

DEVA HOLDİNG A.Ş.

01.01.2024 - 30.09.2024 PERIOD

ACTIVITY REPORT OF THE BOARD OF DIRECTORS

DEVA HOLDING IN BRIEF

Established in 1958, DEVA Holding is among the well-established pharmaceutical manufacturers in Türkiye. With the main area of operations including manufacturing and marketing medicinal products for human use and raw materials, DEVA Holding also manufactures veterinary medicines, eau de Cologne, and medical ampoules.

DEVA Holding, which had its majority shares acquired by Eastpharma Ltd. in 2006, is pacing rapidly toward its goal of being the first choice by offering innovative and unique products with a high-quality experience by creating giant pharmaceutical brands in areas where it competes, in order to make healthy living accessible to everyone around the world. With the new therapies it offers, DEVA Holding makes difference by expanding its product diversity every year.

Currently, its product portfolio contains more than 650 products in 14 therapeutic areas, ranging from oncology to cardiology, respiratory system and ophthalmology, as well as medical devices.

With progressively expanding regional growth and export operations, DEVA Holding is the holder of 1,119 marketing authorizations in 65 countries, including the USA, Switzerland and Germany. Founded under the brand name of Devatis in Germany and then in Switzerland, the company received registration approval in 2018 and having been established in the USA under the same name, accelerated its activities.

DEVA Holding focuses on research and development to improve access to medicines for patients who need them, and all of its manufacturing facilities are certified compliant with the European GMP (Good Manufacturing Practice) and US FDA (Food and Drug Administration). DEVA Holding currently exports pharmaceuticals and pharmaceutical raw materials to more than 60 countries.

DEVA Holding develops high-quality and innovative products with its award-winning R&D center, DEVARGE, strong staff of welltrained employees who are experts in their respective fields, and full-fledged laboratories and manufacturing sites equipped with cutting-edge technology.

With its manufacturing capabilities, DEVA Holding has become the domestic corporation with the most comprehensive production capabilities in Türkiye. Undertaking manufacturing operations at facilities in Çerkezköy and Kartepe, DEVA Holding holds an annual output capacity of 620 million units of medicines. While producing for public health, DEVA Holding also adopts the understanding of sustainability for the effective and efficient use of resources, and considers environmental sensitivities in its activities. DEVA Holding manages human rights, occupational health and safety, energy efficiency and waste with great care, and continues its activities with the awareness of leaving a more livable world to future generations with its employees who possesses environmental awareness and sustainability approach.

Continuing to work for a healthy and sustainable future, DEVA Holding also supports social responsibility projects, especially in the fields of education, public health and the environment.

Contact Details

Address : Halkalı Merkez Mah. Basın Ekspres Cad. No.1 Küçükçekmece-İSTANBUL
Phone : 0212-692 92 92
Fax : 0212-697 02 08
Website : www.deva.com.tr
E-Mail address : deva@deva.com.tr

Trade Registry Information of the Company

Trade Register : Istanbul Commerce Registry Office

Register No. : 70061

MISSION AND VISION

Our Mission

We exist to offer innovative and diversified products with high quality experience with a view to everybody being able to reach healthy life at global scale.

Our Vision

To be the first choice in fields in which we compete by creating giant pharmaceutical brands.

BOARD OF DIRECTORS

Name and Surname	Title	Mission Time
Philipp Daniel Haas	Chairman of the Board -Executive Member	01.04.2022 – 01.04.2025
Mesut Çetin	Vice Chairman of the Board of Directors – Executive Member	01.04.2022 – 01.04.2025
Aysecik Haas	Board Member-Non-Executive Member	01.04.2022 – 01.04.2025
Cüneyt Demirgüres (*)	Board Member-Independent Member	27.09.2024 – 01.04.2025
Sengül Soytaş	Board Member-Independent Member	01.04.2022 – 01.04.2025

(*) Due to Eşref Güneş Ufuk's resignation as Independent Board Member as of 26.09.2024, he has been appointed to complete the remaining term.

Duties and Authorizations of the Members of the Board of Directors

Members of the Board of Directors possess the duties and authorities specified in the relevant articles of the Turkish Code of Commerce and the Company's Articles of Association.

THE AMENDMENTS MADE IN THE ARTICLES OF ASSOCIATION WITHIN THE PERIOD AND THEIR RATIONALE

No changes were made to the articles of association during the period.

REGARDING PARTNERSHIP:

Changes in the Capital Status of the Partnership within the Period

No changes were made within the period.

Development of Stock Prices during the Period

In 01.01.2024 - 30.09.2024 period, 1 lot of shares of DEVA Holding traded at Borsa Istanbul (BİST) was traded at TRY 60.85 as the lowest value and at TRY 106.00 as the highest value.

CAPITAL AND SHAREHOLDING STRUCTURE

The Company's:

Registered Capital Cap : 500.000.000,00 TRY

Issued Capital : 200.019.287,78 TRY

Shareholding Structure (30.09.2024)

Corporate Name	Share Amount TRY	Rate of Share %
EastPharma S.A.R.L	164.424.760	82,2
Shares held by public	35.594.528	17,8
Nominal capital	200.019.288	100,0

FINANCIAL INDICATORS

Primary financial and operational indicators (TRY)

	30.09.2024	31.12.2023
Total assets	28.913.804.009	30.492.458.726
Total liabilities	9.128.759.397	10.408.105.389
Total equity	19.785.044.612	20.084.353.337

	01.01.2024- 30.09.2024	01.01.2023- 30.09.2023
Sales revenue (net)	10.968.183.439	11.301.126.143
Operating profit	2.140.262.946	1.052.027.710
Net profit	229.698.654	461.352.063

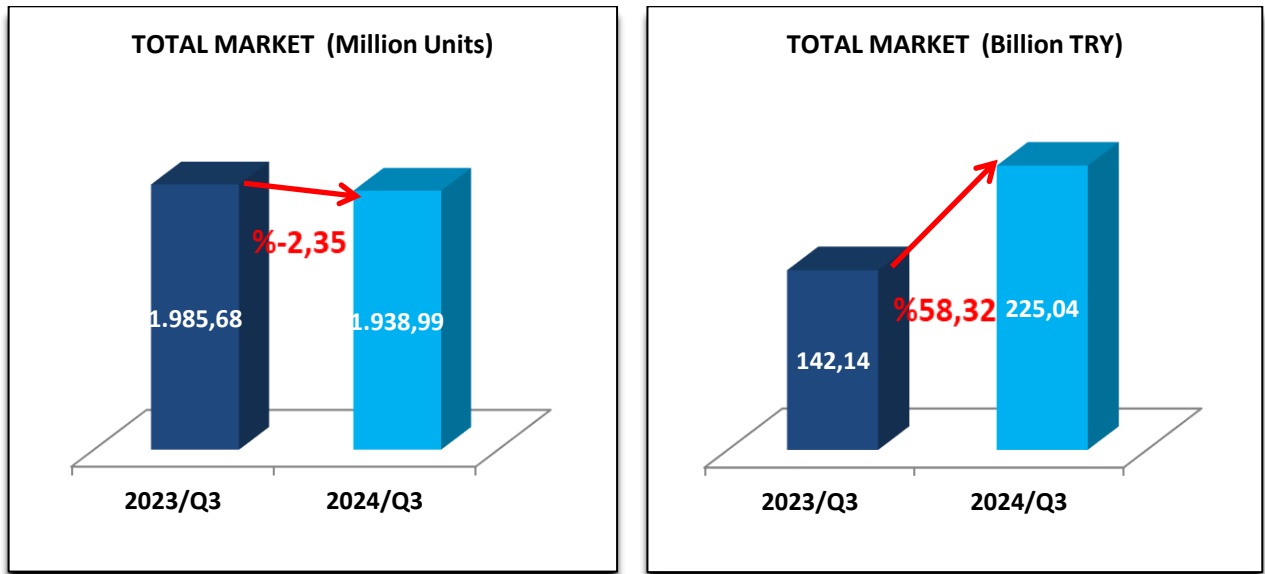
Basic ratios (%)

	30.09.2024	31.12.2023
Current ratio	1,57	1,66
Liquidity ratio	0,95	1,07
Precision ratio	0,52	0,51
Liabilities/Assets total (Financial leverage rate)	0,32	0,34
Equity/debt ratio	2,17	1,93

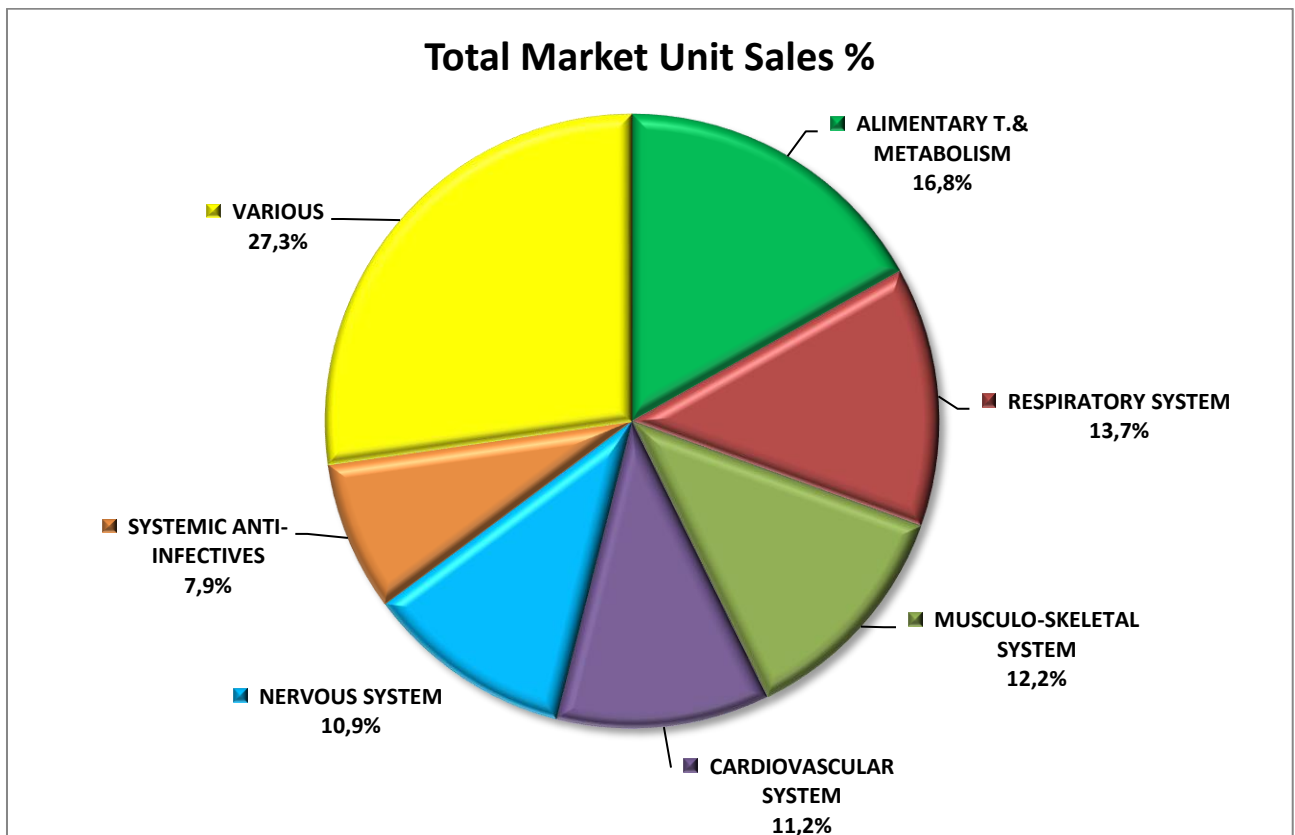
	01.01.2024- 30.09.2024	01.01.2023- 30.09.2023
Gross profit margin	0,41	0,29
Net profit margin (sales profitability)	0,02	0,04
Equity profit margin (equity profitability)	0,02	0,03

SALES FOR THE PERIOD 01.01.2024 – 30.09.2024

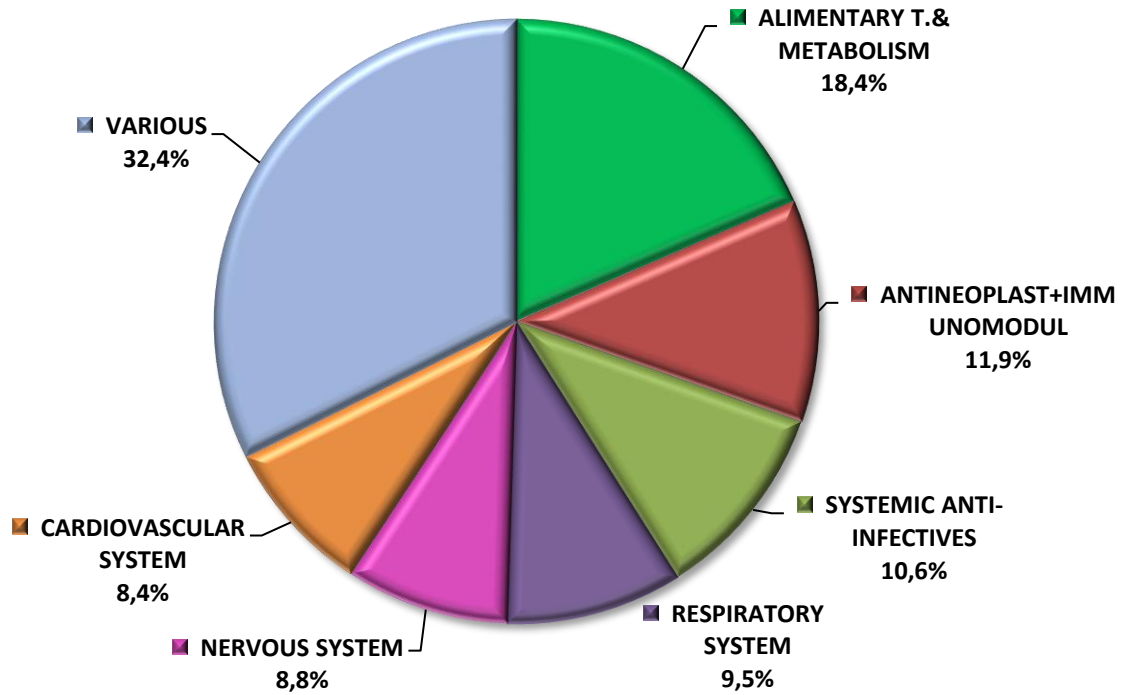
According to IQVIA data; a total amount of 1.938,99 mn units of drugs which worth TRY (*) 225,04 bn were sold in the Turkish Pharmaceutical Market in first 9 months of 2024. Compared to the same period of the previous year, the market shrank by 2.35% in terms of unit and grew by 58.32% in terms of TRY.



In first 9 months of 2024; the unit sales segmentations(ATC1) can be seen in below graphics. The leader segmentation in Turkish market according to IQVIA is Alimentary T.& Metabolism in unit and TL sales terms.



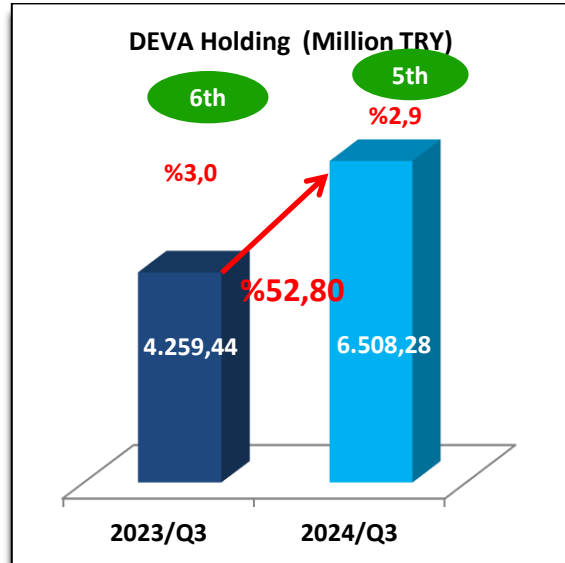
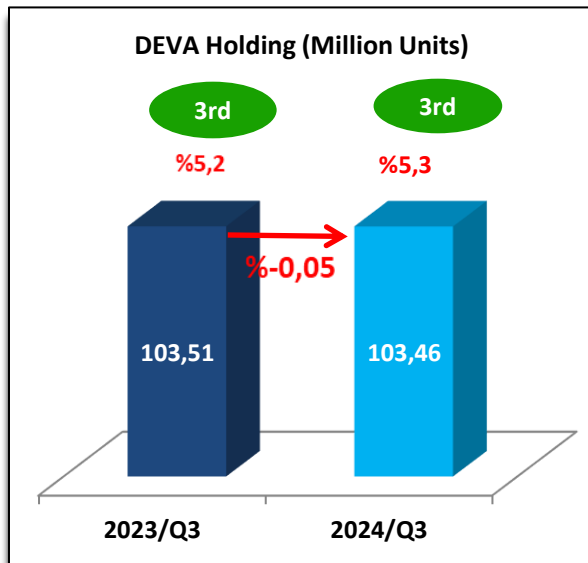
Total Market (TL) %



DEVA HOLDING'S IQVIA SALES RESULTS FOR THE FIRST 9 MONTHS OF 2024

In the first 9 months of 2024, DEVA Holding sold 103.46 million units of IQVIA on a box basis at a rate of shrank by 0.05% compared to the same period of the previous year, and IQVIA sales of TRY 6,508.28 million on a TRY basis, compared to the previous year's sales, achieved a growth of 52.80% compared to the same period.

In the first 9 months of 2024, DEVA Holding ranked 3rd with a market share of 5.3% on a unit basis, and ranked 5th with a market share of 2.9% in TL terms.



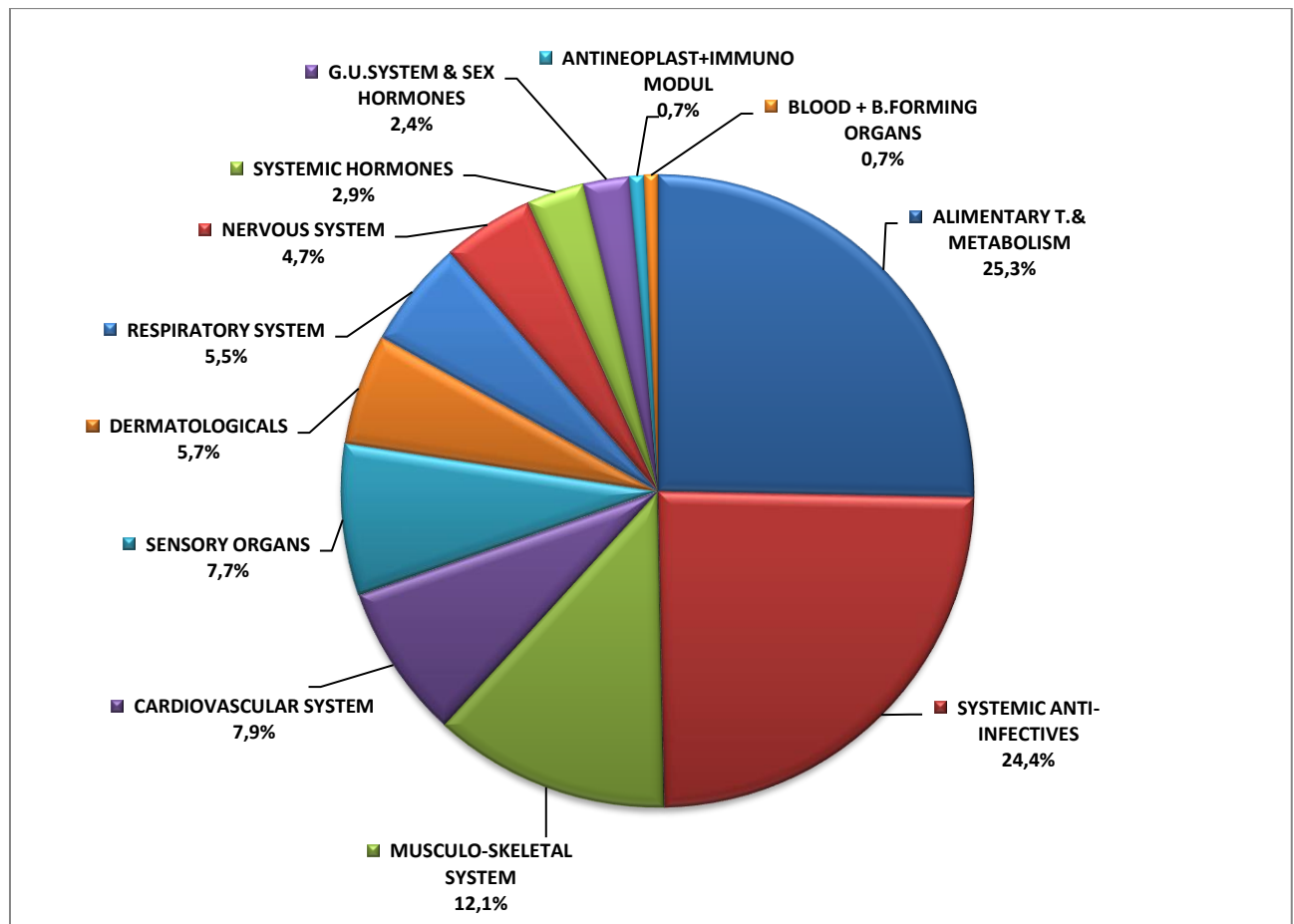
In first 9 months of 2024 DEVA is among the top 100 products of the Turkish pharmaceutical market on a box basis, respectively as Devit D3, Amoklavin, Dikloron, Dodex, Novaqua and in TRY basis Amoklavin ve Devit D3.

In first 9 months of 2024, half of the turnover (%49.7) of DEVA Holding is coming from 12 different products. These are; Amoklavin, Devit D3, Dikloron, Rivelime, Novaqua, Cefaks, Dodex, Candexil Plus, Tribeksol, Azitro, Dilatrend and Gasvin order to highest to lowest in TRY sales.

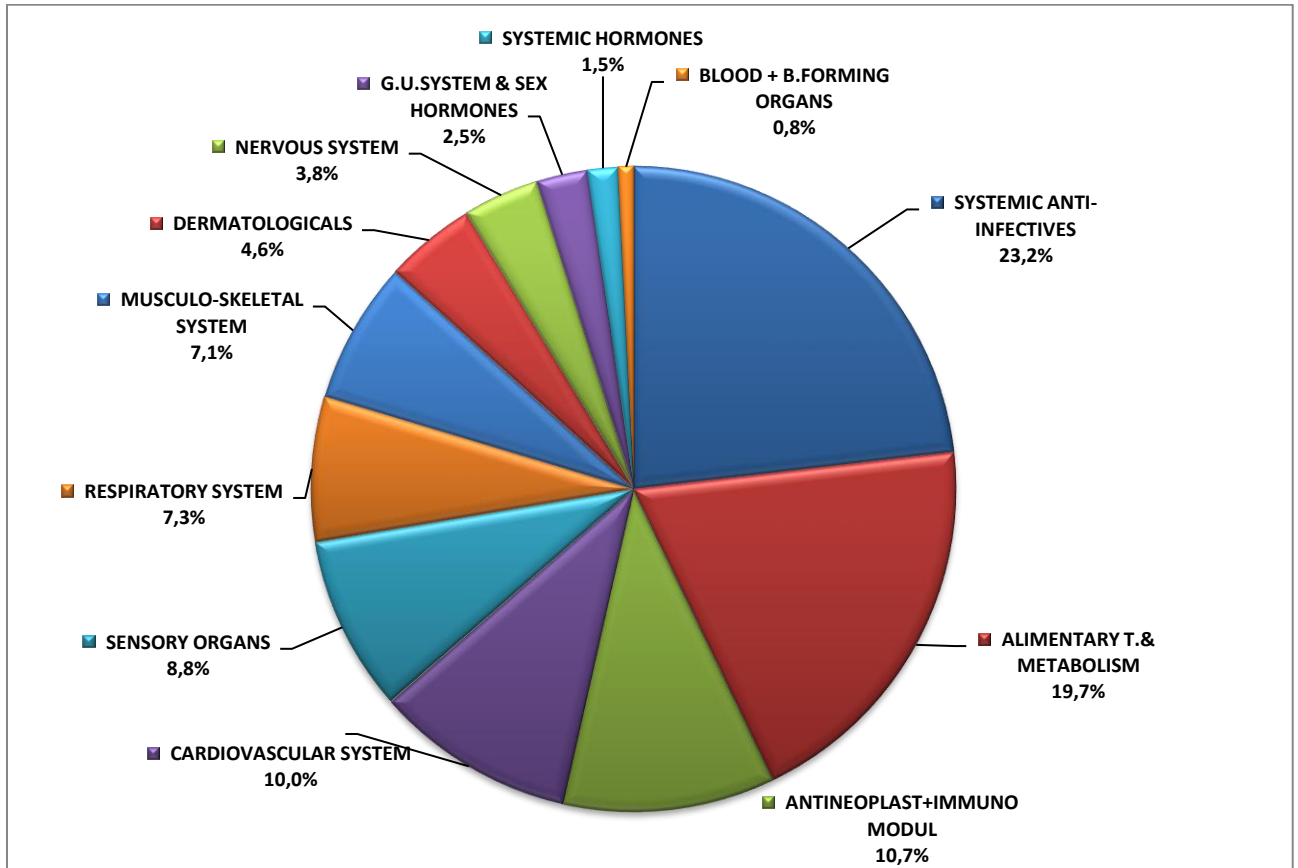
The leader segmentation in Turkish market according to IQVIA is Alimentary T.& Metabolism on box basis terms and in DEVA Holding, the Systemic Anti-Infectives is the leader segmentation in TL sales terms.

The segment (ATC1) distribution of sales by box and TRY is as follows:

DEVA Holding Unit Sales %



DEVA Holding TRY Sales %



Source: IQVIA Free + Hospital Dataview

(*) "Free Goods" are not included to TRY value due to the change of the calculation method by Turkey IQVIA.

In the related period, DEVA Holding sold 19.4 million boxes worth TRY 262 million to the State Supply Office and 10.0 million boxes worth TRY 173.2 million for hospitals. The said sales are not included in the IQVIA data.

In addition, exports amounted to TRY 1,783.7 million, corresponding to 55.2 million USD, in the relevant period.

RISK MANAGEMENT AND INTERNAL CONTROL MECHANISM

The risk management activities of our company are performed under the coordination of Risk Management Committee. Risk Management Committee evaluates the information from the Credit Committee and Internal Audit within the framework of Corporate Risk Management, and prepares and the results of the evaluation and any action plans to mitigate risks and presents them to the Board of Directors.

The credit committee sets the credit limits to be allocated to customers in product purchases and the bases for the securities to be received. It uses the partnership structure, immovable properties, financial status, and intelligence activities about the region in setting limits and securities. It is aimed to keep the security rates on desired levels and minimize doubtful receivable risks by continuous management of customers' open accounts.

Internal Audit Management audits the compliance of the activities carried out by the company with international auditing principles and generally accepted management standards, company's articles of

association as well as written policies and practices. Internal Audit Management evaluates all units in terms of management within the framework of the audit plan, and presents audit results to the Risk Management Committee and the Committee Responsible for Audits on a regular basis.

In 2024, internal audit activities were carried out for the company's operations, the risk reports from all units were evaluated, and the findings and recommendations for improvement were presented to the Board of Directors.

Investments

For the period of 01.01.2024 - 30.09.2024 to DEVA Holding and Group companies; A total of TRY 2,391,507,652 were made, TRY 832,590,815 in total for the Administration Building, Factory, Machinery-Installation and Fixtures, and TRY 1,558,916,837 for R&D, Licensing and Licenses.

The Group, which has the R&D Center Certificate, is provided with tax and SGK discounts for all projects working within the scope of the R&D Center, in addition to the cash supports provided for the R&D projects approved by Tübitak. A maximum of 60% of the total amount of expenditures evaluated and approved by TÜBİTAK is paid as cash support.

Total incentive research and development expenses incurred in 2024 related with these projects amounted to TRY 1,889,775,494

In the relevant period; for DEVA Kartepe facilities, TRY 30,493,050 was spent under the incentive certificate 501317 received on 30.10.2018, TRY 566,280,504 was spent under the 525422 incentive certificate received for Çerkezköy facilities. No expenditure was spent within the scope of the incentive certificate numbered 136611, which was received for Çerkezköy facilities on 7.04.2018.

The expenses within the scope of research incentive are exempt from value added tax and custom tax, and have different advantages in scope of other tax.

THE NATURE AND AMOUNT OF THE FINANCING SOURCES AND ISSUED CAPITAL MARKET INSTRUMENTS OF THE ORGANIZATION

The financing sources of our company consist of equity capital, the funds arising from its operations and short- and long-term debts from money and capital markets..

Under the Issuance Document approved by the Capital Markets Board on 15.09.2022 with decision number 50/1354, financial bonds with a nominal value of TRY 270,000,000 with an annual interest rate of 34%, maturing in 364 days with coupon and principal repayment at maturity, were also redeemed on 28.02.2024.

Furthermore, under the Issuance Document approved by the Capital Markets Board on 24.08.2023 with decision number 49/1025, the sale of financial bonds with a nominal value of TRY 250,000,000 bearing an annual interest rate of 46%, maturing in 364 days with coupon and principal repayment at maturity, was completed on 14.09.2023. Additionally, the sale of financial bonds with a nominal value of TRY 200,000,000 bearing an annual interest rate of 47%, maturing in 364 days with coupon and principal repayment at maturity, was completed on 05.10.2023, and the sale of financial bonds with a nominal value of TRY 200,000,000 bearing an annual interest rate of 47%, maturing in 364 days with coupon and principal repayment at maturity, was completed on 15.11.2023, The sale of bond with a nominal value of TRY 350,000,000 TLREF+1.75% additional return, 728 days maturity, quarterly variable interest coupon payment, on 09.08.2024, TRY 200,000,000 TL nominal value, TLREF+1,50% additional return, 728 days the sale of the bond with maturity, quarterly variable interest coupon payment was completed on 21.08.2024. The financial bond with a nominal value of 250,000,000 TL was redeemed on 13.09.2024, and the financial bond with a nominal value of 200,000,000 TL was redeemed on 04.10.2024.

INFORMATION ON THE SUBSIDIARIES AND RELATED COMPANIES

DEVA Holding holds 100% stake in Devatis Ltd, which was established in New Zealand in order to sell and distribute its products abroad, Devatis GmbH, established in Germany, Devatis AG, established in Switzerland, Devatis Inc. established in America, Devatis de Mexico S. De Rl. De.Cv established in Mexico, Devatis Pty Ltd established in Australia, Devatis Canada Inc. established in Canada, Devatis d.o.o. Beograde established in Serbia, Devatis B.V. in the Netherlands and DEVATIS LLC established in Azerbaijan.

Other Related Companies

Operating in field of production and marketing of medicinal products for human use, active pharmaceutical ingredients and veterinary drugs and having its registered office in Luxembourg, Eastpharma S.a.r.l. is the major shareholder of DEVA Holding with a share of 82,20%. Eastpharma S.a.r.l. is also the major shareholder of Saba İlaç San. ve Tic. A.Ş. operating in pharmaceutical industry in Turkey with a share of 99,99%.

Information on Commercial Relations with Subsidiaries and Related Companies

EastPharma Sarl has transferred, on a time-limited basis, the rights in 9 products in which it holds the license and right to sale, to DEVA Holding through agreements with the Roche company operating in the pharmaceutical industry. Also in this period, the marketing of the products in question continued, and Eastpharma gained royalty revenue from DEVA Holding Sarl through the sales of these products in Turkey.

Saba İlaç purchases contract service from DEVA Holding. In this context, Saba products are produced and stored by DEVA Holding as subcontractors. DEVA Holding provides R&D service to Saba at its R&D Center, whereby it carries out studies on Saba products and performs pilot production. In addition, Saba company purchases financial, administrative and marketing/promotional services from DEVA Holding. The overseas sales of Saba drugs are also partially made by DEVA Holding.

ADMINISTRATIVE ACTIVITIES

Senior Executives

Philipp Daniel Haas - (CEO)
Mesut Çetin - (CFO)
Doğan Varinlioğlu - VP,Türkiye and International Markets
Rıza Yıldız – Financial Reporting and Accounting Director
Hartwig Andreas Steckel – Scientific Coordinator
Eike Cordts - R&D, Clinical Development & Patent Director
Tijen Kavlak – Business Unit Director
İrfan Çinkaya – Biotechnology Director
Aytaç Aysuna Erden - Legal Affairs Director
Cengiz Metin - Business Unit Director
Elçin Güner- Business Unit Director
Emine Seçil Yüksel – Communications Director
Eray Kurt – Site Director
Gökhan Kaba – Procurement Director
Gülcan Gümüş – Human Resources & Development Director
Murat Akıncı – Medical Business Unit Director
Murat Aksoy – Production Planning & Logistics Director
Umut Oran- Site Director
Özgür Carlı- Business Unit Director
Refiye Adıyaman – Quality Operations Director
Sibel Yılmaz – Site Director
Şerifenur Taşkıran-Licensing Director
Mert Uz - International Markets Director
Serkan Varlık - International Markets Director

Financial Benefits Provided to the Members of the Board of Directors and Senior Managers

The sum of the salaries and similar short and long-term benefits provided to the Members of the Board of Directors and Senior Executives during the period is TRY 518,750,080.

Committees Established within the Board of Directors**1) Supervisory Committee**

Cüneyt Demirgüleş	Chairman (Independent Member of the Board of Directors)
Sengül Soytaş	Member (Independent Member of the Board of Directors)

2) Corporate Governance Committee

Cüneyt Demirgüleş	Chairman (Independent Member of the Board of Directors)
Sengül Soytaş	Member (Independent Member of the Board of Directors)
Mesut Çetin	Member (Executive Member of the Board of Directors)

3) Committee for Early Detection of Risks

Cüneyt Demirgüleş	Chairman (Independent Member of the Board of Directors)
Sengül Soytaş	Member (Independent Member of the Board of Directors)
Mesut Çetin	Member (Executive Member of the Board of Directors)

Collective Agreement Practices

No Collective Agreement with employees exists.

Right and benefits provided to the personnel and laborers

In addition to their wages, according to the requirements and necessities of their duties, lunch, clothing, personnel transportation service, holiday allowance, child and education support, food, fuel, marriage aid, family allowance were provided to our employees and life insurance and optional group health insurance practices were continued and Complementary Health Insurance practice has been provided.

Severance pay liability

The severance pay liability of DEVA Holding for 01.01.2024 - 30.09.2024 period was TRY 132,866,731 and provisions were made for the entire amount in accordance with the related legislation.

Information on the donations made within the period

In the period from 01.01.2024 - 30.09.2024, donations and aid totaling TRY 735,713 (TRY 833,044 based on the purchasing power as of 30.09.2024) were made to various institutions and associations.

Cases filed against the company

The cases filed against our company include miscellaneous business cases and cases regarding tax penalties. Detailed information on the subject is provided in the footnote 18.

Audits Carried Out within the Period

No audit was conducted in our company during the period of 01.01.2024 - 30.09.2024.

ASSESSMENT OF RISKS AND ADMINISTRATIVE BODY

Early Risk Detection Committee was formed to detect the risks that may compromise the existence early, growth and continuation of our company, to implement the necessary measures against the risks detected, and to perform studies to manage risks.

Financial Risks:

The operating capital need of our company is met by its shareholders' equity, short- and long-term bank loans in Turkish Lira and foreign currencies, and debt instruments. The increases in exchange rates and interests as a result of possibility of negative market conditions increase the financing costs of the company. Thus, due to economic and geopolitical developments both in the World and in our country, it is expected that the fluctuations in exchange rates and interest rates will adversely affect our profitability. For the purpose of managing the interest risks the company is exposed to, the gains and losses to occur in case of potential changes in interests are measured using sensitivity analyses on the basis of credit portfolio and cash flow projections. In addition, efforts are made to keep the floating rate loans among the total loans at a reasonable rate. Derivative products may be used for protection against exchange risks that may result from both bank loans in foreign currencies and purchases in foreign currencies.

Credit Risk of Customers:

The distribution and payment terms of trade receivables are of great importance in terms of risk management. The company tries to decrease receivable risk by performing its transactions only with credible parties, and wherever possible, obtaining securities. While transactions are carried out without any security with Group A customers, securities are requested from Group B and Group C customers such as bank letters of guarantee or collaterals. To minimize the credit risks the company is exposed to, the financial statuses, credit limits and securities of customers are monitored on a regular basis by the Credit Committee.

Strategic Risks:

The drug pricing policy set/to be set by the Ministry of Health (increase in institution discount rates and/or reduction in reference prices, non-revision of the reference exchange rate) may have negative effects on the industry, and consequently on our company. We try to overcome these negative effects by means of new markets, increasing product range, new sales policies, and effectively managed cost-limiting policies.

Operational Risks:

Operational risks are related with events affecting activities such as earthquakes, fire, and environmental accidents and smooth functioning of business processes. Insurable risks are revised on an annual basis and excluded by being insured.

STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

DEVA Holding ("DEVA" or "the Company"), with the awareness of the responsibilities it carries towards its stakeholders, has adopted the notions of "equality", "transparency", "accountability" and "responsibility", which form the basis of its corporate management during the activities, and makes maximal effort and shows utmost vigilance to comply with Capital Market Law (CML) and secondary rules and decisions of the Capital Market Board (CMB). DEVA Holding believes in the importance of full compliance with Corporate Governance Principles. In the operating period that ended on 2023, the Company has adopted and put into practice the corporate governance principles which were set forth in the annex to the Corporate Governance Communiqué and are required by the relevant regulations. Maximal effort is also being made to comply with the voluntary principles that are not required by the relevant regulations, and there has been no conflicts of interest up until now between the stakeholders regarding those principles that have not been fully complied for the time being

Statements regarding compliance and non-compliance with the corporate governance principles included in the annex to the Corporate Governance Communiqué in the operating period that ended on 2023 are provided in the Corporate Governance Compliance Report ("URF") and Corporate Governance Information Form ("KYBF") and in other relevant parts of the report.

In the future, efforts will continue to be made for better operating the mechanisms within the framework of the said principles of corporate governance practices of the partnership, and to improve our corporate governance practices, including the voluntary principles that are mandatory and a limited number of those that could not be implemented.

In accordance with the Capital Markets Board's Decision dated 10.01.2019 and numbered 2/49; Within the framework of the Corporate Governance Communiqué numbered II-17.1;

Corporate Governance Compliance Report ("URF")

<https://www.kap.org.tr/tr/sirket-bilgileri/ozet/916-deva-holding-a-s>

Corporate Governance Information Form ("KYBF")

<https://www.kap.org.tr/tr/cgif/4028e4a140f2ed710141116ab1d60241>

can be reached at.

The explanations regarding the developments that significantly affected the Company's activities in this period are presented above. For other information, you can access the Annual Report of 2023 at www.deva.com.tr