



Pioneer of Smart Agriculture

Activity Report of the Board of Directors
For the Period
01.01.2021 – 30.09.2021



**ANNUAL 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**

01.01.2021- 30.09.2021

2. Contact Information**Head Office**

| | |
|------------------------------|--|
| Trade Name | Hektaş Ticaret Türk A.Ş. |
| Trade Registry Number | 653510921 |
| Mersis | 0461001589800013 |
| Tax Office/Number | İlyasbey / 4610015898 |
| Headquarters Address | Gebze O.S.B. Mah. 700.Sk. No:711/1 41400 Gebze/KOCAELİ |
| Headquarters Contact Details | (262) 751 14 12 |
| Web site | www.hektas.com.tr |

Branches

| | | |
|---------------------------|-----------|---|
| Mediterranean | Address | Altınova Sinan Mah. Şelale Cd. No:171 (Duru deposu karşısı) 07170 ANTALYA |
| | Telephone | (0242) 340 40 97-98 - 340 08 70 |
| | E-mail | antalya@hektas.com.tr |
| Çukurova | Address | Mahfesiğmaz Mh. 79141 Sk. No:1 Şafak Apt. K:1 D:1 01170 Çukurova/ADANA |
| | Telephone | (0322) 458 54 11 - 458 54 15 |
| | E-mail | adana@hektas.com.tr |
| Aegean | Address | Karacaoğlan Mah. Bornova Cad. No:14/10 Işıkkent Bornova / İZMİR |
| | Telephone | (0232) 343 21 43 - 343 27 87 |
| | E-mail | izmir@hektas.com.tr |
| Gap | Address | Refahiye Mah. 281. Sokak Cenap Apt. D: 10 / 1 63300 Haliliye / ŞANLIURFA |
| | Telephone | (0414) 369 13 39 |
| | E-mail | urfa@hektas.com.tr |
| Central Anatolia | Address | Mustafa Kemal Mah.2132 Cad.No:8 06520 Çankaya/ ANKARA |
| | Telephone | (0312) 222 50 06 - 222 50 33 - 222 50 16 |
| | E-mail | ankara@hektas.com.tr |
| Marmara | Address | Nilüfer Köyü Mah. Nilüfer Caddesi No: 164-166 PK: 16370 Osmangazi / BURSA |
| | Telephone | (0224) 244 70 44 - 244 70 28 -244 66 30 |
| | E-mail | bursa@hektas.com.tr |
| Adana Production Facility | Address | Adana Acıdere OSB Mahallesi 5 Ocak Caddesi N:6 Sarıçam/ADANA |
| | Telephone | (0322) 394 33 15 |
| | E-mail | adanagubre@hektas.com.tr |
| Orhangazi | Address | Muradiye Mahallesi Gölyolu Caddesi No:71 16800 Orhangazi - Bursa |
| | Telephone | (0224) 999 69 08 |
| | E-mail | idariisler@hektas.com.tr |

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3. Shareholding Structure and Capital Distribution, Allocation

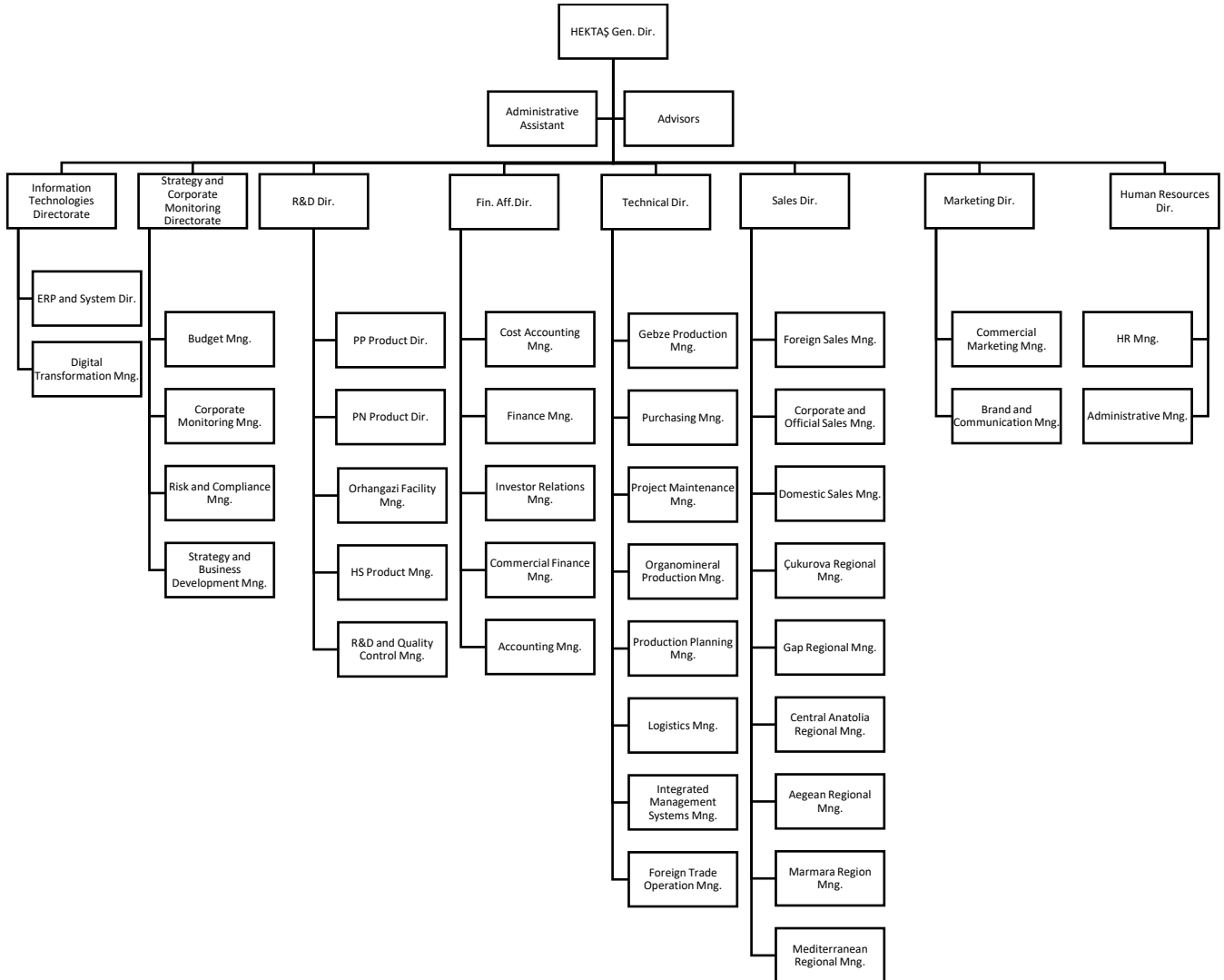
Authorized Capital Cap: 1.000.000.000 TL

Paid-in Capital : 860.000.000 TL

| Shareholders | Share Amount (TL) | % |
|--|--------------------|------------|
| Ordu Yardımlaşma Kurumu (Turkish Armed Forces Pension) | 505,843,051 | 58.82 |
| Other | 354,156,949 | 41.18 |
| Grand Total | 860,000,000 | 100 |

4. Organizational Structure of the Company

The new organization chart according to the recent change made in the organizational structure within the period is as follows:



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5. Explanations on Privileged Shares and Voting Rights of Shares

There are no privileged shares in our company.

6. Information on the Board of Directors, Senior Managers and the Number of Personnel

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

| Board of Directors | Position | Position Starting Date of the Representative | Duties Carried out by the Representative Outside of the Company |
|--|---|--|---|
| Omsan Lojistik A.Ş. (The person acting on behalf of the company: Musa Levent ORTAKÇIER) | Chairman of the Board of Directors | 01.06.2021 | Head of the Group Food, Agriculture and Animal Husbandry-OYAK, |
| Oytaş İç ve Dış Ticaret A.Ş. (The person acting on behalf of the company: Baran ÇELİK) | Deputy Chairman of the Board of Directors | 30.01.2019 | Head of the Group Financial Affairs and Finance-OYAK |
| Akdeniz Chemson Kimya Sanayi ve Ticaret A.Ş. (The person acting on behalf of the company: Aslihan DÖĞER) | Board of Directors Member | 30.01.2019 | Head of the Group Strategy and Business Development-OYAK |
| Oyak Denizcilik ve Liman İşletmeleri A.Ş. (The person acting on behalf of the company: Okan SİVRİ) | Board of Directors Member | 24.06.2021 | - |
| Oyak Pazarlama Hizmet ve Turizm A.Ş. (The person acting on behalf of the company: Remzi ER) | Board of Directors Member | 03.06.2020 | - |
| Kâmil DERECE | Board of Directors Member (Independent) | 28.03.2016 | Counseling |
| Bülent Şamil YETİŞ | Board of Directors Member (Independent) | 31.03.2020 | Counseling |

Changes Applied in the Board of Directors within the Period

During the General Assembly Meeting held on 24.03.2021, the legal person Board of Directors Members of our Company were elected for 3 years, while the Independent Members of the Board of Directors were elected for 1 year.

During the Ordinary General Assembly Meeting held on 24.03.2021 Mr. Mahmut Cengiz AYDIN, Mr. Kamil DERECE and Mr. Bülent Şamil YETİŞ were elected as Independent members of the Board of Directors for 1 year.

İbrahim ERTAŞ, the person acting on behalf of the legal person Board of Directors member Oyak Denizcilik ve Liman İşletmeleri A.Ş. Resigned from his position on 31.03.2021 and Mr. Volkan ÜNLÜEL was elected in his place on the date of 31.03.2021.

Pursuant to the decision taken by our Company during the Board of Directors meeting of 01.06.2021;

Mr. Musa Levent ORTAKÇIER was elected as the representative acting on behalf of OMSAN Lojistik A.Ş., pursuant to the decision dated 27.05.2021 of our Company's legal person Board of Directors Member OMSAN Lojistik A.Ş.

Pursuant to the Board of Directors Decision dated 01.06.2021, it was decided to appoint OMSAN Lojistik A.Ş. (Represented by: Mr. Musa Levent ORTAKÇIER) as Chairman of the Board of Directors and OYTAŞ İç ve Dış Ticaret A.Ş. (Represented by: Mr. Baran ÇELİK) as Deputy Chairman of the Board of Directors.

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Mr. Volkan ÜNLÜEL, the person acting on behalf of the legal person Board of Directors member Oyak Denizcilik ve Liman İşletmeleri A.Ş. Resigned from his position on 24.06.2021 and Mr. Okan SİVRİ was elected in his place on the date of 24.06.2021.

The Independent Board of Directors Member, Mr. Mahmut Cengiz AYDIN, who has been working since 31 March 2017, resigned from his duties as the Independent Board of Directors Member and committee member as of 20 August 2021. Efforts to designate a new Board of Directors Member candidate in accordance with the Corporate Governance Communiqué of the Capital Market Board have been started and the process is still ongoing.

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 15 of the Company's Articles of Association and the relevant articles of the Turkish Commercial Law.

Committee Members of the Board of Directors Committees

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

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

Committees:

| Committee | Duty | Name Surname | Quality | Meeting Frequency |
|-----------------------------------|----------|--------------------|----------------------------|---|
| Audit Committee | Chairman | Kâmil DERECE | Independent Member | At least four times a year in quarterly periods |
| | Member | (1) | Independent Member | |
| Corporate Governance Committee | Chairman | Bülent Şamil YETİŞ | Independent Member | At least four times a year in quarterly periods |
| | Member | Kâmil DERECE | Independent Member | |
| | Member | Tuba BEKTAŞ (2) | Investor Relations Manager | |
| Early Detection of Risk Committee | Chairman | (1) | Independent Member | At least six times a year in two-month periods |
| | Member | Bülent Şamil YETİŞ | Independent Member | |

NOTE (1) Our Independent Board of Directors Member Mr. Mahmut Cengiz Aydın, who served as Chairman of the Early Risk Detection Committee and Member of the Audit Committee resigned from all his duties in our company, thus his duties as the committee chairman and member, on 20 August 2021.

NOTE (2) Within the framework of the Capital Market Legislation, Tuba BEKTAŞ has been assigned to replace Betül MADENUS, who had been working as the Investor Relations Department Manager and Corporate Governance Committee member, to perform the same duties, on the date of 13.09.2021.

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Executive Management;

| Executive Management; | Duty | Position Starting Date | School of Education | Professional Experience (Years) |
|------------------------------|---|-------------------------------|---|--|
| Hakkı Zafer TERZİOĞLU | General Manager | 01.06.2021 | Ankara University – Faculty of Political Science | 27 |
| Uğur AKBAŞ | Finance Affairs Director | 12.06.2020 | Istanbul University Business Administration (Undergraduate) Istanbul University International Business (Master's) | 29 |
| Celal MADAZLI | Technical Director, Arma İlaç Sanayi ve Ticaret A.Ş. General Manager (by Proxy) | 12.06.2020 | Hacettepe University - Business Administration | 30 |
| Çiğdem KARAKUŞ | Human Resources Director | 07.09.2021 | Anadolu University – Business Administration (Undergraduate) Ufuk University – Business Management (Master's) | 17 |
| Murat Sonay AKARSU | Sales Director | 07.09.2021 | Trakya University Field Crops (Undergraduate) Trakya University Field Crops (Master's) | 24 |
| Hüseyin ÇİMEN | Strategy and Corporate Monitoring Director | 07.09.2021 | Dumlupınar University Business Administration (Undergraduate) Marmara University Accounting and Finance (Master's) | 12 |
| Selda KILIÇ | Marketing Director | 07.09.2021 | Anadolu University – Business Administration (Undergraduate) | 17 |
| Ünal UYSAL | Information Technologies Director | 07.09.2021 | Marmara University – Technical Education Faculty – Computer and Control Teaching (English) Anadolu University – Business Administration (Remote education) | 23 |

7. Changes Applied in the Executive Management within the Period

In the senior management of our company, Hakkı Zafer Terzioğlu was appointed on 01.06.2021 as the replacement of Musa Levent Ortakçier, the General Manager, within the period.

Production Development and R&D Director Mehmet Agah Vuruşkan resigned from his position on 01.06.2021.

During the meeting held on 07.09.2021 by our Company's Board of Directors, it was unanimously decided by the attendants of the meeting that;

Ms. Çiğdem KARAKUŞ who is currently the Human Resources Manager at our company, is appointed as the Human Resources Director,

Ms. Selda KILIÇ who is currently the Commercial Marketing Manager at our company, is appointed as the Marketing Director,

Mr. Ünal UYSAL who is currently the Information Technologies Manager at our company, is appointed as the Information Technologies Director.

Mr. Murat Sonay AKARSU who is currently Sales Director by proxy at our company, is appointed as the Sales Director,

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Mr. Hüseyin ÇİMEN who is currently the Budget and Institutional Director by proxy at our company, is appointed as the Strategy and Institutional Monitoring Director.resul kAY

8. 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 24.03.2021 regarding the Company's activities pertaining to 2020, the Board of Directors Members were given the permission to conduct transactions within the scope of the relevant articles of TCL for 2021.

No transactions within this scope were carried out in the first nine months of 2021.

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

As of 30.09.2021 the number of employees of our company is 627, 217 of them being blue-collar and 410 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 12.582.963.

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.

10. Corporate Governance Principles Compliance Report

The "Corporate Governance Principles" published by the Capital Market Board were complied with and implemented in 2021 January - September period as well.

11. Amendments to the Articles of Association

Upon the Ordinary General Assembly Meeting held on 24.03.2021, the authorized capital cap and authorized capital duration in the article 7 titled 'Capital' of the Articles of Association of our Company were changed. The company's paid-in capital again in the article 7 titled 'Capital' was changed on 25.06.2021.

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 Company Ordinary General Assembly Meeting held on 24.03.2021, it was accepted to pay monthly net remuneration of TL 8.100 to the Independent Board of Directors members effective from the beginning of the month following the month when the General Assembly was held, 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.

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

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

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

C- RESEARCH AND DEVELOPMENT STUDIES

A total of 56 projects are carried out in the fields of Plant Protection, IoT, Artificial Intelligence Safe Food, Seeds, Plant Nutrition, Animal Health and Public Health. 4 projects were concluded and 18 projects in total were successfully completed in the third quarter.

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Our cooperation with TUBITAK, TAGEM (various institutes) and research academicians in universities in the fields of Plant Protection, Seed Breeding, Plant Nutrition and Animal Health is ongoing.

Biological Product development studies are continued in two separate climate rooms and the Microbiology Laboratory. Our Biological Product Development studies in the R&D Center laboratories to be included in HEKTAŞ AGRICULTURAL INNOVATION, EDUCATION AND EXPERIENCE CENTER established in Orhangazi will be expanded.

Laboratory and field studies on 10 wheat varieties are in progress within the scope of the Project regarding the Transfer of Yellow Rust Resistance Gene Yr15 to Some Bread Wheat Varieties / Lines by Biotechnological Methods.

The first results of the application study developed within the scope of the HEKTAŞ Traceable Safe Food Platform project were obtained. With this application, production details of fruits and vegetables offered to consumers can be accessed through the mobile application and command center customized according to the needs of the users (Consumer, Expert, Producer). End-to-end traceability of the products produced with the Traceable Safe Food Platform project are secured with blockchain technology. It has been ensured that all stakeholders in the production chain from the producer to the end consumer are included in the HEKTAŞ Safe Food Platform, and the stakeholders' information is instantly monitored and followed by other platform partners, at every step of the process.

Hektaş and CarrefourSA collaborated for the Traceable Safe Food Application obtained as a result of this project. With the application, CarrefourSA customers will be able to instantly access the producer information, place, time and growing conditions of that product and all residue analyzes obtained from accredited organizations, thanks to the QR Code on the vegetable products in the aisles.

Seed breeding studies based in the company AREO regarding Vegetables, Field (Wheat, Corn) and Industrial Crops (Cotton, Sunflower) are ongoing. IP rights of valuable, competitive varieties are purchased through selection of varieties developed by the Institutes in cooperation with TAGEM.

"Project for the Development and Application of New Public Health Drug Combinations and Formulations" has been launched in our R&D Center against COVID-19 and other possible pandemics. The licenses of 3 drugs (1 anti-bacterial hand liquid and 2 surface disinfectants) developed in the first phase have been obtained and the products have been offered for sale. In addition, a new study has been initiated to develop new products that will meet the needs of animal farms.

Sustaining an efficient and profitable production in animal farms is only possible with healthy herds. Therefore, preventive measures should be taken to minimize the outbreak and spreading of diseases and every business needs a biosafety program they can implement at all times, not just when a disease occurs. Biosafety is necessary not only for animal health, but also for public health, as we fully understood its importance in the recent pandemic. Therefore, use of disinfectants in biosafety is crucial. Formulation development studies continue for 2 disinfectants and 3 insecticides.

There are ongoing efforts to give the formulations slow-release properties increasing the mineral uptake level of the plants, in order to ensure that our Organomineral fertilizers have added value and to differentiate them in Plant Nutrition products. Furthermore, the Plant Nutrition product portfolio is expanded with product development studies concerning biostimulant and liquid foliar fertilizers.

In the R&D Center, the HHU Sensitive Animal Husbandry Practices Project was initiated in order to increase the efficiency and quality of animal production in our country. This project involves the development of Real-Time Herd Management Systems and improvement of the existing ones with emerging digital technologies (sensors, artificial intelligence-based software, internet of things, cloud computing, etc.), as well as digitizing processes such as feed control and tracking, monitoring of weather / climate conditions, step and location tracking, milk measurement and monitoring, with sensor and communication technologies.

Another project initiated in our R&D Center this year is the project of "Developing live/inactivated vaccines against genotypes common in our country for Infectious Bronchitis (IB) disease in poultry". Poultry breeding in Turkey is quite advanced. There were 354 million chickens in Turkey in 2018. Unfortunately, all of the poultry vaccines, which are mandatory items of chicken integrated facilities, are imported. With the outputs to be obtained at the end of this project, it is aimed to reduce one of Turkey's important import items.

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

1. Investments Activities

Investments amounting to TL 64.741.519 were made in our Company in the first nine months of 2021.

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2. Internal Control System and Internal Audit Activities

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

There is Internal Audit Department staff in our company and a manager is in charge of the department.

3. Direct and Indirect Affiliates

The affiliates of our Company and their shares within the capital are as follows.

| Title of the Company | Shareholding (%) |
|---|------------------|
| Takimsan Tarım Kimya Sanayi ve Ticaret A.Ş. | 99.78 |
| Çantaş Çankırı Tuz Ürünleri Üretim ve Dağıtım A.Ş. | 0.37 |
| Ferbis Tarım Ticaret ve Sanayi Anonim Şirketi | 100.00 |
| Areo Tohumculuk Arge Sanayi ve Dış Ticaret Anonim Şirketi | 100.00 |
| Sunset Kimya Tarım Ürünleri Ve Aletleri İmalat Pazarlana Sanayi Ve Ticaret A.Ş. | 100.00 |
| Arma İlaç Sanayi ve Ticaret A.Ş. | 100.00 |

Upon examining the financial statements of Çantaş individually and collectively, 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. On the other hand, the financial statements of Ferbis Tarım Ticaret ve Sanayi Anonim Şirketi, Takimsan Tarım Kimya Sanayi ve Ticaret A.Ş. Areo Tohumculuk Arge Sanayi ve Dış Ticaret Anonim Şirketi, Sunset Kimya Tarım Ürünleri Ve Aletleri İmalat Pazarlama Sanayi Ve Ticaret A.Ş. And the financial statements of Arma İlaç Sanayi ve Ticaret Anonim Şirketi have been consolidated with the financial statements of our Company as of 31.09.2021.

4. Information about the Company's Own Shares which are Acquired by the Company

None

5. 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 2021, the independent audit activities will be carried out by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (Member of Deloitte Touche Tohmatsu Limited) .

6. Legal Issues

a) Lawsuits

There are no ongoing material lawsuits filed against our Company.

b) Administrative-Judicial Sanctions

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

7. General Assemblies

The decisions taken in the Company's Ordinary General Assemblies are fulfilled and the Ordinary General Assembly meeting for 2020 was held on the date of 24.03.2021.

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8. Donations Made and Social Responsibility Projects

The amount of donations made by our Company in the first nine-month period is TL 95.185,35.

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 30.09.2021 have not been audited on a limited basis, while the financial statements (consolidated) of 31.12.2020 have been independently audited.

Summarized Balance Sheet (TL)

| (TL) | 30.09.2021 | 31.12.2020 |
|--------------------------|----------------------|----------------------|
| Current Assets | 2.358.675.212 | 1.472.280.409 |
| Non-Current Assets | 976.024.341 | 647.274.747 |
| Total Assets | 3.334.699.553 | 2.119.555.156 |
| Short-term Liabilities | 1.862.098.828 | 1.166.612.678 |
| Long-term Liabilities | 209.835.329 | 180.508.037 |
| Equity | 1.262.765.396 | 772.434.441 |
| Total Liabilities | 3.334.699.553 | 2.119.555.156 |

Summarized Income Statement (TL)

| (TL) | 30.09.2021 | 30.09.2020 |
|---|-------------------|-------------------|
| Revenue | 1.423.742.255 | 709.478.554 |
| Profit (Loss) From Operating Activities | 322.547.374 | 170.783.768 |
| Profit (Loss) Before TAX | 189.956.642 | 121.718.921 |
| Profit (Loss) | 187.921.161 | 122.290.402 |

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

| (%) | 30.09.2021 | 30.09.2020 |
|--------------------------------|-------------------|-------------------|
| Operating Profit Margin | 22,65 | 24,07 |
| Net Profit Margin | 13,20 | 17,24 |
| EBITDA Margin | 25,13 | 26,78 |
| Total Liabilities/Total Equity | 164,08 | 173,86 |
| Sales (Tons/Pieces) | 123,063 | 58.600 |

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

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3. Financial Power

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

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

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

Quality and Amount of the Issued Capital Market Instruments

There are no capital market instruments issued by our Company within the period.

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.

According to the decision taken by the Board of Directors of our Company, given the terms stipulated in the profit distribution policy of our Company, it was proposed that the distributable profit of the period pertaining to FY 2020 should not be distributed and the amount remaining after setting aside the primary reserves and the Dividends to be distributed to Privileged Shareholders on 2 December 2021 should be set aside as extraordinary reserves, in order to support our growing balance sheet in FY 2021.

This decision was approved in the Ordinary General Assembly Meeting of 2020 held on the date of 24 March 2021 and declared on PDP.

6. Information about the Industry where the Enterprise is Active**Agricultural Production Data:**

In August 2021, Agriculture – PPI (2015=100) increased by 1.77% compared to the previous month, while increasing by 12.37% compared to December in the previous year, by 24.69% compared to the same month in the previous year and by 21.32% compared to 12-month averages.

Other sub-groups which increased most compared to the same month of the previous year are:

- pome fruits and stone fruits with 38.59%,
- Sheep and goat and their unprocessed milk and fleeces with 23.68%
- Live poultry and eggs with 35,97%

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Sub-groups with the least annual increase are;

- Grapes with 3,09%
- Other tree and shrub fruits and nuts with 7.37%,
- Paddy with 9.15%.

Growth in agriculture:

The first estimated GDP for the second quarter of 2021 increased by 21.7% compared to the same quarter of the previous year as chained volume index.

Considering the activities constituting the GDP, the total added value of the agricultural sector as chained volume index increased by 2.3% in the second quarter of 2021 compared to the previous year.

Exports of Herbal Products:

Our exports of agricultural products were in the amount of 20.7 billion USD as of the end of September 2021. Exports increased by 20.9% compared to the same period in the last year. In Turkey's exports, an increase of 19.3% was observed in fresh fruits and vegetables compared to the same period of last year. Among the countries importing fresh fruits and vegetables from Turkey, the country to which most of the exports is made is the Russian Federation with a share of 31%. The Russian Federation is followed by Germany and Romania, with 12% and 8% respectively.

Supports:

As of 24 September this year, support in the amount of 235 thousand TL was made within the scope of certified seed use support, 35 million 125 thousand TL within the scope of grain, legumes and grain corn difference support, 3 million 61 thousand TL within the scope of diesel and fertilizer support, 95 thousand TL within the scope of soil analysis support, and 20 million 753 thousand TL within the scope of rural development support, amounting to 59 million 269 thousand TL in total, by the Ministry of Agriculture and Forestry.

Furthermore, payments began to be transferred to the producers' accounts as of 9 July within the scope of agricultural support payments. Support payment in the amount of 3 million 325 thousand TL was made to 184 thousand 894 people within the scope of 'Tea Pruning Compensation', in the amount of 4 million 353 thousand 78 TL in 4 provinces within the scope of 'Tea Pruning Cost', in the amount of 24 million 251 thousand TL to 600 enterprises within the scope of 'Plant Quarantine' support, in the amount of 8 million 26 thousand TL to 48 projects within the scope of 'R&D Support', in the amount of 20 million 349 thousand 301 TL to 30 people in 17 provinces within the scope of 'Rural Development Supports' and in the amount of 3 million 325 thousand TL to 10 projects within the scope of 'Support for the Protection of Animal Genetic Resources'.

Within the scope of the agricultural support payments made in September, a total support payment of TL 21.927.272 was made, with 20 million 447 thousand 272 TL paid to 11 thousand 595 producers in 22 provinces within the scope of grain olive difference payment support and 1 million 480 thousand TL to 30 producers within the scope of breeding cattle (heifer) purchase support.

While cotton production in our country was 1 million 774 thousand tons in 2020, a target of 2 million 250 thousand tons of cotton production has been announced this year. This year, the support in cotton has been increased from 80 kuruş to 1.1 TL. The increase in yield per unit area in cotton in the last 19 years has been 40 percent. According to the statement provided by the Ministry, the researches conducted by TAGEM indicate that, because of R&D activities, the yield increased from 353 kg to 494 kg per decare, with an approximate increase of 40% on unit area.

In September, the Ministry of Agriculture and Forestry stated that 493 projects with a total investment amount of 1.9 billion were approved within the scope of the applications made for the 10th Application of IPARD II EU Rural Development Grant Program which was listed within the scope of the development vision in rural areas and that 875 million Liras of grant support would be given to the approved projects. Within the scope of the IPARD II Program, which began to be implemented in 2017 by the Agricultural and Rural Development Support Institution in 2017 and which will continue until the end of 2023, a total grant payment of 2.5 billion lira has been made for 5 thousand 711 projects with an investment amount of 5.5 billion to date, from the sectors of livestock, meat, dairy, aquaculture and fruit and vegetable processing and diversification of economic activities in rural areas.

Within the scope of the "Breath to the Future Campaign" launched by the Ministry of Agriculture and Forestry after the fire disasters that occurred this year, it was announced that a total of 252 million saplings, 3 saplings for each citizen, will be planted by the end of the year.

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According to the decision published in the Official Gazette, support payments will be made to farmers who experienced a yield loss of 30 percent or more due to drought. The support payment will be given to farmers who experienced 30% or more yield loss in the agricultural basins determined by the Ministry of Agriculture and Forestry in wheat, barley, rye, oat, triticale, chickpea and lentil products that were produced in dry conditions due to insufficient precipitation.

Within the scope of the R&D Support Program carried out by the Ministry of Agriculture and Forestry on priority issues needed by the agricultural sector, the 17th application period started in August. The total amount of support to be given in this context has been announced as 30 million TL.

It has been announced that 50 percent of the canola seeds used by producers will be paid for by the Ministry of Agriculture and Forestry.

Climate and its Impacts:

The 2021 water / agricultural year precipitation, covering the period between 1 October 2010 and 31 August 2021 was below the precipitation of the same period in the last year. 11-month water/agricultural year precipitation in Turkey has been at the lowest level of the last 60 years. While the cumulative precipitation is 436.1 mm, the normal (1981-2010) is 552.2 mm and the precipitation of the same period in the 2020 water/agricultural year was 543.2 mm. There has been a 21% decrease in precipitation compared to the normal and a 20% decrease compared to the water / agriculture rainfall in 2020.

The precipitation in the region has been below the normal and last year's precipitation in all regions except the Marmara Region. The highest decrease has been observed in the Southeastern Anatolia Region with 39%.

Cumulative precipitation is slightly above the normal in İzmir, Northern Aegean Region, northern Thrace, Western Black Sea Region, Sinop, Ordu and Giresun and below the normal in all other regions. There is more than 60% decrease in cumulative precipitation in the eastern parts of Şanlıurfa.

In terms of provinces, the highest precipitation was recorded in Rize with 1423 mm and the lowest precipitation was recorded in Mardin with 241 mm. The province with the highest decrease compared to normals was Mardin with 54%. In the Çukurova Region, the average temperature of June was below the annual average temperature figures and the precipitation amount was below the desired level, in addition to the high temperature differences between day and night, resulting in fruit drops in citrus products, which adversely affected the yield.

In the Aegean Region, there was a 18% decrease in precipitation compared to the normal and 5% decrease compared to the precipitation of 2020 water/agricultural year. The decrease in precipitation, combined with the average temperatures being above the seasonal normals in September, created problems in final irrigation. In the vineyard region, the disease epidemic in 2021 was lower than the regular seasons. For this reason, the use of fungicides was lower than expected.

In the Mediterranean Region, there has been a 33% decrease compared to the precipitation of the same period in the 2020 water/agricultural year. This situation caused the groundwater to recede. Due to the drought and lack of rain, the apple scab pesticide application which was 10-14 within the year under normal conditions in the Isparta region, has only been 3-4 applications in this year. Some apples on the branch were damaged due to the hail in the summer months. At the beginning of the summer months, there was 60% yield loss in apricots and cherries, while temperatures dropped below the normal level as of August. It has been observed that yield has decreased due to drought in citrus orchards produced in Dalaman-Ortaca-Koycegiz-Finike-Serik-Aksu region.

In the Central Anatolia Region, there was a 27% decrease in precipitation compared to the normal and 20% decrease compared to the precipitation of 2020 water/agricultural year. One of the driest periods of recent years has been experienced in the entire Region. Lack of the expected rains led to crop losses in barren fields. Due to the drought, the use of fungicides and herbicides in chickpea and grain crops has decreased to a large extent. Most of the barren grain fields could not be harvested.

While there has been a 7% decrease in precipitation in the Black Sea Region compared to the normal, it has been nearly same as the precipitation of 2020 water/agricultural year. There has been a drought in groundwater especially around Eskişehir.

While there has been a 33% decrease in precipitation compared to normal in the Eastern Anatolia Region and 32% decrease in precipitation compared to the precipitation of 2020 water/agricultural year, there has been a 39% decrease in precipitation compared to the normal in the Southeastern Anatolia Region, and a 49% decrease compared to the precipitation of 2020 water/agricultural year. The region experienced a disadvantageous process in terms of groundwater, dam levels in the region and the completion of the missing moisture content in the fields throughout the year.

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While the average temperatures in September in the Marmara Region were above the seasonal normals around Gökçeada, Bozcaada and Çanakkale, it was around seasonal normals in other parts of the region. The precipitation received by the region in September has been 22.9 mm; the normal precipitation is 36.5 mm and the precipitation in September 2020 was 13.0 mm. There was a 37% decrease in precipitation compared to the normal, and an increase of 76% compared to the precipitation in September 2020.

Climate change, which affects the world more and more each year and therefore negatively affects Turkey as well, has revealed the need to focus more on "Smart Agriculture" practices. HEKTAŞ, the "Pioneer of Smart Agriculture" in Turkey, carries out studies to prevent the decrease in product diversity and productivity that may occur as a result of climate change, with its "Smart Agriculture" practices.

Developments in Agriculture:

A calculation of water resources and consumption habits indicates that our country is among the countries experiencing water stress according to international indexes. There are concerns that our useable water per capita will be on the same level as countries described as "Water Poor" in the upcoming periods, due to factors such as climate change and population growth. To prevent this situation, studies have been started regarding the Water Council, where short, medium and long term water strategies will be determined under the leadership of the Ministry of Agriculture and Forestry. Within the scope of the Water Council, 1631 participants in total, comprised of 141 scholars from 66 universities, 38 NGO members, representatives from public institutions and organizations, officers from metropolitan municipalities, water and sewerage institutions, 32 private sector representatives and water users will present their ideas and recommendations together with the Ministry of Agriculture and Forestry in 11 separate work groups. In the work group meetings held within the scope of the Water Council, new support and methods in agricultural irrigation are discussed.

Water has started to accumulate in the Gökpınar Dam, whose construction was completed in the Günyüzü district of Eskişehir. It is aimed to provide 60 thousand decares of benefit.

Regional Developments in Terms of Crops

In the Mediterranean Region, temperatures fell below the normal level. The lack of precipitation caused the groundwater to recede. Apple producers in Isparta Region sprayed their products against Mediterranean Fruit Fly after the general pesticide application. Apple producers have generally started harvestin.

It has been observed that vegetable prices in Elmalı Region are at satisfactory levels. It has been determined that the price of pink tomatoes is 7 TL/kg, the price of single tomatoes is 4,5 TL/kg, the price of cucumbers is 5 TL/kg, and pepper prices are around 5-6 TL/kg after their initially low levels. It is predicted that it will be a productive season for producers if the prices continue on these average figures.

In the Isparta Region, the apple market regressed to the price of 1,60-2,2 TL/kg. Producers reacted greatly to apple prices and decided to store them. The fact that the storage cost is 0.90 TL/kg increases the cost of apples for producers and causes farmers to expect high sales prices from warehouses.

While the price of bananas in Gazipaşa District varied between 8-8.5 TL/kg in September, it decreased to 5.5-6 TL/kg within 2 weeks.

In Burdur Region, pears are between 2.4-2.6 TL/kg. The pomegranate market is between 3-3.5 TL/kg. The lemon market is between 2-2.5 TL/kg.

Approximately 80% of the products grown in the Aegean Region were harvested as of the end of September. Cotton harvest has begun. Olive harvest is about to begin.

Cotton prices are around 9.5-10 TL/kg. Together with the support, they reach 10.50-11.00 TL/kg. Yield has dropped considerably due to drought. The decare average is 450 kg.

Grain corn prices are 2.70 TL/kg.

In the vineyard region, the disease epidemic in 2021 was lower than the regular seasons. For this reason, the fungicides in the stocks of the dealers did not decrease at the expected level. In addition, there is an increase in the mealybug population.

Prices realized in the Central Anatolia Region are;

Sunflower (For Oil) 5 TL/kg, Pepper (Capia) 2.5 TL/kg, Tomato (on the vine) 1.5 TL/kg, Tomato (Greenhouse) 3.5 TL/kg, Tomato (Industrial) 1.5 TL/kg, Pepper 2 TL/kg, Cucumber 4-6 TL/kg, Eggplant 2.5 TL/kg, Cucumber (Gherkin) 5 TL/kg,

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Lettuce (Root) 3 TL/kg, Beans 6 TL/kg, Kidney Beans 9 TL/kg, Zucchini 2 TL/kg, Onion (Purple) 1 TL/kg, Onion (White) 0.9 TL/kg

In the Southeastern Anatolia Region, September went on as dry as the other months. Overall, there was no precipitation in the region. Corn and cotton cultivation continues. Corn cultivation as a secondary crop continues. First crop corn harvest continues. First crop corn yields are 1300-1400 kg/da on average throughout the region.

First crop corn harvest continues. In terms of cotton cultivation, water interception period has started by region and variety. Cotton yields harvested in September are between 500 and 600 kg/da, and average yields will be clear in October.

Production continues in tobacco production areas in Adiyaman. Peanut harvests continue in the region. Cultivation areas in the region are increasing in the Silopi area. Cotton harvest has started in the region.

For cereals, prices are 2,800 TL/kg for hard wheat, 2,650 TL/kg for bread wheat, 9,500 TL/kg for lentils, 7 TL/kg for chickpeas, and 2650 TL/kg for barley and corn prices are not known since there is no harvest. Product prices for cotton continue in the range of 8-11 TL/kg depending on the yield.

It is observed that the sowing pattern will shift to cotton and corn. Banana gains prevalence as a market that increases its importance for the region every year, and its cultivation area is increasing day by day.

Cotton has created a market of 11 TL/kg with the best price of the last 10 years. Producers have been satisfied as a result. It is thought that cotton planting will increase in the next year.

Sweetcorn was purchased a price of 2350 TL/ton, which made producers happy.

Citrus; meyer lemon is sold at 0.8 KRS/kg, interdonato lemon is sold at 2 TL/kg, grapefruit is sold at 2 TL/kg, and orange is sold at 1 TL/kg. In general, citrus prices are below the prices of last year and yard sales continue slowly.

Soy is purchased in the market at a price of 4800 TL/ton, and producers are satisfied with the yield and price. The average yield is 550 kg/da.

Olive peacock spot was declared for olives on 17 September.

The first ploughs of wheat have been made in the fields to be planted and other processes will accelerate with the precipitation that will fall in the region. Planting will begin towards the end of October.

Canola planting area preparations were completed in August and September. Although canola planting has not started completely due to the precipitation problem in the region, plantings have been almost completed around Edirne/Lalapaşa and Edirne. In other regions, planting will accelerate with 25-30mm of precipitation.

The sunflower harvest rate has reached 95%. Yield results vary between 120-270 kg/da. It is predicted that this season the average sunflower yield in the Thrace region will be between 200-210 kg/da.

Trakya Birlik, which announced product prices when the harvests were at 30-40%, designated a price of 5100 TL/ton for 40% oil rate and increased the current price to 5400 TL/ton for 40% oil near the completion of the harvests.

Paddy harvests have started and the desired results cannot be obtained in yields due to the 'Spike Blight' problem in the paddy fields in Edirne/İpsala and Uzunköprü districts where production is intense. Paddy yield results vary between 400-700 kg/da. Product prices are 5500 TL/ton for coarse grain (baldo type) varieties, 4500 TL/ton for Osmanck type medium grains, and 4000 TL/ton for small grains (luna type).

Nectarine-Peach harvest in the Bursa region has been completed. In general, producers have been satisfied with nectarine yields. Prices starting from 10 TL have decreased to 6 TL in the last period.

The price of table tomatoes in the region, which was initially 2.5 TL/kg, is bought from producers for a price range of 3.5-4 TL/kg.

Sales prices are 7.5 TL/kg for kiwi, 3.5 TL/kg, for Zucchini, 4.5-5 TL/kg for Santa Maria Pear, 2.5-3 TL/kg for Quince, and 22.5-23.5 TL/kg for hazelnuts.

7. Position of the Enterprise in the Industry

Despite the challenging conditions created also by the pandemic, our company maintains its position among the leading companies in the pesticides sector with its superior performance as of the first nine months of 2021. Furthermore, our

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company preserves its top position in organomineral fertilizers in the Plant Nutrition sector and is among the top three companies in the market in the smart (special) fertilizers group.

8. Development of the Enterprise

Our organomineral fertilizer production increased by 10% compared to the same period of the previous year and reached 57.9 thousand tons. Our plant protection products production increased by 42% compared to the same period of the previous year, reaching 21.9 thousand tons.

9. Products

Our company produces the most important inputs of plant production with the plant protection, plant nutrition and seed products in its portfolio. Furthermore, animal health, pet food and care products are also sold. During the pandemic, Biocidal licensed hand and surface disinfectants were also added to HEKTAŞ product portfolio.

For our fertilizer production activities, organomineral fertilizers are produced by renting the production / processing facility located at the address Adana Hacı Sabancı Organize Sanayi Bölgesi 5 Ocak Cad.N6 Sarıçam/ADANA.

Seed breeding and production is carried out at the Areo Tohumculuk company in the province of Antalya. Plant protection products are produced also in the Ferbis company based in Niğde. Furthermore, vegetable production in greenhouses and field crops production in the open field are carried out as part of our traceable food safety project at our Orhangazi facility.

We have 4 production lines in Arma İlaç Sanayi ve Ticaret A.Ş. in the province of Ankara: vials, beta-lactam vials, beta-lactam powder and tablet production lines. Our annual production capacity is 11 million boxes.

The studies required for the establishment of a "Pet Food" production facility with an initial annual capacity of 50,000 tons within an area of 40,336 m2 in the province of Balıkesir, Manyas district, Kızıksa neighborhood, have been started in line with our Company's growth strategies.

10. Efficiency

The capacity usage rates of the Company pertaining to the first nine months of 2021 compared with the same periods of the last two years are shown below.

| Production Facility | CUR (01 January-30 September) | | |
|---------------------|-------------------------------|------|------|
| | 2021 | 2020 | 2019 |
| Gebze | 136 % | 67% | 64% |
| Niğde | 105 % | 97% | 85% |
| Adana | 78 % | 84% | 89% |

*CUR: Capacity Usage Rate (a single shift is taken into account as 8 hours)

11. Production (Quantity)

The production quantities of our Company pertaining to the first nine months of 2021 compared with the same periods of the last two years are shown below.

| Gebze Production Facility | Realized Production (kg/lt) (01 January-30 September) | | |
|---------------------------|---|-------------------|-------------------|
| | 2021 | 2020 | 2019 |
| Technical Substance | 3.333.792 | 2,650,704 | 2,712,990 |
| Liquid Form | 5.243.929 | 4,719,676 | 3,899,993 |
| Herbicide Liquid Form | 2.086.332 | 1,037,858 | 1,214,817 |
| Powder Form | 5.096.008 | 3,190,871 | 3,278,392 |
| Grand Total | 15.760.061 | 11,599,108 | 11,106,192 |

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| Niğde Production Facility | Realized Production (kg/lt) (01 January-30 September) | | |
|----------------------------------|--|------------------|------------------|
| Nature of Production | 2021 | 2020 | 2019 |
| Technical Substance | 1.725.619 | 913,360 | 988,680 |
| Liquid Form | 1.766.476 | 1,098,580 | 526,751 |
| Herbicide Liquid Form | 2.676.796 | 1,639,943 | 1,751,319 |
| Powder Form | 0 | 196,862 | 116,831 |
| Grand Total | 6.168.891 | 3,848,745 | 3,383,581 |

| Adana Production Facility | Realized Production (kg/lt) (01 January-30 September) | | |
|----------------------------------|--|-------------|-------------|
| Nature of Production | 2021 | 2020 | 2019 |
| Organomineral Fertilizer | 57.865.975 | 52,676,786 | 24,042,700 |

12. Developments in Sales

Analysis of the sales of the first 9 months reveals a remarkable increase of 101% in the sales revenues compared to the same period of 2020. This increase was mainly the result of expansion of Plant Nutrition product portfolio, increase in production capacity and the consequent increase in the numerical distribution of products in terms of availability.

The global fertilizer crisis continues in the Plant Nutrition business line. The extraordinary increase in natural gas prices led to cuts and even halts in fertilizer production worldwide, especially in European countries. The decision of the Government of the People's Republic of China to ban the export of fertilizers also adversely affected the supply-demand balance. Despite these negative developments, our company continued to grow in the Plant Nutrition business line based on Tonnage and TL thanks to its strategic and foresighted efforts.

Despite the volatile and increasing input costs depending on the exchange rate in the Plant Protection business line, aggressive campaigns were designed with the aim of increasing profitability and were concluded positively, resulting in sales.

In line with the widespread channel management strategy carried out in the Animal Health business line, new regional positions are assigned for sales teams and customer management is restructured as well. In the Pet Care product group, a project was prepared for the distribution channel in addition to the direct veterinary clinic. With the implementation of the project in target provinces such as İzmir, Ankara, Bursa, Antalya and İstanbul, it is aimed to facilitate the precise management of the retail channel and to minimize operational costs.

Again in the Animal Health business line, an availability study was conducted by the Commercial Marketing HS Channel Operations Team in the Eastern Anatolia and Southeastern Anatolia regions, and target customer visits were made and regional reports were prepared as part of these efforts. The same study will be carried out for the Black Sea Region as well.

In addition, efforts have been commenced to identify and visit potential farms, especially poultry and ruminant farms, in the Central Anatolia, Mediterranean, Aegean, Marmara and Thrace Regions and to include them in HEKTAŞ customer portfolio.

13. Sales (Quantity)

As a result of the comparison of the sale quantities of our Company pertaining to the first nine months of 2021 compared with the same periods of the last two years, it has been observed that;

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- In the first nine months of 2019, 40,692,637 kg of sales were realized, while this figure was 123,062,556 kg in the same period of 2021.
- In the same period of 2020, 58,599,773 kg of sales were realized.

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 PDP. The directives pertaining to these committees are available on the web site of our Company.

2. Early Detection of Risk Committee

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 PDP. These guidelines are available on the web site www.hektas.com.tr.

3. 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.

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

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

b. Our Regional Directorates

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.

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.

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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. 19 of our financial statements of 30.09.2021.

6. Information to Stakeholders

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

| NAME SURNAME | DUTY | UNDERGRADUATE | E-MAIL | TELEPHONE |
|--|---------------------------------------|---|--|-------------------|
| Tuba BEKTAŞ | Investor Relations Department Manager | CMB Level 3 License, Corporate Governance Rating License, Derivative Instruments License, Credit Rating License | tuba.bektas@hektas.com.tr | +90 262 751 14 12 |
| Uğur AKBAŞ | Investor Relations Department Officer | | ugur.akbas@hektas.com.tr | +90 262 751 14 12 |
| Investor Relations E-mail Address | | | investorrelations@hektas.com.tr | |

Events Occurring within the Period:

Transactions Carried out in Relation with Paid-Unpaid Capital Increase

The process regarding “Capital Increase”, which was brought to the attention of our stakeholders through the Public Disclosure Platform (PDP), was commenced in December 2020 and all developments regarding the process were shared with the public on PDP on the dates of 04.01.2021, 30.03.2021, 31.03.2021, 26-27-28.04.2021, 18.05.2021, 20.05.2021, 31.05.2021, 17.06.2021 and 25.06.2021 respectively.

With the latest PDP disclosure dated 25.06.2021 made within the period, the amendment and registration of the articles of association with respect to capital increase was announced.

Paid Capital Increase

| Share Group Information | Current Capital (TL) | Preemptive Right Exercise Amount (TL) | Preemptive Right Exercise Rate (%) | Security to be Provided | Type |
|-------------------------|----------------------|---------------------------------------|------------------------------------|-------------------------|------------|
| HEKTS, TRAHEKTS91E4 | 227,571,100.14 | 400,000,000.00 | 175.76924 | HEKTS, TRAHEKTS91E4 | Registered |
| TOTAL | 227,571,100.14 | 400,000,000.00 | 175.76924 | | |

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Unpaid Capital Increase

| Share Group Information | Current Capital (TL) | Amount of Unpaid Shares Received from Internal Resources (TL) | Ratio of Unpaid Shares Received from Internal Resources (%) | Security to be Provided | Type |
|-------------------------|----------------------|---|---|-------------------------|------------|
| HEKTS, TRAHEKTS91E4 | 227,571,100.14 | 232,428,899.86 | 102.13462 | HEKTS, TRAHEKTS91E4 | Registered |
| TOTAL | 227,571,100.14 | 232,428,899.86 | 102.13462 | | |

Transactions Carried out Regarding the Increase of the Authorized Capital Cap

All developments regarding the "Increase of the Authorized Capital Cap", which were brought to the attention of our stakeholders through the Public Disclosure Platform (PDP) were shared with the public on PDP on the dates of 11.01.2021, 28.01.2021 and 29.03.2021 respectively; thus, the process was concluded by increasing the Company's authorized capital from TL 400.000.000 to TL 1.000.000.000.

Transactions Regarding the Exercise of the Retirement Right

Since the transactions regarding the "Paid Capital Increase", which was brought to the attention of our stakeholders through the Public Disclosure Platform (PDP) also include the "Exercise of the Retirement Right", the PDP disclosures were made and shared with the public on the dates of 17.02.2021, 26.03.2021 and 29.03.2021 respectively.

Transactions Regarding the Ordinary General Assembly of 2020

The process regarding the "Ordinary General Assembly Meeting of 2020", which was brought to the attention of our stakeholders through the Public Disclosure Platform (PDP) was commenced on 17.02.2021 and shared with the public through PDP on the dates of 05.03.2021, 24.03.2021 and 26.03.2021 respectively.

The PDP disclosures regarding Dividends, Determination of the Independent Audit Firm and distribution of the duties of the Board of Directors, which were discussed and concluded during the Ordinary General Assembly Meeting of 2020 held on 24.3.2021, were made on 24.03.2021.

Notification on Capital Market Instrument Transactions Other Than Shares

The PDP disclosure regarding the principal amount and 8th coupon payment of the private sector bond coded TRSHEKT32123 ISIN was made on 10.03.2021.

Acquisition of Financial Fixed Assets

The process regarding the purchase of 100% of "Arma İlaç Sanayi ve Ticaret A.Ş." from Oyak Biyoteknoloji Sanayi ve Ticaret A.Ş. At a price of TL 92.000.000, which was brought to the attention of our stakeholders through the Public Disclosure Platform (PDP), was commenced in December 2020 and the acquisition of the financial fixed asset was announced to the public with the PDP closure dated 28.07.2021.

Resignation of the Independent Board of Directors Member

Our Independent Board of Directors Member Mr. Mahmut Cengiz AYDIN, who has been working since 31 March 2017, resigned from his duties as Independent Board of Directors Member and committee member as of 20 August 2021. This information was shared with our stakeholders on the Public Disclosure Platform (PDP) on 20.08.2021 and explained in detail in the section number A/6 titled "Committees, Changes Applied in the Executive Management within the Period" of our Activity Report.

Senior Management Appointments

During the meeting held on 07.09.2021 by our Company's Board of Directors, senior appointments were made in the company. This information was shared with our stakeholders through the Public Disclosure Platform (PDP) on 07.09.2021 and explained in detail in the section number A/7 titled "Committees, Changes Applied in the Executive Management within the Period" of our Activity Report.

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Appointment of the New Investor Relations Manager

Within the framework of the Capital Market Legislation, Tuba BEKTAŞ, who has the qualifications prescribed in the legislation, was appointed as the Investor Relations Department Manager on 13.09.2021 to perform the same duties in place of Betül MADENUS, who had been working as Investor Relations Department Manager and Corporate Governance Committee Member; therefore, Tuba BEKTAŞ has also been appointed as Corporate Governance Committee member in place of Betül MADENUS and this information was shared with our stakeholders on the Public Disclosure Platform (PDP).

Credit Rating

As a result of the rating studies conducted by "JCR Avrasya Derecelendirme A.Ş.", our company's long and short term national ratings were confirmed as 'AA (Trk)' and 'A-1+ (Trk)' respectively, while their outlook in terms of the ratings were confirmed as "Stable". Our company's international ratings is restricted to the national rating and this information was shared with our stakeholders through the Public Disclosure Platform (PDP).

Establishment of the Pet Food Production Facility

The studies required for the establishment of a "Pet Food" production facility with an initial annual capacity of 50,000 tons within an area of 40,336 m2 in the province of Balıkesir, Manyas district, Kızıksa village, have been started and the agreements required for machinery, equipment, construction and similar transactions have been completed in line with the Company's growth strategies. It is planned to complete the investment in the second quarter of 2020 and this information was shared with our stakeholders through the Public Disclosure Platform (PDP).

Events Occurring Outside of the Period:

There are no events occurring outside of the period.