



Pioneer of Smart Agriculture



Board of Directors Activity Report for the Period 01.01.2023 – 30.09.2023

**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**

01/01/2023- 09/30/2023

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	Acidere OSB Mahallesi 5 Ocak Caddesi No:6 Sarıçam / Adana
-FERBİS / Niğde Plant Protection Production Facility	Organize Sanayi Bölgesi Mah. 2 B No'lu Yol Cad. No.6 Bor / Niğde
-ARMA İLAÇ /Ankara Veterinary Medicines Production Facility	Malıköy Başkent O.S.B. Mahallesi, Atatürk Bulvarı, No: 69 P.K. 06909, Sincan/ANKARA
TAX OFFICE / NO	İlyasbey / 4610015898
TRADE REGISTRY DIRECTORATE / NO	Gebze Trade Registry Office / 6535-10921
MERSİS NO	461001589800013
PAID-IN CAPITAL	2.530.000.000 TL
AUTHORIZED CAPITAL CAP	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)	1,400,773,362.20	55.37
Other	1,129,226,637.80	44.63
Sum Total (Paid-in Capital)	2,530,000,000.00	100.00

* With reference to the statement made by OYAK (Turkish Armed Forces Pension Fund) on August 22, 2023 through CRA, OYAK sold 87,346,278 common shares among the shares it holds in Hektaş Ticaret T.A.Ş., which correspond approximately to 3.45% of the paid-up capital of Hektaş, to the current international corporate shareholder, and the sale was completed on August 23, 2023. As a result of the sale, Oyak's shareholding ratio in Hektaş became 55.37%.

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) Kuruş. The authorized capital cap permission granted by the Capital Market Board is valid for the years **2023- 2027** (5 years),

The company's issued capital is in the amount of 2.530.000.000 (two billion five hundred thirty million) Turkish Liras which is wholly paid, comprised of 253.000.000.000 (two hundred fifty three billion) shares, each with a nominal value of 1 (one) Kuruş.

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

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 Pazarlama 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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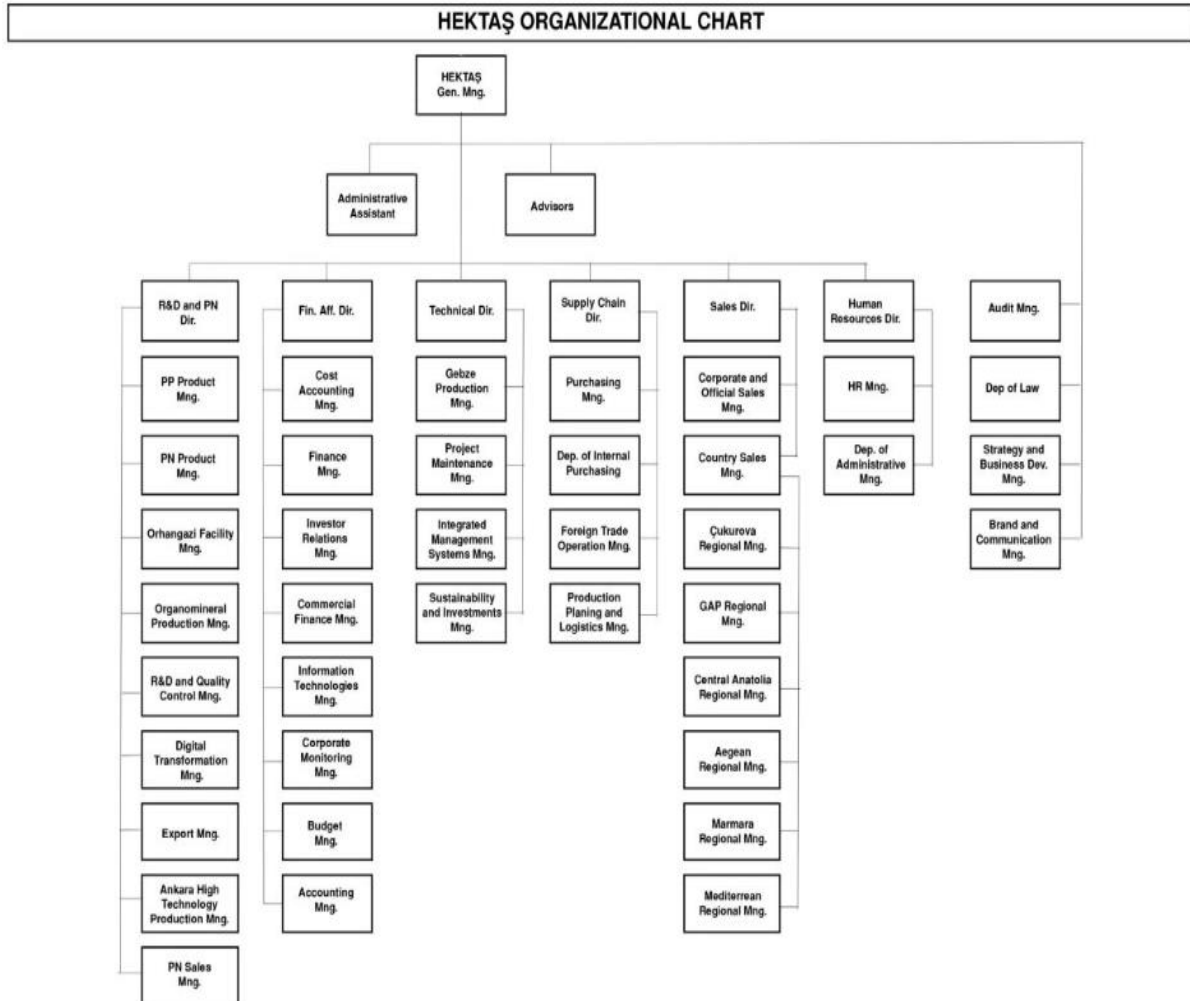
4. Organizational Structure of the Company

HEKTAŞ's organizational chart is as follows as of 2023:

The company's organizational structure changes between 01.01.2023 – 30.09.2023 as follows;

- According to 06.09.2023 dated decision taken by our Board of Directors;
It was decided to
 - abrogate Marketing Directorate and Information Technologies Directorate,
 - work Digital Transformation Management under R-D Directorate,
 - work Corporate Monitoring Management and Budget Management and Information Technologies Management under Financial Affairs Directorate,
 - work Strategy & Business Development Management and Brand & Communication Management under General Manager.
- According to 29.09.2023 dated decisions taken by our Board of Directors;
 - Restructure the R&D Directorate, under the name of R&D and Plant Nutrition Directorate under the General Manager,
 - Establish the Supply Chain Directorate under the General Manager,
 - Establish the Sustainability and Investments Management department under the Technical Affairs Directorate,
 - Abrogate the Strategy & Corporate Monitoring Directorate and the Commercial Marketing Management,
 - Transfer the Animal Health Management under the Research and Development Directorate, to Arma İlaç Sanayi ve Ticaret A.Ş., an affiliate of our Company.
 - Furthermore, Murat Sonay AKARSU, who served as a member of the Sales Directorate in our Company, has resigned from our company as of 29.09.2023.

KAP announcements regarding the organizational structure were made.



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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: Eren Ziya DİK)	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: Volkan ÜNLÜEL)	Vice Chairman of the Board of Directors	07/02/2023	Affiliates Monitoring and Finance Assistant General Manager- OYAK
Oyak Pazarlama Hizmet ve Turizm A.Ş. (The person acting on behalf of the company: Arif ÇETİNKAYA)	Board of Directors Member	06/04/2022	-
Oyak Denizcilik ve Liman İşletmeleri A.Ş. (The person acting on behalf of the company: Şansel YILMAZ)	Board of Directors Member	01/06/2023	-
Akdeniz Chemson Kimya Sanayi ve Ticaret A.Ş. (The person acting on behalf of the company: İrem ATALAY)	Board of Directors Member	07/02/2023	Affiliates Monitoring and Coordination Manager- OYAK
Bülent Şamil YETİŞ	Board of Directors Member (Independent)	31/03/2020	Consultant
Kadri ÖZGÜNEŞ	Board of Directors Member (Independent)	06.04.2022	Faculty Member
Kurtuluş Bedri VAROĞLU	Board of Directors Member (Independent)	03/04/2023	Attorney

Changes Applied in the Board of Directors within the Period

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.

The changes applied among the Board Members of our Company between 01.01.2023 – 30.09.2023 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 ORTAÇIER 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.

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.

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Board of Directors Committees and Committee Members

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

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

Committees as of the Reporting Period:

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

Executive Management;

Senior Management	Duty	Position Starting Date*	School of Education
Selami YILDIZ (1)	General Manager	11.09.2023	Atatürk University – Engineering Faculty – Agricultural Engineer (Undergraduate)
Enis Emre TERZİ	Finance Director	01.09.2022	İstanbul University Faculty of Business Administration (Undergraduate)
Celal MADAZLI	Technical Director	12.06.2020	Hacettepe University - Business Administration (Undergraduate)
Mehmet DERİN	R&D and Plant Nutrition Directorate	17.11.2021	Çukurova University – Engineering Faculty – Agricultural Engineer (Undergraduate)
(2)	Sales Director		
Emrah ÖZDEMİR (3)	Supply Chain Director	11.10.2023	İstanbul University- Engineering Faculty – Chemical Engineer (Undergraduate) Gebze YTÜ – Business Administration (Master's Degree)
Tendü ARSAN (4)	Human Resources Director	26.10.2023	Marmara Üniversitesi – LEIR (Undergraduate & Master's Degree)

* 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.

* NOT (1) Due to the appointment of our Company's General Manager, Mr. Hakkı Zafer TERZİOĞLU, as the General Manager of our Company's subsidiary of Arma İlaç Sanayi ve Ticaret A.Ş., Mr. Selami YILDIZ who has been working as a General Manager at Ferbis Tarım Ticaret ve Sanayi A.Ş., our Company's subsidiary, was appointed to the Hektaş General Manager vacant position as of September 11, 2023.

* NOT (2) Murat Sonay AKARSU, who served as a member of the Sales Directorate in our Company, has resigned from our company as of 29.09.2023.

* NOT (3) I was decided to Establish the Supply Chain Directorate under the General Manager and as of the date of 11.10.2023, Mr. Emrah ÖZDEMİR has been appointed to the Supply Chain Directorate position under the General Management in our Company.

* NOT (4) Tendü ARSAN was appointed as of 26.10.2023, replacing Çiğdem KARAKUŞ, who was working in the Human Resources Directorate.

KAP announcements regarding the appointments were made.

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6. Changes Applied in the Senior Management within the Period

Senior Management changes occurred within the period are as follows.

- Marketing Directorate was abrogate as of the date of 06.09.2023.
- Technologies Directorate was abrogated as of the date of 06.09.2023
- Due to the appointment of our Company's General Manager, Mr. Hakkı Zafer TERZİOĞLU, as the General Manager of our Company's subsidiary of Arma İlaç Sanayi ve Ticaret A.Ş., Mr. Selami YILDIZ who has been working as a General Manager at Ferbis Tarım Ticaret ve Sanayi A.Ş., our Company's subsidiary, was appointed to the Hektaş General Manager vacant position as of September 11, 2023.
- Murat Sonay AKARSU, who served as a member of the Sales Directorate in our Company, has resigned from our company as of 29.09.2023.
- Supply Chain Directorate was established as of the date of 29.09.2023
- Strategy & Corporate Monitoring Directorate was abrogate as of the date of 29.09.2023.

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 nine months of 2023.

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

As of 30.09.2023, the number of employees of our company is **829, 308** of them being blue-collar and **521** 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 **62.012.342,10**.

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 - September 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 TÜRK A.Ş.'s articles of association is as follows:

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HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ ARTICLES OF ASSOCIATION AMENDMENT TEXT	
CURRENT VERSION	NEW VERSION
<p>CAPITAL</p> <p>ARTICLE 7</p> <p>The Company adopted the authorized capital system as per the provisions of the Capital Market Law (CML) and started to implement this system based on the permission dated 13.10.1988 no. 547 of the Capital Market Board.</p> <p>The authorized capital cap of the Company is TL 3.000.000.000 and is divided into 300.000.000.000 shares, each with a nominal value of 1 (one) Kurus. The authorized capital cap permission granted by the Capital Market Board is valid for the years 2022- 2026 (5 years). Even if the authorized capital cap which is permitted cannot be reached at the end of 2026, in order for the board of directors to take a capital increase decision after 2026, authorization must be obtained for a new period not exceeding 5 years from the general assembly, by obtaining permission from the Capital Market Board for the cap previously permitted or a new cap amount. If the aforementioned authorization cannot be obtained, capital increase cannot be applied with a board of directors decision.</p> <p>The company's issued capital is in the amount of 2.530.000.000 (two billion five hundred thirty million) Turkish Liras which is wholly paid, comprised of 253.000.000.000 (two hundred 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>The Board of Directors is authorized to issue shares exceeding the nominal value or restrict the shareholders' rights to acquire new shares, provided that the provisions of the Turkish Commercial Law and Capital Market Law are not violated. The authority to restrict new share acquisition cannot be exercised by creating inequality among shareholders.</p> <p>The shares representing the capital are recognized in dematerialized form, within the framework of the principles on dematerialization. Each share grants 1 voting right</p>	<p>CAPITAL</p> <p>ARTICLE 7</p> <p>The Company adopted the authorized capital system as per the provisions of the Capital Market Law (CML) and started to implement this system based on the permission dated 13.10.1988 no. 547 of the Capital Market Board.</p> <p>The authorized capital cap of the Company is TL 8.500.000.000 and is divided into 850.000.000.000 shares, each with a nominal value of 1 (one) Kurus. The authorized capital cap permission granted by the Capital Market Board is valid for the years 2023-2027 (5 years). Even if the authorized capital cap which is permitted cannot be reached at the end of 2027, in order for the board of directors to take a capital increase decision after 2027, authorization must be obtained for a new period not exceeding 5 years from the general assembly, by obtaining permission from the Capital Market Board for the cap previously permitted or a new cap amount. If the aforementioned authorization cannot be obtained, capital increase cannot be applied with a board of directors decision.</p> <p>The company's issued capital is in the amount of 2.530.000.000 (two billion five hundred thirty million) Turkish Liras which is wholly paid, comprised of 253.000.000.000 (two hundred fifty three billion) shares, each with a nominal value of 1 (one) Kurus.</p> <p>The Board of Directors is authorized to increase the issued capital by issuing registered or bearer shares up to the authorized capital cap and to take decisions on the restriction of shareholders' right to acquire new shares and issuance of premium shares or shares lower than their nominal value at times when deemed necessary in accordance with the provisions of the Capital Market Law, between 2023-2027. The authority to restrict new share acquisition cannot be exercised by creating inequality among shareholders.</p> <p>The shares representing the capital are recognized in dematerialized form, within the framework of the principles on dematerialization.</p> <p>Each share grants 1 voting right.</p>

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

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

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

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

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

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

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

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

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

- 1 of the 57 projects carried forward in the 3rd quarter of 2023 was completed.
- Licenses were obtained on behalf of Hektaş for 4 new formulations, for which R&D studies in the field of plant protection were completed. As project outputs, 4 products were commercialized and added in the portfolio.
- 2023 Summary: In the first 9 months of 2023, a total of 17 licenses were obtained, and 14 products were commercialized and added to the portfolio. 3 new cultivars of wheat were registered.

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

Biotechnology and Tissue Culture

- "Speed Breeding System" is routinely used at Areo Tohumculuk to develop new cultivar candidates in a shorter time. In parallel, plant materials resistant to yellow rust continue to be purified with tissue culture method using molecular DNA analyses. 14 cultivar candidates of durum wheat and 7 cultivar candidates of yellow rust-resistant bread wheat were advanced in level by speed breeding method and then, they were and harvested.
- 21 bread and winter wheat genotypes (11 Yr15/5-sensitive and 10 Yr15/5-resistant) were vernalized for 1 month and then planted in pots. Crossbreeding studies will be started in the speed breeding room by ensuring that they enter the generative cycle as soon as possible.
- In order to increase the success of the plant tissue culture (anther culture) studies on bread wheat, different nutrient environments were tried. In addition to the method used to obtain pure plants through anther culture in bread wheat, trials were made with 3 different culture environments to increase success. Accordingly, a genotype known to respond well to the anther culture method is used in wheat. Successful environments were identified within the scope of the study, and it was planned to use these environments in future studies.
- Colchicine application studies are ongoing to double (to double haploid) the chromosomes of plants obtained from successful wheat-anther culture environments.
- For pepper, in genotypes that were determined to have low response in previous seasons, dual-phase shed microspore culture is tried in addition to the routine protocol. For cucumber, as a result of trying 10 different environments in Beith-Alpha and silor types, it was determined that 3 environments were successful, and they are planned to be used routinely in the next season. No response was received from 10 different environments for the gherkin type. In the new season, a more comprehensive study will be carried out by expanding the population. In addition, although a relatively lower success rate was achieved in the Shed microspore culture environment compared to the other environments, it is promising that there is a response in some stubborn genotypes that do not respond to routine protocols.
- It was aimed to determine plants resistant to Orobanche parasitic weed in sunflower by using the "Marker-assisted Selection" method. Accordingly, analyses were carried out for the Or7 locus, which is resistant against the Orobanche parasitic weed in sunflower, and a total of 911 genotypes were analyzed with RT-PCR (real-time PCR). In wheat,

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124 genotypes were analyzed with RT-PCR (real-time PCR) for two different gene regions (Yr5, Yr15) related to yellow rust resistance.

- Studies on the development of non-transgenic herbicide resistant cotton have been started. 11 different cultivars have been determined as study materials in order to develop cotton cultivars 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 order to ensure the transformation of the designed vector into cotton genotypes and subsequent regeneration, 9 different protocols were determined by reviewing the literature.
- It was aimed to perform clonal breeding from 2 different Ottoman strawberry genotypes coming from the Orhangazi facility in August. Accordingly, optimization of 2 different tillering environments continues. As a result of preliminary studies, it was observed that the environment called "Tillering-2" responded better.

Vegetable Group

The hybrid candidates that came to the fore as a result of the cultivar scores in our Orhangazi and Gaziler trials in the 2023 Spring season are observed again in our Gaziler location and Orhangazi facility within the scope of adaptation trials. In this process, the adaptation trial is evaluated by the technical team (P&D, Breeding), leading farmers, and dealers.

Tomato product group in 2023 Fall season

- In our Orhangazi facility, since the dominant part of the region has soilless agriculture, our cocktail and truss hybrid candidates that can mainly appeal to soilless production are evaluated. In Antalya/Gaziler region, studies on single and beef fruit types are carried out.
- In the fall of 2023, apart from the adaptation trials, different types of micro trials were made in the regions around Antalya (Fethiye, Demre, Kumluca, Serik), and the first observations were made.
- In order to launch new cultivar candidates in the tomato product group in the coming years, the materials in our genetic pool were planted in our Antalya Technocity land within the scope of breeding activities. R&D studies are continued by breeders of genetic materials.

Pepper product group in 2023 Fall season

- Regional and season-based trial plans were created for the hybrid cultivar candidates that came to the fore as a result of the trials made in Konya and Elmalı regions in the previous season. Accordingly, trials of cultivar candidates that could adapt to the greenhouse conditions of the fall season were made in Kumluca, Demre, and Serik regions of Antalya, and the first observations were made.
- In order to launch new cultivar candidates in the coming years, the materials in our genetic pool were planted in our Antalya Technocity land within the scope of breeding activities. R&D studies are continued by breeders of genetic materials.
- In the pepper product group, micro-production is carried out in return for the request for the seeds of the candidate cultivars that came to the fore as a result of the trials carried out in Konya and Elmalı, Manisa, and Lebanon locations.

Cucumber product group in 2023 Fall season

- Our Antalya-Teknocity facility produces our Çoban F1 cucumber cultivar and the cultivar candidates that were previously tried and came to the fore.
- In cucumber, hybridization studies were completed in the 2023 spring season, and 580 cucumber hybrid cultivar candidates were planted in our Antalya-Teknocity land, where the first observations will be made by the breeder.

Vegetable seed production part in 2023 fall season

- Promotional activities and production of seeds for sale were completed for the cultivars registered in 2022-2023. The tomato and pepper cultivars, which are planned to be registered in 2024, were planted in our Antalya-Technocity / Bursa Organgazi facilities, so as to be produced at macro level. Hybridization studies will be started.

Vegetable P&D

- Promotional and launch activities are planned for our D50 pink and D70 single red tomato hybrid cultivar candidates in 2024.
- In the 2023 Fall season, open field and greenhouse production quantities of the vegetable group for 2024 sales were provided to the seed production department.

Registered and demo cultivars

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- Our tomato (single red-single pink) cultivar candidates were tried in the Antalya Aksu-Konaklı-Kumluca region. Their observations are ongoing.
- Our pepper (California Wonder-Apex F1) hybrid cultivar was planted in Antalya Yurtpınar region for promotional activities. Their observations are ongoing.
- For cucumber, regional adaptation trial of our Çoban F1 hybrid cultivar was made in Antalya- Güzelbağ location. Their observations are ongoing.

Adaptation trials of jalapeño 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. Their trial observations are ongoing.

Our cultivars (AFD-2221 and AFD-2222) were planted in 18 different locations as industrial tomatoes and sun-dried ones, and plantings on 1 decare each were carried out in large areas. Observations were made following planting. Expansion efforts continue in Merkez, Akhisar, Salihli, and Turgutlu regions. (6 sun-dried and 13 industrial)

Greenhouse Vegetable Activities

The adaptation studies of the bell, pointed, and three-nose 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 were registered or which received appreciation last year, were completed. Production amounts were decided as a result of observations.

Adaptation studies involving D-70 (with Dohkho F1 and Embajador F1 rootstock), D-59 and D-71 cultivars were completed in Korkuteli, Antalya, for which the first trial and the second large-scale trials were completed successfully. Production amounts were decided as a result of observations.

Corn Group

- For the 2023-2024 winter season, outdoor materials and inducer lines with new genotypes were planted under greenhouse conditions in Antalya/Aksu Yeşilkaraman quarter. Inbreeding and hybridization studies are ongoing during the plant breeding and inflorescence process.
- In the Adana Region, 70 latish yield trials and 23 latish TTSM yield trials will be harvested in October, and the observations and yield values will be analyzed for variance.
- Observations will be made for 13 silage TTSM yield trials and 19 latish TTSM yield trials in the Aydın region, and harvest will be carried out in October. Yield results have been recorded, statistical and variance analyses are ongoing.
- In Şanlıurfa Akçakale district, as the southeastern 1st Region, controls and observations were made in the TTSM corn yield trial of 21 cultivars of grain and 16 cultivars of silage. As a result of the observations made, the silage trial was canceled, and harvest maturity is awaited for grain.
- In Şanlıurfa Harran district, as the southeastern 2nd Region, controls and observations were made in the TTSM yield trial of 21 cultivars of grain and 16 cultivars of silage. As a result of the observations made, the silage trial was canceled, and harvest maturity is awaited for grain.
- In Konya Çeltik district, as the Central Anatolia 1st Region, trials were made for 13 grain cultivars and 13 silage TTSM cultivars. As a result of the controls and observations made, silage and grain corn yield trials will be harvested in October, and the yield results were shared in the shared folder. Statistical evaluation will be made and shared.
- In Konya Kulu district, as the Central Anatolia 2nd Region, yield trials were made for 13 grain cultivars and 13 silage TTSM cultivars. As a result of the controls and observations made, silage was harvested, and the grain corn trial was cancelled. Harvest yield values are shared in the shared folder. Statistical evaluation will be made and shared.
- In Sakarya region, yield trials were made for 30 grain cultivars and 18 silage TTSM cultivars, 21 grain 2nd product TTSM were made, 172 mid-latish yield observation garden and 62 cultivars latish yield observation gardens were tried, and the cultivation processes are ongoing.
 - Sakarya silage corn yield trial was harvested, and the yield values were shared in the shared folder. Statistical evaluation will be made and shared again.
 - Observation garden yield trials were made for 9 and 33 materials with different genotypes obtained from different sources as a result of new material research. Plant cultivation and observations are ongoing.
- At the R&D Breeding station of Sakarya province Arifiye district, inbreeding and hybridization studies were carried out in the following parcels:
 - Seed Propagation Garden
 - Hybrid Garden

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

Controls were made during the plant development period, and necessary observations were made. Harvest maturity is monitored for harvesting.

Sunflower Group

- 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, observations (inflorescence, seminification, etc.) were made, and harvesting was performed. Yield and oil results are evaluated.
- In the sunflower breeding field, pollination, inbreeding and generation skipping processes were completed, and harvesting and threshing operations were carried out.

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.
- The seeds shipped from the regional warehouses were planted and the harvest of Volkan and Selçuk Bey cultivars, which reached harvest maturity, started. Results above the regional average were obtained with a yield of 625 kilograms per decare from the Volkan cultivar which was first harvested in Aydın Söke.
- Harvested products began to be stored for processing in contracted ginning factories. Harvests are ongoing.
- The pesticides of the productions in Şanlıurfa province were applied, and the harvest is awaited.
- In the 30-decare area where we carry out R&D activities, CYT observations were made, selections were made in production parcels, and promising single plant selections were made. Field defoliants were applied, and harvesting will begin shortly.
- In the other locations, namely Denizli, Diyarbakır, and Şanlıurfa provinces, the observations of the CYT trials were made, the pesticides were applied, and it is planned to harvest them in a short time.

Wheat Group

- The harvesting process of the chickpea trials planted in April in Ankara/Haymana and Konya/Kulu locations was completed. In line with post-harvest yield, quality, and disease observations, 2 cultivars were determined to be candidates for registration.
- Harvesting of bread wheat, durum wheat, and barley yield trials in Şanlıurfa, Adana, Ankara, Konya, and Edirne locations was completed. Following harvest, cultivars that could be candidates for registration were determined in line with yield and quality analyses. The identified cultivars will be put into trials in the 2023-2024 season to be observed and evaluated again.
- Seed cleaning, sifting, and pesticide processes were carried out on all materials harvested in the research field located in Haymana location. The determined materials were packaged to be planted in the 2023-2024 season.
- As a result of the post-harvest yield, quality, and observation parameters of the materials coming from CIMMYT, ICARDA, and IWWIP, the genotypes to be tried were selected and prepared for planting in the 2023-2024 season. Single plants from Gazi38, Süngü, Kahraman, Ulubaş, Arslanbey, Kemal, and Saripaşa cultivars, which were planted as single ears, were selected and harvested individually. The selected plants were prepared for single-row planting. They will be planted for breeding seed production in the 2023-2024 season.

During the first 9 months of 2023 in Hektaş Agricultural Innovation Training and Experience Center:

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 2690 producers/stakeholders have been hosted as of September 30, 2023.

During the first 9 months of 2023 in Ankara Advances Technology Center:

Microbiology and Genetics

- Obtaining, purifying and activity measurement of microbiologically based enzymes for use in industrial areas;
- Obtaining herbal amino acids;
- Isolation and testing of microorganisms to be used to obtain microbial protective agents for use in products produced in industrial areas such as food and agriculture;

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- Optimization studies in obtaining and purifying secondary metabolites (antibiotics, insecticides, growth hormones) to be obtained from microbial species;
- Selection, development and optimization studies of necessary microorganisms for starter cultures commonly used in food technology;
- Renewal and control of stocks of existing bacterial species in stock;
- Isolating and purifying bacteria from different sample sources;
- Genetic characterization studies of isolated bacteria; and
- Isolation and purification of toxic proteins with microbiology-based insecticide properties were carried out.

Fermentation

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

Chemistry

- Design of necessary equipment for industrial production planning of formula development of Agrifor, Tradite, and Natsu Series; Accordingly, the development of 6 different liquid fertilizer formulations (Nitrogen-containing, Zinc-Phosphorus-containing, Potassium-containing, Zinc-Boron containing, Calcium-Boron-Nitrogen-containing, Rooting Agent) and their trials for industrial production;
- Conducting trials for the industrial production of Natsu Ca with existing Ca (NO₃)₂·4H₂O;
- Studying the formulations required for Fe-EDDHA synthesis and initiating pilot trials;
- Conducting studies on biostimulant formula development and recycling of waste generated during its production;
- Conducting laboratory studies to produce nanosize plant micronutrients; and
- Developing and operating analytical, spectrometric, chromatographic, gravimetric, and volumetric analysis methods for all studies carried out in the laboratory were carried out.

Progress was made in these fields and our R&D studies are ongoing.

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

1. Investments Activities

Investments amounting to TL **1,970,669,486** were made in the first nine months of 2023.

2. Internal Control System and Internal Audit Activities

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

3. Explanations Regarding Private Auditing and Public Auditing

The activities of the Company are regularly and periodically audited by the Independent External Auditor and Auditors designed by the General Assembly. For 2023, the independent audit activities are carried out by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (A Member Firm of Deloitte Touche Tohmatsu Limited).

4. Legal Issues

a) Lawsuits

There are no ongoing material lawsuits filed against our Company. Provisions for Lawsuits were set aside for TL 2,641,440 as of 30.09.2023

b) Administrative-Judicial Sanctions

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

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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,
- 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

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6. Donations Made and Social Responsibility Projects

The Company made donations in the amount of TL **51.670.377,70** in the nine 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 30.09.2023 have not been audited, while the financial statements (consolidated) of 31.12.2022 have been independently audited.

Summarized Balance Sheet (TL)

(TL)	30.09.2023	31.12.2022
Current Assets	13.599.144.155	8.986.751.110
Non-Current Assets	5.758.217.015	3.238.869.525
Total Assets	19.357.361.170	12.225.620.635
Short-term Liabilities	14.370.834.848	8.364.037.606
Long-term Liabilities	1.371.347.628	372.875.522
Equity	3.615.178.694	3.488.707.507
Total Liabilities	19.357.361.170	12.225.620.635

Summarized Income Statement (TL)

(TL)	30.09.2023	30.09.2022
Revenue	4.079.316.902	4.060.633.576
Operating Profit/Loss	324.070.073	1.199.018.922
Gross Profit/Loss	1.339.055.270	1.688.818.806
Profit/Loss of the Period	64.131.226	606.445.182

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	30.09.2023	30.09.2022
Gross Profit Margin	32,83%	41,59%
Operating Profit Margin	7,94%	29,53%
Net Profit Margin	1,57%	14,93%
EBITDA Margin	11,40%	31,19%

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

3. Financial Power

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

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

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

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Quality and Amount of the Issued Capital Market Instruments

Information about the debt instruments issued in the first 9 months is as follows.

The Company has been **TL 6.370.000.000,00 debt** instrument issued in the first 9 months.

ISIN CODE	NOMINAL VALUE	MATURITY	DATE OF ISSUANCE	DATE OF REDEMPTION
TRFHEKT42319	100.000.000,00 TL	98	04.01.2023	12.04.2023
TRFHEKT72316	1.100.000.000,00 TL	184	04.01.2023	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
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

6.370.000.000,00 TL

The Company has been **TL 5.095.000.000**debt instrument redeempt in the first 9 months.

ISIN CODE	NOMINAL VALUE	MATURITY	DATE OF ISSUANCE	DATE OF REDEMPTION
TRFHEKT12320	514.000.000,00 TL	98	28.09.2022	04.01.2023
TRFHEKT12312	450.000.000,00 TL	135	05.09.2022	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	04.01.2023	12.04.2023
TRFHEKT52318	120.000.000,00 TL	90	22.02.2023	23.05.2023
TRFHEKT72316	1.100.000.000,00 TL	184	04.01.2023	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
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

5.095.000.000,00 TL

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."

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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:

Agricultural products producer price index (Agriculture-PPI) increased annually by 71.96% and monthly by 4.47% as of September 2023.

According to TURKSTAT data, Agriculture – PPI (2015=100) increased by 4.47% in September 2023 compared to the previous month, while increasing by 46.58% compared to December in the previous year, by 71.96% compared to the same month in the previous year, and by 91.66% compared to 12-month averages.

In the sectors, compared to the previous month, there was a 1.23% decrease in fish and other fishing products, a 4.50% increase in agricultural and hunting products and related services, and an 8.54% increase in forestry products and related services. In the main groups, there was an increase of 3.28% in one-year plant products, an increase of 4.74 in perennial plant products, and an increase of 6.10% in live animals and animal products, compared to the previous month.

The subgroups with a low rate of annual increase were cereals (except rice), legumes, and oil seeds with 26.19%, and paddy with 50.65%, respectively. On the other hand, the subgroups with high annual increase were grapes with 154.83%, and pome fruits and stone fruits with 146.92%, respectively. The only subgroup that showed a decrease compared to the same month of the previous year was fibrous plants with 5.93%.

The subgroups with a low rate of increase compared to the previous month were cereals (except rice), legumes, and oilseeds with 1.80%, and sheep, goats, livestock, and their raw milk and fleece wool with 2.86%. The subgroups with a high rate of monthly increase were oily fruits with 31.62% and other tree and bush fruits and nuts with 24.05%.

Growth in agriculture:

Gross Domestic Product (GDP) increased by 3.8% in the second quarter of 2023.

According to TURKSTAT data, the first estimated GDP for the second quarter of 2023 increased by 3.8% compared to the same quarter of the previous year as chained volume index.

Other service activities increased by 6.6% in the second quarter of 2023.

In terms of the activities that make up the Gross Domestic Product (GDP), other service activities increased by 6.6%, services by 6.4%, construction by 6.2%, public administration, education, human health, and social service activities by 5.1%, finance and insurance activities by 4.9%, real estate activities by 3.2%, information and communication activities by 1.3%, and agricultural sector by 1.2%, as chained indexed volume compared to the previous year in the second quarter of 2023. On the other hand, industry decreased by 2.6%, and professional, administrative and support service activities decreased by 1.2%.

Exports of Agricultural Products:

Turkey's exports in September increased by 0.3 percent compared to the same period last year, reaching 22.7 billion USD. In the 9 months between January and September, USD 187.5 billion of exports were realized.

According to the figures in the Foreign Trade Data Bulletin published by the Ministry of Trade, the share of exports by sectors in September was 93.2% (USD 21 billion 128 million) for manufacturing industry, 4.7% (USD 1 billion 65 million) for agriculture, forestry, and fishing sector, and 1.6% (USD 362 million) for mining and quarrying sector, respectively.

The countries to which Turkey exported the most in September were Germany (USD 1 billion 913 million), the USA (USD 1 billion 201 million), and Iraq (USD 1 billion 197 million).

Supports:

The decision regarding the agricultural supports to be MADE in 2023 and the support for certified seed use to be implemented in 2024 was published in the Official Gazette.

The agricultural support budget was increased from TRY 63.4 billion to TRY 91.55 billion.

The Presidential Decree for Support 2023 dated 14.09.2023 and numbered 7613 regarding biological and biotechnical control and quarantine support came into force after being published in the Official Gazette dated 15/09/2023 and numbered 32310.

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Within the scope of agricultural support payments to farmers in July, the Ministry of Agriculture and Forestry made investment support payments of TRY 237 million 819 thousand and TRY 41 million 946 thousand. In addition, rural development investment support payments of TRY 78 million 825 thousand were made to farmers.

It was announced by the Ministry of Agriculture and Forestry in July that TRY 734 million 146 thousand of beet maintenance advance payments were made to beet producers. Irrigation advance payment amounting to TRY 729 million 714 thousand was also made to beet producers.

Support payments of TRY 163 million 104 thousand, TRY 300 million 778 thousand, and TRY 19 million 941 thousand were made to farmers by the Ministry of Agriculture and Forestry in August.

During September, support payments of TRY 1 billion 484 million 15 thousand, TRY 1 billion 67 million 297 thousand, TRY 1 billion 67 million 297 thousand, and TRY 1 billion 557 million 77 thousand were made to farmers by the Ministry of Agriculture and Forestry.

It was announced that the grant support for IPARD projects in Kahramanmaraş, Hatay, and Malatya would be increased to TRY 710 million.

Within the scope of the "Expert Hands Project" of the Ministry of Agriculture and Forestry, which aims to attract young entrepreneurs who are educated in fields such as agriculture, livestock, forestry, food, and aquaculture to the rural areas, an additional budget of TRY 75 million was given to the provinces affected by the earthquakes centered in Kahramanmaraş on February 6.

Developments in Agriculture:

- With the Enabling the Use of Agricultural Lands (TAKE) Project carried out by the General Directorate of Crop Production under the Ministry of Agriculture and Forestry, planting and grafting activities were carried out in an area of 1.1 million decares with a budget of TRY 310 million in the spring of 2023. Project activities continue with autumn plantings.
- It was announced by the Ministry of Agriculture and Forestry that a new project was launched to protect biodiversity in seas and inland waters. Within the scope of the project, it is planned to create a red list of freshwater and marine fish, their biological characteristics, and habitats, and to implement the necessary measures.
- It was announced that a calendar was created by the Ministry for agricultural production planning studies. A series of meetings will be held in the regions within the framework of this calendar. It is expected that the "Regulation on Agricultural Production Planning" will be issued following the meetings where the opinions of relevant public institutions, private sector, non-governmental organizations operating in the agricultural sector, professional unions and chambers, associations, and universities will be taken.
- Within the scope of the "National Water Efficiency Mobilization" carried out by the Ministry of Agriculture and Forestry, an official letter was sent to all ministries, and a call was made to establish water efficiency departments.
- It was announced that an all-time grain production record was broken with 392 thousand tons of crop production in enterprises affiliated with the General Directorate of Agricultural Enterprises (TİGEM).
- It was announced that approximately TRY 44.3 billion of grant support was provided within the scope of EU-Contributed Rural Development Support (IPARD) and TRY 98 billion of investment was implemented so far by the Ministry of Agriculture and Forestry.
- The 13th call for applications was announced within the scope of the IPARD II Program carried out by the Ministry of Agriculture and Forestry with co-financing of the European Union. It was announced that a total of 20 million Euros of grant support would be provided for the projects, with a range of 50 to 80 percent.

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 9 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 HEKTAŞ "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.

An agreement was reached with an accredited consultancy firm for the Environmental Impact Assessment (EIA) report, for which a positive opinion was required in the first stage, in the process of moving the Gebze production facility to the Agricultural Innovation Training and Experience Center F.A.R.M. located in Orhangazi district of Bursa province, and the process was actually started.

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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 Third Quarter of 2023

The capacity utilization rate in the third quarter of 2023 at the **Gebze (Plant Protection)** production facility was **103%**. 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 third quarter of 2023 at the **Niğde (Plant Protection)** production facility was **57%**. For the year 2023, an annual capacity increase of **7,735 tons** was realized at the FERBİS Niğde Production facility.

In the **Adana (Organomineral Fertilizer)** production facility, the capacity utilization rate in the third quarter of 2023 was **29%**.

The capacity utilization rate in the third quarter of 2023 at the Ankara (**Veterinary Medical Products**) production facility was **15%**. For the year 2023, an annual capacity increase of **1,500,276 units** was realized at the ARMA Ankara Production facility.

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11. Production Quantity*Production Quantities in the Third 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 third quarter of 2023 is **14.917.255 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 third quarter of 2023 is **5.509.573 kg.**

Organomineral fertilizers are produced in the **Adana (Organomineral Fertilizer)** production facility. The total amount of production realized as of the third quarter of 2023 is **21.397.250 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 third quarter of 2023 is **1.339.916 units.**

12. Developments in Sales

In addition to the earthquake disaster that occurred in our country, the agricultural sector continued to be negatively affected in the first 9 months of the year due to the drought and seasonal transitions.

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. The negative effects experienced in the Animal Health business line due to natural disasters and diseases (foot-and-mouth disease, bird flu, etc.) occurred in our country caused many companies to decide to downsize. On the other hand, despite all the problems experienced in the sector, Hektaş increased its turnover in the domestic and international markets compared to the same period of the previous year.

In the Plant Protection Business Line, the implementation of appropriate strategies in a high-volatility market environment resulted in achieving the desired profitability rates. Increases in loan interest rates had a serious negative impact on the market. The transfer of products from the earthquake zone to other regions is noteworthy. Actions were taken by creating campaigns and marketing strategies against market conditions.

In the Plant Nutrition Business Line, prices of nitrogenous products, especially products containing urea and nitrate, increased in September of the 3rd quarter of the year. Russia's additional export taxes, Chinese export restrictions, and Indian tenders can be cited as reasons for this. Likewise, towards the end of the 3rd quarter, there were increases in phosphorus fertilizer prices, and the main reasons for this can be cited as the uncertainty caused by the earthquake disaster in Morocco, India's demands, and Chinese export restrictions. On the other hand, prices of products containing potassium decreased due to weakness in global demand.

13. Sales (Quantity)

In the third quarter of 2023, the sales quantity of the products pertaining to plant protection and animal health business lines was **72.297.996 kg**, while the sales quantity of products pertaining to the seeds business line was **2.227.557 items.**

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

14. Incentives

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

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

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

2. 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.

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

- *Hektaş General Directorate and PPP Production Facility (GEBZE)*
- *Hektaş OMG Production Facility (ADANA)*
- *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 30.09.2023.

6. Information to Stakeholders

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

NAME SURNAME	DUTY	LICENSE	E-MAIL	TELEPHONE
Tuba BEKTAŞ	Investor Relations Department Manager	CMB Level 3 License, Corporate Governance Rating License, Derivative Instruments License, Credit Rating License	yatirimciiliskileri@hektas.com.tr investorrelations@hektas.com.tr	+90 262 888 19 56
Fusun DÖNERTAŞ	Investor Relations Department Manager		yatirimciiliskileri@hektas.com.tr investorrelations@hektas.com.tr	+90 262 888 19 56

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Events Occurring within the Period:

Information about the debt instruments issued in the first 9 months is as follows.

The Company has been **TL 6.370.000.000,00 debt** instrument issued in the first 9 months.

ISIN CODE	NOMINAL VALUE	MATURITY	DATE OF ISSUANCE	DATE OF REDEMPTION
TRFHEKT42319	100.000.000,00 TL	98	04.01.2023	12.04.2023
TRFHEKT72316	1.100.000.000,00 TL	184	04.01.2023	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
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

6.370.000.000,00 TL

The Company has been **TL 5.095.000.000** debt instrument redeemed in the first 9 months.

ISIN CODE	NOMINAL VALUE	MATURITY	DATE OF ISSUANCE	DATE OF REDEMPTION
TRFHEKT12320	514.000.000,00 TL	98	28.09.2022	04.01.2023
TRFHEKT12312	450.000.000,00 TL	135	05.09.2022	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	04.01.2023	12.04.2023
TRFHEKT52318	120.000.000,00 TL	90	22.02.2023	23.05.2023
TRFHEKT72316	1.100.000.000,00 TL	184	04.01.2023	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
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

5.095.000.000,00 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 FERBIS was registered as TL 40.500.000,00.

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

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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

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;

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-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.

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:

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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.

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.

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.

Since Mr. Musa Levent ORTAĞÇIER, 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.

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.

Subsidiary of the Company 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.

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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

Company's Organisation Changes About

- According to 06.09.2023 dated decision taken by our Board of Directors;

It was decided to

- abrogate Marketing Directorate and Information Technologies Directorate,
 - work Digital Transformation Management under R-D Directorate,
 - work Corporate Monitoring Management and Budget Management and Information Technologies Management under Financial Affairs Directorate,
 - work Strategy & Business Development Management and Brand & Communication Management under General Manager.
- According to 29.09.2023 dated decisions taken by our Board of Directors;
 - Restructure the R&D Directorate, under the name of R&D and Plant Nutrition Directorate under the General Manager,
 - Establish the Supply Chain Directorate under the General Manager,
 - Establish the Sustainability and Investments Management department under the Technical Affairs Directorate,
 - Abrogate the Strategy & Corporate Monitoring Directorate and the Commercial Marketing Management,
 - Transfer the Animal Health Management under the Research and Development Directorate, to Arma İlaç Sanayi ve Ticaret A.Ş., an affiliate of our Company.
 - Furthermore, Murat Sonay AKARSU, who served as a member of the Sales Directorate in our Company, has resigned from our company as of 29.09.2023.

Top Management Changes About

Arma İlaç Sanayi ve Ticaret A.Ş., Mr. Selami YILDIZ who has been working as a General Manager at Ferbis Tarım Ticaret ve Sanayi A.Ş., our Company's subsidiary, was appointed to the Hektaş General Manager vacant position as of September 11, 2023. It was announced via KAP in the date of 11.09.2023.

Credit Rating Note

As a result of rating studies which were made by "JCR Avrasya Derecelendirme A.Ş.", Company's long-term and short-term national grades respectively as 'AA (tr)' and 'J1+ (tr)', and the outlook for grades has been confirmed as "Stable". Our Company's international grades have been limited with Country grade. It was announced via KAP in the date of 18.09.2023.

Selling of Real Estate

Based on the evaluations that, significant synergies will be achieved by moving our Company's crop protection production activities and headquarters to "F.A.R.M" which is our agricultural open area production, greenhouses facility, technology, congress, vertical farming center and offers other modern infrastructure opportunities which was completed in an area of 607,331.16 m2 in Orhangazi district of Bursa province. The real estate sold to Ordu Yardımlaşma Kurumu (OYAK) and it was announced via KAP in the date of 29.09.2023.

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

Events Occurring Outside of the Period:

Commercial Paper Operations

With a nominal value of TL 250.000.000 with a maturity of 90 days and an ISIN code of TRFHEKTE2312 issue of commercial paper payment has been made by our company to qualified investor on 05/10/2023 and commercial paper has been redeemed. In contradiction between the Turkish and English versions of this public disclosure, the Turkish version shall prevail. It was announced via KAP in the date of 05.10.2023.

About The Appointment Decision and Top Management Changes

As of the date of 11.10.2023, Mr. Emrah ÖZDEMİR has been appointed to the Supply Chain Directorate position under the General Management in our Company. It was announced via KAP in the date of 11.10.2023.

As of the date of 23.10.2023, Çiğdem KARAKUŞ has been appointed to the Human Resources Directorate position under the General Management in our Company. It was announced via KAP in the date of 23.10.2023.

As of the date of 26.10.2023, Tendü ARSAN has been appointed to the Human Resources Directorate position under the General Management in our Company. It was announced via KAP in the date of 26.10.2023.

About of The Increase Capital of Hektas Asia LLC

The transaction of increasing the capital of the company "HEKTAS ASIA LLC", established in Uzbekistan/Tashkent, to 229,248,747,392.41 Uzbek SOM has been completed and the new capital amount has been registered as 229,248,747,392.41 Uzbek SOM. It was announced via KAP in the date of 23.10.2023.

About of The Ferbis Tarım Ticaret ve Sanayi A. Ş. of IPO Process

With the purpose of ipo at Borsa İstanbul A.Ş. articles of association amendment application of Ferbis Tarım Ticaret ve Sanayi A.Ş which is our company's 100 % subsidiary, has been approved by Capital Markets Board (CMB) and Ministry of Commerce. It was announced via KAP in the date of 02.11.2023.