

## **Board of Directors Activity Report for the Period 01.01.2023 – 30.06.2023**

**(CONVENIENCE TRANSLATION OF THE REPORT  
ON REVIEW OF THE INTERIM ACTIVITY  
REPORT ORIGINALLY ISSUED IN TURKISH)**

**To the Board of Directors of  
Hektaş Ticaret Türk Anonim Şirketi  
Kocaeli**

**Introduction**

We have been charged with reviewing the consistency of condensed consolidated interim financial information provided in interim activity report of Hektaş Ticaret Türk Anonim Şirketi (the "Company") and its subsidiaries (together will be referred as the "Group") dated 30 June 2023 with the reviewed condensed consolidated interim financial statements. The Group Management is responsible from the aforementioned interim activity report. Our responsibility is to express a conclusion as to whether the financial information presented in the interim activity report is consistent with the reviewed condensed consolidated interim financial statements and explanatory notes over which auditor's review report is issued as of 15 August 2023.

**Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. Our review involves the examination as to whether financial information provided management's interim period report are consistent with the reviewed condensed consolidated interim financial statements and explanatory notes. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial information provided in the interim activity report and reviewed condensed consolidated interim financial statements and explanatory notes, in all material respects, are not consistent.

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



**Volkan Becerik, SMMM**  
**Partner**

**İstanbul, 15 August 2023**

**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- 6/30/2023

**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	Acıdere 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	8.500.000.000 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
<b>Sum Total (Paid-in Capital)</b>	<b>2,530,000,000.00</b>	<b>100.00</b>

#### 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 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),

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.

#### Voting Rights

There are no voting privileges. 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

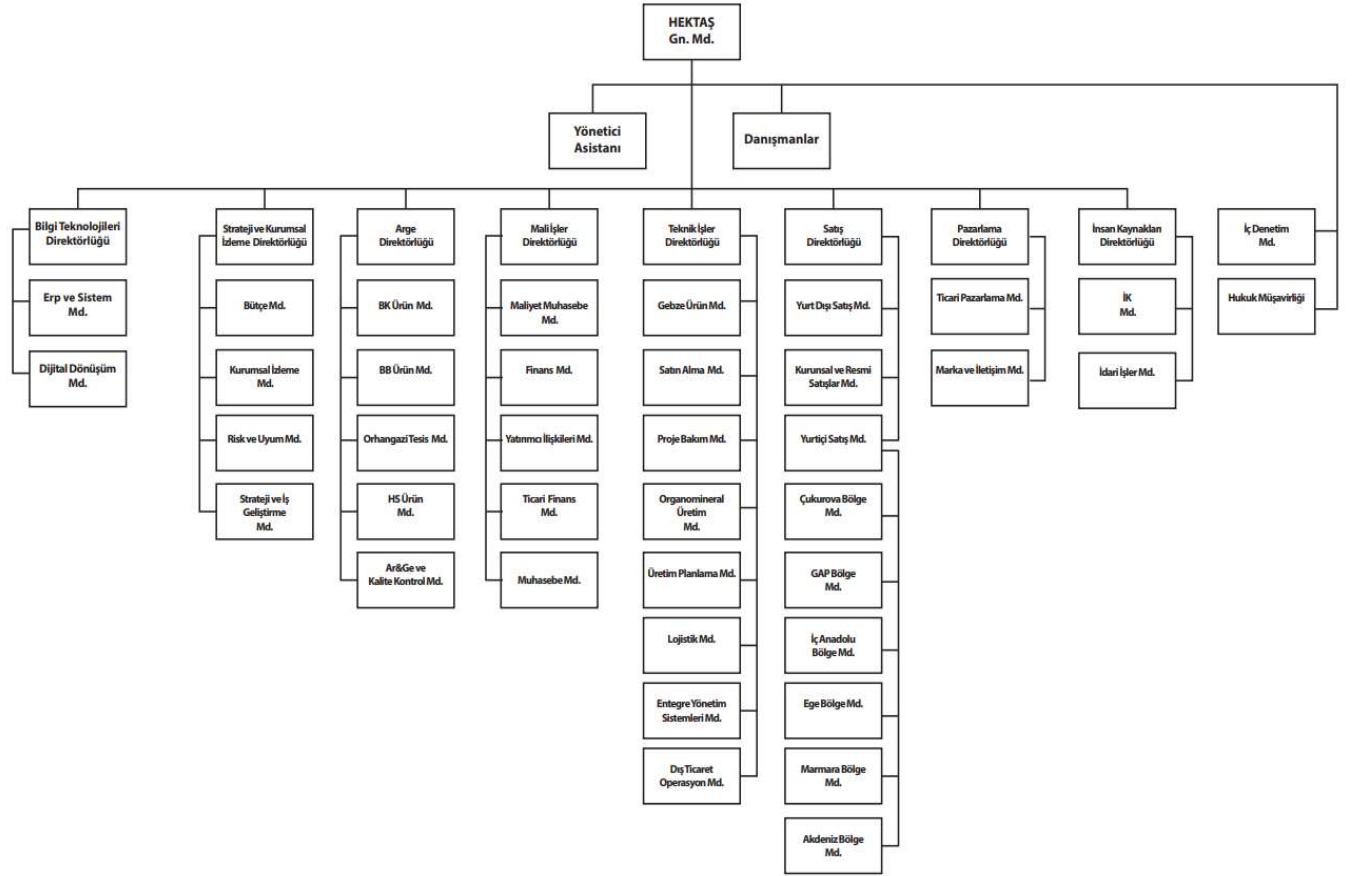
Upon examining the financial statements of Çantaş, they have not been included within the scope of consolidation since they are immaterial compared to the financial statements of the Company in terms of amount and quality and activities of Çantaş are very limited.

Other affiliates and subsidiaries within the Group have been consolidated in the financial statements.

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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 – 30.06.2023.



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

**Board of Directors;**

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: <b>Eren Ziya DİK(1)</b> )	Chairman of the Board of Directors	21/07/2023	Head of the Group Chemistry and Agriculture -OYAK,
Oytaş İç ve Dış Ticaret A.Ş. (The person acting on behalf of the company: <b>Volkan ÜNLÜEL</b> )	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: <b>Arif ÇETİNKAYA</b> )	Board of Directors Member	06/04/2022	-
Oyak Denizcilik ve Liman İşletmeleri A.Ş. (The person acting on behalf of the company: <b>Şansel YILMAZ</b> )	Board of Directors Member	01/06/2023	-
Akdeniz Chemson Kimya Sanayi ve Ticaret A.Ş. (The person acting on behalf of the company: <b>İrem ATALAY</b> )	Board of Directors Member	07/02/2023	Affiliates Monitoring and Coordination Manager- OYAK
<b>Bülent Şamil YETİŞ</b>	Board of Directors Member (Independent)	31/03/2020	Consultant
<b>Kadri ÖZGÜNEŞ</b>	Board of Directors Member (Independent)	06.04.2022	Faculty Member
<b>Kurtuluş Bedri VAROĞLU</b>	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.

\* NOTE (!)During our Company's Board of Directors Meeting dated 21 July 2023, Eren Ziya DİK was appointed in place of the natural person Musa Levent ORTAKÇIER acting on behalf of) OMSAN Lojistik Anonim Şirketi, the Legal Person Chairman of the Board of Directors of our Company, as of 21.07.2023. The matter has been disclosed on KAP.

**Changes Applied in the Board of Directors within the Period**

The changes applied among the Board Members of our Company between 01.01.2023 – 30.06.2023 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.

During our Company's Board of Directors Meeting dated 01 June 2023, Şansel YILMAZ was appointed in place of the natural person Okan SİVRİ acting on behalf of OYAK Denizcilik ve Liman İşletmeleri Anonim Şirketi, Legal Person Board of Directors of our Company, as of 01.06.2023. The matter has been disclosed on KAP.

During our Company's Board of Directors Meeting dated 21 July 2023, Eren Ziya DİK was appointed in place of the natural person Musa Levent ORTAKÇIER acting on behalf of) OMSAN Lojistik Anonim Şirketi, the Legal Person Chairman of the Board of Directors of our Company, as of 21.07.2023. The matter has been disclosed on KAP.



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**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.

**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". The guidelines are available on the web site [www.hektas.com.tr](http://www.hektas.com.tr).

**Committees as of the Reporting Period:**

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

**Executive 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 six months of 2023.

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

As of 30.06.2023, the number of employees of our company is 869, 301 of them being blue-collar and 568 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 63.465.969.

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 - June 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 text 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. It was 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 T. 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><b>CAPITAL</b></p> <p><b>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 <del>3.000.000.000</del> and is divided into <del>300.000.000.000</del> 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 <b>2022- 2026</b> (5 years). Even if the authorized capital cap which is permitted cannot be reached at the end of <b>2026</b>, in order for the board of directors to take a capital increase decision after <b>2026</b>, 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 <b>2.530.000.000</b> (two billion five hundred thirty million) Turkish Liras which is wholly paid, comprised of <b>253.000.000.000</b> (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 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><del>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.</del></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><b>CAPITAL</b></p> <p><b>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 <b>8.500.000.000</b> and is divided into <b>850.000.000.000</b> 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 <b>2023-2027</b> (5 years). Even if the authorized capital cap which is permitted cannot be reached at the end of <b>2027</b>, in order for the board of directors to take a capital increase decision after <b>2027</b>, 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 <b>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.</b> 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><del><b>-ISSUE OF DEBT SECURITIES</b></del></p> <p><b>ARTICLE 10</b></p> <p><del>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.</del></p>	<p><b>ISSUE OF CAPITAL MARKET INSTRUMENTS</b></p> <p><b>ARTICLE 10</b></p> <p>The Company may issue all <b>kinds</b> of capital <b>instruments</b> in accordance with the provisions of the Turkish Commercial Law, Capital Market Law <b>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.</b></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.

HEKTAŞ provides a benefit in the name of "Seniority Incentive Bonus" to its employees with a certain seniority. In this respect, it pays one salary equivalent of seniority incentive bonus for each work period of 10 years.

**C- RESEARCH AND DEVELOPMENT STUDIES**

**The following activities were carried out at Gebze R&D Center in the first six months of 2023:**

- 4 of the 61 projects transferred in the 3rd month of 2023 were completed.
- 3 more durum wheats bred in Hektaş R&D Center were added to the national variety list with the names Kemal, Sarıpaşa and Arslanbey. The number of registered wheat varieties to be offered for sale has been increased to 9. Furthermore, during the field trials of wheat seeds which were developed with resistance to the Yellow Rust Disease and whose breeding studies continue in climatic chambers, under controlled conditions, it was observed that the seeds were resistant to the disease, although the disease manifested itself in parents grown under the same conditions.
- A license was obtained in the name of Hektaş for 8 new formulations whose R&D studies were completed in the field of plant protection. 5 products were commercialized and included in the portfolio as project outputs.
- 2 products that were previously licensed in the field of public health were commercialized and included in the portfolio.

**The following activities were carried out at Arco R&D Center in the first six months of 2023:**

**Biotechnology and Tissue Culture**

- 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 Arco 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. Regenerated and Yr15 resistant wheat plantlets were acclimatized to ensure their adaptation to external conditions. As a result of the observations to be made in the plants that continue their development, haploid/double haploid ones will be identified and colchicine will be applied to the plants determined as haploid with the aim of chromosome doubling.
- There are trials involving different nutrient environments in order to increase the success of plant tissue culture (anther culture) studies in bread wheat. In addition to the method applied with the aim of obtaining pure plants with anther culture in bread wheat, experiments were established with 3 different culture environments in order to increase the success. In this context, a genotype known to respond well to anther culture method in wheat is used. The study is in progress, with the preliminary data pending.
- Different tissue culture environments are being developed for the development of pure pepper, eggplant and cucumber parents. The routine protocol continues to be applied in the eggplant/anther culture technique. The A117

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genotype, which is known to respond well to anther culture, is used in the study. The response of other eggplant genotypes within Areo Tohumculuk to anther culture will be determined in comparison with the response of this genotype. In addition to the routine protocols applied in pepper and cucumber, additional protocols are being tried in order to increase the success. In addition to the routine protocol, culture containing colchicine and biphasic shed microspore culture are tried in pepper genotypes that were found to have low response in previous seasons. For cucumbers, 10 different environment rials are carried out in Beith-Alpha, silor and gherkin types. The responses of the genotypes will be revealed at the end of the study.

- 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. For sunflowers, 270 genotypes were analyzed by RT-PCR (real-time PCR) for three different gene (PI08, PI13, PIArg) regions associated with downy mildew resistance. For wheat, 142 genotypes were analyzed by RT-PCR (real-time PCR) in terms of two different gene (Yr5, Yr15) regions associated with yellow rust resistance. 1955 genotypes of tomato were analyzed for different gene regions (Sw5, Frl, Ty, Mi, Sm, I2, I3, Tm) by RT-PCR (real-time PCR) / Classical PCR. For pepper, 918 genotypes were analyzed by RT-PCR (real-time PCR) in terms of different gene regions (Tsw, L4, L3, Me1, Me7, Phyto28K).
- 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. After treating the downy ones among the cotton materials to be used in the study with sulfuric acid, in vitro germination trials were set up with all the materials. The necessary bioinformatic studies were completed for resistance to IMI and SU group herbicides, and the vector that will target the gene was designed.

*In the Vegetable Group*

As AREO Tohum, we have obtained the initial outcomes of the activities we carried out in the previous season in vegetable product groups. Second trial plantings (broader) of 655 tomato, 732 pepper, 10 eggplant and 18 cucumber hybrid cultivar candidates in the Vegetable product group, which were obtained as a result of our R&D activities and whose first trials were set up, were carried out at the sites of leading farmers in different regions. Successful cultivars will be determined as a result of regional evaluations by presenting our cultivars in the trials and our hybrid cultivar candidates to the leading dealers of the regions, our business partners, and our producers.

Multiple cultivar trials of tomato cultivar candidates were established in our Gaziler and Orhangazi facilities. Signle trials and trials for beef types were set up in different external locations.

The pepper trial plantings were made in Konya and Elmalı regions, which represent the general climate of our country, bringing all varieties together. Type-based trials were also set up in different external locations.

Multiple cultivar trials of cucumber cultivar candidates were set up in Manisa-Menderes, Elmalı, Alanya-Konaklı.

The first plant observations of the cultivar candidates whose trials were set up were realized. In the upcoming period, fruits of the cultivats will be observed and the promising ones will be determined.

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 was carried out in March, April and May for tomato, pepper and cucumber product groups, and DNA analyzes were carried out in our biotechnology laboratory using leaf samples for bacterial, viral and fungal resistance status of the parents.

The macro production of the cultivar candidates which were registered in 2022 and which were appreciated and considered promising as a result of the wide plantings in 2022, and the cultivars which were tried in different locations and appreciated in the past period and registered in 2023, has been completed.

Micro-seed production of 655 tomato, 732 pepper, 10 eggplant and 18 cucumber hybrid cultivar candidates was carried out in response to the appreciation of the cultivar candidates whose trials were set up in different regions of Turkey and to the demand for their seeds.

*In terms of Vegetable Production and Development*

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.

150 packs of our Apex F1 pepper variety, which was registered in February 2023, were sold. (1 pack/1000 seeds)

500 packs of our Otantik F1 tomato variety, which was registered in 2022, were sold. (1 pack/1000 seeds)

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Open Field Vegetable Activities

The open field pepper plantings called Esinti F1 and Ağıt F1, which we registered in 2022, were set in many different locations in order to make field presentations during the demonstration phase. F2 promotions continue particularly in the Serik region. In addition, Hera F1 and Bü-1 (Üçburun) pepper trials were positioned in Sarıcakaya / Eskişehir regions.

Ustad F1, Hera F1 (bell) pepper and BS-01 (pointed) pepper trials were set up in Eskişehir.

Adaptation trials of jalapeno hot pepper cultivars called BJ-08 and BJ-09, whose initial trial and second large-scale trial were completed and which received great appreciation in the past years, have been set up in Manisa Salihli region.

Our cultivars (AFD-2221 and AFD-2222) were planted in 12 different locations as industrial tomatoes and sun-dried ones, and plantings on 1 decares each were carried out in large areas. Extension activities were carried out in Merkez, Akhisar, Salihli and Turgutlu regions.

Greenhouse Vegetable Activities

Distribution of the seedlings produced for adaptation activities for the bell peppers, pointed and three-nosed peppers (Hera F1, Üstad F1, Amaç F1, BD 26, BD 52-58-59, Esinti F1, Ağıt F1, Gezgin F1, BS 1 and BÜ 1), which have been registered or which received appreciation last year to the addresses was planned and realized.

Adaptation phase trials involving D-70 (with Dohkho F1 and Embajador F1 rootstock), D-59 and D-71 cultivars were established in Korkuteli, Antalya, for which the first trial and the second large-scale trials were completed successfully.

Adaptation phase silor cucumber trial plantings were carried out in the highland regions.

A field day was held for our Space F1 spring tomato variety was held in the region of Varsak-Antalya.

In the Corn Group

- In the 2022-2023 winter season, 59 cultivar candidates and 138 DH parent lines were grown and harvested under greenhouse conditions in Antalya, in order to multiply their seeds.
  - Seed preparations for the cultivar candidates were completed for sowing in the yield trials to be set up in Sakarya, Adana, Şanlıurfa, Konya and Aydın locations, including silage and grain corn.
  - Seed preparations to plant the Dh lines obtained, in the breeding land in Sakarya were completed.
- 70 temporary yield trials and 23 late TTSM yield trials were set up in Adana Region. Plant breeding and observations continue.
- 13 silage TTSM yield trials and 19 interim TTSM yield trials were set up in Aydın region. Plant breeding and observations continue.
- In the Şanlıurfa Akçakale district, TTSM yield trial involving 21 types of grain and 15 types of silage was set up as the 1st Region in the South East. Plant breeding and observations continue.
- In the Şanlıurfa Harran district, TTSM yield trial involving 21 types of grain and 16 types of silage was set up as the 2nd Region in the South East. Plant breeding and observations continue.
- In the Konya Çeltik district, TTSM yield trial involving 13 types of grain and 13 types of silage was set up as the 1st Region in the Central Anatolia. Plant breeding and observations continue.
- In the Konya Kulu district, TTSM yield trial involving 13 types of grain and 13 types of silage was set up as the 2nd Region in the Central Anatolia. Plant breeding and observations continue.
- In the Sakarya Region, TTSM yield trial involving 30 types of grain and 18 types of silage, TTSM yield trial involving 21 types of grain, 2nd crop and 172 mid-late yield observation gardens, 62 types of late yield observation gardens trials were set up and the cultivation processes are ongoing.
  - Observation garden yield trials were established for materials with 9 and 33 different genotypes obtained from different sources as a result of new material researches. Plant breeding and observations continue.
- In the R&D Breeding station at the Sakarya province, Arifiye district, breeding land plantings were made to carry out;
  - Seed Propagation Garden

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- Hybrid Garden
- Inbreeding Garden
- Inducer Hybrid Garden
- Dh Line Development

activities. Plant breeding and observations continue.

*In the Sunflower Group*

- The selection works for the sunflower breeding materials planted to skip generations under winter conditions were completed and they were harvested and blended.
- Sunflower breeding materials were planted and spraying selection was made under 2023 field conditions.
- Within the scope of the sunflower cultivar development project in partnership with TTAE, trials were set up in the districts of Kırklareli/Lüleburgaz, Edirne Uzunköprü, Edirne/Merkez, Tekirdağ/Muratlı, Tekirdağ/Hayrabolu to test the imprint, classical and sulfo segment sunflower cultivar candidates according to a random block trial design.

*In the Cotton Group*

- Delintation and packaging processes of Volkan and Selçuk Bey cultivars, for which we obtained the commercial sales rights, were carried out and the products were shipped to the Adana regional warehouse. The seeds were then shipped to the regions for sale and production.
- A total of 2500 decares of land was planted for seed production in the provinces of Aydın and Şanlıurfa.
- The R&D materials harvested in 2022 were ginned and their seeds were removed. Seeds were prepared by analyzing the fibers and selecting genotypes with high fiber quality characteristics. The prepared seeds were planted in 30 decares of land in May and an R&D field for 2023 was created.
- Pre-registration Trials were set up to register our company's cultivars in 4 different locations. Trials were set up in 4 different cities: Aydın and Denizli in the Aegean Region, and Şanlıurfa and Diyarbakır in the Southeast Anatolian Region, and registration applications were made.
- Agreements were signed with 3 different ginning factories, 1 in Şanlıurfa and 2 in Aydın, for the processing of unginned cotton harvested from fields planted for seed production.

Agro-morphological maintenance of all cultivated areas (R&D) and Production Fields) is supervised by the cotton team and the applications are carried out completely.

*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. In the following process, the maintenance procedures, disease observations and plant measurements of our chickpea trials, which were planted, were carried out and the necessary preparations for the harvesting processes were completed.
- Output observations, winter observations and cold damage observations were taken. There are not any adverse situations.
- The breeder material seed production declarations of Gazi, Söğüt, Ulubaş and Kahraman cultivars were submitted and Gazi28, Söğüt, Kahraman, Ulubaş, Arslanbey, Kemal and Sarıpaşa cultivars, which were planted as a single ear, were controlled individually. For the next season, the rows of ears to be planted and the plants whose elite seed production will be carried out were selected.
- Seed production declarations of Gazi and Söğüt cultivars produced in Adana region were submitted
- Bread wheat, durum wheat and barley hybrids were made and started to be harvested.
- Observations of hybrids in the stages opened in bread wheat, durum wheat and barley were taken and ear selection was started.
- Observations of materials from CIMMYT, ICARDA and IWWIP have been taken and preparations are being made for feedback. Genotypes suitable for different regions and our purpose were selected from these materials.

**The following activities were carried out at Hektaş Agricultural Innovation Training and Experience Center in the first 6 months 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 into account as a source for R&D studies. A total of 2249 producers/stakeholders have been hosted as of 30 June 2023.

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

**In Microbiology and Genetics**

- The verification stage has been reached in the production and purification of microbiologically based enzymes for industrial use,
- R&D works continue to approach the target value in the production of herbal amino acids,
- Optimization activities continue for the production of microbial protective agents to be used in products produced in industrial areas such as food and agriculture,
- Optimization activities continue for the extraction and purification of secondary metabolites (antibiotic, insecticide, growth hormone) to be obtained from microbial species,
- Optimization studies continue in the development of starter cultures, which are widely used in food technology,
- The stock renewal and control stage has been reached for the existing bacterial species in stock,
- The industrial method determination stage for establishing the gold standard in bacterial counting has been reached.
- The validation stage has been reached in the isolation and purification of toxic proteins with microbiology-based insecticidal properties.

**In the Fermentation Field**

- Activities relating to the improvement of the fermentation conditions of the *Bacillus amyloliquefaciens*, *Bacillus subtilis*, *Bacillus thuringiensis* ve *Bacillus megaterium* bacteria ,
- Obtaining biomass in an industrial scale fermenter,
- Offering multiple strains for industrial use,
- Development of the downstream process of industrially produced bacteria,
- Final formulation and development of metabolites are carried out.

**In Chemistry**

- Developing formulations of 5 different liquid organomineral fertilizers containing N-P-K and conducting trials to produce them at industrial scale,
- Developing the formulations of liquid fertilizers containing Amino Acid - Nitrogen, Amino Acid - Potassium, Calcium and conducting trials for their production at industrial scale,
- Performing laboratory studies for the production of Humic - Fulvic Acid,
- Development of new biostimulant and fertilizer formulations,
- Carrying out studies for the recovery of wastes released during biostimulant production,
- Carrying out laboratory studies for the production of plant micronutrients at nanoscale,
- Development and operation of analytical, spectrometric, chromatographic, gravimetric and volumetric analysis methods for all studies carried out in the laboratory.

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

**1. Investments Activities**

Investments amounting to TL 1.250.845.780 were made in the first six months of 2023.



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**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. Provisions for Lawsuits were set aside for TL 2,64,440 as of 30.06.2023

**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 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,

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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 25.453.814,14 in the first six months of 2023.

## 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 30.06.2023 have been audited on a limited basis, while the financial statements (consolidated) of 31.12.2022 have been independently audited.

#### Summarized Balance Sheet (TL)

(TL)	30.06.2023	31.12.2022
Current Assets	11.201.903.846	8.986.751.110
Non-Current Assets	5.082.292.636	3.238.869.525
<b>Total Assets</b>	<b>16.284.196.482</b>	<b>12.225.620.635</b>
Short-term Liabilities	11.625.390.777	8.364.037.606
Long-term Liabilities	1.296.812.478	372.875.522
Equity	3.361.993.227	3.488.707.507
<b>Total Liabilities</b>	<b>16.284.196.482</b>	<b>12.225.620.635</b>

#### Summarized Income Statement (TL)

(TL)	30.06.2023	30.06.2022
Revenue	2.975.932.931	2.530.419.764

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Operating Profit/Loss	405.766.955	708.851.757
Gross Profit/Loss	1.079.708.799	1.038.642.515
Profit/Loss of the Period	(192.455.531)	419.427.076

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	30.06.2023	30.06.2022
Gross Profit Margin	36,28%	41,05%
Operating Profit Margin	13,63%	28,01%
Net Profit Margin	-6,47%	16,58%
EBITDA Margin	16,27%	29,51%

(\*) 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.

### Quality and Amount of the Issued Capital Market Instruments

Information about the debt instruments issued in the first 6 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 **3.770.000.000** in the first six months.

ISIN CODE	NOMINAL VALUE	MATURITY	DATE OF ISSUANCE	DATE OF REDEMPTION
TRFHEKT42319	100.000.000,00 TL	98	4.01.2023	12.04.2023
TRFHEKT72316	1.100.000.000,00 TL	184	4.01.2023	07.07.2023
TRFHEKT52318	120.000.000,00 TL	90	22.02.2023	23.05.2023
TRFHEKT82315	1.250.000.000,00 TL	177	22.02.2023	18.08.2023
TRFHEKT92314	255.000.000,00 TL	161	10.04.2023	18.09.2023
TRFHEKT72324	305.000.000,00 TL	98	10.04.2023	17.07.2023
TRFHEKT82323	640.000.000,00 TL	92	09.05.2023	09.08.2023

**3.770.000.000,00 TL**

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The Company redeemed debt instruments in the amount of TL **1.545.000.000** in the first six months.

ISIN CODE	NOMINAL VALUE	MATURITY	DATE OF ISSUANCE	DATE OF REDEMPTION
TRFHEKT12320	514.000.000.00 TL	98	28.09.2022	4.01.2023
TRFHEKT12312	450.000.000.00 TL	135	5.09.2022	18.01.2023
TRFHEKT22311	100.000.000,00 TL	178	16.08.2022	10.02.2023
TRFHEKT32310	261.000.000.00 TL	177	28.09.2022	24.03.2023
TRFHEKT42319	100.000.000,00 TL	98	4.01.2023	12.04.2023
TRFHEKT52318	120.000.000,00 TL	90	22.02.2023	23.05.2023
<b>1.545.000.000,00 TL</b>				

Information on the debt instrument to be issued up to a nominal amount of 1.1 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 1.100.000.000, which was approved by the Capital Market Board on 21.06.2023, are as follows:

ISIN CODE	NOMINAL VALUE	MATURITY	DATE OF ISSUANCE	DATE OF REDEMPTION
TRFHEKTE2312	250.000.000,00 TL	90	07.07.2023	05.10.2023
TRFHEKT12411	850.000.000,00 TL	182	07.07.2023	05.01.2024
<b>1.100.000.000,00 TL</b>				

## 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.

## 6. Information about the Industry where the Enterprise is Active

**Agricultural Production Data:**

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Agricultural products producer price index (Agriculture-PPI) increased annually by 57.93% and monthly by 4.04%.

In June 2023, Agriculture – PPI (2015=100) increased by 4.04% compared to the previous month, while increasing by 25.09% compared to December in the previous year, by 57.93% compared to the same month in the previous year and by 110.72% compared to 12-month averages.

In terms of sectors, there was an increase of 3.70% in agricultural and hunting products and relevant services, an increase of 8.90% in forestry products and relevant services and an increase of 13.23% in fish and other fishery products compared to the previous month. In the main groups, there was an increase of 2.54% in live animals and animal products, 4.75% in one-year plant products, and 3.27% in perennial plant products, compared to the previous month.

The subgroups with a low rate of annual increase were fiber plants with 2.10% and cereals (excluding rice), legumes and oil seeds with 22.51%. On the other hand, the subgroups with high annual increase were live poultry and eggs, and vegetables and melon-watermelon, roots and tubers, with 118.96 and 93.66%, respectively.

The subgroups that declines compared to the previous months were other tree and shrub fruits and nuts with 15.42% and oily fruits with 2.64%. On the other hand, the subgroups with high monthly increase were pome fruits and stone fruits with 6.05% and vegetables and melon-watermelon, roots and tubers with 5.70%.

### **Growth in agriculture:**

Gross Domestic Product (GDP) increased by 4.0% in the first quarter of 2023.

The first estimated GDP for the first quarter of 2023 increased by 4.0% compared to the same quarter of the previous year as chained volume index.

Service activities increased by 12.4% in the first quarter of 2023.

According to data from the Turkish Statistical Institute (TÜİK), in terms of the activities that make up the Gross Domestic Product (GDP), services increased by 12.4%, professional, administrative, and support services by 12.0%, finance and insurance activities by 11.2%, information and communication activities by 8.1%, other service activities by 7.8%, construction by 5.1%, public administration, education, human health, and social work activities by 3.6%, and real estate activities by 1.4%, as chained indexed volume compared to the previous year in the first quarter of 2023. On the other hand, the agricultural sector decreased by 3.8% and the industry by 0.7%.

### **Exports of Agricultural Products:**

According to the Foreign Trade Data Bulletin published by the Ministry of Trade, exports decreased by 1.8% to 123 billion 377 million USD, while imports increased by 4.3% to 184 billion 795 million USD in January-June 2023.

According to the data from the Turkish Exporters Assembly (TİM), Turkey's agricultural sector achieved an all-time high in the exports of the first half with 16 billion 627 million USD. Agricultural exports increased by 1.4% compared to the same period in 2022, accounting for 15.4% of Turkey's total foreign sales. During this period, the grain, legume, oilseed, and products, fresh fruits and vegetables, olive and olive oil sectors achieved their highest ever January-June exports.

In this period, exports of grains, legumes, oilseeds, and their products reached 5 billion 510 million dollars, exports of fresh fruits and vegetables reached 1 billion 697 million dollars, and exports of olive and olive oil exports amounted to 559 million 881 thousand dollars.

The exports of grains, legumes, oilseeds, and their products increased by 2.1%, fresh fruits and vegetables by 16.6%, and olive and olive oil by 190.7% in January-June, compared to the same period of last year.

In June, the countries with the highest exports from Turkey were Germany (1 billion 780 million USD), USA (1 billion 330 million USD), and the UK (1 billion 12 million USD), respectively.

In terms of sectors, the share of exports in June were as follows: Manufacturing Industry 95.2% (19 billion 896 million USD), Agriculture, Forestry, and Fishing industry 2.8% (583 million USD), Mining and Quarrying industry 1.5% (318 million USD).

### **Supports:**

As part of agricultural support payments, the Ministry of Agriculture and Forestry transferred around 185 million TL to farmers' accounts in January. In the same month, 972 million 333 thousand TL was also transferred to farmers' accounts as part 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.

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Within the scope of agricultural support payments, the Ministry of Agriculture and Forestry made support payments amounting to 49 million 411 thousand TL in February and 5.5 billion TL and 1 billion 404 million TL in April.

In May, the Ministry of Agriculture and Forestry made support payments of 430 million 589 thousand 728 TL and 34 million 801 thousand 581 TL to producers as part of agricultural support payments. In June, support payments of 124 million 17 thousand TL and 75 million 826 thousand TL were made to producers. Furthermore, an advance payment of 714 million 823 thousand TL was made to sugar beet producers in June.

**Developments in Agriculture:**

- On June 3rd, Ibrahim Yumaklı was appointed as the Minister of Agriculture and Forestry in the Presidential Cabinet, as announced by President Recep Tayyip Erdoğan.
- In line with the support for Agriculture Based Economic Investments within the scope of the Program for the Support of Rural Development Investments, a total of 478 projects from 70 provinces received over 1 billion TL in grant support in the 2022-2023 application period.
- The Ministry announced that the number of provinces included in the European Union-funded Rural Development Supports (IPARD) would increase from 42 to 81.
- The "River Basin Management Plan, Sectoral Water Allocation Plan, Flood Management Plan, and Drought Management Plan" prepared by the General Directorate of Water Management for the Gediz Basin in order to protect human health and the ecosystem, reduce the impacts of flood and drought, achieve transition to risk management, ensure fair distribution of the existing water potential among sectors, and increase the level of welfare, was approved by the Water Management Coordination Board and entered into force.
- Research institutes in different regions affiliated to the Ministry of Agriculture and Forestry, General Directorate of Agricultural Research and Policies (TAGEM) had 42 field crop varieties that are resistant to disease and drought registered and contributed to the Turkish agriculture in 2023.
- As a result of efforts by the Ministry of Agriculture and Forestry, Gemlik olives were granted a geographical indication registration from the European Union (EU).

**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 6 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 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.

**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, the "Herbicide Liquid Form Production Facility", which is the final part of the project, will be completed as of the end of 2023 within the scope of the modernization, automation and robotic system project.

All investment projects carried out at the HEKTAŞ Agricultural Innovation Training and Experience Center (F.A.R.M.) in Bursa province, Orhangazi district have been completed and the 'Second International Molecular Plant Protection Congress' was held at the facility on May 15-18, 2023. HEKTAŞ organized an event in collaboration with the Ministry of Agriculture and Forestry and Ankara University, where 81 international scientists from 20 countries across 5 continents participated as guest speakers. The opening lecture of the congress, attended by a total of 600 guests including 300 international participants, was delivered by Craig Mello, an American biology professor who won the Nobel Prize in Medicine in 2006 for his work on RNA interference.

The establishment of a pet food production facility has been completed and production has started in the Manyas district of Balıkesir province.

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**9. Products**

**PLANT PROTECTION PRODUCTS**

Fungicides

Herbicides

Insecticides

Acaricides

Biological Insecticides

Fumigants and Nematicides

Plant Growth Regulators

Winter Control Pesticides and Summer Oils

Molluscicides and Others

**PLANT NUTRITION PRODUCTS**

Foliar Fertilizers

Organominerals

Drip Irrigation

Pure Fertilizers

**SEEDS**

Tomato Seeds

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

**ANIMAL HEALTH PRODUCTS**

Ruminant Products

- Antibacterials
- Vitamins & Minerals
- Feed Additives
- GnRH Analog
- Antiparasitics

Poultry Products

- Antibacterials
- Vitamins & Minerals

Pet Products

**10. Capacity Utilization Rates**

Capacity Utilization Rates in the Second Quarter of 2023

The capacity utilization rate in the second quarter of 2023 at the **Gebze (Plant Protection)** production facility was 102%. 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 second quarter of 2023 at the **Niğde (Plant Protection)** production facility was 60%. 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 second quarter of 2023 was **25%**.

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The capacity utilization rate in the second 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 Quantity

#### *Production Quantities in the Second 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 second quarter of 2023 is **9.831.129 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 second quarter of 2023 is **3.885.065 kg**.

Organomineral fertilizers are produced in the **Adana (Organomineral Fertilizer)** production facility. The total amount of production realized as of the second quarter of 2023 is **12.591.950 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 second quarter of 2023 is **1,291,351** units.

### 12. Developments in Sales

Examination of the Company's sales of the first 6 months indicates an increase in sales revenue at around **18%** compared to 2022.

The Agriculture Industry has continued to be adversely affected during the first six months of the year due to earthquakes, floods, droughts, and seasonal transitions occurring in our country.

In the *Animal Health Business Line*, Pet Food and new animal health investments are rapidly progressing. Participation in congresses, campaign setups, and clinic-based marketing activities carried out according to market dynamics and developments lead to positive responses in the field.

*In the Plant Protection Business Line*, the implementation of appropriate strategies in a high-volatility market environment has resulted in achieving the desired profitability rates. 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. Volatile weather conditions in our country have led to negative seasonal deviations.

*In the Plant Nutrition Business Line*, the impact of global developments continue to be perceived. The decline in global food prices, partial lifting of embargoes on food and food-related product groups for Russia and lifting of export bans by China have resulted in the predominance of supply in terms of supply-demand balance.

In addition to these factors, Europe's effective provision of gas supply has led to significant drops in natural gas prices, falling below pre-war levels.

### 13. Sales (Quantity)

In the second quarter of 2023, the sales quantity of the products pertaining to plant protection and animal health business lines was **47.099.460 kg**, while the sales quantity of products pertaining to the seeds business line was **1.858.001 items**.

It is planned that our company will achieve the targeted sales quantities as of the yearend .

### 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



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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. Prospective Risks**

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.

### **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.

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**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	<a href="mailto:tuba.bektas@hektas.com.tr">tuba.bektas@hektas.com.tr</a>	+90 262 751 14 12
Fusun DÖNERTAŞ	Investor Relations Department Manager		<a href="mailto:fusun.donertas@hektas.com.tr">fusun.donertas@hektas.com.tr</a>	+90 262 751 14 12
<b>Investor Relations E-mail Address</b>			<a href="mailto:investorrelations@hektas.com.tr">investorrelations@hektas.com.tr</a>	

**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 **3.770.000.000** in the first six months.

ISIN CODE	NOMINAL VALUE	MATURITY	DATE OF ISSUANCE	DATE OF REDEMPTION
TRFHEKT42319	100.000.000,00 TL	98	4.01.2023	12.04.2023
TRFHEKT72316	1.100.000.000,00 TL	184	4.01.2023	07.07.2023
TRFHEKT52318	120.000.000,00 TL	90	22.02.2023	23.05.2023
TRFHEKT82315	1.250.000.000,00 TL	177	22.02.2023	18.08.2023
TRFHEKT92314	255.000.000,00 TL	161	10.04.2023	18.09.2023
TRFHEKT72324	305.000.000,00 TL	98	10.04.2023	17.07.2023
TRFHEKT82323	640.000.000,00 TL	92	09.05.2023	09.08.2023

**3.770.000.000,00 TL**

The Company redeemed debt instruments in the amount of TL **1.545.000.000** in the first six months.

ISIN CODE	NOMINAL VALUE	MATURITY	DATE OF ISSUANCE	DATE OF REDEMPTION
TRFHEKT12320	514.000.000.00 TL	98	28.09.2022	4.01.2023
TRFHEKT12312	450.000.000.00 TL	135	5.09.2022	18.01.2023
TRFHEKT22311	100.000.000,00 TL	178	16.08.2022	10.02.2023
TRFHEKT32310	261.000.000.00 TL	177	28.09.2022	24.03.2023
TRFHEKT42319	100.000.000,00 TL	98	4.01.2023	12.04.2023
TRFHEKT52318	120.000.000,00 TL	90	22.02.2023	23.05.2023

**1.545.000.000,00 TL**

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 FERBİS was registered as TL 40.500.000,00.

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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).

**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 amending the article 7 titled "Capital" in our Company's articles of association 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.

**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 KAP 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.

**Capital Increase at Hektas Asia LLC**

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

It was decided to increase the Company's capital from 400.000.000 (668.000 TL) SOM to 115.860.000.000 (193.486,200 TL) SOM, to be sourced from the fund obtained by HEKTAŞ as a result of the paid capital increase registered on 30.11.2022 and the increase was announced to the public with a KAP disclosure.

**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

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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.

Registration of the General Assembly Meeting

The Extraordinary General Assembly Meeting of 2022 which was held on 30.04.2023 was registered on 03.03.2023 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.

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, our Board of Directors took the following decisions on the date of 27.04.2023:

- To establish a second production facility in the field of veterinary medicines under Hektaş Ticaret Türk A.Ş. in Ankara province,
- To plan and budget a total investment amount of 48,000,000.00 USD (Forty-eight Million US Dollars) as a result of feasibility studies,
- To construct the new production facility in compliance with GMP standards and increase the capacity for the products currently being manufactured,
- To have the product portfolio traded through commodity purchase and sales in its own production facilities,
- To develop product portfolios not currently available, thereby ensuring new market growth through different product groups by increasing its effectiveness in both domestic and foreign markets. The decisions were brought to the attention of our stakeholders and disclosed to the public with the KAP disclosure dated 27.04.2022.

Establishment of the Pet Food Production Facility

Continually incorporating new business lines, HEKTAŞ has reached the final stages of its efforts to establish its presence as a producer in the rapidly growing pet food market. Trial productions have been conducted within the "Pet Food" production facility set up on a 40,336 m² area, yielding successful results.

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The conclusion of the process of obtaining all necessary permits for commencing mass production and commencement of production were brought to the attention of our stakeholders and announced to the public through a KAP disclosure.

Tangible Fixed Asset Purchase

As per the decision of our Board of Directors to establish a second production facility in the field of veterinary drugs:

The value determined as a result of the real estate appraisal conducted for the purpose of purchasing land and a factory building located at the addresses Lot 463 Parcel 4 and Lot 463 Parcel 5, Ankara Province, Sincan District, Temelli Maliköy Neighborhood is TL 147,550,000.00; and following discussions, it was decided to authorize the General Directorate to purchase the related immovable property for 141,875,000.00 TL. This decision was brought to the attention of our stakeholders and announced to the public through the KAP disclosure dated 18.05.2022.

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 KAP disclosure dated 23.05.2023.

Notification on Issuance Cap and Debt Instrument Issuance Certificate

Our company's application submitted to the Capital Market Board on 24.05.2023, within the scope of the issuance document for the debt instrument to be issued, up to a nominal value of 1,100,000,000 TL for designated and/or qualified investors without being publicly offered in the country has been approved on 21.06.2023. The developments related to this process have been brought to the attention of our stakeholders and announced to the public through a KAP disclosure

Change of the Legal Person Board of Directors Member Representative

As per the Board Decision taken by our Company's Legal Person Board of Directors Member, OYAK Denizcilik ve Liman İşletmeleri Anonim Şirketi, During the Board of Directors Meeting of our Company held on 01.06.2023, Şansel YILMAZ was appointed in place of the natural person Okan SİVRİ acting on behalf of OYAK Denizcilik ve Liman İşletmeleri Anonim Şirketi, Legal Person Board of Directors of our as of 01.06.2023 and the appointment was brought to the attention of our stakeholders and declared to the public with the KAP disclosure dated 01.06.2023.

New Business Relationship

With respect to our decision on the investment to be made in the field of veterinary medicine production in the Sincan District, Ankara Province;

The "Veterinary medicine product production facility, turnkey installation agreement" was signed between our Company's General Directorate and S\*\*\*E\*\*\*M\*\*\*San. ve Tic. Ltd. Şti on 15.06.2023. In this respect, the receipt of services from the company in return for 39.900.000 USD + VAT was brought to the attention of our stakeholders and disclosed to the public through the KAP disclosure dated 15.06.2023.

**Events Occurring Outside of the Period:**

Debt Instrument Transactions

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

*REDEMPTION*

ISIN CODE	NOMINAL VALUE	MATURITY	DATE OF ISSUANCE	DATE OF REDEMPTION
TRFHEKT72316	1.100.000.000,00 TL	184	4.01.2023	07.07.2023
TRFHEKT72324	305.000.000,00 TL	98	10.04.2023	17.07.2023
TRFHEKT82323	640.000.000,00 TL	92	09.05.2023	09.08.2023

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

**2.045.000.000,00 TL**

Issuance information on the debt instrument to be issued up to a nominal amount of 1.1 billion TL:

*ISSUANCE*

ISIN CODE	NOMINAL VALUE	MATURITY	DATE OF ISSUANCE	DATE OF REDEMPTION
TRFHEKTE2312	250.000.000,00 TL	90	07.07.2023	05.10.2023
TRFHEKT12411	850.000.000,00 TL	182	07.07.2023	05.01.2024
TRFHEKT82414	500.000.000,00 TL	364	09.08.2023	07.08.2024
TRFHEKT22410	1.000.000.000,00 TL	177	09.08.2023	02.02.2024

**2.600.000.000,00 TL**

Change of the Legal Person Board of Directors Member Representative

Since Mr. Musa Levent ORTAKÇIER, Head of OYAK Food, Agriculture and Livestock Sector, who was acting as the representative of our Company's Legal Person Board of Directors Chairman Omsan Lojistik A.Ş., has been appointed as Head of the OYAK Food Sector as of 21.07.2023, he has resigned from his positions at Hektaş and its affiliated companies as of today. Mr. Eren Ziya DİK has been appointed as the Head of OYAK Chemicals and Agriculture Sector, since it was decided to continue the agricultural and livestock activities under the supervision of the OYAK Chemicals and Agriculture Group Directorate. The appointment was brought to the attention of our stakeholders with the KAP disclosure dated 21.07.2023.

Notification on Issuance Cap and Debt Instrument Issuance Certificate

A Board of Directors decision was taken for authorizing our Company's General Directorate on 21.07.2023 within the scope of the issuance document for the debt instrument to be issued, up to a nominal value of 5,000,000,000 TL for designated and/or qualified investors without being publicly offered in the country. The developments related to this process have been brought to the attention of our stakeholders and announced to the public through a KAP disclosure.

The issued document and the application form which will be issued regarding debt instrument with a total amount of up to TRY 1,500,000,000 domestically to private placement or/and qualified investors without offering to public approved by Capital Market Board (CMB). The approvemend was brought to the attention of our stakeholders with the KAP disclosure.

Capital increase

A Board of Directors decision was taken to increase the Company's capital to 476.395.128.000 SOM (USD 41.040.000), to be sourced from the fund obtained by HEKTAŞ from the paid capital increase registered on 30.11.2022. The developments related to this process have been brought to the attention of our stakeholders and announced to the public through a KAP disclosure.

Receipt of Investment Services

The management of Hektaş Asia LLC has been authorized for signing agreements for the receipt of investment services for the plant protection and organomineral Fertilizer production facility within the scope of our ongoing investment in the Republic of Uzbekistan. The developments related to this process have been brought to the attention of our stakeholders and announced to the public through a KAP disclosure.

About Tax Changes

In accordance with the Presidential Decree numbered 7346 published in the Official Gazette dated 07 July 2023, the general VAT rate applied as 18% for taxable general transactions has been increased to 20% and the VAT rate applied for other deliveries and services subject to 8% VAT rate has been increased to 10% to enter into force on 10 July 2023. This matter is considered as an event after the reporting period that does not require an adjustment within the scope of TAS 10 Events after the Reporting Period.

Pursuant to the "Law on the Issuance of Additional Motor Vehicles Tax for the Compensation of Economic Losses Caused by the Earthquakes Occurring on 6/2/2023 and Amendments to Certain Laws and the Decree Law No. 375" published in the Official Gazette dated 15 July 2023; the corporate tax rate of 25% for banks, financial leasing, factoring, financing and savings finance companies, electronic payment and money institutions, authorised foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies has been increased to 30% and the corporate tax rate of 20% for other companies has been increased to 25%. The tax rate change will be effective for the earnings of the companies in 2023 and the following taxation periods