

HEKTAŞ TİCARET TÜRK A.Ş.  
**ANNUAL REPORT**



**DEEP-ROOTED PAST,  
STRONG FUTURE**



**Board of Directors Annual Report for  
the Period 01.01.2024 – 30.09.2024**

**II - PREPARED BASED ON THE NOTIFICATION NO. 14.1  
BOARD OF DIRECTORS INTERIM ACTIVITY REPORT**

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# HEKTAŞ TİCARET T.A.Ş.

## II - PREPARED BASED ON THE NOTIFICATION NO. 14.1 BOARD OF DIRECTORS INTERIM ACTIVITY REPORT

### A- GENERAL INFORMATION

#### 1. Reporting Period

01.01.2024- 30.09.2024

#### 2. Corporate Information

TRADE NAME	HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ
INCORPORATION DATE	1956
FIELD OF ACTIVITY	Production, import and marketing of agricultural and veterinary medicines
HEADQUARTERS ADDRESS	Gebze Organize Sanayi Bölgesi 700. Sokak No:711 41480 Gebze/Kocaeli
WEB ADDRESS	www.hektas.com.tr
E-MAIL	info@hektas.com.tr
TELEPHONE	262 751 1412
FAX	262 751 3717
ADDRESSES OF PRODUCTION FACILITIES	
-HEKTAŞ/ Gebze Plant Protection Facility	Gebze Organize Sanayi Bölgesi 700. Sokak No:711 41480 Gebze/Kocaeli
-HEKTAŞ/ Adana Organomineral Fertilizer Production Facility	Acidere Osb Mahallesi Atatürk Blv. No: No:19 Sarıçam/ADANA
-FERBİS / Niğde Plant Protection 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 – TAX ID NO:	İlyasbey / 4610015898
TRADE REGISTRY DIRECTORATE / NO	Gebze Trade Registry Directorate / 6535-10921
MERSİS No.:	461001589800013
PAID-IN CAPITAL (*)	TRY 2,530,000,000 (*)
AUTHORIZED CAPITAL CAP	TRY 8,500,000,000
INDEPENDENT AUDITOR	DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

\*Following the capital increase through rights issue by our company, our paid-in capital was increased to TRY 8,430,000,000 as of 05/10/2024. New capital was registered on 05.11.2024.

#### 3. Shareholding Structure, Capital Distribution, Voting Rights, and Subsidiaries

##### Shareholding Structure

Shareholders	Share Amount (TRY)	% Share
Turkish Armed Forces Pension Fund (OYAK)	1,400,773,362.20	55.37
Other	1,129,226,637.80	44.63
<b>Grand Total (Paid-in Capital) (*)</b>	<b>2,530,000,000.00 (*)</b>	<b>100.00</b>

\*Following the capital increase through rights issue by our company, our paid-in capital was increased to TRY 8,430,000,000 as of 05/10/2024. New capital was registered on 05.11.2024.

##### Capital Distribution

The Company adopts the authorized capital system under the provisions of the Capital Market Law (CML). The authorized capital cap of the Company is TRY 8,500,000,000 and is divided into 850,000,000,000 shares, each with a nominal value of 1 (one) Kuruş. The authorized capital cap permission granted by the Capital Market Board is valid for the years 2023- 2027 (5 years).

The company's issued capital is in the amount of 2,530,000,000(\*) (two billion five hundred thirty million) Turkish Liras which is wholly paid, comprised of 253,000,000,000 (two hundred fifty-three billion) shares, each with a nominal value of 1 (one) Kuruş.

Each share grants 1 voting right. Owners of Founding Redemption Shares have 5% dividend rights arising from the company's articles of association.

Shares representing the capital shall be monitored as dematerialized within the framework of dematerialization principles. There are no capital market instruments issued by the Company within the period.

\*Following the capital increase through rights issue by our company, our paid-in capital was increased to TRY 8,430,000,000 as of 05/10/2024. New capital was registered on 05.11.2024.

##### Right to Vote

There is no voting privilege. Each share grants 1 voting right.

**HEKTAŞ TİCARET T.A.Ş.****II - PREPARED BASED ON THE NOTIFICATION NO. 14.1  
BOARD OF DIRECTORS INTERIM ACTIVITY REPORT****Affiliates & Subsidiaries**

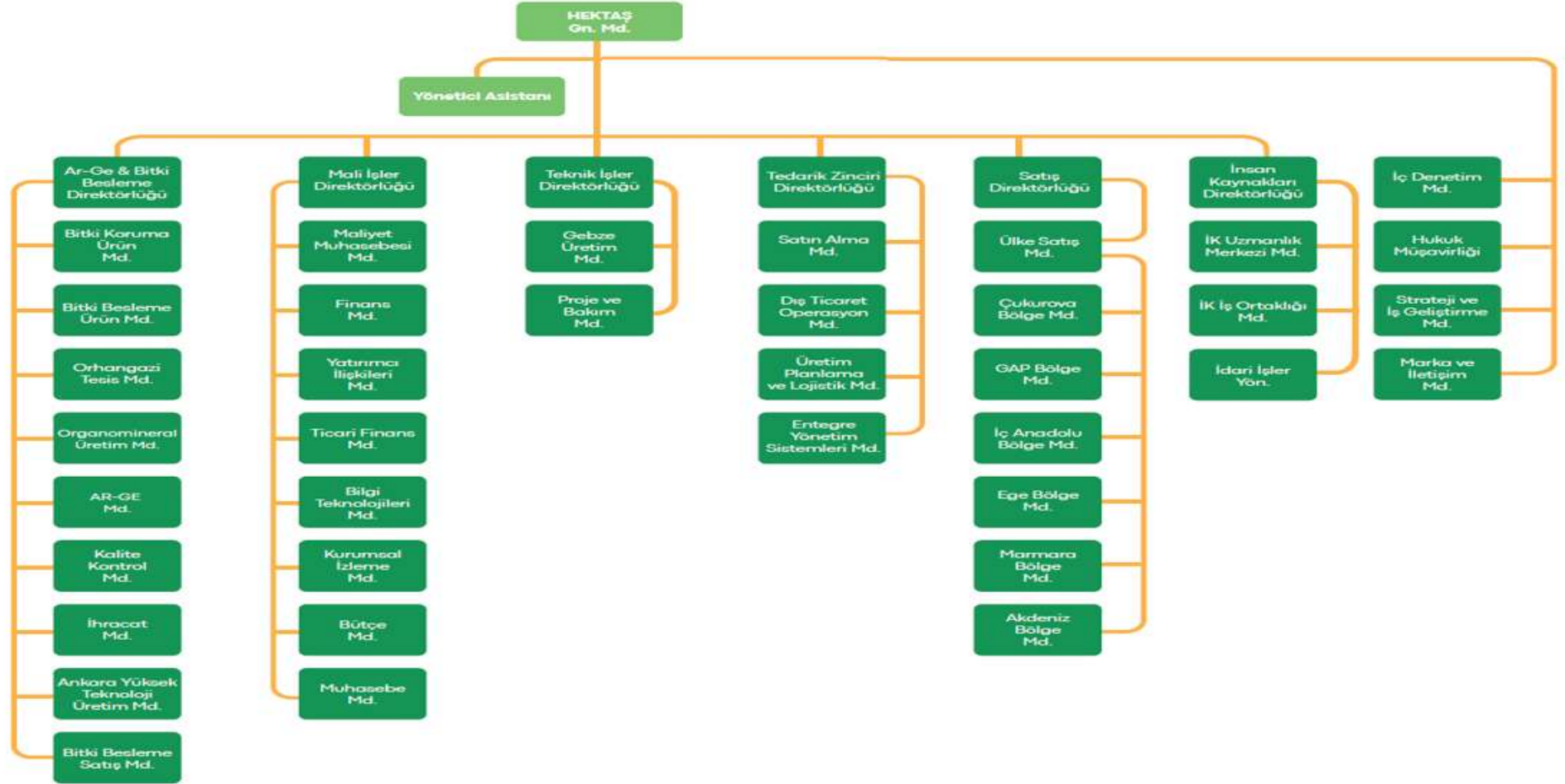
<b>Company Trade Name</b>	<b>Share Ratio (%)</b>
Ferbis Tarım Ticaret ve Sanayi Anonim Şirketi	100.00
Areo Tohumculuk Arge Sanayi ve Dış Ticaret Anonim Şirketi	100.00
Sunset Kimya Tarım Ürünleri Ve Aletleri İmalat Pazarlana Sanayi Ve Ticaret Anonim Şirketi	100.00
Agriventis Technologies Pty.Ltd	51.00
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

Upon examining the financial statements of Çantaş, they have not been included within the scope of consolidation since they are immaterial compared to the financial statements of the Company in terms of amount and quality and activities of Çantaş are very limited.

Other subsidiaries and affiliates within the group are consolidated in the financial statements.

#### 4. Organizational Structure of the Company

HEKTAŞ's organizational chart is as follows: There is no change in the organizational structure of the company between 01.01.2024 and 30.09.2024.



## 5. Information about the Board of Directors, Committees, and Senior Management

### Board of Directors:

As of the reporting date, our Company's current Members of the Board of Directors are:

Board of Directors	Title	First Election Date of Legal Entity Representatives and Independent Members to the Board of Directors	Duties Performed by the Representative Outside the Company
Omsan Lojistik A.Ş. (Acting on Behalf of: <b>EREN ZİYA DİK</b> )	Chairperson of the Board of Directors	21/07/2023	OYAK KİMYA AGRICULTURE SECTOR GROUP PRESIDENT
Oytaş İç ve Dış Ticaret A.Ş. (Acting on Behalf of: <b>CAN ÖRÜNG</b> )	Vice Chairperson of the Board of Directors	28/12/2023	OYAK HR. GROUP PRESIDENT
Oyak Pazarlama Hizmet ve Turizm A.Ş. (Acting on Behalf of: <b>FERHAT BAĞLARLIOĞLU</b> )	Member of the Board of Directors	08/05/2024	-
Oyak Denizcilik ve Liman İşletmeleri A.Ş. (Acting on Behalf of: <b>ŞANSEL YILMAZ</b> )	Member of the Board of Directors	01/06/2023	-
Akdeniz Chemson Kimya Sanayi ve Ticaret A.Ş. (Acting on Behalf of: <b>GÖZDE ERKOÇ</b> )	Member of the Board of Directors	27/03/2024	OYAK GROUP HEAD OF LEGAL
<b>Bülent Şamil YETİŞ</b>	Member of the Board of Directors (Independent)	31/03/2020	Consultant
<b>Kadri ÖZGÜNEŞ</b>	Member of the Board of Directors (Independent)	06.04.2022	Lecturer
<b>Kurtuluş Bedri VAROĞLU</b>	Member of the Board of Directors (Independent)	03/04/2023	Lawyer

At the Ordinary General Assembly Meeting held on 30.03.2023, the legal entity Members of the Board of Directors were elected for 3 years, and the Independent Members of the Board of Directors were elected for 1 year at the Ordinary General Assembly Meeting held on 26.04.2024.

### Changes Made in the Board of Directors During the Period

There were no changes among the members of our Company's Members of the Board of Directors during the period.

### Duties and Powers of Members of the Board of Directors

The Chairperson and Members of the Board of Directors have the duties and powers specified in the relevant articles of the Turkish Commercial Code and Articles 14 and 15 of the Company's Articles of Association.

Legal entity Member of the Board of Directors of OMSAN Lojistik A.Ş (Eren Ziya DİK, real person acting on behalf of the company) was elected as the Chairman of the Board of Directors for a period of 1 year, Legal entity Board Member OYTAŞ İç ve Dış Ticaret A.Ş (Can ÖRÜNG, real person acting on behalf of the company) was elected as the Deputy Chairman of the Board of Directors for a period of 1 year. The statement on the subject was made on PDP after the General Assembly held on 26.04.2024.

### Board of Directors Committees and Committee Members

Audit Committee, Early Detection of Risk Committee, and Corporate Governance Committees have been established in the Board of Directors.

The working principles of the Audit Committee are set out in our Company's 24.07.2012 dated "Hektaş Ticaret T.A.Ş. The directive titled "Board of Directors Audit Committee" and the working principles of the Early Detection of Risk Committee are included in our Company's 24.07.2012 dated "Hektaş Ticaret T.A.Ş. With the directive titled "Early Detection of Risk Committee", the working principles of the Corporate Governance Committee are as follows: "Hektaş Ticaret T.A.Ş. It was determined with the directive titled "Corporate Governance Committee". These instructions are available on the website [www.hektas.com.tr](http://www.hektas.com.tr).

### Committees;

Committee	Title	Name and Surname	Quality	Meeting Frequency
Audit Committee	Chairman	Kurtuluş Bedri VAROĞLU	Independent Member	At least four times a year in quarterly periods.
	Member	Kadri ÖZGÜNEŞ	Independent Member	
Corporate Governance Committee	Chairman	Bülent Şamil YETİŞ	Independent Member	At least four times a year in quarterly periods.
	Member	Kurtuluş Bedri VAROĞLU	Independent Member	
	Member	Tuba BEKTAŞ	Investor Relations Director	
Early Detection of Risk Committee	Chairman	Kadri ÖZGÜNEŞ	Independent Member	At least six times a year in two-month periods.
	Member	Bülent Şamil YETİŞ	Independent Member	

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#### Senior Management;

Senior Management	Title	Starting Date*	Graduated From
Enis Emre TERZİ	General Manager	27.01.2024	Istanbul University Faculty of Economics and Administrative Sciences (Undergraduate)
Murat KILIÇ	Finance Director	15.04.2024	Middle East Technical University Faculty of Economics and Administrative Sciences – Economics (Undergraduate)
Ayhan GÖKBAĞ	Technical Affairs Director	23.01.2024	Istanbul Technical University – Mechanical Engineering (Undergraduate) Boğaziçi University – Mechanical Engineering (Master)
Tendü ARSAN	Human Resources Directorate	26.10.2023	Marmara University – ÇEKO (Undergraduate and Graduate)
Mehmet DERİN	R&D and Plant Nutrition Director	17.11.2021	Çukurova University – Agricultural Engineering (Bachelor's Degree)
Emrah ÖZDEMİR	Supply Chain Manager	11.10.2023	Istanbul University – Chemical Engineering (Undergraduate) Gebze YTU – Business Administration (Master's Degree)
Cüneyt KÖSEOĞLU	Sales Director	09/09/2024	Çukurova University – Agricultural Engineering Plant Protection (Undergraduate) Çukurova University – Agricultural Engineering Field Crops (Masters)

\* The dates of commencement of duty in the table are based on the last titles of the persons in question.

#### 6. Changes Made in the Top Management During the Period

Changes made in the Senior Management during the period are as follows;

Based on the decision taken by our Board of Directors dated September 09, 2024; it was decided to appoint Cüneyt KÖSEOĞLU to the vacant Sales Director position.

#### 7. Transactions carried out by Members of the Board of Directors with the Company on behalf of themselves or others and their activities within the scope of the Prohibition of Competition

At the Ordinary General Assembly Meeting held on 26.04.2024 regarding the Company's activities for 2023, the Board Members were granted permission to conduct transactions within the scope of the relevant articles of the TCC for 2024.

No transaction in this context took place in the first nine months of 2024.

#### 8. Personnel, Worker Movements, Collective Bargaining Practices, Rights and Benefits Provided to Personnel and Workers

As of 30.09.2024, the number of employees of our company is 587 people, 206 of whom are blue-collar workers and 381 of whom are white-collar workers.

The calculation of our company's "severance pay" obligation is made by an actuary company, and the severance pay provision amount allocated at the end of the period is TRY 87,221,764

Employees are provided with their legal social rights monthly and regularly within the scope of the legislation. Our company does not have a Collective Bargaining Agreement.

#### 9. Corporate Governance Principles Compliance Report

Compliance with the "Corporate Governance Principles" published by the Capital Markets Board was also achieved in the January – September 2024 period.



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#### 10. Amendments to the Articles of Association

No changes were made to the Company's Articles of Association during the period.

\*Out of period, on 05.11.2024, Article 7 of our Articles of Association, titled Capital, was amended as follows;

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ ARTICLES OF ASSOCIATION AMENDMENT TEXT	
CURRENT VERSION	NEW VERSION
<p><b>CAPITAL ARTICLE 7</b></p> <p>The Company adopted the authorized capital system as per the provisions of the Capital Market Law (CML) and started to implement this system based on the permission dated 13.10.1988 no. 547 of the Capital Market Board.</p> <p>The authorized capital cap of the Company is TL 8.500.000.000 and is divided into 850.000.000.000 shares, each with a nominal value of 1 (one) Kurus. The authorized capital cap permission granted by the Capital Market Board is valid for the years 2023-2027 (5 years). Even if the authorized capital cap which is permitted cannot be reached at the end of 2027, in order for the board of directors to take a capital increase decision after 2027, authorization must be obtained for a new period not exceeding 5 years from the general assembly, by obtaining permission from the Capital Market Board for the cap previously permitted or a new cap amount. If the aforementioned authorization cannot be obtained, capital increase cannot be applied with a board of directors' decision.</p> <p>The company's issued capital is in the amount of 2.530.000.000 (two billion five hundred thirty million) Turkish Liras which is wholly paid, comprised of 253.000.000.000 (two hundred fifty three billion) shares, each with a nominal value of 1 (one) Kurus.</p> <p>The Board of Directors is authorized to increase the issued capital by issuing registered or bearer shares up to the authorized capital cap and to take decisions on the restriction of shareholders' right to acquire new shares and issuance of premium shares or shares lower than their nominal value at times when deemed necessary in accordance with the provisions of the Capital Market Law, between 2023-2027. The authority to restrict new share acquisition cannot be exercised by creating inequality among shareholders.</p> <p>The shares representing the capital are recognized in dematerialized form, within the framework of the principles on dematerialization.</p> <p>Each share grants 1 voting right. 1537,80</p>	<p><b>CAPITAL ARTICLE 7</b></p> <p>The Company adopted the authorized capital system as per the provisions of the Capital Market Law (CML) and started to implement this system based on the permission dated 13.10.1988 no. 547 of the Capital Market Board.</p> <p>The authorized capital cap of the Company is TL 8.500.000.000 and is divided into 850.000.000.000 shares, each with a nominal value of 1 (one) Kurus. The authorized capital cap permission granted by the Capital Market Board is valid for the years 2023-2027 (5 years). Even if the authorized capital cap which is permitted cannot be reached at the end of 2027, in order for the board of directors to take a capital increase decision after 2027, authorization must be obtained for a new period not exceeding 5 years from the general assembly, by obtaining permission from the Capital Market Board for the cap previously permitted or a new cap amount. If the aforementioned authorization cannot be obtained, capital increase cannot be applied with a board of directors' decision.</p> <p>The company's issued capital is in the amount of 8.430.000.000 (eight billion four hundred thirty million) Turkish Liras which is wholly paid, comprised of 843.000.000.000 (eight hundred forty three billion) shares, each with a nominal value of 1 (one) Kurus.</p> <p>The Board of Directors is authorized to increase the issued capital by issuing registered or bearer shares up to the authorized capital cap and to take decisions on the restriction of shareholders' right to acquire new shares and issuance of premium shares or shares lower than their nominal value at times when deemed necessary in accordance with the provisions of the Capital Market Law, between 2023-2027. The authority to restrict new share acquisition cannot be exercised by creating inequality among shareholders.</p> <p>The shares representing the capital are recognized in dematerialized form, within the framework of the principles on dematerialization.</p> <p>Each share grants 1 voting right.</p>

#### B- FINANCIAL RIGHTS PROVIDED TO MEMBERS OF THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

##### 1. Total Amount of Financial Benefits Provided, Such as Attendance Allowance, Wage, Premium, Bonus, Dividend Amount

At the Ordinary General Assembly Meeting held on April 26, 2024, it was agreed to pay a net monthly fee of TRY 26,500 to the Independent Members of the Board of Directors, effective from 26.04.2024 until the next ordinary General Assembly date, and to pay no fee to the other Members of the Board of Directors. As in the previous period, personal accident and life insurance is provided to Members of the Board of Directors.

No payments were made to the Members of the Board of Directors in the form of performance-based rewards.

No loans were given to any Member of the Board of Directors or manager during the period, no loans were extended under the name of personal loans directly or through a third party, or guarantees such as suretyship were given in their favor.

The monthly salaries of the company's senior managers are determined by the Company's Board of Directors. Additional performance-based payments are made within the Company to out-of-scope personnel, including the Company's senior managers.

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#### C- RESEARCH AND DEVELOPMENT STUDIES

##### During the first 9 months of 2024 in Gebze R&D Center:

- 6 of the 37 projects carried over from the end of 2023 were completed in the first 9 months of 2024, and 15 new projects were started during this period.
- 2 bread wheat varieties improved within the Hektaş R&D Center have been registered.

##### During the first 9 months of 2023 in Areo R&D Center:

#### Developments in the Vegetable Group

##### ***Breeding and R&D***

In line with market expectations, new hybrid programs were added to purified lines by breeders in the first quarter of 2024. The hybridization studies for the hybrid programs created in the 27,000 m<sup>2</sup> greenhouse area within the Antalya-Teknokent R&D and testing facility have been finalized, and the harvesting, seed extraction and packaging processes of the new hybrid candidates have been completed.

##### ***Specially for tomatoes***

As of the 3rd quarter of 2024, 98 beef, 76 pink, 204 cluster, and 158 cocktail hybrid candidates were planted in the Orhangazi facility for the first breeder observations and their observations are continuing.

As of the 3rd quarter of 2024, 497 single, 98 beef, 76 pink, and 158 cocktail hybrid candidates were planted in the Antalya/Aksu/Hacihaliler location, in an 8-decare producer greenhouse, for the first breeder observations, and observations are continuing.

Production studies for micro-production of some candidate varieties that will be tested again are continuing in the greenhouses in the Antalya facility.

##### ***Pepper specific***

As of the 3rd quarter of 2024, a total of 750 red and yellow California Wonder hybrid variety candidates were planted in an area of 5.7 decare in the Antalya/Fettahlı region for the first breeder observations, and observations are continuing.

As a result of the observations of Islahçı and Ür-Ge, whose trials were previously set up in different locations, a total of 12 hybrid variety candidates in the types of "kapyra, kıl, charliston, sivri, üçburun" came to the fore. Observations of these variety candidates were made in different locations and the varieties to be registered were determined.

Production studies for micro-production of some candidate varieties that will be tested again are continuing in the greenhouses in the Antalya facility.

##### ***Specially for cucumber***

As of the 3rd Quarter of 2024, 150 of the hybrid candidates were planted in the Alanya/Konaklı region for the first breeder observations and observations are continuing.

The most prominent ones among the 560 silor type hybrid candidates, which were previously observed in different locations, were determined. Large-scale adaptation trials of the 25 leading candidates have begun in different locations.

Production studies for micro-production of some candidate varieties that will be tested again are continuing in the greenhouses in the Antalya facility.

##### ***Specially for eggplant***

In the first season of 2023, observations were made of 64 cylinder and topan type variety candidates, whose trials were established in the Antalya / Doyran region. Macro trials of 13 candidate varieties that stood out as a result of observation were set up in different locations, both grafted and flat, in the Manisa/Salihli region. Observations were taken and 4 promising varieties were identified.

The seed production amount of 1 cylinder variety candidate, which stood out in the observations obtained from the trial results in different locations, was determined for demo trials in 2025. Production activities for the determined quantity continue in the greenhouses in our Antalya facility.

##### ***Specifically, for seed production***

In the Antalya facility, seeds were planted for the sales and demo production of our commercial and commercial candidate varieties according to the estimates given by the "Production and Development" and "Sales" teams in the tomato, pepper and cucumber product groups. Production work continues.

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#### In the vegetable group as a whole

Registration files were prepared to be submitted to TTSM for 1 capia pepper, 1 single tomato, and 1 field cucumber, which were registered in October 2024 Q4.

#### Vegetable group in Foreign Trade Channel

- Trial seeds have been sent to Uzbekistan, Egypt, Iraq, Morocco and Cyprus and our work continues.
- Our customer and fair visit to Iran was held on 24-27 September 2024.
- We expect cooperation visits from some companies from Egypt and Algeria in November 2024.

#### Developments in the Biotechnology and Tissue Culture Group

In the third quarter of 2024, the biotechnology laboratory continues to analyze resistance to specific diseases that cause serious yield and quality losses in the production of plants belonging to the vegetable group using molecular methods. Particularly in industrial tomato varieties, the integration of the "Marker Assisted Selection" technique with classical breeding methods will contribute to the development of new disease-resistant varieties.

Rooting and adaptation studies, which coincided with the second quarter of tissue culture studies, continued in the third period. The stage of applying colchicine to developing plants has begun.

The regeneration processes of plants continue in the gene editing study carried out to provide herbicide resistance in cotton. Nineteen plants obtained in vitro were adapted to in vivo conditions. Currently, studies on generation skipping and obtaining seeds from plants are ongoing.

Within the scope of rapid breeding studies in tomatoes, plants have reached the F4 stage by the end of the third quarter. In addition, rapid breeding studies were initiated for 3 new varieties in the F2 stage that came from the breeding unit in the 3rd quarter.

Within the scope of the "Productivity Project Awards" organized by the General Directorate of Strategic Research and Productivity of the Ministry of Industry and Technology, our project titled "Development of New Hybrid Tomato Varieties with Different Fruit Types and Multiple Disease Resistance in Tomatoes" has successfully passed the pre-selection. In this context, on-site evaluators came to our business to evaluate our project. Within the scope of the evaluation, project presentation, question and answer session and company introduction activities were carried out. This process provided the opportunity to examine the implementation phase of our project in detail.

#### Developments in the Field Group

##### *Cotton R&D*

Based on the analysis results, the seeds of the selected lines were prepared by delinting. Planting was done in the R&D field at the beginning of May. All agronomic activities were fully completed in the cotton R&D field.

Within the scope of the 2007/1 project initiated together with Nazilli Cotton Research Institute, a variety yield trial was established with 11 genotypes. Plant observations were taken from the experiments.

Production plots of our new varieties, "Halay and Yakut", were planted in the R&D field as 2 acres per variety. Observations are ongoing.

This year, in order to obtain early varieties, a total of 45 combinations of hybridization were carried out in July. Observations of F1 combinations were taken. Single plant selections were made for genotypes in the F6 generation.

##### *Cotton Production-Sales*

After the seeds that entered the package were subjected to hot-cold germination and broken, cracked, pH tests, the seeds with good results were placed in the package and kept waiting for the next stage. (Mr. Selçuk: 71,050 kg - Volkan 117,500 kg) Samples were taken for germination, purity and GMO tests by the controller staff of Şanlıurfa Provincial Directorate of Agriculture, and sales and production permits were obtained for all our seeds based on the results.

In order to be able to sell and produce in 2025, 2 cotton varieties (Selçuk Bey-Volkan) were planted equally in an area of 11,500 decares in April and May in the Söke region. In the Diyarbakır region, 2 varieties were planted equally in an area of 1,000 decares. Land control and farmer visits in production areas continue - once a week for each farmer - and technical support will continue without interruption until harvest.

For the marketing of the seeds, meetings were held with farmers and dealers in the Aegean and GAP regions where cotton is cultivated, and the characteristics of the varieties were explained.

Weekly disease and pest controls for cotton seed lands planted for production and sale purposes were planned for each land. Checks were carried out on a land parcel basis every week. For the declarations applied to the OECD, the fields were checked on a parcel basis by the seed controllers of the Provincial Directorate of Agriculture and Forestry twice.

For the declarations applied to the OECD, the fields were checked on a parcel basis by the seed controllers of the Provincial Directorate of Agriculture and Forestry twice.

In the study period in 2024, corn breeding and agronomy land application studies were mainly carried out. In the study period in 2024, corn breeding and agronomy land application studies were mainly carried out.

Agronomic observations are taken, evaluations are made and then harvesting operations are planned according to the maturation groups of the materials. In the study to obtain an in vivo folded haploid corn line, 12 donors and 2851 haploid grains were selected based on phenotypic

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observation and folding processes will be carried out. The 2024 greenhouse second term work program planning and planting preparations have been completed and planting will be done in an area of 1800 m<sup>2</sup>.

On the other hand, as a Teknokent Project, the greenhouse program of our R&D project titled "Evaluation of Grain Yield and Agronomic Characteristics of Test Hybrids of Corn Lines Developed Using In Vivo Folded Haploid Technique" is included in the second term greenhouse studies in 2024.

#### **Wheat**

Drought-tolerant cultivars are being developed in the field of wheat breeding and international trials are carried out for resistance to diseases. Breeding activities continued with materials obtained from organizations such as CIMMYT, İCARDA and İWWiP and selected in the 2022-2023 season. In the first quarter of 2024, post-winter cold damage and plant development conditions were observed and recorded in the yield trial, pasta wheat yield trial, barley yield trial, and preliminary yield trial with these materials in Ankara/Haymana and Konya/Kulu locations. Irrigation, spraying, and fertilization operations have been 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 Registration and Certification Center, bringing the number of our registered varieties to 9. In the second quarter of 2024, disease status, plant height and plant development status of the varieties included in the yield trials and preliminary yield trial in Ankara/Haymana and Konya/Kulu locations were observed and recorded. Hybridization processes have been carried out in bread wheat, durum wheat and barley. Cultural practices such as irrigation, spraying and fertilizing continued.

Harvesting and threshing works for the 2023-2024 season have been completed and we have a total of 692 materials of various grades in bread wheat, durum wheat and barley plants.

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

- **6** lines from dry bread wheat yield trial
- **5** lines from the wet bread wheat yield trial,
- **6** lines from durum wheat yield trial
- **7** lines from barley yield trial

It has been deemed promising as a variety candidate and trial plantings will be carried out in the 2024-2025 growing season to re-evaluate yield and quality potentials.

The seed spraying, packaging and planting planning of the materials opened at different levels to be planted in the 2024-2025 season and the selected lines to be included in the yield and preliminary yield tests have been made and made ready.

#### **During the first 9 months of 2024 in Hektaş Orhangazi R&D Center:**

- Hektaş Orhangazi Branch became the R&D Center with the approval decision taken by the Ministry at the commission meeting dated 09.02.2024 regarding our application to the Ministry of Industry and Technology of the Republic of Türkiye.
- 10 new projects were launched at the R&D center in the first 6 months of 2024.

#### **At Ankara High Technology Center:**

##### Microbiology and Genetics

##### Ongoing studies;

- Obtaining, purifying and activity measurement of microbiologically based enzymes for use in industrial areas;
- Optimization studies in obtaining and purifying secondary metabolites (antibiotics, insecticides, growth hormones) to be obtained from microbial species;
- Isolating and purifying bacteria from different sample sources,
- Genetic characterization studies of isolated bacteria; and
- Isolation and purification of toxic proteins with microbiology-based insecticide properties were carried out.
- New pesticide studies,

##### Completed studies;

- Renewal and control of stocks of existing bacterial species in stock;
- Obtaining herbal amino acids;
- Selection, development and optimization studies of necessary microorganisms for starter cultures commonly used in food technology;

##### Cancelled studies;

- Isolation and testing of microorganisms to be used to obtain microbial protective agents for use in products produced in industrial areas such as food and agriculture;

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#### Fermentation

##### *Ongoing studies;*

- Improving the fermentation conditions of Bacillus megaterium, Bacillus pumilis bacteria,
- Obtaining biomass in an industrial scale fermenter;
- Offering multiple strains for industrial use;
- Development of the downstream process of industrially produced bacteria; and
- Final formulation and development of metabolites were carried out.

##### *Completed studies;*

- Improvement of the fermentation conditions of the Bacillus amyloliquefaciens, Bacillus subtilis, Bacillus thuringiensis bacteria;

#### Chemistry

##### *Ongoing studies;*

- Conducting studies on biostimulant formula development and recycling of waste generated during its production;
- Conducting laboratory studies to produce nanosize plant micronutrients; and

##### *Completed studies;*

- Design of necessary equipment for industrial production planning of formula development of Agrifor, Tradite, and Natsu Series;
- Accordingly, the development of 6 different liquid fertilizer formulations (Nitrogen-containing, Zinc-Phosphorus-containing, Potassium-containing, Zinc-Boron containing, Calcium-Boron-Nitrogen-containing, Rooting Agent) and their trials for industrial production;
- Conducting trials for the industrial production of Natsu Ca with existing Ca (NO<sub>3</sub>)<sub>2</sub>.4H<sub>2</sub>O;
- Studying the formulations required for Fe-EDDHA synthesis and initiating pilot trials;
- Developing and operating analytical, spectrometric, chromatographic, gravimetric, and volumetric analysis methods for all studies carried out in the laboratory were carried out.

## D- ACTIVITIES OF THE COMPANY AND IMPORTANT DEVELOPMENTS REGARDING ACTIVITIES

### 1. Investment Activities

Our company made an investment of **TRY 450,878,336** in the first nine months of 2024.

### 2. Internal Control System and Internal Audit Activities

Within the scope of the Corporate Governance Principles published by the CMB, the Audit Committee was established as of June 2012 and its working directives were created. With the decision of our company's board of directors dated 24.07.2012, the Early Detection of Risk Committee was established for the purpose of compliance with Article 378 of the Turkish Commercial Code No. 6102, which entered into force on 1 July 2012, and this was announced on the Public Disclosure Platform (PDP) with a special situation announcement dated 24.07.2012. Guidelines regarding these committees are available on our Company's website.

### 3. Explanations Regarding Private Audit and Public Audit

Company Activities are regularly and periodically audited by Independent External Auditors and Auditors appointed by the General Assembly. Independent audit activities for 2024 are carried out by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (A Member Firm of Deloitte Touche Tohmatsu Limited).

### 4. Legal Issues

#### a) Lawsuits

There is no significant ongoing lawsuit filed against the company.

#### b) Administrative-Judicial Sanctions

There are no significant administrative sanctions or penalties imposed on the Company or the Members of the Board of Directors due to practices contrary to the provisions of the legislation.

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#### 5. General Assembly

##### **2023 Ordinary General Assembly Meeting**

The Ordinary General Assembly Meeting of Hektaş Ticaret Türk Anonim Şirketi for 2023 was held on April 26, 2024, at 11:00, at the company headquarters, located in Gebze Organize Sanayi Bolgesi Mah. 700. Sokak No:711/1 P.K. 41400 Gebze/Kocaeli, under the supervision of the Ministry Representative, Mr. Veysi UZUNKAYA, who was appointed with the letter of Kocaeli Provincial Directorate of Commerce dated 26.04.2024 and numbered E-80122446-431.03-00095967976.

In accordance with the relevant laws and the provisions of the articles of association, the call for the meeting, including the meeting day, time, place, agenda, and a copy of the power of attorney, was published in the Turkish Trade Registry Gazette dated 01.04.2024 and numbered 11055, on the Public Disclosure Platform (PDP) on 29 March 2024, in the Central Registry Agency e-General Assembly (E-GKS) system on 29.03.2024, in the 02.04.2024 edition of the local newspaper titled "Gazete Gebze" where the Company's headquarters is located, and in the Company's website www.hektas.com.tr.

As a result of examining the physical and electronic list of attendants, it was observed that 68,597,906.20 shares representing the capital of TRY 685,979.062 were represented in person, that 12,608,685,600 shares representing the capital of TRY 126,086,856 were represented by proxy, that 140,077,336,219.90 shares representing the capital of TRY 1,400,773,362.19 were represented by the other representatives, and that 152,754,619,726.1 shares representing a total capital of TRY 1,527,546,197.261 were present at the meeting; thus, upon understanding that the minimum meeting quorum was present in line with both the relevant laws and the provisions in the company's articles of association, the meeting was opened by Enis Emre TERZİ and the agenda was discussed.

There were no objections to the ordinary general assembly meeting and the decisions taken, and the decisions were accepted unanimously/majority.

##### ***Agenda Items:***

- 1-Opening, establishment of the presiding committee, and moment of silence;
- 2-Authorizing the Presiding Committee to sign the general assembly meeting minutes and other documents;
- 3-Reading, discussing and submitting for approval the "Board of Directors Annual Report" for the 2023 accounting period;
- 4-Reading the summary of the 2023 accounting period "Independent Audit Report";
- 5- Reading, discussing and submitting for approval the 2023 Financial Position Statement and Profit and Loss accounts for the 2023 accounting period;
- 6-Discussing and deciding on the discharge of the members of the Board of Directors for the 2023 accounting period;
- 7-Discussing and submitting for approval the Board of Directors' proposal regarding the profit distribution of the 2023 accounting period and the profit distribution date;
- 8- Election of independent members of the Board of Directors and determination of their term of office in accordance with the provisions of the relevant legislation;
- 9-Determination of remuneration of Members of the Board of Directors;
- 10-Authorizing the Members of the Board of Directors to perform the duties specified in Articles 395 and 396 of the Turkish Commercial Code;
- 11-Discussing and deciding on the Board of Directors' proposal regarding the selection of an independent external audit firm for the audit of 2024 accounts and transactions in accordance with the Turkish Commercial Code and the Capital Markets Law;
- 12-Providing information regarding the income or benefits obtained from guarantees, pledges, mortgages, and collaterals given in favor of third parties;
- 13- Presenting information about the donations and aid made in 2023 and deciding on the donation limit for the 01.01.2024-31.12.2024 accounting period;
- 14-Closing.

#### 6. Donations and Social Responsibility Projects

By the company in 2024 in the first nine months No donations were made to any institution or organization.

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### E- FINANCIAL POSITION

#### 1. Summary of Financial Statements

The financial statements dated 30.09.2024 and 30.09.2023 (consolidated) were not audited and the financial statements dated 31.12.2023 (consolidated) were independently audited, prepared in accordance with the CMB Communiqué on the Principles of Financial Reporting numbered (II-14.1).

#### SUMMARIZED BALANCE SHEET (TRY)

(TRY)	30.09.2024	31.12.2023
Current Assets	10,214,117,392	20,555,269,630
Fixed Assets	13,710,230,665	14,028,437,249
<b>Total Assets</b>	<b>23,924,348,057</b>	<b>34,583,706,879</b>
Short-Term Liabilities	13,345,470,603	21,463,577,744
Long-Term Liabilities	2,733,016,935	2,876,564,271
Equities	7,845,860,519	10,243,564,864
<b>Total Equities</b>	<b>23,924,348,057</b>	<b>34,583,706,879</b>

#### Summary Income Statement (TRY)

(TRY)	30.09.2024	30.09.2023
Sales Income	3,722,889,138	7,767,189,755
Gross Profit/Loss	-344,969,203	2,673,922,058
Real operating profit / loss	-1,599,165,322	590,587,126
<b>Profit / Loss for the Period</b>	<b>-1,985,981,510</b>	<b>127,862,181</b>

Our company prepares its budget every year within the framework of its strategic goals, and the prepared company budget is approved by the Board of Directors.

At regular Board of Directors meetings, the current situation of the Company is reviewed and company activities are compared with the previous period and budget targets.

#### 2. Key Activity Indicators and Financial Ratios

Financial Indicators	30.09.2024	30.09.2023
Gross Profit Margin	-9.27%	34,43%
Net Profit Margin	-53,35%	1,65%
EBITDA Margin	-27,10%	14,30%

(\*) EBITDA Margin: Calculated with the formula (Operating Profit + Depreciation) / Net Sales.

#### 3. Financial Power

It was observed that the company's capital was not left unrequited within the framework of the calculation made by taking into account the ratios specified in Article 376 of the TCC.

#### 4. Development of Financing Sources and Policies Implemented by the Company Within the Framework of This Development

The Company is exposed to market risk (exchange rate risk and price risk), credit risk, and liquidity risk due to its activities. While managing liquidity and credit risks, the company regularly reviews its relationships with financially strong financial institutions in the market with low funding costs. The Company's risk management program generally focuses on minimizing the potential negative effects of uncertainty in financial markets on the company's financial performance. The company uses derivative products in order to protect itself from these financial risks. Products for cash management solutions provided by banks are used to regulate cash flow and reduce collection risk.

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#### Nature and Amount of Capital Market Instruments Issued

Our application for the issuance ceiling limit for debt instruments to be issued to private and/or qualified investors without a public offering within the country, up to a nominal amount of TRY 5,000,000,000, was approved by the CMB on 09.01.2024.

The company redeemed debt instruments worth **TRY 2,350,000,000** in the first six months;

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**

#### 5. Dividend Distribution

Our Dividend Distribution Policy determined at the 2014 Ordinary General Assembly Meeting held on 27.03.2015 is listed below.

"In principle, the Company has adopted the policy of distributing the entire distributable period profit in cash, within the framework of the applicable legislation and the provisions of the Company's Articles of Association, to the extent permitted by the financial leverage ratios and investment/financing needs and future free cash generation expectations, including market forecasts. The profit distribution policy is reviewed annually by the Board of Directors according to national and global economic conditions, the company's current projects and the status of its funds.

Dividend distribution is authorized by the Board of Directors at the general assembly meeting where it is decided to distribute, and it is paid in installments of equal or different amounts within the framework of the legislation provisions, until December 15 of the relevant calendar year.

The General Assembly is authorized to distribute Dividend Advances within the framework of the relevant legislation.

Dividend Distribution takes place within legal periods."

In line with the decision taken by our Company's Board of Directors, as a result of separate calculations made from the activities of the 2023 accounting period in accordance with the provisions of the Tax Procedure Law, Corporate and Income Tax Laws, and also in accordance with the provisions of the Capital Markets Board's communiqué numbered II-14.1, a period loss has occurred in our legal records as of 31.12.2023. Therefore, there is no distributable profit. At the 2023 Ordinary General Assembly meeting held on April 26, 2024, it was decided by majority vote of the meeting participants that no dividend distribution would be made due to the lack of a distributable profit base in the legal records as of 31.12.2023.

#### 6. About the Sector in Which the Company Operates

##### Agricultural Production Data:

According to TÜİK data, in Agriculture-PPI (2020=100), there was a 2.00% increase in September 2024 compared to the previous month, a 20.28% increase compared to December of the previous year, a 31.09% increase compared to the same month (September) of the previous year and a 52.28% increase compared to twelve-month averages.

Compared to the previous month, there was a 1.96% increase in agricultural and hunting products and related services, a 1.81% increase in forestry products and related services, and a 3.51% increase in fish and other fishing products; aquatic products, and supporting services for fishing. In the main groups, compared to the previous month, there was a 4.10% increase in annual (non-long-lived) plant products, a 2.19% decrease in perennial (long-lived) plant products and a 1.25% increase in live animals and animal products.

The subgroup with the highest annual change was oily fruits with an increase of 110.74%, and the subgroup with the highest monthly change was live poultry and eggs with an increase of 17.23%.

##### Agricultural Growth:

Gross Domestic Product (GDP) increased by 2.5% in the second quarter of 2024

According to the bulletin data published by TÜİK, the first estimate for the second quarter of 2024 GDP increased by 2.5% as a chained volume index compared to the same quarter of the previous year.

Other service activities increased by 7.4% in the second quarter of 2024.

When the activities constituting GDP are examined, in the second quarter of 2024, as a chained volume index compared to the previous year; other service activities increased by 7.4%, construction by 6.5%, agricultural sector and real estate activities by 3.7%, information and communication activities and finance and insurance activities by 3.4%, public administration, education, human health and social service activities by 3.2%, services by 2.9%, professional, administrative and support service activities by 0.6%. The industrial sector decreased by 1.8%.

The seasonally and calendar adjusted GDP chain volume index increased by 0.1% compared to the previous quarter. The calendar adjusted GDP chained volume index increased by 2.8% in the second quarter of 2024 compared to the same quarter of the previous year.



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#### **Agricultural Products Export:**

According to the provisional foreign trade data produced within the scope of the general trade system in cooperation with the Turkish Statistical Institute and the Ministry of Trade; exports increased by 2.3% in September 2024 compared to the same month of the previous year, reaching 21 billion 987 million USD, while imports decreased by 10.4%, reaching 27 billion 116 million USD.

Exports increased by 3.2% and imports decreased by 8.0% in the January-September period.

According to the general trade system, exports increased by 3.2% in the January-September period of 2024 compared to the same period of the previous year, reaching 192 billion 764 million USD, while imports decreased by 8.0%, reaching 252 billion 638 million USD.

According to economic activities, the share of the manufacturing industry in exports in September 2024 was 94.5%, the share of the agriculture, forestry and fishing sector was 3.4%, and the share of the mining and quarrying sector was 1.6%.

#### **Supports:**

"Agricultural Support Payment" published by the General Directorate of Agricultural Reform, it was announced that 72.2 billion TRY support payment was made in the first nine months of 2024. 77.1% of the payment was given as plant production support, 20% as animal production support, 2.1% as rural development support, 0.5% as R&D support and 0.3% as aquaculture production support.

In the third quarter of 2024, within the scope of supporting plant production, the maximum payments were made for plant product insurance and certified seed use, within the scope of supporting animal production, raw milk and calves, and within the scope of supporting rural development, rural development investments and individual irrigation system support payments.

#### **Developments in Agriculture:**

According to the statement made by the Ministry of Agriculture and Forestry, Bursa black fig, Aydın Söke cotton, Bingöl honey and Osmaniye peanut were registered by the European Union (EU) on behalf of Türkiye.

In order to keep the brown skunk (*Halyomorpha halys*) population at a minimum level in 2025 and to prevent agricultural product losses, work has been initiated within the scope of the Brown Skunk Action Plan.

"Declaration of Intent to Strengthen Cooperation in the Field of Livestock and Animal Health" was signed between the Ministry of Agriculture and Forestry of the Republic of Turkey and the Ministry of Agriculture of Azerbaijan.

It was announced that the grant amount given under the IPARD II Program reached 21.3 billion lira.

The first example of the "food businesses QR code application", which allows the monitoring of the inspection status of food businesses, has been implemented.

The Presidential Decree regarding the supports for plant production and some other agricultural supports to be provided in the years 2025-2027 was published in the Official Gazette. The Presidential Decree aims to ensure the sustainability of agricultural production and food supply security, contribute to production planning, increase efficiency and quality, adopt environmentally friendly approaches in agricultural production and increase the effectiveness of implemented policies.

Agricultural lands owned by real and legal persons and not cultivated for two consecutive years will be rented out seasonally for agricultural purposes by the Ministry of Agriculture and Forestry. The Regulation on Leasing Uncultivated Agricultural Lands for Agricultural Purposes, prepared by the Ministry, was published in the Official Gazette and entered into force.

#### **7. The Position of the Company in the Sector**

HEKTAŞ maintains its position among the leading companies in the pesticides sector with its performance in the first 9 months of 2024. In addition, the company ranks among the top in the organomineral fertilizer category in the plant nutrition industry. New vegetable and wheat seeds continue to be registered within the scope of the breeding studies carried out by Hektaş with the company Areo Tohumculuk which operates in the field of seeds. With the work in the second quarter of the year, the total number of seed registrations reached 25. Seed sales for cotton, tomato and pepper product varieties continue.

#### **8. Development of the Company**

At the FERBİS Tarım 'Plant Protection Products' production facility in Bor District of Niğde province, the machinery and equipment installations of the production facility within the scope of herbicide production have been completed and the commissioning works will be completed as of the first quarter of 2025.

A granule production facility contract has been signed and an order has been placed, which will provide capacity increase at the FERBİS Tarım 'Plant Protection Products' production facility in Bor district of Niğde province. It is planned to start production and sales by the end of the second quarter of 2025.

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#### 9. Products

##### PLANT PROTECTION PRODUCTS

Fungicides

Herbicides

Insecticides

Acaricides

Biological Insecticides

Fumigants and Nematicides

Plant Growth Regulators

Winter Dormant Oils and Summer Oils

Molluscicides and Others

##### PLANT NUTRITION PRODUCTS

Foliar Fertilizers

Organominerals

Drip Irrigation

Pure Fertilizers

##### SEED

Tomato Seed

Information about our other products in the C. R&D stage is available in the Research and Development Studies section of this report.

#### 10. Capacity Utilization Rates

##### Capacity Utilization Rates in the Third Quarter of 2024

The capacity utilization rate in **the Gebze (Plant Protection)** production facility in the third quarter of 2024 was realized as **42%**. The annual production capacity of HEKTAŞ Gebze Production facility for 2024 is **21,910** tons.

The capacity utilization rate in **the Niğde (Plant Protection)** production facility in the third quarter of 2024 was realized as **27%**. The annual production capacity of HEKTAŞ Gebze Production facility for 2024 is **12,860** tons.

The capacity utilization rate in the third quarter of 2024 at **the Adana (Organomineral Fertilizer)** production facility was realized as **11%**. The annual production capacity of Adana Organomineral Fertilizer production facility for 2024 is **99,000** tons.

#### 11. Production (Amount)

##### Third Quarter Production Quantities of 2024

In the **Gebze (Plant Protection)** production facility, plant protection products are produced in technical substance, liquid form, herbicide liquid form and powder form. The total production quantities as of the third quarter of 2024 are **6,821,650** kg.

In the **Niğde (Plant Protection)** production facility, plant protection products are produced in technical, liquid form, herbicide liquid form, and powder form varieties. The total production quantities as of the third quarter of 2024 are **2,608,163** kg.

Organomineral fertilizer is produced in the **Adana (Organomineral Fertilizer)** production facility. The total production quantities as of the third quarter of 2024 are **8,028,195** kg.

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#### 12. Developments in Sales

When the company's first 9-month sales are examined, it is observed that there has been a decrease in sales of approximately 52.93 percent compared to the same period in 2023. To summarize the main reasons for this decline in sales. These are as follows:

*In the Plant Protection Business Line;*

- Due to the continuation of high credit and deposit interest rates, we observe a decline in both our customers' access to credit and their willingness to take on risk,
- Restrictions imposed on active substances,
- Despite rising input and production costs, market prices for nearly all agricultural products remain below last year's levels.
- Due to the lack of demand in the market for many agricultural commodities, such as processing tomatoes, red peppers, corn, and watermelon, these crops remain in the fields,
- Industry stakeholders purchasing agricultural products are not making cash payments to farmers and are issuing very long-term checks for the following year (May 2025),
- Due to farmers not receiving payments, our customers are unable to collect from farmers, and they are reluctant to make purchases for the upcoming year due to high risks,
- The decline in prices of agricultural products has led to a decrease in farmers' use of pesticides, resulting in the high dealer inventories not being reduced,

*In the Plant Nutrition Business Line;*

- Significant increases in loan interest rates and the resulting cost increases
- Financial problems experienced by our business partners (Dealers) due to economic negativities in 2023,
- Changes in input prices,
- These are stocks that our business partners have in excess.
- Competitors offering products to the market below the cost of their inventory, or producing lower-quality products and selling them at cheaper prices or on long-term terms,
- Competitors engaging in term competition by offering products with payment terms of 16-20 months.

As can be understood from above, the company is exposed to "systematic risks that concern the market in which it operates and are defined as risks that the company management cannot intervene in", especially in the plant nutrition and plant protection business lines, and is taking the following measures to prevent systematic risks to some extent.

- Correct and dynamic pricing of our products according to market analysis and loan interest rates,
- Finding alternative sources for raw material purchases, making early and controlled purchases,
- Controlled sales due to the bottleneck in the market,
- Implementation of cash-based and short-term sales strategies,
- The adoption of the contract manufacturing policy, especially in the plant nutrition business line,
- Reviewing the customer portfolio according to market conditions and the economic situation of the customers and making agreements with the right business partners,
- Actions such as new campaigns and making our products more attractive compared to competitors in the market were implemented to reduce existing stocks.

*In the Seed Business Line;*

Positive and negative factors affecting sales in the seed business line, which started to contribute to the financial statements in the last quarter of 2023;

- Long-term continuation of R&D studies,
- The maturity is short compared to competitors,
- Our discount rates are high,
- Our sales distributors enable us to gain a share from domestic and international markets,
- Our products are somewhat less resistant to diseases than our competitors' products.

*In overseas sales;*

The unstable situation in the Middle East has negatively affected shipping times. This resulted in both the failure to supply active ingredients at the desired time and the disruption of our shipments to our distributors. In addition to the instability in the Middle East, the aggressive pricing policies of China-based companies in the market have also caused price instability in the entire Middle Eastern market.

Despite the above-mentioned negativities, our sales continued to increase compared to the same period in 2023, in line with the targets set at the beginning of the year. The increases in the number of country licenses and the new products added to our portfolio had the greatest positive impact on our sales.

With the negativities experienced above;

- By applying dynamic pricing policy,
- By completing field and benchmark studies promptly,
- By maintaining intensive communication with customers and bringing order deadlines forward,
- Providing continuous information about current situations,
- This was handled by organizing training and field support meetings with our distributors.

#### 13. Sales (Amount)

In the third quarter of 2024, the company's sales of products belonging to the plant protection and plant nutrition business lines were **34,674,959 kg**, the sales of products belonging to the seed business line were **144,518 kg** of open field seeds, **6,272,917 pieces** of vegetable seeds and **313,363 kg** of vegetable trial sales.

It is planned that our company will reach its targeted sales amounts by the end of the year.

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### 14. Incentives

During the relevant period, our Company benefited from the Investment Incentive Certificates it received. The incentives the Company benefits from are as follows;

#### **SSI Incentive:**

Thanks to this incentive, the Company receives a discount on SSI premiums. Thanks to the discount created by this incentive, serious advantages are provided in terms of employee costs to the company.

#### **Tax Incentive – Investment Incentive Certificate:**

Investment incentive certificate is the document required to benefit from the advantages of the Investment Incentive System, which includes various incentives offered by the state if the investment made complies with the specified minimum conditions. With this document, the company reduces its investment costs by providing support from the government for elements such as tax deduction, VAT exemption, and customs duty exemption regarding its investments.

#### **R&D Deduction:**

In the Corporate Tax Law, R&D and R&D deduction are defined as "research and development expenditures made by taxpayers exclusively for the search for new technology and information within their enterprises". Expenditures made for R&D activities are deducted from corporate tax within the rates determined by the legislation. Thus, a cost-reducing effect is achieved in expenses made for operations such as new production methods, research and development of process development processes, research of new techniques that reduce the cost of the product and increase quality and performance.

### F- RISKS AND ASSESSMENT OF THE BOARD OF DIRECTORS

#### 1. Risk Management Policy

Within the scope of the Corporate Governance Principles published by the CMB, the Audit Committee was established in June 2012 and its working instructions were created. With the decision of our company's board of directors dated 24.07.2012, the Early Detection of Risk Committee was established for the purpose of compliance with Article 378 of the Turkish Commercial Code No. 6102, which entered into force on 1 July 2012, and this was announced on the Public Disclosure Platform (PDP) with a special situation announcement dated 24.07.2012. Guidelines regarding these committees are available on our Company's website.

#### 2. Forward-Looking Risks

The risks that the Company will face in the future are regularly analyzed by the Early Detection of Risk Committee of the Board of Directors. According to the evaluations made as of the reporting period, no risks to affect the future activities of the company are foreseen.

### G- MISCELLANEOUS

#### 1. Off-Center Organizations

##### a. Our Production Facilities

- *Hektaş General Directorate and BKÜ Production Facility (GEBZE)*
- *Hektaş OMG Production Facility (ADANA)*
- *Ferbis BKÜ Production Facility (NİĞDE)*
- *Hektaş Asia LLC BKU Production Facility (UZBEKISTAN/TASHKENT)*

##### b. Our Regional Directorates and Other Centers

- We have 6 Regional Directorates including Çukurova, Central Anatolia, Mediterranean, Marmara, Aegean and Gap and a "HEKTAS F.A.R.M" Our "Ankara High Technology Center" in Ankara Sincan district is located.

##### c. Our R&D Centers

- *Hektaş General Directorate and BKÜ Production Facility (GEBZE)*
- *Hektaş Orhangazi Branch (BURSA)*

#### 2. Information on Legislative Changes That May Significantly Affect Company Activities

There are no legislative changes such as incentives and taxes that may significantly affect our Company's financial statements.

#### 3. Information on the Conflicts of Interest Between the Company and the Institutions It Provides Services on Issues such as Investment Advisory and Rating, and the Measures Taken by the Company to Prevent These Conflicts of Interest

None.

#### 4. Information on Social Rights, Vocational Training and Other Social and Environmental Consequences of Company Activities of Employees

In our company, employees are provided with health insurance, company-contributed Private Pension, education allowance, death allowance, marriage allowance, and maternity allowance as social rights. In addition, training programs are implemented to increase their professional development within the framework of training programs prepared on an annual basis. By closely monitoring the latest developments regarding human health, environmental protection and operational safety, priority is given to the development of environmentally friendly technologies to minimize the negative effects on the environment and society.

## HEKTAŞ TİCARET T.A.Ş.

### II - PREPARED BASED ON THE NOTIFICATION NO. 14.1 BOARD OF DIRECTORS INTERIM ACTIVITY REPORT

#### 5. Mandatory Information to be Provided to Partners Regarding Related Party Transactions and Balances

Information regarding our Company's transactions with related parties is included in footnote number 20 of our financial statements dated 30.09.2024.

#### 6. Information to Stakeholders

Information regarding our Company's Investor Relations Department is provided below.

NAME & LAST NAME	TITLE	LICENCE	E-MAIL	TELEPHONE
Tuba BEKTAŞ	Head of Investor Relations	CMB Level 3 License, Corporate Governance Rating License, Derivative Instruments License, Credit Rating License	<a href="mailto:yatirimciiliskileri@hektas.com.tr">yatirimciiliskileri@hektas.com.tr</a> <a href="mailto:investorrelations@hektas.com.tr">investorrelations@hektas.com.tr</a>	+90 262 888 19 56
Füsun DÖNERTAŞ	Investor Relations Department Manager		<a href="mailto:yatirimciiliskileri@hektas.com.tr">yatirimciiliskileri@hektas.com.tr</a> <a href="mailto:investorrelations@hektas.com.tr">investorrelations@hektas.com.tr</a>	+90 262 888 19 56

#### Events Occurring Within the Period:

##### Capital Market Instrument Transactions Other than Shares

Based on the application made by our company to the Capital Markets Board on 08.12.2023, the issue document for the debt instruments to be issued to private and/or qualified investors without public offering in the country up to a nominal amount of TRY 5,000,000,000 was approved by the Capital Markets Board on 09.01.2024.

The company redeemed debt instruments worth **TRY 2,350,000,000** in the first six months;

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**

##### Senior Management Changes

Based on the decision of our Company's Board of Directors; It was decided that Celal MADAZLI, who served as Technical Affairs Director in our Company, would resign on 23/01/2024 and Ayhan GÖKBAĞ would be appointed in his place, and it was announced to the public by presenting it to our stakeholders through the PDP statement dated 23.01.2024.

Based on the decision of our Company's Board of Directors dated 26.01.2024; It was decided that Mr. Selami YILDIZ, who served as the General Manager of our Company, would resign as of 26.01.2024, and that Mr. Enis Emre TERZİ, who served as the Financial Affairs Director of our Company, would be appointed in his place, effective as of 27.01.2024, and this was announced to the public by presenting it to the information of our stakeholders through the PDP statement dated 26.01.2024.

Based on the decision taken by our Board of Directors dated April 15, 2024; it was decided to appoint Mr. Murat KILIÇ to the vacant position of Financial Affairs Director, and it was announced to the public by presenting it to our stakeholders through the PDP statement dated April 15, 2024.

Based on the decision taken by our Board of Directors dated September 09, 2024; it was decided to appoint Cüneyt KÖSEOĞLU to the vacant Sales Director position and it was announced to the public by presenting it to our stakeholders through the PDP statement dated September 09, 2024.

##### Public Offering Process of Ferbis Tarım Ticaret ve Sanayi AŞ

At the Extraordinary General Assembly meeting held within the scope of the public offering of FERBİS Tarım Ticaret ve Sanayi A.Ş., which is a 100% subsidiary of our company, the amendment to the articles of association was approved and the new articles of association was registered in the trade registry, and it was presented to the public with the PDP statement dated 19.02.2024 for the information of our stakeholders.

##### R&D Center Application for Orhangazi Branch

Operating in Bursa province, HEKTAŞ Ticaret Türk A.Ş., in order to obtain the R&D Center Certificate within the scope of Law No. 5746. The application made by our Orhangazi Branch was deemed appropriate by the Ministry of Industry and Technology, and it was decided that our Orhangazi Branch would be granted an R&D Center Certificate and that the business would benefit from the incentives and exemptions provided under Law No. 5746, based on the periods determined by the legislation. The development was announced to the public through the PDP statement dated 21.02.2024, which was presented to the information of our stakeholders.

# HEKTAŞ TİCARET T.A.Ş.

## II - PREPARED BASED ON THE NOTIFICATION NO. 14.1 BOARD OF DIRECTORS INTERIM ACTIVITY REPORT

### Legal Entity Board Member Representatives

At the Board of Directors meeting of our Company dated 27.03.2024, Gözde ERKOÇ was appointed instead of Sebahattin KARAKOÇ, a real person acting on behalf of Akdeniz Chemson Kimya Sanayi ve Ticaret Anonim Şirketi, who is a Legal Entity Member of the Board of Directors in our Company, and the statement on the subject was made on PDP.

Pursuant to the decision of the Board of Directors taken at the Board of Directors meeting of our Company dated 29.03.2024, İrem ATALAY has been appointed to replace Arif ÇETİNKAYA, a real person acting on behalf of OYAK Pazarlama Hizmetleri ve Turizm Anonim Şirketi, who is a Legal Entity Member of the Board of Directors in our Company, effective as of April 1, 2024 and the statement on the subject was made on PDP.

### Common and Continuous Transactions

Due to the fact that the share of the widespread and continuous commercial activity on the sale of raw materials, packaging and products between FERBİS Tarım Ticaret ve Sanayi Anonim Şirketi and our Company exceeds 10% in total sales, a "Report on the Widespread and Continuous Transactions" between our subsidiary FERBİS Tarım Ticaret ve Sanayi Anonim Şirketi and our Company was prepared within the scope of the Corporate Governance Communiqué numbered II-17.1 of the CMB and was presented to the public with the PDP statement dated 29.03.2024 for the information of our stakeholders.

### Notification Regarding General Assembly Proceedings

- The invitation text, agenda, notification regarding dividend distribution transactions and notification regarding the election of the Independent Audit Company for 2024 for the 2023 Ordinary General Assembly meeting to be held on 26.04.2024 were announced to the public through PDP statements.

### Duties and Powers of Members of the Board of Directors

Legal entity Member of the Board of Directors of OMSAN Lojistik A.Ş (Eren Ziya DİK, real person acting on behalf of the company) was elected as the Chairman of the Board of Directors for a period of 1 year, Legal entity Member of the Board of Directors OYTAŞ İç ve Dış Ticaret A.Ş (Can ÖRÜNG, real person acting on behalf of the company) was elected as the Deputy Chairman of the Board of Directors for a period of 1 year. It was presented to our stakeholders and announced to the public through the PDP statement.

### Board of Directors Committees

In accordance with the Capital Markets Board's Corporate Governance Communiqué No. II-17-1, it was decided that;

- Independent Member of the Board of Directors Bedri VAROĞLU was appointed as Chairman and Independent Member of the Board of Directors Kadri ÖZGÜNEŞ was appointed as a member of the Audit Committee of the Company's Board of Directors;

- Independent Member of the Board of Directors Bülent Şamil YETİŞ was elected as the Chairman of the Corporate Governance Committee, and Independent Member of the Board of Directors Bedri VAROĞLU and Investor Relations Department Manager Tuba BEKTAŞ were elected as committee members,

-Independent Member of the Board of Directors Kadri ÖZGÜNEŞ was elected as the Chairman of the Early Detection of Risk Committee and Independent Member Bülent Şamil YETİŞ as the committee member, and it was announced to the public by informing our stakeholders through the PDP statement.

### Selection of Independent Audit Firm

It was decided that DRT Bağımsız Denetim and Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (A member firm of Deloitte Touche Tohmatsu) was elected as an independent auditor for the audit of the accounts and transactions of our Company and its Subsidiaries for the 2024 activity year within the framework of the Capital Markets legislation, the Turkish Commercial Code, and relevant legislation. The decision was presented to our stakeholders and announced to the public through the PDP statement.

### Legal Entity Board Member Representatives

Based on the Board of Directors Decision taken by our Company's Legal Entity Member of the Board of Directors OYAK Pazarlama Hizmetleri ve Turizm Anonim Şirketi and effective from 08.05.2024; Ferhat BAĞLARLIOĞLU was appointed instead of İrem ATALAY, a real person acting on behalf of OYAK Pazarlama Hizmetleri ve Turizm Anonim Şirketi, who is a Legal Entity Member of the Board of Directors in our company, and it was presented to our stakeholders and announced to the public with the PDP statement dated 08.05.2024.

### Registration of the General Assembly Meeting

The 2023 Extraordinary General Assembly Meeting held on 26.04.2024 was registered by the Gebze Trade Registry Directorate on 09.05.2024 and was announced to the public by submitting it to our stakeholders through the PDP statement.

### Submission of Financial Statements to Any Authority

The Company's unconsolidated detailed Income Statement for the period 01/01/2024 - 31/03/2024, 2024 Year 1. It was submitted to the Tax Office to which it is affiliated as an annex of the Provisional Tax Declaration of the Period Institution and announced to the public by presenting it to the information of our stakeholders through the PDP statement dated 22.05.2024.

### Paid Capital Increase

Based on the decision taken by the Board of Directors; It was decided to increase the issued capital of our Company, which is 2,530,000,000.00 Turkish Lira within the registered capital ceiling of 8,500,000,000.00 Turkish Lira, by 5,900,000,000.00 Turkish Lira (%233.20158) in cash (paid share capital) to 8,430,000,000.00 Turkish Lira and to authorize the General Directorate to initiate the necessary procedures for the paid share capital increase for this purpose. It was presented to the information of our stakeholders through a PDP statement and announced to the public on 01.07.2024.

The prospectus prepared within the scope of the paid-in capital increase was submitted to the Capital Markets Board for approval and was presented to our stakeholders through a PDP statement and announced to the public on 12.07.2024.

## HEKTAŞ TİCARET T.A.Ş.

### II - PREPARED BASED ON THE NOTIFICATION NO. 14.1 BOARD OF DIRECTORS INTERIM ACTIVITY REPORT

Our application was approved by the Capital Markets Board at its meeting dated 12.09.2024, published in the CMB Bulletin dated 12.09.2024 and numbered 2024/47, and was presented to the public with a PDP statement and announced to the public on 12.09.2024.

Our Prospectus, approved by the Capital Markets Board, was announced to the public by presenting it to our stakeholders through a PDP statement on 16.09.2024.

Statement which includes the New Share Purchase Right Exercise Dates and Priority ISIN Code information regarding the Capital Increase, was presented to the public through a PDP statement on 16.09.2024 for the information of stakeholders;

#### Report on the Use of Funds Obtained from Capital Increase

The report regarding the purpose for which the funds to be obtained from the paid-in capital increase will be used was submitted to the Capital Markets Board for approval and was announced to the public on 12.07.2024 by presenting it to our stakeholders through a PDP statement.

#### About the Agreement Signed by HEKTAS ASIA LLC Company

A plant protection pesticide production facility, engineering-procurement-construction (EPC) contract was signed between HEKTAS ASIA LLC, a 100% subsidiary of our Company, and the contractor company on 05.08.2024 to operate in the plant protection and plant nutrition business lines in Uzbekistan and the surrounding markets. It was presented to the information of our stakeholders through a PDP statement and announced to the public on 05.08.2024.

#### About the Lease Agreement Signed by HEKTAS ASIA LLC Company

The contract for the rental of 10 hectares of land within the "Uzbek-Turkish Industrial Cluster" for the "plant protection products production facility to be established" was signed between HEKTAŞ ASİA LLC and OSTİM GLOBAL TURK SANOAT KLASTERİ DİREKSİYASI, and was announced to the public on 06.08.2024 by presenting it to our stakeholders through a PDP statement.

#### Capital Market Instrument Transactions Other than Shares

The financing bond with a nominal value of TRY 500,000,000, 364-day maturity, ISIN code TRFHEKT82414, issued by our company to a qualified investor, was redeemed with an interest of TRY 44,876,500, and was announced to the public on 07.08.2024 by presenting it to our stakeholders through a PDP statement.

#### Credit Rating Score

As a result of the rating made by "JCR Avrasya Derecelendirme A.Ş."; Our Company's long-term corporate credit rating was determined as 'A (tr)'. Our company's international ratings are limited to country ratings. The relevant news was presented to our stakeholders through a PDP statement and announced to the public on 16.09.2024.

#### **Events Occurring Outside the Period:**

##### Paid Capital Increase

Our statement below regarding the Unused Preemptive Right Amount within the scope of the Capital Increase and the Sale Announcement to Savers were presented to the public through a PDP statement dated 03.10.2024 for the information of our stakeholders;

"The transactions for the exercise of new share purchase rights, which started on 18.09.2024, regarding the increase of our company's issued capital from TRY 2,530,000,000 to TRY 8,430,000,000, TRY 5,900,000,000 of which is in cash, within the registered capital ceiling of TRY 8,500,000,000, were completed on 02.10.2024.

During the period in which our partners exercise their new share purchase rights, the total nominal value of the shares corresponding to the unused new share purchase rights is TRY 43,732,413.93, and the remaining shares will be offered for sale on the Primary Market of Borsa İstanbul A.Ş. through Oyak Yatırım Menkul Değerler A.Ş. for 2 business days between 07.10.2024 and 08.10.2024, at a price to be formed on the Primary Market of Borsa İstanbul A.Ş. with a nominal value of not less than TRY 1.00, through the "Sale on the Stock Exchange" method.

The Sales Announcement to Savers, which includes the principles of the public offering, can also be accessed from the websites of the Public Disclosure Platform (KAP) at [www.kap.org.tr](http://www.kap.org.tr), our Company at [www.hektas.com.tr](http://www.hektas.com.tr) and Oyak Yatırım Menkul Değerler A.Ş., which will mediate the sale in the public offering, at [www.oyakyatirim.com.tr](http://www.oyakyatirim.com.tr)."

Our statement below regarding the Approval of the Application Made to the CMB Within the Scope of the Amendment of the Articles of Association within the scope of the Capital Increase was presented to the public through a KAP statement respectively dated 16.10.2024, 01.11.2024 and 05.11.2024;

With respect to the increase of issued capital from TRY 2,530,000,000 to TRY 8,430,000,000, of which TRY 5,900,000,000 is in cash, within the registered capital ceiling of TRY 8,500,000,000, the capital increase procedures of our Company have been completed within the framework of the conditions specified in the prospectus and the new issued capital of our Company has been increased to TL 8,430,000,000. The application we made to the Capital Market Board to obtain their assent regarding the amendment of the article 7 of our company's articles of association titled "Capital" as per the clause (c) of the 1st paragraph of the article 25 of the Share Communiqué no. VII-128.1 issued by the CMB, has been approved with the letter dated 30.10.2024 no. E-29833736-105.01.01-62205 of the Capital Market Board and the amendment text of the article 7 of the articles of association titled "Capital" has been registered by Gebze Trade Registry Directorate on 05.11.2024 and declared by being published in the Turkish Trade Registry Gazette dated 05.11.2024 numbered 11200.