023 were completed, and **15 new projects** were initiated at the Gebze R&D Center.

The location of the plant protection products manufacturing facility to be established in Uzbekistan was determined by the Uzbek authorities, and the **lease agreement** was signed.

Within the first nine months, **10 new projects** were initiated at the Orhangazi R&D Center.

An agreement was signed between HEKTAS ASIA LLC and the contractor company for the construction of the plant protection products manufacturing facility.

Fourth Quarter

In 2024, in addition to the 37 R&D projects carried over from 2023, 15 new projects were initiated at the Gebze R&D Center, and **12 projects** were completed.

As of the end of 2024, a bond redemption of TRY **2,350,000,000** was completed.

In 2024, 10 new projects were initiated at the Orhangazi R&D Center, and **5 projects** were completed.

Revenue decreased by **44.18**% compared to 2024.

Net profit decreased by **113.27**% compared to 2024.

EBITDA decreased by **50.76** % compared to 2024.

As of the end of 2024, an investment of TRY **721,038,043** was made.

As a result of the paid-in capital increase, a net fund inflow of TRY **6,016,191,185.02** was obtained.

As of the end of 2024, **45 projects** were carried over to 2025.

The capital of HEKTAS ASIA LLC was increased, reaching **610,705,855,872.67** SOM.

The paid-in capital increase process was completed, raising the paid-in capital from TRY **2,530,000,000** to TRY **8,430,000,000**.

R&D Activities

To keep up with the times, maintain a competitive position internationally, create market differentiation, and stay one step ahead, HEKTAŞ places great emphasis on R&D investments.

One of the most important pillars of sustainable growth for the company is prioritizing R&D activities. Acting with this awareness, the Company completed 17 out of 37 projects carried over to 2024, launched 25 new projects within the year, and entered 2025 with a total of 45 ongoing projects. As a result of the completion of these projects, new products were developed, product quality and standards were improved, and cost-reducing and standard-enhancing techniques were applied.

With the R&D projects in the fields of Plant Protection, Seeds, and Plant Nutrition, HEKTAŞ continued to shape the industry and create commercial value in 2024. In the field of Plant Protection, licenses were obtained for 11 new formulations whose R&D studies were completed, and as a result of the projects, 5 new products were launched for sale during the year. In the field of Plant Nutrition, 17 new products were commercialized. In the strategic area of seed breeding, a total of 28 varieties were registered between 2020 and 2024.

In the field of Plant Nutrition, the newly developed liquid products launched in 2024 aim to increase productivity. The product group generally protects the plant against stress factors while promoting photosynthesis and supporting the growth of healthy plants. By increasing the organic matter content in the soil, it facilitates the transition of bound nutrients into the plant, improving soil conditions and enhancing the activities of beneficial microorganisms.

The investments made with the goal of a sustainable future will be expanded in the R&D Center laboratories within HEKTAŞ F.A.R.M (Farming, Analysis, Research & More) established in Orhangazi. The goal is to contribute to competitive strength by adapting to the new era with innovative ideas, such as biological products. In this direction, after the Gebze R&D Center, which has dynamically created value in several business areas since 2017, the Orhangazi R&D Center was certified by the Ministry of Industry and Technology in February 2024 as the second R&D center.

In addition to the projects mentioned above, new projects are being worked on within the framework of collaboration activities.

+ The project of "Incorporating activated carbon into our plant nutrition products to enrich product formulations" is being carried out.

+ The project of "Obtaining slow-release urea by chemically combining urea with hydroxyapatite" is being carried out.

+ The project of "Investigating the potential of utilizing iron slag in agriculture through chemical processing" is one of several of these projects.

According to the 2023 Fiscal Year R&D 250 Report, prepared and published annually by Turkishtime magazine using data from companies with R&D centers approved by the Ministry of Industry and Technology of the Republic of Türkiye, HEKTAŞ

- Ranked as follows: 44th in the overall ranking of companies with the highest R&D expenditures,
- 1st in the Chemicals and Chemical Products Sector,
- 30th based on the number of projects conducted at the R&D center,
- 3rd based on the number of trademarks registered at the R&D center.

At the HEKTAŞ Gebze R&D Center;

+ As of the end of 2024, 12 out of 37 projects carried over from 2023 were completed,

+ In 2024, 15 new projects were developed,

+ A total of 40 R&D projects were carried over to 2025,

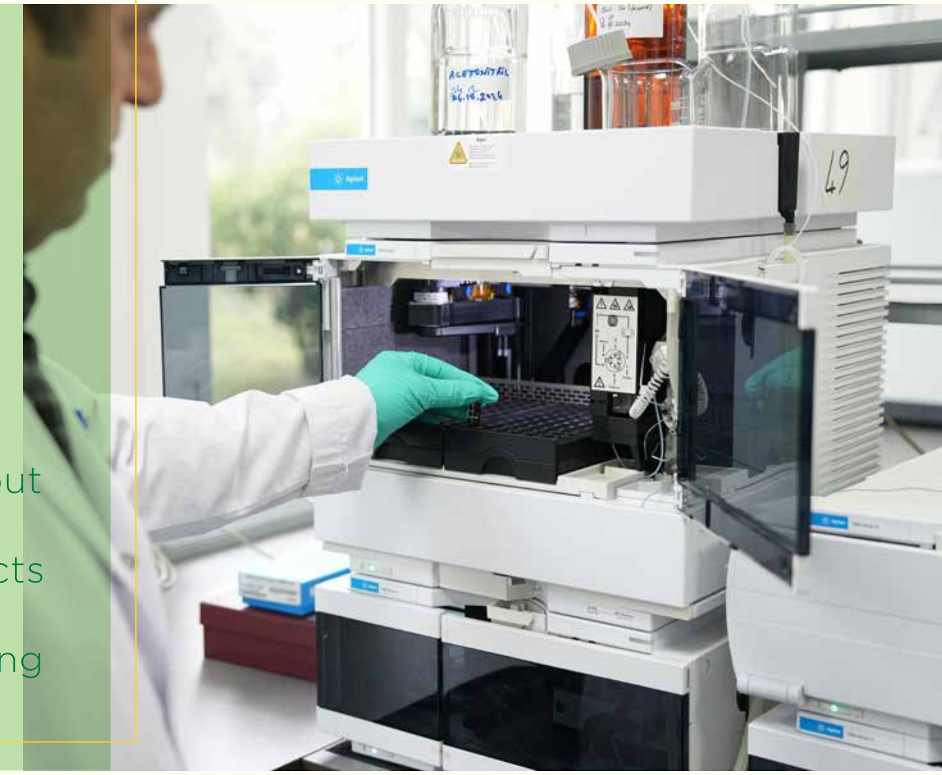
+ In 2024, licenses were obtained for 11 new formulations whose R&D studies were completed,

+ As a result of the projects in 2024, 5 new products were launched for sale.

Actual Projects **37**

Completed Projects **17**

The Company completed 17 out of 37 projects carried over to 2024, launched 25 new projects within the year, and entered 2025 with a total of 45 ongoing projects.



At the HEKTAŞ Orhangazi R&D Center;

With the approval decision taken by the Ministry of Industry and Technology of the Republic of Türkiye at the commission meeting on February 9, 2024, our application was accepted, and the HEKTAŞ Orhangazi Branch was officially recognized as an R&D Center,

+ R&D studies continue for fruit trees, field crops, berry groups, vineyards, as well as summer and winter vegetables,

+ In 2024, 10 new projects were initiated at the R&D center,

+ A total of 5 R&D projects were carried over to 2025.

At the Areo Seed Technologies R&D Center;

Through its R&D studies focused on seed breeding, Areo Tohumculuk helps reduce Türkiye's dependence on foreign seed supplies and contributes to increasing the export volume. The Areo Tohumculuk brand, alongside HEKTAŞ Tohum, has started to enhance its competitive strength against international brands by developing varieties that are in line with market conditions and meet the needs of producers.

Developments in the Vegetable Group

Breeding and R&D

In 2024, in line with market expectations, new hybrid programs were developed for tomato, pepper, and cucumber product groups using purified lines by breeders. In the Antalya-Teknokent R&D and trial facility, hybridization studies for the hybrid programs created in the 27,000 m² greenhouse area were completed, and the harvest, seed extraction, and packaging processes for the new hybrid candidates were finalized.

Specifically for tomatoes,

In 2024, the planting of 98 beef, 76 pink, 204 cluster, and 158 cocktail hybrid candidates was carried out at the Orhangazi R&D Center for initial breeder observations, and the observations are ongoing.

The planting of 497 single, 98 beef, 76 pink, and 158 cocktail hybrid candidates was carried out at the Antalya/Aksu/Hacıaliler location in an 8-decare producer greenhouse for initial breeder observations, and the observations are ongoing.

R&D Activities

The Areo Tohumculuk brand, alongside HEKTAŞ Tohum, has started to enhance its competitive strength against international brands by developing varieties that are in line with market conditions and meet the needs of producers.

As a result of the observations in the Orhangazi and Antalya trials, 17 single tomato, 14 beef tomatoes, 6 cluster tomatoes, 28 cocktail tomatoes, and 3 pink tomato variety candidates were identified. The identified variety candidates were planted at the Teknokent/HEKTAŞ location for trial purposes to collect data. Observations will be conducted in 2025, and the gathered information will be recorded.

At the Antalya facility's greenhouses, the micro-production studies for some variety candidates, which will be re-tested, have been completed.

Plantings were carried out to advance the breeder materials for tomatoes.

Specifically for peppers,

In 2024, a total of 750 red and yellow California Wonder hybrid variety candidates were planted in a 5.7-decare area in the Antalya/Fettahlı region for initial breeder observations, and the observations are ongoing. During the observations of the variety candidates, 50 standout variety candidates were identified. The planting of the identified variety candidates will be expanded in 2025.

As a result of the breeder and product development observations from trials conducted at different locations, a total of 12 hybrid variety candidates from the types "kapya, kıl, çarliston, sivri, üç burun" stood out. The observations of these variety candidates were conducted at different locations, and the varieties to be registered for certification were identified. Out of the 12 pepper hybrid variety candidates that completed breeder and product development observations, 1 variety was registered for certification, and it was concluded that 4 variety candidates are prominent for registration.

At the Antalya facility's greenhouses, the micro-production studies for some variety candidates, which will be re-tested, have been completed.

The seed planting for the initial observations of 328 capya, 234 pointed, 128 çarliston, 211 kıl, 298 üç burun, 118 stuffed, 19 orange California, and 71 Lamuyo variety candidates was carried out at the Antalya Teknokent facility after the hybridization work was completed.

The trial setup for 50 variety candidates that had previously completed breeder and product development observations was planned at the Antalya Teknokent facility to collect data, and the seed planting was completed.

Plantings were carried out to advance the breeder materials for peppers.

Specifically for cucumbers,

In 2024, 150 hybrid candidates obtained were planted in the Alanya/Konaklı region for initial breeder observations, and the observations are ongoing. Based on the trial results, 13 variety candidates were selected from the 150 hybrid variety candidates that were planted. Trial plantings for the 13 selected variety candidates are planned for 2025. Yield and adaptation data will be collected in different seasons, and the best variety candidate among them will be determined.

Among the 560 silor-type hybrid candidates that were previously observed at different locations, the standout candidates have been identified. Wide-scale adaptation trials for the 25 standout variety candidates have started at different locations. Among the 25 variety candidates in the silor type, the best 4 variety candidates were selected, and trial plantings are planned for 2025. Yield and adaptation data will be collected in different seasons, and the best variety candidate among them will be determined.

At the Antalya facility's greenhouses, the production work for the micro-production of some variety candidates, which will be re-tested, has been completed.

The planning for the observation and adaptation trials of the 300 hybrid variety candidates that have been obtained but not yet observed has been completed for 2025. The planting will first be carried out at the Antalya facility, and in 2025, the trials will also be conducted at different locations.

At the Antalya facility's greenhouses, the micro-production studies for some variety candidates, which will be re-tested, have been completed. In line with market demands, new hybrid programs for beith alpha and silor-type cucumbers have been planned.

Specifically for eggplant,

In the first season of 2023, the observations of 64 variety candidates in the cylinder and topan types, which were planted for trials in the Antalya/Doyran region, were carried out. As a result of the observations, 13 standout variety candidates were selected, and macro trials were established at different locations in the Manisa/Salihli region, both with grafted and non-grafted plants. Observations were conducted, and 4 promising varieties were identified. For the 4 standout variety candidates, a trial setup was planned at the Antalya Teknokent facility to collect data, and the seed planting has been completed.

Based on the trial results from different locations, the seed production quantity for 1 standout cylinder variety candidate has been determined for demo trials in 2025. Production work for the determined quantity was carried out at the Antalya facility, and macro production for the variety was completed.

R&D Activities

Specifically for seed production,

At the Antalya facility, based on the forecasts provided by the Product Development (Ür-Ge) and Sales teams, seed planting was carried out for the commercial and commercial candidate varieties of tomatoes, peppers, and cucumbers for sales and demo production, and the production work was completed. By the end of 2024, production was completed for 10 tomato, 11 pepper, and 3 cucumber variety candidates. The planning for the domestic and international market sales of the produced seeds is ongoing.

According to the request from the sales team, seed planting was carried out for the production of Tolerans F1 and Seraphine F1 tomato varieties. For peppers, seed planting was carried out for the macro production of 1 pointed pepper and 1 yellow California Wonder pepper.

Registration

As a result of breeder and product development observations, 1 pointed pepper was registered under the name Festival F1, 1 single tomato was registered under the name Seraphine F1, and 1 field cucumber was registered under the name Kuvars F1. In February 2025, the registration of 1 pointed pepper is planned.

Vegetable Group in the Foreign Trade Channel

+ Trial seeds were sent to the countries of Uzbekistan, Egypt, Iraq, Morocco, Cyprus, Iran, Italy, Kosovo, and Russia.
+ A customer and trade fair visit was made to Iran between September 24-27, 2024.
+ Cooperation visits from some companies in Egypt and Algeria are expected in November 2024.
+ Seed exports to Lebanon will take place in 2025.
+ Visits are expected from the companies we have collaborations with in Morocco and Egypt, where trial studies are ongoing, for the purpose of evaluating the process.

AS PART OF THE WORK CARRIED OUT IN THE TISSUE CULTURE LABORATORY, THE FAST BREEDING PROGRAM FOR TOMATOES IS PROGRESSING SUCCESSFULLY.

120 Plants

in-vitro rooting and regeneration studies are ongoing on 120 plants

Developments in the Biotechnology and Tissue Culture Group

In the biotechnology laboratory, efforts continued to analyze the resistance to specific diseases in vegetables using molecular methods, aiming to prevent yield and quality losses in the production of vegetable plants. In this context, the focus was on tomato, pepper, and cucumber varieties, and the Marker-Assisted Selection (MAS) technique was used in an integrated manner with classical breeding methods to more effectively evaluate disease tolerance in plants.

In the genetic editing study aimed at imparting herbicide resistance to cotton, the plants' regeneration processes are ongoing. In this context, in addition to the 19 plants that were previously adapted to in-vivo conditions, 11 more plants were adapted to external conditions. Thus, the cultivation and generation advancement processes of a total of 30 plants are continuing. In addition, in-vitro rooting and regeneration studies are ongoing on 120 plants.

As part of the work carried out in the tissue culture laboratory, the fast breeding program for tomatoes is progressing successfully. Materials in the F4 stage were moved to the F5 stage, and F2 materials were moved to the F3 stage. Additionally, genetic diversity was increased with the inclusion of three new market varieties in the program. These developments aim to contribute to the creation of more efficient and resilient tomato varieties.

As part of the "Productivity Project Awards" organized by the Ministry of Industry and Technology, Directorate General for Strategic Research and Productivity, our project titled "Development of New Hybrid Tomato Varieties with Different Fruit Types and Multi-Disease Resistance" received a perfect score of 100 from the project evaluators and qualified for the finals. The final outcome is expected to enable a significant step in agricultural productivity, as a result of the diligent work and innovative approach of our project team.

Developments in Industrial Plants

Cotton R&D

R&D and Breeding Studies: In the cotton breeding process, field studies are being conducted on a 30-decare area located in Söke district, Aydın province, and the processing of harvested products is continuing at AREO Tohum in Köşk district, Aydın province. In addition, as part of the adaptation studies for our variety candidates in different regions, we also have a trial at the Nazilli location in Aydın province.

In our breeding studies, hybridization efforts continue annually for different purposes, aiming to create a base population. In 2024, a hybridization study focused on earliness and yield was conducted. In this study, involving 10 varieties, 45 combinations were obtained through a half-diallel hybridization program.

R&D Activities

R&D and Breeding Studies: In the cotton breeding process, field studies are being conducted on a 30-decare area located in Söke district, Aydın province, and the processing of harvested products is continuing at AREO Tohum in Köşk district, Aydın province.

As part of previous hybridization studies, F1 and F2 cotton lines underwent row harvesting. For the F3 and F6 stages, single plant selection was carried out, and promising plants were selected for generation advancement. The ginning process for the F1, F2, F3, and F6 cotton lines has been completed, and the resulting fibers were sent for analysis. In the F6 stage, 21 advanced lines that were productive under field conditions were selected, and row harvesting was performed. Based on the analysis results, a variety yield trial will be established with the selected lines.

In 2024, a project was initiated in collaboration with the Cotton Research Institute aimed at developing cotton genotypes that are suitable for different climates and soil structures, with high yield, ginning efficiency, and fiber quality characteristics. As part of the project, variety yield trials were established in Söke and Nazilli using the advanced cotton genotypes available at the Cotton Research Institute, and the results were evaluated. In 2025, observations will be conducted again with the same varieties, and applications for registration will be made for the promising varieties.

Cotton Production-Sales

For 2025 sales and production, the harvests of 6,000 decares of Volkan and 5,500 decares of Selçuk Bey varieties were completed in the Söke region. A total of 622,110 kg of ginned cotton seeds were produced from these areas, consisting of 522,000 kg of Volkan and 100,110 kg of Selçuk Bey varieties. From the produced ginned cotton seeds, 522,000 kg of Volkan variety and 49,190 kg of Selçuk Bey variety ginned seeds were sent to the Global Türkel Delintation Facility in Şanlıurfa. At Global Türkel, the ginned seeds that were delinted resulted in the production of 355,000 kg of Volkan and 30,000 kg of Selçuk Bey delinted seeds. The produced seeds were subjected to quality tests, and the tests are currently ongoing. The remaining 50,290 kg of Selçuk Bey ginned seeds were sent to the Ceyhan Seed Delintation Facility in Adana, and the delinting process is ongoing.

Corn

In the 2024 work period of the corn breeding program, activities were carried out, including the evaluation of harvest results and the implementation of the final greenhouse planting program for the year. As part of the application aimed at obtaining in-vivo doubled haploid corn lines, 2,851 haploid corn seeds underwent the doubling process and selection, after which 1,802 corn seedlings were planted in the greenhouse. The plants are at the 8-10 leaf stage. In the review of the corn observation field and yield trial results, it was decided to conduct multi-location trials with 3 corn variety candidates. In line with the goals of the corn breeding program and the Teknokent project, the greenhouse program was planned with planting in 131 plots, and the related activities are being carried out. Pre-planting seed preparations for the 2025 greenhouse and field operations are currently underway.

1,802 CORN SEEDLINGS WERE PLANTED

Wheat

In the field of wheat breeding, drought-tolerant varieties are being developed, and international trials are being conducted for disease resistance. Breeding activities are continuing with materials obtained from organizations such as CIMMYT, ICARDA, and IWWiP, and selected in the 2022-2023 season. In the first quarter of 2024, yield trials, pasta wheat yield trials, barley yield trials, and preliminary yield trials were conducted with these materials at locations in Ankara/Haymana and Konya/Kulu, where post-winter cold damage and plant development statuses were observed and recorded. Irrigation, pesticide application, and fertilization processes were carried out. We have 7 varieties in the wheat product group, including March 2024.

In April 2024, two new bread wheat varieties, Elif and Merve, were registered by the Seed Certification and Registration Center, bringing the total number of registered varieties to 9. In the second quarter of 2024, disease conditions, plant height, and plant development stages were observed and recorded for the varieties involved in the yield trials and preliminary yield trials located in Ankara/Haymana and Konya/Kulu. Hybridization processes were carried out for bread wheat, pasta wheat, and barley. Cultural practices such as irrigation, pesticide application, and fertilization continued.

The harvest and threshing for the 2023-2024 season have been completed, and a total of 692 materials in various stages are available for bread wheat, pasta wheat, and barley plants.

The harvests of yield and adaptation trials for the 2023-2024 planting season were completed in the Central Anatolia Region (Ankara/Haymana, Konya/Kulu) and the Thrace Region (Edirne/Merkez, Kırklareli/Lüleburgaz). As a result of the yield and quality analyses, cold damage and disease conditions, plant development, and morphological observations;

+ 6 lines were selected from the dry bread wheat yield trial,
+ 5 lines were selected from the irrigated bread wheat yield trial,
+ 6 lines were selected from the pasta wheat yield trial,
+ 7 lines were selected from the barley yield trial,

9 Wheat Variety

Registered by the Seed Certification and Registration Center.

R&D Activities

The variety candidates, considered promising, will undergo replanting in the 2024-2025 growing season to reassess their yield and quality potential.

The seed treatment, packaging, and planting plans for the selected lines of opened materials in various stages, which will be included in yield and preliminary yield trials for the 2024-2025 season, were completed and prepared.

For our registered varieties, Gazi38, Süngü, Kahraman, Ulubaş (bread wheat), and Arslanbey Kemal and Sarıpaşa (pasta wheat), breeder seed planting was carried out on approximately 2.5 decares of land for each variety to produce elite-grade certified seeds.

In 2024, seed planting was carried out from the selected spikes of our registered varieties, Gazi38, Süngü, Kahraman, Ulubaş, Elif, Merve (bread wheat), and Arslanbey Kemal and Sarıpaşa (pasta wheat) for breeder seed production.

The planting of 692 materials in various stages of development was carried out for bread wheat, pasta wheat, and barley.

The yield and preliminary yield trials for the 2024-2025 growing season;

+ The irrigated bread wheat yield trial consists of 1 standard and 17 candidate varieties,
+ The irrigated bread wheat yield trial 2 consists of 2 standard and 6 candidate varieties,
+ The irrigated pasta wheat yield trial consists of 2 standard and 12 candidate varieties,
+ The irrigated bread wheat preliminary yield trial consists of 3 standard and 66 candidate varieties,
+ The dry bread wheat yield trial 1 consists of 3 standard and 17 candidate varieties,
+ The dry bread wheat yield trial 2 consists of 2 candidate and 6 standard varieties,
+ The dry barley yield trial consists of 2 standard and 12 candidate varieties,
+ The dry bread wheat preliminary yield trial consists of 3 standard and 31 candidate varieties,
+ The dry barley preliminary yield trial consists of 2 standard and 6 candidate varieties, and the plantings have been carried out.

THE PLANTING OF 692 MATERIALS IN VARIOUS STAGES OF DEVELOPMENT WAS CARRIED OUT FOR BREAD WHEAT, PASTA WHEAT, AND BARLEY.

At the Ankara High Technology Center;

In the field of Microbiology and Genetics

- Microbiologically-based enzyme production, purification, and activity measurement for use in industrial applications,
- Plant-based amino acid production,
- Isolation and testing of microorganisms to be used for the production of microbial preservatives for products in industries such as food and agriculture,
- Optimization studies for the production and purification of secondary metabolites (antibiotics, insecticides, growth hormones) obtained from microbial species,
- Selection, development, and optimization studies for the necessary microorganisms used in starter cultures commonly applied in food technology,
- Renewal and quality control of the existing bacterial strains in stock,
- Isolation and purification of bacteria from various sample sources,

- Genetic characterization studies of the isolated bacteria,
- Isolation and purification of toxic proteins with insecticidal properties based on microbiology,

In the field of Fermentation

- Improvement of fermentation conditions for Bacillus amyloliquefaciens, Bacillus subtilis, Bacillus thuringiensis, Bacillus megaterium, and Bacillus pumilis bacteria,
- Production of biomass in bioreactors at an industrial scale,
- Industrial application of the production of multiple strains,
- Development of the downstream process for industrially produced bacteria,
- Development of the final formulations and metabolites,

In the field of Chemistry

- Formulation development and design of the necessary equipment for Agrifor, Tradite, and Natsu series as well as planning for industrial production. In this context, the development of 6 different liquid fertilizer formulations (Nitrogen-based, Zinc-Phosphorus-based, Potassium-based, Zinc-Boron-based, Calcium-Boron-Nitrogen-based, Rooting agent) and trials for their industrial-scale production are being carried out,
- Trials for the industrial-scale production of Natsu Ca using the existing $Ca(NO_3)_2 \cdot 4H_2O$,
- Development of the necessary formulations for Fe-EDDHA synthesis and initiation of pilot-scale trials,
- Development of biostimulant formulations and efforts to recover the waste generated during production,
- Laboratory studies for the production of plant micronutrients at the nano scale,
- Development and implementation of analytical methods in the laboratory, including spectrometric, chromatographic, gravimetric, and volumetric analysis techniques,

Progress has been made in these respective fields.

Sales Activities

INCREASING MARKET SHARE IN BOTH TÜRKİYE AND GLOBALLY...

With its biodiversity, rich climatic structure, geographical conditions, production capacity, and product quality, Türkiye ranks among the important agricultural countries in the global agricultural economy. Agricultural activities in Türkiye are carried out in a wide range of fields due to the country's climatic diversity. In Türkiye, agricultural land accounts for 30% of the total land area. HEKTAŞ, operating in the fields of plant protection, plant nutrition, and seeds in the agricultural sector, provides services across all regions of Türkiye with its extensive sales network.

Due to the soil structure in Türkiye, the use of nitrogen-based chemical fertilizers is particularly high, and there has been a rapid increase in consumption over the years. It is believed that by using proper irrigation methods, the minerals in the soil can be preserved, and effective fertilizer usage can be ensured through subsequent soil analysis.

Agricultural pesticide use is shaped based on climatic conditions and crop types before and after planting, and operates independently of seed and fertilizer consumption trends.

When examining the use of agricultural pesticides by year and region, it is observed that the factors harming the soil and crops (such as pests, fungal agents, disease elements, weeds, or parasitic plants, etc.) vary according to years and regions. As a result, a different agricultural pest control method is preferred each year.

In agricultural production, the most commonly preferred method for disease, pest, and weed control in both Türkiye and worldwide is chemical control. As a result, the use of plant protection products (PPP) has been showing an increasing trend in both Türkiye and globally.

Agricultural product prices are sensitive to changes in climatic conditions, production volumes, as well as fluctuations in the prices of chemical raw materials, logistics costs, fertilizer, and natural gas prices.

When examining the company's first 12 months of sales, it is observed that there was a decrease of approximately 44% in sales revenue compared to 2023. To summarize the reasons for the decrease in sales revenue:

In the Plant Protection sector;

- As a result of the continued high credit and deposit interest rates, there has been a decrease in both the access to credit and the risk-taking tendencies of our customers,
- The restrictions imposed on active ingredients,
- Due to the 2024 inflation rate in the plant protection market being around 20%, despite the increased input and production costs, the market prices for almost all agricultural products remained below the general inflation rate of 44.38%,
- Due to the lack of demand in the market for many crops, such as paste tomatoes, kapya peppers, watermelons, melons, early-season lemon varieties, and early-season nectarine varieties, many of these agricultural products remained in the fields,
- The failure of industry stakeholders purchasing agricultural products to make cash payments to farmers and instead issuing long-term checks for the following year,
- Due to farmers not receiving payments, our customers were unable to collect from the farmers, and the high risk led them to avoid purchases for the new year,
- Due to the price decline in agricultural products, there has been a decrease in pesticide usage by farmers, resulting in the existing high distributor stock levels not depleting,
- Foreign-based companies, as well as many domestic firms, are offering long-term payment terms of 12-14 months, allowing them to play a significant role in the market as a financial source for our customers.

In the Plant Nutrition sector;

- The significant increases in credit interest rates and the resulting cost increases due to these changes,
- The financial difficulties faced by our business partners (distributors) due to economic challenges in 2023 and 2024,
- Fluctuations in input prices,
- The excessive stock levels held by our business partners,
- The practice of our competitors offering stocks at prices below their cost or producing lower-quality products and selling them at cheaper prices or on long-term credit terms,
- Our competitors' product sales with terms of 16-20 months, which create competition in terms of payment periods.

As can be understood from the above, the company was exposed to systematic risks, which are defined as risks related to the market that the company cannot control, especially in the plant nutrition and plant protection sectors. To mitigate these systematic risks, the company had to take the following measures.

- The accurate and dynamic pricing of our products based on market analysis and credit interest rates,
- Identifying alternative sources for raw material purchases and making early and controlled acquisitions,
- Due to the market bottleneck, controlled sales are being carried out,
- Implementation of cash-based and short-term sales strategies,
- Reviewing the customer portfolio based on market conditions and the economic status of customers,
- Actions such as launching new campaigns and making our products more attractive in the market compared to competitors were implemented to reduce existing stock levels.

Sales Activities

In the Seed sector;

In the Seed sector, which began contributing to the financial statements in the last quarter of 2023, the positive and negative factors affecting sales are as follows:

Positive:

- The high discount rates we offer,
- The ability of our sales distributors to help us gain market share from both domestic and international markets.

Negative:

- The shorter payment terms compared to competitors.

In foreign sales;

The instability in the Middle East negatively impacted shipment times. It caused both the inability to procure active ingredients at the desired time and disruptions in our shipments to distributors. In addition to the instability in the Middle East, the aggressive pricing policies of China-based companies led to price instability throughout the Middle Eastern market.

Despite the above-mentioned challenges, our sales continued to increase compared to the same period in 2023, in line with the goals set at the beginning of the year. Our sales were positively impacted primarily by the increase in the number of country registrations and the addition of new products to our portfolio.

Despite the challenges mentioned above;

- By implementing a dynamic pricing policy,
- By promptly completing field and benchmark studies,
- By maintaining intense communication with customers and advancing order deadlines,
- By providing constant updates on the current situation,
- We addressed the situation by organizing training and field support meetings with our distributors.

Sales Channels

HEKTAŞ, along with its subsidiaries, serves farmers across Türkiye through 6 regional directorates and approximately 1,800 distribution points.

Headquarters	Gebze / Kocaeli
Çukurova Regional Directorate	Çukurova / Adana
Central Anatolia Regional Directorate	Çankaya / Ankara
Mediterranean Regional Directorate	Antalya
Marmara Regional Directorate	Osmangazi / Bursa
Aegean Regional Directorate	Bornova / İzmir
GAP Regional Directorate	Haliliye / Şanlıurfa

Quantitative Sales

Sales Volume (Kg) **52,362,781**

Sales volume for products in the seed sector;

OPEN FIELD SEED

144,518 (Kg)

VEGETABLE SEED

6,516,565 (Unit)

VEGETABLE TRIAL SALES

446,638 (Kg)

As of the end of 2024, the sales volume of products in the plant protection and plant nutrition sectors was 52,362,781 kg. The sales volume for products in the seed sector was as follows: 144,518 kg of open field seed, 6,516,565 units of vegetable seed, and 446,638 kg of vegetable trial sales.

HEKTAŞ;

With 6 regional directorates, HEKTAŞ provides the products and services needed by producers at every agricultural production point in Türkiye. In 2024, the company served a total of 1,183 sales points, including 1,022 retail, 73 private institutions, 58 wholesalers, and 30 export points.

Ferbis;

With 3 regional directorates, HEKTAŞ provides the products and services needed by producers at every agricultural production point in Türkiye. In 2024, the company served a total of 656 sales points, including 581 retail, 52 private institutions, and 23 wholesalers.

Marketing Activities

WE ARE REALIZING DIGITAL TRANSFORMATION IN THE AGRICULTURAL SECTOR.

Customer Club

Customers are the most important resources for companies, and it is essential to understand the value of the customer for the company to be long-lasting. This understanding ensures sustainable growth.

Well-focused sales methods and attention to individual details increase customer loyalty. Through the connection established with customers, their expectations from the company are identified, and steps are taken to provide excellent service.

HEKTAŞ follows a customer-oriented management strategy, and customers continue to create and maintain innovative practices throughout their HEKTAŞ journey.

Founded in March 2018, the Customer Club, a first in the industry, has taken the communication between HEKTAŞ and its customers - one of the company's most valuable assets - a step further. Through the HEKTAŞ Customer Club, the sensitivity of customers to events, their purchasing habits, and communication activity are identified, with the goal of both developing and strengthening the bond established through trade.

The HEKTAŞ Customer Club is a special social network established with selected retail customers, through which customer experience is enhanced and loyalty is increased. The various events and opportunities offered to customers strengthen their loyalty to the brand.

In 2024, as the HEKTAŞ Customer Club completed its 7th year, the total number of members was updated to 516, consisting of 459 retail and 57 sub-retail members. The club allows us to perform data analysis in various aspects, such as members' sensitivity to events, purchasing habits, and communication activity. By the end of 2024, members spent a total of 66,461 minutes on the platform. By the end of 2024, there were 4,917 participations in the communication modules, showing active engagement. As a result of all these interactions, members earned points through product purchases, and from 2018 to the end of 2024, a total of 4,331 gifts were given to members.

Launches

In line with its vision of providing sustainable and innovative solutions to the agriculture sector, HEKTAŞ has launched liquid plant nutrition products that significantly enhance productivity in agricultural production. The launch event was held at the HEKTAŞ F.A.R.M. facility in Orhangazi, with the participation of large distributor owners from various regions of Türkiye. HEKTAŞ's liquid plant nutrition solutions, offered under four different brands (Hekamino, Tradite Liquid, Agrifor, and Natsu) with a total of 17 products, were developed with the high R&D capabilities of the Ankara High Technology Center.

HEKTAŞ's seed development activities, which have been carried out under the name Areo Tohumculuk since 2019, will now continue under the HEKTAŞ Tohum brand. The Areo Tohumculuk company will continue its brand activities under the name HEKTAŞ Tohum. HEKTAŞ announced its brand transformation story, aiming to become a regional and eventually global seed brand, through a press conference held at the HEKTAŞ F.A.R.M. facility.

Press Releases

Following the press conference held at the HEKTAŞ F.A.R.M. facility during the year, the press release titled "HEKTAŞ's Goal: Independence in Seeds" reached 3,056,010 people through news coverage in the print media.

Exhibition and Conference Participation (Agriculture)

+ Growtech 2024 (Antalya)
+ DLG Karaevli Agriculture and Technology Days Fair (Tekirdağ)

Field Days (Areo)

+ Cotton Field Day (Aydın)

Digital Marketing Activities

Through communication efforts on digital channels, over 14 million people were reached in 2024. Approximately 9 million of these reach figures were achieved through digital advertising campaigns focused on interests, regions, and crops.

TOTAL NUMBER OF MEMBER **516**

In 2024, as the HEKTAŞ Customer Club completed its 7th year, the total number of members was updated to 516, consisting of 459 retail and 57 sub-retail members.

Achievements and Awards

WE ARE AHEAD IN CORPORATE PERCEPTION AND CUSTOMER SATISFACTION.

In 2024, the company;

In the "Top 250 Companies with the Highest R&D Spending in Türkiye" survey, announced annually by Turkishtime, the company ranked first in the Chemicals and Chemical Products Sector as **the company with the highest R&D spending**.

In 2024, the company won the **"Exporter of the Year"** award for the sixth consecutive time at the IKMIB Exporters' Stars Awards, organized by the Istanbul Chemicals and Chemical Products Exporters' Association (IKMIB).

At the International Pharmaceutical Chemistry Congress organized by the Chemists Association since 2013, the company was awarded **two Crystal Havan Awards** in the categories of R&D National Patent Count and R&D Brand Count.

In the "Top 500 Industrial Enterprises in Türkiye" survey prepared by the Istanbul Chamber of Industry (ISO), the company ranked **484^{th}.**

According to the results of the "**Corporate Perception and Customer Satisfaction**" survey, conducted every two years with an independent and accredited research organization, the company surpassed global brands, with brand awareness in its target audience reaching 100% and customer satisfaction never falling below 90%.

The company ranked **352^{nd}** in the "Fortune 500 Türkiye" survey.

Investor Relations Unit and Activities

ACCURATE, TRANSPARENT, RELIABLE INFORMATION AND OPEN COMMUNICATION

The Investor Relations Unit operates under the Financial Affairs Directorate of the company. The Investor Relations Unit responds to the information requests of shareholders and investors within the framework of regulations, the articles of association, Corporate Governance Principles, and the Disclosure Policy. It is also part of the members of the Corporate Governance Committee.

The duties and powers of Investor Relations are regulated in Article 11 of the Corporate Governance Communiqué (II-17.1), which was published in the Official Gazette dated January 3, 2014, and numbered 28871.

Investors can access the corporate information, reports, relevant period financial statements, and disclosures through the Investor Relations section on the company's official website (www.hektas.com.tr).

NAME - SURNAME	TITLE	LICENCE	E-MAIL	TELEPHONE
Tuba BEKTAŞ	Investor Relations Manager	CMB Level 3 License, Corporate Governance Rating License, Derivatives Instruments License, Credit Rating License.	investorrelations@hektas.com.tr / yatirimciiliskileri@hektas.com.tr	0 262 888 19 56
Füsun DÖNERTAŞ	Investor Relations Assistant Manager		investorrelations@hektas.com.tr / yatirimciiliskileri@hektas.com.tr	0 262 888 19 56

The Investor Relations unit is responsible for establishing the connection between investors and the company, applying a management approach that is fair, accountable, and transparent. It represents the company before the Capital Markets Board (CMB), Borsa İstanbul, Central Securities Depository (MKK), and other regulatory authorities.

The unit acts in accordance with the regulations required by the legislation, ensuring that non-insider information is sent accurately, without exaggeration, and in a timely manner to the relevant individuals and institutions.

The Investor Relations unit promptly responds to inquiries from individual and institutional investors without disclosing insider information, ensuring transparent communication with investors.

In 2024, the unit played an active role in the company's capital increase process and, within the framework of relevant laws and regulations, organized the company's 2023 Ordinary General Assembly meeting.

Stock Profile

Initial Public Offering (IPO) Date	1981
Issued Capital	8,430,000,000
Free Float Ratio	44,63%
Stock Ticker	HEKTS
ISIN Code	TRAHEKTS91E4R
BIST Market Where the Capital Market Instrument is Traded	BIST Stars Market / Wholesale Market (Among Qualified Investors)
Indexes in Which the Company is Included	BIST KOCAELI, BIST STARS, BIST INDUSTRIAL, BIST 100, BIST 50, BIST 30, BIST ALL, BIST CHEMICALS, PETROLEUM, PLASTICS.

Stock Performance Throughout the Year

- HEKTAŞ stock started 2024 at TRY 7.29 and closed the year at TRY 3.87, reflecting a 47% decline.
- In 2024, HEKTAŞ stock's trading volume increased by 58%.
- In 2024, a rights issue was carried out, resulting in a 233.20% stock split.
- In 2024, it continued to be among the BIST 30 companies.
- In 2024, it continued to be a 'First Group' company.
- In 2024, it continued to be included in the "FTSE Index" traded on the London Stock Exchange.
- In 2024, it continued to be included in the MSCI Türkiye Index.

Credit Rating Scores

2019	Short Term	A-1+(Trk)	The outlook for the ratings was determined as 'stable'.
	Long Term	AA (Trk)	It was evaluated in the investment-grade category on both national and international scales.
			The national rating was capped by the sovereign rating
2020	Short Term	A-1+(Trk)	The outlook for the ratings was determined as 'stable'.
	Long Term	AA (Trk)	It was evaluated in the investment-grade category on both national and international scales.
			The national rating was capped by the sovereign rating
2021	Short Term	A-1+(Trk)	The outlook for the ratings was determined as 'stable'.
	Long Term	AA (Trk)	It was evaluated in the investment-grade category on both national and international scales.
			The national rating was capped by the sovereign rating
2022	Short Term	J1+ (tr)	The outlook for the ratings was determined as 'stable'.
	Long Term	AA (Tr)	It was evaluated in the investment-grade category on both national and international scales.
			The national rating was capped by the sovereign rating
2023	Short Term	J1+ (tr)	The outlook for the ratings was determined as 'stable'.
	Long Term	AA (Tr)	It was evaluated in the investment-grade category on both national and international scales.
			The national rating was capped by the sovereign rating
2024	Short Term	J1 (tr)	The outlook for the ratings was determined as 'stable'.
	Long Term	A (Tr)	It was evaluated in the investment-grade category on both national and international scales.
			The national rating was capped by the sovereign rating

Information on the Sectors in Which the Company Operates

Crop Protection Market

Crop protection refers to agricultural practices aimed at protecting plants from diseases and weeds, thereby increasing agricultural production and improving its quality.

Crop protection is of great importance in increasing agricultural productivity, reducing crop losses, and ensuring food security. Agricultural pesticides are one of the most effective and fastest-acting methods for combating pests in crop production. According to research, crop losses can reach up to 60% in the absence of pesticide use.

The demand for crop protection products worldwide and in Türkiye is influenced by various factors. In recent years, while the use of insecticides has decreased, the use of fungicides and herbicides has been observed to increase.

With the rapid increase in the global population and limited agricultural land, the need to enhance productivity in agricultural production is becoming increasingly important. In this regard, the use of modern techniques and inputs has become essential today. Pesticides also hold a critical place among these inputs.

The demand for biotechnological methods in agriculture is rapidly increasing; however, strict regulatory requirements are making operational processes more challenging for companies.

In 2024, the crop protection sector in Türkiye and worldwide achieved significant developments in terms of the sustainability and productivity of agricultural production. During this period, significant developments occurred in the sector, driven by regulatory changes, technological innovations, and industry events.

Crop Protection Market in Türkiye

The agricultural pesticides sector in Türkiye has rapidly developed, especially since the 1950s. The use of agricultural pesticides in our country has been increasing year by year and is expected to grow at an annual rate of 1.2%. Fungicides constitute the largest group in pesticide use in Türkiye. According to regional distribution, the highest pesticide usage is in the Mediterranean Region (28.16%), followed by the Aegean Region (25%) and the Marmara Region (17.37%).

The crop protection market grew by 85% in revenue terms in 2024, reaching a value of TRY 37 billion .

Thanks to government support for the crop protection sector, the increase in field crops, vegetable, and fruit production has led to a higher demand for crop protection products. These supports enabled producers to adopt more modern and efficient methods.

According to research, crop losses can reach up to 60% in the absence of pesticide use.

Information on the Sectors in Which the Company Operates

In 2024, the Ministry of Agriculture and Forestry introduced new regulations regarding the registration and market release of crop protection products. These regulations were published in the Official Gazette on March 14, 2024, and came into effect.

Additionally, another regulation published in the Official Gazette on March 20, 2024, set forth the procedures and principles for authorizing legal entities or organizations that will conduct the trials necessary for the approval of crop protection products. It also established standards for the practices of these organizations.

In Türkiye, training and awareness efforts regarding pesticide use have been intensified, bringing a new perspective to the industry.

Global Crop Protection Market

In 2024, the integration of biotechnological and digital solutions in the crop protection sector gained momentum. Artificial intelligence technologies enabled the use of more precise and efficient methods in crop protection applications.

Global issues such as climate change, pest proliferation, and a growing population have made the crop protection sector increasingly vital. Stricter regulations regarding the use of crop protection products have been introduced in many countries to safeguard human health and environmental safety.

Globally, the crop protection products market was valued at $78.90 billion in 2023. This market is projected to reach $119.33 billion by 2031, with an annual compound growth rate of 5.39%. In particular, the integration of biotechnological and digital solutions is making a significant contribution to the growth of the sector.

As of 2022, the global production value of crop protection products was approximately $235 billion. The global crop protection chemicals market is expected to grow at an annual rate of approximately 4% during the forecast period from 2022 to 2028. This growth stems from the need to enhance agricultural productivity due to the increasing global population and the limited availability of agricultural land.

PLANT NUTRITION IS THE PROCESS OF PROVIDING THE ESSENTIAL NUTRIENTS REQUIRED FOR PLANTS TO GROW HEALTHILY AND ACHIEVE THE DESIRED YIELD.

Additionally, the insecticides market is experiencing similar growth; it was valued at $15.86 billion in 2023 and is projected to reach $26.01 billion by 2031.

These figures indicate that there is increasing global demand for crop protection products, highlighting the significant market size in this sector.

Plant Nutrition Market

Plant nutrition is the process of providing the essential nutrients required for plants to grow healthily and achieve the desired yield.

Over the past 20 years, as global agricultural production has been modernized, plant nutrition applications have also experienced significant advancements. Over the past 20 years, the FAO (Food and Agriculture Organization) has aimed to create global awareness of integrated nutrient management practices and promote their widespread adoption at the farm level through field projects and its publications.

Global challenges such as climate change and a growing population are increasing demand for the plant nutrition sector while simultaneously complicating production processes. The demand for biotechnological methods in agriculture is rapidly increasing, while strict regulatory requirements may affect companies' operational processes.

In recent years, HEKTAŞ has been supporting the goal of sustainable domestic production in the plant nutrition market through its portfolio, which encompasses both plant nutrition and soil productivity enhancement, along with its newly developed products.

HEKTAŞ, with its range of plant nutrition products offered in the market, focuses on enhancing the mineral content in plants to achieve high yields.

HEKTAŞ, in addition to its organomineral fertilizer product line - which is 100% its own in terms of production and formulation - also collaborates with two globally renowned plant nutrition companies to provide Turkish producers with high - quality plant nutrition products. In this way, it aims to tailor its product range to best meet producers' needs while continuing to maintain its leading position in the fertilizer market.

In 2024, the plant nutrition sector experienced significant changes and developments both in Türkiye and globally. Climate change, sustainability, and technological advancements are among the key factors shaping the future of the sector.

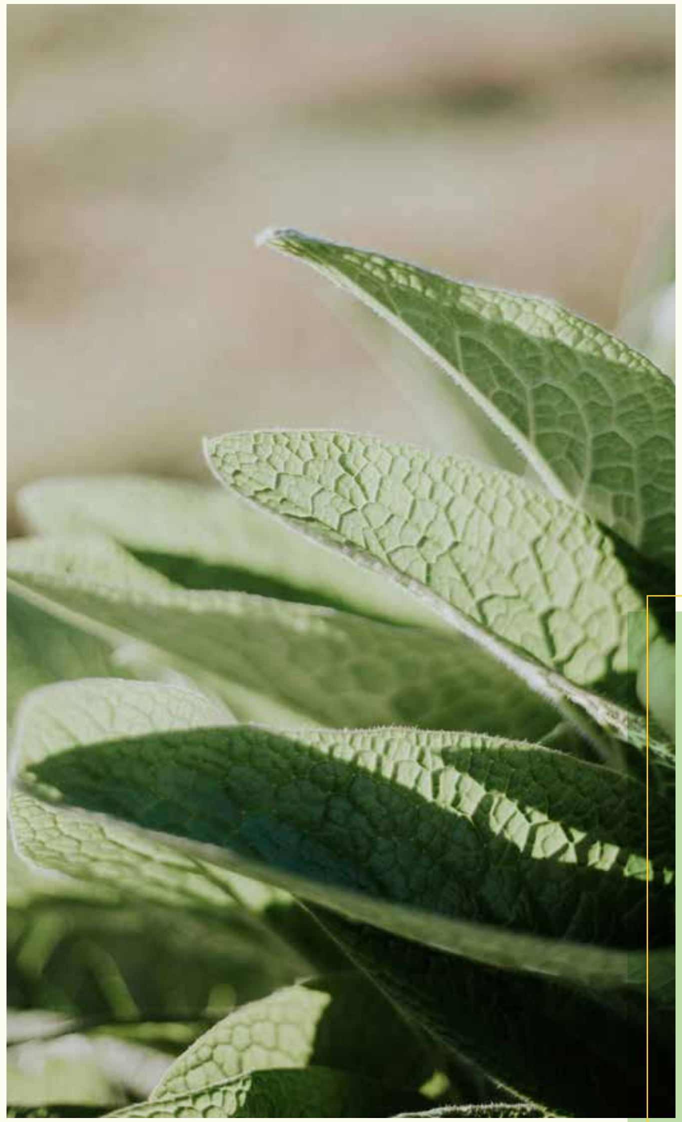
Plant Nutrition Market in Türkiye

In Türkiye, an increase in the use of chemical fertilizers has been observed to correlate with a decline in the organic matter content of soils. Due to their high water retention capacity, soil health-enhancing effects, environmentally friendly properties, yield-boosting capability, and support for plant growth, interest in organomineral fertilizers has increased in recent years. The organomineral fertilizer market reached a size of TRY 10.5 billion in 2024.

In Türkiye, educational and awareness efforts regarding pesticide and fertilizer use have played a significant role in increasing interest in organomineral fertilizers. Sustainable agricultural practices and environmental regulations inherently involve both risks and opportunities.

Information on the Sectors in Which the Company Operates

In recent years, as sustainable agriculture and the importance of soil health have come to the forefront, there has been an increase in demand for fertilizers containing organic matter. Additionally, through agricultural support payments and crop insurance, the government is contributing to the growth of the organomineral fertilizer sector by providing various incentives to support these fertilizers. The supports provided by the government are intended to ensure the sustainability of agricultural production and food supply security, contribute to production planning, enhance yield and quality, promote the adoption of environmentally friendly approaches in agriculture, and improve the effectiveness of the implemented policies.



Global Plant Nutrition Market

In the plant nutrition sector, raw material prices are experiencing stabilization. Meanwhile, there is a noticeable increase in conventional fertilizer usage, leading to demand-driven growth.

Globally, climate change continues to significantly impact the agricultural sector-and by extension, the plant nutrition sector-with adverse weather conditions such as drought and heavy rainfall altering both the demand for and methods of plant nutrition.

In the global agriculture industry, new trends are emerging in the production and marketing of fertilizers and plant nutrients. Especially precision agriculture technologies play a crucial role in increasing crop yields while optimizing fertilizer usage. In this context, technologies such as artificial intelligence and data analytics help in making more accurate and effective decisions in plant nutrition.

With the growing environmental awareness, the transition to sustainable methods in plant nutrition has accelerated. Natural fertilizers and biological control methods are increasingly preferred.

Worldwide, the demand for organomineral fertilizers has significantly increased in recent years due to the growing efforts to boost agricultural productivity, promote sustainable farming practices, and protect soil health.

WITH THE GROWING ENVIRONMENTAL AWARENESS, THE TRANSITION TO SUSTAINABLE METHODS IN PLANT NUTRITION HAS ACCELERATED.

Organomineral fertilizers are used in many countries around the world. Especially in developed countries, there is significant interest in these fertilizers as part of sustainable agriculture practices.

Some of the key factors affecting this demand are:

1. Sustainable Agriculture Practices

- The intensive use of conventional chemical fertilizers leads to a loss of soil organic matter and environmental problems.
- Organomineral fertilizers, being a combination of organic matter and mineral fertilizers, both improve soil health and reduce environmental impacts.

2. The Rise of Organic Agriculture

- With the growth of the organic agriculture market, the demand for fertilizers with organic content is increasing.
- Especially in markets such as the European Union, the United States, and Japan, organic agriculture regulations encourage the use of organomineral fertilizers.

3. Global Growth in the Agricultural Market

- The Asia-Pacific region (including countries such as China, India, and Indonesia) is one of the largest demand centers due to its growing population and food security needs.
- South America (especially Brazil) is expanding its use of organomineral fertilizers to increase productivity in intensive agricultural areas.

4. Environmental Regulations and Policies

- The promotion of environmentally friendly practices and the regulation of chemical fertilizer use are guiding farmers toward organomineral products.

5. Market Forecast and Growth Rate

- The organomineral fertilizer market is projected to grow at a compound annual growth rate (CAGR) of 6-8% between 2023 and 2030, while the organic fertilizer market is expected to grow at a CAGR of 11.31% over the same period. Additionally, the chemical fertilizer market is projected to grow at a CAGR of approximately 9.1% between 2023 and 2030.
- Especially in Europe and North America, technological innovation and R&D investments are accelerating market growth.

Information on the Sectors in Which the Company Operates

Ensuring sustainability in the sector is of great importance in national strategies for the preservation of local seeds.

Seed Market

As the first link in the food chain, seeds are an essential cornerstone for sustaining life and preserving biological and cultural diversity.

In recent years, the importance of the agricultural sector has come to the forefront more than ever on the global agenda due to factors such as population growth, agricultural sustainability, climate change, and food security. Ensuring food security has become increasingly important in recent years to enable the world's population, which exceeds eight billion, to maintain a healthy and high-quality life with adequate access to food.

Sustainable agriculture and economic development, along with food security, have become essential for protecting individual health and improving overall public health. Therefore, Türkiye needs to expand production in accordance with international standards while preserving its rich biological diversity. At the same time, ensuring sustainability in the sector is of great importance in national strategies for the preservation of local seeds.

Seed Market in Türkiye

Thanks to its geographical location, rich biological diversity, and climate that allows all four seasons to be experienced simultaneously, Türkiye holds significant potential in the global seed industry.

The need for agricultural production is increasing in parallel with Türkiye's growing population. This situation also increases the demand for high-quality and efficient seeds. HEKTAŞ contributes to reducing Türkiye's dependence on foreign sources by producing seeds in compliance with international standards. HEKTAŞ also conducts efforts to preserve local seeds and ensure the continuity of biological diversity. HEKTAŞ, which has achieved successful results in seed breeding - an issue of critical importance for food sovereignty - is progressing towards becoming first a regional and then a global seed brand.

Changing climate conditions and decreasing water resources in different regions of Türkiye are increasing the demand for drought - resistant seeds. To meet this demand, HEKTAŞ is conducting various projects in collaboration with its subsidiary, Agriventis Technologies, based in Australia.

In recent years, there has been a notable increase in awareness regarding the use of local seeds and a growing emphasis on domestic breeding efforts. Changes in crop patterns due to factors such as drought and yield decline significantly impact the preferred seed varieties. This shift necessitates the development of new and innovative solutions by industry players.

In 2006, the government enacted the 'Seed Law' to regulate and develop the seed industry in Türkiye, aiming to support local production and encourage seed production in compliance with international standards.

By 2024, the seed industry in Türkiye gained further momentum with Laws No. 5042 and 5553. As the number of registered and production-approved varieties increased, seed production volumes also rose. As a result, the production of certified and hybrid seeds has significantly increased. These seeds are now being exported to Central Asia, Africa, and European countries.

The use of certified seeds is becoming increasingly widespread among farmers as it provides higher yields and resistance to diseases, contributing to improved agricultural productivity and the production of high-quality crops.

Global Seed Market

Just like in Türkiye, the seed industry is a strategically important sector worldwide. As the global population continues to grow rapidly, agricultural production is expected to increase by 70% by 2050. This situation is particularly driving the demand for high-yield seeds. Globally, drought, the reduction of agricultural land, and the depletion of water resources are also increasing the demand for resilient seeds. Especially drought-resistant, disease-resistant, and high-yield seeds that require fewer resources are coming to the forefront. In addition, the demand for biotechnological seeds is increasing day by day in line with sustainability, food security, and agricultural productivity goals.

Innovations in seed technology, such as gene-editing techniques like CRISPR, are enabling the production of more resilient, high-yield, and nutrient-rich seeds. Gene-editing technologies such as CRISPR are revolutionizing agriculture and the seed industry, positively influencing demand.

The global seed industry, with an estimated trade volume of around $73 billion, stands out as a rapidly growing sector in agriculture. This figure is expected to reach $100 billion by 2030. The global seed market is particularly dominated by countries such as the United States, China, and India. These countries, with their high production capacities and innovative technologies, make significant contributions to the growth of the sector while also controlling a large share of the market.

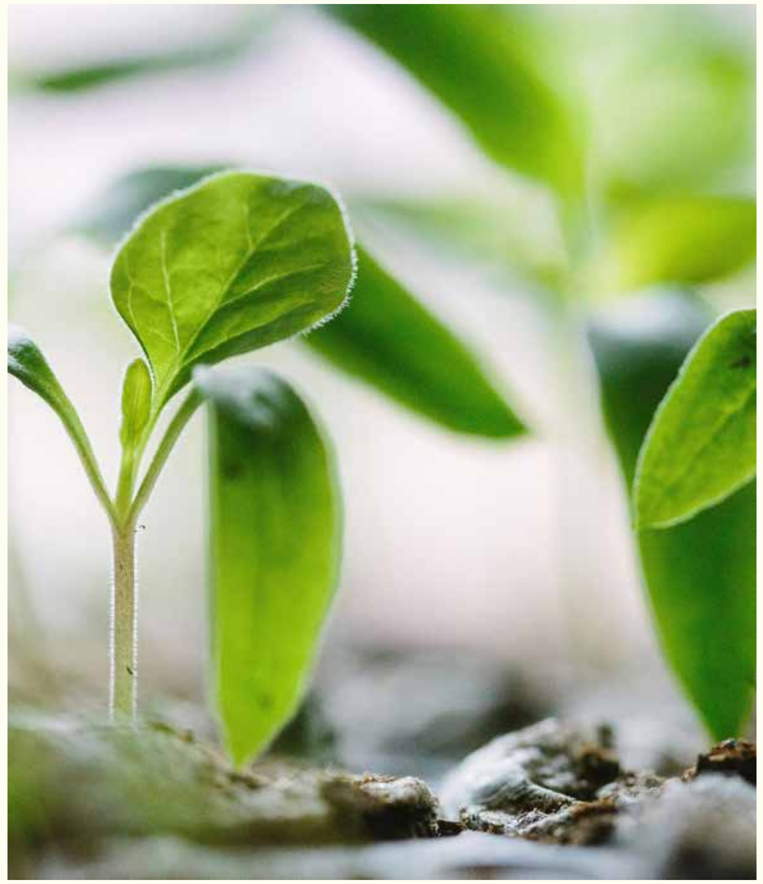
HEKTAŞ's Contributions to the Sector Throughout the Year

For 68 years, HEKTAŞ has been shaping the industry as a leader by embracing the ideology of local and national agriculture. With a team that continuously adapts to the needs of the sector and its target audience, the company continued its innovative and pioneering efforts in 2024. HEKTAŞ continues to advance steadily on the path of sustainable growth through realistic projections, strategic planning, and innovative projects.

With its 68-year legacy, HEKTAŞ continues to shape the industry through its work in crop protection, plant nutrition, seeds, and smart agricultural technologies. While maintaining its R&D investments on the path to becoming a global company, it also strengthens the competitiveness of domestic producers with its innovative products and solutions in the seed and plant nutrition sectors.

Located in Orhangazi, Bursa, HEKTAŞ F.A.R.M. is Türkiye's first and one of the world's leading agricultural R&D centers. Established on 634 decares of land, F.A.R.M. is one of the most comprehensive facilities in its field, focusing on enhancing agricultural productivity and sustainability through digitalized processes and next-generation techniques.

One of HEKTAŞ's most significant investments is the establishment of 'HEKTAS ASIA LLC' in Tashkent, Uzbekistan. This company will operate in the fields of crop protection and plant nutrition, aiming to strengthen the mutually beneficial economic relations between Türkiye and



Uzbekistan, expand its presence in the Uzbek market as well as other Turkic Republics, and support export-driven growth.

With factors such as population growth, climate change, and seasonal conditions, the rapid decline in agricultural production areas is making food security and the implementation of efficient farming methods even more critical. In this context, sustainable farming techniques, increasing local production capacity, and integrating technological innovations are of great importance. Recognizing this global strategic importance, agricultural production and food will continue to play a decisive role in achieving social, economic, and environmental sustainability goals for all countries. For these reasons, agriculture and food security are becoming an increasingly urgent priority and will remain a key agenda item in national policies and global collaborations.

PRODUCT **17**

HEKTAŞ's liquid plant nutrition solutions, offered to the industry under four different brands with a total of 17 products, were developed at the Ankara High Technology Center's advanced R&D facility.

By evaluating inorganic and organic growth opportunities, HEKTAŞ continues to expand its portfolio in the agricultural sector with innovative and distinctive products and services. With strategic investments, particularly in seed and plant nutrition, the company maintains its steady growth.

In line with its vision of providing sustainable and innovative solutions to the agricultural sector, HEKTAŞ places great importance on R&D efforts. In 2024, the company introduced liquid plant nutrition solutions that significantly enhance agricultural productivity. HEKTAŞ's liquid plant nutrition solutions, offered to the industry under four different brands with a total of 17 products, were developed at the Ankara High Technology Center's advanced R&D facility.

Areo Tohumculuk, HEKTAŞ's seed-focused company, underwent a brand transformation in 2024 and will now continue its activities under the name HEKTAŞ Tohum. The Volkan cotton variety, developed through ongoing collaboration with the Ministry of Agriculture and Forestry, can be harvested earlier than standard varieties due to its status as a medium-early variety. This provides cotton producers with the advantage of bringing their products to market earlier and at higher prices.

In addition to its R&D efforts, HEKTAŞ consistently supports producers through various field activities. With its team of professional engineers, the company continues to be the most trusted brand in the eyes of both producers and dealers. With its strong sales network and experienced sales team, HEKTAŞ is a preferred brand in all areas of agricultural production.
By offering innovative and sustainable yield-enhancing products to the market, the company ensures the highest level of customer satisfaction. The company conducts efficiency-focused operations using smart greenhouses, sensors, imaging, analysis, and artificial intelligence systems. While leading the Agricultural 4.0 transformation in Türkiye, HEKTAŞ is building its future strategy in alignment with Agricultural 5.0.

HEKTAŞ CONTINUES TO ADVANCE STEADILY ON THE PATH OF SUSTAINABLE GROWTH THROUGH REALISTIC PROJECTIONS, STRATEGIC PLANNING, AND INNOVATIVE PROJECTS.

Sustainability Initiatives

DIGITAL INVESTMENTS FOR SUSTAINABLE FARMING

In its simplest definition, sustainability can be described as the ability to endure over time. In other words, sustainability is the ability to meet our own needs without compromising the needs of future generations.

In a world where resources are depleting and the population is aging every day, ensuring the efficient use of resources and their preservation for future generations can only be achieved through a strong awareness of sustainability. Just as societies have responsibilities in this regard, companies also have their own obligations.

Sustainable agriculture encompasses holistic farming practices that preserve the natural ecosystem, are socially viable, economically efficient, protect human health, and prioritize environmental well-being.

Agricultural activities account for 18% of global greenhouse gas emissions, while the food and agriculture sector, with its high water intensity, represents 69% of total global water consumption.

Globally, improper agricultural practices lead to erosion and the loss of arable land.

Good agricultural practices refer to a form of agricultural production that avoids harmful methods to human health, does not pollute the environment, does not negatively impact the well-being of those involved in production, and is subject to regulatory oversight. In Türkiye, good agricultural practices began in 2003 in response to demand from major European retailers, aiming to produce agricultural products with GLOBALGAP certification. Areo Tohumculuk holds a GLOBALGAP certificate and, in addition, possesses seed production, processing, and packaging certification issued by the Ministry of Agriculture and Forestry, as well as an authorized seed company certificate and a research institution certificate.

In Türkiye, the increasing water demand in agricultural production, the continued asymmetric development in industry, the pollution of water resources, and the rapidly growing population are expected to triple water consumption within the next 25 years. Therefore, according to FAO data, water resources must be used efficiently and responsibly in the agricultural sector, which accounts for 87.2% of Türkiye's total water withdrawal.

SAVE WATER
90

A healthy, reliable and traceable production system with full automation control from seed planting to harvesting was established.

Sustainable Agricultural Practices

Water

- With drip irrigation using the water pressure system, water is delivered drop by drop to the root of the plants and the optimum level of water is used.
- Rainwater is collected in farm ponds and then used for agricultural irrigation, benefiting from natural resources.

Soil

- With conservation tillage, plant residues and other organic matter are returned directly to the soil, enriching it naturally.
- Soil fertility and biodiversity are increased by planting different plants one after the other by crop rotation.

Wrong Agricultural Practices

Water

- Planting crops that are not suitable for the region and consume a lot of water
- Not irrigating based on seasonal data
- Systemic leaks
- Open water distribution systems and flood irrigation
- Excessive use of chemical pesticides and fertilizers

Soil

- Excessive and deep cultivation of the soil
- Increased soil salinity with excessive irrigation
- Incorrect fertilizer selection without soil analysis
- Excessive use of chemicals
- Using agricultural lands for different purposes

Sustainability Initiatives

Recognizing that digital technologies and artificial intelligence are the future of sustainable agriculture, HEKTAŞ integrates AI and remote monitoring applications into its crop protection, plant nutrition, and seed development efforts to strengthen the Turkish agricultural sector and reduce dependence on foreign sources.

Having implemented smart farming applications for years, HEKTAŞ has made it its mission to share its knowledge, expertise and experience with local and international producers at Orhangazi F.A.R.M. (Farming, Analysis, Research & More). Disruptions in any link of agricultural production, food security, or the ecological chain negatively impact the entire system. To mitigate these negative impacts, science-based targets, clear plans, and studies addressing significant environmental effects at the value chain level are conducted at this center. Smart farming applications are the most effective method for minimizing the impacts of climate change and protecting agricultural production. At the center, all customers are provided with insights and experiences related to innovative agricultural practices. R&D studies focused on new technologies, products, and agricultural methods are conducted in collaboration with universities.

As the first of its kind in Türkiye, this facility features a production system that is 8 to 10 times more efficient than conventional methods, operates year-round, and ensures 90% water savings by functioning with zero pesticide use and zero waste. The fully automated system, from seed sowing to harvest, provides a healthy, reliable, and traceable agricultural production process. This facility contributes to sustainability by ensuring the efficient use of resources through zero waste and water conservation.

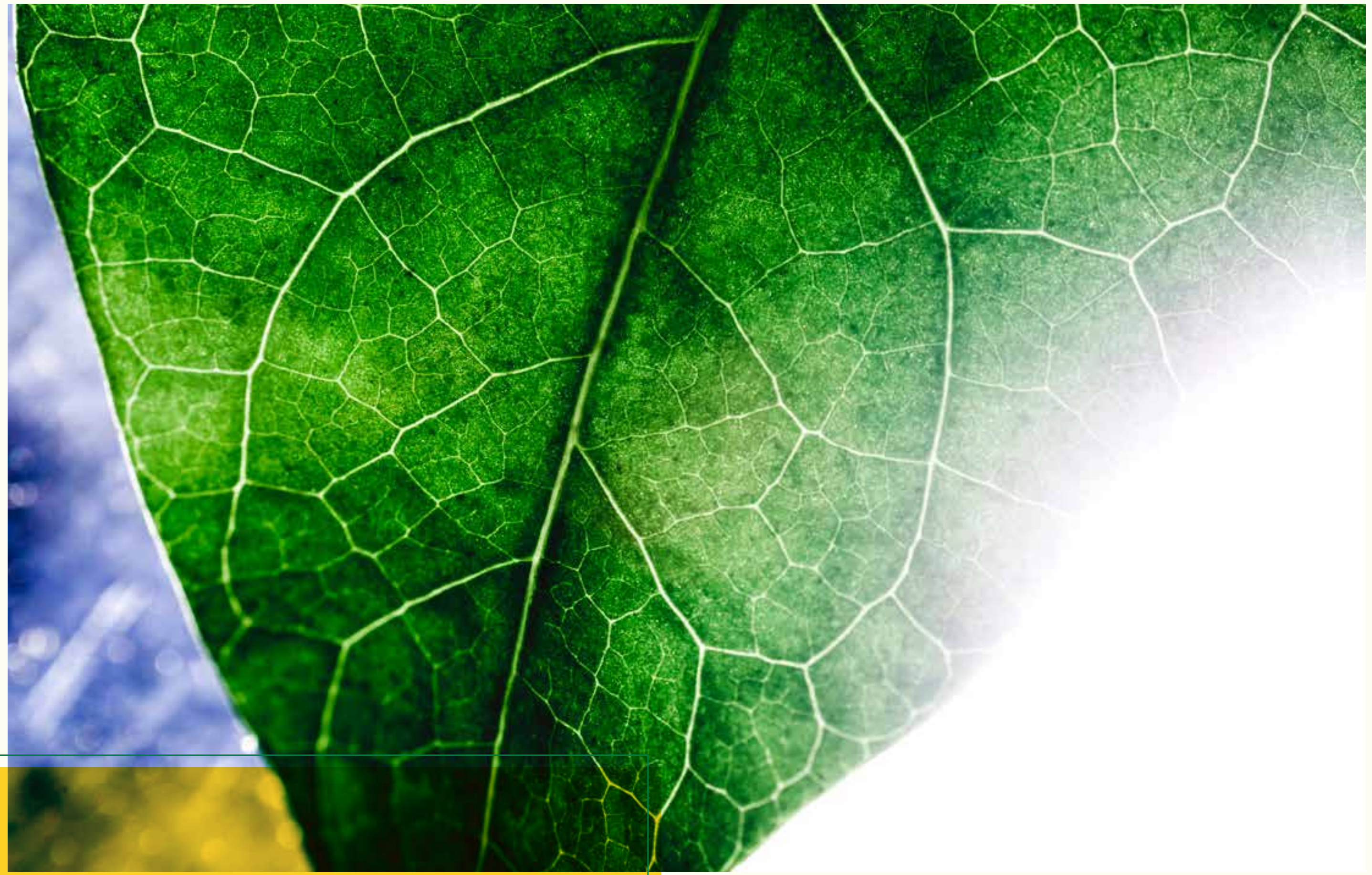
In a world where resources are diminishing day by day, food security emerges as a critically important issue. Factors posing a threat to human health, particularly in terms of food accessibility, also harm the well-being of all living beings.

Through organomineral fertilizer production, HEKTAŞ enhances the productivity of increasingly depleted soils, restores lost minerals, and offers long-term solutions by boosting agricultural yield. With the awareness that soil is the most valuable asset, the organomineral fertilizer production project was implemented to reduce the use of chemical fertilizers and enrich the soil.

To support the fight against climate change in our country, many Project Platforms led by HEKTAŞ have been established.

Under the “Revision of Türkiye’s Greenhouse Gas Mitigation Target and Development of Long-Term Climate Change Strategy” project, carried out by the Ministry of Environment, Urbanization, and Climate Change’s Directorate of Climate Change and the United Nations Development Programme (UNDP), a Climate Change Mitigation Strategy and Action Plan (2024–2030) was prepared. Based on the 2053 Net Zero Emission Target, the 12th Development Plan, the Medium-Term Programme, and the NDC, Türkiye’s upcoming climate change targets were identified. The strategy and action plan comprise 49 strategies and 260 actions across 7 main mitigation sectors and 2 cross-cutting thematic areas. In alignment with all the items listed below-key sectoral strategies within the action plan-HEKTAŞ developed two significant projects.

- Reducing the carbon footprint and carbon intensity of products in the industry,
- Facilitating the transition of forestry and agricultural enterprises to a high value-added circular bio-economy,
- Promoting the widespread adoption of environmentally friendly agricultural practices,
- Ensuring the conscious use of fertilizers,
- Preventing and reducing waste generation,
- Increasing the use of waste as raw materials/resources in production,



Two separate platforms were established for the TÜBİTAK SAYEM 1833 Green Transformation call, and a project incentive application was submitted with the support of the World Bank. These projects, which are still under evaluation, include:

1. ‘Synthesis of Urea Derivatives from Captured Carbon Dioxide in Industrial Waste Gases Using Innovative Catalysts’ project platform,

2. ‘Development of Bionematicides and Biological Nitrification Inhibitors from Local Agricultural Waste and Biological Resources’ project platform.

In alignment with the United Nations’ Sustainable Development Goals, HEKTAŞ once again demonstrates its commitment to all living beings and the environment. Through organomineral fertilizer production, the company contributes to sustainable and efficient agricultural production, restoring the productivity of farmlands that have been degraded due to chemical fertilization and protecting groundwater from contamination caused by chemical fertilizers.

The degradation of soil fertility and the decline of freshwater resources are also reducing agricultural production. On the other hand, droughts and floods caused by climate change also negatively impact agricultural production. One of the most important techniques developed to ensure the continuity of the life chain in a healthy way - despite changing conditions, maintaining the living standards of all beings, and securing food supply for all - is waterless agriculture solutions. Embracing the concept of waterless agriculture, HEKTAŞ aims to maximize agricultural productivity by developing drought - resistant seeds in collaboration with Agriventis Technologies.

With the biological preparations to be developed at the Ankara High Technology Center, Turkish agriculture will be introduced to next-generation plant nutrition and crop protection products.

The 2030 Sustainable Development Agenda, adopted by United Nations Member States, includes 17 Sustainable Development Goals (SDGs). Sustainability criteria help assess potential environmental risks and how these risks are managed.

Sustainability Initiatives

HEKTAŞ evaluates the social, economic, and environmental impacts of all its activities, takes necessary precautions, and, guided by its mission and vision, develops projects and makes investments that contribute to Türkiye's sustainability goals in alignment with the UN Sustainable Development Goals.

In line with the strategies set forth by OYAK, 'Climate Change Risks' are being assessed. Within this framework, efforts are being made on projects aimed at reducing carbon emissions, evaluating ecosystem impacts to determine necessary measures, and developing seeds that will lower water consumption.

All facilities are being upgraded with modern technologies to ensure more efficient and safer production. Efforts are underway to install solar power plants in the facilities to ensure that all energy consumption comes from renewable sources, in line with the goals of accessible and clean energy, reducing carbon emissions, and ensuring access to safe energy.

HEKTAŞ reviews all its processes with a sustainability mindset and takes the necessary actions accordingly.

As part of its commitment to healthy and quality living, in 2024, all blue-collar employees were provided with private health insurance as an additional benefit.

Additionally, in line with the Sustainable Development Goals, HEKTAŞ evaluates opportunities in various business fields to enhance agricultural productivity and promote environmentally friendly practices, offering high-quality products for different markets. In this regard, the company takes on numerous responsibilities as the 'Pioneer of Agriculture' in Türkiye, in line with its activities and objectives.

HEKTAŞ Ticaret Türk A.Ş. places sustainability at the core of its business practices, aiming to uphold its economic, social, and environmental responsibilities at the highest level. Closely monitoring national and international sustainability trends, HEKTAŞ evaluates risks and opportunities in economic, social, environmental, ethical, and governance areas.

The company conducts a comprehensive prioritization analysis to measure and manage its environmental, social, and governance (ESG) impacts. In this context;

SUSTAINABILITY PRIORITIES

Top-Priority Issues
- Product Safety and Consumer Awareness
- Climate/Net Zero
- Competition and Market Analysis

High-Priority Issues
- Sustainable Material Management
- Inclusion and Diversity
- Energy Management and Innovation
- Data Privacy and Security
- Occupational Health and Safety
- Economic Performance Management
- Water and Wastewater Management
- Waste Management
- Corporate Indirect Economic Impacts
- Ethical Business Conduct

Medium-Priority Issues
- Stakeholder Training and Talent Development
- Workforce Management
- Ethical Tax Strategy

ALL FACILITIES ARE BEING RENOVATED WITH MODERN TEKNOLOGIES FOR EFFICIENT AND SAFE PRODUCTION.

The identification of priority issues provides HEKTAŞ with a roadmap to achieve its sustainability goals both locally and globally.

The company's sustainable development strategy includes:
It encompasses efficient resource utilization, mitigation of climate change impacts, preservation of biodiversity and ecosystems, pollution prevention, and improvement of waste management.

This strategy aims to promote environmental recovery and reuse methods while continuously adding positive value to the environment. Holding a Zero Waste Certificate and an ISO 14001 Environmental Management System certification, HEKTAŞ prepares all its policies, procedures, and instructions within this framework. This demonstrates the company's commitment to its environmental management system and its goal of continuously monitoring and improving its environmental impact.

HEKTAŞ is making the necessary modernization and technological investments to reduce carbon emissions at its facilities and meet its energy needs from renewable sources. This strategy reflects the company's commitment to reducing its carbon footprint and its determination to achieve net zero emissions.

HEKTAŞ aims to enhance the use of accessible and clean energy in its facilities, reduce carbon emissions, and ensure access to safe energy for greater efficiency. The company also focuses on breeding and cultivating high-yield, disease - resistant seeds that require less water.

In line with the OYAK Sustainable Development Goals Compliance and Contribution Report, data on energy, water, wastewater, and waste management are meticulously collected and reported. Additionally, the company's water consumption policy complies with the regulations set by the Ministry of Environment, Urbanization, and Climate Change. A rainwater storage tank is in place to facilitate the controlled discharge of rainwater. This infrastructure allows rainwater to be directed to industrial wastewater via a pump in case of contamination with chemical substances. At HEKTAŞ's headquarters in Gebze, industrial wastewater is meticulously monitored in two separate storage tanks before being sent to the GOSB treatment facility, ensuring compliance with the GOSB limit values set by the Ministry of Environment, Urbanization, and Climate Change.

Investments Made and Incentives Received

Our Investments

2017
+ Acquisition of Ferbis Tarım

2018
+ Modernization of Adana OMG Facilities
+ Modernization of Gebze Plant Protection Facility

2019
+ Acquisition of Areo Tohum
+ Modernization of Hektaş F.A.R.M.
+ Modernization of Gebze Plant Protection Facility
+ Modernization of Adana OMG Facilities
+ Modernization of Niğde Plant Protection Production Facility
+ Machinery and equipment purchase

2020
+ Acquisition of Sunset
+ Modernization of Gebze Plant Protection Facility
+ Modernization of Niğde Plant Protection Production Facility
+ Modernization of Hektaş F.A.R.M.
+ Modernization of Adana OMG Production Facilities
+ Regional offices, warehousing and logistics units, and IT investments
+ New product development and R&D projects
+ Machinery and equipment purchase

2021
+ Acquisition of Arma
+ Acquisition of Pet Food Production Facility
+ Modernization of Niğde Plant Protection Production Facility
+ Modernization of Gebze Plant Protection Facility
+ Modernization of Adana OMG Facilities
+ Establishment of Ankara YTM
+ Modernization of Hektaş F.A.R.M.
+ Machinery and equipment purchase

2022
+ Becoming the major partner in Agriventis
+ Modernization of Hektaş F.A.R.M.
+ Modernization of Niğde Plant Protection Production Facility
+ Modernization of Gebze Plant Protection Facility
+ Modernization of Adana OMG Facilities
+ Modernization of Pet Food Production Facility
+ Acquisition of the leased facility in Adana
+ Investment in Ankara YTM
+ Establishment of Hektaş Asia

2023
+ Acquisition of Veterinary Medical Products Production Facility
+ Modernization of Gebze Plant Protection Facility
+ Modernization of Niğde Plant Protection Production Facility
+ Modernization of Adana OMG Facilities
+ Modernization of Hektaş F.A.R.M.
+ Modernization of Pet Food Production Facility
+ Investment in Ankara YTM

2024
+ Modernization of Hektaş F.A.R.M.
+ Modernization of Gebze Plant Protection Facility
+ Modernization of Adana OMG Facilities
+ Construction of production facilities to be operated in Uzbekistan
+ Modernization of Niğde Plant Protection Auxiliary Facilities

The incentives utilized by the company are as follows:

Social Security Institution (SSI) Incentive:

Through this incentive, the company receives a discount on Social Security Institution (SSI) premiums. This discount provides significant cost advantages for the company by reducing the financial burden of employees.

Tax Incentive – Investment Incentive Certificate

The investment incentive certificate is a document required to benefit from the advantages of the Investment Incentive System, which offers various state-provided incentives if the investment meets the specified minimum criteria. Through this certificate, the company secures government support for its investments in the form of tax reductions, VAT exemptions, and customs duty exemptions, thereby lowering investment costs.

R&D Deduction

In the Corporate Tax Law, R&D and the R&D deduction are defined as 'research and development expenditures carried out exclusively within enterprises in pursuit of new technology and knowledge.' Expenditures on R&D activities are deductible from Corporate Tax within the rates specified by the regulations. This enables a cost-reducing effect on expenditures related to researching and developing new production methods, process improvements, and new techniques that enhance product quality and performance while lowering costs.

As of 2024, the company has made investments totaling TRY **721,038,043.**

Internal Control Systems

Within the scope of the Corporate Governance Principles published by the Capital Markets Board (CMB), the Audit Committee was established as of June 2012, and its working directive was prepared. With the Board of Directors' resolution dated July 24, 2012, the Early Detection of Risk Committee was established in compliance with Article 378 of the Turkish Commercial Code No. 6102, which came into force on July 1, 2012, and was announced on the Public Disclosure Platform (KAP) through a material event disclosure dated July 24, 2012. The directives related to these committees are also available on our company's website. Throughout the year, the Board of Directors reviews the activities related to internal control systems.

Risk Management

The Company is exposed to eight types of "Risks Arising from Financial Instruments," namely capital risk, financial risk, credit risk, liquidity risk, market risk, currency risk, interest rate risk, and price risk. HEKTAŞ, which has the capability to manage these risks effectively, holds periodic meetings of the Board of Directors to develop and implement action plans. The Early Detection of Risk Committee identifies potential financial and operational risks related to the company in advance and takes measures to mitigate these risks at the right time and place.

Management of Risks Arising from Financial Instruments

Capital Risk: While striving to ensure the continuity of its operations, the Company also aims to maximize its profitability by efficiently managing the balance between debt and equity. It aims to maintain capital risk at a balanced level through the acquisition of new debt or the repayment of existing debt. The Board of Directors regularly convenes to assess the capital structure and debt position, striving to maintain capital risk at a balanced level.

Financial Risk: Due to its operations, the Company is exposed to market risk (currency risk and price risk), credit risk, and liquidity risk. To mitigate these financial risks, the Company occasionally uses derivative instruments.

Credit Risk: Due to being a part of the Oyak Group and a key player in its sector, the Company has high creditworthiness. The Company mitigates credit risk by conducting transactions only with parties having credit reliability, obtaining sufficient collateral when possible, and continuously performing credit assessments on customers' trade receivables.

The collateral consists of guarantee letters obtained from customers and mortgages.

Liquidity Risk: The Board of Directors manages liquidity risk by ensuring the continuity of sufficient funds and borrowing reserves through the estimation of liquidity risk, regular monitoring of actual cash flows, and matching the maturities of financial assets and liabilities. The Board of Directors minimizes liquidity risk by implementing an appropriate liquidity risk management strategy for the Group Management's short-, medium-, and long-term funding and liquidity requirements.

Market Risk: The Company uses forward foreign exchange purchase/sale contracts occasionally to control risks associated with exchange rates.

Currency Risk: The Company manages currency risk through forward foreign exchange purchase/sale contracts, based on approved policies.

Interest Rate Risk: The Company keeps its exposure to interest rate fluctuations at a very low level by structuring its financial obligations with both variable and fixed-interest instruments for financing purposes.

Price Risk: Price risk is naturally managed by ensuring that debts and receivables, as well as interest-bearing assets and liabilities, in the same currency offset each other.

Forward-Looking Risks

The Board of Directors regularly analyzes the risks that the Company may face in the future through the Early Detection of Risk Committee. As of the reporting period, the assessments indicate that no risks are anticipated to affect the Company's future operations.

CORPORATE GOVERNANCE

General Assembly

According to Article 21 of the Company's Articles of Association, the Ordinary General Assembly convenes at least once a year, within three months following the end of the Company's fiscal period, to discuss and resolve the items on the agenda. The Extraordinary General Assembly convenes when required by the affairs of the Company, in accordance with the provisions set forth in the law and the Articles of Association, to make the necessary decisions.

2023 Annual General Assembly Meeting

The Ordinary General Assembly Meeting of HEKTAŞ Ticaret Türk Anonim Şirketi for the year 2023 was held on April 26, 2024, at 11:00 a.m. at the company's registered office located at Gebze Organized Industrial Zone, Mah. 700. Sokak No:711/1 P.K. 41400 Gebze/Kocaeli. The meeting was conducted under the supervision of the Ministry Representative Mr. Veysi UZUNKAYA, appointed by the Kocaeli Trade Provincial Directorate with the letter dated April 26, 2024, and reference number E-80122446-431.03-00095967976. As a result of reviewing the list of physical and electronic attendees, it was observed that 68,597,906.20 shares representing a capital of TRY 685,979,062 were represented by the shareholders present, 12,608,685,600 shares representing a capital of TRY 126,086,856 were represented by their proxies, and 140,077,336,219.90 shares representing a capital of TRY 1,400,773,362.19 were represented by other proxies. Therefore, a total of 152,754,619,726.1 shares representing a capital of TRY 1,527,546,197.261 were present at the meeting. With the understanding that the minimum quorum required by the relevant laws and the provisions of the company's Articles of Association was met, the meeting was initiated by Mr. Enis Emre TERZİ, and the agenda was discussed.

Efforts were made to ensure the participation of all stakeholders, including interested parties, media representatives, and the general public, as observers in the General Assembly, with the goal of facilitating their involvement in the meeting. Additionally, the General Assembly Meeting was broadcast live through the CSD (MKK) and E-GKS platforms. Along with the list of physical attendees, an electronic attendees list was also prepared.

The meeting notice, including the agenda, was published and announced as required by the Turkish Commercial Code and the Articles of Association in the Turkish Trade Registry Gazette, on the Public Disclosure Platform (KAP), and the E-General Assembly System. Simultaneously, it was also made available to shareholders on the Company's website at www.hektas.com.tr.

Before the General Assembly, an informative document regarding the agenda items is prepared and made publicly available through the Public Disclosure Platform (KAP) and the corporate website. Including the Activity Report, Financial Statements and Reports, Corporate Governance Compliance Report, Dividend Distribution Proposal (if applicable), Independent External Audit Reports, and Legal Auditor's Report, as well as the amendment text and justification for any changes to the Articles of Association, the Information Policy, and the Remuneration Policy, are made available for review by shareholders at the Company's headquarters and on the website in an easily accessible manner, three weeks before the General Assembly meeting.

Before the General Assembly meeting, sample power of attorney forms for those who wish to be represented by a proxy are made available to shareholders through the newspaper announcement and the website. The voting procedure to be applied during the meeting is communicated to shareholders through a material event disclosure on the website and the Public Disclosure Platform (KAP).

In General Assembly meetings, it is a fundamental right for shareholders to ask questions and express their opinions on the matters discussed. This principle is strictly adhered to. In this regard, the shareholders' right to ask questions, present proposals related to the agenda items, or speak on the proposals or existing matters is ensured by the Chairmanship of the Assembly in accordance with the procedures, and the necessary records are kept.

No notification was received by us from the Company's shareholders regarding the addition of any items to the agenda for the Ordinary General Assembly Meeting held on April 26, 2024, to be discussed and decided upon.

The minutes of the General Assembly meeting are published on the Company's website, the Public Disclosure Platform (KAP), and the CSD's (MKK) "Electronic General Assembly" system, in a manner that allows shareholders to access them easily within the legal timeframes.

At least one Board of Directors member, one auditor, at least one of the officials responsible for preparing the financial statements, and at least one expert on the relevant topics were present at the General Assembly meeting to provide explanations on the agenda items requiring special attention.

On the Company's website, along with the general assembly meeting notice, the following matters, in addition to the notifications and disclosures required by the Company's regulations, are announced to the shareholders:

+ The total number of shares and voting rights reflecting the Company's shareholder structure as of the date of the announcement,
+ If the agenda of the General Assembly Meeting includes the removal, replacement, or election of Board Members, the reasons for their removal and replacement, as well as information about the candidates nominated for Board Members,
+ In the case of an amendment to the Articles of Association on the agenda, the related Board of Directors' decision, along with the old and new versions of the amendments to the Articles of Association,
+ The biographies of the individuals nominated for Board of Directors membership, including information about the positions they have held in the last ten years.

Ordinary General Assembly Agenda

1. Opening, formation of the meeting presidency, and moment of silence,
2. Granting authority to the Meeting Presidency for signing the General Assembly meeting minutes and other related documents,
3. Reading, discussing, and submitting for approval the "Board of Directors Activity Report" for the 2023 fiscal year,
4. Reading the summary of the "Independent Audit Report" for the 2023 fiscal year,
5. Reading, discussing, and submitting for approval the "Financial Position Statement" and "Profit and Loss Accounts" for the 2023 fiscal year,
6. Discussing and deciding on the approval of the Board of Directors members for the 2023 fiscal year,
7. Discussing and submitting for approval the Board of Directors' proposal for profit distribution and the distribution date for the 2023 fiscal year,
8. Selection of Independent Board Members and determination of their terms of office in accordance with the relevant legal provisions,
9. Determining the remuneration of the Board of Directors members,
10. Granting permission to the Board of Directors members to perform the activities specified in Articles 395 and 396 of the Turkish Commercial Code,
11. Discussing and deciding on the Board of Directors' proposal for the selection of an independent external audit firm for the audit of the 2024 fiscal year accounts and operations, as required by the Turkish Commercial Code and the Capital Markets Law,
12. Providing information regarding guarantees, pledges, mortgages, and sureties given in favor of third parties, as well as the income or benefits obtained from them,
13. Presenting information on donations and charitable contributions made in 2023, and deciding on the donation limit for the fiscal year 01.01.2024 - 31.12.2024,
14. Closing.

Amendment to the Articles of Association

As a result of the paid capital increase in 2024, the Company's capital was raised from TRY 2,530,000,000 to TRY 8,430,000,000.

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ
AMENDMENT TEXT OF THE ARTICLES OF ASSOCIATION

CURRENT VERSION	NEW VERSION
The Company has adopted the registered capital system in accordance with the provisions of the Capital Markets Law (CML) and transitioned to this system with the approval of the Capital Markets Board, dated October 13, 1988, and numbered 547.	The Company has adopted the registered capital system in accordance with the provisions of the Capital Markets Law (CML) and transitioned to this system with the approval of the Capital Markets Board, dated October 13, 1988, and numbered 547.
The Company's registered capital ceiling is TRY 8,500,000,000, divided into 850,000,000,000 shares, each with a nominal value of 1 (one) Kuruş. The registered capital ceiling permission granted by the Capital Markets Board is valid for the years 2023-2027 (5 years). Even if the allowed registered capital ceiling is not reached by the end of 2027, in order for the Board of Directors to make a capital increase decision after 2027, it is required to obtain approval from the General Assembly for a new period, not exceeding 5 years, by obtaining permission from the Capital Markets Board for the previously granted ceiling or a new ceiling amount. If this authorization is not obtained, a capital increase cannot be made with a decision of the Board of Directors.	The Company's registered capital ceiling is TRY 8,500,000,000, divided into 850,000,000,000 shares, each with a nominal value of 1 (one) Kuruş. The registered capital ceiling permission granted by the Capital Markets Board is valid for the years 2023-2027 (5 years). Even if the allowed registered capital ceiling is not reached by the end of 2027, in order for the Board of Directors to make a capital increase decision after 2027, it is required to obtain approval from the General Assembly for a new period, not exceeding 5 years, by obtaining permission from the Capital Markets Board for the previously granted ceiling or a new ceiling amount. If this authorization is not obtained, a capital increase cannot be made with a decision of the Board of Directors.
The Company's issued capital is fully paid and amounts to 2,530,000,000 (Two billion five hundred thirty million) Turkish Liras, consisting of 253,000,000,000 (Two hundred fifty-three billion) shares, each with a nominal value of 1 (one) Kuruş.	The Company's issued capital is fully paid and amounts to 8,430,000,000 (Eight billion four hundred thirty million) Turkish Liras, consisting of 843,000,000,000 (Eight hundred forty-three billion) shares, each with a nominal value of 1 (one) Kuruş.
The Board of Directors is authorized to increase the issued capital by issuing registered shares up to the registered capital ceiling, either registered or bearer shares, as deemed necessary during the years 2023-2027, in accordance with the provisions of the Capital Markets Law. The Board is also authorized to decide on limiting the shareholders' preemption rights for new shares and issuing shares at a premium or below their nominal value. The authority to limit the preemption rights for new shares cannot be used in a way that would cause inequality among the shareholders.	The Board of Directors is authorized to increase the issued capital by issuing registered shares up to the registered capital ceiling, either registered or bearer shares, as deemed necessary during the years 2023-2027, in accordance with the provisions of the Capital Markets Law. The Board is also authorized to decide on limiting the shareholders' preemption rights for new shares and issuing shares at a premium or below their nominal value. The authority to limit the preemption rights for new shares cannot be used in a way that would cause inequality among the shareholders.
The shares representing the capital are tracked electronically in accordance with the principles of dematerialization.	The shares representing the capital are tracked electronically in accordance with the principles of dematerialization.
Each share carries 1 voting right.	Each share carries 1 voting right.

Working Principles of the Committees

Corporate Governance Committee Internal Regulations

Purpose

The purpose of this Internal Regulation ("Internal Regulation") is to define the duties, authorities, responsibilities, working procedures, and principles of the Corporate Governance Committee ("Committee"), which was established with the Board of Directors' decision dated June 22, 2012, and numbered 2012/32, in line with the Capital Markets Board's Communiqué on the Determination and Implementation of Corporate Governance Principles ("Communiqué"), in order to ensure the proper fulfillment of the duties and responsibilities of the Board of Directors of HEKTAŞ TİCARET T.A.Ş. ("Company").

Considering the structure of the Company's Board of Directors, with the Board of Directors' decision dated June 22, 2012, and numbered 2012/32, the authority, duties, and responsibilities for carrying out the tasks foreseen by the Communiqué for the Nomination Committee and the Remuneration Committee were also entrusted to the Corporate Governance Committee.

The purpose of the Committee is to monitor the structure and efficiency of the Company's Board of Directors within the framework of corporate governance principles, make improvements in this regard, and provide recommendations to the Board of Directors.

Authority and Scope

As part of the Company's management and oversight process, the Committee, within the scope of the objectives outlined above, has the authority to:

+ Oversee the activities of the shareholder relations unit,
+ Work on establishing a transparent system for identifying, evaluating, and training suitable candidates for the Board of Directors, and develop policies and strategies in this regard,
+ Conduct regular evaluations of the structure and efficiency of the Board of Directors and present recommendations for potential changes to the Board. Establish the approach, principles, and practices for evaluating the performance of Board members and senior executives, as well as for career planning, and oversee their implementation,
+ Develop recommendations regarding the compensation principles for Board members and senior executives, taking into account the Company's long-term goals,

and is tasked with responsibilities within its authority and scope. The final decision-making responsibility always rests with the Board of Directors.

The Committee reviews and evaluates the adequacy of this Internal Regulation and submits any proposed amendments to the Board of Directors for approval.

Structure of the Committee

Committee members are appointed annually by the Board of Directors, and the majority of the Committee members are composed of the Company's Board of Directors members. If the Committee consists of two members, both of them are non-executive members of the Board of Directors. In the case of more than two members, the majority of the members must be non-executive Board members. The CEO and General Manager are not allowed to serve on the committees. The Committee Chairman is selected from among the Independent Board Members.

The Committee may appoint a vice-chairman to assume the responsibilities of the Chairman in their absence.

Within the framework of the above-mentioned purpose and scope, the Committee may, at the Company's expense, seek consulting services from independent experts or organizations on matters it deems necessary. It may also invite the relevant manager to its meetings and seek their opinions.

The Committee is accountable to the Board of Directors.

Committee Meetings

The Committee's meetings are held once every three months to ensure that the Committee can effectively fulfill its duties, and they are scheduled to align with the regular meetings of the Board of Directors.

However, the Committee may meet as frequently as necessary to ensure the effectiveness of its work.

All necessary resources and support required for the Committee to carry out its duties are provided by the Board of Directors. The Committee may be convened at the request of the Committee Chairman or a Committee member. Committee meetings will be held based on the agenda distributed in advance by the Corporate Governance Secretariat ("Secretariat"). The decisions made during Committee meetings are recorded in writing by the Secretariat and archived. In this context, after each meeting, a written report on the Committee's activities, along with a summary of the minutes, is submitted to the Board of Directors. The meeting minutes are kept in the Secretariat. The Committee may also convene via teleconference or through any other means.

The Committee makes its decisions with a quorum consisting of a simple majority of its members.

The Committee conducts an annual self-assessment regarding its objectives, duties, and performance, and reports the results of this assessment to the Board of Directors.

Duties and Responsibilities

The Committee ensures that the Board of Directors is informed on matters within its authority and responsibility,

The Committee develops, reviews, and, if necessary, updates the Company's Corporate Governance Principles annually or more frequently. It then submits its recommendations for changes to these principles to the Board of Directors,

The Committee monitors the effective implementation of corporate governance practices and identifies conflicts of interest arising from the incomplete application of these principles, providing the Board of Directors with proposed solutions,

The Committee makes recommendations to the Board of Directors regarding the number of Board members and the structure of its committees,

The Committee conducts the search and identification of qualified individuals who could potentially be appointed as Board members or fill vacant positions on the Board. It also identifies candidates for the new term, as well as candidates for vacancies that occur before the end of the term, and presents these candidates to the Board of Directors upon request,

The Committee evaluates potential Board member candidates by preparing criteria to assess their background and reputation in terms of character, integrity, professional experience, how they can complement the experience diversity and expertise of other Board members, their ability to dedicate sufficient time to Board duties, and their alignment with other criteria developed by the Board of Directors. These criteria are regularly updated,

The Committee also makes recommendations for members of other Board of Directors committees and suggests suitable candidates for vacancies in these committees. The Committee ensures that, in all areas of its application, committee members meet the independence criteria and other criteria set by laws, regulations, and applicable rules,

When recommending a Board member for re-election, the Committee considers the individual's attendance at previous meetings and their contributions to the Board and Committee activities,

The Committee assists the Board of Directors in evaluating the annual performance of senior executives. The evaluation includes job performance, achievement of long-term strategic objectives,

It should be based on objective criteria, including but not limited to management development issues,

The Committee conducts a performance evaluation at least annually to assess whether it is working effectively,

The Committee develops the existing compensation policy for Board members and senior executives, taking into account the degree to which the criteria set by the Board of Directors are met, and submits its recommendations to the Board of Directors,

The Committee prepares and reviews a succession plan for the Company's senior executives and provides recommendations to the Board of Directors regarding these plans,

In the process of identifying suitable candidates for the Board of Directors;

The Committee ensures that the Board of Directors is informed on matters within its authority and responsibility,

+ The Committee reviews the candidates' resumes within the timeframes prescribed by the legislation, in accordance with the criteria set out in the Corporate Governance Principles, and may request any information and documents from the candidates.

+ The Committee keeps a personnel file for each candidate, containing the information and documents on which its evaluation is based.

+ The Committee presents its review and evaluation of the candidates, including its opinion on whether the candidates are suitable for membership, and if necessary, provides a preferred ranking, to the Board of Directors within the time frame set by the Board, in the form of a reasoned report.

+ The Committee obtains an "Independence Statement" from the candidates it deems to meet the criteria and adds it to their personnel files.

+ The Board of Directors reviews the candidates' status in light of the submitted report and makes a decision regarding their membership. This decision may align with the Committee's recommendations, or it may involve the Committee re-examining the candidates' status. However, if the views formed as a result of the Committee's re-examination are not accepted, the Board of Directors will make the decision directly.

+ The Board of Directors' decision regarding a proposed candidate may either approve the candidate's membership or reject it based on a valid reason.

Amendment to the Internal Regulations

Proposed amendments to these regulations are submitted by the Committee to the Board of Directors.

The prepared proposals are brought up on the agenda at the Board of Directors' first meeting.

Enforcement

This regulation shall come into effect on the date it is approved by the Board of Directors.

Early Detection of Risk Committee Internal Regulations

Purpose

The purpose of this Internal Regulation ("Internal Regulation") is to define the duties, authorities, responsibilities, working procedures, and principles of the Early Detection of Risk Committee ("Committee"), which was established with the Board of Directors' decision dated July 24, 2012, and numbered 2012/34, in line with the Capital Markets Board's Communiqué on the Determination and Implementation of Corporate Governance Principles ("Communiqué") and Article 378 of the Turkish Commercial Code, which came into effect on July 1, 2012, to ensure the proper fulfillment of the duties and responsibilities of the Board of Directors of HEKTAŞ TİCARET T.A.Ş. ("Company").

The purpose of the Early Detection of Risk Committee ("Committee") is to identify, within the scope of this regulation and legal regulations, risks that could jeopardize the Company's existence, development, and continuity, implement necessary measures for the identified risks, and manage the risks.

Authority and Scope

All necessary resources and support required for the Committee to carry out its duties are provided by the Board of Directors. The Committee may invite any manager it deems necessary to its meetings and seek their opinions.

The Committee seeks the opinions of independent experts on matters it deems necessary for its activities. The cost of the consulting services required by the Committee is covered by the Company.

Committee members are determined at the first Board of Directors meeting following the Annual General Assembly meeting each year.

The Committee reviews and evaluates the adequacy of this Internal Regulation and submits any proposed amendments to the Board of Directors for approval.

The Committee evaluates the risk situation in its bi-monthly report to the Board of Directors, points out any potential dangers, and suggests solutions if necessary. The report is also sent to the auditor.

Structure of the Committee

The majority of the Committee members are composed of the Company's Board of Directors members. If the Committee consists of two members, both of them are non-executive members of the Board of Directors. In the case of more than two members, the majority of the members must be non-executive Board members. The CEO and General Manager are not allowed to serve on the committees. The Committee Chairman is selected from among the Independent Board Members.

Committee Meetings

The Committee's meetings are held once every two months to ensure the effective performance of its duties, and are scheduled to align with the regular meetings of the Board of Directors. However, the Committee may meet as frequently as necessary to ensure the effectiveness of its work.

The Committee may be convened at the request of the Committee Chairman or a Committee member. Committee meetings will be held based on the agenda distributed in advance by the Corporate Governance Secretariat ("Secretariat"). The decisions made during Committee meetings are recorded in writing by the Secretariat and archived. In this context, after each meeting, a written report on the Committee's activities, along with a summary of the minutes, is submitted to the Board of Directors. The meeting minutes are kept in the Secretariat. The Committee may also convene via teleconference or through any other means.

The Committee makes its decisions with a quorum consisting of a simple majority of its members.

The Committee conducts an annual self-assessment regarding its objectives, duties, and performance, and reports the results of this assessment to the Board of Directors.

Duties and Responsibilities

The Committee, in line with the risk appetite determined by the Board of Directors and the views of the Board, will:

The identification of all risks that could jeopardize the Company's existence, development, and continuity, by assessing their likelihood and impacts,

The development of risk measurement models and risk management systems, and the review of their effectiveness at least once a year,

Providing information to the Board of Directors on the measurement and monitoring of risks, and making necessary warnings regarding the use of risk factors in decision-making processes,

The Committee is responsible for making recommendations to the Board of Directors for improving risk management practices and models.

The Committee carries out the necessary work to ensure that the risk management policies and practices are adopted and implemented by all Company departments and employees.

The Committee meets at least six times a year. The meeting minutes are kept in writing. The meeting outcomes are presented to the Board of Directors in the form of a report. Meetings may also be conducted using technological means in the event that the committee members are unable to gather in person.

Amendment to the Internal Regulations

Proposed amendments to these regulations are submitted by the Committee to the Board of Directors. The prepared proposals are brought up on the agenda at the Board of Directors' first meeting.

Enforcement

This regulation, along with any amendments and updates related to it, comes into effect with the decision of the Board of Directors.

Audit Committee Internal Regulations

Purpose and Scope

BThe purpose of this Internal Regulation ("Internal Regulation") is to define the duties, authorities, responsibilities, working procedures, and principles of the Audit Committee ("Committee"), which was established with the Board of Directors' decision dated June 22, 2012, and numbered 2012/31, in accordance with the Capital Markets Board's Communiqué on the Determination and Implementation of Corporate Governance Principles ("Communiqué") to ensure the proper fulfillment of the duties and responsibilities of the Board of Directors of HEKTAŞ TİCARET T.A.Ş. ("Company").

The Audit Committee, in accordance with the Capital Markets regulations and the principles set forth in this regulation, assists the Board of Directors by evaluating the Company's accounting system, public disclosure of financial information, independent audit, and the functioning and effectiveness of the internal control system. The Committee evaluates the issues identified during its assessments and reports them to the Board of Directors.

Structure of the Committee

The Committee consists of at least two members. All members of the Committee are composed of the Company's Independent Board Members.

The Committee may appoint a vice-chairman to assume the responsibilities of the Chairman in their absence.

The Committee may, at the Company's expense, obtain consulting services from independent experts or organizations on matters it deems necessary for its activities. It may also invite any manager it deems necessary to its meetings and seek their opinions.

Committee Meetings

The Committee meets at least four times a year, with meetings held at least once every three months, to ensure that it can effectively carry out its duties. The outcomes of the meetings are recorded in minutes and presented to the Board of Directors. Committee meetings are held at times that align with the regular meetings of the Board of Directors.

However, the Committee may meet as frequently as necessary to ensure the effectiveness of its work. The Committee makes its decisions with a quorum consisting of a simple majority of its members.

All necessary resources and support required for the Committee to carry out its duties are provided by the Board of Directors. The Committee may be convened at the request of the Committee Chairman or a Committee member. Committee meetings will be held based on the agenda distributed in advance by the Audit Committee Secretariat ("Secretariat"). The decisions made during Committee meetings are recorded in writing by the Secretariat and archived. In this context, after each meeting, a written report on the Committee's activities, along with a summary of the minutes, is submitted to the Board of Directors. The meeting minutes are kept in the Secretariat. The Committee may also convene via teleconference or through any other means.

The Committee may, if deemed necessary, delegate some of its duties to one or more subcommittees, each consisting of two or more members.

The Committee conducts an annual self-assessment regarding its objectives, duties, and performance, and reports the results of this assessment to the Board of Directors.

Duties and Responsibilities

The Committee supervises the Company's accounting system, public disclosure of financial information, independent audit, and the functioning and effectiveness of the Company's internal control system. The selection of the independent audit firm, the preparation of independent audit contracts, the initiation of the independent audit process, and the monitoring of the audit firm's work at each stage are carried out under the supervision of the Committee.

The independent audit firm from which the Company will receive services, along with the services to be provided by these firms, is determined by the Committee and submitted for approval by the Board of Directors.

The methods and criteria for examining and resolving complaints received by the Company regarding its accounting and internal control system, as well as its independent audit, and for evaluating the notifications of the Company's employees related to accounting and independent audit issues under the principle of confidentiality, are determined by the Audit Committee.

The Committee, after obtaining the opinions of the Company's responsible managers and independent auditors regarding the compliance of the annual and interim financial statements to the accounting principles followed by the Company, as well as their fairness and accuracy, reports its own assessment to the Board of Directors in writing.

The Committee promptly reports its findings and recommendations related to its duties and responsibilities to the Board of Directors in writing.

The Committee's duties and responsibilities do not eliminate the Board of Directors' responsibility arising from the Turkish Commercial Code.

Amendment to the Internal Regulations

Proposed amendments to these regulations are submitted by the Committee to the Board of Directors. The prepared proposals are brought up on the agenda at the Board of Directors' first meeting.

Enforcement

This regulation, along with any amendments and updates related to it, comes into effect with the decision of the Board of Directors.

Company Policies

Profit Distribution Policy

As a general principle, the Company adopts a policy of distributing the entire distributable net profit for the period in cash, to the extent permitted by the applicable regulations, the provisions of the Company's Articles of Association, financial leverage ratios, investment/financing needs, market forecasts, and the expected future free cash flow generation. The profit distribution policy is reviewed annually by the Board of Directors, taking into account national and global economic conditions, the Company's ongoing projects, and the status of its funds.

The dividend, once approved in the General Assembly meeting, is paid by granting authority to the Board of Directors, in equal or different installment amounts, in accordance with the provisions of the legislation, by December 15 of the relevant calendar year.

The General Assembly is authorized to distribute the Dividend Advance in accordance with the provisions of the relevant legislation.

Remuneration Policy

Managers with Administrative Responsibility

The "Remuneration Policy for Managers with Administrative Responsibility" was developed based on scientific studies, research, and reviews, taking into account practices that have been tried and developed by many companies both globally and in Türkiye.

In this context, when determining the salary level, the structure of the industry in which the Company operates, competitive conditions, ongoing production and sales activities, the spread of operational locations, international activities, the structure of subsidiaries, their weight within the total, the level of knowledge required for the continuation of operations, and the number of employees are taken into consideration.

The salaries of Managers with Administrative Responsibility are tiered based on the knowledge, skills, competencies, experience level, scope of responsibilities, and problem-solving criteria required for the position, within the framework of the Company's operational diversity and scale. According to the established tiers, the monthly fixed salaries of Managers with Administrative Responsibility are determined while maintaining internal balance within the Company, and salary surveys conducted by leading companies across Türkiye are used. Thus, a fair and competitive compensation structure is ensured within the Company and in the market.

The Corporate Governance Committee ensures that, in addition to the criteria mentioned above, the long-term goals of the Company are also taken into account when determining the compensation principles and criteria for Managers with Administrative Responsibility and when creating compensation proposals.

Board Members

When determining the Board of Directors members' salary levels, in addition to practices derived from corporate guidelines, the responsibilities the Board member assumes in the decision-making process, the knowledge, skills, competencies, experience level required, the time spent on the role, and comparisons with the salary levels of Board members in similar companies within the sector are also taken into consideration.

In determining the salary levels of Independent Board Members, in addition to the above criteria, care is taken to ensure that the set salary maintains the independence of the member. Furthermore, within the framework of Corporate Governance Principles, profit sharing, stock options, or performance-based payment plans related to the Company's performance are not used.

The Corporate Governance Committee ensures that, in addition to the criteria mentioned above, the long-term goals of the Company are also taken into account when determining the compensation principles and criteria for Board Members and when creating compensation proposals.
The fees to be paid to Board Members are determined by the General Assembly's decision.

Compensation Policy

Company employees are subject to the Labor Law and relevant legislative provisions.

Information Policy

Purpose and Scope

The purpose of HEKTAŞ Ticaret T.A.Ş.'s ("HEKTAŞ") Information Policy is to ensure continuous, effective, and transparent communication by sharing all non-commercially sensitive information, including the Company's past performance and future expectations, in a complete, fair, accurate, timely, understandable, and easily accessible manner. This is done with all stakeholders, such as domestic and foreign shareholders, potential investors, employees, customers, and relevant authorities, in compliance with the provisions of the Capital Markets Legislation, Corporate Governance Principles, and the Company's Articles of Association.

The Company's information policy is carried out in accordance with the provisions of the Capital Markets Legislation, decisions of the Capital Markets Board, and other relevant regulations. In this framework, the matters to be disclosed are announced to the public in a timely, complete, and accurate manner.

The Information Policy covers all employees operating within HEKTAŞ.

Authority and Responsibility

The Company's Information Policy is established and implemented under the authority of the Board of Directors. The Board of Directors reserves the right to make changes to this policy from time to time, as required by the relevant regulations. The Information Policy and any changes made to the policy are published on the Company's website following the approval of the Board of Directors.

The responsibility for overseeing and monitoring this Information Policy lies with our Company's Investor Relations Department.

All written and visual press releases made under this Policy are announced to the public by the Company officials, consisting of the Chairman of the Board of Directors, the CEO, the Deputy CEOs, and the Manager of the Investor Relations Department.
The provision of the Capital Markets Board (CMB) Communiqué II-15.1 on Material Events, Article 10/a: "Forward-looking statements may be disclosed to the public, provided that they are subject to the written approval of the Board of Directors or, if authorized, the person authorized by the Board of Directors," is reserved.

Information Methods and Tools

The information methods and tools used by the Company within the framework of this Information Policy are outlined below.

- Financial statements, independent auditor reports, and statements periodically submitted to the Public Disclosure Platform (KAP)
- Annual Activity Reports
- Company Website
- Material event disclosure forms
- Announcements and notices made through the Trade Registry Gazette and daily newspapers
- Communication methods via telephone, email, fax, and other communication tools

Principles Regarding Presentations and Reports Disclosed at Information or Press Meetings

Information requests from shareholders, investors, and analysts are answered by the Investor Relations Department in writing, verbally, or through informational meetings, ensuring accuracy, completeness, and adherence to the principle of equality, within the framework of publicly disclosed information.

In the disclosure of matters subject to material events, including forward-looking statements, media outlets, press conferences and/or press releases, or other communication channels may also be utilized. Prior to or simultaneously with these announcements, disclosures are made on the Public Disclosure Platform (KAP), and they are also published on the Company's website.

Company officials may, from time to time, participate in conferences or meetings at the national and international level to share information with investors and analysts. Presentations used at these events may also be published on the Company's website.

Company Policies

Principles Regarding the Monitoring of News and Rumors About the Company in Media Outlets or Websites and the Disclosure of Related Statements

The Company monitors news and rumors in national or international media outlets or other communication channels through a media monitoring company. In the event of the existence of news or rumors that are either newly disclosed to the public or differ from previously disclosed information, the Company evaluates their potential impact on the value, price of its shares, or the investment decisions of investors within the framework of internal regulations. If deemed necessary, even if a postponement decision is made, an immediate disclosure is made to the public in accordance with the principles set out in the capital markets legislation, regarding whether the information is accurate or sufficient.

The Company may choose to make a statement regarding news and rumors published in media outlets that do not trigger an obligation for a material event disclosure. These statements may be communicated to the public through written or verbal communication with the press, or they may be announced via the Company's website (www.hektas.com.tr).

The Company is not obligated to make a public disclosure regarding the adequacy and accuracy of comments, analyses, assessments, and forecasts made based on publicly disclosed information through media outlets and other communication channels.

Measures Taken to Ensure Confidentiality Until the Public Disclosure of Material Events

Company executives, their spouses, children, or individuals living in the same household, are prohibited from trading in the Company's shares or capital market instruments based on these shares, from the day following the end of the financial period for which the financial statements and independent audit reports are prepared, until the public disclosure of these statements and reports in accordance with the regulations. The prohibition also applies to the managers of the Company's affiliated and controlling subsidiaries, as well as individuals who possess insider information or continuous information due to their shareholding in the Company or its affiliated and controlling subsidiaries.

The Company may delay the public disclosure of insider information, provided that it can ensure that the release of such information does not mislead investors and that the information remains confidential, in order to protect its legitimate interests. In such cases, the Company takes all necessary measures to ensure the confidentiality of insider information, in accordance with capital markets legislation.

The Company informs its executives and employees, through in-house training programs, about the obligations outlined in the laws and relevant regulations regarding insider information, as well as the sanctions related to the misuse or dissemination of such information. The Company takes the necessary measures, such as obtaining confidentiality agreements from employees not listed as having access to insider information and third-party service providers, to prevent unauthorized access to such information.

Individuals with access to insider information are informed in writing, against signature, about the obligations outlined in the laws and relevant regulations regarding such information, as well as the sanctions related to the misuse or dissemination of these details.

Principles Used in the Identification of Individuals with Administrative Responsibility

Within the framework of the Capital Markets Legislation, "Individuals with Administrative Responsibility" are defined as the members of the Company's Board of Directors, as well as individuals who, although not Board members, regularly have direct or indirect access to the issuer's insider information and have the authority to make administrative decisions that affect the issuer's future development and commercial objectives.

In our company, the individuals identified with administrative responsibility are the Board of Directors members, CEO, Deputy CEOs, Accounting and Budget Manager, Finance Manager, Domestic Sales Manager, Purchasing Manager, Human Resources Manager, R&D and Quality Control Manager, Production Manager, International Sales Manager, Plant Protection R&D Manager, Information Technology Manager, Animal Health Licensing and R&D Manager, Project and Maintenance Manager, Logistics Manager, Product Manager, Commercial Marketing Manager, and Human Resources and Quality Systems Coordinator.

Principles Regarding the Disclosure of Forward-Looking Statements

Forward-looking statements containing internal information, including plans and forecasts, or assessments that provide investors with insights into the issuer's future activities, financial condition, and performance, may be disclosed to the public within the framework of the principles set forth in the Capital Markets Legislation.

Forward-looking statements are based on reasonable assumptions and forecasts. In the event of deviations due to unforeseen risks and developments, and if there is a significant difference between previously disclosed information and actual outcomes, an explanation is provided to the public, including the reasons for these discrepancies.

The Chairman of the Board of Directors and the CEO are authorized by the Company's Board of Directors to disclose the Company's forward-looking assessments.

Forward-looking statements, within the framework of the principles set forth in the Capital Markets Legislation, may be disclosed through material event disclosures, as well as through media outlets, press conferences, press releases, conferences or meetings at national and international levels, and other communication channels.

All questions regarding the implementation principles and procedures of this policy should be directed to the Investor Relations Department.

Donation and Assistance Policy

HEKTAŞ Ticaret T.A.Ş. carries out its operations with a focus on the Company's sustainable growth, achieving long-term goals, and protecting the rights of all stakeholders.

In this context, donations and assistance that could lead to a departure from the principle of protecting the rights of the Company's shareholders are avoided. However, within the framework of corporate social responsibility, certain donations and assistance may be made, provided they comply with the provisions of the Capital Markets Legislation and remain within the scope of Group practices, as deemed appropriate by the Board of Directors.

The limit for donations to be made is determined by the General Assembly on an annual basis. The Capital Markets Board (SPK) is authorized to set an upper limit for the donation amount. Information regarding the donations made each year is provided at the General Assembly meeting.

Human Resources Policy

HEKTAŞ, with the awareness that the most valuable resource behind its success is human capital, operates by:

+ Valuing employees,
+ Harnessing the creativity of employees and drawing energy from their enthusiasm,
+ Open to change and development,
+ Creating career opportunities,
+ Respectful of people, the environment, and nature,
+ Compliant with quality standards,
+ Focusing on innovation and sustainability.

Information Security Policy

As HEKTAŞ, in order to manage all risks related to business continuity and information assets, we:

+ Ensure that our information security management system is documented, certified, and continuously improved to meet the requirements of the ISO 27001 standard,
+ Ensure compliance with all legal regulations and contracts related to information security,
+ Systematically manage risks related to information assets,
+ Conduct training programs to enhance technical and behavioral competencies in order to increase awareness of information security,
+ Regarding our products and services, strategic objectives, design, production, sales, and supply sources,
+ Protect the confidentiality of critical data, such as customer and employee information,
+ Grant access rights in accordance with the principle of "need-to-know," and prevent unauthorized access,
+ Create appropriate physical and electronic environments to ensure the security of information assets,
+ Provide the necessary plans and technical infrastructure to ensure the continuity of information technology services,
+ Our activities are managed in an integrated manner with other management systems, aimed at detecting information security violations in a timely manner and responding immediately.

Company Policies

Integrated Management System Policy

HEKTAŞ, which adopts Quality, Environment, and Occupational Health and Safety as a core philosophy, aims to prioritize customer satisfaction with all its employees at the headquarters, regions, and subsidiaries. In doing so, the company strives to meet and exceed customer expectations at every stage of the product and environmental lifecycle. HEKTAŞ proudly carries the mission of being the "Pioneer of Smart Agriculture."

While maintaining the highest level of customer satisfaction, HEKTAŞ's core objectives for sustainable growth are as follows:

+ To be a preferred, dynamic company in every segment of the market in the fields of Agriculture and Animal Health, with product and service quality,
+ To raise the performance of all our processes to a level that can compete internationally, in line with the continuous improvement approach involving the participation of all employees,
+ To provide the necessary resources to ensure the sustainability of management systems,
+ For the continuous improvement of Quality, Environment, and Occupational Health and Safety Integrated Management Systems: Create measurable objectives by considering best practices in the industry and worldwide, and regularly review their progress,
+ While delivering products and services, fulfill all relevant sectoral, national, and international regulatory requirements and other applicable conditions, strictly adhere to compliance obligations, and enhance the performance of the Integrated Management System,
+ From a sustainable development perspective, protect biodiversity and ecosystems by efficiently using resources throughout all processes, considering climate change, ensuring pollution prevention, reducing waste at the source, developing recycling methods, encouraging recovery, and continuously adding positive value to the environment,
+ By ensuring safe and healthy working conditions, facilitate the consultation and participation of employees and their representatives in all processes, and work in line with the principle of Zero Workplace Accidents,
+ With a risk-based approach, prevent risks at their source and minimize occupational diseases,
+ Increase awareness by collaborating with all stakeholders on Quality, Environment, and Occupational Health and Safety issues,

As HEKTAŞ, we commit to ensuring the sustainability of the Integrated Management System by working as a team at every stage of activities, sharing knowledge, and continuously improving our processes. We will create added value for stakeholders, society, and producers within the framework of our policy.

Code of Ethics

Purpose and Scope

The Code of Ethics and Working Principles apply to "HEKTAŞ Türk Ticaret Anonim Şirketi (HEKTAŞ) and Group Companies," as well as all third parties and employees acting on behalf of these companies. The primary purpose of these rules is to clearly establish the ethical principles and standards that all HEKTAŞ and Group Companies employees must adhere to. The rules provided here should be considered and evaluated in conjunction with other internal corporate documents of the Company (such as policies, regulations, circulars, directives, etc.).

Code of Ethical Conduct

+ Integrity

The employees of HEKTAŞ and Group Companies prioritize accuracy and integrity in all business processes and relationships. Employees of HEKTAŞ and Group Companies act within the framework of accuracy and integrity in their relationships with all other employees and stakeholders.

+ Avoidance of Conflicts of Interest

A conflict of interest refers to any benefit that employees, in relation to their job description, status, or areas of authority, or the knowledge and skills they possess, may provide to themselves, their relatives, friends, or third parties or organizations they are associated with.

Company employees carefully avoid actions that could result in a conflict of interest and strive to protect the company's interests during their duties. They refrain from any actions or behaviors that could be interpreted as benefiting themselves or their relatives.

+ Refraining from Transactions for Personal or Relatives' Benefit

In HEKTAŞ and Group Companies, it is essential that employees who have a marital or third-degree (including in-laws) familial relationship do not have a reporting relationship with each other or participate together in decision-making mechanisms within the same organization.

Employees of HEKTAŞ and Group Companies, as well as their family members, should not have any financial interest in any company that has a business relationship with HEKTAŞ and Group Companies.

Employees of HEKTAŞ and Group Companies must not engage in activities that would directly or indirectly classify them as "merchants" or "traders." It is essential that they do not work for another person and/or institution, either during or outside of working hours, in exchange for a fee or similar benefit, under any title.

Personnel temporarily assigned to arbitration, mediation, or expert duties by judicial or administrative authorities are exempt from this restriction.

+ Former Employees Engaging in Business with HEKTAŞ

In order for employees who have left HEKTAŞ and Group Companies to engage in business with HEKTAŞ and Group Companies as vendors, contractors, consultants, brokers, representatives, dealers, or in any similar capacity:

- There must be no disciplinary record regarding the employee at the company they previously worked for,
- There must be no conflict of interest arising from the duties previously undertaken by the employee.

Additionally, if the employee who has left the company previously held a position granting access to sensitive information and commercial decision-making mechanisms at HEKTAŞ and Group Companies, and wishes to engage in business in the same or similar field of activity within HEKTAŞ and Group Companies, it is essential that no business relationship is established within 3 years from the employee's departure date.

The Ethics Committee is authorized to evaluate and approve exceptional cases. Under the condition that these requirements are met, in order for former employees to engage in business with HEKTAŞ and Group Companies, a report prepared by the manager of the relevant department must be approved by the Ethics Committee.

+ Trading in HEKTAŞ Shares

Employees can engage in investment transactions with HEKTAŞ shares on the stock exchange under the conditions specified in the regulations of the Capital Markets Board. However, employees are aware that using any confidential information belonging to HEKTAŞ and Group Companies, or sharing it with third parties, to gain any benefit, including engaging in direct or indirect stock trading on the exchanges, constitutes insider trading. They understand that such actions are considered illegal under the law.

The internal procedures established to implement the regulations of the Capital Markets Board are strictly followed. Employees listed as "insiders" are expected to be in full compliance with the relevant legislation, policies, and procedures.

+ Participation in Representation and Organization Invitations

Employees of HEKTAŞ and Group Companies cannot participate in events such as invitations, outdoor organizations, artistic and sporting activities, or domestic and international trips organized by third parties or institutions with whom they have a direct or indirect business relationship, if these activities could affect the decision-making process, create a potential conflict of interest, or be perceived as such by the other party. Exceptional cases are subject to the approval of the CEO.

Offers for participation in free conferences, promotional meetings, training, etc., from third parties, clients, or potential clients, as well as open public events, sports, and similar activities, may be accepted with the approval of the relevant senior manager.

Business meals, as well as open public events such as conferences, receptions, promotional activities, and seminars, are considered outside the scope of this rule.

Company Policies

+ Acceptance and Giving of Gifts

Employees of HEKTAŞ and Group Companies should not request or accept gifts, profits, assistance, hospitality, special discounts, commissions, or rebates that could affect their impartiality, decisions, and behavior, or any such offers they receive.

Except for gifts that are clearly symbolic in meaning, given in accordance with commercial traditions, customs, and practices, or promotional/souvenir gifts with a value not exceeding one-quarter of the minimum wage, gifts from individuals or institutions with whom there is a business relationship, including customers, suppliers, and distributors, are not accepted.

Gifts that must be accepted due to business relationships and do not comply with the criteria mentioned above should be reported to the Ethics Committee and subsequently recorded in the company's fixed asset register.

Employees of HEKTAŞ and Group Companies should not accept cash or cash-equivalent gifts (such as gift vouchers, commissions, etc.), regardless of the amount, nor should they borrow money from suppliers, consultants, distributors, or competitors.

Employees are not allowed to give gifts to institutions or individuals with whom they have business relationships, except for the promotional gifts prepared by the company.

+ Political Activities

Employees of HEKTAŞ and Group Companies should avoid situations that could create a conflict of interest in their current roles and responsibilities while engaging in individual and voluntary political activities.

In individually conducted political activities, the company's name, internal titles, and company resources may not be used.

Political propaganda cannot be conducted during working hours or within the workplace environment. Employees cannot be asked to join a political party, and the time of other employees cannot be taken for activities related to these matters.

+ Club and Association Memberships

It is essential that employees of HEKTAŞ and Group Companies do not engage in social activities that are incompatible with their interests and benefits. However, provided that it does not disrupt working hours and order, employees may take roles in foundations, professional, and social associations. If employees take positions in management levels at the mentioned organizations, it is essential for them to inform through the "Ethics" communication channels. The activities of associations and/or clubs must not be in any way discriminatory or contrary to the benefit of society.

Confidentiality and Protection of Trade Secrets

Information is one of the most important assets to be used in achieving the vision of HEKTAŞ and Group Companies. The effective use of information, its proper sharing, and ensuring its confidentiality, integrity, and accessibility throughout the process is a shared responsibility of all our companies and employees.

Due to their position, information and documents provided by the company or those that may be accessed or learned in the workplace, including trade secrets, undisclosed financial and other information, employees' personal rights, and confidential information in agreements with third parties, are considered within the framework of confidentiality and the protection of trade secrets.

Each employee commits to maintaining the confidentiality of the company's information and cannot disclose this information without permission or the necessary written authorization. The protection and confidentiality of all financial and commercial information, agreements, and employee data belonging to the company are fundamental.

All official announcements are made through the units designated by the companies, in accordance with the principle of equality, and are communicated to investors, shareholders, and the public in a complete, simultaneous, and understandable manner.

Passwords for computers, phones, tablets, data storage devices, and software are not shared with anyone, either inside or outside the company. Employees are responsible for the data security of desktop and/or laptop computers, mobile phones, and tablets assigned to them. Additionally, personal information accessed for work purposes is used in compliance with the Personal Data Protection Law (KVKK).

The Internal Audit Department is the sole unit authorized to review the devices and software records (laptops, external data storage devices, mobile phones, tablets, emails, Skype, SMS) provided to employees by HEKTAŞ and Group Companies, when deemed necessary. The relevant records may be subject to review by making a written request to the Information Systems Senior Management.

If information sharing with third parties and/or organizations is necessary for the benefit of the company, a confidentiality agreement is signed or a written confidentiality commitment is obtained from the other party to ensure that they understand their responsibilities regarding the security and protection of the shared information. It is essential to seek support from the legal department in these practices.

Employee-related information, such as salary, benefits, and other personal details that reflect the company policy and are specific to the individual, is confidential and should not be disclosed to anyone other than authorized personnel. Employee-related information is sent on an individual basis. Employees are not allowed to disclose this information to others or pressure other employees to disclose it.

The individuals authorized to make evaluations, provide opinions, or make written or verbal press statements on behalf of the company are the Chairman of the Board of Directors and the CEO (with the approval of the Chairman of the Board), as well as individuals appointed by them.

Our Duties and Responsibilities

+ Our Legal Responsibilities

All activities and transactions of HEKTAŞ and Group Companies, both domestically and internationally, are conducted within the framework of the laws of the Republic of Türkiye and international law. It is essential to provide accurate, complete, and understandable information to regulatory institutions and organizations in a timely manner. Our Responsibilities Towards Employees.

HEKTAŞ and Group Companies do not discriminate based on race, ethnicity, nationality, religion, or gender. By providing equal opportunities to individuals under equal conditions, compensation, assignments, and promotions are based on performance and productivity criteria. The company's practices are in compliance with all applicable laws and regulations regarding employment and working life. Company employees also fulfill all legal requirements within the scope of their activities and act in accordance with legal regulations.

No tolerance is shown for any violation of personal integrity through physical, sexual, and/or emotional harassment towards our employees or stakeholders with whom we have business relationships, whether in the workplace or any other location related to their work. Any negative attitudes or behaviors towards individuals who report such violations or assist during the investigation process are considered a violation of our ethical standards.

A collaborative, positive, and harmonious work environment is created in the company, preventing conflict situations and ensuring that individuals with different beliefs, thoughts, and opinions work together harmoniously. Religious propaganda cannot be made in the workplace environment.

HEKTAŞ and Group Companies ensure the necessary participation in Occupational Health and Safety (OHS) training to provide a safe and healthy working environment and take all necessary precautions in this regard. Our employees report any potential hazards and risks they observe in the workplace to their department managers and/or the workplace OHS (Occupational Health and Safety) units through the relevant notification forms.

Training aimed at developing employees' professional knowledge and skills, as well as their personal abilities, is provided in accordance with the principle of equality.

Systematic and planned behaviors aimed at discouraging, reducing the performance of, or causing an employee to resign, with the intention of targeting them for psychological harassment (mobbing), will not be tolerated.

Company Policies

+ Our Responsibilities Towards Shareholders

HEKTAŞ and Group Companies prioritize sustainability and, in line with the goal of creating value for shareholders, make operational decisions based on known economic criteria. They emphasize financial discipline and accountability, ensuring that resources are managed in the most efficient way possible.

In public and shareholder disclosures, information regarding the company's financial statements, strategies, investments, and risk profile is provided in a timely, accurate, complete, and understandable manner. All meetings with investors, financial analysts, media representatives, etc., are regulated by internal company regulations. No verbal or written statements are made on behalf of HEKTAŞ and Group Companies unless specifically authorized.

+ Our Responsibilities Towards Customers

HEKTAŞ and Group Companies work with a customer satisfaction-oriented, proactive approach, responding to customer needs and requests in the shortest possible time and with the utmost accuracy. We deliver services on time and under the agreed conditions; approach customers with respect, honor, fairness, equality, and courtesy. It is essential that employees carefully protect the confidential information of customers.

HEKTAŞ and Group Companies are responsive to the needs and requests of their customers. At every stage of their operations, HEKTAŞ and Group Companies continuously make improvements in products, services, technology, and business processes to ensure quality, energy efficiency, and development.

+ Our Responsibilities Towards Suppliers/ Business Partners

HEKTAŞ and Group Companies select all their suppliers from firms that fully fulfill their legal obligations, have no negative reputation, and are experts in their fields, using objective criteria.

It acts fairly and respectfully as expected from a good customer, exercises due diligence to fulfill its obligations on time, and carefully protects the confidential information of the individuals and organizations we do business with, as well as our business partners.

+ Our Responsibilities Towards Competitors

HEKTAŞ and its Group Companies do not engage in any agreements or practices, either directly or indirectly, that aim to prevent, distort, or restrict competition in the fields in which they operate.

HEKTAŞ and its Group Companies strictly prohibit any actions that may hinder competition, such as conducting market and price-setting activities, engaging in collaborations, or exchanging information.

+ Our Social Media Responsibilities

Any posts or personal comments made on social networking sites, blogs, dictionaries, forums, email groups, or similar platforms that could negatively impact the corporate stance, sectoral and social reputation, or competitiveness of HEKTAŞ and its Group Companies may impose liabilities on the employee, unless explicitly authorized within their job description and authority. Except for those specifically authorized, no employee may make verbal or written statements on behalf of HEKTAŞ and its Group Companies.

Implementation

Access to ethical notifications is exclusively authorized for the General Management Office and the Chief Internal Audit Executive. The Chief Internal Audit Executive is responsible for the security, confidentiality, and management of all channels. The decision to subject notifications to review by the Ethics Committee is made by the General Management Office following a preliminary review conducted by the Chief Internal Audit Executive.

Ethics Committee

The HEKTAŞ and Group Companies Ethics Committee is the authorized body for ethical matters within the company. It provides recommendations to senior management on all ethical matters and highlights ethically risky situations.

The Ethics Committee consists of the General Manager, the Chief Technical Affairs Executive, and the Chief Human Resources Executive. The Chief Internal Audit Executive serves as the rapporteur of the Ethics Committee. The General Manager chairs the Ethics Committee and has the authority to make changes to its members.

Ethics Committee Operating Principles:

The Ethics Committee ensures that all employees are informed about the Ethical Rules and responds to any questions regarding their implementation with the utmost confidentiality.

It keeps notifications and complaints, as well as the identities of those submitting them, confidential. It adopts a policy to prevent any retaliatory actions or behaviors against employees or individuals who report ethical violations and conducts investigations in accordance with confidentiality principles.

It has the authority to request information, documents, and evidence related to the investigation directly from the relevant unit. It may review any obtained information and documents strictly within the scope of the investigation.

The investigation is handled promptly to reach a conclusion as quickly as possible, and the relevant authorities are informed of the results. The decisions made by the Ethics Committee are implemented immediately. The investigation process is documented in writing from the outset, with all information, evidence, and documents attached to the report, which is then signed by the Chair and Members.

The Committee Chair and members perform their duties independently and without influence from their respective department managers or the organizational hierarchy. They cannot be subjected to any pressure or influence regarding the matter.

If employees encounter a practice that violates ethical rules, they can report it through the Ethics Line established within our Group (as part of the Ethics Line framework).

They can report it via the Ethics Line through the website www.speak-hub.com.tr, the email address hektas@speak-hub.com, or by calling (0212) 403 34 53.

Other Issues

Legal Issues

Lawsuits

There are no significant lawsuits filed against the company or currently ongoing.

Administrative and Judicial Sanctions

There are no significant administrative sanctions or penalties imposed on the Company or its Board Members due to practices that violate legislative provisions.

Information on Legislative Changes That May Significantly Affect Company Activities

There are no changes in legislation such as incentives, taxes, etc. that would significantly regularize the Company's 2024 financial statements.

Disclosures on Special Audits and Public Audits

The Company's activities are regularly and periodically audited by the Independent External Auditor and Auditors appointed by the General Assembly. For the year 2024, independent audit activities are carried out by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (Member of Deloitte Touche Tohmatsu Limited).

Information Required to Be Presented to Shareholders Regarding Related Party Transactions and Balances

Information regarding the Company's transactions with related parties is included in the notes to the financial statements dated December 31, 2024.

There is no information regarding conflicts of interest between the Company and the institutions from which it receives services such as investment advisory and credit rating, nor on the measures taken by the Company to prevent such conflicts of interest.

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Corporate Governance Compliance Report, Corporate Governance Information Form, and Sustainability Principles Compliance Report

The Corporate Governance Principles published by the Capital Markets Board were complied with and implemented during the January – December 2024 period.

The Corporate Governance Compliance Report, Corporate Governance Information Form, and Sustainability Principles Compliance Report are included in Annex-2.

Donations Made

As of 2024, the Company has not made any donations to any institutions or organizations

Events Occurring After the Reporting Period

There is no particular subject occured after the reporting period..

Annex-1: Independence Declarations of Independent Board Members

INDEPENDENT BOARD MEMBER DECLARATION

January 21, 2024

I hereby acknowledge, declare, and undertake that I have read and understood the Corporate Governance Principles set forth in the Capital Markets Board's Communiqué on Corporate Governance (II-17.1) and that I meet all the criteria for Independent Board Membership, as listed in the principles and attached to this declaration.

Bülent Şamil YETİŞ

DECLARATION OF INDEPENDENCE

HEKTAŞ TİCARET T.A.Ş. I declare that I am a candidate to serve as an "independent member" of the Board of Directors in accordance with the criteria set forth in the legislation, the articles of association, and the Capital Markets Board's Corporate Governance Communiqué, and in this context:

a) That neither I, nor my spouse, nor my relatives by blood or marriage up to the second degree have had, within the past five years, any employment relationship in an executive position involving significant duties and responsibilities with the Company, its subsidiaries where the Company has management control or significant influence, or the shareholders who hold management control or significant influence over the Company, as well as with the legal entities controlled by such shareholders; that we do not individually or collectively own more than 5% of the capital, voting rights, or privileged shares of these entities; and that no significant commercial relationship has been established,

b) That within the past five years, I have not been a partner (holding 5% or more of shares), an executive in a position with significant duties and responsibilities, or a board member in companies from which the Company has purchased or to which it has sold significant amounts of products or services, particularly in areas such as audit (including tax audit, statutory audit, and internal audit), credit rating, or consultancy, during the periods when such purchases or sales took place,

c) That I possess the professional education, knowledge, and experience necessary to duly fulfill the duties I will undertake as an independent board member,

ç) That, except for university faculty membership, I do not hold a full-time position in any public institutions or organizations after being elected as a member, provided that it complies with the applicable legislation,

d) That I am considered a resident in Türkiye in accordance with the Income Tax Law No. 193, dated 31/12/1960,

e) That I possess strong ethical standards, professional reputation, and experience that enable me to make positive contributions to the Company's activities, maintain impartiality in conflicts of interest between the Company and its shareholders, and make independent decisions while considering the rights of stakeholders,

f) That I am able to allocate sufficient time to monitor the Company's operations and fully fulfill the requirements of my duties,

g) That I have not served as a board member in the Company's Board of Directors for more than six years within the last ten years,

ğ) That I do not serve as an independent board member in more than three companies controlled by the Company or its controlling shareholders, nor in more than five publicly traded companies in total,
h) That I declare that I have not been registered or announced as a representative on behalf of a legal entity elected as a Board Member in the trade registry.

Bülent Şamil YETİŞ
January 21, 2024

INDEPENDENT BOARD MEMBER DECLARATION

January 21, 2024

I hereby acknowledge, declare, and undertake that I have read and understood the Corporate Governance Principles set forth in the Capital Markets Board's Communiqué on Corporate Governance (II-17.1) and that I meet all the criteria for Independent Board Membership, as listed in the principles and attached to this declaration.

Kurtuluş Bedri VAROĞLU

DECLARATION OF INDEPENDENCE

HEKTAŞ TİCARET T.A.Ş. I declare that I am a candidate to serve as an "independent member" of the Board of Directors in accordance with the criteria set forth in the legislation, the articles of association, and the Capital Markets Board's Corporate Governance Communiqué, and in this context:

a) That neither I, nor my spouse, nor my relatives by blood or marriage up to the second degree have had, within the past five years, any employment relationship in an executive position involving significant duties and responsibilities with the Company, its subsidiaries where the Company has management control or significant influence, or the shareholders who hold management control or significant influence over the Company, as well as with the legal entities controlled by such shareholders; that we do not individually or collectively own more than 5% of the capital, voting rights, or privileged shares of these entities; and that no significant commercial relationship has been established,

b) That within the past five years, I have not been a partner (holding 5% or more of shares), an executive in a position with significant duties and responsibilities, or a board member in companies from which the Company has purchased or to which it has sold significant amounts of products or services, particularly in areas such as audit (including tax audit, statutory audit, and internal audit), credit rating, or consultancy, during the periods when such purchases or sales took place,

c) That I possess the professional education, knowledge, and experience necessary to duly fulfill the duties I will undertake as an independent board member,

ç) That, except for university faculty membership, I do not hold a full-time position in any public institutions or organizations after being elected as a member, provided that it complies with the applicable legislation,

d) That I am considered a resident in Türkiye in accordance with the Income Tax Law No. 193, dated 31/12/1960,

e) That I possess strong ethical standards, professional reputation, and experience that enable me to make positive contributions to the Company's activities, maintain impartiality in conflicts of interest between the Company and its shareholders, and make independent decisions while considering the rights of stakeholders,

f) That I am able to allocate sufficient time to monitor the Company's operations and fully fulfill the requirements of my duties,

g) That I have not served as a board member in the Company's Board of Directors for more than six years within the last ten years,

ğ) That I do not serve as an independent board member in more than three companies controlled by the Company or its controlling shareholders, nor in more than five publicly traded companies in total,

h) That I declare that I have not been registered or announced as a representative on behalf of a legal entity elected as a Board Member in the trade registry.

Kurtuluş Bedri VAROĞLU
January 21, 2024

INDEPENDENT BOARD MEMBER DECLARATION

January 21, 2024

I hereby acknowledge, declare, and undertake that I have read and understood the Corporate Governance Principles set forth in the Capital Markets Board's Communiqué on Corporate Governance (II-17.1) and that I meet all the criteria for Independent Board Membership, as listed in the principles and attached to this declaration.

Kadri ÖZGÜNEŞ

DECLARATION OF INDEPENDENCE

HEKTAŞ TİCARET T.A.Ş. I declare that I am a candidate to serve as an "independent member" of the Board of Directors in accordance with the criteria set forth in the legislation, the articles of association, and the Capital Markets Board's Corporate Governance Communiqué, and in this context:

a) That neither I, nor my spouse, nor my relatives by blood or marriage up to the second degree have had, within the past five years, any employment relationship in an executive position involving significant duties and responsibilities with the Company, its subsidiaries where the Company has management control or significant influence, or the shareholders who hold management control or significant influence over the Company, as well as with the legal entities controlled by such shareholders; that we do not individually or collectively own more than 5% of the capital, voting rights, or privileged shares of these entities; and that no significant commercial relationship has been established,

b) That within the past five years, I have not been a partner (holding 5% or more of shares), an executive in a position with significant duties and responsibilities, or a board member in companies from which the Company has purchased or to which it has sold significant amounts of products or services, particularly in areas such as audit (including tax audit, statutory audit, and internal audit), credit rating, or consultancy, during the periods when such purchases or sales took place,

c) That I possess the professional education, knowledge, and experience necessary to duly fulfill the duties I will undertake as an independent board member,

ç) That, except for university faculty membership, I do not hold a full-time position in any public institutions or organizations after being elected as a member, provided that it complies with the applicable legislation,

d) That I am considered a resident in Türkiye in accordance with the Income Tax Law No. 193, dated 31/12/1960,

e) That I possess strong ethical standards, professional reputation, and experience that enable me to make positive contributions to the Company's activities, maintain impartiality in conflicts of interest between the Company and its shareholders, and make independent decisions while considering the rights of stakeholders,

f) That I am able to allocate sufficient time to monitor the Company's operations and fully fulfill the requirements of my duties,

g) That I have not served as a board member in the Company's Board of Directors for more than six years within the last ten years,

ğ) That I do not serve as an independent board member in more than three companies controlled by the Company or its controlling shareholders, nor in more than five publicly traded companies in total,
h) That I declare that I have not been registered or announced as a representative on behalf of a legal entity elected as a Board Member in the trade registry.

Kadri ÖZGÜNEŞ
January 21, 2024

Annex-2: Corporate Governance Compliance Report, Corporate Governance Information Form, and Sustainability Principles Compliance Report

HEKTAŞ TİCARET T. ANONİM ŞİRKETİ CORPORATE GOVERNANCE COMPLIANCE REPORT CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

HEKTAŞ TİCARET T. ANONİM ŞİRKETİ is aware of the responsibilities it carries towards its stakeholders as one of the publicly traded companies with a leading position in its sector and the most extensive sales network in Türkiye within the same sector. In this context, the Company adopts the principles of "equality," "transparency," "accountability," and "responsibility", which form the foundation of corporate governance in its operations, and demonstrates utmost diligence and effort to comply with the Capital Markets Law ("CML") and the secondary regulations and decisions of the Capital Markets Board ("CMB").

In this context, in line with corporate governance efforts, corporate governance mechanisms within the Company began to be implemented in accordance with the principles starting from February 27, 2012.

HEKTAŞ TİCARET T. ANONİM ŞİRKETİ believes in the importance of full compliance with the Corporate Governance Principles. The corporate governance principles, which are included in the annex of the Corporate Governance Communiqué and mandated for implementation by the relevant legislation, were fully adopted and applied during the fiscal period ending on December 31, 2024. Maximum care is taken to comply with the voluntary principles that are not mandatory under the relevant legislation, and with respect to those principles that have not yet been fully implemented, no conflicts of interest have arisen among stakeholders to date, given the current situation.

In the fiscal period ending on December 31, 2024, the compliance with the corporate governance principles included in the annex of the Corporate Governance Communiqué and the explanations regarding those principles that have not yet been fully complied with are provided in the activity report, including the Corporate Governance Compliance Report ("KYUR"), Corporate Governance Information Form ("KYBF"), and other relevant sections of the report.

In the future, efforts will continue to improve our corporate governance practices, including the voluntary principles that have not yet been implemented, with the aim of better operating mechanisms within the framework of the aforementioned principles in the Company's corporate governance practices.

In the event of any changes in the KYUR or KYBF during the period, special situation disclosures will be made, and the changes will also be included in the interim activity reports.

Corporate Governance Compliance Report

Corporate Governance Compliance Report	Compliance Status: Yes	Partially	No	Exempt	Unrelated	Description
1.1. FACILITATION OF THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2 - Information and disclosures that may affect the exercise of shareholder rights are made available to investors on the Company's corporate website on an up-to-date basis.	X					
1.2. RIGHT TO INFORMATION AND INSPECTION						
1.2.1 - The company management has refrained from taking actions that would hinder the conduct of an independent audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The company has ensured that the General Assembly agenda is clearly stated, with each proposal provided under a separate heading.	X					
1.3.7 - Those who have privileged access to the company's information have informed the Board of Directors to ensure that information regarding transactions they have made on behalf of the company within its scope of activities is included on the agenda for discussion at the General Assembly.			X			No request has been made.
1.3.8 - Regarding items of particular importance on the agenda, the board members, other relevant individuals, authorized personnel responsible for preparing the financial statements, and auditors were present at the General Assembly meeting.	X					
1.3.10 - The agenda of the General Assembly includes a separate item specifying the amounts of all donations and aids, as well as the beneficiaries of those donations.	X					
1.3.11 - The General Assembly meeting was held publicly, including stakeholders and the media, without the right to speak.	X					
1.4. VOTING RIGHT						
1.4.1 - There are no restrictions or practices that hinder shareholders from exercising their voting rights.	X					

	Compliance Status: Yes	Partially	No	Exempt	Unrelated	Description
1.4.2 - The company does not have any shares with privileged voting rights.		X				Founders' usufruct certificate holders have a 5% dividend right arising from the company's articles of association.
1.4.3 - The company has not exercised its voting rights at the General Assembly of any affiliated company with which it has a mutual participation relationship that also involves a control relationship.					X	Our company does not have any affiliated company with which it has a mutual participation relationship.
1.5. MINORITY RIGHTS						
1.5.1 - The company has made utmost efforts to ensure the exercise of minority rights.	X					
1.5.2 - Minority rights have been granted to those holding less than one-twentieth of the capital as per the articles of association, and the scope of minority rights has been expanded by being regulated in the articles of association.			X			Although not regulated in the Articles of Association, the provisions of the Turkish Commercial Code No. 6102 and the Capital Markets Law No. 6362 are applied.
1.6. RIGHT TO DIVIDENDS						
1.6.1 - The profit distribution policy approved by the General Assembly has been disclosed to the public on the company's corporate website.	X					
1.6.2 - The profit distribution policy contains at least the minimum information necessary to enable shareholders to foresee the principles and procedures for the distribution of profits the company will earn in future periods.	X					
1.6.3 - The reasons for not distributing profits and the use of undistributed profits are specified in the relevant agenda item.	X					
1.6.4 - The Board of Directors has reviewed whether a balance has been maintained between the shareholders' interests and the company's interests in the profit distribution policy.	X					
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions that hinder the transfer of shares.	X					
2.1. CORPORATE WEBSITE						
2.1.1 - The company's corporate website contains all the elements specified in Corporate Governance Principle 2.1.1.	X					

	Compliance Status: Yes	Partially	No	Exempt	Unrelated	Description
2.1.2 - The shareholder structure (including the names, privileges, number of shares, and percentage of real person shareholders holding more than 5% of the issued capital) is updated on the corporate website at least every 6 months.	X					
2.1.4 - The information on the company's corporate website has been prepared in foreign languages, as needed, with content identical to the Turkish version.	X					
2.2. ACTIVITY REPORT						
2.2.1 - The Board of Directors ensures that the annual activity report accurately and fully reflects the company's operations.	X					
2.2.2 - The annual activity report contains all the elements specified in Corporate Governance Principle 2.2.2.	X					
3.1. COMPANY POLICY REGARDING STAKEHOLDERS						
3.1.1 - The rights of stakeholders are protected within the framework of relevant regulations, contracts, and principles of good faith.	X					
3.1.3 - The policies and procedures related to the rights of stakeholders are published on the company's corporate website.		X				Code of Ethics, Disclosure Policy, Profit Distribution Policy, Compensation Policy, Remuneration Policy, Donation and Aid Policy
3.1.4 - Mechanisms have been established to allow stakeholders to report transactions that are contrary to regulations and unethical.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
3.2. SUPPORT FOR STAKEHOLDERS' PARTICIPATION IN COMPANY MANAGEMENT						
3.2.1 - Employee participation in management is regulated by the articles of association or internal company regulations.			X			There is no provision in the Articles of Association.
3.2.2 - Methods such as surveys or consultations have been implemented to obtain the opinions of stakeholders on significant decisions that have an impact on them.		X				The requests and suggestions of customers, suppliers, and shareholders are listened to and, if necessary, recorded; however, no such requests have been received. After analyst meetings, a meeting evaluation survey is conducted with the analysts.

	Compliance Status: Yes	Partially	No	Exempt	Unrelated	Description
3.3. COMPANY'S HUMAN RESOURCES POLICY						
3.3.1 - The company has adopted an equal opportunity employment policy and a succession planning process for all key executive positions.	X					Succession planning is carried out for all critical positions within the company.
3.3.2 - The criteria for personnel recruitment have been established in writing.	X					
3.3.3 - The company has a Human Resources Development Policy and organizes training programs for employees within this framework.	X					
3.3.4 - Meetings have been organized to inform employees about the company's financial status, compensation, career planning, training, and health-related matters.	X					Online meetings and digital communication channels are used to continuously inform employees about new developments.
3.3.5 - Decisions that may affect employees have been communicated to them and their representatives. The opinions of the relevant trade unions have also been sought on these matters.		X				Direct notifications are made to our employees; however, there is no union present.
3.3.6 - Job descriptions and performance criteria have been prepared in detail for all employees, communicated to them, and used in compensation decisions.	X					
3.3.7 - Procedures, training, awareness-raising activities, goals, monitoring, and complaint mechanisms have been implemented to prevent discrimination among employees and to protect them from physical, mental, and emotional mistreatment within the company.	X					
3.3.8 - The company supports the effective recognition of the freedom to form associations and the right to collective bargaining.					X	Our company does not have a policy established on this matter.
3.3.9 - A safe working environment is provided for employees.	X					
3.4. RELATIONSHIPS WITH CUSTOMERS AND SUPPLIERS						
3.4.1 - The company has measured customer satisfaction and has operated with an unconditional customer satisfaction approach.	X					
3.4.2 - When there is a delay in processing customer requests related to the goods and services purchased, this situation is communicated to the customers.	X					

	Compliance Status: Yes	Partially	No	Exempt	Unrelated	Description
3.4.3 - The company adheres to quality standards related to its goods and services.	X					
3.4.4 - The company has controls in place to protect the confidentiality of sensitive information that falls under trade secrets of customers and suppliers.	X					
3.5. CODE OF ETHICS AND SOCIAL RESPONSIBILITY						
3.5.1 - The Board of Directors has established the Code of Ethical Conduct and published it on the company's corporate website.	X					
3.5.2 - The company is sensitive to social responsibility. The company has taken measures to prevent corruption and bribery.	X					
4.1. THE FUNCTION OF THE BOARD OF DIRECTORS						
4.1.1 - The Board of Directors ensures that the strategy and risks do not threaten the company's long-term interests and that effective risk management is implemented.	X					
4.1.2 - The meeting agenda and minutes demonstrate that the Board of Directors discusses and approves the company's strategic objectives, identifies the necessary resources, and oversees the performance of the management.	X					
4.2. PRINCIPLES OF THE BOARD OF DIRECTORS' ACTIVITIES						
4.2.1 - The Board of Directors has documented its activities and made them available to shareholders.	X					
4.2.2 - The duties and authorities of the board members have been disclosed in the annual activity report.	X					
4.2.3 - The Board of Directors has established an internal control system suitable for the company's scale and the complexity of its operations.	X					
4.2.4 - Information regarding the operation and effectiveness of the internal control system has been provided in the annual activity report.	X					
4.2.5 - The roles of the Chairman of the Board and the Chief Executive Officer (General Manager) have been separated and defined.	X					

	Compliance Status: Yes	Partially	No	Exempt	Unrelated	Description
4.2.7 - The Board of Directors ensures the effective operation of the investor relations department and the corporate governance committee, and has worked closely with them in resolving disputes between the company and shareholders, as well as in communication with shareholders.	X					
4.2.8 - In relation to the faults of board members during the performance of their duties and the potential damage they may cause to the company, the company has obtained a directors' liability insurance with a coverage amount exceeding 25% of the capital.		X				A directors' liability insurance with a guarantee of USD 30 million has been obtained.
4.3. THE STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The company has set a minimum target of 25% for the proportion of female members on the Board of Directors and has developed a policy to achieve this goal. The structure of the Board of Directors is reviewed annually, and the candidate selection process is carried out in accordance with this policy.			X			There is no policy in place.
4.3.10 - At least one member of the Audit Committee has 5 years of experience in audit, accounting, and finance.	X					
4.4. THE FORMAT OF BOARD OF DIRECTORS MEETINGS						
4.4.1 - All board members have participated in the majority of the board meetings, either physically or electronically.	X					
4.4.2 - The Board of Directors has defined a minimum period for sending information and documents related to agenda items to all members before the meeting.	X					
4.4.3 - The views of a member who is unable to attend the meeting but submits their opinions in writing to the Board of Directors have been shared with the other members.	X					
4.4.4 - Each member of the Board of Directors has one voting right.	X					
4.4.5 - The procedures for conducting Board of Directors meetings have been formalized in writing through internal company regulations.	X					

	Compliance Status: Yes	Partially	No	Exempt	Unrelated	Description
4.4.6 - The minutes of the Board of Directors meetings reflect that all agenda items have been discussed, and the decision minutes are prepared to include dissenting opinions as well.	X					
4.4.7 - The board members' ability to hold other positions outside the company is restricted. The positions held by board members outside the company have been disclosed to shareholders at the General Assembly meeting.			X			There is no restriction, and the positions held by board members outside the company have been disclosed to shareholders at the General Assembly meeting.
4.5. COMMITTEES ESTABLISHED WITHIN THE BOARD OF DIRECTORS						
4.5.5 - Each board member serves on only one committee.			X			Given the number of board members, one member serves on multiple committees.
4.5.6 - The committees have invited individuals whose opinions they deemed necessary to the meetings and have gathered their views.	X					
4.5.7 - Information regarding the independence of the person/institution providing consultancy services to the committee is included in the annual activity report.					X	No such consultancy has been received.
4.5.8 - Reports on the outcomes of committee meetings have been prepared and presented to the board members.	X					
4.6. FINANCIAL RIGHTS PROVIDED TO BOARD MEMBERS AND EXECUTIVES WITH ADMINISTRATIVE RESPONSIBILITY						
4.6.1 - The Board of Directors has conducted a board performance evaluation to assess whether it is effectively fulfilling its responsibilities.			X			A performance evaluation has not been conducted.
4.6.4 - The company has not provided any loans to board members or executives with administrative responsibility, has not lent money, extended the term of any loans, improved the terms, or granted personal loans through third parties, nor has it provided guarantees such as guarantees in their favor.	X					
4.6.5 - The salaries provided to board members and executives with administrative responsibility have been disclosed on an individual basis in the annual activity report.		X				The salaries are provided on a cumulative basis, not on an individual basis.

Corporate Governance Information Form

1. SHAREHOLDERS	
1.1. FACILITATION OF THE EXERCISE OF SHAREHOLDER RIGHTS	
The number of investor conferences and meetings organized by the company throughout the year	5 investment institutions, 7 analysts.
1.2. Right to Information and Inspection	
The number of requests for an independent auditor	0
The number of requests for an independent auditor approved at the General Assembly meeting	0
1.3. GENERAL ASSEMBLY	
The link to the Public Disclosure Platform (KAP) announcement where the information requested under Principle 1.3.1 (a-d) has been disclosed	https://www.kap.org.tr/tr/Bildirim/1264599
Whether the documents related to the General Assembly meeting have been provided in English simultaneously with the Turkish version	No such process has been carried out
The links to the Public Disclosure Platform (KAP) announcements related to transactions that do not have the approval of the majority of independent members or the unanimous vote of those present, as per Principle 1.3.9.	No such process has been carried out
The links to the Public Disclosure Platform (KAP) announcements regarding related party transactions carried out under Article 9 of the Corporate Governance Communiqué (II-17.1)	There are no such transactions
The links to the Public Disclosure Platform (KAP) announcements regarding widespread and recurring transactions carried out under Article 10 of the Corporate Governance Communiqué (II-17.1)	The Public Disclosure Platform (KAP) announcement regarding related party transactions.
The section on the company's corporate website that contains the policy regarding donations and aids	https://hektas.com.tr/yatirimci-iliskileri/kurumsal-yonetim/bagis-ve-yardim-politikasi
The link to the Public Disclosure Platform (KAP) announcement containing the minutes of the General Assembly meeting where the policy on donations and aids was approved	https://www.kap.org.tr/tr/Bildirim/1129981
The article number in the Articles of Association that regulates the participation of stakeholders in the General Assembly	None
Information regarding stakeholders who participated in the General Assembly	There are no restrictions on the participation of stakeholders in the General Assembly.

1.4. Voting Rights	
Whether there are any privileged voting rights	No
If there are privileged voting rights, the shareholders with privileged shares and their voting ratios	None
The shareholding percentage of the largest shareholder	55.37%
1.5. Minority Rights	
Whether the minority rights have been expanded (in terms of content or ratio) in the company's Articles of Association.	No
Please specify the article number in the Articles of Association if minority rights have been expanded in terms of content or ratio.	None
1.6. Right to Dividends	
The section on the corporate website where the profit distribution policy is located	https://hektas.com.tr/yatirimci-iliskileri/kurumsal-yonetim/kar-dagitim-politikasi
The minutes of the General Assembly agenda item regarding the reasons for the Board of Directors' proposal not to distribute profits and the intended use of undistributed profits	As a result of separate calculations made in accordance with the provisions of the Tax Procedure Law, the Corporate Tax Law, and the Income Tax Law, as well as the regulations of the Capital Markets Board's Communiqué No. II-14.1, a net loss has occurred in our legal records as of December 31, 2023. Therefore, there is no distributable profit. "Since there is no distributable profit base in the legal records as of December 31, 2023, we propose and request not to distribute dividends." The dividend distribution proposal was presented for approval. As a result of the voting, the proposal was accepted by a majority vote.
The link to the Public Disclosure Platform (KAP) announcement containing the minutes of the General Assembly where the Board of Directors proposed not to distribute profits	https://www.kap.org.tr/tr/Bildirim/1278146

General Assembly Meetings

General Assembly Date	The number of additional clarification requests submitted to the company regarding the General Assembly agenda	The participation rate of shareholders in the General Assembly	The proportion of shares represented directly	The proportion of shares represented by proxy
26/04/2024	0	60.38%	0.03%	60.35%

The section on the company's corporate website where the General Assembly meeting minutes are displayed, showing both positive and negative votes for each agenda item	The section on the company's corporate website where all questions raised during the General Assembly meeting and the corresponding answers are provided	The item or paragraph number in the General Assembly meeting minutes related to related party transactions	The number of individuals who have privileged access to the company's information (insiders list) and who have notified the Board of Directors	The link to the General Assembly notice published on the Public Disclosure Platform (KAP)
https://hektas.com.tr/ Investor Relations / General Assembly Meetings	General Assembly Meeting Minutes and Attendance List	12	280	https://www.kap.org.tr/tr/Bildirim/1278146

2. PUBLIC DISCLOSURE AND TRANSPARENCY	
2.1. Corporate Website	
The names of the sections on the corporate website where the information requested in Corporate Governance Principle 2.1.1 is provided	Investor Relations Section
The section on the corporate website that contains the list of real person shareholders holding more than 5% of the shares, either directly or indirectly	https://hektas.com.tr/yatirimci-iliskileri/ortaklik-yapisi
The languages in which the corporate website is prepared	Turkish - English
2.2. Activity Report	
The page numbers or section names in the activity report where the information specified in Corporate Governance Principle 2.2.2 is provided	
a) The page number or section name in the activity report where the board members and executives' external roles and independence declarations of members are provided	/Annex-1 Independence Declarations of Independent Board Members
b) Information regarding the committees formed within the Board of Directors, including page number or section title	- MANAGEMENT STRUCTURE /COMMITTEE STRUCTURE - CORPORATE GOVERNANCE / WORKING PRINCIPLES OF THE COMMITTEES
c) Information regarding the number of meetings held by the Board of Directors during the year and the participation status of members, including page number or section title	- MANAGEMENT STRUCTURE /Board of Directors Members
d) Information regarding legislative changes that may significantly affect the company's activities, including page number or section title	- CORPORATE GOVERNANCE /Other Issues /Information Regarding Legislative Changes That May Significantly Affect the Company's Activities
e) Information regarding significant lawsuits filed against the company and their potential outcomes, including page number or section title	- CORPORATE GOVERNANCE /Other Issues /Legal Matters
f) Information regarding conflicts of interest between the company and the institutions providing services such as investment advisory and rating, and the measures taken to prevent them, including page number or section title	- CORPORATE GOVERNANCE /Other Issues /Information Regarding Conflicts of Interest Between the Company and the Institutions Providing Services in Areas Such as Investment Advisory and Rating, and the Measures Taken by the Company to Prevent These Conflicts of Interest
g) Information regarding mutual investments where the direct participation rate in the capital exceeds 5%, including page number or section title	There is no such situation.
h) Information regarding corporate social responsibility activities related to employees' social rights, vocational training, and other company activities that have social and environmental impacts, including page number or section title	- GOVERNANCE STRUCTURE / Human Resources

3. STAKEHOLDERS	
3.1. Company Policy on Stakeholders	
Title of the section on the compensation policy on the corporate website	https://hektas.com.tr/yatirimci-iliskileri/kurumsal-yonetim/tazminat-politikasi
The number of finalized court rulings against the company due to the violation of employee rights	0
The title of the authorized person responsible for the whistleblowing mechanism	Ethics Committee
Access information for the company's whistleblowing mechanism	(0212) 403 34 53
3.2. Supporting Stakeholder Participation in Company Management	
Title of the section on the internal regulations regarding employee participation in the management bodies on the corporate website	None
Management bodies represented by employees	None
3.3. The Company's Human Resources Policy	
The Role of the Board of Directors in Developing a Succession Plan for Key Executive Positions	https://hektas.com.tr/insan-kaynaklari/kariyer-planlama/
Title of the section on the company's human resources policy, including equal opportunity and personnel recruitment criteria, on the corporate website, or a summary of the relevant articles of the policy	https://hektas.com.tr/insan-kaynaklari/insan-kaynaklari-politikamiz/
Whether there is an equity acquisition plan	There is no such plan
Title of the section on the company's human resources policy, including measures to prevent discrimination and mistreatment, on the corporate website, or a summary of the relevant articles of the policy	https://hektas.com.tr/kurumsal/etik-kurallar/
The number of finalized court rulings against the company due to liability for workplace accidents	0
3.5. Code of Ethics and Social Responsibility	
Title of the section on the corporate website containing the code of ethics policy	https://hektas.com.tr/kurumsal/etik-kurallar/
Title of the section on the corporate website containing the corporate social responsibility report If there is no corporate social responsibility report, measures taken regarding environmental, social, and corporate governance issues	https://hektas.com.tr/kurumsal/entegre-yonetim-sistemi-politikasi/
Measures taken to combat all forms of corruption, including extortion and bribery	Avoids unethical behaviors such as bribery, corruption, and abuse of office, and supports efforts to eliminate such offenses. Avoids giving or receiving gifts, products, or services that could create doubts or be perceived as symbolic in nature, intended to provide privileges or benefits that may influence decisions and actions, or are inconsistent with the course of business.

4. BOARD OF DIRECTORS-I	
4.2. Operating Principles of the Board of Directors	
The date of the most recent performance evaluation of the Board of Directors	None
Whether independent experts were used in the performance evaluation of the Board of Directors	No
Whether all members of the Board of Directors have been discharged from liability	Yes
Names of the Board of Directors members to whom authority has been delegated along with the content of the respective authorities and their duties	There are no executive members with special authority.
The number of reports submitted by the internal control unit to the audit committee or other relevant committees	3
Title of the section or page number in the annual report where the evaluation of the effectiveness of the internal control system is located	- HEKTAŞ 2024 ACTIVITIES / Internal Control Systems
The name of the Chairman of the Board of Directors	OMSAN LOJİSTİK ANONİM ŞİRKETİ (representative: Eren Ziya DİK)
The name of the CEO / General Manager	Enis Emre TERZİ
The link to the public disclosure on the KAP (Public Disclosure Platform) specifying the justification for the Chairman of the Board of Directors and CEO/General Manager being the same person	They are not the same person.
The link to the public disclosure on the KAP (Public Disclosure Platform) regarding the insurance of the damage caused to the company by the faults of the Board of Directors members during their duties, which is insured for an amount exceeding 25% of the company's capital	None
Title of the section on the corporate website providing information about the diversity policy aimed at increasing the proportion of female board members	None
The number and proportion of female members	1 and %13

STRUCTURE OF THE BOARD OF DIRECTORS

Name/Surname of the Board of Directors Member	Whether or not they have executive duties	Whether or not they are an independent member	Date of First Election to the Board of Directors	The link to the KAP (Public Disclosure Platform) announcement containing the declaration of independence	Whether the independent member has been evaluated by the Nomination Committee	Whether the member has lost their independence	Whether they have at least 5 years of experience in the fields of audit, accounting, and/or finance
Omsan Lojistik Anonim Şirketi Eren Ziya Dik	Not involved in executive duties	Not an independent member	21/07/2023				Yes
Oytaş İç ve Dış Ticaret Anonim Şirketi Can Örüng	Not involved in executive duties	Not an independent member	28/12/2023				Yes
OYAK Pazarlama Hizmet ve Turizm Anonim Şirketi Ferhat Bağlarlıoğlu	Not involved in executive duties	Not an independent member	08/05/2024				Yes
OYAK Denizcilik ve Liman İşletmeleri Anonim Şirketi Şansel Yılmaz	Not involved in executive duties	Not an independent member	01/06/2023				Yes
Akdeniz Chemson Kimya Sanayi ve Ticaret Anonim Şirketi Gözde Erkoç	Not involved in executive duties	Not an independent member	27/03/2024				Yes
Kurtuluş Bedri Varoğlu	İNot involved in executive duties	Independent Member	03/04/2023	https://www.kap.org.tr/tr/Bildirim/1278173	Evaluated	No	Yes
Bülent Şamil Yetiş	Not involved in executive duties	Independent Member	31.03.2020	https://www.kap.org.tr/tr/Bildirim/1278173	Evaluated	No	Yes
Kadri Özgüneş	Not involved in executive duties	Independent Member	06.04.2022	https://www.kap.org.tr/tr/Bildirim/1278173	Evaluated	No	Yes

4. BOARD OF DIRECTORS-II	
4.4. Form of Board of Directors Meetings	
The number of Board of Directors meetings held physically during the reporting period	33
Average attendance rate at Board of Directors meetings	99%
Whether an electronic portal is used to facilitate the work of the Board of Directors	No
According to the Board of Directors' working principles, the number of days before the meeting that information and documents are provided to the members	5 days
Title of the section on the corporate website providing information about internal regulations determining how Board of Directors meetings are conducted	https://hektas.com.tr/yatirimci-iliskileri/kurum-kimligi-ve-yonetimi/anasozlesme
The upper limit specified in the policy that restricts members from taking on other roles outside the company	None
4.5. Committees Formed Within the Board of Directors	
Page number or title of the section in the annual report containing information about the Board of Directors' committees	- Management Structure /Committee Structure - Corporate Governance / Working Principles of the Committees
The link to the KAP (Public Disclosure Platform) announcement where the working principles of the committees are disclosed	None

Board of Directors Committees-I

Names of the Board of Directors Committees	The name of the committee listed as "Other" in the first column	Name/Surname of Committee Members	Whether or not they are the Committee Chair	Whether or not they are a Board of Directors member
Audit Committee		Kurtuluş Bedri VAROĞLU	Yes	Board Member
Audit Committee		Kadri ÖZGÜNEŞ	No	Board Member
Corporate Governance Committee		Bülent Şamil YETİŞ	Yes	Board Member
Corporate Governance Committee		Kurtuluş Bedri VAROĞLU	No	Board Member
Corporate Governance Committee		Tuba BEKTAŞ	No	Not a Board Member
Early Detection of Risk Committee		Kadri ÖZGÜNEŞ	Yes	Board Member
Early Detection of Risk Committee		Bülent Şamil YETİŞ	No	Board Member

4. BOARD OF DIRECTORS-III	
4.5. Board of Directors Committees-II	
Please specify the section (page number or title) in the annual report or corporate website that provides information about the activities of the Audit Committee	https://hektas.com.tr/yatirimci-iliskileri/kurumsal-yonetim/komite-yonergeleri
Please specify the section (page number or title) in the annual report or corporate website that provides information about the activities of the Corporate Governance Committee	https://hektas.com.tr/yatirimci-iliskileri/kurumsal-yonetim/komite-yonergeleri
Please specify the section (page number or title) in the annual report or corporate website that provides information about the activities of the Nomination Committee	https://hektas.com.tr/yatirimci-iliskileri/kurumsal-yonetim/komite-yonergeleri
Please specify the section (page number or title) in the annual report or corporate website that provides information about the activities of the Risk Early Detection Committee	https://hektas.com.tr/yatirimci-iliskileri/kurumsal-yonetim/komite-yonergeleri
Please specify the section (page number or title) in the annual report or corporate website that provides information about the activities of the Remuneration Committee	https://hektas.com.tr/yatirimci-iliskileri/kurumsal-yonetim/komite-yonergeleri
4.6. Financial Rights Provided to Board Members and Executives with Administrative Responsibility	
Page number or title of the section in the annual report that provides information about operational and financial performance targets and whether they have been achieved	None
Title of the section on the corporate website that contains the compensation policy for executive and non-executive members	https://hektas.com.tr/yatirimci-iliskileri/kurumsal-yonetim/ucret-politikasi
Page number or title of the section in the annual report that specifies the salaries and all other benefits provided to the Board of Directors members and executives with administrative responsibility	- MANAGEMENT STRUCTURE /BOARD MEMBERS /Financial Rights Provided to Board Members and Senior Executives

Board of Directors Committees-II

Names of the Board of Directors Committees	The name of the committee listed as "Other" in the first column	Proportion of Executives Not Involved in Executive Duties	Proportion of Independent Members in the Committee	Number of Physical Meetings Held by the Committee	Number of Reports Submitted to the Board of Directors Regarding the Committee's Activities
Audit Committee		100%	100%	9	6
Corporate Governance Committee		66%	66%	7	1
Risk Early Detection Committee		100%	100%	6	6

Sustainable Principles Compliance Report

If the compliance with the principles is determined as "Yes" or "Partially," the report information/link regarding the publicly disclosed information should be provided.

Explanations regarding compliance with the principles are provided in the "Explanation" column.

The scope in which the requested information is presented as consolidated or individual should be specified in the "Explanation" column.

	SUSTAINABILITY REPORT	Yes	Partially	No	Unrelated	Explanation	Report Information Regarding Publicly Disclosed Information (Page number should also be specified) / LINK
	A. General Principles **A1. Strategy, Policy, and Objectives**						
A1.1	The partnership's board of directors has identified the key environmental, social, and corporate governance (ESG) issues, risks, and opportunities.	X				Process-based risk analyses have been conducted in our company. Within the framework of business ethics rules, there are regulations regarding relationships with shareholders, stakeholders, and the public. There is an Integrated Management Systems Policy and Business Ethics principles. A risk inventory has been created within the framework of Corporate Risk Management.	
A1.1	ESG policies (e.g., Environmental Policy, Energy Policy, Human Rights and Labor Policy, etc.) have been created by the partnership's board of directors and disclosed to the public.	X				The ESG policy is included within the Integrated Management Systems Policy and has been announced on our website.	
A1.2	Short-term and long-term goals set within the framework of the ESG policies have been disclosed to the public.		X			The company is continuing its efforts on the matter.	
	A2. Implementation/Monitoring						
A2.1	The committees and/or units responsible for the implementation of ESG policies, as well as the top-level officials in the partnership responsible for ESG matters and their duties, have been identified and disclosed to the public.		X			Committees for Risk Early Detection, Audit, and Corporate Governance have been established and disclosed to the public.	

		SUSTAINABILITY REPORT Yes	Partially	No	Unrelated	Explanation	Report Information Regarding Publicly Disclosed Information (Page number should also be specified) / LINK
	Activities carried out under the policies by the responsible committee and/or unit have been reported to the Board of Directors at least once during the year.		X			Decisions of the Corporate Governance, Risk Early Detection, and Audit Committees have been made and are included in the annual report.	
A2.2	Action and implementation plans have been created in line with ESG goals and disclosed to the public.		X			The company is continuing its efforts on the matter.	
A2.3	ESG Key Performance Indicators (KPIs) and the level of achievement of these indicators on an annual basis have been disclosed to the public.		X			ESG-related KPIs have been determined, and KPIs have been assigned at the unit and employee levels.	
A2.4	Activities aimed at improving sustainability performance in business processes or products and services have been disclosed to the public.	X				Topics such as Seed Breeding, Safe Food platform, and Smart Assistant mobile application are announced through the corporate website. Additionally, information about R&D projects is provided at industry fairs. R&D activities are also communicated to stakeholders through the Smart Agriculture magazine.	
	A3. Reporting						
A3.1	In the annual reports, information regarding the partnership's sustainability performance, goals, and actions has been provided in a clear, accurate, and sufficient manner.	X				All disclosures are made in an objective and transparent manner based on corporate governance principles.	

		SUSTAINABILITY REPORT Yes	Partially	No	Unrelated	Explanation	Report Information Regarding Publicly Disclosed Information (Page number should also be specified) / LINK
A3.2	The partnership has disclosed to the public information about which of its activities are related to the United Nations (UN) 2030 Sustainable Development Goals.		X			In the OYAK Annual Report, the Sustainable Development Goals that demonstrate our impact and contribution by sector are listed. Work is ongoing at the company level.	
A3.3	Lawsuits filed and/or concluded against ESG matters, which are significant in terms of ESG policies and/or may substantially affect operations, have been disclosed to the public.				X	Our company is not a party to any such lawsuits.	
	A4. Verification						
A4.1	The partnership's ESG key performance indicators have been verified by an independent third party and disclosed to the public.			X		No information has been shared in this regard.	
	B. Environmental Principles						
B1	The partnership has disclosed its policies and practices in environmental management, action plans, environmental management systems (known by the ISO 14001 standard), and programs to the public.	X				We have ISO 14001 certification. Within the scope of the environmental management system, policies, procedures, and instructions have been prepared.	
B2	Regarding the environmental reports prepared for the provision of information on environmental management, the scope of the report, reporting period, reporting date, and any limitations related to reporting conditions have been disclosed to the public.	X				A list of external documents and the relevant regulations to be followed have been determined, and a system for monitoring regulatory changes on a daily basis has been established. All procedures and instructions have been prepared based on the relevant regulations.	

		SUSTAINABILITY REPORT Yes	Partially	No	Unrelated	Explanation	Report Information Regarding Publicly Disclosed Information (Page number should also be specified) / LINK
B4	Environmental objectives included in the performance incentive systems, based on stakeholders (such as board members, managers, and employees), have been disclosed to the public.		X			It has been partially explained in the Personnel Regulation. The work is ongoing.	
B5	It has been disclosed to the public how the identified environmental issues are integrated into business objectives and strategies.		X			Environmental priorities and sensitivities are included in the business strategies. Development work is ongoing.	
B7	It has been disclosed to the public how environmental issues are managed throughout the partnership value chain, including suppliers and customers, and how they are integrated into business objectives and strategies, including the operational process.		X			Supplier selection is carried out according to the supplier evaluation procedure, and the suitability of suppliers is monitored through audits. Work is ongoing to improve the process.	
B8	It has been disclosed to the public whether relevant organizations and non-governmental organizations are involved in the policy-making processes and the collaborations made with these institutions.			X		There is no organization with which we collaborate on environmental issues.	
B9	Information regarding environmental impacts, in light of environmental indicators (Greenhouse gas emissions (Scope 1 (Direct), Scope 2 (Energy indirect), Scope 3 (Other indirect), air quality, energy management, water and wastewater management, waste management, biodiversity impacts), has been disclosed to the public in a periodically comparable manner.		X			Data related to energy, water, wastewater, and waste management is collected and reported. It is reported in accordance with the OYAK Sustainable Development Goals Alignment and Contribution Report.	
B10	The standards, protocols, methodologies, and base year details used to collect and calculate the data have been disclosed to the public.		X			It will be explained in the environmental management plan. The work is ongoing.	
B11	The increase or decrease in environmental indicators for the reporting year, compared to previous years, has been disclosed to the public.		X			The work is ongoing.	
B12	Short- and long-term goals have been set to reduce environmental impacts, and the progress made toward these goals, as well as those set in previous years, has been disclosed to the public.		X			Environmental priorities and sensitivities are included in the business strategies. Development work is ongoing.	
B13	A strategy to combat the climate crisis has been developed, and the planned actions have been disclosed to the public.		X			A study to identify climate risks has been conducted. The identified risks have been added to the Corporate Risk Inventory. Action plans have been created for the identified risks.	
B14	Programs or procedures have been established to prevent or minimize the potential negative environmental impacts of products and/or services, and have been disclosed to the public.		X			Our company is an organization within the scope of BEKRA and makes the BEKRA declaration. The BEKRA notification has been published on our website for the public. Additionally, we have procedures and instructions related to the processes, which are not publicly available.	
	Actions have been taken to reduce greenhouse gas emissions by third parties (e.g., suppliers, subcontractors, distributors, etc.), and these actions have been disclosed to the public.			X		No statement has been made in this regard.	

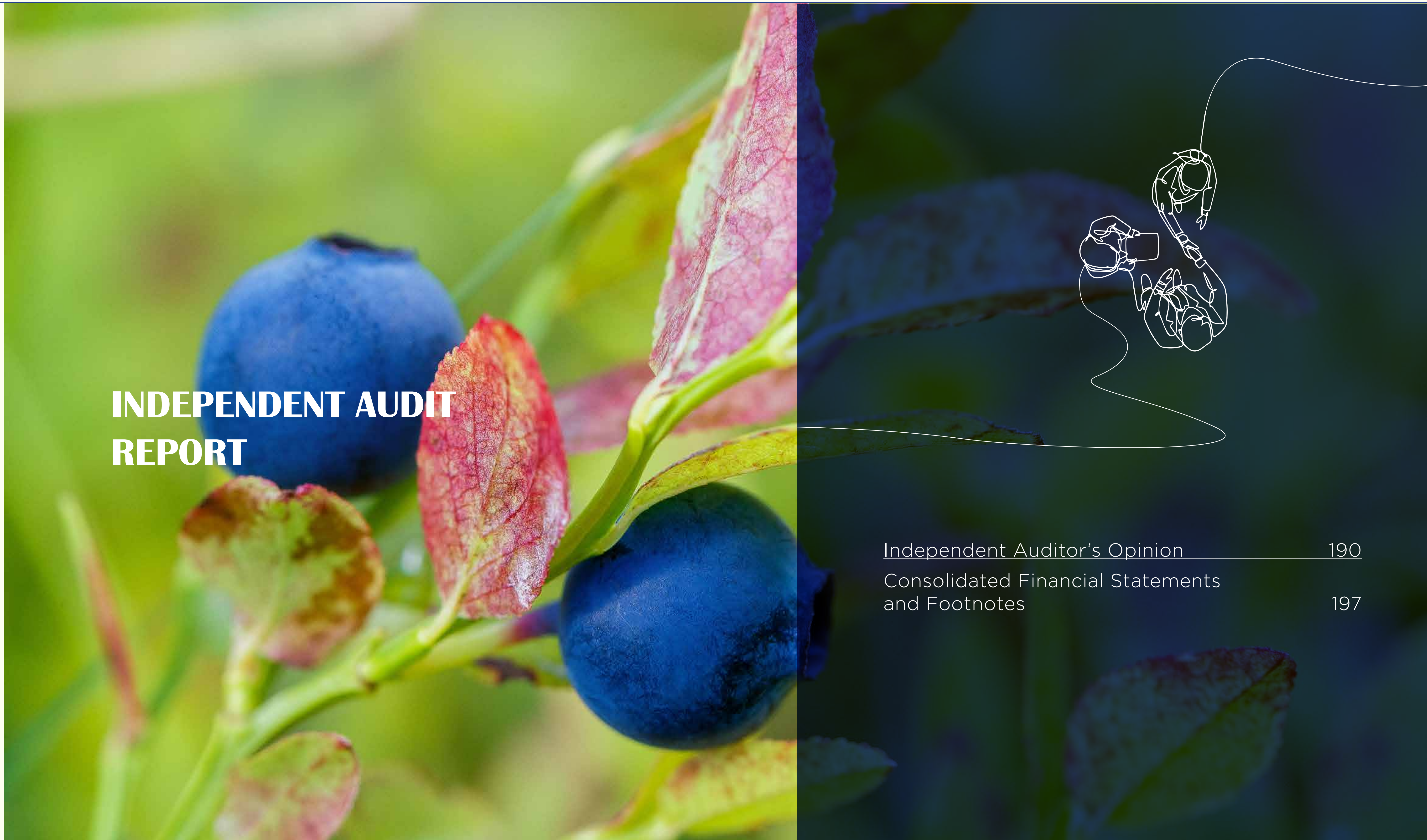
	SUSTAINABILITY REPORT	Yes	Partially	No	Unrelated	Explanation	Report Information Regarding Publicly Disclosed Information (Page number should also be specified) / LINK
B15	The environmental benefits/ gains and cost savings provided by initiatives and projects aimed at reducing environmental impacts have been disclosed to the public.		X			Investments aimed at reducing environmental impact are monitored and reported. It is reported in accordance with the OYAK Sustainable Development Goals Alignment and Contribution Report.	
B16	Energy consumption data (natural gas, diesel, gasoline, LPG, coal, electricity, heating, cooling, etc.) have been disclosed to the public as Scope 1 and Scope 2.		X			Total energy consumption data is monitored monthly and reported within the company. It is reported in accordance with the OYAK Sustainable Development Goals Alignment and Contribution Report.	
B17	Information regarding electricity, heat, steam, and cooling produced in the reporting year has been disclosed to the public.		X			Electricity, natural gas, and water consumption are reported monthly within the company. It is reported in accordance with the OYAK Sustainable Development Goals Alignment and Contribution Report.	
B18	Efforts have been made to increase the use of renewable energy and transition to zero or low-carbon electricity, and these efforts have been disclosed to the public.		X			A project is being developed regarding the use of renewable energy. Feasibility studies have been conducted for the solar power investment, and preliminary work has begun.	
B19	Renewable energy production and consumption data have been disclosed to the public.			X		No statement has been made in this regard.	
B20	Energy efficiency projects have been implemented, and the energy consumption and emission reductions achieved through these projects have been disclosed to the public.		X			Energy efficiency is being increased through projects that involve monitoring and implementing new technologies.	
B21	Water consumption, including the amounts of water extracted from underground or surface sources, recycled, and discharged, along with the sources and procedures, have been disclosed to the public.		X			It is monitored monthly, but it is not shared with the public.	
B22	It has been disclosed to the public whether the operations or activities are included in any carbon pricing system (Emission Trading System, Cap & Trade, or Carbon Tax).				X	Due to the nature of the company's operations, it is not within the scope of the relevant regulations and initiatives.	
B23	Information regarding accumulated or purchased carbon credits during the reporting period has been disclosed to the public.				X	Due to the nature of the company's operations, it is not within the scope of the relevant regulations and initiatives.	
B24	If carbon pricing is applied within the partnership, the details have been disclosed to the public.				X	Due to the nature of the company's operations, it is not within the scope of the relevant regulations and initiatives.	
B25	The platforms through which the partnership discloses its environmental information have been disclosed to the public.				X	No statement has been made in this regard.	
	C. Social Principles **C1. Human Rights and Labor Rights**						
C1.1	A Corporate Human Rights and Labor Rights Policy has been developed, covering the Universal Declaration of Human Rights, ILO Conventions ratified by Türkiye, and other relevant regulations. The responsible parties for the implementation of the policy have been identified, and the policy along with the responsible parties have been disclosed to the public.		X			Business Ethics Principles have been established. A statement has been made on the corporate website regarding the subject.	

	SUSTAINABILITY REPORT	Yes	Partially	No	Unrelated	Explanation	Report Information Regarding Publicly Disclosed Information (Page number should also be specified) / LINK
C1.2	The policy on labor rights includes considerations on fair workforce, improvement of labor standards, female employment, and inclusivity (such as non-discrimination based on gender, race, religion, language, marital status, ethnic identity, sexual orientation, gender identity, family responsibilities, union activities, political views, disability, social and cultural differences, etc.), taking into account the impacts of the supply and value chain.	X				It is included in the Business Ethics Principles of HEKTAŞ Ticaret T.A.Ş.	
C1.3	Measures taken throughout the value chain to address the needs of vulnerable groups sensitive to specific economic, environmental, and social factors (such as low-income groups, women, etc.) or to ensure the rights of minorities/equal opportunities have been disclosed to the public.			X		No statement has been made in this regard.	
C1.4	Developments related to preventive and corrective actions to avoid discrimination, inequality, human rights violations, forced labor, and child labor have been disclosed to the public.	X				It is included in the Business Ethics Principles of HEKTAŞ Ticaret T.A.Ş. To date, there has been no application to the ethics committee regarding this matter. If it occurs, it will be reported.	
C1.5	The policy on labor rights includes investments made in employees (training, development policies), compensation, recognized benefits, the right to unionize, work/life balance solutions, and talent management.		X			It is included in the relevant procedures.	

	SUSTAINABILITY REPORT	Yes	Partially	No	Unrelated	Explanation	Report Information Regarding Publicly Disclosed Information (Page number should also be specified) / LINK
C1.5	Mechanisms for employee complaints and dispute resolution have been established, and dispute resolution processes have been defined.	X				It is explained in the Personnel Regulation. All types of disputes are resolved in the Disciplinary Committee.	
C1.5	Activities carried out during the reported period to ensure employee satisfaction have been disclosed to the public.	X				All services provided to employees (training, organization, meals, transportation, events, etc.) are measured.	
C1.6	Occupational health and safety policies have been established and disclosed to the public.	X				It is included in the Integrated Management System Policy. It has been announced on our corporate website.	
C1.6	Measures taken to prevent workplace accidents and protect health, along with accident statistics, have been disclosed to the public.		X			Accident statistics are regularly recorded and reported. We have ISO 45001 certification.	
C1.7	Personal data protection and data security policies have been established and disclosed to the public.	X				Forms have been created for our internal and external customers under the scope of the Personal Data Protection Law (KVKK) and communicated to the relevant parties. It has been announced on our corporate website.	
C1.8	An ethics policy has been established and disclosed to the public.	X				HEKTAŞ Ticaret T.A.Ş. Business Ethics Principles are available and have been announced on our website.	
C1.9	Works related to social investment, corporate social responsibility, financial inclusion, and access to finance have been disclosed.			X		No statement has been made in this regard.	
C1.10	Informational meetings and training programs have been organized for employees regarding CSR policies and practices.		X			Training sessions are organized for employees.	

		SUSTAINABILITY REPORT Yes	Partially	No	Unrelated	Explanation	Report Information Regarding Publicly Disclosed Information (Page number should also be specified) / LINK
	C2. Stakeholders, International Standards, and Initiatives						
C2.1	A customer satisfaction policy regarding the management and resolution of customer complaints has been established and disclosed to the public.		X			The process has been defined through the Customer Complaint Process.	
C2.2	Information regarding communication with stakeholders (including which stakeholders, topics, and frequency) has been disclosed to the public.	X				Internal communication with internal customers is maintained through the Hekinnova internal communication portal. All company information is shared with the public in a transparent manner.	
C2.3	The international reporting standards adopted in the reports have been disclosed.		X			GRI standards are based on the OYAK Sustainable Development Goals Alignment and Contribution Report.	
C2.4	The principles adopted regarding sustainability, as well as the international organizations, committees, and principles signed or joined, have been disclosed to the public.			X		No statement has been made in this regard.	
C2.5	Developments have been made and efforts have been undertaken to be included in the sustainability indices of Borsa İstanbul and/or international index providers.	X				A working group has been established on the subject.	

		SUSTAINABILITY REPORT Yes	Partially	No	Unrelated	Explanation	Report Information Regarding Publicly Disclosed Information (Page number should also be specified) / LINK
	D. Corporate Governance Principles						
D1	The opinions of stakeholders have been sought in determining the measures and strategies in the field of sustainability.	X				-	
D2	Social responsibility projects, awareness activities, and training programs have been carried out to raise awareness about sustainability and its importance.	X				The implemented social responsibility projects are carried out based on sustainability principles and are shared with the public through various communication channels (website, social media, press releases, etc.). In the communication efforts, speeches, press releases, and projects, an emphasis is placed on agricultural and environmental sustainability, and the importance of sustainability is conveyed.	



INDEPENDENT AUDIT REPORT

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(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Hektaş Ticaret Türk Anonim Şirketi

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Hektaş Ticaret Türk Anonim Şirketi ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of comprehensive income, consolidated statement 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, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (TFRS).

2) Basis for Opinion

We conducted our audit in accordance with the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards accepted by regulations of the Capital Markets Board and published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics for Independent Auditors* ("Code of Ethics") published by the POA, together with the ethical requirements included in the regulations of the Capital Markets Board and other regulations that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Deloitte.

3) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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 the matter was addressed in the audit**
Revenue recognition Main operation of the Group comprises production and sale of products for plant nutrition, protection and animal health. The Group recognizes revenue according to the five-step model as described in TFRS 15 "Revenue from Contracts with Customers". Five step model comprises identification of contract, identification of performance obligations, determination and allocation of transaction price to performance obligations and recognition of revenue when these performance obligations are satisfied. As revenue is a measurement criterion for evaluating the results of the strategy implemented during the year and monitoring performance, and due to its unique nature, being susceptible to risks due to fraud and error, considered to be a material account balance. Determining when the related performance obligations are satisfied and recognition of revenue in the correct period has been identified as a key audit matter. The Group's accounting policies regarding revenue, revenue amounts, receivables and additional explanations regarding the risk levels of these receivables are presented in Note 2.5, Note 24, Note 7 and Note 34, respectively.	During our audit, the following audit procedures have been applied regarding the revenue recognition: The revenue process of the Group has been evaluated, the relevant controls within this process have been determined, and the design and implementation of these controls have been understood. Satisfaction of performance obligations are assessed based on the timing for transfer of control of goods to customers. Revenue amounts recognized closed to year end, are tested by selecting samples and controlling proof of deliveries from supporting documents. With the additional substantive procedures performed, completeness and accuracy of the revenue recognized in the consolidated financial statements have also been tested. In addition to the procedures mentioned above, the adequacy of the disclosures in Note 7, Note 24 and Note 34 has been evaluated within the scope of the relevant TFRSs.

Deloitte.

3) Key Audit Matters (continued)

Recoverability of trade receivables	
In the consolidated financial statements as of 31 December 2024, the Group sets allowance for doubtful receivables amounting to TL 177,789,824, for the trade receivables from third parties amounting to TL 1,264,261,651. The Group management assesses recoverability of trade receivables and set allowance for the ones that there is collection risk. The allowance amount is based on expected loss to be incurred from the related receivable, as presented in Note 7. Due to the industry that the Group operates in, average collection days of the Group is 214 days and receivables are spread to many different customers. While assessing recoverability of these receivables, the Group management considers past payment performance, collateral levels, current financial strength based on market intelligence gathered, therefore the assessment is based on significant management estimates and assumptions. As trade receivables constitutes significant part of the total assets of the Group, as the average collection periods are long, as the period between financial statement and report dates is limited and accordingly subsequent collection from these receivables are also limited and as the recoverability assessment of trade receivables include significant management estimates and assumptions, recoverability of trade receivables has been identified as key audit matter. The Group's accounting policies regarding receivables, receivable amounts and additional explanations regarding the risk levels of these receivables are presented in Note 2.5, Note 7 and Note 34, respectively.	During our audit, the following audit procedures have been applied regarding the recoverability of trade receivables: The process and controls set for monitoring trade receivables have been evaluated. Aging of trade receivables and allowance calculation for doubtful trade receivables have been obtained from the Group management. Completeness and accuracy of the information used in these calculations have been controlled, assumptions used are evaluated and arithmetic accuracy has been tested. Considering long collection period of the receivables, a further assessment is made by analyzing opening balances, sales and collections throughout the year and collateral level for individual customer and for the ones that are assessed to be risky additional information has been asked from the Group management and subsequent collection is controlled on sampling basis. In addition to the procedures mentioned above, the adequacy of the disclosures in Note 7 and Note 34 has been evaluated within the scope of the relevant TFRSs.

3) Key Audit Matters (continued)

Recoverability of deferred tax assets	
As stated in Note 31, the Group recognizes deferred tax assets amounting to TL 1,675,624,067 in the consolidated statement of financial position as of 31 December 2024. The recoverable amount of deferred tax assets has been estimated through projections prepared by the Group management based on assumptions under current conditions. As these projections are based on estimates and the deferred tax assets recognized in the consolidated financial statements as at 31 December 2024 are significant, the recoverability of these assets is considered as Key Audit Matter.	During our audit, the following audit procedures have been applied regarding the recoverability of trade receivables: - Projections were obtained from the Group management and the appropriateness of the key assumptions included in these projections were evaluated in meetings with senior management, including our tax experts. - The reasonableness of the estimates has been assessed. We assessed the Group's budget processes (the basis of the estimates) and analyzed the principles and mathematical accuracy of the calculation model. - The appropriateness of financial indicators such as revenue, capital expenditures and production costs, which have a significant impact on taxable profit, has been evaluated by comparing them with the current year realizations. In addition to the procedures mentioned above, the adequacy of the disclosures in the consolidated financial statements and notes to them has been assessed in accordance with TFRS.

4) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Deloitte.

5) **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Responsibilities of independent auditors in an independent audit are as follows:

Our objectives are 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the regulations of the Capital Markets Board and SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 consolidated financial statements.

As part of an audit in accordance with the regulations of the Capital Markets Board and SIA, 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.

5) Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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.

- 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.

Deloitte.

B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 (“TCC”), the auditor’s report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 11 March 2025.

In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Group’s set of accounts and financial statements prepared for the period 1 January-31 December 2024 does not comply with TCC and the provisions of the Company’s articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor’s report is Volkan Becerik.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Volkan Becerik, SMMM
Partner

İstanbul, 11 March 2025

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HEKTAŞ GROUP

AUDITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

(All amounts expressed in TL in terms of the purchasing power of Turkish Lira ("TL") as of 31 December 2024, unless otherwise stated.)

	Notes	Current Period Audited 31 December 2024	Prior Period Audited 31 December 2023
ASSETS			
Current Assets		**8,848,414,927**	**21,844,083,146**
Cash and Cash Equivalents	3	1,872,306,925	6,673,440,210
Financial Equivalents	4	1,164,718,399	1,401,713,931
Trade Receivables	7a	1,325,635,767	4,381,843,439
From Related Parties	*33*	*61,893,295*	*42,573,885*
From Third Parties		*1,263,742,472*	*4,339,269,554*
Other Receivables	9a	195,398,793	2,166,596,876
From Related Parties	*33*	-	*2,154,402,147*
From Third Parties		*195,398,793*	*12,194,729*
Inventories	12	3,382,640,299	6,136,829,514
Prepaid Expenses	10	132,478,410	160,300,813
From Related Parties	*33*	*601,584*	*2,166,502*
From Third Parties		*131,876,826*	*158,134,311*
Current Tax Assets	20	105,791,171	86,276,701
Other Current Assets	22	669,445,163	837,081,662
Non-Current Assets		**15,228,946,134**	**14,908,018,975**
Trade Receivables	7a	519,179	-
Other Receivables	9a	4,518,518	6,073,655
Investment Properties	16	107,827,196	56,694,978
Property, Plant and Equipment	13	9,551,723,492	6,303,082,801
Intangible Assets		1,583,799,315	4,861,379,985
Goodwill	*17*	*425,492,370*	*425,492,370*
Other	*15*	*1,158,306,945*	*4,435,887,615*
Right-of-Use Assets	14	639,231,086	214,202,996
Prepaid Expenses	10	1,665,703,281	1,231,898,795
Deferred Tax Asset	31	1,675,624,067	2,234,685,765
TOTAL ASSETS		**24,077,361,061**	**36,752,102,121**

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

HEKTAŞ GROUP

AUDITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

(All amounts expressed in TL in terms of the purchasing power of Turkish Lira ("TL") as of 31 December 2024, unless otherwise stated.)

	Notes	Current Period Audited 31 December 2024	Prior Period Audited 31 December 2023
LIABILITIES AND EQUITY			
Current Liabilities		**7,328,602,945**	**22,809,342,097**
Short-Term Borrowings	6	4,484,377,079	19,393,663,106
Lease Liabilities	6	56,649,046	76,606,134
Trade Payables	7b	1,336,147,977	2,021,416,826
To Related Parties	*33*	*136,707,026*	*248,782,172*
To Third Parties		*1,199,440,951*	*1,772,634,654*
Payables Related to Employee Benefits	8	160,228,296	117,380,618
Other Payables	9b	1,216,606,643	1,095,462,112
To Related Parties	*33*	*1,193,483,775*	*1,072,413,303*
To Third Parties		*23,122,868*	*23,048,809*
Derivative Instruments	5	-	2,580,245
Deferred Income	11	49,894,402	40,242,818
Current Tax Liability	31	-	38,218,844
Short-Term Provisions	21a	24,699,502	23,771,394
Related to Employee Benefits	*21a*	*19,502,897*	*19,125,567*
Other	*21a*	*5,196,605*	*4,645,827*
Non-Current Liabilities		**3,014,575,332**	**3,056,924,587**
Long-Term Borrowings	6	2,204,405,117	1,318,451,839
Lease Liabilities	6	509,764,229	53,888,998
Other Payables	9b	125,006,301	161,638,386
Other Payables to Related Parties	*33*	*125,006,301*	*161,638,386*
Long-Term Provisions	21b	104,992,164	106,645,917
Related to Employee Benefits		*104,992,164*	*106,645,917*
Deferred Tax Liability	31	70,407,521	1,416,299,447
EQUITY		**13,734,182,784**	**10,885,835,437**
Equity Attributable to the Parent		**13,772,162,689**	**10,898,916,641**
Paid-in Capital	23a	8,430,000,000	2,530,000,000
Share Capital Adjustment Differences	23a	7,304,039,454	7,243,379,289
Premiums/Discounts Related to Interests		211,035,305	72,248,548
Other Comprehensive Income (Expenses) that will be Reclassified to Profit or Loss		(295,337,496)	205,492,915
- Foreign Currency Translation Differences		*(295,337,496)*	*205,492,915*
Other Comprehensive (Expenses) that will not be Reclassified to Profit or Loss		(58,670,580)	(60,025,650)
- Defined Benefit Plans Remeasurement Losses	*23c*	*(58,670,580)*	*(60,025,650)*
Restricted Reserves Appropriated from Profit	23b	456,563,215	456,563,215
Prior Years' Profit		451,258,324	1,719,249,068
Net Loss for the Period		(2,726,725,533)	(1,267,990,744)
Non-Controlling Interests		**(37,979,905)**	**(13,081,204)**
TOTAL LIABILITIES AND EQUITY		**24,077,361,061**	**36,752,102,121**

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

AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2024

(All amounts expressed in TL in terms of the purchasing power of Turkish Lira ("TL") as of 31 December 2024, unless otherwise stated.)

	Notes	Current Period Audited 1 January- 31 December 2024	Prior Peirod Audited 1 January- 31 December 2023
PROFIT OR (LOSS)			
Revenue	24a	4,867,088,189	8,719,027,378
Cost of Sales (-)	24b	(5,877,261,499)	(7,541,484,454)
GROSS PROFIT/(LOSS)		**(1,010,173,310)**	**1,177,542,924**
General Administrative Expenses (-)	25b	(1,014,472,800)	(1,171,963,371)
Marketing Expenses (-)	25a	(484,613,568)	(859,321,357)
Research and Development Expenses (-)	25c	(386,142,083)	(300,585,241)
Other Income from Operating Activities	27	207,700,303	219,457,519
Other Expenses from Operating Expenses (-)	28	(125,939,365)	(1,169,381,600)
OPERATING (LOSS)/PROFIT		**(2,813,640,823)**	**(2,104,251,126)**
Income from Investing Activities	29a	18,736,981	1,833,468,948
Expenses from Investing Activities (-)	29b	(1,856,472)	(2,608,764)
OPERATING (LOSS)/PROFIT BEFORE FINANCE EXPENSES		**(2,796,760,314)**	**(273,390,942)**
Finance Income	30a	2,133,048,009	2,349,620,051
Finance Expenses (-)	30b	(6,316,484,755)	(6,561,799,651)
Monetary Loss Gain, net	37	3,435,323,623	2,298,443,143
(LOSS)/PROFIT FROM CONTINUING OPERATIONS BEFORE TAX		**(3,544,873,437)**	**(2,187,127,399)**
Continuing Operations Tax (Expense) / Income		**790,715,918**	**895,720,172**
Current Tax (Expense) / Income	31	-	(81,353,119)
Deferred Tax (Expense) / Income	31	790,715,918	977,073,291
PROFIT/LOSS FOR THE PERIOD		**(2,754,157,519)**	**(1,291,407,227)**
Distribution of (Loss)/Profit for the Period			
Non-Controlling Interests		(27,431,986)	(23,416,483)
Parent Shares		(2,726,725,533)	(1,267,990,744)
		(2,754,157,519)	**(1,291,407,227)**
Earnings / (loss) per share			
One Hundred Ordinary Stock (TL)	32	**(0.79)**	**(0.50)**
OTHER COMPREHENSIVE (EXPENSE) / INCOME:			
Items that will not be Reclassified Subsequently to Profit or Loss		**1,355,070**	**(15,990,603)**
Defined Benefit Plans Remeasurement Gains/Losses		1,806,759	(21,320,804)
Defined Benefit Plans Remeasurement Gains/(Losses), Tax Effect		(451,689)	5,330,201
(Expense)/Income that will be Reclassified Subsequently to Profit or Loss		**(498,297,126)**	**162,975,400**
Other Comprehensive (Expense) / Income Related to Cash Flow Hedging		-	(6,065,145)
Foreign Currency Translation Differences		(498,297,126)	167,524,259
Other Comprehensive (Expense) / Income Related to Cash Flow Hedge, Tax Effect		-	1,516,286
OTHER COMPREHENSIVE (EXPENSE) / INCOME		**(496,942,056)**	**146,984,797**
TOTAL COMPREHENSIVE (EXPENSE) / INCOME		**(3,251,099,575)**	**(1,144,422,430)**
Distribution of Total Comprehensive (Expense) / Income:		**(3,251,099,575)**	**(1,144,422,430)**
Non-Controlling Interests		(24,898,701)	(30,911,715)
Parent Shares		(3,226,200,874)	(1,113,510,715)

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

HEKTAŞ GROUP

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2024

(All amounts expressed in TL in terms of the purchasing power of Turkish Lira ("TL") as of 31 December 2024, unless otherwise stated.)

				Other Comprehensive Income and Expenses that will not be Reclassified Subsequently to Profit or Loss	Other Comprehensive Income and Expenses that will be Reclassified Subsequently to Profit or Loss			Retained Earnings				
	Paid-in Capital	Share Capital Adjustment Differences	Share Issue Premiums / Discounts	Accumulated Remeasurement Losses of Defined Benefit Plans	Foreign Currency Translation Differences	Hedging Gain / Losses	Restricted Reserves Appropriated from Profit	Prior Years' Profit	Net Profit / Loss for the Period	Equity Attributable to the Parent	Non-Controlling Interests	Equity
Balances as of 1 January 2023	**2,530,000,000**	**7,243,379,289**	**72,248,548**	**(47,380,392)**	**30,473,424**	**4,548,859**	**412,818,620**	**79,877,363**	**1,684,212,708**	**12,010,178,419**	**17,830,511**	**12,028,008,930**
Transfers	-	-	-	-	-	-	44,841,003	1,639,371,705	(1,684,212,708)	-	-	-
Total Comprehensive Income / (Expense)	**-**	**-**	**-**	**(15,990,603)**	**175,019,491**	**(4,548,859)**	**-**	**-**	**(1,267,990,744)**	**(1,113,510,715)**	**(30,911,715)**	**(1,144,422,430)**
Profit /(Loss) for the Period	-	-	-	-	-	-	-	-	*(1,267,990,744)*	*(1,267,990,744)*	*(23,416,483)*	*(1,291,407,227)*
Other Comprehensive (Expense) / Income	-	-	-	*(15,990,603)*	*175,019,491*	*(4,548,859)*	-	-	-	*154,480,029*	*(7,495,232)*	*146,984,797*
Acquisition and disposal of subsidiaries (*)	-	-	-	3,345,345	-	-	(1,096,408)	-	-	2,248,937	-	2,248,937
Balances as of 31 December 2023	**2,530,000,000**	**7,243,379,289**	**72,248,548**	**(60,025,650)**	**205,492,915**	**-**	**456,563,215**	**1,719,249,068**	**(1,267,990,744)**	**10,898,916,641**	**(13,081,204)**	**10,885,835,437**
Balances as of 1 January 2024	**2,530,000,000**	**7,243,379,289**	**72,248,548**	**(60,025,650)**	**205,492,915**	**-**	**456,563,215**	**1,719,249,068**	**(1,267,990,744)**	**10,898,916,641**	**(13,081,204)**	**10,885,835,437**
Transfers	-	-	-	-	-	-	-	(1,267,990,744)	1,267,990,744	-	-	-
Total Comprehensive (Expense) / Income	**-**	**-**	**-**	**1,355,070**	**(500,830,411)**	**-**	**-**	**-**	**(2,726,725,533)**	**(3,226,200,874)**	**(24,898,701)**	**(3,251,099,575)**
Loss for the Period	-	-	-	-	-	-	-	-	*(2,726,725,533)*	*(2,726,725,533)*	*(27,431,986)*	*(2,754,157,519)*
Other Comprehensive Income / (Expense)	-	-	-	*1,355,070*	*(500,830,411)*	-	-		-	*(499,475,341)*	*2,533,285*	*(496,942,056)*
Capital Increase	5,900,000,000	60,660,165	138,786,757	-	-	-	-	-	-	6,099,446,922	-	6,099,446,922
Balances as of 31 december 2024	**8,430,000,000**	**7,304,039,454**	**211,035,305**	**(58,670,580)**	**(295,337,496)**	**-**	**456,563,215**	**451,258,324**	**(2,726,725,533)**	**13,772,162,689**	**(37,979,905)**	**13,734,182,784**

(*) On 29 December 2023, all shares of Arma, 100% subsidiary of the Company, were transferred to OYAK Gıda ve Tarım Holding A.Ş. (Note 38).

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

AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2024

(All amounts expressed in TL in terms of the purchasing power of Turkish Lira ("TL") as of 31 December 2024, unless otherwise stated.)

	Notes	Current Period Audited 1 January- 31 December 2024	Prior Period Audited 1 January- 31 December 2023
CASH FLOWS FROM OPERATING ACTIVITIES		**3,974,956,994**	**3,822,017,989**
Loss for the Period		**(2,754,157,519)**	**(1,291,407,227)**
Adjustments Related to the Net Profit/Loss Reconciliation for the Period		**1,263,960,579**	**1,721,859,697**
Adjustments Related to Depreciation and Amortization	26	826,080,479	787,514,297
Adjustments Related to Impairment (Cancellation)		292,259,014	431,474,576
- Adjustments Related to Impairment of Receivables	*7a*	*68,444,451*	*176,934,871*
- Adjustments Related to Inventory Impairment	*12*	*223,814,563*	*254,539,705*
Adjustments Related to Provisions		55,642,520	47,588,313
- Provisions for Employee Benefits		*53,391,617*	*43,014,171*
- Litigation Provisions / (Cancellation)	*21a*	*2,250,903*	*4,574,142*
Adjustments Related to Interest (Income) / Expenses		4,073,807,946	4,978,160,547
- Adjustments Related to Interest Income	*30*	*(1,571,921,067)*	*(1,086,568,947)*
- Adjustments Related to Interest Expenses	30	*5,472,203,758*	*5,606,882,077*
- Adjustments Related to Bank Transactions Expenses	30	*173,525,255*	*457,847,417*
Adjustments Related to Unrealized Foreign Currency Translation Differences		(586,061,410)	189,071,607
Adjustments Related to Monetary Losses/Gains		(2,602,877,366)	(1,985,853,551)
Adjustments Related to Fair Value Losses/Gains		(1,787,136)	(8,288,123)
- Adjustments Related to Fair Value Losses / (Gains) of Derivative Financial Instruments		*(1,787,136)*	*(8,288,123)*
Adjustments Related to Losses (Gains) on Disposal of Subsidiaries or Joint Businesses		-	(644,843,488)
Adjustments Related to Tax Income / (Expense)	31	(790,715,918)	(895,720,172)
Adjustments Related to Loss/Gains on Disposal of Fixed Assets		(2,387,550)	(1,177,244,309)
Changes in working capital		**3,904,741,616**	**2,503,637,372**
Adjustments Related to Increase/Decrease in Trade Receivables		1,627,690,127	1,343,180,609
Adjustments Related to Increase/Decrease in Other Operating Receivables		(298,842,733)	(592,939,067)
Adjustments Related to Increase/Decrease in Inventories		2,530,374,652	1,329,614,384
Adjustments Related to Increase/Decrease in Trade Payables		(63,931,000)	652,671,192
Increase / (Decrease) in Payables Related to Employee Benefits		78,927,827	15,806,510
Adjustments Related to Increase/Decrease in Other Operating Payables		30,522,743	(244,696,256)
Cash Flows from Operations		**1,560,412,318**	**887,928,147**
Interest Received		1,620,823,531	1,055,626,887
Payments Related to Provisions for Employee Benefits	21	(15,816,756)	(44,230,445)
Collections from Doubtful Receivables	7a	12,674,270	407,225
Tax Payments / Refunds		(57,268,727)	(123,875,520)
CASH FLOWS FROM INVESTMENT ACTIVITIES		**344,994,470**	**(3,371,408,005)**
Other Receivables Cash Inflows from Related Parties		1,492,187,616	-
Cash Inflows from Sales of Property, Plant and Equipment and Intangible Assets		7,649,383	1,383,979,565
- Cash Inflows from Sales of Property, Plant and Equipment		*3,519,562*	*1,358,440,052*
- Cash Inflows from Sales of Intangible Assets		*4,129,821*	*25,539,513*
Cash Outflows from Purchase of Property, Plant and Equipment and Intangible Assets		(668,358,973)	(3,942,186,441)
- Cash Outflows from Purchase of Property, Plant and Equipment	*13*	*(657,854,597)*	*(3,445,508,516)*
- Cash Outflows from Purchase of Intangible Assets	*15*	*(10,504,376)*	*(496,677,925)*
Cash Outflows from Purchase of Investment Properties	16	(52,679,070)	-
Cash Advances Given and Payables		(433,804,486)	(813,975,074)
Other Cash Inflows / Outflows		-	773,945
CASH FLOWS FROM FINANCE ACTIVITIES		**(7,144,166,080)**	**3,971,736,758**
Cash Inflows / (Outflows) Arising from Borrowing to Related Parties		200,000,000	1,055,355,283
Cash Inflows from Borrowings	6	9,224,306,008	21,530,440,577
Cash Outflows from Borrowings	6	(16,478,153,880)	(13,008,773,660)
Bank Transaction Costs Paid		(173,525,255)	(457,847,417)
Interest Paid		(5,758,770,306)	(5,016,560,974)
Cash Outflows Related to Debt Payments Arising from Lease Contracts	6	(192,381,959)	(130,877,051)
Cash Inflows from Shares Issues	23a	6,034,359,312	-
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES		**(2,824,214,616)**	**4,422,346,742**
THE EFFECT OF FOREIGN CURRENCY CONVERSION DIFFERENCES ON CASH AND CASH EQUIVALENTS		**105,817,108**	**(991,803)**
INFLATION EFFECT ON CASH AND CASH EQUIVALENTS		**(2,033,833,313)**	**(1,422,008,602)**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(4,752,230,821)**	**2,999,346,337**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**3**	**6,616,730,156**	**3,617,383,819**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**3**	**1,864,499,335**	**6,616,730,156**

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

1. ORGANIZATION AND OPERATIONS OF THE GROUP

Hektaş was established for the purpose of producing, importing, and marketing agricultural and veterinary pesticides upon registration and entry in the trade registry in 1956. The main field of activity of the Company is the production, import and marketing of agricultural and veterinary pesticides. The main shareholder of the Company is the Turkish Armed Forces Pension Fund ("OYAK") which owns 55.40 per cent of the Company's shares. OYAK is an institution with legal personality, which is financially and administratively autonomous and subject to the provisions of private law, which was founded pursuant to the law no. 205 on 1 March 1961. As the "solidarity and pension fund" of the members of the Turkish Armed Forces ("TSK"), OYAK provides various services and benefits to its members in line with the social security approach envisaged by the constitution. OYAK has direct and indirect subsidiaries and associates operating in industry, finance and service sectors. Detailed information about OYAK is available on its official web site at the address (www.oyak.com.tr).

These consolidated financial statements include the Company and its subsidiaries. The Company and its subsidiaries will hereinafter be referred to as "the Group" or "Hektaş Group" collectively.

The Company acquired 100% of FNC Tarım Ticaret ve Sanayi Anonim Şirketi ("FNC") on 29 November 2017 at a price of Turkish Lira ("TL") 14,117,000 (US Dollar 3,600,000) and included FNC within the scope of the consolidation based on its periodic statements of 30 September 2017.

The main field of activity of FNC is the production, import and marketing of agricultural pesticides. FNC is headquartered in the district of Bor in Niğde and has a capital of TL 40,500,000.

FNC's title was changed as 'Ferbis Tarım Ticaret ve Sanayi Anonim Şirketi' ("Ferbis") as declared in the Trade Registry Gazette dated 7 July 2020 and by the Extraordinary General Assembly dated 30 June 2020.

On 22 February 2019, the Company acquired 100 percent of Akça Tohumculuk Arge Sanayi ve Dış Ticaret Anonim Şirketi ("Akça") at a price of TL 25,150,000 and included Akça within the scope of consolidation based on its financial statements pertaining to the period ending on 31 January 2019.

Akça's main field of activity is to engage in all kinds of seed production and development activities and to set up green houses and specially equipped areas for this purpose. Akça's headquarters are located in Antalya Technocity.

Akça's title was changed as 'Areo Tohumculuk Arge Sanayi ve Dış Ticaret Anonim Şirketi' ("Areo") as declared in the Trade Registry Gazette dated 6 October 2020 and by the Extraordinary General Assembly dated 25 September 2020. Its capital is in the amount of TL 95,750,000.

On 9 June 2020, the Company acquired 100 per cent of Sunset Kimya Tarım Ürünleri ve Aletleri İmalat Pazarlama Sanayi ve Ticaret Anonim Şirketi ("Sunset") at a price of TL 65,000,000 and included Sunset within the scope of consolidation based on its financial statements pertaining to the period ending on 30 May 2020.

Sunset's main field of activity is the wholesale and retail trade, production, import and export and domestic and international marketing of all kinds of agricultural pesticides. Sunset is headquartered in the district of Bor in Niğde. Its capital is in the amount of TL 2,000,000.

Agriventis Technologies Pty Ltd ("Agriventis") was acquired by the OYAK group as of 18 September 2020. As of 12 January 2022, all the shares representing the 51% capital of Agriventis, field of activity of which is "agricultural seed technology development, seed improvement and production", controlled by Oyak Sermaye Yatırımları A.Ş, the subsidiary of the main shareholder, have been acquired for TL 28,000,000. Agriventis is headquartered in Sydney, Australia. Its capital is AUD 475,375.

Hektaş Asia LLC was established on 21 November 2022 in Tashkent, Uzbekistan, with 100% of its shares owned by HEKTAŞ Ticaret T.A.Ş. It was established to operate in export-oriented plant protection and plant nutrition fields. USD 49,782,247 has been paid for the capital of Hektaş Asia LLC and all of it has been registered.

The capital structure of Hektaş as of the related reporting dates is disclosed in Note 23.

The Company's shares have been quoted on Borsa İstanbul ("BIST") since 1986. The Group's main shareholder and principal controller is OYAK.

As of 31 December 2024, the number of employees of the Group is 579 in total, 205 of them being blue-collar and 374 being white-collar (31 December 2023: 621 employees).

The Company carries out its activities at is headquarters at the address Gebze Organize Sanayi Bölgesi, İhsandede Caddesi, 700. Sokak 41400 Gebze, Kocaeli.

1. ORGANIZATION AND OPERATIONS OF THE GROUP (cont'd)

Details of the types and fields of activity of the Company's subsidiaries are as follows:

	Types and Subject of Activity
Takimsan Tarım Kimya Sanayi ve Ticaret Anonim Şirketi ("Takimsan")	Production, import and marketing of pesticides
Çantaş Çankırı Tuz Ürünleri Üretim ve Dağıtım Anonim Şirketi ("Çantaş")	Inactive
Ferbis	Production, import and marketing of pesticides
Areo	To carry out all kinds of seed production and development activities, to establish related greenhouses and specially equipped areas related to this.
Sunset	Wholesale and retail trade of all kinds of pesticides, import and export, marketing in domestic and foreign markets
Agriventis (*)	Agricultural seed technology development, seed breeding and production
Hektaş Asia	Production, sales, distribution and marketing of plant protection and plant nutrition products

(*) Agriventis, which was acquired by the Company from its parent company's subsidiary on 12 January 2022, is presented in the accompanying consolidated financial statements by applying the pooling of interests method in accordance with the POA's resolution numbered 75935942-050.01.04-[04/177] and dated 11 October 2018 ("Principle Decision").

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance with TFRS

The accompanying consolidated financial statements have been prepared in line with Capital Markets Board ("CMB"), Communiqué Serial: II, No. 14.1 on "Principles on Financial Reporting in Capital Market" ("the Communiqué"), promulgated in Official Gazette No. 28676 dated 13 June 2013. TFRSs include Standards and Interpretations published by POA under the names of Turkish Financial Reporting Standards ("TFRS"), Turkish Financial Reporting Standards, TAS Interpretations and TFRS Interpretations.

In addition, the consolidated financial statements are presented in accordance with the formats determined in the "Announcement on TFRS Taxonomy" published by the POA on 4 October 2022 and the Financial Statement Examples and User Guide published by the CMB.

Approval of consolidated financial statements:

The consolidated financial statements were approved by the Board of Directors of Hektaş on 11 March 2025. The General Assembly of Hektaş has the right to amend and the related regulatory authorities have the right to demand the amendment of these consolidated financial statements.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Measurement Principles

The consolidated financial statements have been prepared at historical costs, except for the items measured at fair value differences, which are stated below:

Derivative financial instruments at fair value through profit or loss, fixed assets of through business,

The determination of historical cost is generally based on the fair value of the amount paid for the assets at the acquisition date. The consolidated financial statements have been prepared on the historical cost basis, adjusted for the effects of inflation as of 31 December 2004.

Fair value measurement principles are explained in Note 2.4.

Functional and Reporting Currency

The consolidated financial statements are submitted in TL, which is the functional currency of the Group. All financial information submitted in TL is submitted in full, unless otherwise stated.

Restatement of financial statements during periods of high inflation

The consolidated financial statements and related figures for previous periods have been restated for changes in the general purchasing power of the functional currency and, consequently, the financial statements and related figures for previous periods are expressed in terms of the measuring unit current at the end of the reporting period in accordance with TAS 29 Financial Reporting in Hyperinflationary Economies.

TAS 29 applies to the financial statements, including the consolidated financial statements, of each entity whose functional currency is the currency of a hyperinflationary economy. If an economy is subject to hyperinflation, TAS 29 requires an entity whose functional currency is the currency of a hyperinflationary economy to present its financial statements in terms of the measuring unit current at the end of the reporting period.

As at the reporting date, entities operating in Türkiye are required to apply TAS 29 "Financial Reporting in Hyperinflationary Economies" for the reporting periods ending on or after 31 December 2023, as the cumulative change in the general purchasing power of the last three years based on the Consumer Price Index ("CPI") is more than 100%.

POA made an announcement on 23 November 2023 regarding the scope and application of TAS 29. It stated that the financial statements of the entities applying Turkish Financial Reporting Standards for the annual reporting period ending on or after 31 December 2023 should be presented in accordance with the related accounting principles in TAS 29, adjusted for the effects of inflation.

In accordance with the CMB's decision dated 28 December 2023 and numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards are required to apply inflation accounting by applying the provisions of TAS 29 to their annual financial statements for the accounting periods ending on 31 December 2023.

In this framework, while preparing the consolidated financial statements dated 31 December 2024, inflation adjustment has been made in accordance with TAS 29.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Restatement of financial statements during periods of high inflation (cont'd)

The table below shows the inflation rates for the relevant years calculated by taking into account the Consumer Price Indices published by the Turkish Statistical Institute (TURKSTAT):

Date	Index	Adjustment Coefficient	Three-year cumulative inflation rates
31 December 2024	2,684.55	1.00000	2.91000
31 December 2023	1,859.38	1.44379	2.68000
31 December 2022	1,128.45	2.37897	1.56000

The main outlines of TMS 29 indexing transactions are as follows:

- As of the balance sheet date, all items other than those stated in terms of current purchasing power are restated by using the relevant price index coefficients. Prior year amounts are also restated in the same way.
- Monetary assets and liabilities are expressed in terms of the purchasing power at the balance sheet date and are therefore not subject to restatement. Monetary items are cash and items to be received or paid in cash.
- Fixed assets, subsidiaries and similar assets are indexed to their acquisition values, which do not exceed their market values. Depreciation has been adjusted in a similar manner. Amounts included in shareholders' equity have been restated by applying general price indices for the periods in which they were contributed to or arose within the Company.
- All items in the income statement, except for the effects of non-monetary items in the balance sheet on the income statement, have been restated by applying the multiples calculated over the periods when the income and expense accounts were initially recognized in the financial statements.
- The gain or loss arising on the net monetary position as a result of general inflation is the difference between the adjustments to non-monetary assets, equity items and income statement accounts. This gain or loss on the net monetary position is included in net profit.

The impact of the application of TAS 29 Inflation Accounting is summarized below:

Restatement of the Statement of Financial Position

Amounts in the statement of financial position that are not expressed in terms of the measuring unit current at the end of the reporting period are restated. Accordingly, monetary items are not restated because they are expressed in the currency of the reporting period. Non-monetary items are required to be restated unless they are expressed in terms of the currency in effect at the end of the reporting period.

The gain or loss on the net monetary position arising on restatement of non-monetary items is recognized in profit or loss and presented separately in the statement of comprehensive income.

Restatement of the Statement of Profit or Loss

All items in the statement of profit or loss are expressed in terms of the measuring unit current at the end of the reporting period. Therefore, all amounts have been restated by applying changes in the monthly general price index.

Cost of inventories sold has been restated using the restated inventory balance.

Depreciation and amortization expenses have been restated using the restated balances of property, plant and equipment, intangible assets and right-of-use assets.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Restatement of financial statements during periods of high inflation (cont'd)

Restatement of Statement of Cash Flows

All items in the statement of cash flows are expressed in terms of the measuring unit current at the end of the reporting period.

Consolidated financial statements

The consolidated financial statements of a subsidiary whose functional currency is the currency of a hyperinflationary economy are restated by applying the general price index before they are included in the consolidated financial statements prepared by the parent company. If the subsidiary is a foreign subsidiary, its restated consolidated financial statements are translated at the closing rate. When consolidating financial statements with different reporting period ends, all monetary and non-monetary items are restated in accordance with the measuring unit current at the date of the consolidated financial statements. The financial statements of Subsidiaries and Associates operating in foreign countries have been prepared in accordance with TFRSs issued by POA with adjustments and reclassifications reflected for the purpose of fair presentation. The assets and liabilities of the related foreign subsidiaries are translated into Turkish Lira at the exchange rate at the balance sheet date and income and expenses are translated into Turkish Lira at the average exchange rate on a monthly basis. Exchange differences arising from the use of closing and average exchange rates are recognized in the currency translation differences in equity.

Comparative figures

Relevant figures for the previous reporting period are restated by applying the general price index so that the comparative consolidated financial statements are presented in the measuring unit applicable at the end of the reporting period. Information disclosed for prior periods is also expressed in terms of the measuring unit current at the end of the reporting period.

Basis of Consolidation

Business Combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred on the acquisition is generally accounted for at fair value, as with the identifiable net assets purchased. The resulting goodwill is tested for impairment annually. The gain or loss from the bargain purchase is recognized immediately in profit or loss. Transaction costs other than those associated with the issuance of debt or equity securities that the Group incurs in connection with a business combination are expensed as incurred.

The purchase price does not include amounts related to closing existing relationships. These amounts are generally recognized in profit or loss.

Any contingent consideration payable is recognized at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured, and settlement is accounted for within equity.

If the retained share-based payment rights (acquired rights) of employees of the acquired business for past service are replaced by a new share-based payment rights (renewal rights), all or a portion of the market-based measurement of the changed benefits is added to the acquisition cost under the business combination. This amount is determined to the extent that renewed rights are associated with pre-combination services and by comparing a market-based measure of renewal rights with a market-based measure of acquiree's rights.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Basis of Consolidation (cont'd)

Business Combinations (cont'd)

Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Business Combinations Under Common Control

Business combinations under common control transactions have been accounted by pooling of interest method, therefore no goodwill has been recognized due to these transactions. When applying pooling of interest method, the financial statements should be adjusted and presented comparatively starting from the beginning of the reporting period when the common control transaction was occurred, as if the businesses had always been combined. Pooling of interest method is applied from parent company perspective and financial statements are prepared in accordance with TFRS and all adjustments due to initial acquisition of the related entity are reflected. Differences in assets and liabilities resulting from combinations under common control transactions are presented under equity in the line item "Effect of Business Combination Under Common Control".

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

As of 31 December 2024 and 2023, the details of the Company's subsidiaries and financial investments are as follows:

			Group's share rate in capital and voting rate (%)	
Title of the Company	Location of activity	Functional currency	31 December 2024	31 December 2023
Subsidiaries				
Takimsan	Kocaeli	TL	99.78	99.78
Ferbis	Niğde	TL	100.00	100.00
Areo	Antalya	TL	100.00	100.00
Sunset	Niğde	TL	100.00	100.00
Agriventis	Australia	AUD	51.00	51.00
Hektaş Asia	Uzbekistan	UZS	100.00	100.00
Financial investments				
Çantaş	Çankırı	TL	0.37	0.37

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Non-controlling Interests

Non-controlling interests are measured over the proportional amount of the net asset value of the subsidiary at the date of acquisition. Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as an equity transaction.

Loss of control

If the Group loses control over the subsidiary, it derecognizes the assets and liabilities of the subsidiary, its non-controlling interests and the amounts under other equity related to the subsidiary. Any resulting gains or losses are recognized in profit or loss. The remaining interest in the previous subsidiary is measured at fair value as of the day of loss of control.

Elimination transactions in consolidation

During the preparation of the consolidated financial statements, intragroup balances, transactions and unrealized income and expenses arising from intragroup transactions are mutually eliminated. Unrealized income from transactions with investments accounted for using the equity method is written off in proportion to the Group's share in the investment. If there is no impairment, unrealized losses are written off in the same way as unrealized income.

2.2 Changes in accounting estimates and errors

If the changes in accounting estimates are related with one period only, they are applied in the current period when the change is applied; if they are related with future periods, they are applied prospectively both in the period of change and in the future periods. Material accounting errors detected are executed retrospectively and the previous period's financial statements are restated. There have been no significant changes in the Group's accounting estimates in the current year.

2.3 Significant Changes Related to Current Period

The Group has reviewed the estimates and assumptions used in the preparation of the consolidated financial statements as of 31 December 2024. In this context, the Group has evaluated the possible impairments in trade receivables, inventories, property, plant and equipment and investment properties in its consolidated financial statements as of 31 December 2024 and no impairment has been detected.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Summary of Significant Accounting Policies

New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2024

Amendments to TAS 1	*Classification of Liabilities as Current or Non-Current*
Amendments to TFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to TAS 1	*Non-current Liabilities with Covenants*
Amendments to TAS 7 and TFRS 7	*Supplier Finance Arrangements*
TSRS 1	*General Requirements for Disclosure of Sustainability-related Financial Information*
TSRS 2	*Climate-related Disclosures*

Amendments to TAS 1 *Classification of Liabilities as Current or Non-Current*

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to TFRS 16 *Lease Liability in a Sale and Leaseback*

Amendments to TFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in TFRS 15 to be accounted for as a sale.

Amendments to TAS 1 *Non-current Liabilities with Covenants*

Amendments to TAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendments to TAS 7 and TFRS 7 *Supplier Finance Arrangements*

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

TSRS 1 *General Requirements for Disclosure of Sustainability-related Financial Information*

TSRS 1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and the Board Decision dated 16 December 2024 amending this announcement. Other entities may voluntarily report in accordance with TSRS.

TSRS 2 *Climate-related Disclosures*

TSRS 2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and the Board Decision dated 16 December 2024 amending this announcement. Other entities may voluntarily report in accordance with TSRS.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

New and Amended Turkish Financial Reporting Standards (cont'd)

b) New and revised TFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17	*Insurance Contracts*
Amendments to TFRS 17	*Initial Application of TFRS 17 and TFRS 9 — Comparative Information*
Amendments to TAS 21	*Lack of Exchangeability*

TFRS 17 *Insurance Contracts*

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 has been deferred for insurance, reinsurance and pension companies for a further year and will replace TFRS 4 *Insurance Contracts* on 1 January 2026.

Amendments to TFRS 17 *Insurance Contracts* and *Initial Application of TFRS 17 and TFRS 9 – Comparative Information*

Amendments have been made in TFRS 17 in order to reduce the implementation costs, to explain the results and to facilitate the initial application.

The amendment permits entities that first apply TFRS 17 and TFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of TFRS 9 had been applied to that financial asset before.

Amendments are effective with the first application of TFRS 17.

Amendments to TAS 21 *Lack of Exchangeability*

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. Amendments are effective from annual reporting periods beginning on or after 1 January 2025.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

Inventories

Inventories are valued at the lower of cost or net realizable value. Costs, including some of the fixed and variable general production expenses, are valued according to the method appropriate to the class of the inventories and mostly according to the weighted average cost method. The net realizable value is the value of an asset that can be realized by a company or entity upon the sale of the asset, less a reasonable prediction of the costs associated with either the eventual sale or the disposal of the asset in question. When the net realizable value of the inventories is less than its cost, inventories reduced to its net realizable value and the irrecoverable amount is charged as an expense in the year when the write-down incurred. If the circumstances that caused the write-down cease to exist or if there is clear evidence that the net realizable value has increased because of change in economic circumstances, the write down is reversed to that extent. The reversal amount is limited to the amount of the original write-down.

Segment Reporting

The Group's operations are defined as the geographic operating segment. However, considering the nature of the products and production processes, the type of customers for their products and services, and the methods they use to distribute their products or provide their services, the segments have been combined into a single operating segment with similar economic characteristics.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains or losses on disposals of property, plant and equipment are accounted in profit or loss.

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Items of property, plant and equipment are depreciated from the date that they are available for use, or in respect of self-constructed assets, from the date that the asset is completed and ready for use. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Depreciation is generally recognized in profit or loss unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of property, plant and equipment items in the current and comparative periods are as follows:

	Useful Life
Lands and land improvements	4-50 years
Buildings	10-50 years
Plant, machinery and equipment	2-15 years
Vehicles	2-5 years
Furniture and fixtures	2-24 years
Leasehold Improvements	5-35 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted as necessary.

Intangible assets

Goodwill

Goodwill arising from the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Subsequent costs

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenses are recognized in profit or loss when incurred, including internally generated goodwill and trademarks.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

Intangible assets (cont'd)

Trademarks, licenses and drug registrations

Acquired trademarks, licenses and drug registrations are shown at historical cost. Trademarks, licenses and drug registrations have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks, licenses and drug registrations over their estimated useful lives (3 – 15 years).

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (5 years).

Research and Development

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Amortization is calculated using the straight-line method over the estimated useful lives of items of intangible assets, less their estimated residual values, and is generally recognized in profit or loss. Goodwill is not subject to depreciation.

The amortization periods used for intangible assets are as follows:

	Useful Life
Rights	3-20 years
Developlent Costs	5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted as necessary.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

Impairment of assets

Non-financial assets

At each reporting period, the Group reviews the carrying amounts of its non-financial assets (excluding investment property, inventories, contract assets and deferred tax assets) to determine if there are any signs of impairment If such an indicator exists, the asset's recoverable amount is estimated. Goodwill is tested for impairment annually.

For impairment testing, assets are grouped by the smallest group of assets generating cash inflows, regardless of continued use, cash inflows from other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or CGU groups that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGUs is the higher of its value in use and its GUD to be sold at lower costs. Value in use is based on estimated future cash flows discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset or CGU.

If the recoverable amount of an asset or CGU is less than its carrying amount, the carrying amount of that asset or CGU is reduced to its recoverable amount.

Impairment losses are recognized in profit or loss. It is distributed first, which will reduce the carrying amount of any goodwill distributed to the CGU, and then reduced by the carrying amount of the other assets in the CGU.

An impairment loss recognized for goodwill is not reversed. For other assets, an impairment loss is reversed only if the carrying amount of the asset, after deducting any impairment or amortization, does not exceed its determined carrying amount if no impairment has been identified.

<u>Financial instruments and contractual assets</u>

The Group recognizes a loss allowance for expected credit losses ("ECL") on the following items:

- Financial assets measured at amortized cost;

The Group measures the loss allowance at the amount equal to lifetime ECLs, as indicated below.

- Debt instruments determined to have low credit risk at the reporting date, and
- Other debt instruments and bank balances for which the credit risk (ie, the risk of default over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Group has chosen lifetime ECLs in calculating the impairment of trade receivables and contract assets.

In determining whether a financial asset's credit risk has increased significantly since initial recognition and in estimating its ECLs, the Group considers reasonable and supportable information available without undue cost or effort regarding the estimation of expected credit losses, including the effects of expected prepayments. This information includes quantitative and qualitative information and analysis based on the Group's past experience of credit losses and forward-looking information.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

Impairment of assets (cont'd)

Non-financial assets (cont'd)

The Group assumes that the credit risk on a financial asset increases significantly when it is 360 days past due.

The Group considers a financial asset in default if:

- The debtor's failure to fully fulfill its loan obligation without resorting to actions such as the use of collateral (if any) by the Group, or
- The financial instrument is past due 360 days.

The Group considers bank balances to have low credit risk if they are equal to the international definition of risk assessments "investment grade".

Lifetime ECLs are expected credit losses arising from all possible default events over the expected life of the financial instrument.

The 12-month ECLs are the portion of the expected credit losses arising from possible default events on the financial instrument within 12 months of the reporting date.

The maximum period for which ECLs will be measured is the maximum contractual period for which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. In other words, it is the credit losses that are measured on the present value of all the cash deficits (for example, the difference between the cash inflows to the entity and the cash flows expected by the entity to be collected based on the contract).

The cash deficit is the difference between the cash flows to be incurred and the cash flows expected to be received by the entity. As the amount and timing of payments are considered in expected credit losses, a credit loss occurs even if the entity expects to receive the full payment in the contract with the maturity specified in the contract.

ECLs are discounted at the effective interest rate of the financial asset.

Credit impaired financial assets

At the end of each reporting period, the Group assesses whether financial assets carried at amortized cost. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- breach of contract such as a default or 90 days even after past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

In the absence of reasonable expectations of a partial or full recovery of a financial asset's value, an entity writes-off the gross carrying amount of the financial asset directly. A write-off is a cause for derecognition.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

Investment properties

Property held by the Group to earn rental income or for capital appreciation and not used by the Group is classified as investment property. Investment properties consist of land, buildings, and land improvements. Investment properties are shown over their remaining values after deducting depreciation expenses and impairment losses, if any, from their acquisition costs. Buildings and land improvements are depreciated over their expected useful life (50 years) using the straight-line method. Investment properties are derecognized if they are disposed of or are completely out of use and no future economic benefits are expected from disposal. Income or loss resulting from the disuse or disposal of investment property is shown in the profit or loss statement of that year.

Transactions in foreign currency

Transactions in foreign currency are translated into TL at the exchange rate on the date of the transaction.

Monetary assets and liabilities in foreign currencies are translated into functional currency at the exchange rates at the end of the reporting period. Currency differences on reconversion are generally recognized in profit or loss. Non-monetary items measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Date	TL/US Dollar	TL/EUR	TL/AUD
31 December 2024	35.2803	36.7362	21.8769
31 December 2023	29.4382	32.5739	20.0213

Lease transactions

(i) As a lessee

At the actual commencement date of the lease or at the date of the change in the contract containing the lease component, the Group allocates to each lease component based on the relative stand-alone price of the lease component and the total stand-alone price of the non-lease components.

The Group has chosen not to separate the non-lease components from the lease components, but instead to account for each lease component and its associated non-lease components as a single lease component.

The Group has reflected right-of-use assets and lease liabilities in its financial statements at the commencement date of the lease. The initial measurement of the liability for the cost of the right-of-use asset consists of all lease payments made at or before the commencement of the lease, less any lease incentives received, plus all initial direct costs and disassembly and relocation of the asset, estimated future costs of restoring the site in which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term, or if the cost of the right-of-use asset indicates that the lessee will exercise a call option, the right-of-use asset is depreciated from the date the lease actually began to the end of the useful life of the underlying asset. In other cases, the right-of-use asset is depreciated over the shorter of the asset's useful life or the lease term, starting from the date the lease actually commenced. In addition, the value of the right-of-use asset is periodically reduced, less any impairment losses, and adjusted for remeasurement of the lease liability.

At the commencement date of the lease, the lease liability is measured at the present value of the lease payments not paid at that date. Lease payments are discounted using that rate if the implied interest rate on the lease can be easily determined. If this rate cannot be easily determined, the Group's alternative borrowing interest rate is used.

The Group determines the alternative borrowing interest rate by taking into account the interest rates it will pay for the debts to be used from various external financing sources and makes some adjustments to reflect the lease terms and the type of the leased asset.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

Lease transactions (cont'd)

(i) As a lessee (cont'd)

The lease payments included in the measurement of the lease liability consist of:

– Fixed payments (including fixed payments in substance);

– Variable lease payments based on an index or rate, initially measured using an index or rate at the commencement date of the lease;

– Amounts expected to be paid by the lessee under residual value commitments;

– Payment of termination penalties if the exercise price and lease term of the option indicate that the Group will exercise an option to terminate the lease if there is reasonable confidence that the option to call will be exercised.

The lease liability is measured by discounting lease payments with a discount rate. The Group considers renewal, termination and purchase options if there is a change in these payments as a result of a change in an index or rate used to determine future lease payments and if there is a change in the amounts expected to be paid under the residual value commitment.

In case of re-measurement of the lease liability, it is reflected to the financial statements as an adjustment to the right-of-use asset according to the newly found debt amount. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the remaining remeasurement amount is recognized in profit or loss.

The Group presents right-of-use assets and lease liabilities that do not meet the definition of investment property in the statement of financial position as "Financial Liabilities".

Short-term leases and low value leases

The Group has chosen not to recognize right-of-use assets and lease liabilities for short-term leases of machinery with lease terms of 12 months or less, and leases of low-value assets, including IT equipment. The Group has recognized the lease payments related to these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

For a contract with a lease component and one or more additional lease components or non-lease components, the Group allocates the contract price on the basis of the relative stand-alone price, at the inception of the contract or when the contract with a lease component is modified.

When the Group is a lessor, it classifies each of the leases as operating or finance leases.

To classify each lease, the Group makes an overall assessment of whether the lease essentially transfers all the risks and rewards of ownership of the asset. A lease is a finance lease when it transfers risks and rewards; otherwise, it is an operating lease. As part of this assessment, the Group considers certain other indicators, such as whether the lease term covers most of the economic life of the underlying asset.

If the lease includes a lease component and one or more additional lease components or non-lease components, the Group allocates the contract value by applying TFRS 15 Revenue from Contracts with Customers.

The Group applies the derecognition and impairment provisions in TFRS 9 to the net lease investment. The Group regularly reviews the estimated residual uncommitted values used in calculating the gross lease investment.

In general, accounting policies applied to the Group as a lessor in the comparative period are not different from TFRS 16, except for the classification of a sublease entered in the current reporting period resulting in a finance lease classification.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

Provisions, contingent liabilities and contingent assets

Provisions

Provisions are recognized only if the Group has a past and present obligation (legal or structural), there is a possibility of disposal of resources that provide economic benefits to the business due to this obligation, and the amount of the obligation can be determined reliably. When the depreciation of money over time becomes significant, provisions are reflected with the discounted value of the expenses that may occur in the future at the reporting date. When discounted value is used, increases in provisions due to the passage of time are recognized as interest expense.

Contingent assets and liabilities

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity are treated as contingent assets or liabilities and the entity does not account anything in its financial statements.

Contingent liabilities are disclosed in the notes to the financial statements, except when the probability of an outflow of resources embodying economic benefits is remote. If the situation requiring resource transfer is probable, contingent liabilities are reflected in the financial statements. Contingent assets, on the other hand, are not reflected in the financial statements and are disclosed in the notes if they are likely to generate economic returns.

Income tax

As Turkish Tax Legislation does not allow the parent company and its subsidiary to prepare consolidated tax returns, tax provisions have been calculated on a separate-entity basis, as reflected in the accompanying consolidated financial statements.

Income tax expense is the sum of current tax and deferred tax expense.

Income tax is recognized in profit or loss, except when associated with business combinations or directly in equity or other comprehensive income.

Current tax

Current tax is the expected tax liability or receivable on taxable profit or loss in the current year and includes adjustments to previous years' tax liabilities.

It is calculated by taking into account the tax rates that are in force as of the end of the reporting period or that are almost certain to enter into force.

Deferred tax

Deferred tax is calculated over the temporary differences between the book values of assets and liabilities in the financial statements and the values used in the tax base. Deferred tax is not recognized for temporary differences in the following cases:

- Temporary differences in the initial recognition of assets or liabilities resulting from a transaction that is not a business combination and does not affect either accounting profit or taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates and jointly controlled entities that are not likely to reverse in the foreseeable future and for which the Group has control over the reversal time, and
- Taxable temporary differences during the initial recognition of goodwill.

Deferred tax assets are recognized if it is probable that taxable profits will be sufficient to offset unused tax losses, tax benefits and deductible temporary differences in the future. Taxable profit is determined according to the business plans of each subsidiary in the Group. Deferred tax assets are reviewed at each reporting date and if it is probable that taxable profits will be generated in the future, deferred tax assets that have not been previously recognized are recognized, limited to these amounts.

The Group measures deferred tax liabilities and deferred tax assets in a manner consistent with the tax consequences of its expectations at the end of the reporting period regarding how its assets will recover or pay their liabilities. Deferred tax asset and deferred tax liability are offset only when certain conditions are met.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.4 Summary of Significant Accounting Policies (cont’d)

Provisions for Employee Benefits

a) Provision for employment termination benefit

The provision for employment termination benefits represents the present value of the estimated total provision of the Group's future probable obligation arising from the retirement of the personnel in accordance with the Turkish Labor Law. According to Turkish Labor Law and other laws applicable in Türkiye, the Group is obliged to pay employment termination benefits to all personnel in cases of termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one-year service. The provision for the present value of the defined social assistance obligation is calculated using the projected liability method. All actuarial gains and losses are recognized in other comprehensive income/expense.

b) Provision for seniority incentive bonus

The Group has a benefit paid to its personnel named as "Seniority Incentive Premium" who served over a definite year. The seniority incentive premium accrued in the financial statements represents the present value of the estimated total reserve of possible future liabilities.

c) Defined contribution plans

The Group has to pay contributions to the Social Security Institution on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. These contributions are recognized as an employee benefit expense when they are accrued.

d) Unused vacation

In accordance with Labor Law in Türkiye, it is obliged to pay for any reason claimed by the employee if the ending, but unused annual leave belonging fee gross salary at the date when the contract expires and contractual other interests him or rights to their owners over the total. Unused leave is the total undiscounted liability amount that all employees deserve but correspond to the days of leave they have not yet used as of the reporting date. Obligations arising from unused leave rights are accrued at the time they are entitled.

Revenue

Revenues are measured at the fair value of the amount of receivables collected or to be collected. Net sales are shown by deducting estimated and realized returns, discounts, commissions, turnover premiums and sales-related taxes from the sales amount of the goods.

In accordance with TFRS 15, a five-stage approach is followed in the recognition of revenue for all contracts with customers.

Step 1: Definition of the contract

When a contract is only legally enforceable, collectible, rights and payment terms for goods and services are identifiable, the contract is considered to be in accordance with TFRS 15 if the terms of the contract have been met, the contract has been approved by the parties and the parties have fulfilled all the obligations under which they are committed.

When contracts are negotiated as a single business package, or if a contract is bound to other contract or goods or services (or part of the goods or services), the Group considers the contracts as a single contract.

Step 2: Definition of performance obligations

The Group determines a “performance obligation” as a unit of account for revenue recognition. The Group evaluates the goods or services promised in a contract with the customer and determines each commitment to the customer to transfer one of the following as a performance obligation:

(a) good or service (or a bundle of goods or services) that is distinct; or
(b) series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

Revenue (cont'd)

Step 2: Definition of performance obligations (cont'd)

The Group defines a good or service in the contract separately from other commitments in the contract and defines it as a different good or service if it enables the customer to benefit from the said good or service alone or in combination with other resources available for use. A contract may include commitments to provide a number of different goods or services that are essentially the same. At contract inception, an entity determines whether the series of goods or services is a single performance obligation.

Step 3: Determine the transaction price

To determine the transaction price, the Group evaluates how much it expects to receive after fulfilling its contractual obligation. In making the assessment, it considers elements of variable amounts and whether the contract includes a significant financing component.

Significant financing component

The Group reviews the amount that reflects the cash selling price of the promised good or service with the amount promised to pay for the effect of a significant financing component. As a practical application, the Group does not adjust the transaction price for the effects of a significant financing component if, at contract inception, the period between customer payment and transfer of goods or services is expected to be one year or less. Where the Group's obligations during the period and the advances received and the payment schedule are broadly compatible, the Group considers that the period between the fulfillment of the obligation and the payment should never exceed 12 months.

Variable consideration

The Group determines whether there are items in the customer contract that may result in price concessions, incentives, performance bonuses, early completion bonuses, price adjustment clauses, penalties, discounts or similar variable charges.

Step 4: Distribution of transaction price to performance obligations

In the event that different goods or services are delivered in accordance with a single contract, the contract price shall be distributed on the basis of the individual sales prices of the individual goods or services (different performance obligations). If no direct observable sales prices are available, the total price in contracts is distributed on the basis of the expected cost-plus profit margin.

Step 5: Revenue recognition

The Group recognizes revenue over time when any of the following conditions are met:

- If the customer is simultaneously using the benefits of the business and consuming these benefits;
- In the event that the entity has passed the control of the asset that has been created or developed at the same time as the entity creates or develops it, or
- If the Group fulfills its obligation, the Group does not create an asset with alternative use for the Group and the Group has the right to a legally enforceable payment on the payment to be made against the obligation completed until that date.

For each performance obligation fulfilled over time, the Group selects a single measure of progress that represents transferring control of the goods or services to the customer. The Group uses a method that reliably measures the work performed. The Group uses the costs made to measure progress towards completion of the project using the input method and uses the units transferred to measure progress towards completion of the project using the output method.

If a performance obligation is not satisfied over time, then the Group recognizes revenue when it transfers control of the goods or service to the customer.

In cases where the cost that must be incurred by the Group to fulfill its obligations under the contract exceeds the economic benefit expected to be obtained under the contract, a provision is made in accordance with TAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

Contract changes

If the Group commits to offer additional goods or services, it accepts the contract change as a separate contract. In case of the termination of the existing contract and the creation of a new contract, if the goods or services offered are different, they shall recognize the related changes. If the amendment to the contract does not create separate goods or services, the entity shall, with the first contract, recognize by combining additional goods or services as if it were a part of the initial contract.

Sales of goods

The transfer of the control of the products is realized with the invoice and revenue is recognized as revenue. For goods or services sold together as a package, revenue is recognized when the goods or services are considered to be of a different nature – for example, if the good or service is identifiable separately from other contractual commitments and the customer can benefit from the good or service alone or in combination with other readily available resources. The contract price is distributed to the goods and services that are evaluated as different in a package, on the basis of stand-alone sales prices. Stand-alone selling prices are determined on the basis of the list prices at which the Group sells these goods and services alone. Stand-alone selling prices for goods and services that are not stand-alone are estimated using the expected cost-plus margin approach. The cost of products and services is recognized as an expense when the relevant revenue is recognized.

Related parties

a) A person or a close member of that person's family is related to the Group if that person:
(i) has control or joint control over the Group,
(ii) has significant influence over the Group,
(iii) is a member of the key management personnel of the Group or of a parent of the Group.

(b) An entity is related to the Group if any of the following conditions exist:

(i) the entity and the Group are members of the same group.
(ii) the entity is an associate or joint venture of the other entity (or a member of a group of which the other entity is a member)
(iii) both entities are joint ventures of the same third party.
(iv) one of the entities is a joint venture of a third entity and the other entity is an associate of that third entity.
(v) the entity, the Group, or an entity associated with the Group is a post-employment benefit plans for employees. If the Group itself has such a plan, the sponsoring employers are also related to the Group.
(vi) the entity is controlled or jointly controlled by a person identified in (a).
(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of that entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged.

Earnings per share

Earnings per share disclosed in the statement of comprehensive income are determined by dividing net earnings by the weighted average number of shares that have been outstanding during the related period.

In Türkiye, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings on equity items. Such kind of bonus shares are taken into consideration in the computation of earnings per share as issued share certificates. Therefore, the weighted average stock share, which is used in the calculation of earnings per share, is determined by retrospective application of bonus share issue.

Events after the reporting date

Events that occur after the reporting date and may affect the Group's position at the reporting date are reflected in the financial statements. Non-adjusting events are disclosed in the notes according to their materiality.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

Financial instruments

i. Recognition and initial measurement

The Group's trade receivables and debt instruments are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Reclassification and subsequent measurement

On initial recognition, a financial instrument is classified as specified; measured at amortized cost; those measured at fair value through other comprehensive income—investments in debt instruments, investments in equity instruments measured at fair values in other comprehensive income—or those measured at fair value through profit or loss. After initial recognition, financial instruments are not reclassified unless the Group changes the business model used for the management of financial assets.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Evaluation of the business model

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

Financial instruments (cont'd)

Financial assets - Evaluation of the business model (cont'd)

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest:

Principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g., non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses

Financial assets measured at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. Amortized costs, if any, are reduced by the amount of impairment losses. Interest income, foreign currency gains and losses and impairments are recognized in profit or loss. Gains or losses on derecognition are recognized in profit or loss. For derivatives defined as hedging instruments, see section (iii) below.
Debt instruments measured at FVOCI	These assets are subsequently measured at their fair value. Interest income, foreign currency gains and losses and impairments calculated using the effective interest method are recognized in profit or loss. Other gains and losses are recognized in other comprehensive income. When financial assets are derecognized, total gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.
Equity instruments at FVOCI	These assets are subsequently measured at their fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

Financial instruments (cont'd)

(i) Derecognition

Financial assets

When the contractual rights to the cash flows related to the financial asset expire, or when the Group transfers substantially all the risks and rewards of ownership of that financial asset, or when it neither transfers nor retains substantially all the risks and rewards of ownership of that financial asset, if it does not retain control over the financial asset, it derecognizes that financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL.

(ii) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivative instruments are initially recognized at their fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether changes in the cash flows of the hedged item and the hedging instrument are expected to offset each other.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

Financial instruments (cont'd)

(iii) Derivative financial instruments and hedge accounting (cont'd)

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the hedging reserve. The ineffective portion of the change in the derivative's fair value is recognized directly in profit or loss. The effective portion of the change in the fair value of the derivative instrument determined on the present value basis from the inception of the hedging relationship recognized in other comprehensive income is limited to the cumulative effect of the change in the fair value of the hedging instrument.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships.

The change in fair value of the forward element of forward exchange contracts (forward points) is separately accounted for as a cost of hedging and recognized in a cost of hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognized.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Capital

Ordinary shares

Transaction costs arising from equity transactions are accounted for as a deduction from the related equity item. Income taxes on distributions to shareholders of equity instruments and transaction costs arising from equity transactions are accounted for in accordance with TAS 12 Income Taxes.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the relevant qualifying asset, and other borrowing costs are recognized as an expense in the period in which they are incurred.

Government incentives

Unconditional government grants received by the Group are recognized under other income in profit or loss if these grants become receivables. Other government grants are recorded as deferred income at their fair value if there is sufficient assurance that the Group will meet the necessary conditions for the grant and that the grant will be received, and are then systematically recognized in profit or loss under other income over the useful life of the asset.

Government grants that cover the expenses incurred by the Group are systematically recognized in profit or loss in the periods in which such expenses are recognized.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Summary of Significant Accounting Policies (cont'd)

Finance income and finance expenses

Finance income consists of bank deposit interest income which is part of the cycle used for financing purposes, receivables from related parties from interest income from invested funds, foreign exchange gains on financial assets and liabilities (other than trade receivables and payables) and gains on derivative instruments recorded in profit or loss.

Finance expenses include interest expenses on bank loans, credit cards and letters of guarantee, commission expenses, exchange rate expenses on financial assets and liabilities (other than trade receivables and debts), and gains on derivative instruments and recorded in profit or loss. Borrowing costs that cannot be directly associated with the acquisition, construction or production of an asset are accounted for in profit or loss using the effective interest rate.

Exchange rate incomes and expenses on financial assets and liabilities (other than trade receivables and debts) are reported separately in finance income or finance expenses according to the net position of the currency difference movements. Exchange rate difference and rediscount income on trade receivables and debts are reported in other income from operating activities, exchange rate difference and rediscount expenses are reported in other expenses from operating activities.

Interest income is calculated using the effective interest method. This income is calculated by applying the effective interest rate to the gross book value of the financial asset, except for:

(a) Financial assets with credit-impairment when purchased or created. For these types of financial assets, the entity applies the effective interest rate corrected according to credit to the amortized cost of the financial asset since it was first included in the financial statements.

(b) Financial assets that are not financial assets with credit-impairment when purchased or created, but subsequently become financial-impaired financial assets. For such financial assets, the entity applies the effective interest rate to the amortized cost of the asset in subsequent reporting periods.

An entity that calculates interest income by applying an effective interest method to the amortized cost of the financial asset in a reporting period, in the event that the credit risk in the financial instrument improves in a way that the financial asset is no longer deemed to be impaired as a credit-impairment, and this improvement can be attributed to an objectively occurring event (a debtor's credit rating increase) calculates the interest income in the next reporting periods by applying the effective interest rate to the gross book value.

Dividend income is recognized in profit or loss on the date the Group is entitled to receive payment.

Statement of cash flows

In the statement of cash flows, cash flows are classified according to operating, investing and financing activities. The Group presents cash flows from operating activities using the indirect method, where net profit or loss is adjusted for the effects of non-cash transactions, accruals or deferrals of cash inflows and outflows related to past or future transactions, and items of income or expense related to investment or financing cash flows.

2.5 Significant accounting judgments, estimates and assumptions

In the preparation of the consolidated financial statements, the Group Management makes assumptions and estimations that will affect the reported assets and liabilities, determine the possible liabilities and commitments as of the reporting date and the income and expense amounts as of the reporting period. Actual results may differ from estimates and assumptions. These estimations and assumptions are reviewed regularly, and when the need for correction arises, the corrections are reflected in the relevant period's operating result.

Considering the interpretations that may have a material effect on the amounts reflected in the consolidated financial statements and the main sources of the existing or future estimates at the reporting date, the important assumptions and assessments are presented below:

a) Provisions for doubtful receivables reflect the amounts that the Group management believes will cover the future losses of the receivables that exist as of the reporting date but have the risk of being uncollectible within the current economic conditions. While evaluating whether the receivables are impaired or not, the past performance of the debtors other than the related parties and key customers, their credibility in the market, the guarantees received, their performance from the balance sheet date to the approval date of the financial statements and the renegotiated conditions are taken into account. As of the relevant reporting dates, the Group's provision for doubtful receivables is included in Note 8. Actual results may differ from assumptions.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Significant accounting judgments, estimates and assumptions (cont'd)

b) The Group management made various assumptions in line with the experiences of the technical team, especially in determining the useful economic life of buildings and machinery.

c) The amount of provisions for litigation, the probability of losing the relevant lawsuits and the probable consequences to be incurred in case of loss are determined through the estimations made by the Group Management in line with the opinions of the Group's Legal advisors (Note 21a).

d) In the calculation of severance pay and severance incentive obligations, the Group makes various assumptions such as discount rate, inflation rate, real salary increase rate, possibility of voluntary resignation, etc. The assumptions used in the calculation of the liability are provided in detail in Note 21b.

e) In the calculation of the provisions for the decline in the value of inventories, the Group makes various assumptions such as estimated sales price, estimated completion costs and the estimated costs required to perform sales (Note 12). Actual results may differ from the assumptions.

f) The Group subjects the goodwill amount to impairment test every year. The recoverable amounts of cash generating units are determined based on the calculations of value in use. These calculations require the use of estimates (Note 17). The use value of the cash generating unit is calculated using the discounted cash flow method. Discounted cash flows are based on projections made in TL, which is the functional currency of the cash-generating unit. During the calculation of the projections, some assumptions and estimations have been used by the Group Management. If actual results differ from estimates, the attached consolidated financial statements may be affected.

g) The Group recognizes deferred tax assets and liabilities for temporary timing differences arising from the differences between the tax base legal financial statements and the financial statements prepared in accordance with TFRS. The Group's subsidiaries have deferred tax assets consisting of other deductible temporary differences. The partially or wholly recoverable amount of deferred tax assets has been estimated under current conditions. 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.

h) The Group calculates the fair values of financial instruments that do not have an active market, using market data, using arm's-length similar transactions, taking the fair values of similar instruments as a reference, and discounted cash flow analysis (Note 4).

3. CASH AND CASH EQUIVALENTS

	31 December 2024	31 December 2023
Cash	320,500	394,043
Cash at banks	1,763,065,892	6,446,365,747
Demand deposits	*553,486,392*	*914,153,323*
Time deposits with a maturity of less than three months	*1,209,579,500*	*5,532,212,424*
Other current assets (*)	108,920,533	226,680,420
Cash and cash equivalents in the consolidated statement of financial position	1,872,306,925	6,673,440,210
Less : interest accruals	(7,807,590)	(56,710,054)
Cash and cash equivalents according to the cash flow statements	1,864,499,335	6,616,730,156

(*) Other cash and cash equivalents consist of , financial bond, checks and promissory notes and credit card receivables due as of 31 December 2024 and 2023. The maturity of financial bond is less than 3 months.

As of 31 December 2024, the Group has USD time deposits amounting to TL 529,204,500 with an interest rate of 1.00 percent and maturity less than 3 months (As of 31 December 2023, the Group has USD time deposits amounting to TL 1,222,827,006 with an interest rate of 2.00 percent and 5.00 percent and maturity less than 3 months).

As of 31 December 2024, the Group has TL time deposits amounting to TL 680,375,000 with an interest rate of 48.50 percent. Maturities are shorter than 3 months (As of 31 December 2023, TL time deposits amounting to TL 4,309,385,418 with interest rates between 37.00 and 47.00 percent). Maturities are shorter than 3 months).

4. FINANCIAL INVESTMENTS

Financial investments at fair value through other comprehensive income:

Company Title	Share Rate %	31 December 2024	Share Rate %	31 December 2023
Çantaş	0.37	310,755	0.37	310,755
		310,755		310,755
Impairment provision		(310,755)		(310,755)
		-		-

	31 December 2024	31 December 2023
Unused restricted bank deposits (*)	1,164,200,660	1,401,001,065
Other	517,739	712,866
	1,164,718,399	1,401,713,931

As of 31 December 2024, restricted cash and cash equivalents amounting to TL 1,164,200,660 (TL 1,401,001,065 as of 31 December 2023) are separately classified under 'Financial Investments' since their use is restricted in the Group's ongoing operations and fulfilling its obligations.

5. DERIVATIVE INSTRUMENTS

	31 December 2024		31 December 2023	
	Asset	Liability	Asset	Liability
Held for trading derivatives that are not designated in hedge accounting relationship				
Forward contracts	-	-	-	2,580,245
	-	-	-	2,580,245

Derivative instruments that are held for speculative purposes and that do not meet hedge accounting requirements are classified as "trading" and the fair value changes of these instruments are recognized in profit or loss.

As of 31 December 2023, the details of cross currency swap, option and forward transactions are as follows;

	Assets		Liabilities	
	Nominal Amount	Fair Value	Nominal Amount	Fair Value
Forward contracts				
USD Collection / TL Payment	-	-	5,250,000	2,580,245
		-		2,580,245

6. FINANCIAL LIABILITIES

Short-Term Financial Liabilities	31 December 2024	31 December 2023
Bank loans	4,484,377,079	15,074,865,215
Lease liabilities	56,649,046	76,606,134
Issued borrowing instruments	-	3,604,130,742
Other financial liabilities	-	714,667,149
	4,541,026,125	19,470,269,240

Long-Term Financial Liabilities	31 December 2024	31 December 2023
Bank loans	2,204,405,117	1,318,451,839
Lease liabilities	509,764,229	53,888,998
	2,714,169,346	1,372,340,837

6. FINANCIAL LIABILITIES (cont'd)

Short-term Bank Loans;

Currency	Weighted Average Interest Rate %	31 December 2024 Short-term
TL	48.30	1,618,782,781
USD	7.22	2,865,594,298
		4,484,377,079

Currency	Weighted Average Interest Rate %	31 December 2023 Short-term
TL	44.33	14,509,581,812
USD	9.22	565,283,403
		15,074,865,215

Details of the Short-Term Debt Instruments Issued are as follows;

Currency	Weighted Average Interest Rate %	31 December 2023 Short-term
TL	37.99	3,604,130,742
		3,604,130,742

On 07 July 2023, the Group issued a single coupon payment financial bond with a discounted fixed interest rate, quoted on Borsa Istanbul, amounting to TL 1,227,219,557 million. The maturity of the bond is 05 January 2024 and the coupon interest rate is 41.50%.

On 09 August 2023, the Group issued a single coupon payment financial bond with a discounted fixed interest rate, quoted on Borsa Istanbul, amounting to TL 1,443,787,714 billion. The maturity of the bond is 02 February 2024 and the coupon interest rate is 36.00%.

On 09 August 2023, the Group issued a single coupon payment financing bond with a discounted fixed interest rate, quoted on Borsa Istanbul, amounting to TL 721,893,857 million. The maturity of the bond is 07 August 2024 and the coupon interest rate is 36.00%.

Details of Other Financial Liabilities are as follows;

Currency	Weighted Average Interest Rate %	31 December 2023 Short-term
TL	40.34	714,667,149
		714,667,149

Details of Long-Term Bank Loans are as follows;

Currency	Weighted Average Interest Rate %	31 December 2024 Long-term
TL	13.32	34,666,668
USD	8.61	2,169,738,449
		2,204,405,117

6. FINANCIAL LIABILITIES (cont’d)

Details of Long-Term Bank Loans are as follows (cont’d);

Currency	Weighted Average Interest Rate %	31 December 2023 Long-term
TL	14.15	56,127,248
USD	10.33	1,262,324,591
		1,318,451,839

The maturities of the lease liabilities are as follows;

	31 December 2024	31 December 2023
To be paid within 1 year	56,649,046	76,606,134
To be paid within 1-5 years	509,764,229	53,888,998
	566,413,275	130,495,132

The maturities of bank loans, issued debt instruments and other financial liabilities are as follows:

	31 December 2024	31 December 2023
To be paid within 1 year	4,484,377,079	19,393,663,106
To be paid within 1-2 years	1,372,798,046	315,468,270
To be paid within 2-3 years	332,642,830	301,692,129
To be paid within 3-4 years	332,642,830	280,516,576
To be paid within 4-5 years	166,321,411	280,516,576
5 years and more	-	140,258,288
	6,688,782,196	20,712,114,945

As of 31 December, bank loans have spot, fixed and floating interest rates and due to their short original maturities, it is assumed that their fair values and book values are close.

As of 1 January - 31 December 2024 and 2023, the reconciliation of liabilities arising from financing activities is as follows;

	1 January- 31 December 2024	1 January- 31 December 2023
Financial liabilities as of 1 January	**20,842,610,077**	**17,355,858,343**
Capital inflow within the period	9,224,306,008	21,530,440,577
Payments within the period	(16,670,535,839)	(13,139,650,711)
Exchange difference	551,929,074	14,649,466
Interest accrual change	(286,566,548)	590,321,103
Disposal from subsidiary sale (Note 38)	-	(54,954,017)
Inflation accounting effect	(6,406,547,301)	(5,454,054,684)
	7,255,195,471	20,842,610,077

7. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables

As of 31 December 2024 and 2023, the details of the Group's trade receivables are as follows;

Short-term trade receivables	31 December 2024	31 December 2023
Trade receivables	886,861,626	2,151,703,020
Notes receivable	554,670,670	2,368,983,346
Trade receivables from related parties (Note 33)	61,893,295	42,573,885
Provision for expected loss (-)	(177,789,824)	(181,416,812)
	1,325,635,767	4,381,843,439

Long-term trade receivables	31 December 2024	31 December 2023
Notes receivable	519,179	-
	519,179	-

The Group has no factoring as of 31 December 2024 (As of 31 December 2023, the Group has deducted TL 721,893,857 collected from factoring companies within the scope of irrevocable factoring from its trade receivables:).

As of 31 December 2024 and 2023, the aging of trade receivables is as follows:

	31 December 2024	31 December 2023
Not overdue and impaired	1,208,127,143	4,155,295,876
Overdue for 1-30 days, not impaired	87,188,772	56,689,034
Overdue for 1-3 months, not impaired	19,438,729	105,821,211
Overdue for 3-12 months, not impaired	11,259,167	62,631,677
Overdue for 1-5 years, not impaired	141,135	1,405,641
	1,326,154,946	4,381,843,439

The Group has evaluated the collateral status of the overdue receivables mentioned above, the current financial position of the related customers and the collections after the reporting date and concluded that there is no impairment on these receivables.

The average maturity applied by the Group for its sales is 214 days (31 December 2023: 287 days)

The provision for doubtful receivables for trade receivables is determined based on the future collection expectation and past experience of uncollectibility. The movement of the Group's provision for doubtful trade receivables is as follows:

Expected loss provision movements	1 January-31 December 2024	1 January-31 December 2023
Opening balance	181,416,812	23,984,078
Charge for the period	68,444,451	176,934,871
Collections	(12,674,270)	(407,225)
Disposal from sale of subsidiary	-	(97,547)
Inflation accounting effect	(59,397,169)	(18,997,365)
Closing balance	177,789,824	181,416,812

The nature and level of risks related to trade receivables are disclosed in Note 34.

7. TRADE RECEIVABLES AND PAYABLES (cont'd)

b) Trade Payables

As of 31 December 2024 and 2023, the details of the Group's trade payables are as follows:

Short-term trade payables	31 December 2024	31 December 2023
Trade payables (*)	1,172,790,684	1,698,061,937
Trade payables to related parties (Note 33)	136,707,026	248,782,172
Expense accruals	26,650,267	74,572,717
	1,336,147,977	2,021,416,826

(*) As of 31 December 2024, letters of credit amounting to TL 456,626,717 are included in trade payables (31 December 2023: TL 475,294,570).

The average payment period of trade payables for the purchase of goods is 104 days (31 December 2023: 124).

8. PAYABLES FOR EMPLOYEE BENEFITS

	31 Aralık 2024	31 Aralık 2023
Personele ödenecek ücretler	1,595,582	189,100
Personele ödenecek prim karşılıkları	143,502,836	93,421,641
Ödenecek sosyal güvenlik primleri	15,129,878	23,769,877
	160,228,296	117,380,618

9. OTHER RECEIVABLES AND PAYABLES

a) Other Receivables

Other Short-Term Receivables	31 December 2024	31 December 2023
VAT and other refund receivables	192,376,793	9,557,609
Refund receivable of special consumption tax ("SCT") (*)	1,376,703	343,851
Corporate and provisional tax refund receivables	1,155,860	1,620,447
Deposits and guarantees given	489,437	672,822
Other receivables from related parties (Note 33)	-	2,154,402,147
	195,398,793	2,166,596,876

(*) In case the raw materials subject to SCT are used in the production of goods that are not subject to SCT, the Special Consumption Tax paid for the purchase of such raw materials can be refunded if the issues specified in the Special Consumption Tax Communiqué numbered 25 are fulfilled. In this context, the SCT amount requested for refund is TL 1,376,703 (31 December 2023: TL 343,851).

Other Long-Term Receivables	31 December 2024	31 December 2023
Deposits and guarantees given	4,518,518	6,073,655
	4,518,518	6,073,655

9. OTHER RECEIVABLES AND PAYABLES (cont'd)

b) Other Payables

Other Short-Term Payables	31 December 2024	31 December 2023
Other payables to related parties (Note 33) (*)	1,193,483,775	1,072,413,303
Taxes and funds payable	20,065,829	18,150,101
Other miscellaneous liabilities	3,057,039	4,898,708
	1,216,606,643	1,095,462,112

(*) The relevant amount of 1,186,362,140 TL consists of the principal and interest accruals related to the loan taken for financing purposes.

Other Long-Term Payables	31 December 2024	31 December 2023
Other payables to related parties (Note 33)	125,006,301	161,638,386
	125,006,301	161,638,386

10. PREPAID EXPENSES

Short-Term Prepaid Expenses	31 December 2024	31 December 2023
Order advances given	42,395,094	70,749,048
Prepaid expenses	89,481,732	87,385,263
Advances given to related parties (Note 33)	601,584	2,166,502
	132,478,410	160,300,813

Long-Term Prepaid Expenses	31 December 2024	31 December 2023
Advances given for the purchase of fixed assets	1,665,703,281	1,231,898,795
	1,665,703,281	1,231,898,795

11. DEFERRED INCOME

Short-Term Deferred Income	31 December 2024	31 December 2023
Order advances received	49,894,402	40,242,818
	49,894,402	40,242,818

12. INVENTORIES

	31 December 2024	31 December 2023
Raw material	1,736,505,219	2,697,585,367
Work in-process	337,760,049	585,930,659
Finished goods	885,158,013	1,605,820,871
Trade goods	512,326,467	1,158,341,989
Other inventories (*)	397,752,995	352,198,509
Provision for impairment on inventories (-)	(486,862,444)	(263,047,881)
	3,382,640,299	6,136,829,514

(*) As of 31 December 2024, TL 378,244,774 (31 December 2023: TL 344,497,929) of other inventories consist of goods in transit.

Movement of allowance for impairment on inventory	1 January- 31 December 2024	1 January- 31 December 2023
Opening balance	(263,047,881)	(8,508,176)
Charge for the period	(478,618,258)	(322,982,954)
Provision used/reversed	254,803,695	68,443,249
Closing balance	(486,862,444)	(263,047,881)

13. PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment

Cost Value	Lands	Land improvements	Buildings	Plant, machinery and equipment	Vehicles	Furniture and fixtures	Special Costs	Construction in progress	Total
Opening balance as of 1 January 2024	70,975,262	15,280,074	609,763,746	2,872,898,017	54,592,263	563,433,158	-	3,088,945,629	7,275,888,149
Foreign currency translation differences	-	-	-	(3,626,027)	(1,458,096)	(75,899)	-	-	(5,160,022)
Additions	-	-	4,509,554	118,001,665	1,306,319	126,863,600	32,063,728	375,109,731	657,854,597
Disposals	-	-	-	(1,099,740)	(1,220,835)	(2,868,152)	-	-	(5,188,727)
Transfers (*)	-	-	335,843,481	-	-	-	3,381,695,055	(503,682,049)	3,213,856,487
Closing balance as of 31 December 2024	70,975,262	15,280,074	950,116,781	2,986,173,915	53,219,651	687,352,707	3,413,758,783	2,960,373,311	11,137,250,484
Accumulated Depreciation									
Opening balance as of 1 January 2024	-	(3,792,358)	(59,489,524)	(670,312,719)	(26,462,499)	(212,748,248)	-	-	(972,805,348)
Foreign currency translation differences	-	-	-	1,080,575	708,661	50,236	-	-	1,839,472
Charge for the period	-	(1,064,965)	(16,587,055)	(273,838,108)	(8,729,044)	(102,533,579)	(101,264,306)	-	(504,017,057)
Disposals	-	-	-	881,511	1,031,655	2,143,549	-	-	4,056,715
Transfers (*)	-	-	-	-	-	-	(114,600,774)	-	(114,600,774)
Closing balance as of 31 December 2024	-	(4,857,323)	(76,076,579)	(942,188,741)	(33,451,227)	(313,088,042)	(215,865,080)	-	(1,585,526,992)
Carrying value as of 31 December 2024	70,975,262	10,422,751	874,040,202	2,043,985,174	19,768,424	374,264,665	3,197,893,703	2,960,373,311	9,551,723,492

(*) 3,381,695,055 TL has been transferred from intangible assets to special costs, while the remaining 167,838,568 TL has been transferred from ongoing investments to intangible assets. (Note 15).

13. PROPERTY, PLANT AND EQUIPMENT (cont'd)

a) Property, Plant and Equipment (cont'd)

Cost Value	Lands	Land improvements	Buildings	Plant, machinery and equipment	Vehicles	Furniture and fixtures	Construction in progress	Total
Opening balance as of 1 January 2023	82,318,583	253,342,175	1,022,872,539	1,907,069,836	48,295,207	374,269,689	5,410,547,409	9,098,715,438
Foreign currency translation differences	-	-	-	(169,693)	(237,541)	(13,276)	-	(420,510)
Additions	-	3,165,219	170,944,899	398,454,758	12,771,455	218,259,691	2,641,912,494	3,445,508,516
Disposals	(69,237)	(237,905,582)	(834,705,384)	(29,894)	(2,827,257)	(41,822,892)	-	(1,117,360,246)
Disposal from sale of subsidiary (Note 38)	(11,274,084)	(3,321,738)	(46,704,048)	(649,495,274)	(3,409,601)	(16,862,597)	-	(731,067,342)
Transfers (*)	-	-	297,355,740	1,217,068,284	-	29,602,543	(4,963,514,274)	(3,419,487,707)
Closing balance as of 31 December 2023	70,975,262	15,280,074	609,763,746	2,872,898,017	54,592,263	563,433,158	3,088,945,629	7,275,888,149
Accumulated Depreciation								
Opening balance as of 1 January 2023	-	(128,494,395)	(366,340,509)	(553,663,396)	(24,510,094)	(183,291,334)	-	(1,256,299,728)
Foreign currency translation differences	-	-	-	(356,174)	(132,060)	(42,394)	-	(530,628)
Charge for the period	-	(6,268,093)	(17,441,181)	(235,079,257)	(9,989,153)	(73,009,098)	-	(341,786,782)
Disposals	-	130,641,719	316,190,302	-	1,737,567	36,411,255	-	484,980,843
Disposal from sale of subsidiary (Note 38)	-	328,411	8,101,864	118,786,108	6,431,241	7,183,323	-	140,830,947
Closing balance as of 31 December 2023	-	(3,792,358)	(59,489,524)	(670,312,719)	(26,462,499)	(212,748,248)	-	(972,805,348)
Carrying value as of 31 December 2023	70,975,262	11,487,716	550,274,222	2,202,585,298	28,129,764	350,684,910	3,088,945,629	6,303,082,801

(*) TL 3,419,487,707 has been transferred from construction in progress to intangible assets (Note 15).

14. RIGHT-OF-USE ASSETS

Cost Value	Properties	Vehicles	Total
Opening balance as of 1 January 2024	407,497,738	319,073,064	726,570,802
Additions	592,759,163	47,914,229	640,673,392
Disposals	-	(60,032,348)	(60,032,348)
Closing balance as of 31 December 2024	1,000,256,901	306,954,945	1,307,211,846
Accumulated Amortization			
Opening balance as of 1 January 2024	(331,185,510)	(181,182,296)	(512,367,806)
Charge for the period	(88,060,367)	(95,687,049)	(183,747,416)
Disposals	-	28,134,462	28,134,462
Closing balance as of 31 December 2024	(419,245,877)	(248,734,883)	(667,980,760)
Carrying value as of 31 December 2024	581,011,024	58,220,062	639,231,086

Cost Value	Properties	Vehicles	Total
Opening balance as of 1 January 2023	403,871,160	333,060,780	736,931,940
Additions	55,186,081	49,164,457	104,350,538
Disposals	(51,559,503)	(63,152,173)	(114,711,676)
Closing balance as of 31 December 2023	407,497,738	319,073,064	726,570,802
Accumulated Amortization			
Opening balance as of 1 January 2023	(229,607,805)	(112,146,374)	(341,754,179)
Charge for the period	(121,711,186)	(102,615,337)	(224,326,523)
Disposals	20,133,481	33,579,415	53,712,896
Closing balance as of 31 December 2023	(331,185,510)	(181,182,296)	(512,367,806)
Carrying value as of 31 December 2023	76,312,228	137,890,768	214,202,996

Amortization periods of right-of-use assets are as follows:

	Useful Life
Properties	1-35 years
Vehicles	1-3 years

15. INTANGIBLE ASSETS

Cost Value	Rights	Development costs	Other intangible assets	Total
Opening balance as of 1 January 2024	1,432,877,586	140,834,677	3,394,420,890	4,968,133,153
Foreign currency translation differences	(50,845,110)	-	(3,123,363)	(53,968,473)
Additions	10,450,417	53,959	-	10,504,376
Disposals	(568,811)	-	(4,129,821)	(4,698,632)
Transfers (*)	71,662,234	101,648,985	(3,387,167,706)	(3,213,856,487)
Closing balance as of 31 December 2024	1,463,576,316	242,537,621	-	1,706,113,937
Accumulated Amortization				
Opening balance as of 1 January 2024	(327,009,658)	(89,379,138)	(115,856,742)	(532,245,538)
Foreign currency translation differences	5,751,951	-	286,164	6,038,115
Charge for the period	(117,530,017)	(19,166,640)	(72,497)	(136,769,154)
Transfers	-	(1,042,301)	115,643,075	114,600,774
Disposals	568,811	-	-	568,811
Closing balance as of 31 December 2024	(438,218,913)	(109,588,079)	-	(547,806,992)
Carrying value as of 31 December 2024	1,025,357,403	132,949,542	-	1,158,306,945

(*) The amount of 3,387,167,706 TRY in other intangible assets, 3,381,695,055 TRY has been transferred to the special costs item under tangible fixed assets, and 5,472,651 TRY has been transferred to development costs.

Cost Value	Rights	Development costs	Other intangible assets	Total
Opening balance as of 1 January 2023	1,078,549,766	129,877,883	41,997,896	1,250,425,545
Foreign currency translation differences	(10,398,103)	-	89,936	(10,308,167)
Additions	367,841,192	-	128,836,733	496,677,925
Disposals	(1,023,250)	(139,064)	(25,410,579)	(26,572,893)
Disposal from sale of subsidiary (Note 38)	(28,225,088)	-	(133,351,876)	(161,576,964)
Transfers from construction in-progress	26,133,069	11,095,858	3,382,258,780	3,419,487,707
Closing balance as of 31 December 2023	1,432,877,586	140,834,677	3,394,420,890	4,968,133,153
Accumulated Amortization				
Opening balance as of 1 January 2023	(243,247,840)	(74,878,794)	(7,998,021)	(326,124,655)
Foreign currency translation differences	(1,822,693)	-	(138,106)	(1,960,799)
Charge for the period	(93,529,171)	(14,500,344)	(111,924,425)	(219,953,940)
Disposals	943,535	-	89,844	1,033,379
Disposal from sale of subsidiary (Note 38)	10,646,511	-	4,113,966	14,760,477
Closing balance as of 31 December 2023	(327,009,658)	(89,379,138)	(115,856,742)	(532,245,538)
Carrying value as of 31 December 2023	1,105,867,928	51,455,539	3,278,564,148	4,435,887,615

16. INVESTMENT PROPERTIES

Cost Value	Lands	Land and land improvements	Buildings	Total
Opening balance as of 1 January 2024	3,207,486	13,802,535	77,606,685	94,616,706
Additions	51,947,395	-	731,675	52,679,070
Closing balance as of 31 December 2024	55,154,881	13,802,535	78,338,360	147,295,776
Accumulated Depreciation				
Opening balance as of 1 January 2024	-	(6,786,246)	(31,135,482)	(37,921,728)
Charge for the period	-	(276,051)	(1,270,801)	(1,546,852)
Closing balance as of 31 December 2024	-	(7,062,297)	(32,406,283)	(39,468,580)
Carrying value as of 31 December 2024	55,154,881	6,740,238	45,932,077	107,827,196

Cost Value	Lands	Land and land improvements	Buildings	Total
Opening balance as of 1 January 2023	3,207,486	13,802,535	77,606,685	94,616,706
Closing balance as of 31 December 2023	3,207,486	13,802,535	77,606,685	94,616,706
Accumulated Depreciation				
Opening balance as of 1 January 2023	-	(6,510,195)	(29,964,481)	(36,474,676)
Charge for the period	-	(276,051)	(1,171,001)	(1,447,052)
Closing balance as of 31 December 2023	-	(6,786,246)	(31,135,482)	(37,921,728)
Carrying value as of 31 December 2023	3,207,486	7,016,289	46,471,203	56,694,978

The Group has leased the factory buildings in Şanlıurfa and Adana which are not actively used in production. Therefore, the related assets are recognised as investment property. The rental income obtained from these properties in the current period is TL 3,795,439 (31 December 2023: TL 3,543,523 rental income) (Note 29a).

16. INVESTMENT PROPERTIES (cont'd)

Fair value measurements of the Group's investment properties

As of 31 December 2024 and 2023, the fair value of the Group's investment properties has been evaluated by an independent valuation firm authorized by Yetkin Gayrımenkul ve Değerleme Danışmanlık Anonim Şirketi. The relevant company is authorized by the CMB and provides real estate valuation services in accordance with the capital market legislation and has sufficient experience and qualifications in measuring the fair value of real estates in the relevant regions. The fair value of the freehold land was determined based on the market comparable approach that reflects recent transaction prices for similar properties. No different valuation technique has been used in the current period.

As of 31 December 2024 and 2023, the Group's investment properties and the fair value hierarchy of the assets are shown in the table below:

	Fair value level as of reporting date		
	Level 1	Level 2	Level 3
2024	TL	TL	TL
Land	-	108,695,895	-
Building	-	113,160,000	-

	Level 1	Level 2	Level 3
2023	TL	TL	TL
Land	-	49,559,457	-
Building	-	76,138,145	-

17. GOODWILL

Company	Acqusition Date	31 December 2024	31 December 2023
Sunset	2020	340,278,901	340,278,901
Ferbis	2017	85,213,469	85,213,469
		425,492,370	425,492,370

In accordance with the accounting policy set out in Note 2, the Group tests annually or more frequently for any impairment on goodwill. The impairment test for cash-generating units was performed as of 31 December 2024. The test was conducted in accordance with the discounted cash flow method, taking into account the "net fair value less cost to sell".

The Group Management has calculated the value in use of the cash-generating unit to which the goodwill amount is related in the impairment studies performed for goodwill.

The estimated fair value calculated according to the discounted cash flow method exceeds the recoverable amount as of 31 December. No impairment provision was made during 2024 and 2023.

17. GOODWILL (cont'd)

The important assumptions used in the calculation of recoverable amounts are discount rates, final growth rates and EBITDA (Earnings before interest, depreciation and tax) growth rates. The values used in the assumptions are based on Group Management's assessment of future trends in the pesticide market and internal and external sources (historical data). The main assumptions reflecting the weighted average of all cash-generating units included in the relevant operating segments are as follows:

Weighted average	31 December 2024	31 December 2023
Discount rate, gross	17%-33%	37%-39%
Final growth rate	10%	5%
Budgeted EBITDA growth rate (average of the next five years)	10%-57%	15%-54%

In the discounted cash flow model, estimated cash flows during the license period are included. The long-term growth rate has been determined based on the long-term compound EBITDA growth rate estimated by Group Management and believed to be consistent with the assumptions made by a market participant.

Budgeted EBITDA has been determined based on expected future results, taking into account past experience, and has been adjusted for the following factors.

After determining the basic revenue figures, it is assumed that these prices will increase in line with the estimated inflation in the first five years.

The Group compared the estimated recoverable amount of the cash-generating unit with its carrying amount and concluded that there was no impairment.

18. GOVERNMENT GRANTS AND INCENTIVES

The Company benefited from VAT Exemption, Insurance Premium Employer's Share Support, Tax Reduction, Customs Duty Exemption support element investment incentive certificate and tax reduction amounting to TL 292,781,454 from the TR Ministry of Economy within the scope of the production of Pesticides (Pesticide) and Other Agricultural - Chemical Products that dated 1 May 2020 and numbered 510660, starting at 30 April 2020 and ending at 28 October 2024, dated 24 May 2019 and numbered 503711, starting at 24 May 2019 and ending at 23 November 2026, dated 31 December 2019 and numbered 507656, starting at 26 December 2019 and ending at 26 December 2024, dated 3 November 2020 and numbered 516676, starting at 3 November 2020 and ending at 3 November 2026, dated 1 October 2021 and numbered 528148, starting at 29 September 2021 and ending at 29 September 2024, dated 4 October 2022 and numbered 542168, starting at 29 September 2022 and ending at 29 May 2025, dated 31 December 2024 and numbered 576031, starting at 31 December 2024 and ending at 31 December 2027, dated 13 May 2019 and numbered 506178, starting at 13 May 2019 and ending at 12 November 2023.

As of 31 December 2024, the Company has a tax advantage of TL 292,781,454 that can be used in the future years related to the incentive. The entire amount is included in the deferred tax calculation (31 December 2023: TL 366,344,724).

19. GUARANTEES, PLEDGE AND MORTGAGES

The details of the Company's Guarantees/Pledge/Mortgages ("GPM") are as follows:

31 December 2024		TL equivalent	TL
A. GPMs Given for Company's Own Legal Personality			
	-Guarantee	*468,240,898*	*468,240,898*
	-Pledge	-	-
	-Mortgage	-	-
B. GPMs Given on Behalf of Fully Consolidated Companies			
	-Guarantee	-	-
	-Pledge	-	-
	-Mortgage	-	-
	-Other (*)	*2,000,000,000*	*2,000,000,000*
C. GPMs Given in the Normal Course of Business Activities on Behalf of Third Parties			
	-Guarantee	-	-
	-Pledge	-	-
	-Mortgage	-	-
D. Total Amount of Other GPMs			
i. Total Amount of GPMs Given on Behalf of the Parent			
	-Guarantee	-	-
	-Pledge	-	-
	-Mortgage	-	-
ii. Total Amount of GPMs Given to on Behalf of Other Group Companies which are not in Scope of B and C			
	-Guarantee	-	-
	-Pledge	-	-
	-Mortgage	-	-
iii. Total Amount of GPMs Given on Behalf of Third Parties which are not in Scope of C			
	-Guarantee	-	-
	-Pledge	-	-
	-Mortgage	-	-
Total		2,468,240,898	2,468,240,898

(*) The balance consists of guarantees given on behalf of the Group's subsidiaries for their financial borrowings as of 31 December 2024.

19. GUARANTEES, PLEDGE AND MORTGAGES (cont'd)

31 December 2023		TL equivalent	TL
A. GPMs Given for Company's Own Legal Personality			
	-Guarantee	*340,006,756*	*340,006,756*
	-Pledge	-	-
	-Mortgage	-	-
B. GPMs Given on Behalf of Fully Consolidated Companies			
	-Guarantee	-	-
	-Pledge	-	-
	-Mortgage	-	-
	-Other (*)	*2,887,575,428*	*2,887,575,428*
C. GPMs Given in the Normal Course of Business Activities on Behalf of Third Parties			
	-Guarantee	-	-
	-Pledge	-	-
	-Mortgage	-	-
D. Total Amount of Other GPMs			
i. Total Amount of GPMs Given on Behalf of the Parent			
	-Guarantee	-	-
	-Pledge	-	-
	-Mortgage	-	-
ii. Total Amount of GPMs Given to on Behalf of Other Group Companies which are not in Scope of B and C			
	-Guarantee	-	-
	-Pledge	-	-
	-Mortgage	-	-
iii. Total Amount of GPMs Given on Behalf of Third Parties which are not in Scope of C			
	-Guarantee	-	-
	-Pledge	-	-
	-Mortgage	-	-
Total		3,227,582,184	3,227,582,184

(*) The balance consists of guarantees given on behalf of the Group's subsidiaries for their financial borrowings as of 31 December 2023.

As of 31 December, there are no guarantees, pledges and mortgages other than the letters of guarantee given on behalf of the Company's legal entity as presented above..

The ratio of the Group's other GPMs to equity is 0% as of 31 December 2024 (2023: 0%).

20. CURRENT TAX ASSETS

Current taz assets	31 December 2024	31 December 2023
Prepaid tax and funds	105,791,171	86,276,701
	105,791,171	86,276,701

21. SHORT-TERM AND LONG-TERM PROVISIONS

a) Short-term Provisions

Short-term provisions	31 December 2024	31 December 2023
Provisions for legal cases (*)	5,196,605	4,645,827
Provision for unused vacation	19,502,897	19,125,567
	24,699,502	23,771,394

(*) Includes possible liabilities of reemployment and commercial lawsuits.

The movements of the provisions for litigation in the accounting period ending on 31 December 2024 and 2023 are as follows:

	1 January- 31 December 2024	1 January- 31 December 2023
Provision as of 1 January	4,645,827	5,927,064
Provision expense for the period	2,602,393	4,574,142
Provisions released	(351,490)	-
Inflation effect	(1,700,125)	(5,855,379)
Provision as of 31 December	5,196,605	4,645,827

The movements of the provision for unused vacation for the period ending on 31 December 2024 and 2023 are as follows:

	1 January- 31 December 2024	1 January- 31 December 2023
Provision as of 1 January	19,125,567	22,892,445
Provision expense for the period	7,024,813	9,040,746
Outflow from sale of subsidiary	-	(1,165,000)
Foreign currency translation difference	80,487	332,431
Inflation accounting effect	(6,727,970)	(11,975,055)
Provision as of 31 December	19,502,897	19,125,567

b) Long-Term Provisions

Long-term provisions for employee benefits as of 31 December 2024 and 2023 are presented below:

Long-term provisions	31 December 2024	31 December 2023
Provision for employment termination benefit	85,903,496	95,345,933
Seniority incentive premium provision	19,088,668	11,299,984
	104,992,164	106,645,917

Provision for Severance Incentive Bonus:

The Group provides a benefit in the name of "Seniority Incentive Bonus" to its employees with a certain seniority. In this respect, the Group pays one salary equivalent of seniority incentive bonus for each work period of 10 years. The current value of the severance incentive premium liability has been calculated by an independent actuary in the current year and the assumptions used in the calculation of provisions for severance pay were used.

21. SHORT-TERM AND LONG-TERM PROVISIONS (cont'd)

b) Long-Term Provisions (cont'd)

Provision for Severance Incentive Bonus (cont'd):

Transactions of the provisions for severance incentive premium in the fiscal period ending on 31 December 2024 and 2023 are presented below:

	1 January-31 December 2024	1 January-31 December 2023
Provision as of 1 January	11,299,984	14,340,548
Service cost	11,284,736	2,467,824
Interest cost	2,798,949	2,274,201
Amount paid during the period	(1,310,552)	(851,041)
Earnings from reducing benefits / layoffs	37,546	533,162
Outflow from sale of subsidiary	-	(1,181,268)
Inflation accounting effect	(5,021,995)	(6,283,442)
Provision as of 31 December	19,088,668	11,299,984

Provision for employment termination benefit:

Under the Effective Labor Law provisions, employees whose employment contract is terminated with eligibility for severance pay must be paid the statutory severance pays for which they are eligible. Furthermore, under the provision of the article 60 of the Social Security Law no. 506 which is still effective, amended by the laws no. 2422 dated 6 March 1981 and no. 4447 dated 25 August 1999, statutory severance pay must also be paid to those who are eligible for resigning with severance pay.

The employment termination benefit payable as of 31 December 2024 is subject to a monthly cap of TL 41,828.42 (31 December 2023: TL 23,489.83). The severance pay liability is not legally subject to any funding.

The severance pay liability is calculated according to the estimation of the current value of the future probable obligation of the Group arising from the retirement of the employees. TAS 19 ("Benefits Provided to Employees") prescribes that the Group's liabilities are developed by using actuarial valuation methods within the scope of defined benefit plans. The severance pay liability was calculated by an independent actuary and the Projected Unit Credit Method was used in the calculation. The actuarial assumptions used in the calculation of the current value of the liabilities are specified below.

	31 December 2024	31 December 2023
Discount rate	25.88%	24.27%
Inflation rate	21.81%	21.02%

The estimated rate of employment termination benefit amounts which will not be paid as a result of voluntary resignations and which will remain within the Group has been taken into account as well. It has been assumed that the voluntary resignation rates of employees would depend on their past service period; the past experience was analyzed and the assumed voluntary resignations expected prospectively were reflected in the calculation in order to calculate the total severance pay liability. In the actuarial calculations made, the voluntary resignation possibility of employees was included in the calculation at the rates which decline as the previous service period increases. Accordingly, the possibility of voluntary resignation is between 11 per cent and 0 per cent for personnel whose previous service period is between 0 and 15 years and above.

The important estimates used in the calculation of the severance pay liability are the discount rate and the probability of voluntary dismissal.

- If the discount rate is increased by 1 percent annually, the amount of severance pay decreases by 8.2 percent.
- If the discount rate is decreased by 1 percent annually, the amount of severance pay increases by 9.9 percent.
- If the annual inflation rate is increased by 1 percent, the amount of severance pay increases by 10.1 percent.
- If the annual inflation rate is decreased by 1 percent, the amount of severance pay decreases by 8.5 percent.
- If the possibility of voluntary departure is not used, the amount of severance pay increases by 7.1 percent.

21. SHORT-TERM AND LONG-TERM PROVISIONS (cont'd)

b) Long-Term Provisions (cont'd)

Provision for employment termination benefit (cont'd):

As at 31 December 2024 and 2023, the movement of provision for employment termination benefits is as follows:

	1 January- 31 December 2024	1 January- 31 December 2023
Provision as of 1 January	95,345,933	122,692,794
Service cost	18,821,996	20,894,889
Interest cost	16,161,589	15,125,273
Employment termination benefits paid	(14,506,204)	(43,379,404)
Outflow from sale of subsidiary	-	(4,857,341)
Earnings from reducing benefits / layoffs	3,909,471	12,781,858
Actuarial gain	(1,806,759)	21,320,804
Inflation accounting effect	(32,022,530)	(49,232,940)
Provision as of 31 December	85,903,496	95,345,933

22. OTHER CURRENT ASSETS

Other Current Assets	31 December 2024	31 December 2023
Transferred VAT	645,547,334	818,696,039
Other miscellaneous current assets	23,897,829	18,385,623
	669,445,163	837,081,662

23. EQUITY

a) Share Capital

The paid-in capital structure of the Company as of 31 December 2024 and 2023 is as follows:

Shareholders	%	31 December 2024	%	31 December 2023
Ordu Yardımlaşma Kurumu	55.4	4,667,398,975	58.8	1,488,146,000
Public	44.6	3,762,601,025	41.2	1,041,854,000
		8,430,000,000		2,530,000,000
Share Capital Adjustment Differences		7,304,039,454		7,243,379,289
		15,734,039,454		9,773,379,289

The Company's registered capital ceiling is TL 8,500,000,000 (31 December 2023: TL 3,000,000,000).

(*) The Company has decided to increase its registered capital ceiling from TL 3,000,000,000 to TL 8,500,000,000 with the decision of the Board of Directors dated 08 February 2023 and this decision was registered on 03 April 2023.

Pursuant to the decision taken by the Board of Directors; within the registered capital ceiling of 8,500,000,000,000 Turkish Liras, the issued capital of nominal 2,530,000,000 Turkish Liras has been increased to nominal 8,430,000,000,000 Turkish Liras with an increase of 5,900,000,000 Turkish Liras by 233% in cash (paid-in) and registered on 05 November 2024.

The capital consists of 8,430,000,000,000 shares with a nominal value of TL 0.01 and there are no preferred shares.

23. EQUITY (cont'd)

a) Share Capital (cont'd)

After the exercise of the rights to acquire new shares (pre-emptive rights), the shares with a total nominal value of TL 43,732,413,926 corresponding to the rights to acquire new shares that were not exercised in due time were offered for sale in the Primary Market of Borsa Istanbul A.Ş. for 2 (two) business days on 07 October-08 October 2024, and all of the remaining shares were sold for TL 178,089,491 and the capital increase was completed on 08 October 2024. Our company has provided total nominal funds amounting to TL 6,034,359,312 due to the capital increase.

b) Restricted Reserves Appropriated from Profit

	31 December 2024	31 December 2023
Legal Reserves	456,563,215	456,563,215
	456,563,215	456,563,215

In accordance with Turkish Commercial Law, legal reserves are classified as first and second reserves. The Group reserves 5% of the historical statutory profit as first legal reserve, until the total reserve reaches 20% of the historical paid in share capital. The other legal reserve is appropriated at the rate of 10% per annum of all cash dividend distributions after the payment of dividends to the shareholders at a rate of 5%. According to Turkish Commercial Law, general legal reserves cannot be distributed unless it exceeds 50% of the issued capital yet can be used to close the losses when the profit reserves are insufficient.

Publicly traded companies distribute their dividends in this way: in accordance with the CMB decision dated 25 February 2005 and numbered 7/242; if the entire profit distribution amount calculated in accordance with the regulations of the CMB regarding the minimum profit distribution obligation over the net distributable profit found in accordance with the CMB regulations can be met from the distributable profit in the legal records, the whole of this amount, and if not, the entire net distributable profit in the legal records will be distributed. If there is a period loss in the financial statements prepared in accordance with the CMB regulations or in any of the legal records, profit distribution will not be made.

With the decision of the Capital Markets Board dated 27 January 2010, no minimum profit distribution obligation was introduced for the dividend distribution to be made for publicly held joint stock companies whose shares are traded on the stock exchange.

Equity inflation adjustment differences and registered values of extraordinary reserves, bonus issue capital increase; cash can be used for profit distribution or loss offset. However, if the equity inflation adjustment differences are used in cash profit distribution, they will be subject to corporate tax.

c) Actuarial Gain/Loss Fund for Employee Benefits

	31 December 2024	31 December 2023
Defined benefit plans remeasurement losses	(75,394,190)	(80,546,293)
Deferred tax	16,723,610	17,175,299
Subsidiary disposal effect	-	3,345,344
	(58,670,580)	(60,025,650)

d) Additional Information on Share Capital, Reserves and Other Equity Items

As of 31 December 2024, the comparison of the inflation adjusted equity items presented in the consolidated financial statements with the inflation adjusted amounts in the financial statements prepared in accordance with the Tax Procedure Law is as follows:

31 December 2024	Inflation-adjusted amounts included in the financial statements prepared in accordance with the Tax Procedure Law	Inflation-adjusted amounts in the financial statements prepared in accordance with TAS/TFRS Financial Statements	Difference in prior years' losses
Share Capital Adjustment Differences	5,132,279,085	7,304,039,454	- 2,171,760,369
Premiums/Discounts on Shares	46,743,583	53,841,790	- 7,098,207
Restricted Reserves Appropriated from Profit	500,525,188	376,159,218	124,365,970

24 REVENUE AND COST OF SALES

a) Revenue

	1 January- 31 December 2024	1 January- 31 December 2023
Domestic sales	5,037,933,277	9,520,410,981
Foreign sales	444,931,667	365,184,792
Other sales	25,485,506	2,981,788
Sales returns (-)	(89,042,528)	(476,689,330)
Sales discounts (-)	(552,219,733)	(634,621,484)
On-time payment premium (-)	-	(58,239,369)
	4,867,088,189	8,719,027,378

b) Cost of Sales

	1 January- 31 December 2024	1 January- 31 December 2023
Raw material expenses	(2,294,272,135)	(5,024,426,482)
Personnel expenses	(325,520,356)	(409,250,638)
General production expenses	(249,572,440)	(302,232,069)
Depreciation and amortization expenses	(214,922,906)	(305,264,830)
Transportation expenses	(241,147,950)	(395,480,822)
Changes in work in-process inventories	(248,170,610)	193,764,508
Changes in finished goods inventories	(720,662,858)	931,562,784
Cost of goods sold	(4,294,269,255)	(5,311,327,549)
Cost of trade goods sold and other sales	(1,582,992,244)	(2,230,156,905)
	(5,877,261,499)	(7,541,484,454)

25. MARKETING EXPENSES, GENERAL ADMINISTRATIVE EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

	1 January- 31 December 2024	1 January- 31 December 2023
General administrative expenses (-)	(1,014,472,800)	(1,171,963,371)
Marketing expenses (-)	(484,613,568)	(859,321,357)
Research and development expenses (-)	(386,142,083)	(300,585,241)
	(1,885,228,451)	(2,331,869,969)

a) Marketing Expenses

	1 January- 31 December 2024	1 January- 31 December 2023
Personnel expenses	(310,179,113)	(342,705,507)
Depreciation expenses	(58,818,380)	(164,783,969)
Advertisement expenses	(29,745,699)	(171,647,017)
Transportation expenses	(14,489,190)	(25,305,934)
Insurance expenses	(13,367,537)	(15,381,561)
Travel expenses	(7,065,271)	(19,685,557)
Rent expenses	(6,299,387)	(13,142,014)
Cleaning expenses	(5,878,578)	(11,216,518)
Exhibition and fair expenses	(5,134,999)	(15,815,151)
Tax duty fees	(3,476,007)	(4,194,984)
Information technologies expenses	(3,304,932)	(1,283,706)
Outsourced security costs	(2,943,403)	(5,314,571)
Dealer meeting expense	(2,307,989)	(18,035,949)
Litigation and consultancy expenses	(2,216,831)	(5,102,766)
Energy and maintenance expenses	(2,028,880)	(5,894,720)
Representation expenses	(1,838,382)	(3,750,031)
Telephone expenses	(514,489)	(787,543)
Other	(15,004,501)	(35,273,859)
	(484,613,568)	(859,321,357)

25. MARKETING EXPENSES, GENERAL ADMINISTRATIVE EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES (cont'd)

b) General Administrative Expenses

	1 January- 31 December 2024	1 January- 31 December 2023
Depreciation expenses	(369,883,560)	(207,167,953)
Personnel expenses	(268,250,091)	(254,391,914)
Outsourced service and repair maintenance expenses	(178,497,570)	(237,600,112)
Provision for doubtful receivables (net)	(55,770,181)	(176,527,646)
Consultancy expenses	(28,704,953)	(36,039,839)
Oursourced security costs	(27,861,127)	(20,417,499)
Energy expenses	(18,500,434)	(34,478,676)
Transportation expenses	(8,951,733)	(9,633,118)
Litigation and consultancy expenses	(7,721,873)	(4,876,354)
Tax duty fees	(6,459,607)	(44,089,329)
Insurance expenses	(5,506,076)	(6,834,856)
Information technologies expense	(4,242,827)	(2,312,876)
Announcement and general assembly expenses	(3,577,525)	(1,253,650)
Travel expenses	(3,388,526)	(9,522,610)
Rent expenses	(2,832,119)	(5,363,209)
Stationary expenses	(439,422)	(1,082,052)
Consultancy expenses	(332,848)	(1,775,154)
PTT expense	(205,958)	(281,957)
Membership expenses	(102,356)	(709,708)
Meeting expenses	(61,080)	(140,707)
Other	(23,182,934)	(117,464,152)
	(1,014,472,800)	(1,171,963,371)

c) Research and Development Expenses

	1 January- 31 December 2024	1 January- 31 December 2023
Depreciation expenses	(180,908,781)	(108,850,493)
Personnel expenses	(117,841,351)	(78,013,905)
Information technologies expense	(18,193,744)	(22,000,238)
License and license usage expenses	(17,756,388)	(25,374,433)
Repair maintenance cleaning expense	(9,659,016)	(20,082,502)
Transportation expenses	(9,122,843)	(12,915,508)
Consultancy expenses	(7,734,209)	(7,078,884)
Oursourced security costs	(1,131,304)	(1,632,928)
Incusance expenses	(829,332)	(1,017,651)
Energy expenses	(633,463)	(1,033,263)
Stationary expenses	(586,765)	(217,124)
Tax duty fees	(343,301)	(539,920)
PTT expense	(187,459)	(240,139)
Other	(21,214,127)	(21,588,253)
	(386,142,083)	(300,585,241)

26. EXPENSES BY NATURE

As at 31 December 2024 and 2023, details of depreciation and amortization expenses are as follows:

a) Depreciation and Amortization Expenses

	1 January-31 December 2024	1 January-31 December 2023
Tangible and right-of-use assets	**(687,764,473)**	**(566,113,305)**
Production cost	(204,073,941)	(271,139,552)
Marketing expenses	(41,750,187)	(90,336,879)
General administrative expenses	(345,440,175)	(155,576,877)
Research and development expenses	(96,500,170)	(49,059,997)
Intangible assets	**(136,769,154)**	**(219,953,940)**
Production cost	(10,848,965)	(34,125,278)
Marketing expenses	(17,068,193)	(74,447,090)
General administrative expenses	(24,443,385)	(51,591,076)
Research and development expenses	(84,408,611)	(59,790,496)
Investment properties	**(1,546,852)**	**(1,447,052)**
Expenses from investing activities	(1,546,852)	(1,447,052)
	(826,080,479)	(787,514,297)

Personnel Expenses	1 January-31 December 2024	1 January-31 December 2023
Salary and wages	(714,436,696)	(720,448,023)
Social insurance expenses	(89,970,246)	(101,585,100)
Other benefit and services	(217,383,969)	(262,328,841)
	(1,021,790,911)	(1,084,361,964)

27. OTHER OPERATING INCOME

Other operating income for the years ended 31 December 2024 and 2023 is as follows:

	1 January-31 December 2024	1 January-31 December 2023
Exchange difference income (*)	126,714,340	136,309,917
Service income	27,874,878	26,114,611
Expected credit loss provision reversal	9,788,037	-
Interest income	5,033,821	-
Scrap, waste and recycling income	3,827,278	10,797,416
Damage compensation income	3,763,029	1,625,384
Interest income from sales	-	1,169,283
Other income	30,698,920	43,440,908
	207,700,303	219,457,519

(*) It arises from trade receivables and trade payables.

28. OTHER OPERATING EXPENSES

Other operating expenses for the years ended 31 December 2024 and 2023 are as follows:

	1 January- 31 December 2024	1 January- 31 December 2023
Exchange rate difference expense (*)	(78,183,071)	(1,026,271,595)
Damage compensation expenses	(21,335,462)	-
Other expenses and losses	(26,420,832)	(143,110,005)
	(125,939,365)	(1,169,381,600)

(*) It arises from trade receivables and trade payables.

29. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

a) Income from Investing Activities

The details of income from investing activities for the year ended 31 December 2024 and 2023 are as follows:

	1 January- 31 December 2024	1 January- 31 December 2023
Fixed asset sales profit	2,696,844	1,178,204,124
Rents received	3,795,439	3,543,523
Subsidiary sales profit (Note 38)	-	644,843,488
Other (*)	12,244,698	6,877,813
	18,736,981	1,833,468,948

(*) Consists of currency hedged deposits and investment fund income.

b) Expenses from Investing Activities

The details of expenses from investing activities for the year ended 31 December 2024 and 2023 are as follows:

	1 January- 31 December 2024	1 January- 31 December 2023
Fixed asset sales loss	(309,294)	(959,814)
Depreciation of investment properties (Note 16)	(1,546,852)	(1,447,052)
Other	(326)	(201,898)
	(1,856,472)	(2,608,764)

30. FINANCE INCOME AND EXPENSES

a) Finance Income

The details of finance income for the years ended 31 December 2024 and 2023 are as follows:

	1 January - 31 December 2024	1 January - 31 December 2023
Interest income	1,571,921,067	1,086,568,947
Exchange difference income	420,885,426	1,117,669,854
Option transactions income	-	145,381,250
Interest income	140,241,516	-
	2,133,048,009	2,349,620,051

b) Finance Expenses

The details of finance expenses for the years ended 31 December 2024 and 2023 are as follows:

	1 January - 31 December 2024	1 January - 31 December 2023
Bank loan interest expenses	(4,461,900,216)	(2,918,772,451)
Interest expense related to bond and bill transactions	(180,796,800)	(1,421,044,217)
Interest expenses related to lease liabilities	(59,635,850)	(32,460,510)
Employment termination benefit interest expenses	(18,960,538)	(17,399,474)
Banking transaction expenses	(173,525,255)	(457,847,417)
Interest expenses	(466,424,950)	(252,493,590)
Factoring expenses	(303,445,942)	(982,111,309)
Option transactions expenses	(29,402,920)	(43,881,821)
Exchange difference expense	(622,392,284)	(435,788,862)
	(6,316,484,755)	(6,561,799,651)

31. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

Corporate Tax

The Group is subject to the corporate tax effective in Türkiye. The necessary provisions were set aside in the attached financial statements for the Group's estimated tax liabilities pertaining to the current period's operating results. Turkish tax legislation does not allow the parent company to file a tax return based on the consolidated financial statements of its subsidiaries. Therefore, tax liabilities reflected in these consolidated financial statements were calculated separately for all companies included in the scope of consolidation.

The corporate tax rate to be accrued on the taxable corporate profits is calculated over the tax base remaining after addition of non-deductible expenses that are booked as expense in the determination of business profits and after deduction of non-taxable incomes and other deductions (previous years' losses, if any, and investment allowances used if preferred).

The effective tax rate applied in 2024 is 25% (2023: 25%).

The "Law on the Amendment of Certain Tax Laws and Certain Other Laws" no. 7061 was published in the Official Gazette dated 5 December 2017 numbered 30261. Under the article 89 of this Law, the article 5 titled "Exemptions" of the Corporate Tax Law is amended. Pursuant to the clause (a) of the first paragraph of the article, the 75% exemption applied to the earnings arising from the sales of immovable property retained for two full years in the assets of corporations is reduced to 50 per cent. This regulation became effective as of 5 December 2017.

31. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Corporate Tax (cont'd)

	31 December 2024	31 December 2023
Provision for current corporate tax	-	(79,583,709)
Less: Prepaid taxes and funds	105,791,171	127,641,566
Current tax assets	105,791,171	48,057,857

Deferred Tax:

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes and they are given below.

The tax rate used in the calculation of deferred tax assets and liabilities is 25% on temporary timing differences that are expected to reverse (2023: 25%).

Subsidiaries with deferred tax assets are not netted off with subsidiaries with deferred tax liabilities and are shown separately, as businesses in Türkiye cannot declare consolidated tax returns.

Tax (expense) / income consists of:	1 January- 31 December 2024	1 January- 31 December 2023
Current tax expense	-	(81,353,119)
Deferred tax (expense) / income	790,715,918	977,073,291
Total tax (expense) / income	790,715,918	895,720,172

Deferred tax assets / (liabilities) :	31 December 2024	31 December 2023
Tax advantage from investment discount	292,781,454	366,344,724
Cash capital interest discount	584,298,211	267,624,990
Accumulated financial loss tax advantage	1,065,206,285	458,676,000
Employment termination benefit and severanace incentive premium provisions	26,248,040	26,661,481
Provision for unused vacation and premium	40,334,337	27,827,806
Differences in book values of inventories	(159,184,050)	(436,566,354)
Depreciation of property, plant and equipment/amortization of other intangible assets	(244,340,230)	40,792,837
Fair value differences of derivative instruments	-	645,061
Other	(127,501)	66,379,773
	1,605,216,546	818,386,318
Deferred tax asset	1,675,624,067	2,234,685,765
Deferred tax liability	(70,407,521)	(1,416,299,447)
	1,605,216,546	818,386,318

31. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Deferred Tax: (cont'd)

As of 31 December 2024 and 2023, the movement of deferred tax (assets)/liabilities for the years ended are as follows:

Movement of deferred tax asset / (liability):	1 January- 31 December 2024	1 January- 31 December 2023
Opening balance as of 1 January	818,386,318	(101,609,405)
(Expense) / income recognized in statement of income	790,715,918	977,073,291
Income recognized in the statement of other comprehensive income	(451,689)	6,846,487
Disposal from sale of subsidiary (Note 38)	-	17,744,215
Foreign currency translation differences	(3,434,001)	(17,595,687)
Inflation accounting effect	-	(64,072,583)
Closing balance as of 31 December	1,605,216,546	818,386,318

Reconcilation of tax provision:	1 January- 31 December 2024	1 January- 31 December 2023
Loss before tax	(3,544,873,437)	(2,187,127,399)
Income tax rate of 25% (2023: 20%)	25%	25%
Expected tax income	886,218,359	546,781,850
Tax effects of:		
- non-taxable income	13,816,682	222,885,892
- non-deductable expenses	(74,452,270)	(188,899,525)
- inflation effect	(464,697,986)	(98,184,511)
- investment incentive discount	39,042,820	225,926,405
- additional tax	-	(80,537,860)
- cash capital interest discount	398,935,095	265,710,143
- effect of other non-taxable items	(8,146,782)	2,037,778
Tax provision income / (expense) in the statement of profit or loss	790,715,918	895,720,172

(*) As of 31 December 2024, the Group has accumulated tax losses amounting to TL 93,932,296 (31 December 2023: TL 137,002,489). The tax advantage of these losses amounting to TL 52,542,999 is not included in the deferred tax calculation (31 December 2023: TL 34,250,621). The maturity breakdown of accumulated tax losses over which deferred tax assets have not been calculated is as follows;

	31 December 2024	31 December 2023
0-1 year	621,118	346,048
1-2 years	2,755,144	896,763
2-3 years	8,396,595	3,977,843
3-4 years	11,710,216	12,122,901
4-5 years	29,059,926	16,907,066
	52,542,999	34,250,621

32. EARNINGS PER SHARE

Earnings / (loss) per share	1 January- 31 December 2024	1 January- 31 December 2023
Weighted average number of shares outstanding during the period (*)	343,520,547,945	253,000,000,000
Parent net loss for the period	(2,726,725,533)	(1,267,990,744)
Profit/loss per share from continuing operations		
-one hundred shares of common stock (TL)	(0.79)	(0.50)

(*) The weighted average number of shares is calculated by taking into account the retrospective effects of these share distributions.

33. RELATED PARTY DISCLOSURES

Details of the balances and transactions between the Group and other related parties are explained below:

	31 December 2024		31 December 2023	
	Trade		Trade	
Balances with related parties	Receivables	Payables	Receivables	Payables
Parent Company				
OYAK	-	32,350,240	-	27,504,858
Other Companies Managed by the Parent				
OYAK Biyoteknoloji San.ve Ticaret A.Ş.	505,611	15,230,438	-	16,038,622
OYAK Grup Sigorta ve Reasürans Brokerliği A.Ş.	-	58,793,851	-	67,709,819
OYAK Savunma ve Güvenlik Hiz. A.Ş.	-	6,432,314	-	16,573,638
OYAK Otomotiv Enerji ve Lojistik Holding A.Ş.	-	10,167,125	-	6,883,096
OYAK Pazarlama Hizmet Turizm A.Ş.	15,427,489	6,619,349	4,901,331	6,670,584
OYAK İnşaat A.Ş.	-	-	-	92,494,633
Omsan Lojistik A.Ş.	-	2,230,149	-	7,755,534
Güzel Enerji Akaryakıt A.Ş.	-	1,650,290	-	2,202,445
Satem Grup Gıda Dağıtım ve Pazarlama A.Ş.	-	102,808	36,973,590	109,608
Akdeniz Chemson Kimya Sanayi ve Ticaret A.Ş.	283,615	-	-	-
Arma İlaç Sanayi ve Ticaret A.Ş.	45,528,138	-	-	-
Tamek Grup Gıda Üretim A.Ş.	-	-	-	782,381
Other	148,442	3,130,462	698,964	4,056,954
	61,893,295	136,707,026	42,573,885	248,782,172

Trade receivables from related parties arise from sales of goods and services and their average maturity is 2 months. The aforementioned receivables are unsecured and no interest is charged.

Trade payables to related parties generally arise from purchase of goods and services and their average maturity is 1 month. No interest is charged for these payables.

33. RELATED PARTY DISCLOSURES (cont'd)

Short-term advances given to related parties	31 December 2024	31 December 2023
Other Companies Managed by the Parent		
OYPOWER Elektrik Ticareti ve Hizmetleri A.Ş.	601,584	2,166,502
	601,584	2,166,502

Other short-term receivables from related parties	31 December 2024	31 December 2023
Parent		
OYAK	-	451,183,661
Other Companies Managed by the Parent		
Arma İlaç Sanayi ve Ticaret A.Ş.	-	1,044,801,333
OYAK Gıda Ve Tarım Holding A.Ş.	-	658,417,153
	-	2,154,402,147

As of 31 December 2023, other short-term receivables from related parties are due in less than one year and no interest is charged on these receivables. Arma İlaç Sanayi ve Ticaret A.Ş. and OYAK receivables are related to the sale of fixed assets. Oyak Gıda ve Tarım Holding Anonim Şirketi receivable consists of the balance related to the sale of subsidiaries.

Other short-term payables to related parties	31 December 2024	31 December 2023
Parent		
OYAK (**)	502,763,889	443,531,586
Other Companies Managed by the Parent		
OYAK Otomotiv Enerji ve Lojistik Holding A.Ş.	683,598,251	618,593,885
Other		
Dividends to be Paid Founder Shares (*)	7,121,635	10,287,832
	1,193,483,775	1,072,413,303

(*) Consists of the portion of previous years' dividend payments not yet completed as of 31 December 2024.

Other long-term payables to related parties	31 December 2024	31 December 2023
Other Companies Managed by the Parent		
OYAK Sermaye Yatırımları A.Ş.	125,006,301	161,638,386
	125,006,301	161,638,386

Short-term and long-term other payables to related parties consist of amounts received for financing purposes and interest is charged. Interest rate for short term other payables to related parties is between 45% - 58%. For long term other payables to related parties, 2% interest rate is used in AUD.

33. RELATED PARTY DISCLOSURES (cont'd)

	1 January - 31 December 2024		1 January - 31 December 2023	
Transactions with related parties	Purchases	Sales	Purchases	Sales
Parent				
OYAK	102,642,247	-	-	-
Other Companies Managed by the Parent				
Arma İlaç Sanayi ve Ticaret A.Ş.	94,827,084	115,421,222	-	-
OYAK Savunma ve Güvenlik Hiz. A.Ş.	60,601,897	-	101,470,557	-
Akdeniz Chemson Kimya Sanayi ve Ticaret A.Ş.	93,685	-	-	-
OYAK Pazarlama Hizmet Turizm A.Ş.	51,851,318	27,293,979	125,876,854	23,499,752
OYAK Biyoteknoloji Sanayi ve Tic.A.Ş.	24,706,824	325,144	103,024,269	2,891,914
Omsan Lojistik A.Ş.	27,300,571	-	48,528,076	-
OYAK Otomotiv Enerji ve Lojistik Holding A.Ş.	4,422,392	-	60,118,561	-
OYAK İnşaat A.Ş.	23,650,578	-	1,735,981,296	-
OYPOWER Elektrik Ticareti ve Hizmetleri A.Ş.	29,725,448	-	-	-
Güzel Enerji Akaryakıt A.Ş.	18,188,770	-	32,094,894	-
Oyak Yenilenebilir Enerji A.Ş.	-	-	6,059,365	-
İndisol Bilişim ve Teknoloji A.Ş.	9,895,045	-	6,864,802	-
Doco Petrol ve Danışmanlık A.Ş.	2,556,162	-	4,740,241	-
Satem Grup Gıda Dağıtım ve Pazarlama A.Ş.	-	1,371,795	-	31,179,972
OYAK Yatırım Menkul Değerler A.Ş:	1,616,776	-	46,466,644	-
Mais Motorlu Araçlar İmal ve Satış A.Ş.	-	-	41,557	-
OYAK Gıda Ve Tarım Holding A.Ş.	-	37,939,532	-	-
OYAK Sermaye Yatırımları A.Ş. (*)	-	-	6,456,443	-
Tamek Grup Gıda Üretim A.Ş.	-	4,019,039	-	8,051,246
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş.	-	-	-	7,202
	452,078,797	186,370,711	2,277,723,559	65,630,086

Maturity difference expenses to related parties	1 January-31 December 2024	1 January-31 December 2023
Parent		
OYAK	225,799,762	116,625,689
Other Companies Managed by the Parent		
OYAK Otomotiv Enerji ve Lojistik Holding A.Ş.	240,625,188	135,867,901
	466,424,950	252,493,590

Maturity difference income from related parties	1 January-31 December 2024	1 January-31 December 2023
Other Companies Managed by the Parent		
Arma İlaç Sanayi ve Ticaret A.Ş.	140,393,948	-
	140,393,948	-

33. RELATED PARTY DISCLOSURES (cont'd)

Exchange rate difference income from related parties	1 January- 31 December 2024	1 January- 31 December 2023
Other Companies Managed by the Parent		
Arma İlaç Sanayi ve Ticaret A.Ş.	52,865,017	-
OYAK Gıda Ve Tarım Holding A.Ş.	35,487,555	-
	88,352,572	-

Key management personnel consist of the Members of the Board of Directors, the General Manager and the Deputy General Managers. The salaries and similar benefits paid to key management personnel for their services are as follows.

	1 January- 31 December 2024	1 January- 31 December 2023
Salaries and other short-term benefits	63,768,923	75,393,195
	63,768,923	75,393,195

34. NATURE AND LEVEL OF THE RISKS ARISING FROM FINANCIAL INSTRUMENTS

Capital risk management

While trying to ensure the continuity of its activities in capital management, the Group also aims to increase its profits by using the debt and equity balance in the most efficient way.

The capital structure of the Group consists of debts including the loans disclosed in Note 3 and Note 6, cash and cash equivalents, and equity items including issued capital, reserves and previous year profits disclosed respectively in Note 23.

The Board of Directors of the Group convenes regularly, reviewing the capital structure and indebtedness of the Group. The Group aims to maintain the balance of its capital structure by obtaining new loans or repaying the existing debts, based on the recommendations of the Board.

The general strategy of the Group does not differ from the previous period.

Financial risk factors

The Group is exposed to market risk (exchange rate risk and price risk), credit risk and liquidity risk due to its activities. The Group's risk management program is generally focused on minimizing the potential negative impacts of the uncertainty in the financial markets on the Group's financial performance. The Group also uses derivative products occasionally as protection against financial risks.

34. NATURE AND LEVEL OF THE RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Credit risk management

Credit risks exposed in terms of financial instruments	**Receivables**						
	Trade Receivables		**Other Receivables**				
31 December 2024	**Related Party**	**Other Party**	**Related Party**	**Other Party**	**Deposits at Banks**	**Other Cash Equivalents**	**Financial Investments**
Maximum credit risk exposed as of reporting date (A+B+C+D) (*)	61,893,295	1,264,261,651	-	199,917,311	1,763,065,892	108,920,533	1,164,718,399
- Secured portion of the maximum risk with guarantee etc (**)	-	457,289,039	-	-	-	-	-
A. Financial assets not past due nor impaired instruments	61,893,295	1,146,092,734	-	199,917,311	1,763,065,892	108,920,533	1,164,718,399
B. Assets past due but not impaired	-	118,027,803	-	-	-	-	-
- Secured portion with guarantee etc	-	8,204,621	-	-	-	-	-
C. Net book value of impaired assets	-	177,930,938	-	-	-	-	-
- Past due (gross book value)							
- Impairment (-)	-	(177,789,824)	-	-	-	-	-
- Secured portion of the net value with guarantee etc	-	141,114	-	-	-	-	-
- Not past due (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured portion of the net value with guarantee etc	-	-	-	-	-	-	-
D. Items including off-balance sheet risk	-	-	-	-	-	-	-

(*) The factors that increase the credit reliability, such as guarantee received are not considered in the determination of the balance.
(**) Guarantees consist of the letters of guarantee, guarantee notes and mortgages received from customers.

34. NATURE AND LEVEL OF THE RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Credit risk management (cont'd)

Credit risks exposed in terms of financial instruments	**Receivables**						
	Trade Receivables		**Other Receivables**				
31 December 2023	**Related Party**	**Other Party**	**Related Party**	**Other Party**	**Deposits at Banks**	**Other Cash Equivalents**	**Financial Investments**
Maximum credit risk exposed as of reporting date (A+B+C+D) (*)	42,573,885	4,339,269,554	2,154,402,147	18,268,384	6,446,365,747	226,680,420	1,401,713,931
- Secured portion of the maximum risk with guarantee etc (**)	-	1,460,765,152	-	-	-	-	-
A. Financial assets not past due nor impaired instruments	42,573,885	4,112,539,509	2,154,402,147	18,268,384	6,446,365,747	226,680,420	1,401,713,931
B. Assets past due but not impaired	-	226,547,563	-	-	-	-	-
- Secured portion with guarantee etc	-	120,113,417	-	-	-	-	-
C. Net book value of impaired assets	-	181,599,294	-	-	-	-	-
- Past due (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	(181,416,812)	-	-	-	-	-
- Secured portion of the net value with guarantee etc	-	182,482	-	-	-	-	-
- Not past due (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured portion of the net value with guarantee etc	-	-	-	-	-	-	-
D. Items including off-balance sheet risk	-	-	-	-	-	-	-

(*) The factors that increase the credit reliability, such as guarantee received are not considered in the determination of the balance.
(**) Guarantees consist of the letters of guarantee, guarantee notes and mortgages received from customers.

34. NATURE AND LEVEL OF THE RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Credit risk management (cont'd)

Credit risk is defined as the risk of financial loss to the Group due to the failure of one of the parties to the financial instrument to fulfill its contractual obligations. The Group tries to conduct transactions only with parties with credit reliability and to reduce its credit risk by obtaining sufficient guarantee, where possible. The credit risks to which the Group is exposed and the credit ratings of customers are constantly monitored.

Trade receivables cover many customers distributed to various industries and geographical areas. Credit assessments are continuously carried out on customers' trade receivable balances and guarantees are received where deemed necessary. Guarantees are primarily received as letters of guarantee and mortgage.

Overdue receivables are aged as follows:

	31 December 2024 Trade Receivables	31 December 2023 Trade Receivables
1-30 days overdue	87,188,772	56,689,034
1-3 months overdue	19,438,729	105,821,211
3-12 months overdue	11,259,167	62,631,677
1-5 years overdue	178,072,073	183,004,935
Total overdue receivables	295,958,741	408,146,857
Secured portion with guarantee etc.	8,345,735	120,295,899

As of the balance sheet date, provision for overdue trade receivables amounting to TL 177,889,824 (31 December 2023: TL 181,416,812). The guarantees received for overdue trade receivables for which no provision has been recognized are as follows:

	31 December 2024	31 December 2023
Letters of guarantee	8,345,735	120,295,899
	8,345,735	120,295,899

34. NATURE AND LEVEL OF THE RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Liquidity risk management

The main responsibility regarding liquidity risk management belongs to the Board of Directors. The Board of Directors has established a suitable liquidity risk management for the short, medium and long-term funding and liquidity requirements of the Group Management. The Group manages the liquidity risk by regularly monitoring the estimated and actual cash flows and ensuring the continuity of sufficient funds and borrowing reserves, by matching the maturities of financial assets and liabilities.

The following table demonstrates the maturity distribution of the Group's financial liabilities which are not in the nature of derivatives. The following tables have been prepared based on the earliest dates when payment should made and without discounting the Group's liabilities. Interests payable over the liabilities in question are included in the table below. Derivative financial liabilities on the other hand have been arranged according to undiscounted net cash inflows and outflows. Forward instruments are paid as net amounts for future transactions which must be paid as gross amounts and are realized over the undiscounted, gross cash inflows and outflows. The amount disclosed when the receivables or payables are not fixed is determined by using the interest rate derived from the yield curves on the report date.

31 December 2024

Contractual maturities	Book Value	Total contractual cash outflows (I+II+III)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)
Non-derivative financial liabilities					
Financial liabilities	7,255,195,471	9,396,537,255	1,035,769,012	4,325,213,193	4,035,555,050
Trade payables	1,336,147,977	1,336,147,977	799,475,176	536,672,801	-
Payables related to employee benefits	160,228,296	160,228,296	16,725,460	143,502,836	-
Other payables	1,341,612,944	1,474,767,748	500,183,083	849,578,364	125,006,301
	10,093,184,688	**12,367,681,276**	**2,352,152,731**	**5,854,967,194**	**4,160,561,351**

31 December 2023

Contractual maturities	Book Value	Total contractual cash outflows (I+II+III)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)
Non-derivative financial liabilities					
Financial liabilities	20,842,610,077	24,573,772,749	6,422,907,695	16,402,645,363	1,748,219,691
Trade payables	2,021,416,826	2,021,416,826	1,674,678,699	346,738,127	-
Payables related to employee benefits	117,380,618	117,380,618	23,958,977	93,421,641	-
Other payables	1,257,100,498	1,411,035,841	492,529,528	756,867,927	161,638,386
	24,238,508,019	**28,123,606,034**	**8,614,074,899**	**17,599,673,058**	**1,909,858,077**
Derivative financial liabilities					
Derivative cash inflows	(2,580,245)	223,138,185	-	223,138,185	-
Derivative cash outflows	-	(249,378,233)	-	(249,378,233)	-
	(2,580,245)	**(26,240,048)**	**-**	**(26,240,048)**	**-**

34. NATURE AND LEVEL OF THE RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Market risk

The Group's activities are primarily exposed to the financial risks related with the changes in foreign exchange rates. The Group occasionally uses forward foreign exchange purchase / sale contracts in order to keep the risks associated with foreign exchange rates under control.

In the current year, there has been no changes in the market risk to which the Group is exposed or the management and measurement methods for the risks, compared to the previous year.

Exchange rate risk management

Transactions in foreign currency result in exchange rate risks. Exchange rate risk is managed through the forward foreign exchange purchase / sale contracts concluded based on approved policies. Distribution of the Group's monetary assets and monetary liabilities in foreign currency as of the reporting date is as follows:

	31 December 2024		
	TL Equivalent (Functional currency)	**US Dollar**	**Euro**
Trade Receivable	59,969,454	1,699,800	-
Monetary Financial Assets	1,254,299,492	35,547,853	4,371
Non-Monetary Financial Assets	24,827,356	683,777	19,150
CURRENT ASSETS	**1,339,096,302**	**37,931,430**	**23,521**
Non-Monetary Financial Assets	530,361,819	13,975,946	1,014,973
NON-CURRENT ASSETS	**530,361,819**	**13,975,946**	**1,014,973**
TOTAL ASSETS	**1,869,458,121**	**51,907,376**	**1,038,494**
Financial Liabilities	2,865,594,298	81,223,638	-
Trade Payables	1,011,541,855	24,545,928	3,962,145
CURRENT LIABILITIES	**3,877,136,153**	**105,769,566**	**3,962,145**
Financial Liabilities	2,169,738,449	61,500,000	-
NON-CURRENT LIABILITIES	**2,169,738,449**	**61,500,000**	**-**
TOTAL LIABILITIES	**6,046,874,602**	**167,269,566**	**3,962,145**
Net foreign currency asset liability position	**(4,177,416,481)**	**(115,362,190)**	**(2,923,651)**
Export	360,923,673	10,257,749	-
Import	1,128,571,699	32,145,826	2,334,868

34. NATURE AND LEVEL OF THE RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Exchange rate risk management (cont'd)

	31 December 2023		
	TL Equivalent (Functional currency)	**US Dollar (*)**	**Euro (*)**
Trade Receivable	84,168,021	1,980,307	-
Monetary Financial Assets	2,095,309,449	49,201,455	87,690
Non-Monetary Financial Assets	119,364,057	2,437,659	335,052
Other	1,599,415,372	9,465	34,000,000
CURRENT ASSETS	**3,898,256,899**	**53,628,886**	**34,422,742**
TOTAL ASSETS	**3,898,256,899**	**53,628,886**	**34,422,742**
Financial Liabilities	565,283,403	13,300,000	-
Trade Payables	666,302,398	14,597,756	975,150
CURRENT LIABILITIES	**1,231,585,801**	**27,897,756**	**975,150**
Financial Liabilities	1,262,324,591	29,700,000	-
NON-CURRENT LIABILITIES	**1,262,324,591**	**29,700,000**	**-**
TOTAL LIABILITIES	**2,493,910,392**	**57,597,756**	**975,150**
Net foreign currency asset liability position	**1,404,346,507**	**(3,968,870)**	**33,447,592**
Export	287,845,563	8,768,519	2,061
Import	3,870,321,919	119,178,950	7,117,716

(*) The related amounts are presented in original currency and TL equivalents are presented on purchasing power basis.

34. NATURE AND LEVEL OF THE RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Sensitivity to exchange rate risk

The Group is exposed to exchange rate risk, primarily in USD and Euro.

The following table shows the Group's sensitivity to a 10% increase and decrease in USD and Euro rates. The 10% rate refers to the rate used while reporting the exchange rate risk to senior managers within the Group. The sensitivity analysis only covers the monetary items in open foreign currency at the end of the year and shows the effects of the 10% change in exchange rates at the end of the year for these items. A negative value signifies a decline in the profit/loss and other equity items.

	31 December 2024	
	Profit / Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
In case USD appreciates 10% against TL		
Net asset/liability of USD	(407,001,265)	407,001,265
Portion hedged from USD risk (-)	-	-
USD net effect	(407,001,265)	407,001,265
In case EUR appreciates 10% against TL		
Net asset/liability of EUR	(10,740,383)	10,740,383
Portion hedged from EUR risk (-)	-	-
EUR net effect	(10,740,383)	10,740,383
TOTAL	(417,741,648)	417,741,648

	31 December 2023	
	Profit / Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
In case USD appreciates 10% against TL		
Net asset/liability of USD	(16,868,694)	16,868,694
Portion hedged from USD risk (-)	-	-
USD net effect	(16,868,694)	16,868,694
In case EUR appreciates 10% against TL		
Net asset/liability of EUR	157,303,345	(157,303,345)
Portion hedged from EUR risk (-)	-	-
EUR net effect	157,303,345	(157,303,345)
TOTAL	140,434,651	(140,434,651)

Interest rate risk management

The Group keeps its risk related with the changes in the interest rate very low in order to provide financing. The financial liabilities of the Group consist of fixed-interest instruments. Therefore, the Group does not have any risks which may are from fluctuations in the interest rate.

Price risk

Price risk is a combination of foreign currency, interest and market risk and is naturally managed by the Group by matching its payables and receivables in the same currency with the assets and liabilities bearing interest. Market risk is closely monitored by the Group by reviewing market information and through suitable valuation methods.

35. FINANCIAL INSTRUMENTS

Fair value measurements hierarchy table

The Group classifies the fair value measurements of financial instruments, which are reflected in the financial statements at fair value, as follows, by using a three-level hierarchy, depending on the source of inputs of each financial instrument class.

Level 1: Valuation techniques where market prices traded (unadjusted) in an active market are used for the designated financial instruments.
Level 2: Other valuation techniques that include direct or indirect observable input.
Level 3: Valuation techniques that do not include observable market input

Classes and fair values of financial instruments

31 December 2024	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Financial liabilities at amortized cost	Note
Financial assets				
Cash and cash equivalents	1,872,306,925	-	-	3
Trade receivables	1,326,154,946	-	-	7a
Financial investments	-	1,164,718,399	-	4
Financial liabilities				
Financial liabilities	-	-	7,255,195,471	6
Trade payables	-	-	1,336,147,977	7b
Payables related to employee benefits	-	-	160,228,296	8
Other payables	-	-	1,341,612,944	9b

31 December 2023	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Financial liabilities at amortized cost	Note
Financial assets				
Cash and cash equivalents	6,673,440,210	-	-	3
Trade receivables	4,381,843,439	-	-	7a
Financial investments	-	1,401,713,931	-	4
Financial liabilities				
Financial liabilities	-	-	20,842,610,077	6
Trade payables	-	-	2,021,416,826	7b
Payables related to employee benefits	-	-	117,380,618	8
Derivative instruments	-	2,580,245	-	5
Other payables	-	-	1,257,100,498	9b

The Group is of the opinion that the booked values of financial instruments reflect their fair values.

As of the reporting date, the fair value of derivative instruments is at Level 2.

Fair values of financial instruments

Fair values of financial assets and liabilities are determined as follows:

- The fair value of financial assets and liabilities traded in an active liquid market is determined over the quoted market price, under standard terms and conditions.
- The fair value of financial assets and liabilities other than derivatives are determined within the framework of generally accepted pricing models. These models are based on discounted cash flows based on prices from observable data market transactions.
- The fair value of derivative instruments is calculated using their quoted prices. Option pricing model is used for derivative instruments that contain options.

36. FEES FOR SERVICES RECEIVED FROM THE INDEPENDENT AUDIT FIRM

The fees related to the services received by the Group from the Independent Audit Firm (IAF) for the periods 1 January - 31 December 2024 and 2023 are as follows:

	2024			2023		
	IAF	Other IAF	Total	IAF	Other IAF	Total
Independent audit fee for the reporting period	4,140,533	-	4,140,533	7,926,100	-	7,926,100
	4,140,533	-	4,140,533	7,926,100	-	7,926,100

37. EXPLANATIONS ON NET MONETARY POSITION GAINS/(LOSSES)

The Group's net monetary position gains and (losses) are as follows;

Non-Monetary Items	31 December 2024
Financial statement items	1,764,501,949
Inventories	572,616,145
Prepaid expenses	237,683,322
Financial investments	308,541,485
Investment properties	14,368,572
Property, plant and equipment	3,037,696,814
Right-of-use assets	28,410,271
Goodwill	130,786,739
Intangible assets	266,949,408
Deferred tax asset	259,887,628
Share capital	(3,064,776,080)
Share Premiums/Discounts	(26,635,016)
Resctricted reserves appropriated from profit	(142,368,280)
Defined benefit plans remeasurement gains (losses)	18,276,014
Prior years' profit	123,064,927
Statement of profit or loss items	1,670,821,674
Revenue	(816,065,302)
Cost of sales (-)	1,622,859,970
Research and Development Expenses (-)	27,871,074
Marketing expenses (-)	55,545,573
General administrative expenses (-)	74,449,345
Other operating income	(68,168,135)
Other operating expenses (-)	22,322,796
Income from investment activities	(1,224,619)
Expenses from investment activities (-)	16,680
Finance income	(289,529,238)
Finance expenses (-)	1,042,743,530
	3,435,323,623

38. DISPOSAL OF SUBSIDIARY

As of 31 December 2023, the Group sold its subsidiary Arma İlaç Sanayi ve Ticaret A.Ş. to Oyak Gıda Tarım Holding for EUR 14,000,000. The entire balance has been collected.

Sales price	**2023**
Cash and cash equivalents received	-
Deferred receivables	658,417,153
Total amount received	**658,417,153**

Book value of disposed net assets	**Total**
Cash and cash equivalents	6,594,398
Trade and other receivables	2,042,397
Inventories	83,826,710
Prepaid expenses	5,270,085
Other current assets	120,898,751
Current Assets	**218,632,341**
Other receivables	59,477
Property, plant and equipments	590,236,396
Intangible assets	146,816,497
Non-Current Assets	**737,112,370**
Trade and other payables	1,060,281,982
Financial liabilities	54,954,017
Payables related to employee benefits	17,806,378
Other current liabilities	932,883
Current Liabilities	**1,133,975,260**
Other non-current liabilities	5,803,250
Deferred tax liability	17,744,215
Non-Current Liabilities	**23,547,465**
Net Asset Value	**(201,778,014)**

Subsidiary sales profit	
Sales price	658,417,153
Book value of net assets	201,778,014
Goodwill	(215,351,679)
Sales Profit	**644,843,488**

Net amount received from sale of subsidiary	
Sales price	658,417,153
Less: Amount of cash and cash equivalents of the subsidiary sold	(6,594,398)
	651,822,755

39. EVENTS AFTER THE REPORTING DATE

None.

HEKTAŞ TİCARET TÜRK A.Ş.
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