



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

**01.01.2022 – 30.09.2022**

## **1. GENERAL INFORMATION**

**Activity Period:** 01.01.2022 – 30.09.2022

**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 Ilac”) 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 10 offices in Ankara, Izmir, İstanbul and Trabzon 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:** BDO Denet ve Bağımsız Denetim ve Danışmanlık 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 Ilac 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 Turkey dated 08 April 2021 and numbered 19/595. Between 2021-2025 Our Company's authorized capital limit is TL 1.250.000.000 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 privilege to promote board member. Also, according to the Article 10 of our company's Articles of Association each A group share has 5(five) 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 September 30, 2022 is presented below.

| <b>Partnership Structure as of September 30, 2022</b> |                     |               |
|---|---------------------|---------------|
| Partnership Structure                                 | Capital Amount (TL) | Ratio(%)      |
| Abidin Gülmüş   | 219.530.000         | 73.18         |
| Semra Gülmüş  | 3.750.000           | 1.25          |
| Şükrü Türkmen   | 3.750.000           | 1.25          |
| Ömer Dinçer   | 3.750.000           | 1.25          |
| Absel Emlak İnşaat Limited Şirketi                    | 1.250.000           | 0.42          |
| Public  | 67.970.000          | 22.65         |
| <b>Total</b>  | <b>300.000.000</b>  | <b>100.00</b> |

#### **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 (Sales-Marketing)                 |
| Yağmur Selin GÜLMÜŞ KOLAY | Vice President (Strategy& Corporate Development) |
| Nadir ULU                 | Vice President (R&D- Manufacturing)              |
| Özgür BOZALP              | Vice President (Foreign Trade)                   |

#### **5. SUBSIDIARIES AND AFFILIATED COMPANIES**

##### **Affiliated Companies ("Group")**

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

| <b>Affiliated Companies</b>                       | <b>Activity Location</b> | <b>Main Activity</b>                    |
|---|--------------------------|---|
| Genject Sağlık Ürünleri Kimya Sanayi Ticaret A.Ş. | Türkiye                  | Syringe Production and Sales            |
| Elixir İlaç Araştırma Geliştirme A.Ş.             | Türkiye                  | Human Medicine Research and Development |

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 Turkey 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)».

### Subsidiaries

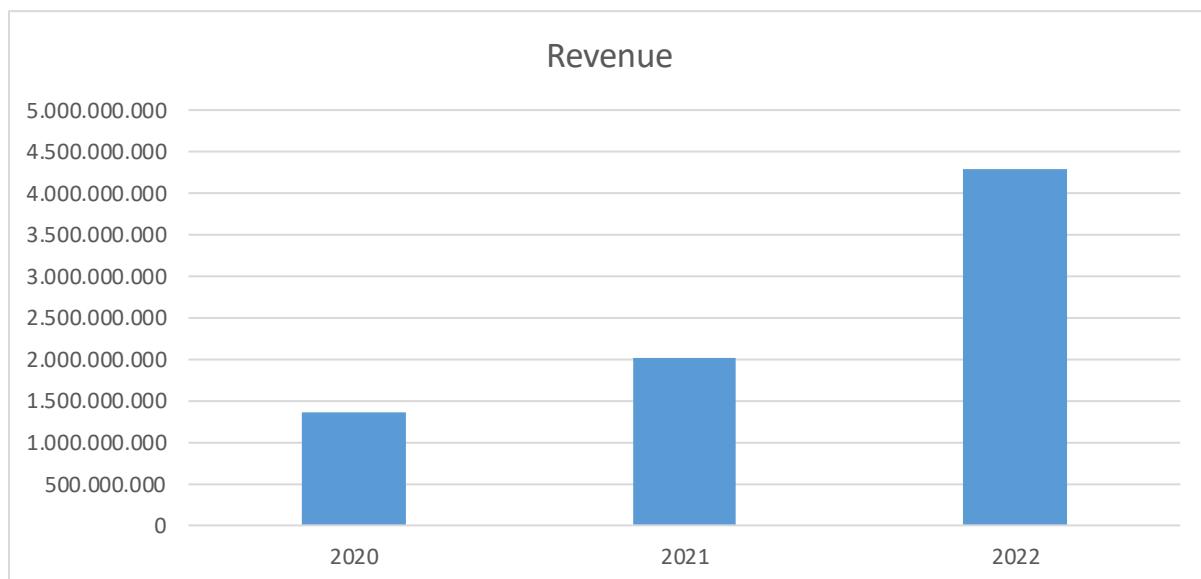
| <b>Subsidiaries</b>  | <b>Activity Location</b> | <b>Main Activity</b>                                     | <b>Share Ratio(%)</b> |
|--|--------------------------|--|-----------------------|
| Apeiron Biologics AG   | Austria                  | Drug Research and Development                            | 0,60                  |
| Stimusil Inc.  | USA                      | Medical Device Development                               | 10,75                 |
| 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        | 4,30                  |
| Neo Auvra Dijital Sağlık ve Biyonik Teknolojileri ve Hizmetleri Sanayi ve Ticaret A.Ş. | Türkiye                  | Biotechnological Medical Device Research and Development | 8,16                  |

### 6. MAIN FINANCIAL INDICATORS

#### Sales

As of 30.09.2022, the consolidated revenue of the group is TL 4.292.295.234 TL Compared to the same period of previous year, revenue increased by approximately 113%.

A comparative graph of the group's consolidated revenue by year is presented below.



#### Distribution of Sales

**GEN İLAÇ VE SAĞLIK ÜRÜNLERİ SANAYİ TİCARET ANONİM ŞİRKETİ AND AFFILIATED COMPANIES**

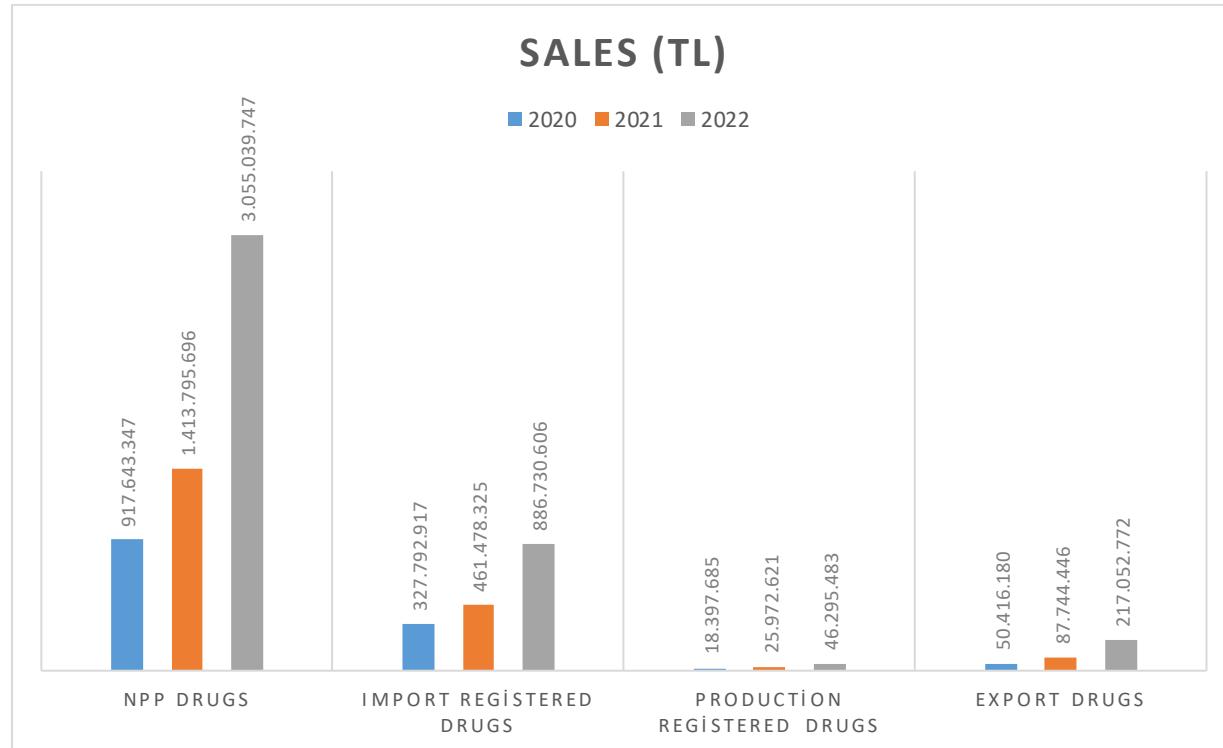
ACTIVITY REPORT FOR THE PERIOD BETWEEN JANUARY 1 – SEPTEMBER 30 2022

GEN's distribution of drugs sales has given below for the first half of the 2021, 2022 on a quarter basis.

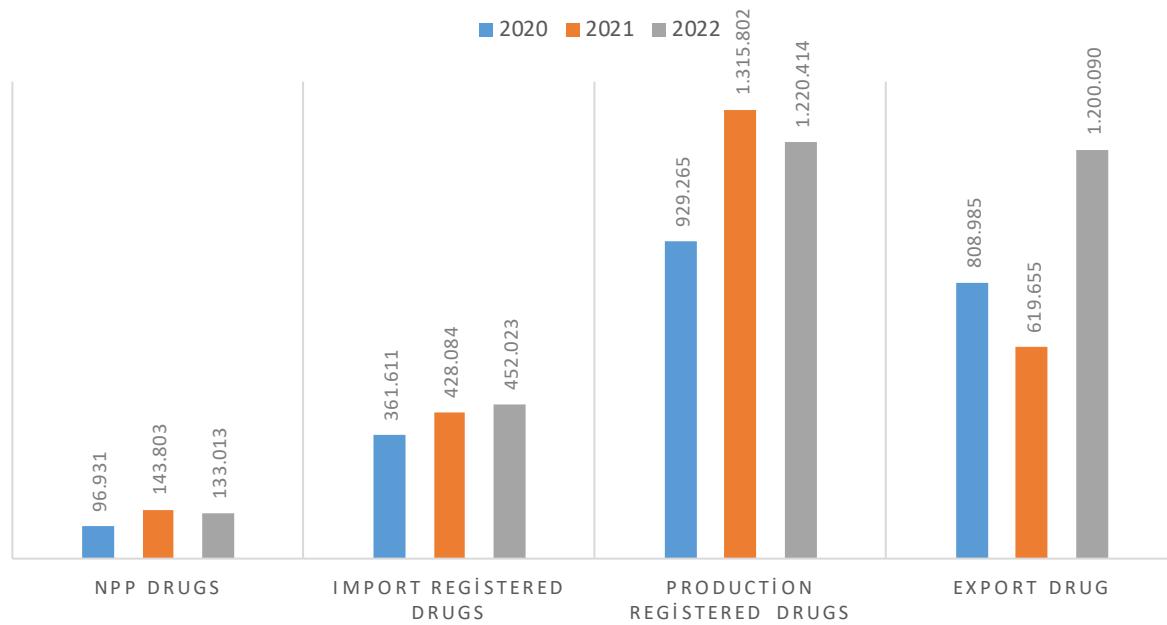
| <b>Sales (TL)</b>           | <b>1Q 2021</b>     | <b>2Q 2021</b>     | <b>3Q 2021</b>     | <b>1Q 2022</b>       | <b>2Q 2022</b>       | <b>3Q 2022</b>       |
|-----------------------------|--------------------|--------------------|--------------------|----------------------|----------------------|----------------------|
| NPP Drugs                   | 635.739.100        | 558.996.396        | 219.060.200        | 829.734.873          | 1.308.921.102        | 916.383.772          |
| Import Registered Drugs     | 130.624.009        | 167.932.410        | 162.921.906        | 303.380.073          | 298.956.833          | 284.393.700          |
| Production Registered Drugs | 7.536.092          | 6.623.517          | 11.813.012         | 11.917.257           | 18.484.786           | 15.893.440           |
| Exported Drugs              | 33.906.820         | 27.095.460         | 26.742.166         | 56.720.295           | 80.628.404           | 79.704.073           |
| <b>Total Sales</b>          | <b>807.809.020</b> | <b>760.647.783</b> | <b>420.537.284</b> | <b>1.201.752.498</b> | <b>1.706.991.125</b> | <b>1.296.374.985</b> |

| <b>Sales (Boxes)</b>       | <b>1Q 2021</b> | <b>2Q 2021</b> | <b>3Q 2021</b> | <b>1Q 2022</b> | <b>2Q 2022</b> | <b>3Q 2022</b>   |
|----------------------------|----------------|----------------|----------------|----------------|----------------|------------------|
| NPP Drugs                  | 58.342         | 71.127         | 14.334         | 42.211         | 43.908         | 46.894           |
| Import Registered Drugs    | 132.758        | 150.044        | 145.282        | 163.774        | 157.476        | 130.773          |
| Production Registered Drug | 423.189        | 306.367        | 586.246        | 318.155        | 473.062        | 429.197          |
| Exported Drugs             | 54.530         | 335.570        | 229.555        | 252.790        | 248.157        | 699.143          |
| <b>Total Sales</b>         | <b>668.819</b> | <b>863.108</b> | <b>975.417</b> | <b>776.930</b> | <b>922.603</b> | <b>1.306.007</b> |

A comparative chart of sales for the first 9 months of sales for 2020, 2021 and 2022 sales is presented below.

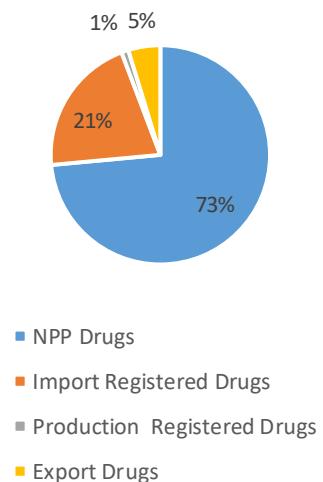


## SALES (BOXES)

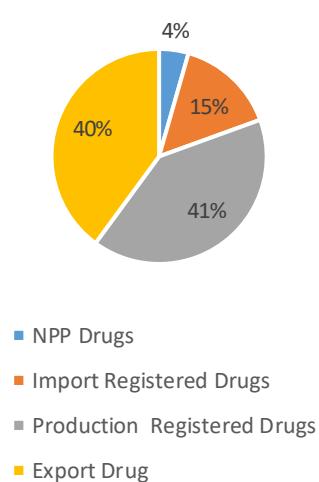
Distribution of Sales

The distribution of sales by product group as of September 30, 2022 has presented below.

## SALES (TL)



## SALES (BOXES)



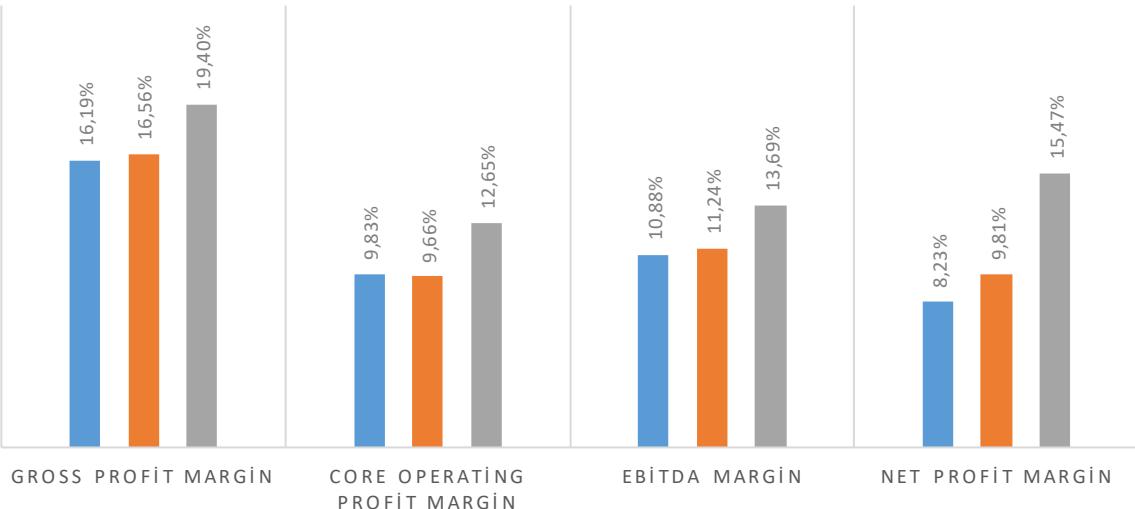
In accordance with the group's consolidated financial statements, selected financial performance indicators are presented below.

### Income Statement

|                         | 1Q 2021            | 2Q 2021            | 3Q 2021           | 1Q 2022            | 2Q 2022            | 3Q 2022            |
|-------------------------|--------------------|--------------------|-------------------|--------------------|--------------------|--------------------|
| <b>Gross Profit</b>     | <b>125.542.302</b> | <b>111.883.251</b> | <b>96.120.692</b> | <b>255.040.258</b> | <b>285.356.829</b> | <b>292.217.694</b> |
| Gross Profit Margin     | 15,57%             | 14,82%             | 21,20%            | 20,71%             | 16,44%             | 22,07%             |
| <b>Operating Profit</b> | <b>89.831.305</b>  | <b>73.839.396</b>  | <b>30.961.256</b> | <b>134.551.108</b> | <b>232.678.135</b> | <b>175.617.417</b> |
| Operating Profit Margin | 1,14%              | 9,78%              | 6,83%             | 10,92%             | 13,40%             | 13,26%             |
| <b>EBITDA</b>           | <b>99.663.665</b>  | <b>84.170.508</b>  | <b>42.631.244</b> | <b>191.140.746</b> | <b>202.583.543</b> | <b>193.757.889</b> |
| EBITDA Margin           | 12,36%             | 11,15%             | 9,27%             | 15,52%             | 11,67%             | 14,63%             |
| <b>Net Profit</b>       | <b>81.753.862</b>  | <b>52.317.108</b>  | <b>63.317.661</b> | <b>167.705.750</b> | <b>249.524.545</b> | <b>246.957.358</b> |
| Net Profit Margin       | 10,14%             | 6,93%              | 14,00%            | 13,61%             | 14,37%             | 18,65%             |

### PROFIT MARGINS

■ 30.09.2020 ■ 30.09.2021 ■ 30.09.2022



**Balance sheet**

| TL                          | 30.09.2021           | 31.12.2021           | 30.09.2022           |
|-----------------------------|----------------------|----------------------|----------------------|
| <b>Total Current Assets</b> | <b>1.100.003.088</b> | <b>1.463.551.547</b> | <b>1.701.394.120</b> |
| Total Non-Current Assets    | 495.105.705          | 655.869.305          | 861.721.185          |
| <b>Current Liabilities</b>  | <b>362.835.164</b>   | <b>794.984.835</b>   | <b>685.010.955</b>   |
| Non-Current Liabilities     | 53.127.922           | 40.214.550           | 57.114.620           |
| <b>Total Liabilities</b>    | <b>415.963.086</b>   | <b>835.199.385</b>   | <b>742.125.605</b>   |
| Equity                      | 1.179.145.707        | 1.284.221.467        | 1.819.097.639        |
| <b>Current Ratio</b>        | <b>3.03</b>          | <b>1,84</b>          | <b>2,48</b>          |
| Net Financial Debt/Equity   | %-35.65              | -0,29                | 0,27                 |

**7. PROMINENT ACTIVITIES**

Details about prominent activities of the Company between January 01, 2022 and September 30, 2022 has presented below.

**Research ve Development Activities:** In the first 9-month period of 2022, total amount of expenses and investment expenditures for R&D activities was recorded as TL 20.185.417,00

20 R&D personnel (2 technicians, 2 support personnel, 16 researchers) works in the Gen İlaç R&D Center. 57% of R&D personnel have completed their graduate degree and 33% of them are maintaining their graduate degree education.

During the period between January 01,2022 and September 30,2022, 45 ongoing projects maintained by Gen İlac R&D center. In addition, during this period, the latest technical and financial reports of 2 TÜBİTAK 1501 were presented and completion phase of the projects were completed through TEYDEB system.

4 projects which maintained by aiming the being first genetic/biosimilar drug in the Türkiye and/or in the World are in the evaluation process within the scope of “Teknoloji Odaklı Sanayi Hamlesi Programı(“Hamle”) which carried out by Republic of Turkey Ministry of Industry and Technology. All Hamle projects presentations were made for evaluation of the Republic of Turkey Ministry of Industry and Technology commision during the period of 9 months.

**Registration Activities:** Between the period of January 01,2022 and September 01,2022 numbers of projects which registered in Türkiye or abroad in the name of GEN,has presented below on country basis.

During this period, 4 products which are licensed in Turkey are drugs and 1 of them belongs to our OTC (Over The Counter) product called B-SYNC ON, which has food supplement approval.

| Country      | Registration Number |
|--------------|---------------------|
| Türkiye      | 5                   |
| Uzbekistan   | 5                   |
| Azerbaijan   | 3                   |
| Kazakhstan   | 5                   |
| Denmark      | 1                   |
| Sweden       | 1                   |
| Austria      | 1                   |
| Norway       | 1                   |
| <b>Total</b> | <b>22</b>           |

**Investor Relations Activities:** Within the framework of our transparency principle, our company's corporate website's (<https://www.genilac.com.tr/>) Investor Relations section has been updated and "Frequently Asked Questions" (<https://www.genilac.com.tr/sss>) part has activated.

**UniGEN Project:** Agreements has been signed between GEN and Ankara University Chemical Engineering and Pharmacy departments and Hacettepe University Chemistry and Pharmacy departments starting from October, 2022. Within the framework of these agreements, students who study in these departments and meet the requirements will attend practical education in GEN within the curriculum created.

**Quality Management:** Renewal of the ISO 9001:2015 certificate which taken by GEN production facility made on 28.08.2022.

**Covid-19 Safe Production Certificate:** Gen Ilac production facility has been entitled to receive TSE Covid-19 Safe Production Certificate by meeting the requirements of TSE Covid-19 Hygiene, Infection Prevention and Control Certification Program on 05.05.2022.

**Signing of a Distribution Agreement with Galventa AG:** An exclusive distribution agreement has signed between GEN and Galventa AG about sales& delivery as a food supplement product which developed by the Galventa AG on certain regions. This product can be used by the people who have awakening difficulties. (<https://www.kap.org.tr/tr/Bildirim/1019169>)

**Opening of a Representative Office in Georgia:** GEN has decided to open a representative office in Tbilisi, the capital of Georgia, to carry out marketing activities of products which are manufactured or registered by GEN or products which will be manufactured or registered by GEN and to carry out market research. (<https://www.kap.org.tr/tr/Bildirim/996543> ).

**Becoming a Shareholder in Neo Auvra Dijital Sağlık ve Biyonik Teknolojileri ve Hizmetleri Sanayi Ticaret A.Ş:** Neo Auvra is a local startup company which produces cyber-physical systems and Technologies for digital holistic health, digital medicine and well-being. Neo Auvra developed a product, by collating unique VR and AR based Metaverse infrastructure sciences like Biomedical, neuro-science, cognitive psychology, psychometry combined with wearable detecting elements and biometric observation equipments. As a result of this infrastructure Neo Auvra is the only company which produce technology for holistic

measurement, evaluation and reporting of people's cognitive, emotional and physiological condition. GEN become shareholder of the compant 9,09%. (<https://www.kap.org.tr/tr/Bildirim/996167>)

**Signing an Agreement with the Social Security Institution of the Republic of Turkey:** GEN signed an agreement starting from February 01,2022 concerning supply of a drug with active substance "Nusinersen Sodium" used for treatment of SMA disease (<https://www.kap.org.tr/tr/Bildirim/994595>)

**Signing of Local Representative and Service Agreement with Moderna Switzerland GMBH("Moderna"):** GEN signed an "Local Representative and Services Agreement" with Moderna on May 13, 2022 with regard to assist facilitating business with respect to the possible supply of the mRNA based vaccine which developed by Moderna in Turkey. (<https://www.kap.org.tr/tr/Bildirim/1030538> ve <https://www.kap.org.tr/tr/Bildirim/1030699>)

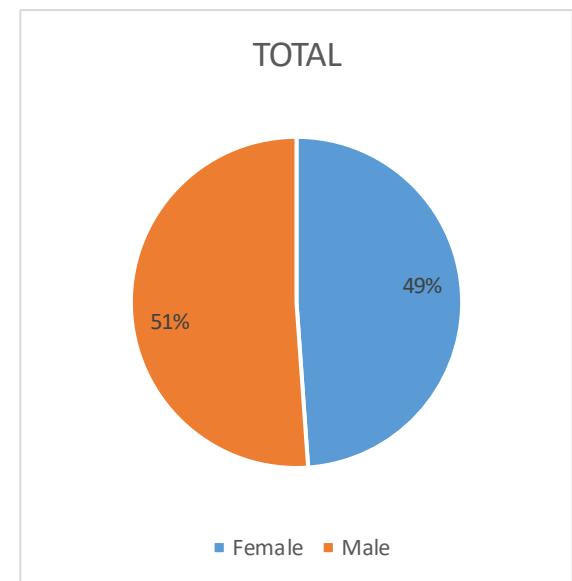
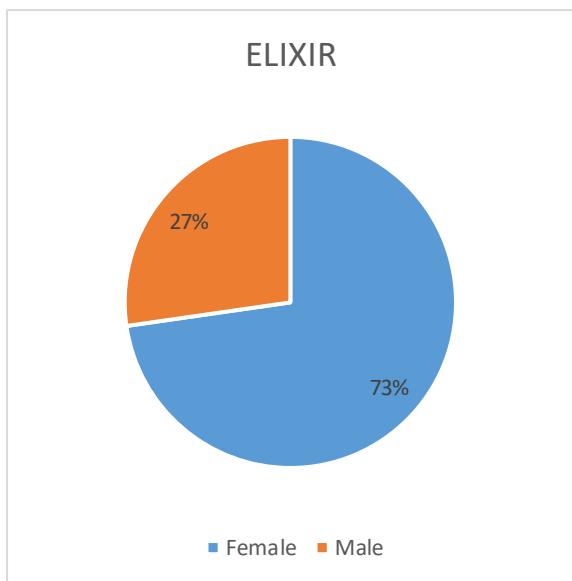
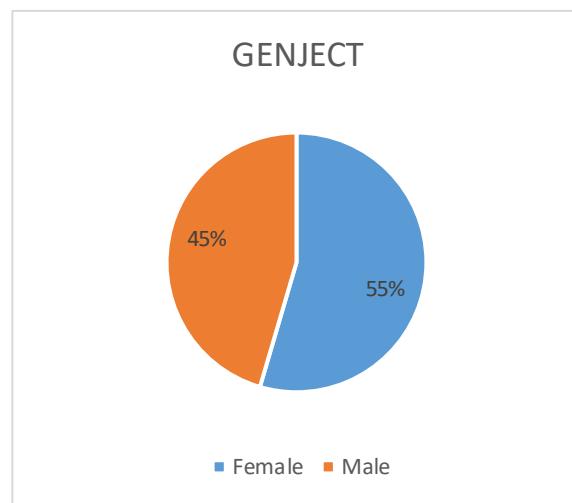
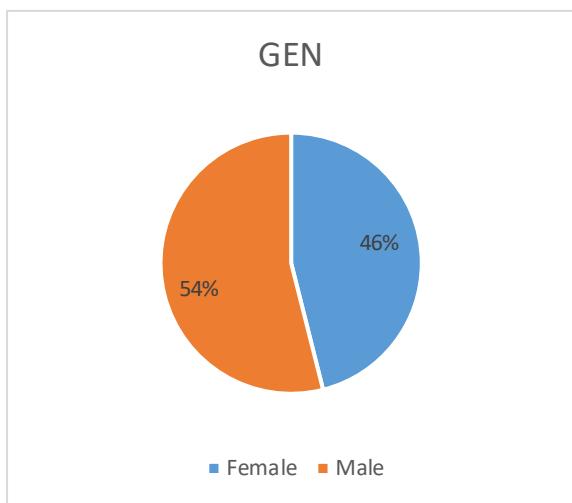
**Solar Power Plant Project:** It has been decided to invest in solar power plant (GES) by our company. The project will be completed in two stages and within the scope of the project, it is aimed to coat both the suitable areas in the production facility and the land purchased by our company in the Ankara/Bala with solar panels. As a result of the project, a total of 5.6 MW of electricity generation is expected. This project is expected to become operational in 2023. As a result of the project, electricity energy, which is an important cost item, will be obtained from renewable sources and the energy cost will be reduced. As a result, positive contribution will be made to the profitability of the company. (<https://www.kap.org.tr/tr/Bildirim/1065156>)

## **8. EMPLOYEE STATUS**

As of 30.09.2022, the number of personnel working within the group is 579. The group's employee distribution is as follows.

| <b>Firm</b>  | <b>Number of Employees</b> |
|--|----------------------------|
| Gen İlaç ve Sağlık Ürünleri Sanayi ve Ticaret A.Ş. | 458                        |
| Genject Sağlık Ürünleri Kimya Sanayi Ticaret A.Ş.  | 85                         |
| Elixir İlaç Araştırma Geliştirme A.Ş.              | 31                         |
| <b>Total</b>                                       | <b>576</b>                 |

### **Gender Distribution**



### **9. LEGAL EXPLANATIONS**

#### **Lawsuits and Sanctions**

According to the consolidated financial statements as of September 30, 2022 of the company provision distributed amounting to TL 19.694.748 for the Lawsuits which may affect company's financial situation and activities significantly.

### **10. 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 principle, 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://www.genilac.com.tr/kurumsal-yonetim-dokumanlari>) accessible.

## **11. DISTRIBUTED DIVIDEND INFORMATION DURING THE PERIOD**

During the Ordinary General Assembly held on March 31, 2022 it has been decided that distribute 36,87% of the net distributable profit as cash dividend and in April 13, 2022 distribution made as shown below.

| Share Group Info                    | Cash Dividend To Be Paid For Share With Par Value of 1 TL - Gross (TL) | Cash Dividend To Be Paid For Share With Par Value of 1 TL - Gross (%) | Withholding Rate (%) | Cash Dividend To Be Paid For Share With Par Value of 1 TL - Net (TL) | Cash Dividend To Be Paid For Share With Par Value of 1 TL - Net (%) |
|-------------------------------------|--|---|----------------------|--|---|
| Group A,Not Processed, TREGENL00016 | 0,3666666  | 36,66666  | 10                   | 0,3299999  | 32,99999  |
| Group B,GENL, TREGENL00024          | 0,3666666  | 36,66666  | 10                   | 0,3299999  | 32,99999  |

## **12. CHANGES TO THE ARTICLES OF ASSOCIATION MADE DURING THE PERIOD.**

There is no change in the articles of association within the period January 01, 2022 and September 30, 2022.

## **13. GENERAL ASSEMBLIES HELD DURING THE TERM**

The Ordinary General Assembly of our Company for the 2021 Accounting Period was held on March 31, 2022.

Prominent issues discussed at the General Assembly Meeting are summarized below.

Dividend Distribution, Donation and Aid policies were adopted and entered into force at the General Assembly and the Remuneration Policy for Members of the Board of Directors and Senior Executives and Disclosure Policy which adopted by the Board of Directors of the Company were presented to the shareholders.

The current members of the Board of Directors were discharged and members were elected to the board of directors for a period of 3 years.

The minutes of the General Assembly is accessible at the Public Disclosure Platform (<https://www.kap.org.tr/tr/Bildirim/1014561> )

#### **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.

| <b>Audit Committee</b> |                |
|------------------------|----------------|
| <b>President</b>       | Tolga KIZILTAN |
| <b>Member</b>          | Bernay ÖZAVCI  |

| <b>Early Detection of Risk Committee</b> |                |
|--|----------------|
| <b>President</b>                         | Bernay ÖZAVCI  |
| <b>Member</b>                            | Tolga KIZILTAN |

| <b>Corporate Governance Committee</b> |                 |
|---------------------------------------|-----------------|
| <b>President</b>                      | Bernay ÖZAVCI   |
| <b>Member</b>                         | Tolga KIZILTAN  |
| <b>Member</b>                         | Ali KETENCİOĞLU |

The Duties and the Working Principles of the Committees are accessible in our company's corporate website (<https://www.genilac.com.tr/kurumsal-yonetim-dokumanlari>).

##### **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 with the Capital Markets Board Corporate Governance Communiqué are entered into force.

Current versions of these Policies and Procedures can be accessed from our company's corporate website (<https://www.genilac.com.tr/kurumsal-yonetim-dokumanlari> ).

## **15. RISK MANAGEMENT PRACTICES**

Risk management is implemented in accordance with the policies approved by the Board of Directors and in accordance with international standards. Due to the fact that the sector in which company operates 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 possibilities of these risks and management of these risks correctly.

### **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 cash-like 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 the NPP business line. However, with the production facility established in 2017, it is aimed to reduce the NPP concentration. With the registration of the products produced in the production facility and the increase in these products' sales, it is aimed to eliminate the risk of concentration by reducing the share of the NPP business line in total sales.

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 1.819.097.619 TL as of September 30, 2022.

### **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 affiliates, 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 01.04.2022 and 30.09.2022 within the framework of the decision of the Board of Directors on share buybacks taken on 20.10.2021 presented. In the said period, a nominal amount of TL 950,000 was repurchased and the average cost of the shares purchased was TL 13.81.

| Code of Share Subject to Buy-back | Transaction Date | Nominal Value of Shares Subject to Transaction (TRY) | Ratio To Capital (%) | Transaction Price (TRY / Unit) | Privileges, If Any, Associated With These Shares |
|-----------------------------------|------------------|--|----------------------|--------------------------------|--|
| Group B,GENIL, TREGENL00024       | 24.02.2022       | 300,000  | 0,1                  | 13,23                          | -  |
| Group B,GENIL, TREGENL00024       | 01.03.2022       | 100,000  | 0,033                | 13,3                           | -  |
| Group B,GENIL, TREGENL00024       | 02.03.2022       | 100,000  | 0,033                | 13,66                          | -  |
| Group B,GENIL, TREGENL00024       | 03.03.2022       | 100,000  | 0,033                | 14,39                          | -  |
| Group B,GENIL, TREGENL00024       | 07.03.2022       | 150,000  | 0,05                 | 13,95                          | -  |
| Group B, GENIL, TREGENL00024      | 14.03.2022       | 100,000  | 0,033                | 14,48                          | -  |
| Group B,GENIL, TREGENL00024       | 15.03.2022       | 100,000  | 0,033                | 14,77                          | -  |
| Group B, GENIL, TREGENL00024      | 17.05.2022       | 125,000  | 0,042                | 17,99                          | -  |

## 17. STOCK INFORMATION

**Stock Code:** GENIL

**Bulletin Name:** GEN ILAC

**Market:** STARS

**Indices:** BIST PARTICIPATION 100 / BIST ALL / BIST ANKARA / BIST STARS / BIST IPO / BIST PARTICIPATION ALL / BIST TRADE / BIST 100-30 / BIST SERVICES / BIST 100 / BIST PARTICIPATION 50

**First Transaction Date:** 05.08.2021

**First Transaction Price:** 10,51<sup>1</sup>

<sup>1</sup> The first transaction price according to the adjusted price.

**Closing Price:** 22,96<sup>2</sup>

**Revenue:** 118%

## **18. CONTACT INFORMATION**

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## **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, 2022 and September 30, 2022. 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.

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<sup>2</sup> The closing price dated 30.09.2022 according to the adjusted price.