



Pioneer of Smart Agriculture



01.01.2023 – 31.03.2023 Period of The Board of Directors Activity Report

**INTERIM ACTIVITY REPORT OF THE BOARD OF DIRECTORS
PREPARED AS PER THE COMMUNIQUE NO. II - 14.1**

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A- GENERAL INFORMATION**1. Period of the Report**

1/1/2023- 3/31/2023

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/ Plant Protection Production Facility	Gebze Organize Sanayi Bölgesi 700. Sokak No:711 41480 Gebze/Kocaeli
-HEKTAŞ/ Adana Organomineral Fertilizer Production Facility	Acidere OSB Mahallesi 5 Ocak Caddesi No:6 Sarıçam / Adana
-FERBİS / Niğde Plant Protection Production Facility	Organize Sanayi Bölgesi Mah. 2 B No'lu Yol Cad. No.6 Bor / Niğde
-ARMA İLAÇ /Ankara Veterinary Medicines Production Facility	Malıköy Başkent O.S.B. Mahallesi, Atatürk Bulvarı, No: 69 P.K. 06909, Sincan/ANKARA
TAX OFFICE / NO	İlyasbey / 4610015898
TRADE REGISTRY DIRECTORATE / NO	Gebze Trade Registry Office / 6535-10921
MERSİS NO	461001589800013
PAID-IN CAPITAL	2.530.000.000 TL
AUTHORIZED CAPITAL CAP	3.000.000.000 TL
INDEPENDENT AUDITOR	DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

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3. Legal Structure, Capital Distribution, Voting Right, Affiliates and Subsidiaries

Legal Structure

Shareholders	Share Amount (TL)	% Share
Turkish Armed Forces Pension Fund (OYAK)	1,488,119,640.20	58.82
Other	1,041,880,359.80	41.18
Sum Total (Paid-in Capital)	2,530,000,000.00	100.00

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 TL * 3.000.000.000 and is divided into 300.000.000.000 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 **2022- 2026** (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) Kurus.

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

The shares representing the capital are recognized in dematerialized form, within the framework of the principles on dematerialization. There are no capital market instruments issued by the Company within the period.

** As a result of the Ordinary General Assembly Meeting held on 30.03.2023, the authorized capital cap was changed as TL 8.500.000.000 and the authorized capital cap permit was changed to be valid until 2027. The change was registered on 03.04.2023 and shared with the investors via KAP.*

Voting Right

There no voting priveleges. Each share grants 1 voting right.

Affiliates and Subsidiaries

Title of the Company	Shareholding (%)
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
Arma İlaç 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

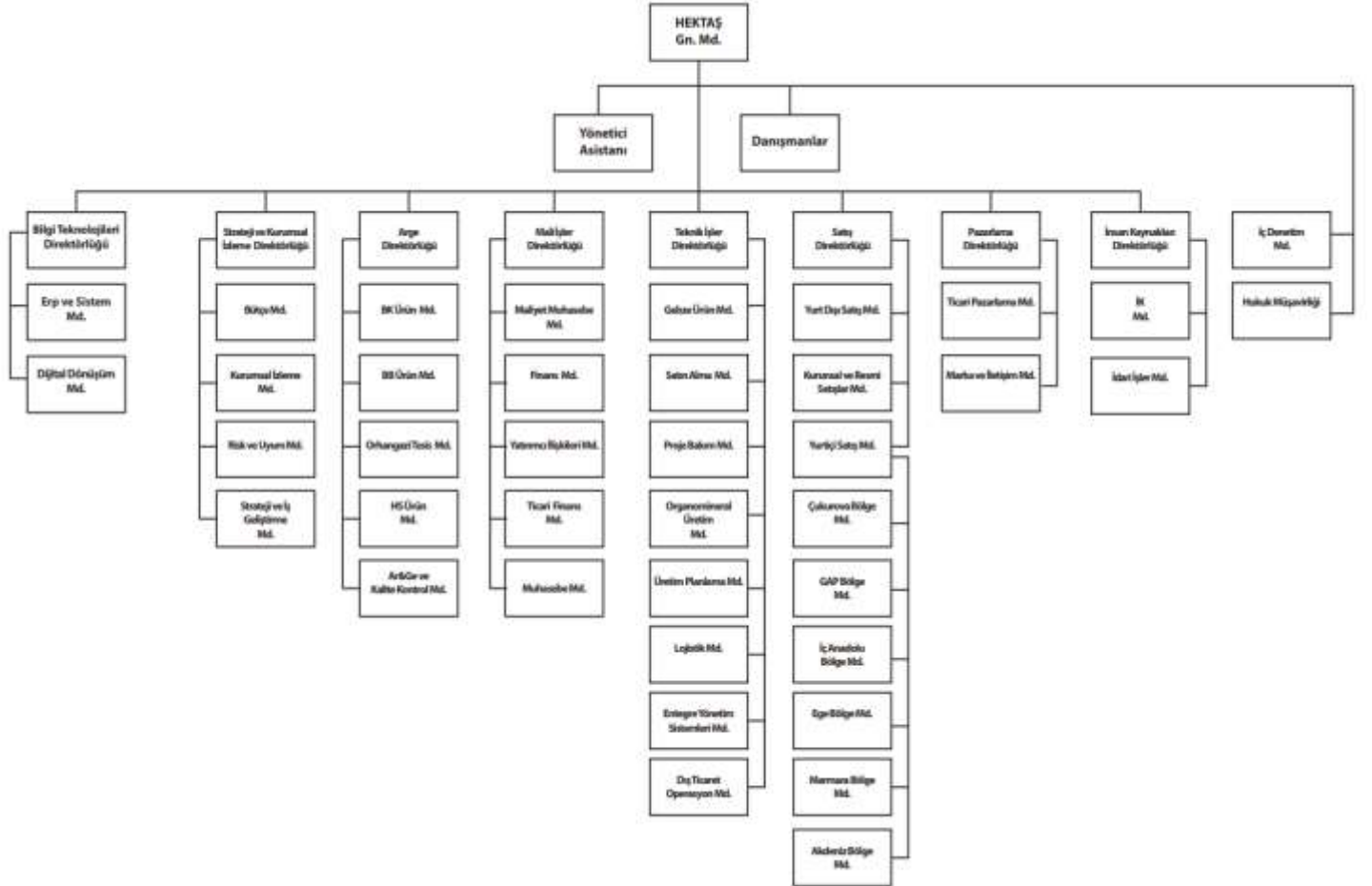
Upon examining the financial statements of Çantaş, they have not been included within the scope of consolidation since they are immaterial compared to the financial statements of the Company in terms of amount and quality and activities of Çantaş are very limited.

Affiliates and Subsidiaries which are wiithin the group, have been consolidated in financial reports.

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4. Organizational Structure of the Company

HEKTAŞ's organizational chart is as follows as of 2023: There were not any changes in the company's organizational structure between 01.01.2023 – 31.03.2023.



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

Board of Directors;

Current Board of Directors Members of our Company as of the Reporting Date:

Board of Directors	Position	The Date of Initial Election of the Legal Person Representatives and Independent Members for the Board of Directors	Duties Carried out by the Representative Outside of the Company
Omsan Lojistik A.Ş. (The person acting on behalf of the company: Musa Levent ORTAKÇIER)	Chairman of the Board of Directors	01/06/2021	Head of the Group Food, Agriculture and Livestock-OYAK,
Oytaş İç ve Dış Ticaret A.Ş. (The person acting on behalf of the company: Volkan ÜNLÜEL)	Vice Chairman of the Board of Directors	07/02/2023	Affiliates Monitoring and Finance Assistant General Manager- OYAK
Oyak Pazarlama Hizmet ve Turizm A.Ş. (The person acting on behalf of the company: Arif ÇETİNKAYA)	Board of Directors Member	06/04/2022	-
Oyak Denizcilik ve Liman İşletmeleri A.Ş. (The person acting on behalf of the company: Okan SİVRİ)	Board of Directors Member	25/06/2021	-
Akdeniz Chemson Kimya Sanayi ve Ticaret A.Ş. (The person acting on behalf of the company: İrem ATALAY)	Board of Directors Member	07/02/2023	Affiliates Monitoring and Coordination Manager- OYAK
Bülent Samil YETİŞ	Board of Directors Member (Independent)	31/03/2020	Counselor
Kadri ÖZGÜNEŞ	Board of Directors Member (Independent)	06.04.2022	Faculty Member
Kurtuluş Bedri VAROĞLU	Board of Directors Member (Independent)	03/04/2023	Attorney

* During the Ordinary General Assembly Meeting held on 30.03.2023, the legal person Board of Directors Members were elected for 3 years, while the Independent Board Members were elected for 1 year and were registered at the Trade Register on 03.04.2023.

Changes Applied in the Board of Directors within the Period

The changes applied among the Board Members of our Company between 01.01.2023 – 31.03.2023 are as follows.

During our Company's Board of Directors Meeting dated 07 February 2023, Volkan ÜNLÜEL was appointed in place of (the natural person Baran ÇELİK acting on behalf of), OYTAŞ İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ, Legal Person Deputy Chairman Board of Directors of our Company, as of 07.02.2023. The matter has been disclosed on KAP.

During our Company's Board of Directors Meeting dated 07 February 2023, İrem ATALAY was appointed in place of (the natural person Aslıhan DÖĞER acting on behalf of), AKDENİZ CHEMSON KİMYA SANAYİ VE TİCARET ANONİM ŞİRKETİ, Legal Person Board of Directors Member of our Company, as of 07.02.2023. The matter has been disclosed on KAP.

Duties and Authorities of the Board of Directors

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

The legal person board of directors member OMSAN Lojistik A.Ş. (Musa Levent ORTAKÇIER acting on their behalf) was elected as the Chairman of the Board of Directors and the legal person board of directors member OYTAŞ İÇ ve Dış Ticaret A.Ş. (Volkan ÜNLÜEL acting on their behalf) was elected as the Deputy Chairman of the Board of Directors for one year. The matter has been disclosed on KAP.

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Board of Directors Committees and Committee Members

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

The principles of work of the Audit Committee are determined under our Company's guidelines dated 24.07.2012 titled "Hektaş Ticaret T.A.Ş. Board of Directors Audit Committee "; the principles of work of the Early Detection of Risk Committee are determined under our Company's guidelines dated 24.07.2012 titled "Hektaş Ticaret T.A.Ş. Early Detection of Risk Committee "; and the principles of work of the Corporate Governance Committee are determined under our Company's guidelines dated 24.07.2012 titled "Hektaş Ticaret T.A.Ş. Corporate Governance Committee". These guidelines are available on the web site www.hektas.com.tr.

Committees:

Committee	Duty	Name 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 Manager	
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	

Senior Management;

Senior Management	Duty	Position Starting Date*	School of Education
Hakkı Zafer TERZİOĞLU	General Manager	1.06.2021	Ankara University – Faculty of Political Science
Enis Emre TERZİ	Finance Director	01.09.2022	Istanbul University Faculty of Business Administration (Undergraduate)
Celal MADAZLI	Technical Director, Arma İlaç Sanayi ve Ticaret A.Ş. General Manager (by Proxy)	12.06.2020	Hacettepe University - Business Administration
Çiğdem KARAKUŞ	Human Resources Director	07.09.2021	Anadolu University – Business Administration (Undergraduate) Ufuk University – Business Management (Master's)
Murat Sonay AKARSU	Sales Director	07.09.2021	Trakya University Field Crops (Undergraduate) Trakya University Field Crops (Master's)
Hüseyin ÇİMEN	Strategy and Corporate Monitoring Director	07.09.2021	Dumlupınar University Business Administration (Undergraduate) Marmara University Accounting and Finance (Master's)
Selda KILIÇ	Marketing Director	07.09.2021	Anadolu University – Business Administration (Undergraduate)
Ünal UYSAL	Information Technologies Director	07.09.2021	Marmara University – Technical Education Faculty – Computer and Control Teaching (English) Anadolu University – Business Administration (Remote education)

* The dates of commencement of duty provided in the table have been arranged based on the last titles of the individuals and the individuals in question have previously taken on various positions in our Company.

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6. Changes Applied in the Senior Management within the Period

No changes were applied in the Senior Management within the period.

7. Transactions Conducted by the Board of Directors Members with the Company on their or Others' Behalf and their Activities within the Scope of the Competition Prohibition

During the Ordinary General Assembly meeting held on 30.03.2023 regarding the Company's activities pertaining to 2022, the Board of Directors Members were given the permission to conduct transactions within the scope of the relevant articles of TCL for 2023, as in the previous period.

No transactions within this scope were carried out in the first three montsh of 2023.

8. Movements of the Personnel and Workers, Collective Bargaining Practices and Rights and Benefits Provided to the Employee

As of 31.03.2023, the number of employees of our company is 895, 312 of them being blue-collar and 583 being white-collar.

The "Severance Pay" liability of our Company is made by the actuary and the provisions for severance pay set aside at the end of the period is TL 56.120.087.

The social rights of our personnel are paid regularly on monthly basis within the scope of the legal legislation. There is no Collective Bargaining Application in our Company.

9. Corporate Governance Principles Compliance Report

The "Corporate Governance Principles" published by the Capital Market Board were complied with and implemented in 2023 January - March period as well.

10. Amendments to the Articles of Association

The article 7 titled "Capital" and the article 10 titled "Issue of Debt Securities" of the Company's Articles of Association were changed within the period and the details of the change are as follows;

On 08.02.2023, our Company's Board of Directors has decided to:

- 1- Issue Convertible Bonds in order to finance the sales operations of R&D investments and finance the ongoing R&D projects,
- 2- Amend the article 10 titled "Issue of Debt Securities" and the article 7 titled "Capital" of the Articles of Association of our Company for this purpose,
- 3- File the required applications for legal authorization/opinions to the Ministry of Trade and the Capital Market Board for their approval and permission regarding the amendment to the articles of association, and submit the articles of association amendment for approval to the General Assembly after the required permissions are obtained.

Our application dated 20.02.2023 regarding the amendment texts of the Articles of Association has been approved by the Capital Market Board and the Ministry of Trade and this situation has been disclosed to the public with the KAP disclosure dated 27.03.2023. They were approved during the Extraordinary General Assembly held on 30.03.2023 and registered by the Gebze Trade Registry Office on 03/04/2023.

The text of the amended article 7 titled "Capital" and the article 10 titled "Issue of Debt Securities" of HEKTAŞ TİCARET TÜR K A.Ş's articles of association is as follows:

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HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ ARTICLES OF ASSOCIATION AMENDMENT TEXT	
CURRENT VERSION	NEW VERSION
<p>CAPITAL</p> <p>ARTICLE 7</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 3.000.000.000 and is divided into 300.000.000.000 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 2022- 2026 (5 years). Even if the authorized capital cap which is permitted cannot be reached at the end of 2026, in order for the board of directors to take a capital increase decision after 2026, 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 fiftythree 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 shares or bearer's shares up to the authorized capital cap when deemed necessary, in accordance with the provisions of the Capital Market Law, between 2022-2026.</p> <p>The Board of Directors is authorized to issue shares exceeding the nominal value or restrict the shareholders' rights to acquire new shares, provided that the provisions of the Turkish Commercial Law and Capital Market Law are not violated. 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. Each share grants 1 voting right</p>	<p>CAPITAL</p> <p>ARTICLE 7</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 fiftythree 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>

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ ARTICLES OF ASSOCIATION AMENDMENT TEXT	
CURRENT VERSION	NEW VERSION
<p>-ISSUE OF DEBT SECURITIES</p> <p>ARTICLE 10</p> <p>In accordance with the Turkish Commercial Law and the Capital Market legislation, the company may issue all kinds of bonds, financing bills, asset-backed securities, other debt securities, including those issued on discount basis, all kinds of deeds with the right to purchase and exchange, as well as other capital market instruments in the nature of borrowing instruments. The Board of Directors is authorized indefinitely as per the related provisions of the Capital Market Law, in the issue of these marketable securities.</p>	<p>ISSUE OF MISCELLANEOUS SECURITIES</p> <p>ARTICLE 10</p> <p>The Company may issue all kinds of capital instruments in accordance with the provisions of the Turkish Commercial Law, Capital Market Law and other effective legislation, for sale to natural and legal persons in Turkey and abroad. The Board of Directors of the Company is authorized to issue all kinds of capital market instruments, including bonds, financing bills, convertible bonds, exchangeable bonds and debt instruments, within the framework of the relevant article of the Capital Markets Law and the relevant capital market legislation. The Board of Directors is authorized indefinitely as per the related provisions of the Capital Market Law, in the issue of these marketable securities.</p>

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B- FINANCIAL BENEFITS PROVIDED TO MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGERS

1. Total Amount of the Financial Benefits such as Attendance Fees, Remuneration, Premium, Bonus and Dividends Amount

During the Ordinary General Assembly Meeting held on 30.03.2023, it was accepted to pay monthly net remuneration of TL 16.000 to the Independent Board of Directors members effective from 01.04.2023 until the next ordinary General Assembly date, and not to pay any remuneration to other Board of Directors Members. Personal accident insurance and life insurance are purchased for the Board of Directors Members, as in the previous period.

No payments in the nature of performance-based rewards have been made to the Members of the Board of Directors.

During the period, no amounts were lent to any board of directors' members and executives; no loans were granted in the name of personal loan directly or through a third party or no guarantees such as surety in their favor were provided.

Salaries of the Company's senior executives are determined by the Company's Board of Directors. Performance-based additional payments are made to personnel not within scope, including the Company's senior executives.

C- RESEARCH AND DEVELOPMENT STUDIES

The following have been achieved at the Gebze R&D Center in the first quarter of 2023:

- 1 of the 60 projects transferred in the 3rd month of 2023 was completed; 2 new projects were started.
- Expansion of the proprietary seed portfolio continues. The 2-year evaluation process in official institutions for 3 durum wheat variety candidates bred within the Hektaş R&D Center was completed and the candidates have been ranked in the top three. They are expected to be added to the national variety list as per the decision to be taken at the registration committee meeting in April.
- In the field of plant protection, license was obtained for 5 new formulations whose R&D studies were completed and 3 products were commercialized and included in the portfolio as project output in the first quarter.

The following activities were carried out at Areo R&D Center in the first quarter of 2023:

Yellow rust is a serious rust disease that reduces the yield and quality of wheat. Cultivars that are genetically resistant to different races of yellow rust can be developed. The aim of the Technocity project titled "Obtaining Yellow Rust Resistant Lines by Transferring the Yr15 and Yr5 Genes to Wheat Plants by Biotechnological Methods" is to develop cultivar candidates that are resistant to the races of yellow rust currently existing in our country. It can take 8-10 years to develop a new wheat cultivar using the classical methods. The "Speed Breeding System" is routinely used in Areo Tohumculuk, in order to ensure that new cultivar candidates are developed in a shorter period of time. In this context, plant materials resistant to yellow rust continue to be purified by the tissue culture method using molecular DNA analysis. The grades of 14 durum wheat and 7 yellow rust resistant bread wheat cultivar candidates were advanced by the speed breeding method. 10 "candidate" bread wheat cultivars, which were determined to have yellow rust resistance, were regenerated for purification by anther culture method in tissue culture.

- There are trials involving different nutrient environments in order to increase the success of plant tissue culture (anther culture) studies in bread wheat.
- Different tissue culture environments are being developed for the development of pure pepper, eggplant and cucumber parents.
- plants resistant to downy mildew disease in sunflowers have started to be identified using the "Marker Assisted Selection" method through DNA analyses. The analyzes are followed by DNA analyses of three different genes (PI08, PI13, PIArg) that provide resistance against downy mildew disease in sunflowers. The use of these molecular markers has paved the way for the development of downy mildew resistant sunflower lines and cultivars.
- Studies on the development of non-transgenic herbicide resistant cotton have been started. 11 different varieties have been determined as study materials in order to develop cotton varieties resistant to IMI and SU group herbicides.

In the Vegetable Group

Trials will be determinate with our 655 tomato, 732 pepper, 64 eggplant and 18 cucumber hybrid cultivar candidates, which have been obtained as a result of our R&D activities and whose first trials have been set up. Successful cultivars will be determined as a result of regional evaluations by presenting our cultivars in the trials to the leading dealers of the regions, our business partners, and our producers.

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While determining the performance displayed in different regions of Turkey by our cultivar candidates that we developed in the first quarter of 2023, we also make predictions for the future. There are plans regarding the production of micro-seeds that will produce the amount of seeds that will be demanded if our cultivars are appreciated and their seeds are demanded in different regions. This process will be carried out in tomato, pepper and cucumber product groups in March-April and May. Bacterial, viral and fungal resistance statuses of the parents are determined through DNA analyses in our biotechnology laboratory using leaf samples.

In 2022 and February 2023, California Wonder (Red) pepper and cluster tomato cultivars were registered. Seed production of these cultivars has been completed. The seeds were sown for trial/launch-promotion of the seeds obtained, at different locations in the second quarter of 2023, and the remaining seeds were packaged for sale.

In the Cotton Group

- Packaged seeds of our commercial Volkan and Selçuk Bey cultivars, which we have registered, were shipped to Adana Regional warehouse.
- The seeds of the R&D Materials (plants for developing new cultivars) harvested in 2022 were obtained.
- Plant materials with superior yield potential were determined.
- Cultivar Yield Trials will be set up in two locations in Aegean (Söke and Denizli) and GAP Regions (Urfa and Diyarbakır).
- The field plan and planting plan of the R&D field to be sown in Aydın/Söke district are being prepared.

In the Corn Group

- In the 2022-2023 winter season, 59 cultivar candidates and 138 DH parent lines are grown under greenhouse conditions in Antalya.
- 70 temporary yield trials and 23 late TTSM yield trials were set up in Adana Region.
- 13 silage TTSM yield trials and 19 interim TTSM yield trials were set up in Aydın region.
- For Sakarya, Şanlıurfa and Konya regions, the seed preparation of breeding materials and pre-registration yield trials continues, and farmer contracts are being prepared.

In the Sunflower Group

- Orobanj (monster grass) tests have been completed and resistant lines have been identified.
- Planting preparations for the sunflower season of 2023 continue.
- The selection processes of the breeding sunflowers planted in greenhouse conditions have been completed and harvest is pending in the greenhouses.

In the Wheat Group

- Regional yield trials of our chickpea varieties were planted in Ankara Haymana Faculty of Agriculture application farm and Konya - Kulu in April.
- Outputs have been achieved in all trials in the regions and maintenance operations continue.
- Output observations, winter observations and cold damage observations were taken. There are not any adverse situations.
- Breeder Material seed production declarations of Gazi, Süngü, Ulubaş and Kahraman cultivars were submitted.
- Seed production declarations of Gazi and Süngü cultivars produced in Adana region were submitted.

The following have been achieved at Hektaş Agricultural Innovation Training and Experience Center in the first quarter of 2023:

- The works carried out within the framework of Hektaş's vision and mission have been presented with practical examples to the stakeholders hosted at the facility, and mutual information was exchanged. Manufacturer expectations and feedback are taken in to account as a source for R&D studies. As of 31 March 2023, 1827 producers/stakeholders operating on a total have been hosted.

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The following activities were carried out at Ankara Advanced Technology Center in the first quarter of 2023:

- Studies on bioinsecticide, biopesticide, biofertilizer, biostimulant and chemical synthesis have been carried out since January.
- After the identification of soil and foodborne bacteria, studies are carried out to isolate bacteria suitable for use in agriculture and make them suitable for fermentation.
- Production optimizations and standards of pcpb bacteria are being developed. Storage of bacteria under suitable conditions is ensured by means of downstreams.
- Metabolites of bacteria that are suitable for agriculture are characterized, and cryoproteins are extracted through genetically identification of these actives.
- Production formulation of plant-derived amino acids is being developed.
- Chemical syntheses of antibiotics to be used in agriculture are being developed.
- Nanoparticle studies are carried out in order to ensure easy utilization of microelements by plants.
- NPK liquid formulations are being developed.
- All works carried out using the analytical infrastructure of the facility are also subject to quality control.

D- ACTIVITIES OF THE COMPANY AND SIGNIFICANT DEVELOPMENTS REGARDING THE ACTIVITIES

1. Investments Activities

Investments amounting to TL 519.185.822 were made in the first three months of 2023.

2. Internal Control System and Internal Audit Activities

Within the scope of the Corporate Governance Principles published by CMB, the Audit Committee was established and its working directive were created as of June 2012. Pursuant to our Company's board of directors decision dated 24.07.2012, the Early Detection of Risk Committee was established to ensure compliance with the article 378 of the Turkish Commercial Law no. 6102 which became effective on 1 July 2012 and was declared with a special situation statement dated 24.07.2012 on KAP. The directives pertaining to these committees are available on the web site of our Company.

3. Explanations Regarding Private Auditing and Public Auditing

The activities of the Company are regularly and periodically audited by the Independent External Auditor and Auditors designed by the General Assembly. For 2023, the independent audit activities 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 are no ongoing material lawsuits filed against our Company.

b) Administrative-Judicial Sanctions

There are no material administrative sanctions or penalties imposed on our Company and the our Board of Directors Members due to practices against legislative provisions.

5. General Assemblies

Ordinary Assembly Meeting for the Year 2022

The ordinary general assembly meeting of Hektaş Ticaret Türk Anonim Şirketi for the year 2022 has been held on 30 March 2023 at 12:00, at the company's head office address Gebze Organize Sanayi Bölgesi Mah. 700. Sokak No:711/1 41400 Gebze/Kocaeli and under the supervision of Veysi UZUNKAYA, the Ministry Representative, assigned with the letter dated 30.03.2023 no. E-80122446-431.03-00083794321 of Kocaeli Trade Provincial Directorate.

The call to the meeting, including the meeting date, hour, place, agenda and copy of the power of attorney has been declared on time in accordance with the provisions in the relevant laws and articles of association, in the Turkish Trade Registry

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Gazette dated 08.03.2023 no. 10785, on the Public Disclosure Platform (KAP) on 07 March 2023, on the e-General Assembly (E-GKS) system of the Central Securities Depository on 08.03.2023, in the issue dated 08.03.2023 of the local newspaper of Gebze where the Company is headquartered, and the Company's web site www.hektas.com.tr.

As a result of the review of the list of individuals who attended the meeting physically and electronically, it was concluded that 272.128.455,35 shares representing the capital amount of TL 2.721.284,5535 were represented in person, while 15.349.221.794,50 shares representing the capital amount of TL 153.492.217,9450 were represented by the representatives who deposited them, and 148.811.964.019,90 shares representing a capital amount of TL 1.488.119.640,1990 were represented by other representatives; thus, 164.433.314.269,7500 shares representing the capital amount of TL 1.644.333.142,6975 in total were present in the meeting and therefore it was understood that the minimum meeting quorum was present in line with the provisions in the relevant laws and the company's articles of association. Thereupon, Enis Emre TERZİ opened the meeting and the agenda began to be discussed.

There were no objections against the extraordinary general assembly meeting held and the decisions taken and the decisions taken were accepted unanimously or by the majority of votes.

Agenda Items:

- 1- Opening, establishment of the meeting chairmanship and a moment of silence,
- 2- Authorizing the Meeting Chairman to sign the minutes and other documents of the general assembly meeting,
- 3- Reading and discussing the "*Board of Directors Activity Report*" for the fiscal year 2022 and submitting it for approval,
- 4- Reading the summary of the "*Independent Audit Report*" for the fiscal year 2022,
- 5- Reading, discussing and submitting for approval the 2022 Financial Position Statement, Profit and Loss accounts separately for the fiscal year 2022,
- 6- Discussing and deciding on the release of the members of the Board of Directors for the fiscal year 2022,
- 7- Discussing the proposal of the Board of Directors regarding the profit distribution for the fiscal year 2022 and the profit distribution date, and submitting them for approval,
- 8- Determination of the number of Board of Directors members, election of Board of Directors members and determination of their terms of office under the related legislative provisions,
- 9- Determining the remuneration of the members of the Board of Directors,
- 10- Permitting the members of the Board of Directors to carry out the works specified in Articles 395 and 396 of the Turkish Commercial Code,
- 11- Discussing and deciding on the proposal of the Board of Directors regarding the selection of an independent external audit firm for the audit of the accounts and transactions for the year 2023 in accordance with the Turkish Commercial Law and the Capital Markets Law,
- 12- Providing information on the income or benefits obtained through guarantees, pledges, mortgages and sureties given in favor of third parties,
- 13- Submitting the grants and donations made in 2022 for information, submitting the donation made in 2023 for approval and deciding on the donation limit for the fiscal period 01.01.2023- 31.12.2023,
- Discussing the amendments to be made in the article 7 titled "Capital" and the article 10 titled "Issue of Debt Securities" of our Company's Articles of Association specified in the Annex 1, based on the version approved by the Capital Market Board.
- 15- Wishes and intentions,
- 16- Closure

6. Donations Made and Social Responsibility Projects

The Company made donations in the amount of TL 5.450.763,14 in the first quarter of 2023.

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E- FINANCIAL STATUS**1. Summary of Financial Statements**

The financial statements were drawn up as per the CMB Communiqué no. (II-14.1) on the Principles on Financial Reporting; the financial statements (consolidated) of 31.03.2023 have not been audited, while the financial statements (consolidated) of 31.12.2022 have been independently audited.

Summarized Balance Sheet (TL)

(TL)	31.03.2023	31.12.2022
Current Assets	9.768.630.085	8.986.751.110
Non-Current Assets	3.789.794.255	3.238.869.525
Total Assets	13.558.424.340	12.225.620.635
Short-term Liabilities	9.610.562.356	8.364.037.606
Long-term Liabilities	406.543.462	372.875.522
Equity	3.541.318.522	3.488.707.507
Total Liabilities	13.558.424.340	12.225.620.635

Summarized Income Statement (TL)

(TL)	31.03.2023	31.03.2022
Sales Incomes	1.409.523.720	1.078.278.754
Operating Profit/Loss	355.777.835	314.305.873
Gross Profit/Loss	536.333.602	438.344.086
Profit/Loss of the Period	52.326.398	209.574.126

Our Company prepares its budget within the framework of its strategic targets every year and the prepared budget is approved by the Board of Directors.

The current situation of the Company is reviewed during the Board of Directors meetings that are held regularly and the Company's activities are compared with the previous period and the budget targets.

2. Key Operating Indicators and Financial Ratios

Financial Indicators	31.03.2023	31.03.2022
Gross Profit Margin	38,05%	40,65%
Operating Profit Margin	25,24%	29,15%
Net Profit Margin	03,71%	19,44%
EBITDA Margin	27,59%	30,82%

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

3. Financial Power

Within the framework of the calculation made based on the rates specified in the wording of the article 376 of the TCL, it has been observed that the Company's capital is not uncovered.

4. Progress of the Financing Resources and Policies Applied by the Enterprise within the Framework of this Progress

The Company is exposed to market risk (exchange rate risk and price risk), credit risk and liquidity risk due to its activities. While managing its liquidity and credit risks, the Company regularly reviews its relations with financial institutions that are financially strong and have low fundings costs in the market. The company's risk management program is generally focused on minimizing the potential negative impacts of the uncertainty in the financial markets on the company's financial performance. The Company uses derivative products as protection against financial risks. Products offered by banks regarding cash management solutions are used for the purpose of regulating cash flow and reducing collection risk.

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Quality and Amount of the Issued Capital Market Instruments

Information about the debt instruments issued in the first 3 months is as follows.

Information on the debt instrument to be issued up to a nominal amount of 5 billion TL:

Details of the financing bonds issued and redeemed by our Company in the first quarter with respect to the issuance certificate pertaining to the debt instrument to be issued for designated and/or qualified investors without being publicly offered in the country up to the nominal value of TL 5.000.000.000, which was approved by the Capital Market Board on 25.08.2022, are as follows:

The Company issued debt instruments in the amount of **TL 2.570.000.000** in the first quarter.

ISIN CODE	NOMINAL VALUE	MATURITY	DATE OF ISSUANCE	DATE OF REDEMPTION
TRFHEKT42319	TL 100.000.000.00	98	4.01.2023	12.04.2023
TRFHEKT72316	TL 1.100.000.000.00	184	4.01.2023	07.07.2023
TRFHEKT52318	TL 120.000.000.00	90	22.02.2023	23.05.2023
TRFHEKT82315	TL 1.250.000.000.00	177	22.02.2023	18.08.2023
TL 2.570.000.000,00				

The Company redeemed debt instruments in the amount of **TL 1.325.000.000** in the first quarter.

ISIN CODE	NOMINAL VALUE	MATURITY	DATE OF ISSUANCE	DATE OF REDEMPTION
TRFHEKT12320	TL 514.000.000.00	98	28.09.2022	4.01.2023
TRFHEKT12312	TL 450.000.000.00	135	5.09.2022	18.01.2023
TRFHEKT22311	TL 100.000.000,00	178	16.08.2022	10.02.2023
TRFHEKT32310	TL 261.000.000.00	177	28.09.2022	24.03.2023
TL 1.325.000.000,00				

5. Dividend Distribution

Our Profit Distribution Policy Set in the Ordinary General Assembly Meeting held on 27.03.2015 is explained below.

The Company has principally adopted the policy of distributing the entire distributable profit of the period in cash to the extent permitted by the prospective free cash generation expectation, including investment / financing needs and market projections, and financial leverage ratios, within the framework of the applicable legislation and the provisions of the Company's Articles of Association. The profit distribution policy is reviewed annually by the Board of Directors, in the light of the national and global economic circumstances, the projects on the company's agenda and the status of its funds.

Dividends are paid by December 15 of the related calendar year in instalments with equal or different amounts within the framework of the legislative provisions, by authorizing the Board of Directors in the general assembly meeting where the distribution is decided.

Within the framework of the provisions of the relevant legislation, the General Assembly is authorized to distribute Advance Dividends.

Profit Distribution is realized within statutory time frames."

In line with the decision taken by our Company's Board of Directors, it has been unanimously decided by the meeting attendants during the Ordinary General Assembly Meeting of 2022 which was held on 30 March 2023 that, in order to support our growing balance sheet in FY 2022 as well and in the light of the conditions required in the Company's profit distribution policy, the distributable profit of the period pertaining to FY 2022 should not be distributed and the amount remaining after setting aside primary reserves should be booked under extraordinary reserves; therefore, profit distribution for 2022 should not be made.

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6. Information about the Industry where the Enterprise is Active

Agricultural Production Data:

In March 2023, Agriculture – PPI (2015=100) increased by 1.79% compared to the previous month, while increasing by 20.51% compared to December in the previous year, by 106.77% compared to the same month in the previous year and by 142.37% compared to 12-month averages.

In terms of sectors, there was an increase of 1.64% in agricultural and hunting products and relevant services, an increase of 3.96% in forestry products and relevant services and an increase of 6.72% in fish and other fishery products compared to the previous month. Compared to the previous month, there was a 3.51% decrease in one-year plant products, a 4.57% increase in perennial plant products, and a 7.22% increase in live animals and animal products in the main groups.

The subgroups with a low rate of annual increase were fiber plants with 21.55% and cereals (excluding rice), legumes and oil seeds with 68.66%. On the other hand, the subgroups with high annual increase were citrus fruits with 174.94% and oily fruits with 173.85%.

The subgroups with high decline compared to the previous months were other tree and shrub fruits and nuts with 28.66% and vegetables and melon-watermelon, roots and tubers with 7.40%. The subgroups with high monthly increase, on the other hand, were live poultry and eggs with 11.49% and live sheep and goats and their unprocessed milk and fleece with 10.81%.

Growth in agriculture:

Gross Domestic Product (GDP) increased by 5.6% in 2022.

The annual GDP obtained with the total of four periods by production method increased by 5.6% in 2022 compared to 2020, in terms of chained volume index (2009=100).

In terms of the activities that constitute the GDP, the total added value of finance and insurance activities, service activities, professional, administrative and support service activities, information and communication activities, other service activities, public administration, education, human health and social service activities, real estate activities, the industry and the agriculture sector increased by 21.8%, 11.7%, 9.9%, 8.7%, 5.8%, 4.8%, 4.3%, 3.3% and 0.6% respectively, as chained volume index in 2022 compared to the previous year. The construction sector, on the other hand, decreased by 8.4%.

Exports of Agricultural Products:

According to the information compiled from the data of the Turkish Exporters Assembly (TIM), Turkey's exports increased by 2.5 percent in January-March 2023 compared to the same period of the previous year, reaching 61 billion 587 million dollars.

It has been announced that Turkey's agricultural exports reached the highest export figure for the first quarter of all time, with 8 billion 626 million dollars.

In the said period, the highest first quarter export sales of all times were achieved in grains, pulses, oil seeds and products (2 billion 944 million dollars), fruit and vegetable products (941 million 524 thousand dollars), olive and olive oil (294 million 754 thousand dollars), ornamental plants and products (48 million 452 thousand dollars), and furniture, paper and forest products (1 billion 962 million dollars).

In the said period, exports of grains, pulses, oilseeds and their products increased by 7.9 percent, fresh fruits and vegetables by 23.4 percent, olives and olive oil increased by 156.7 percent, ornamental plants and products by 7.4 percent, and furniture, paper and forest products by 1.6 percent.

Supports:

It was announced by the Ministry of Agriculture and Forestry that 184 million 968 thousand 632 TL would be transferred to the accounts of farmers in January within the scope of agricultural support payments. Furthermore, it was announced that 972 million 333 thousand TL would be transferred to the accounts of the farmers in January, again within the scope of agricultural support payments.

Under the project initiated by the Ministry of Agriculture and Forestry, 4 million domestic vegetable seedlings were donated to female farmers engaged in vegetable production in Ankara, Istanbul and Izmir.

Animal tents and feed were distributed by the Ministry of Agriculture and Forestry to the victims whose barns were damaged in 11 provinces affected by the earthquake. The Ministry stated that it was decided to pay the diesel and fertilizer support in cash in 11 cities affected by the earthquake and announced that 70,000 village houses will be built in the rural areas affected by the earthquake in the initial stage.

It was announced that 49 million 411 thousand TL of support would be made within the scope of agricultural support payments in February.

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Developments in Agriculture:

- Vegetable production, which was 117.9 million tons in 2021, reached 128.6 million tons with an increase of 9.1 percent last year (2022), setting a new record in the history of the Republic.
- The Presidential Decision on Supporting the Enabling Utilization of Agricultural Lands, prepared by the Ministry of Agriculture and Forestry, entered into force upon being published in the Official Gazette.
- The Ministry of Agriculture and Forestry has announced the "2023-2027 Turkey Agricultural Drought Fighting Strategy and Action Plan" and the road map for combating agricultural drought.
- The action plan prepared by the General Directorate of Agricultural Reform aims to increase the awareness of the public, to plan sustainable agricultural water use, to take necessary measures in periods without drought, and to minimize the effects of drought by implementing an effective combat program in times of crisis.
- The Agriculture and Rural Development Support Institution has approved the applications of 733 projects whose evaluation has been completed since 1 January 2023.

7. Position of the Enterprise in the Industry

HEKTAŞ maintains its position among the leading companies in the pesticides sector with its performance in the first 3 months of 2023. Furthermore, the company preserves its top position in organomineral fertilizers category in the plant nutrition sector and is among the top three companies in the market in the smart (special) fertilizers group. New vegetable and wheat seeds have begun 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.

8. Development of the Enterprise

Within the scope of the modernization, automation and robotic system project initiated at the Company's Plant Protection Products production facility in Gebze district of Kocaeli province, the installation of the filling lines and robotic system of the Powder Form Production Facility has been completed. In line with the project schedule, sales following production will commence as of the 2023 yearend at the "Herbicide Form Production Facility", the final part of the project, within the scope of the modernization, automation and robotic system project.

The 'Second International Molecular Plant Protection Congress' will be held on May 15-18, 2023 at the 'Agricultural Innovation Training and Experience Center' located in the Orhangazi district of Bursa. At the congress where Nobel laureate Prof. Dr. Craig Mello will deliver the opening lecture, 81 foreign scientists who are experts in their fields will be present as speakers.

The investments planned for the congress period are discussed below;

32.192 m2 'Tropical Greenhouse' installation (where avocados, mangos, dragon fruits and bananas will be grown.)
1.472 m2 Vertical Agriculture and Shrimp Production Facility,
R&D Center Laboratories,
Agriculture and Science Museum

The construction of the new building project with a total closed area (two floors) of 7,317 m2 at the FERBIS Tarım 'Plant Protection Products' production facility in the Bor district of Niğde has been completed. It is planned to complete the machinery and equipment installations of the production facility and to start sales following production within the scope of this project in June 2023.

At the Gebze R&D Center, 1 of the 60 projects transferred was completed and 2 new projects were started in the first quarter of 2023. Expansion of the proprietary seed portfolio continues. The 2-year evaluation process in official institutions for 3 durum wheat variety candidates bred within the HEKTAŞ R&D Center was completed and the varieties have been ranked in the top three. They are expected to be added to the national variety list as per the decision to be taken at the registration committee meeting in April.

In the field of plant protection, license processes have been completed for 5 new formulations whose R&D studies were completed and 3 products were commercialized and included in the portfolio as project output in the first quarter.

9. Products

The product portfolio of Hektaş contains more than 400 plant protection and plant nutrition products as well as animal health, seeds, pet food and care products, in line with our country's ecological structure and product variety.

In the seed business, prominent hybrid candidates were determined as a result of the 'first screening' tests carried out. On the P&D side, 'second screening' yield trials of 655 tomato hybrids, 732 pepper hybrids, 64 eggplant hybrids and 18 cucumber hybrid variety candidates pertaining to these product groups will be set up in different regions between January and June.

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In the tomato product group, seed production of varieties for which California Wonder (red) and cluster tomato registrations were obtained, were completed in 2022 and February 2023.

An investigation report is pending for the patent application titled "Determination of Resistance to TSWV (Tomato Spotted Wilt Virus) Disease in Tomatoes with Fluorescent Marked Sequence-Specific Probes in RT-PCR (Real Time PCR)" filed to the Turkish Patent and Trademark Office by AREO Tohumculuk.

10. Capacity Utilization Rates

Capacity Utilization Rates in the First Quarter of 2023

The capacity utilization rate in the first quarter of 2023 at the **Gebze (Plant Protection)** production facility was 118%. For the year 2023, an annual capacity increase of **5,517** tons was realized at the HEKTAŞ Gebze Production facility.

The capacity utilization rate in the first quarter of 2023 at the **Niğde (Plant Protection)** production facility was 62%. For the year 2023, an annual capacity increase of **7,735** tons was realized at the FERBIS Niğde Production facility.

In the **Adana (Organomineral Fertilizer)** production facility, the capacity utilization rate in the first quarter of 2023 was **30%**.

The capacity utilization rate in the first quarter of 2023 at the Ankara **(Veterinary Medical Products)** production facility was **22%**. For the year 2023, an annual capacity increase of **1,500,276** units was realized at the ARMA Ankara Production facility.

11. Production Amount

Production Quantities in the First Quarter of 2023

In the **Gebze (Plant Protection)** production facility, plant protection products are produced in technical substance form, liquid form, herbicide liquid form and powder form. The total amount of production realized as of the first quarter of 2023 is **5,677,981** kg.

In the **Niğde (Plant Protection)** production facility, plant protection products are produced in technical substance form, liquid form, herbicide liquid form and powder form. The total amount of production realized as of the first quarter of 2023 is **1,983,800** kg.

Organomineral fertilizers are produced in the **Adana (Organomineral Fertilizer)** production facility. The total amount of production realized as of the first quarter of 2023 is **7,537,500** kg.

Betalactam vials, betalactam powder, sterile vials and tablets are produced in **Ankara (Veterinary Medical Products)** production facility. The total amount of production realized as of the first quarter of 2023 is **661,204** units.

12. Developments in Sales

Examination of the Company's sales of the first 3 months indicates an increase in sales revenue at approximately 31% compared to 2022.

The impact of global developments continue on the Plant Nutrition business line. The results of the drought experienced in the world and in our country, as well as the fluctuations created by the Russia-Ukraine war were perceived, with slight decreases in fertilizer consumption. Despite these negative developments in the field of Plant Nutrition, HEKTAŞ has made it apparent that it is one of the most important players in the market in the first quarter of 2023 thanks to its strategic and foresighted works, as it did last year. Notwithstanding all these adverse conditions, Organomineral Fertilizer and Yara Premium Fertilizer products managed to maintain their position and decisive role in the market.

Examination of the Company's sales of the first 3 months in the Animal Health business line indicates an increase in sales revenue at around 176% compared to 2022.

In the light of these developments, sales in the first quarter of the year were realized above the desired profitability rates as a result of the right strategies implemented in the highly volatile market environment. In the provinces affected by the earthquake, activities were initiated with our business partners in order to take quick action and stand by them. Actions were taken against disruptions resulting from the earthquake and the increased competition in the Plant Protection market, by creating campaigns and marketing strategies.

13. Sales (Quantity)

In the first quarter of 2023, the sales quantity of the products pertaining to plant protection and animal health business lines was **21.182.085 kg**, while the sales quantity of products pertaining to the seeds business line was **1.565.592 items**. It is planned that our company will achieve the targeted sales quantities as of the yearend.

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14. Incentives

Our company has benefited from the Investment Incentive Certificates that it obtained in the related period.

1 RISKS AND EVALUATION OF THE BOARD OF DIRECTORS**1. Risk Management Policy**

Within the scope of the Corporate Governance Principles published by CMB, the Audit Committee was established and its working directive were created as of June 2012. Pursuant to our Company's board of directors decision dated 24.07.2012 the Early Detection of Risk Committee was established to ensure compliance with the article 378 of the Turkish Commercial Law no. 6102 which became effective on 1 July 2012 and was declared with a special situation statement dated 24.07.2012 on KAP. The directives pertaining to these committees are available on the web site of our Company.

2. Risks of Forward-Looking

The Early Detection of Risk Committee of the Board of Directors regularly analyzes the risks to be encountered in the future by the company. In the evaluations made as of the reporting period, no risks that could affect the company's future activities could be detected.

2 OTHER ISSUES**1. Organizations Outside of the Headquarters****a. Our Production Facilities**

- *Hektaş OMG Production Facility (ADANA)*
- *Hektaş General Directorate and PPP Production Facility (GEBZE)*
- *Ferbis PPP Production Facility (NİĞDE)*
- *ARMA Pharmaceutical Production Facility (ANKARA)*

b. Regional Directorates and Other Centers

- We have 6 Regional Directorates in Çukurova, Central Anatolia, Marmara, Aegean and Gap regions and an "Agricultural Innovation, Training and Experience Center" in the Orhangazi district of the province of Bursa, as well as the "Ankara Advanced Technology Center" in the Sincan district of Ankara.

c. Our R&D Centers

- *Hektaş General Directorate and PPP Production Facility (GEBZE)*

2. Information about Legislative Amendments that may Significantly Affect the Company's Activities

There are no legislative changes such as incentives, taxes, etc. which may significantly affect the financial statements of our Company.

3. Information about the Conflicts of Interest Occurring between the Company and Institutions Providing Services to the Company in Matters such as Investment Advisory and Rating and the Measures Taken by the Company to Prevent such Conflicts

None

4. Information about the Employee's Social Rights, Professional Training and Activities of the Company which Yield Other Social and Environmental Implications

Health insurance, private pension with company contribution, education allowance, death benefit, marriage support and maternity aid are provided as social rights to the employees of our Company. In addition, training programs are implemented to increase their professional development within the framework of the training programs prepared on an annual basis. Priority is also given to the development of environmentally friendly technologies in order to minimize the negative effects on the environment and society by closely following the latest developments regarding human health, environmental protection and operational safety.

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5. Information that must be Submitted to the Shareholders Regarding Related Party Transactions and their Balances

Information about the transactions conducted by our Company with related parties is provided in the footnote no. 21 of our financial statements of 31.03.2023.

6. Information to Stakeholders

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

NAME SURNAME	DUTY	LICENSE	E-MAIL	TELEPHONE
Tuba BEKTAŞ	Investor Relations Department Manager	CMB Level 3 License, Corporate Governance Rating License, Derivative Instruments License, Credit Rating License	tuba.bektas@hektas.com.tr	+90 262 751 14 12
Fusun DÖNERTAŞ	Investor Relations Department Manager		fusun.donertas@hektas.com.tr	+90 262 751 14 12
Investor Relations E-mail Address			investorrelations@hektas.com.tr	

Events Occurring within the Period:

Capital Market Instrument Transactions Other Than Shares

Details of the financing bonds issued and redeemed by our Company in the first quarter with respect to the issuance certificate pertaining to the debt instrument to be issued for designated and/or qualified investors without being publicly offered in the country up to the nominal value of TL 5.000.000.000, which was approved by the Capital Market Board on 25.08.2022, are as follows:

The Company issued debt instruments in the amount of TL **2.570.000.000** in the first quarter.

ISIN CODE	NOMINAL VALUE	MATURITY	DATE OF ISSUANCE	DATE OF REDEMPTION
TRFHEKT42319	TL 100.000.000,00	98	4.01.2023	12.04.2023
TRFHEKT72316	TL 1.100.000.000,00	184	4.01.2023	07.07.2023
TRFHEKT52318	TL 120.000.000,00	90	22.02.2023	23.05.2023
TRFHEKT82315	TL 1.250.000.000,00	177	22.02.2023	18.08.2023
2.570.000.000,00 TL				

The Company redeemed debt instruments in the amount of TL **1.325.000.000** in the first quarter.

ISIN CODE	NOMINAL VALUE	MATURITY	DATE OF ISSUANCE	DATE OF REDEMPTION
TRFHEKT12320	TL 514.000.000.00	98	28.09.2022	4.01.2023
TRFHEKT12312	TL 450.000.000.00	135	5.09.2022	18.01.2023
TRFHEKT22311	TL 100.000.000,00	178	16.08.2022	10.02.2023
TRFHEKT32310	TL 261.000.000.00	177	28.09.2022	24.03.2023
TL 1.325.000.000,00				

Ferbis Tarım Ticaret ve Sanayi A. Ş.'s Public Offering Process

The Extraordinary General Assembly meeting held for the amendment to the articles of association, which constitutes the first stage of the activities commenced for having our Company's 100% subsidiary Ferbis Tarım Ticaret ve Sanayi A.Ş listed on Borsa İstanbul A.Ş., was held on 02.02.2023, with its registration process completed and published in the Turkish Trade Registry Gazette. Thus, the new capital of FERBIS was registered as TL 40.500.000,00.

The application to amend the articles of association for the public offering of Ferbis Tarım Ticaret ve Sanayi A.Ş, a 100% subsidiary of our Company, to have it listed on Borsa İstanbul A.Ş. Was made on 15.02.2023 to the Capital Market Board (CMB).

**INTERIM ACTIVITY REPORT OF THE BOARD OF DIRECTORS
PREPARED AS PER THE COMMUNIQUE NO. II - 14.1****Legal Person Board of Directors Member Representatives**

In place of OYTAŞ İÇ VE DIŞ TİCARET ANONİM ŞİRKETİ (represented by the natural person Baran ÇELİK acting on its behalf), the Legal Person Deputy Chairman of the Board of Directors of our Company, Volkan ÜNLÜEL was appointed as of 07.02.2023; and in place of AKDENİZ CHEMSON KİMYA SANAYİ VE TİCARET ANONİM ŞİRKETİ (represented by the natural person Aslıhan DÖĞER acting on its behalf), the Legal Person Board of Directors Member of our Company, İrem ATALAY was appointed as of 07.02.2023.

Common and Continuous Transactions

Since the common and continues commercial activities covering the sales of raw materials, packages and products between our Company and FERBİS Tarım Ticaret ve Sanayi Anonim Şirketi constitute a share exceeding 10% within total sales, the "Report on Common and Continuous Transactions" has been prepared for the transactions between our Company and our subsidiary FERBİS Tarım Ticaret ve Sanayi Anonim Şirketi, and the report has been declared to the public and brought to the attention of our stakeholders with the KAP disclosure dated 15.02.2023.

Issue of Convertible Bonds and Increase of the Authorized Capital Cap

An application was made on 20.02.2023 to the Capital Market Board for the amendment of the article 7 titled "Capital" and the article 10 titled "Issue of Debt Securities" of our Company's Articles of Association regarding the issue of Convertible Bonds.

The application we have made for changing of Company's articles of association titled 7 "Capital" has been approved with the letter dated 24/03/2023 no. E-29833736-110.03.03-35179 of the Capital Market Board of the Republic of Turkey and the decision dated 27/03/2023 no. E-50035491-431.02-00083990056 of the Ministry of Trade of the Republic of Turkey and announced via PDP to public.

Report on the Use of the Fund to be Obtained - Obtained from the Capital Increase

The report regarding the areas of use of the fund obtained as a result of the increase of the issued capital of our Company, which was prepared by the Audit Committee under the article 33 of the Communiqué no. VII-128.1 of the Capital Market Board, was disclosed to the public with the PDP disclosure.

Donation for Earthquake Relief

During our Company's Board of Directors Meeting, it was decided to donate an amount of TL 50.000.000 (Fifty million Turkish Lira) to the account of the Ministry of Interior of the Republic of Turkey, Disaster and Emergency Management Presidency (AFAD), due to the earthquakes which took place in Kahramanmaraş on 6 February 2023 and directly affected ten cities. The donation amount was approved and decided during the Ordinary General Assembly Meeting held on 30.03.2023.

About of The Increase Capital of Hektas Asia LLC

Considering the capital need arising from the factory construction of "HEKTAS ASIA LLC", which was established on 24.11.2022 in Uzbekistan/Tashkent,

To increase the company's capital from 400.000.000 (TL 668,000) SOM to 115.860.000.000 (TL 193,486,200) SOM to be supplied from the fund derived by HEKTAŞ from the paid capital increase registered on 30.11.2022 and announced to the public with KAP disclosures.

Notification on General Assembly Transactions

- The notification for the invitation text, agenda, articles of association amendment text and dividend distribution transactions related with the Ordinary General Assembly meeting of 2022, which was held on 30.03.2023, and the notification for the selection of the Independent Audit Firm for 2023 have been announced to the public with KAP disclosures.

Distribution of Duties of the Board of Directors

It has been decided that, the legal person board of directors member OMSAN Lojistik A.Ş. (Musa Levent ORTAKÇIER acting on their behalf) shall be elected as the Chairman of the Board of Directors for 1 year and the legal person board of directors member OYTAŞ İÇ ve Dış Ticaret A.Ş. (Volkan ÜNLÜEL acting on their behalf) shall be elected as the Deputy Chairman of the Board of Directors for 1 year and the decision was brought to the attention of our stakeholders and declared to the public with the KAP disclosure dated 01.04.2022.

**INTERIM ACTIVITY REPORT OF THE BOARD OF DIRECTORS
PREPARED AS PER THE COMMUNIQUE NO. II - 14.1**

Board of Directors Committees

Under the Corporate Governance Communiqué no. II-17-1 of the Capital Market Board, it has been decided to:

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

-Elect the Independent Board of Directors Member Bülent Şamil YETİŞ as Chairman and the Independent Board of Directors Member Bedri VAROĞLU and Investor Relations Department Manager Tuba BEKTAŞ as committee members of the corporate Governance Committee.

-Elect the Independent Board of Directors Member Kadri ÖZGÜNEŞ as chairman and the Independent Board of Directors Member as committee member of the Early Detection of Risk Committee and the decision was brought to the attention of our stakeholders and declared to the public with the KAP disclosure.

Notification on Authorized Capital Cap Transactions

The procedures for the extension of the validity of our Company's Authorized Capital Cap to the years 2023-2027 and increasing the authorized capital cap from 3.000.000.000 (three billion) TL to 8.500.000.000 (eight billion five hundred million) TL were commenced upon the decision taken by the Board of Directors on 16.03.2023 and a final decision was taken at the Extraordinary General Assembly Meeting of 2022, which was held on 30.03.2023.

Selection of the Independent Audit Company

It has been decided to select DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (A member firm of Deloitte Touche Tohmatsu) as the independent auditor of the accounts and transactions of our Company and its Subsidiaries pertaining to the accounting year 2023 within the framework of the Capital Market Legislation, Turkish Commercial Law and the relevant legislation.

Events Occurring Outside of the Period:

Registration of the General Assembly Meeting

The Extraordinary General Assembly Meeting of 2022 which was held on 30.03.2023 was registered on 03.04.2023 by the Gebze Trade Registry Office.

Notification on Authorized Capital Cap Transactions

The decision to extend the validity period of our Company's Authorized Capital Cap to the years 2023-2027 and to increase the authorized capital cap from 3.000.000.000 (three billion) TL to 8.500.000.000 (eight billion five hundred million) TL was registered on 03.04.2023 by the Gebze Trade Registry Office.

Issue of Debt Instruments

ISSUED

ISIN CODE	NOMINAL VALUE	MATURITY	DATE OF ISSUANCE	DATE OF REDEMPTION
TRFHEKT92314	TL 255.000.000,00	161	10.04.2023	18.09.2023
TRFHEKT72324	TL 305.000.000,00	98	10.04.2023	17.07.2023
TRFHEKT82323	TL 640.000.000,00	92	09.05.2023	09.08.2023

TL 1.200.000.000,00

REDEMPTION

ISIN CODE	NOMINAL VALUE	MATURITY	DATE OF ISSUANCE	DATE OF REDEMPTION
TRFHEKT42319	TL 100.000.000,00	98	4.01.2023	12.04.2023

TL 100.000.000,00

**INTERIM ACTIVITY REPORT OF THE BOARD OF DIRECTORS
PREPARED AS PER THE COMMUNIQUE NO. II - 14.1**

New Investment

Operating in the field of animal health since 2005, our company acquired Arma İlaç Sanayi ve Ticaret A.Ş based on a strategic decision taken in 2021, thereby reinforcing its market position and becoming one of the leading companies in the market.

In order to add a new investment to the ongoing investments of our company in the field of animal health, by our Board of Directors on the date of 27.04.2023;

- A second production facility should be set up within the structure of Hektaş Ticaret Türk A.Ş. in the province of Ankara, to operate in the field of production of veterinary medicines,
- As a result of the feasibility studies, the investment to be planed and budgeted total USD 48,000,000 (Fortyeight Million USD),
- The capacity of the products already produced should be increased by constructing the production facility to be set up in accordance with GMP standards
- The product portfolio that is traded through the purchase and sale of commodities should be produced at its own production facilities
- The product portfolio not currently available should be developed, and consequently, new market development should be ensured through different product groups by increasing effectiveness in both domestic and foreign markets, the decision has been taken and declared to the public with the KAP disclosure dated 01.04.2022.

About Establishment of Pet Food Production Facility

Incorporating new business lines every day, HEKTAŞ has reached the end of its efforts to position itself as a producer in the rapidly growing pet food market. Trial production activities have been carried out and successfully completed in the "Pet Food" production facility, which is established on an area of 40.336 m2.

All necessary permissions were concluded for commencing mass production, our production activities started and declared to the public with the KAP disclosure.