**GEN İLAÇ VE SAĞLIK ÜRÜNLERİ**
**SANAYİ TİCARET ANONİM ŞİRKETİ**
**ACTIVITY REPORT FOR THE PERIOD BETWEEN**

**01.01.2024– 30.06.2024**

## - Unofficial Translation-

**NOTE: This report is prepared for informational purposes and it is Turkish translation of Turkish Activity report. In case of inconsistency between the Turkish and English texts, the Turkish text shall prevail.**

## 1. GENERAL INFORMATION

**Activity Period:** 01.01.2024 – 30.06.2024

**Commercial Title:** Gen İlaç ve Sağlık Ürünleri Sanayi ve Ticaret A.Ş.

**Registration Number:** Ankara Trade Registry – 131040

**Tax Office:** Ankara Corporate Tax Office

**Tax Number:** 391 031 0236

**Mersis Number:** 0391031023600019

**Place of Incorporation:** Gen İlaç ve Sağlık Ürünleri Sanayi Ticaret A.Ş. ("GEN", "Company" veya "Gen İlac") is established in Ankara, Türkiye.

**Address:** The Company's address and main activity center is Mustafa Kemal Mahallesi 2119. Sokak No: 3-5 Çankaya / Ankara. The Group's production facility is located in ASO 2. And 3. Organize Sanayi Bolgesi Alci OSB Mah. 2013. Cad. No: 24 Sincan/Ankara.

In addition, the Company has 9 offices in Ankara, Izmir and Istanbul in Türkiye and Germany, Azerbaijan, Kazakhstan, Uzbekistan, Russia and Georgia abroad.

**Contact Info:** 0312 219 62 19 (Center) / 0312 945 14 36 (Production Facility)

**Corporate Web Site:** https://www.genilac.com.tr/

**Independent Auditor Information:** Eren Bağımsız Denetim A.Ş.

## 2. AREA OF OPERATION

The Company's main operation area is production of all kinds of human medicines and health products, trading, import and export of these products. Gen İlaç operates with its medicines especially in the field of treatment of rare diseases and in the elimination of dysfunctions due to these diseases.

## 3. CAPITAL AND PARTNERSHIP STRUCTURE

The Company accepted authorized capital system according to code numbered 6362 and transmitted to the authorized capital system with the permission of Capital Markets Board of Türkiye dated 08 April 2021 and numbered 19/595. Between 2024-2028 Our Company's authorized capital limit is TL 5.000.000.000 and issued capital is TL 300.000.000. TL 55.000.000 portion of the total capital consist of A group shares and remaining TL 245.000.000 portion consist of B group shares.

In accordance with the Article 7 of our company's Articles of Association A group shareholders have priviledge to promote board member. Also, according to the Article 10 of our company's Articles of Association each A group share has five (5) voting right in general assembly.

Company' capital has been registered and announced on Trade Registry Gazette dated 14 September 2021 and numbered 10408

The partnership structure of the company as of June 30, 2024 is presented below.

| **Partnership Structure as of March 31, 2024** | | |
|---|---|---|
| Partnership Structure | Capital Amount (TL) | Ratio(%) |
| Abidin Gülmüş | 219.660.000 | 73,22 |
| Semra Gülmüş | 3.750.000 | 1,25 |
| Şükrü Türkmen | 2.656.000 | 0,89 |
| Ömer Dinçer | 2.656.000 | 0,89 |
| Bekir İlker Yılmaz | 1.164.000 | 0,38 |
| Aylin Evrensel | 1.024.000 | 0,33 |
| Absel Emlak İnşaat Limited Şirketi | 1.250.000 | 0,42 |
| Public | 67.840.000 | 22,62 |
| **Total** | **300.000.000** | **100.00** |

## 4. BOARD OF DIRECTORS AND SENIOR MANAGEMENT

### Board Of Directors

| | |
|---|---|
| Abidin GÜLMÜŞ | Chairman of the Board of Directors |
| Şükrü TÜRKMEN | Vice Chairman of the Board of Directors |
| Ömer DİNÇER | Vice Chairman of the Board of Directors |
| Tolga KIZILTAN | Board of Directors Member (Independent) |
| Bernay ÖZAVCI | Board of Directors Member (Independent) |

### Senior Management

| | |
|---|---|
| Abidin GÜLMÜŞ | Chairman of the Board/General Manager |
| Şükrü TÜRKMEN | Deputy Chairman of the Board of Directors |
| Ömer DİNÇER | Deputy Chairman of the Board of Directors |
| Tolga KIZILTAN | Board of Directors Member (Independent) |
| Bernay ÖZAVCI | Board of Directors Member (Independent) |
| Selçuk Deniz KARAGÜLLE | Vice President (Global Sales-Marketing) |
| Yağmur Selin GÜLMÜŞ KOLAY | Vice President (Strategy & Corporate Development |
| Nadir ULU | Vice President (R&D – Clinical Operations) |
| Eda GÜLMÜŞ DEMİR | Vice President (Foreign Trade) |

## 5. SUBSIDIARIES AND AFFILIATED COMPANIES

### Affliated Companies ("Group")

GEN forms a group together with its affiliated companies, detailed below.

| Affiliated Companies | Activity Location | Main Activity |
|---|---|---|
| Genject Sağlık Ürünleri Kimya Sanayi Ticaret A.Ş. | Türkiye | Syringa Production and sales |
| Elixir İlaç Araştırma Geliştirme A.Ş. | Türkiye | Human Drugs Research and Development |
| Gen Pharma Caucasus Manufacturing Operations MMC | Azerbaijan | Pharmaceutical Production |

Genject Sağlık Ürünleri Kimya Sanayi Ticaret A.Ş. ("Genject") was founded in 2010 and Gen İlaç ve Sağlık Ürünleri A.Ş. has 80.40% shares in Genject. Genject manufactures its own brand Genject disposable hypodermic syringes in Türkiye in accordance with CE standards.

Elixir İlaç Araştırma Geliştirme A.Ş. ("Elixir") was founded in 2014 and Gen İlaç ve Sağlık Ürünleri A.Ş. has 85% shares in Elixir. Elixir conducts R&D studies on the development of new and generic medicine products and production processes in accordance with the standards of the «European Medicine Agency (EMA)» and the «United States Food and Drug Administration (USFDA)».

Gen Pharma Caucasus Manufacturing Operations MMC ("GEN Caucasus") was established in 2023, and GEN is a 66.00% partner. GEN Caucasus was established with the aim of establishing a pharmaceutical manufacturing facility in Azerbaijan and selling and marketing the products to be produced in this facility. Currently, construction work of the manufacturing facility continues.

### Subsidiaries

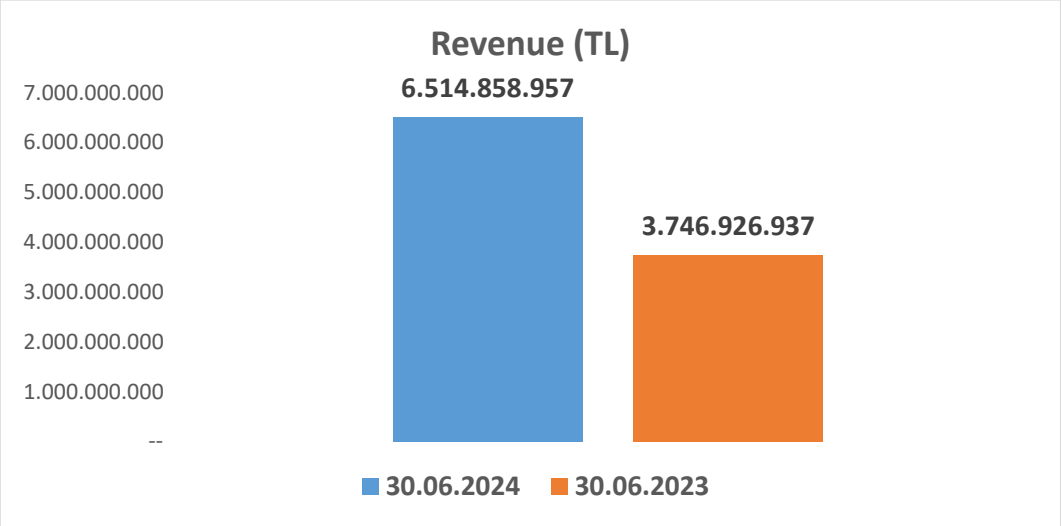
| Subsidiaries | Activity Location | Main Activity | Share Ratio(%) |
|---|---|---|---|
| Apeiron Biologics AG | Austria | Drug Research and Development | 0,60 |
| Stimusil Inc. | USA | Medical Device Development | 16,80 |
| RS Araştırma Eğitim Danışmanlık İlaç Sanayi ve Ticaret A.Ş. | Türkiye | Drug Research and Development | 11,70 |
| Galventa AG | Switzerland | Drug and Food Supplement Research and Development | 4,55 |
| Neo Auvra Dijital Sağlık ve Biyonik Teknolojileri ve Hizmetleri Sanayi ve Ticaret A.Ş. | Türkiye | Biotechnological Medical Device Research and Development | 32,39 |
| Invios Holding AG | Austria | Precision Cancer Immunotherapies | 0,60 |
| H2O Bilişim Yazılım Elektronik Sağlık Hizmetleri Sanayi ve Türk Ticaret Anonim Şirketi | Türkiye | Digital Health Technologies | 10,00 |
| Jaguar Health Inc. | USA | Drug Research and Development | 6,70 |

## 6. MAIN FINANCIAL INDICATORS

### Sales

As of 30.06.2024 according to the financial statement prepared compliant with TAS 29 total revenue of the company is TL 6.514.858.957 More than 73,8% increase occured compare to the same period of the previous year.

The comparative chart of the Group's consolidated revenue for the first half of 2023 and 2024 is presented below.




### Distribution of Sales

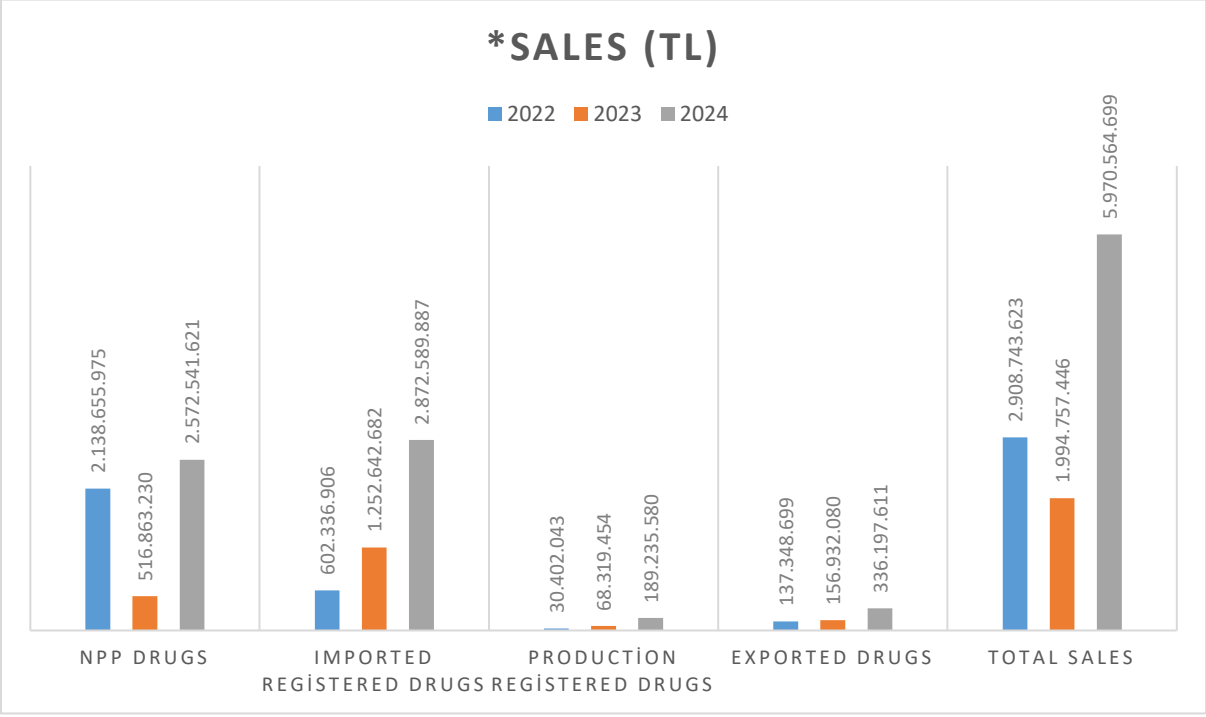
GEN's distribution of drugs sales has given below for the first half of the years 2022, 2023 and 2024.

| Sales (TL) | *2022/Q1 | *2022/Q2 | *2023/Q1 | *2023/Q2 | *2024/Q1 | *2024/Q2 |
|---|---|---|---|---|---|---|
| NPP Drugs | 829.734.873 | 1.308.921.102 | 181.168.786 | 335.694.444 | 1.292.821.895 | 1.279.719.726 |
| Imported Registered Drugs | 303.380.073 | 298.956.833 | 605.509.072 | 646.689.371 | 1.346.670.390 | 1.525.919.496 |
| Production Registered Drugs | 11.917.257 | 18.484.786 | 32.500.437 | 35.819.017 | 107.524.944 | 81.710.636 |
| Exported Drugs | 56.720.295 | 80.628.404 | 96.314.144 | 60.617.936 | 208.808.900 | 127.388.711 |
| **Total Sales** | **1.201.752.498** | **1.706.991.125** | **915.492.439** | **1.079.265.007** | **2.955.826.129** | **3.014.738.569** |

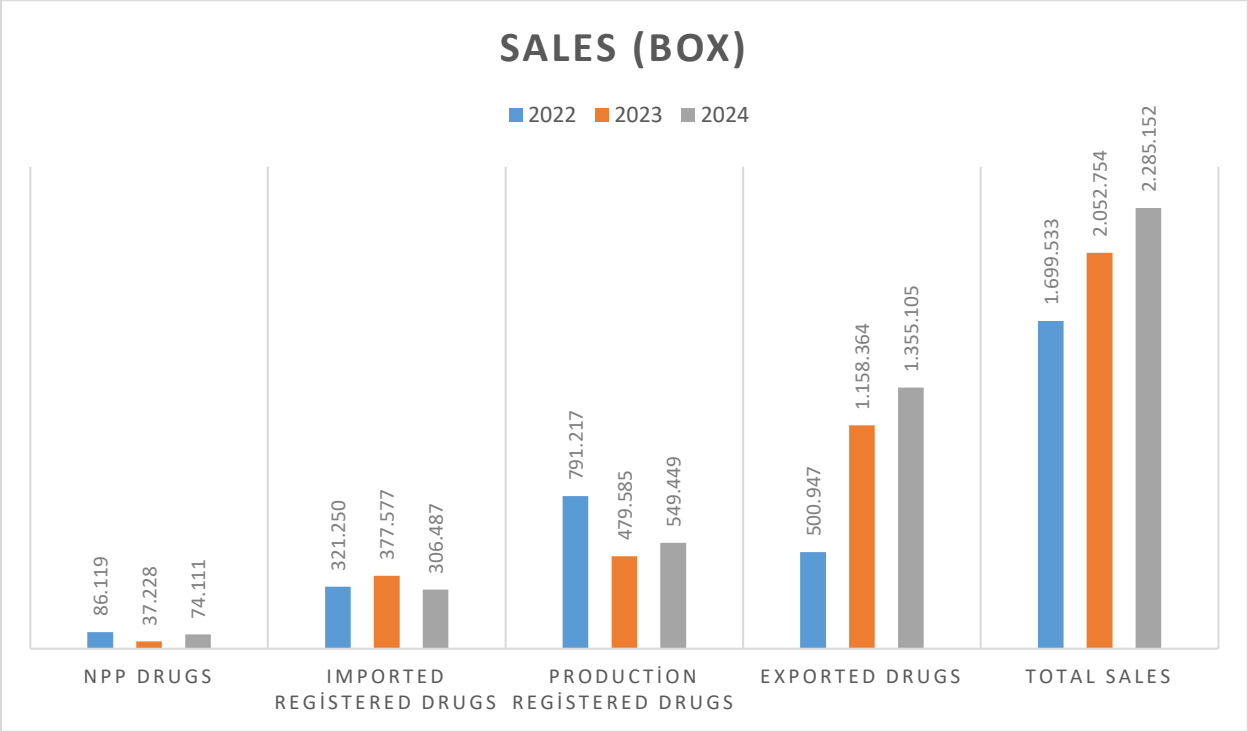
*(*These values are calculated based on the invoice amounts for the products sold by the company, and TAS 29 Financial Reporting Standards in High Inflation Economies has not been applied.)*

| Sales (Box) | 2022/Q1 | 2022/Q2 | 2023/Q1 | 2023/Q2 | 2024/Q1 | 2024/Q2 |
|---|---|---|---|---|---|---|
| NPP Drugs | 42.211 | 43.908 | 11.584 | 25.644 | 41.304 | 32.807 |
| Imported Registered Drugs | 163.774 | 157.476 | 190.943 | 185.039 | 131.777 | 174.710 |
| Production Registered Drugs | 318.155 | 473.062 | 332.414 | 147.171 | 424.522 | 124.927 |
| Exported Drugs | 252.790 | 248.157 | 594.180 | 564.184 | 945.231 | 409.874 |
| **Total Sales** | **776.930** | **922.603** | **915.492.439** | **923.633** | **1.542.834** | **742.318** |

A comparative chart of sales for the first half of the 2022, 2023 and 2024 sales are presented below.

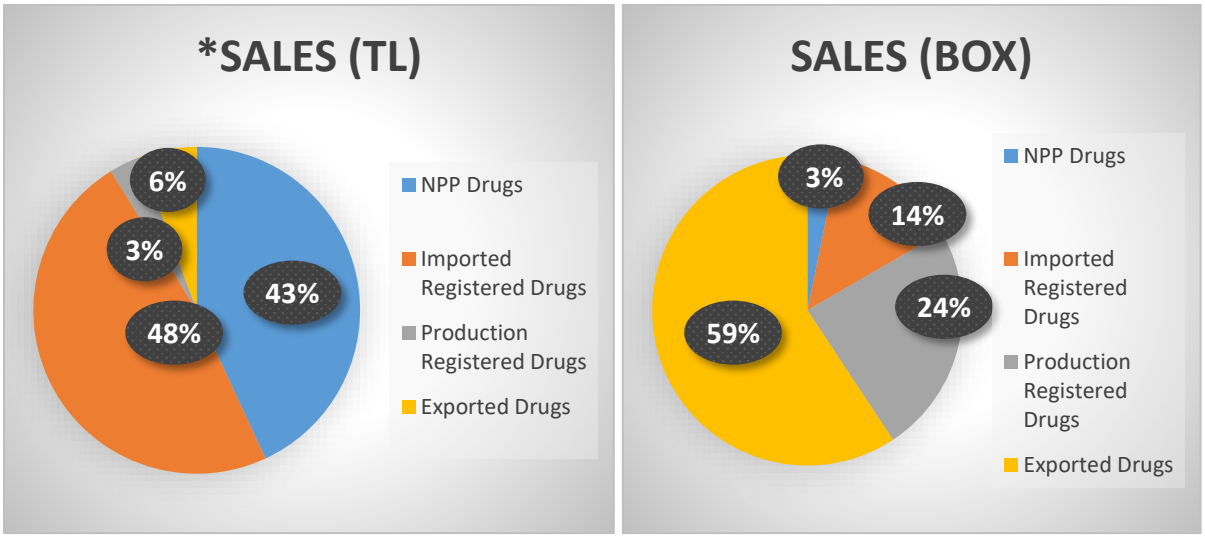



*(*TAS 29 Financial Reporting Standards in High Inflation Economies has not been applied.)*




## Distribution of Sales

30.06.2024 tarihi itibariyle satışların ürün grubu bazında dağılımı aşağıda sunulmuştur.




*(*TAS 29 Financial Reporting Standards in High Inflation Economies has not been applied.)*

In accordance with the group's consolidated financial statements, selected financial performance indicators are presented below.

## Income Statement

| | 2023 /Q1 | 2023/Q2 | 2024/Q1 | 2024/Q2 |
|---|---|---|---|---|
| **Gross Profit** | **503.051.178** | **506.238.820** | **684.027.223** | **595.394.746** |
| Gross Profit Margin | 28,51% | 25,54% | 20,36% | 15,89% |
| **Operating Prtofit** | **84.070.442** | **-21.264.090** | **335.124.696** | **235.942.671** |
| Operating Profit Margin | 4,76% | -1,07% | 9,97% | 6,30% |
| **EBITDA** | **254.710.066** | **281.183.835** | **393.231.361** | **377.145.209** |
| EBITDA Margin | 14,43% | 14,19% | 11,70% | 10,07% |
| **Net Profit** | **-162.272.921** | **-139.941.954** | **165.337.665** | **-172.033.548** |
| Net Profit Margin | -9,20% | -7,06% | 4,92% | -4,59% |


## Balance Sheet

| TL | 30.06.2023 | 31.12.2023 | 31.12.2023 |
|---|---|---|---|
| **Total Current Assets** | **5.070.735.585** | **4.929.931.466** | **5.314.911.100** |
| Total Non-Current Assets | 4.286.159.123 | 4.689.989.113 | 4.565.778.832 |
| **Total Assets** | **9.356.894.708** | **9.619.920.579** | **9.880.689.932** |
| Current Liabilities | 3.675.945.485 | 3.383.985.803 | 3.548.840.860 |
| **Non-Current Liabilities** | **467.379.026** | **175.553.017** | **444.754.727** |
| Total Liabilities | 4.143.324.511 | 3.559.538.820 | 3.993.595.587 |
| **Equity** | **5.213.570.197** | **6.060.381.759** | **5.887.094.345** |
| Current Ratio | 1,38 | 1,46 | 1,50 |
| Net Financial Debt/Equity | -0,05 | 0,12 | 0,17 |

## 7. PROMINENT ACTIVITIES

Details about prominent activities of the Company between January 01, 2024 and June 30, 2024 has presented below.

**Research ve Development Activities:** In the first two quarters of 2024, the total amount of R&D expenses and investment expenditures recorded within our company was TL 96.032.508,70.

Our R&D activities for the development of innovative and generic drugs continue with our team of 25 expert personnel (5 technicians and 20 researchers), 70% of whom are involved in postgraduate education, acting as a bridge to academia.

During the period between January 1, 2024, and June 30, 2024, activities were carried out for a total of 47 projects, including 37 R&D Center projects.

The R&D study for 10 projects was completed during this period, and marketing authorization applications were submitted to the relevant authorities.

Under the marketing authorization applications made in the first half of the year, 6 of our projects received preliminary CTD approval from the Turkish Medicines and Medical Devices Agency (TİTCK). The 210-day licensing process has started for 3 of these projects.

For 9 projects, the technical and bioequivalence commission processes at TİTCK are ongoing. It is expected that 6 of these projects will be licensed by TİTCK by the end of 2024. The preparation processes for marketing authorization applications have begun for 5 projects.

As part of the 14th International Symposium on Pharmaceutical Sciences (ISOPS), presentations were performed under the following two topics:

- "Gastro resistant lipophilic matrix tablets as a superior generic alternative to soft gel capsules"
- "Development and validation of a sensitive analytical method for dexamethasone phosphate residue determination"

These presentations addressed important issues in the field of pharmaceutical sciences, providing participants new knowledge and approaches. In this regard, GEN has made contacts for potential domestic and international collaborations in the academic environment.

A poster presentation "Determination and Validation of Hydrocortisone Amount Using High-Performance Liquid Chromatography with Experimental Design" was conducted at the 17th National Spectroscopy Congress at Zonguldak Bülent Ecevit University.

This poster discussed how high-performance liquid chromatography (HPLC) methods can be applied using experimental design for the determination and validation of hydrocortisone.

### *SUL-238 Alzheimer's Disease Treatment Project*

In line with our company's innovation and global growth strategies, the Phase 1 clinical trial of the innovative investigational drug SUL-238, the first member of its drug class, has begun in humans. As known, our company GEN holds the rights to research, develop, produce, and commercialize SUL-238 for the treatment of Alzheimer's Disease and other neurodegenerative diseases in both preclinical and clinical phases. Within this scope, our meticulously conducted preclinical studies resulted in the approval of our Ethics Committee and the Turkish Medicines and Medical Devices Agency clinical research applications. The first dosing of SUL-238 in the Phase 1 clinical trial, to be conducted on healthy volunteers, was carried out on February 19, 2024. The formulation and R&D stability studies of the investigational products to be used in the Phase 1 clinical trial were conducted in GEN R&D Laboratories, and the clinical trial products for this research were also produced at our GEN Production Facility. Following the successful completion of this phase, it is expected that SUL-238 will demonstrate improvement in cognitive functions by reversing/halting the progression of impaired mitochondrial functions in the brain cells of Alzheimer's patients during Phase 2 and Phase 3 clinical trials.

### *GN-037 Topical Cream / "Safe and Effective Drug Formulation for the Treatment of Psoriasis"*

The Phase 2 clinical trial of our other innovative investigational drug, GN-037 topical cream, developed in GEN R&D laboratories, evaluating its clinical efficacy and safety in the treatment of mild to moderate plaque psoriasis, was completed on March 3, 2024, and the reporting process is ongoing. Details of the study can be accessed at the following link:

https://classic.clinicaltrials.gov/ct2/show/NCT05706870

The full text of the article presenting the results of the Phase 1 study of this investigational product, published on May 10, 2023, can be accessed at the following link:

https://link.springer.com/article/10.1007/s13555-023-00939-7

The evaluation process of the PCT patent application, titled "Safe and Effective Drug Formulation for the Treatment of Psoriasis," is ongoing.

### *TÜBİTAK & Technology-Oriented Industry Move Program Projects*

Within the scope of the Technology-Oriented Industry Move Program, the R&D activities of our projects, which officially started on April 1, 2023, have continued in accordance with the project schedule during this period. The technical and financial reports for the relevant period were prepared and submitted to TÜBİTAK, and observer referee visits were completed, successfully concluding the period for all our projects. As a result of the R&D expenditures and activities carried out since the start of the projects within the Technology-Oriented Industry Move Program, approximately TL 3.2 million of government support has been obtained.

Within the framework of our cooperation with Ankara University Faculty of Pharmacy, which started in 2022 within the scope of the "TÜBİTAK 2209-B University Students Research Projects Support Program for Industry", theoretical and practical lectures covering analytical method development and validation studies were carried out in the first half of 2024. Our project activities subject to cooperation were accelerated under the roof of GEN R&D laboratory.

The project "Development of a New Computer Aided Synthesis of the Active Pharmaceutical Ingredient (API) of Plerixafor", which was entitled to receive TÜBİTAK 1501 Industrial R&D Projects Support, was carried out in cooperation with GEN, MEDDENOVO and PEPTITEAM. The technical and financial reports for the relevant period were prepared and submitted to TÜBİTAK and the related period was successfully completed by completing the monitoring referee visits. Currently, Solution for Injection containing the active substance plerixafor is licensed in Turkey on behalf of GEN. This project aims to carry out the synthesis of the active substance in Turkey as a preliminary stage.

**Registration Activities:** During the period between 01.01.2024 and 30.06.2024, 3 marketting authorizations have been issued on behalf of our company. (1 in Turkiye, 1 in Azerbaijan, 1 in Setbia)

**Naglazyme, Vimizim and Qarziba Aggrement Between GEN & SGK:** (02.04.2024) A 3-year alternative reimbursement agreement has been signed between our company and the Social Security Institution (SGK) for the supply of the drugs “Naglazyme” with the active ingredient “Gasulfase” and Vimizim with the active ingredient “Elosulfase Alfa”, produced by Biomarin, of which we are the distributor and the drug called Qarziba with the active ingredient “Dinutuximab Beta”, produced by Eusa Pharma, of which we are also the distributor.

The contribution of these contracts to GEN's sales is expected to be EUR 285,500,000 over a three-year period.

https://www.kap.org.tr/en/Bildirim/1265629

https://www.kap.org.tr/en/Bildirim/1265639

https://www.kap.org.tr/en/Bildirim/1265675

**Increase of Authorized Capital Ceiling:** (29.04.2024) Our Company’s to increase the registered capital ceiling of our company from 1,250,000,000 TL to 5,000,000,000 TL has been approved by the Ministry of Trade and was accepted by a majority vote at the Company's General Assembly held on 29.04.2024.

https://www.kap.org.tr/en/Bildirim/1278687

**State Supply Office (Devlet Malzeme Ofisi - DMO) Tender Result:** (24.04.2024) Salutem Ecza Deposu Medikal Limited Şirketi (Salutem) which authorized by our company to join State Supply Office tenders and our related party at the same time joined State Supply Office April 2024 Tender. As a result of the tender drugs which will supplied by Salutem are provided from our company.

Contribution of the drugs which will be supplied by Salutem as a result of the State Supply Office April Tender to the our Company's total sales will be TL 93.939.886.

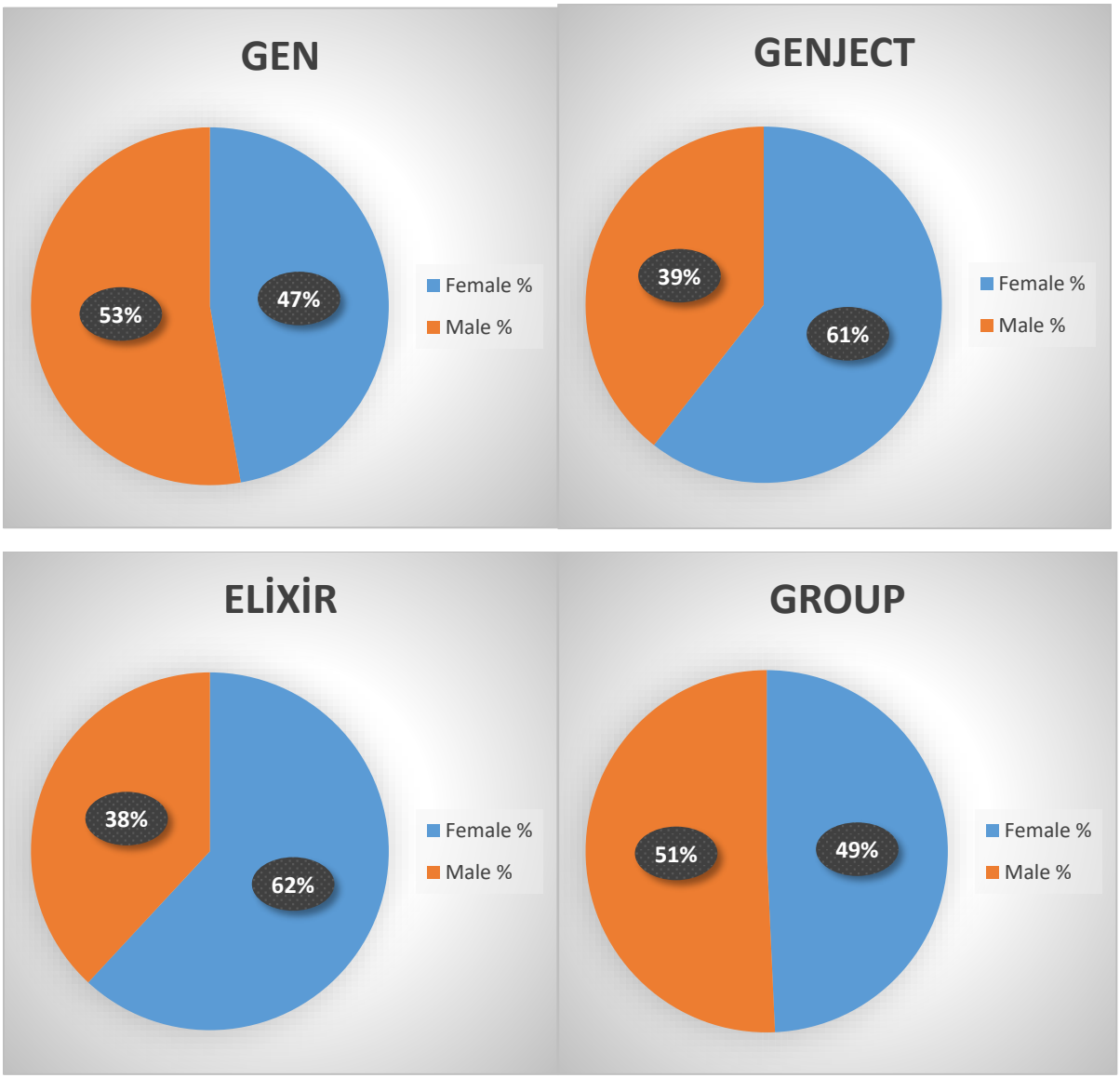
https://www.kap.org.tr/en/Bildirim/1276424

## 8. EMPLOYEE STATUS

As of 30.06.2024, the number of personnel working within the group is 617. The Group's employee distribution is as follows.

| **Firm** | **Number of Employees** |
|---|---|
| Gen İlaç ve Sağlık Ürünleri Sanayi ve Ticaret A.Ş. | 525 |
| Genject Sağlık Ürünleri Kimya Sanayi Ticaret A.Ş. | 71 |
| Elixir İlaç Araştırma Geliştirme A.Ş. | 21 |
| **Total** | **617** |

### Gender Distribution



## 9. LEGAL EXPLANATIONS

### Lawsuits and Sanctions

According to the consolidated financial statements as of June 30, 2024 of the company provision distributed amounting to TL 19.246.002 for the Lawsuits which may affect company's financial situation and activities significantly.

## 10. CHANGE TO THE ARTICLES OF ASSOCIATION MADE DURING THE PERIOD

In the Trade Registry Gazette dated 13.05.2024 and numbered 11080 it has published that the company's authorized capital ceiling increased to TL 5.000.000.000 in article 6 of our Company's Articles of Association, the registered capital ceiling was updated to 5.000.000.000.

## 11. DIVIDEND DISTRIBUTION POLICY

In the course of dividend distribution, a balanced and consistent policy between shareholders and the interests of the company is followed in accordance with the Corporate Governance Principles. In principleg, it is aimed to distribute at least one third of distributable profit which has been calculated according to the Capital Market regulations to shareholders and other people participating in the dividend in the form of cash and/or bonus shares in proportion to their shares as long as the respective regulations and financial means permit to do so, and as long as affordable from resources available in our legal records, taking into consideration the market expectations, our long-term company strategy, capital requirements of our affiliates and subsidiaries, our investment and financing policies and the profitability and cash position.

Our Company's Dividend Distribution Policy can be accessed from the corporate website. (https://en.genilac.com.tr/raporlar/48df6133-1f8a-4bff-95eb-72739a81d7f9) accessible.

## 12. DISTRIBUTED DIVIDEND INFORMATION DURING THE PERIOD

During the Ordinary General Assembly held on April 29, 2024 it has been decided that distribute 81,30% of the net distributable profit as cash dividend 3 installments. The distribution of the first installment was made on 11.06.2024. The table regarding divident payment is presented below.

| Share Group Information | Payment | Gross Cash Dividend will be Paid to Nominal Share Equal to TL 1 | Gross Cash Dividend will be Paid to Nominal Share Equal to TL 1 (%) | Witholding Tax Ratio (%) | Net Cash Dividend will be Paid to Nominal Share Equal to TL 1 | Net Cash Dividend will be Paid to Nominal Share Equal to TL 1 (%) |
|---|---|---|---|---|---|---|
| A Group, Not Trading, TREGENL00016 | 1.Installment | 0,3703703 | 37,03703 | 10 | 0,3333332 | 33,33332 |
| A Group, Not Trading, TREGENL00016 | 2.Installment | 0,3703703 | 37,03703 | 10 | 0,3333332 | 33,33332 |
| A Group, Not Trading, TREGENL00016 | 3.Installment | 0,3703703 | 37,03703 | 10 | 0,3333332 | 33,33332 |
| A Group, Not Trading, TREGENL00016 | Total | 1,1111109 | 111,11109 | 10 | 0,9999996 | 99,99996 |
| **B Group, GENIL, TREGENL00024** | **1.Installment** | **0,3703703** | **37,03703** | **10** | **0,3333332** | **33,33332** |
| **B Group, GENIL, TREGENL00024** | **2.Installment** | **0,3703703** | **37,03703** | **10** | **0,3333332** | **33,33332** |
| **B Group, GENIL, TREGENL00024** | **3.Installment** | **0,3703703** | **37,03703** | **10** | **0,3333332** | **33,33332** |
| **B Group, GENIL, TREGENL00024** | **TOTAL** | **1,1111109** | **111,11109** | **10** | **0,9999996** | **99,99996** |

## 13. GENERAL ASSEMBLIES HELD DURING THE TERM

The Ordinary General Assembly of our Company for the 2023 Accounting Period was held on April 29, 2024. The prominent issues discussed at the General Assembly Meeting are summarized below:

During the General Assembly; profit distribution, determination of the upper limit for donations and aid to be made in 2024, Individual discharge of the Company's Board Members for the Company's 2023 activities and monthly attendance fees of the Board Members, Informing shareholders about share buybacks and shares disposed of in 2023, Discussion and approval of the amendment to Article 6 of the Company's Articles of Association and informing shareholders about transactions made to related parties in 2023 within the framework of the Capital Markets Board regulations were discussed, accepted and entered into force. The General Assembly minutes can be accessed via the Public Disclosure Platform, https://www.kap.org.tr/en/Bildirim/1278660

## 14. CORPORATE GOVERNANCE PRACTICES

### Committees of the Board of Directors

It has been decided by the Board of Directors of the Company to establish the following committees and to determine the memberships as follows.

| **Audit Committee** | |
|---|---|
| **President** | Tolga KIZILTAN |
| **Member** | Bernay ÖZAVCI |

| **Early Detection of Risk Committee** | |
|---|---|
| **President** | Bernay ÖZAVCI |
| **Member** | Tolga KIZILTAN |

| **Corporate Governance Committee** | |
|---|---|
| **President** | Bernay ÖZAVCI |
| **Member** | Tolga KIZILTAN |
| **Member** | Ali KETENCİOĞLU |

The Duties and the Working Principles of the Committees are accessible in our Company's corporate website.(https://en.genilac.com.tr/raporlar/48df6133-1f8a-4bff-95eb-72739a81d7f9)

### Policies

Dividend Distribution, Donation and Aid, Remuneration for the Members of the Board of Directors and Senior Executives and Disclosure policies and Public Disclosure Procedure which prepared in accordance

Current versions of these Policies and Procedures can be accessed from our company's corporate website (https://en.genilac.com.tr/raporlar/48df6133-1f8a-4bff-95eb-72739a81d7f9)

## 15. RISK MANAEMENT PRACTICIES

Risk management is implemented in accordance with the policies approved by the board of Directors and in accordance with intermnational standarts. Due to the fact that the sector in which company company operate it is faced with various risks, especially in the financial, operational and legal fields, risks are managed within the framework of the corporate risk management structure with an integrated, systematic and proactive approach with risk assessments updated with processes and spread throughout the organization. With effective risk following, it is provided that prioritization according to effects and possşbilities of these risks and management of these risks corrcectly.

### Financial Risks

Within the scope of financial risks, risks arising from uncertainties and fluctuations in exchange rates, interest rates and commodity prices are defined. When the exchange rate risk is evaluated, although most of our sales are based on imported products, our company does not face a serious exchange rate risk. The purchases and sales of the NPP business line, which constitutes the majority of our company's sales, are in foreign currency in accordance with the contracts made between our company and the relevant institutions, and our company does not carry any exchange rate risk in this field. In the case of imported registered drugs, which have the second largest share in the sales of our company, most of the exchange rate risk has been protected by the contracts signed with the business partners. As a result, our company, which does not carry exchange rate risk in most of its sales. Also, minimizes the exchange rate risk with effective financial management which may arise from the remaining part of the operation. Interest Rate Risk exerts its influence on interest-sensitive assets and liabilities. The negative effects of interest rate risk are eliminated by balancing financial liabilities in short term / long term and fixed interest / variable interest. Uncertainties in commodity prices are minimized with effective stock management.

### Liquidity Risk

Liquidity risk is managed by closely monitoring the current cash position and forecasted cash flows, and attention is paid to ensuring maturity matching between assets and liabilities. In order to protect short-term liquidity, net working capital is closely monitored and cash and cashlike assets are held against movements that may occur in the capital markets. In this way, the need for working capital and liquidity risk are minimized. Long-term liabilities are largely held at fixed interest rates and in a flexible structure. Ready-to-use cash and non-cash loan limits are determined with banks.

### Risk Of Concentration

The majority of the company's revenue comes from of the sales and marketing the NPP business line and Import Licensed poroducts. We have new products with our R&D studies in our production facility, which was established in 2017 in order to reduce the concentration risk that arises as a result of the income coming from imported products and commercialization of these products in our country and abroad continues. With these studies, we aim to eliminate the risk of concentration by reducing the share of imported products in the revenue composition and increasing the share of the product we produce in the revenue composition.

Due to the company's extensive operation and customer structure, its receivables are distributed across different sectors and geographical areas. Care is taken not to concentrate in a particular area or client. Trade receivables are monitored with regular reporting and evaluations, and attention is paid to the fact that customer credit risk arising from trade receivables remains within the approved limits. Care is taken to carry out transactions with parties with have credit reliability and to reduce existing risks with the collaterals taken.

## Capital Risk

In terms of Capital Risk, the company's goal is to prevent harm to the company and its stakeholders in unexpected situations by continuing its activities with the most appropriate capital structure that reduces the cost of capital while providing returns to its partners. The most important indicators taken into account for this purpose are Net Financial Debt/EBITDA, Total Financial Debts/Equity, Current and Liquidity Ratios, Financial Debt Maturity Structure and Net Working Capital. By ensuring that all these indicators remain within the specified limits, it is seen that the Company has the capital structure and debt capacity to continue its activities in a healthy manner. The Board of Directors is informed by the reports prepared by the Company's management and submitted periodically to the Risk Management Committee.

The Company's issued capital of TL 300 million is protected by its shareholders' equity of TL 5.887.094.345 as of June 30, 2024.

## Other Risks

Operational, legal and strategic risks are evaluated by the relevant units and the decisions taken by the Senior Management in this field are followed by the Board of Directors through the Risk Management Committee. The Board of Directors also acts proactively with the Early Detection of Risk Committee and Senior management on corporate risk management activities carried out within the scope of strategic planning and management processes.

In order to cover the damages that may arise in the event of operational or other risks including the company and its affliates, insurance is taken out in various issues related to the risks that may occur. All transferrable risks that are transferred to third parties through the insurance process. Operational risks are monitored by the relevant units for the company and periodically reported to the Senior Management. Changes in the legislation are followed by all relevant units, especially the Legal Counsel's Office, and necessary information, training and compliance activities are carried out to avoid legal risks.

## 16. SHARE BUYBACKS

Information on share buybacks made in the period between 01.01.2024 – 30.06.2024 within the framework of the decision of the Board of Directors on share buybacks taken on 15.02.2023 presented. In the said period, a nominal amount of TL 25.000 was repurchased and the average cost of the shares purchased was TL 56,90.

| Code of Share Subject to Buyback | Transaction Date | Nominal Value of Shares Subject to Transaction (TRY) | Ratio To Capital (%) | Transaction a Price (TRY/Unit) | Privileges, If Any, Associated With These Shares |
|---|---|---|---|---|---|
| Group B, GENIL, TREGENL00024 | 16.04.2024 | 25.000 | 0,008 | 56,9 | - |

## 17. SHARE INFORMATION

**Share Code:** GENIL

**Bulletin Name:** GEN ILAC

**Market:** STARS

**Indices:** BIST PARTICIPATION DIVIDEND / BIST 500 / BIST ALL SHARES-100 / BIST STARS / BIST ANKARA / BIST BUYBACK / BIST DIVIDEND / BIST PARTICIPATION ALL SHARES / BIST W. AND RETAIL TRADE / BIST PARTICIPATION 100 / BIST SERVICES / BIST ALL SHARES

**27.06.2023 Price:** 40,41[1]

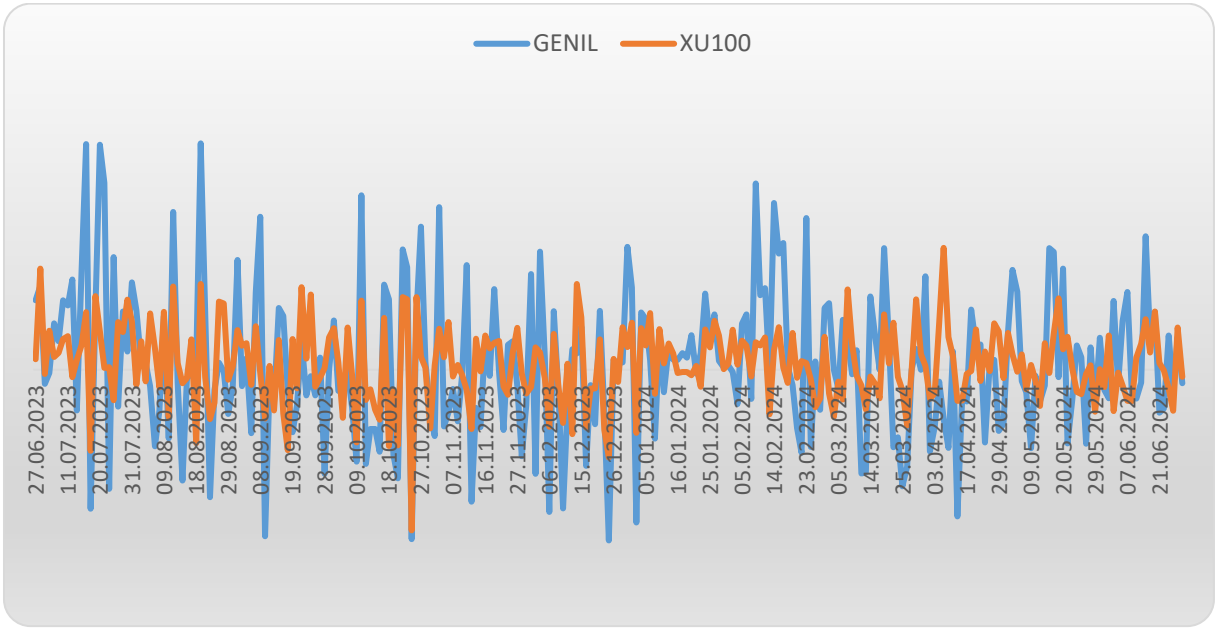
**28.06.2024 Price:** 66,66[2]

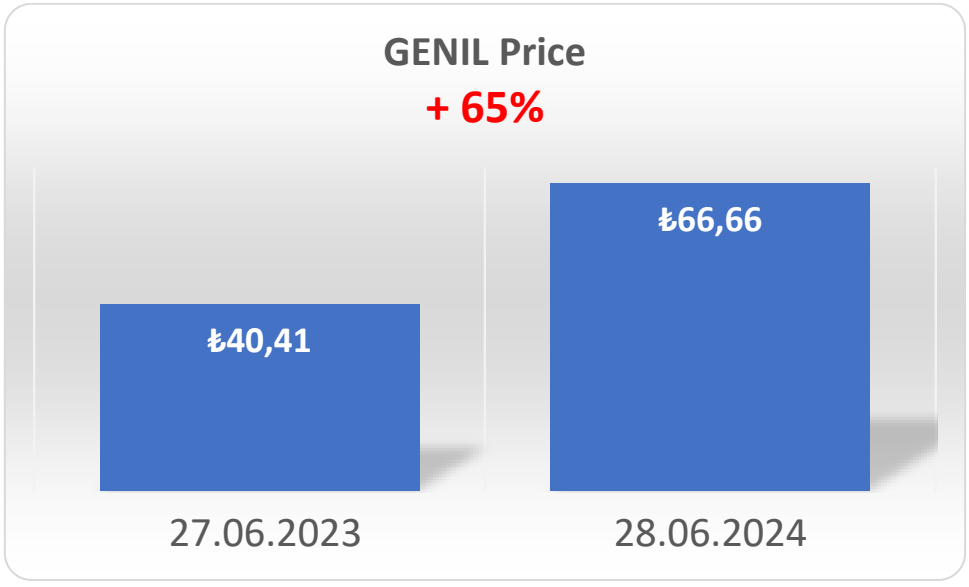
**Revenue:** 65%

[1] *The corrected closing price dated June 27, 2023.*

[2] *The corrected closing price on June 28, 2024.*

One year comparative prices of GENIL with BIST 100 indec has presented below.



## 18. EVENTS OCCURING AFTER THE REPORTING PERIOD

Following The Consolidated Financial Statements and Limited Independent Audit Report for the Six-Months Interim Accounting Period ending on 30.06.2024;

The following disclosure was made by our company on the Public Disclosure Platform on 22.07.2024: All shares of Apeiron Biologics AG which our company's 0,566% were taken by the third party. With this framework, sale of 19.003 shares which owned by our company was completed. As a result of the transaction, our company doesn't have any shareholder relation with Apeiron Biologics AG. According to the subjected share purchase agreement, our company made a profit approximately TL 15.138.790.

https://www.kap.org.tr/en/Bildirim/1314434

## 19. CONTACT INFORMATION

GEN Investor Relations Department – yatirimciiliskileri@genilac.com

Ali KETENCİOĞLU – *Investor Relations Manager*

a.ketencioglu@genilac.com

0505 177 10 07

Can Onur DEMİRALP – *Investor Relations Specialist*

c.demiralp@genilac.com

0505 177 10 06

## Legal Notice

This Activity Report has been prepared in accordance with the legislation in order to inform the shareholders about the company's activities and accounts for the period January 01, 2023 and June 30, 2023 It is not intended to be the basis for any investment decision.

Forward-looking views and estimated numbers reflect company management's views about future situation, realization of these forecasts can vary depending on assumptions and variables which constitutes forward looking numbers. In accordance with this, GEN or its Board of Director Members, advisors or employees are not responsible for any information or communications made in this Report or direct or indirect losses of anybody based on information given in this report or not.

As of the time of preparation of this Activity Report, it is believed that all information in the report is accurate and GEN is not responsible for any inaccuracies that may occur during the spelling and printing stages.

This report has been translated into English for informational purposes. In case of a discrepancy between the Turkish and the English versions of this report, the Turkish version shall prevail.