

**HEKTAŞ TİCARET TÜRİK ANONİM ŐİRKETİ (“Hektaş” or “the Company”)
AND ITS SUBSIDIARIES (“Hektaş Group” or “the Group”)**

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE-MONTHS INTERIM PERIOD
AS OF 30 SEPTEMBER 2024 AND
INDEPENDENT AUDITOR’S REPORT

(ORIGINALLY ISSUED IN TURKISH)

INDEX	PAGE
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	1-2
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	3
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	4
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	5
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	6-41

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR INTERIM PERIOD AS OF 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira (“TL”) as of 30 September 2024, unless otherwise stated.)

	Notes	Current Period	Prior Period
		Not Reviewed 30 September 2024	Audited 31 December 2023
ASSETS			
Current Assets			
Cash and Cash Equivalents	3	10,214,117,392	20,555,269,630
Financial Investments	4	3,020,677,340	6,279,703,384
Trade Receivables	7a	1,126,518,786	1,319,012,000
<i>From Related Parties</i>	20	1,424,524,657	4,123,312,146
<i>From Third Parties</i>		121,756,352	40,062,001
Other Receivables	8a	1,302,768,305	4,083,250,145
<i>Other Receivables from Related Parties</i>	20	12,470,502	2,038,766,410
<i>From Third Parties</i>		-	2,027,291,177
Inventories	9	12,470,502	11,475,233
Prepaid Expenses		3,840,872,715	5,774,753,030
<i>From Related Parties</i>	20	78,899,813	150,842,973
<i>From Third Parties</i>		346,703	2,038,677
Current Tax Assets	13	78,553,110	148,804,296
Other Current Assets		85,724,623	81,186,326
		624,428,956	787,693,361
Non-Current Assets			
Other Receivables	8a	13,710,230,665	14,028,437,249
Investment Properties		4,513,728	5,715,306
Property, Plant and Equipment	10	101,191,518	53,349,941
Intangible Assets		8,938,863,173	5,931,197,277
Goodwill	12	1,490,424,003	4,574,555,759
<i>Other</i>	11	400,388,074	400,388,074
Right-of-Use Assets		1,090,035,929	4,174,167,685
Prepaid Expenses		622,895,127	201,564,896
Deferred Tax Asset	18	1,550,627,396	1,159,216,055
		1,001,715,720	2,102,838,015
TOTAL ASSETS		23,924,348,057	34,583,706,879

The accompanying notes form an integral part of these consolidated financial statements.

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR INTERIM PERIOD AS OF 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of 30 September 2024, unless otherwise stated.)

	Notes	Current Period	Prior Period
		Not Reviewed	Audited
		30 September 2024	31 December 2023
LIABILITIES AND EQUITY			
Current Liabilities			
Short-Term Borrowings	6	13,345,470,603	21,463,577,744
Lease Liabilities	6	6,749,063,450	18,249,425,785
Trade Payables	7b	53,226,083	72,086,328
<i>To Related Parties</i>	20	820,030,696	1,902,152,066
<i>To Third Parties</i>		55,668,872	234,103,881
Payables Related to Employee Benefits		764,361,824	1,668,048,185
Other Liabilities	8b	122,747,533	110,455,094
<i>To Related Parties</i>	20	5,548,024,600	1,030,829,215
<i>To Third Parties</i>		5,530,905,978	1,009,140,299
Derivative Instruments	5	17,118,622	21,688,916
Deferred Income		-	2,428,009
Current Tax Liability		26,723,636	37,868,468
Short-Term Provisions	14a	164,790	35,963,910
<i>Related to Employee Benefits</i>	14a	25,489,815	22,368,869
<i>Other</i>	14a	22,272,010	17,997,148
		3,217,805	4,371,721
Non-Current Liabilities		2,733,016,935	2,876,564,271
Long-Term Borrowings	6	1,911,285,917	1,240,662,419
Lease Liabilities	6	513,464,451	50,709,516
Other Payables	8b	135,594,408	152,101,628
<i>Other Payables to Related Parties</i>	20	135,594,408	152,101,628
Long-Term Provisions	14b	101,292,567	100,353,746
<i>Related to Employee Benefits</i>		101,292,567	100,353,746
Deferred Tax Liability	18	71,379,592	1,332,736,962
EQUITY		7,845,860,519	10,243,564,864
Equity Attributable to the Parent		7,876,629,434	10,255,874,269
Paid-in Capital		2,530,000,000	2,530,000,000
Capital Adjustment Differences		6,666,744,272	6,666,744,272
Share Issue Premium/Discounts		67,985,842	67,985,842
Accumulated Other Comprehensive Income (Expenses)			
to be Reclassified in Profit or Loss			
- <i>Foreign Currency Translation Differences</i>		(214,238,217)	193,368,714
- <i>Remeasurement Losses of Defined Benefit Plans</i>		(214,238,217)	193,368,714
Accumulated Other Comprehensive Income (Expenses)			
not to be Reclassified in Profit or Loss		(57,183,378)	(56,484,101)
- <i>Remeasurement Losses of Defined Benefit Plans</i>		(57,183,378)	(56,484,101)
Restricted Reserves Appropriated from Profit		429,625,722	429,625,722
Prior Years' Profit		424,633,820	1,617,812,380
Net Loss for the Period		(1,970,938,627)	(1,193,178,560)
Non-Controlling Interests		(30,768,915)	(12,309,405)
TOTAL LIABILITIES AND EQUITY		23,924,348,057	34,583,706,879

The accompanying notes form an integral part of these consolidated financial statements.

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE-MONTH INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of 30 September 2024, unless otherwise stated.)

	Notes	Current Period	Current Period	Prior Period	Prior Period
		Not Reviewed	Not Reviewed	Not Reviewed	Not Reviewed
		1 January- 30 September	1 July- 30 September	1 January- 30 September	1 July- 30 September
		2024	2024	2023	2023
PROFIT OR (LOSS)					
Revenue	15a	3.722.889.138	928.056.097	7.767.189.755	1.829.644.772
Cost of Sales (-)	15b	(4.067.858.341)	(1.368.589.138)	(5.093.267.697)	(642.829.681)
GROSS PROFIT/(LOSS)		(344.969.203)	(440.533.041)	2.673.922.058	1.186.815.091
General Administrative Expenses (-)		(701.259.589)	(267.754.198)	(798.179.602)	(324.643.007)
Marketing Expenses (-)		(339.779.050)	(115.187.970)	(654.597.647)	(208.342.968)
Research and Development Expenses (-)		(268.256.580)	(74.516.389)	(229.319.923)	(92.638.558)
Other Income from Operating Activities	16	161.243.627	(1.051.408)	160.459.567	33.597.182
Other Expenses from Operating Activities (-)	17	(106.144.527)	(29.728.400)	(561.697.327)	(57.703.728)
OPERATING PROFIT/(LOSS)		(1.599.165.322)	(928.771.406)	590.587.126	537.084.012
Income from Investing Activities		4.896.792	1.551.850	1.726.045.219	1.713.925.490
Expenses from Investing Activities (-)		(1.246.108)	(542.951)	(1.232.605)	(431.243)
OPERATING PROFIT/(LOSS) BEFORE FINANCE EXPENSE		(1.595.514.638)	(927.762.507)	2.315.399.740	2.250.578.259
Finance Income		1.722.565.549	715.460.886	1.600.270.482	350.094.957
Finance Expense (-)		(5.219.688.374)	(1.402.317.765)	(4.409.167.141)	(1.609.636.284)
Monetary Gain Loss, net		2.941.771.051	750.458.051	1.876.337.695	705.520.811
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		(2.150.866.412)	(864.161.335)	1.382.840.776	1.696.557.743
Tax (Expense) / Income from Continuing Operations		164.884.902	(40.933.092)	(1.254.978.595)	(951.873.352)
Tax (Expense) / Income for the Period	18	(718.346)	(171.168)	(109.467.559)	854.673
Deferred Tax (Expense) / Income	18	165.603.248	(40.761.924)	(1.145.511.036)	(952.728.025)
PROFIT OR LOSS FOR THE PERIOD		(1.985.981.510)	(905.094.427)	127.862.181	744.684.391
Distribution of (Loss)/Profit for the Period					
Non-Controlling Interests		(15.042.883)	(4.573.097)	(19.749.355)	(4.297.926)
Parent Shares		(1.970.938.627)	(900.521.330)	147.611.536	748.982.317
		(1.985.981.510)	(905.094.427)	127.862.181	744.684.391
Earnings / (loss) per share					
A Hundred Ordinary Stock (TL)	19	(0,78)	(0,36)	0,06	0,30
OTHER COMPREHENSIVE (EXPENSE) / INCOME:					
Items That will not be Reclassified Subsequently to Loss or Profit		(699.277)	-	(12.428.241)	-
Gain/Loss on Remeasurement of Defined Benefit Plans		(932.370)	-	(15.535.300)	-
Gain (Loss) on Remeasurement of Defined Benefit Plans, Tax Impact		233.093	-	3.107.059	-
(Expense) / Income to be Reclassified to Loss or Profit		(411.023.558)	(41.657.540)	36.535.402	(50.100.023)
Other Comprehensive (Expense) / Income Related to Cash Flow Hedges		-	-	(2.617.687)	223.299
Foreign Currency Translation Differences		(411.023.558)	(41.657.540)	38.577.197	(50.274.196)
Other Comprehensive (Expense) / Income Related to Cash Flow Hedging Reserve, Tax Effect		-	-	575.892	(49.126)
OTHER COMPREHENSIVE (EXPENSE) / INCOME		(411.722.835)	(41.657.540)	24.107.161	(50.100.023)
TOTAL COMPREHENSIVE (EXPENSE) / INCOME		(2.397.704.345)	(946.751.967)	151.969.342	694.584.368
Distribution of Total Comprehensive (Expense) / Income:					
Non-Controlling Interests		(18.459.510)	(6.487.664)	(19.253.811)	(4.392.559)
Parent Shares		(2.379.244.835)	(940.264.303)	171.223.153	698.976.927

The accompanying notes form an integral part of these consolidated financial statements.

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE-MONTH INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira (“TL”) as of 30 September 2024, unless otherwise stated.)

	Accumulated Other Comprehensive Income and Expenses that will not be Reclassified to Profit or Loss		Accumulated Other Comprehensive Income and Expenses that will be Reclassified to Profit or Loss			Retained Earnings						
	Paid-in Capital	Capital Adjustment Differences	Share Premiums / Discounts	Accumulated Remeasurement Losses of Defined Benefit Plans	Foreign Currency Translation Differences	Hedging Gain/Loss	Restricted Reserves Appropriated from Profit	Prior Years' Profit	Net Profit / Loss for the Period	Equity Attributable to the Parent	Non-Controlling Shares	Equity
Balances as of 1 January 2023	2,530,000,000	6,666,744,272	67,985,842	(44,584,921)	28,675,474	4,280,474	388,462,083	75,164,553	1,584,843,185	11,301,570,962	16,778,501	11,318,349,463
Transfers	-	-	-	-	-	-	42,962,921	1,541,880,264	(1,584,843,185)	-	-	-
Total Comprehensive Income / (Expense)	-	-	-	(12,428,241)	38,081,653	(2,041,795)	-	-	147,611,536	171,223,153	(19,253,811)	151,969,342
Profit / (Loss) for the Period	-	-	-	-	-	-	-	-	147,611,536	147,611,536	(19,749,355)	127,862,181
Other Comprehensive (Expense) / Income	-	-	-	(12,428,241)	38,081,653	(2,041,795)	-	-	-	23,611,617	495,544	24,107,161
Balances as of 30 September 2023	2,530,000,000	6,666,744,272	67,985,842	(57,013,162)	66,757,127	2,238,679	431,425,004	1,617,044,817	147,611,536	11,472,794,115	(2,475,310)	11,470,318,805
Balances as of 1 January 2024	2,530,000,000	6,666,744,272	67,985,842	(56,484,101)	193,368,714	-	429,625,722	1,617,812,380	(1,193,178,560)	10,255,874,269	(12,309,405)	10,243,564,864
Transfers	-	-	-	-	-	-	-	(1,193,178,560)	1,193,178,560	-	-	-
Total Comprehensive (Expense) / Income	-	-	-	(699,277)	(407,606,931)	-	-	-	(1,970,938,627)	(2,379,244,835)	(18,459,510)	(2,397,704,345)
Loss for the Period	-	-	-	-	-	-	-	-	(1,970,938,627)	(1,970,938,627)	(15,042,883)	(1,985,981,510)
Other Comprehensive Income / (Expense)	-	-	-	(699,277)	(407,606,931)	-	-	-	-	(408,306,208)	(3,416,627)	(411,722,835)
Capital Advance	-	-	-	-	-	-	-	-	-	-	-	-
Balances as of 30 September 2024	2,530,000,000	6,666,744,272	67,985,842	(57,183,378)	(214,238,217)	-	429,625,722	424,633,820	(1,970,938,627)	7,876,629,434	(30,768,915)	7,845,860,519

The accompanying notes form an integral part of these consolidated financial statements.

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE NINE-MONTH INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of 30 September 2024, unless otherwise stated.)

	Notes	Current Period Not Reviewed 1 January- 30 September 2024	Prior Period Not Reviewed 1 January- 30 September 2023
CASH FLOWS FROM OPERATING ACTIVITIES		3.719.577.529	(2.917.809.130)
Loss for the Period		(1.985.981.510)	127.862.181
Adjustments Related to Reconciliation of Net Profit/Loss of the Period		3.059.405.050	(534.320.924)
Adjustments Related to Depreciation and Amortization Expense		591.478.493	521.624.633
Adjustments Related to Impairment (Reversal)		80.559.416	58.767.202
- Adjustments Related to Impairment for Receivables	7a	62.089.925	34.152.331
- Adjustments Related to Impairment for Inventories	9	18.469.491	24.614.871
Adjustments Related to Provisions		40.051.692	49.046.339
- Provisions Related to Employee Benefits		40.051.692	49.046.339
Adjustments Related to Interest (Income) / Expenses		3.476.336.286	3.048.697.652
- Adjustments Related to Interest Income		(1.256.954.725)	(591.204.051)
- Adjustments Related to Interest Expenses		4.587.676.898	3.138.792.405
- Adjustments Related to Banking Transactions Expenses		145.614.113	501.109.298
Adjustments Related to Unrealized Foreign Currency Translation Differences		(452.629.936)	43.817.884
Adjustments Related to Monetary Losses / Gains		(631.682.606)	(3.156.896.123)
Adjustments Related to Fair Value Gains/Losses		(1.787.136)	8.851.240
- Adjustments Related to Fair Value Losses / (Gains) on Derivative Financial Instruments		(1.787.136)	8.851.240
Adjustments Related to Foreign Exchange Differences		123.977.813	(648.149.591)
Adjustments Related to Tax Income / (Expense)	18	(164.884.902)	1.254.978.595
Adjustments Related to Loss/Gains on Disposal of Fixed Assets		(2.014.070)	(1.715.058.755)
Changes in working capital		1.372.763.133	(3.068.113.775)
Adjustments Related to Increase/Decrease in Trade Receivables		1.535.327.865	12.517.146
Adjustments Related to Increase / Decrease in Other Operating Receivables		(16.866.500)	(2.430.658.492)
Adjustments Related to Increase/Decrease in Inventories		391.164.606	(1.680.882.939)
Adjustments Related to Increase/Decrease in Trade Payables		(580.048.281)	1.244.862.473
Increase / (Decrease) in Payables Related to Employee Benefits		41.447.064	(2.018.816)
Adjustments Related to Increase / Decrease in Other Operating Payables		1.738.379	(211.933.147)
Cash Flows Generated from Operations		1.273.390.856	556.763.388
Interest Received		1.307.598.763	604.214.447
Payments Made Related to Provisions for Employee Benefits		(6.264.989)	(28.862.475)
Collections from Doubtful Receivables	7a	13.021.347	404.473
Tax Payments / Returns		(40.964.265)	(18.993.057)
CASH FLOWS FROM INVESTING ACTIVITIES		652.721.812	(1.620.318.778)
Cash Inflows from Other Receivables from Related Parties		1.492.187.616	-
Cash Inflows from the Sales of Property, Plant and Equipment and Intangible Assets		2.823.873	2.305.504.395
- Cash Inflows from the Sale of Property, Plant and Equipment		2.823.873	2.305.504.395
Cash Outflows from the Purchase of Property, Plant and Equipment and Intangible Assets		(401.964.597)	(3.298.966.764)
- Cash Outflows from the Purchase of Property, Plant and Equipment	10	(395.036.102)	(2.950.129.233)
- Cash Outflows from the Purchase of Intangible Assets		(6.928.495)	(348.837.531)
Cash Inflows from the Sales of Investment Properties		(48.913.739)	-
Cash Advances and Payables Given		(391.411.341)	(626.856.409)
CASH FLOWS FROM FINANCING ACTIVITIES		(5.869.414.720)	7.763.765.039
Cash Inflows / (Outflows) Related to Payments of Borrowings		4.644.350.717	1.020.253.683
Cash Inflows from Borrowings	6	6.953.936.254	22.100.248.610
Cash Outflows Related to Borrowings	6	(12.509.937.346)	(12.113.627.484)
Bank Transaction Charges Paid		(145.614.113)	(501.109.298)
Interest Paid		(4.694.380.469)	(2.604.205.313)
Cash Outflows Related to Debt Payments Arising from Lease Contracts		(117.769.763)	(137.795.159)
THE EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(67.824.214)	649.280.366
INFLATION EFFECT ON CASH AND CASH EQUIVALENTS		(1.643.442.413)	(1.883.389.595)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(3.208.382.006)	1.991.527.902
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	3	6.226.339.256	3.403.956.085
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3	3.017.957.250	5.395.483.987

The accompanying notes form an integral part of these consolidated financial statements.

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of 30 September 2024, unless otherwise stated.)

1. ORGANIZATION AND OPERATIONS OF THE GROUP

Hektaş was established for the purpose of producing, importing, and marketing agricultural and veterinary pesticides upon registration and entry in the trade registry in 1956. The main field of activity of the Company is the production, import and marketing of agricultural and veterinary pesticides. The main shareholder of the Company is the Turkish Armed Forces Pension Fund ("OYAK") which owns 55.4 per cent of the Company's shares. OYAK is an institution with legal personality, which is financially and administratively autonomous and subject to the provisions of private law, which was founded pursuant to the law no. 205 on 1 March 1961. As the "solidarity and pension fund" of the members of the Turkish Armed Forces ("TSK"), OYAK provides various services and benefits to its members in line with the social security approach envisaged by the constitution. OYAK has direct and indirect subsidiaries and associates operating in industry, finance and service sectors. Detailed information about OYAK is available on its official web site at the address (www.oyak.com.tr).

These consolidated financial statements include the Company and its subsidiaries. The Company and its subsidiaries will herein after be referred to as "the Group" or "Hektaş Group" collectively.

The Company acquired 100% of FNC Tarım Ticaret ve Sanayi Anonim Şirketi ("FNC") on 29 November 2017 at a price of Turkish Lira ("TL") 14,117,000 (US Dollar 3,600,000) and included FNC within the scope of the consolidation based on its periodic statements of 30 September 2017.

The main field of activity of FNC is the production, import and marketing of agricultural pesticides. FNC is headquartered in the district of Bor in Niğde and has a capital of TL 40,500,000.

FNC's title was changed as 'Ferbis Tarım Ticaret ve Sanayi Anonim Şirketi' ("Ferbis") as declared in the Trade Registry Gazette dated 7 July 2020 and by the Extraordinary General Assembly dated 30 June 2020.

On 22 February 2019, the Company acquired 100% of Akça Tohumculuk Arge Sanayi ve Dış Ticaret Anonim Şirketi ("Akça") at a price of TL 25,150,000 and included Akça within the scope of consolidation based on its financial statements pertaining to the period ending on 31 January 2019.

Akça's main field of activity is to engage in all kinds of seed production and development activities and to set up green houses and specially equipped areas for this purpose. Akça's headquarters are located in Antalya Technocity.

Akça's title was changed as 'Areo Tohumculuk Arge Sanayi ve Dış Ticaret Anonim Şirketi' ("Areo") as declared in the Trade Registry Gazette dated 6 October 2020 and by the Extraordinary General Assembly dated 25 September 2020. Its capital is in the amount of TL 95,750,000.

On 9 June 2020, the Company acquired 100% of Sunset Kimya Tarım Ürünleri ve Aletleri İmalat Pazarlama Sanayi ve Ticaret Anonim Şirketi ("Sunset") at a price of TL 65,000,000 and included Sunset within the scope of consolidation based on its financial statements pertaining to the period ending on 30 May 2020.

Sunset's main field of activity is the wholesale and retail trade, production, import and export and domestic and international marketing of all kinds of agricultural pesticides. Sunset is headquartered in the district of Bor in Niğde. Its capital is in the amount of TL 2,000,000.

AgriVentis Technologies Pty Ltd ("Agriventis") was acquired by the OYAK group as of 18 September 2020. As of 12 January 2022, all of the shares representing the 51% capital of Agriventis, field of activity of which is "agricultural seed technology development, seed improvement and production", controlled by Oyak Sermaye Yatırımları A.Ş., the subsidiary of the main shareholder, have been acquired for TL 28,000,000. Agriventis is headquartered in Sydney, Australia. Its capital is AUD 457,375.

Hektaş Asia LLC was established on 21 November 2022 in Tashkent, Uzbekistan, with 100% of its shares owned by HEKTAŞ Ticaret T.A.Ş. It was established with the aim of operating in export-oriented plant protection and plant nutrition fields USD 20,040,000 has been paid for the founding capital of Hektaş Asia LLC, and the registration process is still in progress.

The Company's shares have been quoted on Borsa İstanbul ("BIST") since 1986. The Group's main shareholder and principal controller is OYAK.

As of 30 September 2024, the number of employees of the Group is 587 in total, 206 of them being blue-collar and 381 being white-collar (31 December 2023: 621 employees).

The Company carries out its activities at its headquarters at the address Gebze Organize Sanayi Bölgesi, İhsandede Caddesi, 700. Sokak 41400 Gebze, Kocaeli.

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira (“TL”) as of 30 September 2024, unless otherwise stated.)

1. ORGANIZATION AND OPERATIONS OF THE GROUP (cont’d)

Details of the types and fields of activity of the Company’s subsidiaries are as follows:

	<u>Types and Subject of Activity</u>
Takımsan Tarım Kimya Sanayi ve Ticaret Anonim Şirketi ("Takımsan")	Production, import and marketing of pesticides
Çantaş Çankırı Tuz Ürünleri Üretim ve Dağıtım Anonim Şirketi ("Çantaş")	Inactive
Ferbis	Production, import and marketing of pesticides
Areo	To carry out all kinds of seed production and development activities, to establish related greenhouses and specially equipped areas related to this.
Sunset	Wholesale and retail trade of all kinds of pesticides, import and export, marketing in domestic and foreign markets
Agriventis	Agricultural seed technology development, seed breeding and production
Hektaş Asia	Production, sale, distribution and marketing of plant protection and plant nutrition products

As of 30 September 2024 and 31 December 2023, the details of the Company's subsidiaries and financial investments are as follows:

<u>Title of the Company</u>	<u>Location of activity</u>	<u>Functional currency</u>	<u>Group's share rate in capital and voting rate (%)</u>	
			<u>30 September 2024</u>	<u>31 December 2023</u>
<u>Subsidiaries</u>				
Takımsan	Kocaeli	TL	99.78	99.78
Ferbis	Niğde	TL	100.00	100.00
Areo	Antalya	TL	100.00	100.00
Sunset	Niğde	TL	100.00	100.00
Agriventis	Australia	AUD	51.00	51.00
Hektaş Asia	Uzbekistan	UZS	100.00	100.00
<u>Financial investments</u>				
Çantaş	Çankırı	TL	0.37	0.37

2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance with TFRS

The accompanying condensed consolidated financial statements have been prepared in line with Capital Markets Board (“CMB”), Communiqué Serial: II, No. 14.1 on “Principles on Financial Reporting in Capital Market” (“the Communiqué”), promulgated in Official Gazette No. 28676 dated 13 June 2013. TFRSs include Standards and Interpretations published by POA under the names of Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards, TAS Interpretations and TFRS Interpretations.

In addition, the condensed consolidated financial statements are presented in accordance with the “TFRS Taxonomy” published by POA on 4 October 2022 and the formats specified in the Financial Statement Examples and User Guide published by CMB, based on the CMB's financial statement and note formats.

The Group has prepared its interim condensed consolidated financial statements as of 30 September 2024 by preferring the summary presentation in accordance with TAS 4 “Interim Financial Statements” and the explanations and notes required to be included in the annual financial statements prepared in accordance with TAS 34 are summarized or not included. Therefore, these interim condensed consolidated financial statements shall be read together with the Group's consolidated financial statements as of 31 December 2023.

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of 30 September 2024, unless otherwise stated.)

2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Approval of consolidated financial statements:

The condensed consolidated financial statements were approved by the Board of Directors of Hektaş on 08 November 2024. The General Assembly of Hektaş has the right to amend and the related regulatory authorities have the right to demand the amendment of these condensed consolidated financial statements.

Functional and Reporting Currency

The condensed consolidated financial statements are presented in TL, which is the functional currency of the Group. All financial information submitted in TL is presented in full, unless otherwise stated.

Adjustment of financial statements during periods of high inflation

The condensed consolidated financial statements and related figures for previous periods have been restated for changes in the general purchasing power of the functional currency and, consequently, the financial statements and related figures for previous periods are expressed in terms of the measuring unit current at the end of the reporting period in accordance with TAS 29 Financial Reporting in Hyperinflationary Economies.

TAS 29 applies to the financial statements, including the condensed consolidated financial statements, of each entity whose functional currency is the currency of a hyperinflationary economy. If an economy is subject to hyperinflation, TAS 29 requires an entity whose functional currency is the currency of a hyperinflationary economy to present its financial statements in terms of the measuring unit current at the end of the reporting period.

As at the reporting date, entities operating in Türkiye are required to apply TAS 29 "Financial Reporting in Hyperinflationary Economies" for the reporting periods ending on or after 31 December 2023, as the cumulative change in the general purchasing power of the last three years based on the Consumer Price Index ("CPI") is more than 100%.

POA made an announcement on 23 November 2023 regarding the scope and application of TAS 29. It stated that the financial statements of the entities applying Turkish Financial Reporting Standards for the annual reporting period ending on or after 31 December 2023 should be presented in accordance with the related accounting principles in TAS 29, adjusted for the effects of inflation.

In accordance with the CMB's decision dated 28 December 2023 and numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards are required to apply inflation accounting by applying the provisions of TAS 29 to their annual financial statements for the accounting periods ending on 31 December 2023.

In this framework, while preparing the consolidated financial statements dated 30 September 2024 inflation adjustment has been made in accordance with TAS 29.

The table below shows the inflation rates for the relevant years calculated by taking into account the Consumer Price Indices published by the Turkish Statistical Institute ("TURKSTAT"):

<u>Date</u>	<u>Index</u>	<u>Adjustment coefficient</u>
30 September 2024	2,526.16	1.00000
31 December 2023	1,859.38	1.35860
30 September 2023	1,691.04	1.49385

The main lines of TAS 29 indexation transactions are as follows:

- As of the balance sheet date, all items other than those stated in terms of current purchasing power are restated by using the relevant price index coefficients. Prior year amounts are also restated in the same way.
- Monetary assets and liabilities are expressed in terms of the purchasing power at the balance sheet date and are therefore not subject to restatement. Monetary items are cash and items to be received or paid in cash.
- Fixed assets, subsidiaries and similar assets are indexed to their acquisition values, which do not exceed their market values. Depreciation has been adjusted in a similar manner. Amounts included in shareholders' equity have been restated by applying general price indices for the periods in which they were contributed to or arose within the Company.

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira (“TL”) as of 30 September 2024, unless otherwise stated.)

2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.1 Basis of Presentation (cont’d)

Adjustment of financial statements during periods of high inflation (cont’d)

- All items in the income statement, except for the effects of non-monetary items in the balance sheet on the income statement, have been restated by applying the multiples calculated over the periods when the income and expense accounts were initially recognized in the financial statements.
- The gain or loss arising on the net monetary position as a result of general inflation is the difference between the adjustments to non-monetary assets, equity items and income statement accounts. This gain or loss on the net monetary position is included in net profit.

The impact of the application of TAS 29 Inflation Accounting is summarized below:

Restatement of the Statement of Financial Position

Amounts in the statement of financial position that are not expressed in terms of the measuring unit current at the end of the reporting period are restated. Accordingly, monetary items are not restated because they are expressed in the currency of the reporting period. Non-monetary items are required to be restated unless they are expressed in terms of the currency in effect at the end of the reporting period.

The gain or loss on the net monetary position arising on restatement of non-monetary items is recognized in profit or loss and presented separately in the statement of comprehensive income.

Restatement of the Statement of Profit or Loss

All items in the statement of profit or loss are expressed in terms of the measuring unit current at the end of the reporting period. Therefore, all amounts have been restated by applying changes in the monthly general price index.

Cost of inventories sold has been restated using the restated inventory balance.

Depreciation and amortization expenses have been restated using the restated balances of property, plant and equipment, intangible assets, investment property and right-of-use assets.

Restatement of Statement of Cash Flows

All items in the statement of cash flows are expressed in terms of the measuring unit current at the end of the reporting period.

2.2 Changes in accounting policies

The accounting policies used in the preparation of these interim condensed consolidated financial statements are the same as those used in the most recent annual consolidated financial statements.

2.3 Changes in accounting estimates and errors

If the changes in accounting estimates are related with one period only, they are applied in the current period when the change is applied; if they are related with future periods, they are applied prospectively both in the period of change and in the future periods. Material accounting errors detected are executed retrospectively and the previous period’s financial statements are restated. There has been no significant change in the accounting estimates of the Group in the current year.

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of 30 September 2024, unless otherwise stated.)

2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Significant accounting judgments, estimates and assumptions

In the preparation of the condensed consolidated financial statements, the Group Management is required to make assumptions and estimations that will affect the reported assets and liabilities, determine the possible liabilities and commitments as of the reporting date and the income and expense amounts as of the reporting period. Actual results may differ from estimates and assumptions. These estimations and assumptions are reviewed regularly, and when the need for correction arises, the corrections are reflected in the relevant period's operating result.

Considering the interpretations that may have a material effect on the amounts reflected in the condensed consolidated financial statements and the main sources of the existing or future estimates at the reporting date, the important assumptions and assessments are presented below:

Provisions for doubtful receivables reflect the amounts that the Group management believes will cover the future losses of the receivables that exist as of the reporting date but have the risk of being uncollectible within the current economic conditions. While evaluating whether the receivables are impaired or not, the past performance of the debtors other than the related parties and key customers, their credibility in the market, the guarantees received, their performance from the balance sheet date to the approval date of the financial statements and the renegotiated conditions are taken into account. As of the relevant reporting dates, the Group's provision for doubtful receivables is included in Note 7. Actual results may differ from assumptions.

The Group management made various assumptions in line with the experiences of the technical team, especially in determining the useful economic life of buildings and machinery.

The amount of provisions for litigation, the probability of losing the relevant lawsuits and the probable consequences to be incurred in case of loss are determined through the estimations made by the Group Management in line with the opinions of the Group's Legal advisors (Note 14a).

In the calculation of severance pay and severance incentive obligations, the Group makes various assumptions such as discount rate, inflation rate, real salary increase rate, possibility of voluntary resignation, etc. The assumptions used in the calculation of the liability are provided in detail in Note 14b.

In the calculation of the provisions for the decline in the value of inventories, the Group makes various assumptions such as estimated sales price, estimated completion costs and the estimated costs required to perform sales (Note 9). Actual results may differ from the assumptions.

The Group subjects the goodwill amount to impairment test every year. The recoverable amounts of cash generating units are determined based on the calculations of value in use. These calculations require the use of estimates (Note 12). The use value of the cash generating unit is calculated using the discounted cash flow method. Discounted cash flows are based on projections made in TL, which is the functional currency of the cash-generating unit. During the calculation of the projections, some assumptions and estimations have been used by the Group Management. If actual results differ from estimates, the accompanying consolidated financial statements may be affected.

2.5 Significant Changes Related to Current Period

The Group has reviewed the estimates and assumptions used in the preparation of the consolidated financial statements as of 30 September 2024. In this context, the Group has evaluated the possible impairments in the values of trade receivables, inventories and investment properties in the consolidated financial statements as of 30 September 2024 and no impairment has been detected.

2.6 Segment Reporting

The Group's operations are defined as the geographic operating segment. However, considering the nature of the products and production processes, the type of customers for their products and services, and the methods they use to distribute their products or provide their services, the segments have been combined into a single operating segment with similar economic characteristics.

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira (“TL”) as of 30 September 2024, unless otherwise stated.)

2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.7 Summary of significant accounting policies

New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2024

Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to TAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to TAS 7 and TFRS 7	<i>Supplier Finance Arrangements</i>
TSRS 1	<i>General Requirements for Disclosure of Sustainability-related Financial Information</i>
TSRS 2	<i>Climate-related Disclosures</i>

Amendments to TAS 1 *Classification of Liabilities as Current or Non-Current*

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2024 and earlier application is permitted.

Amendments to TFRS 16 *Lease Liability in a Sale and Leaseback*

Amendments to TFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in TFRS 15 to be accounted for as a sale.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

Amendments to TAS 1 *Non-current Liabilities with Covenants*

Amendments to TAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

Amendments to TAS 7 and TFRS 7 *Supplier Finance Arrangements*

The amendments add disclosure requirements, and ‘signposts’ within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

TSRS 1 *General Requirements for Disclosure of Sustainability-related Financial Information*

TSRS 1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS.

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira (“TL”) as of 30 September 2024, unless otherwise stated.)

2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.7 Summary of significant accounting policies (cont’d)

New and Amended Turkish Financial Reporting Standards (cont’d)

a) Amendments that are mandatorily effective from 2024 (cont’d)

TSRS 2 Climate-related Disclosures

TSRS 2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS.

b) New and revised TFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17	<i>Insurance Contracts</i>
Amendments to TFRS 17	<i>Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)</i>
Amendments to TAS 21	<i>Lack of Exchangeability</i>

TFRS 17 Insurance Contracts

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 has been deferred for insurance, reinsurance and pension companies for a further year and will replace TFRS 4 *Insurance Contracts* on 1 January 2025.

Amendments to TFRS 17 Insurance Contracts and Initial Application of TFRS 17 and TFRS 9 — Comparative Information

Amendments have been made in TFRS 17 in order to reduce the implementation costs, to explain the results and to facilitate the initial application.

The amendment permits entities that first apply TFRS 17 and TFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of TFRS 9 had been applied to that financial asset before.

Amendments are effective with the first application of TFRS 17.

Amendments to TAS 21 Lack of Exchangeability

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. Amendments are effective from annual reporting periods beginning on or after 1 January 2025.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira (“TL”) as of 30 September 2024, unless otherwise stated.)

3. CASH AND CASH EQUIVALENTS

	30 September 2024	31 December 2023
Cash	213,163	370,794
Cash at banks	2,993,468,093	6,066,026,446
<i>Demand deposits</i>	264,843,514	860,217,749
<i>Time deposits with a maturity of less than three months</i>	2,728,624,579	5,205,808,697
Other current assets (*)	26,996,084	213,306,144
Cash and cash equivalents in the consolidated statement of financial position	<u>3,020,677,340</u>	<u>6,279,703,384</u>
Less: interest accruals	(2,720,090)	(53,364,128)
Cash and cash equivalents according to the cash flow statements	<u>3,017,957,250</u>	<u>6,226,339,256</u>

(*) Other cash and cash equivalents consist of checks and promissory notes and credit card receivables due as of 30 September 2024 and 31 December 2023.

As of 30 September 2024, the Group's USD time deposits amount to TL 754,541,157 and the interest rate is between 1.75 percent. Their maturities are less than 3 months (As of 31 December 2023, USD time deposit amount is TL 1,150,679,507 and the interest rate is between 2.00 and 5.00 percent. Their maturity is less than 3 months).

As of 30 September 2024, the Group's TL time deposits amount to TL 1,974,083,422 and the interest rate is 48 percent and 51.00 percent. Their maturities are less than 3 months (As of 31 December 2023, TL time deposit amount is TL 4,055,129,190 and the interest rate is between 37.00 and 47.00 percent. Their maturity is less than 3 months).

4. FINANCIAL INVESTMENTS

Financial investments at fair value through other comprehensive income:

Company Title	Share Rate %	30 September 2024	Share Rate %	31 December 2023
Çantaş	0.37	310,755	0.37	310,755
		<u>310,755</u>		<u>310,755</u>
Provision for impairment		(310,755)		(310,755)
		<u>-</u>		<u>-</u>
		30 September 2024		31 December 2023
Restricted bank deposits (*)		1,126,017,567		1,318,341,194
Private Equity Venture Fund		501,219		670,806
		<u>1,126,518,786</u>		<u>1,319,012,000</u>

(*) As of 30 September 2024, restricted cash and cash equivalents amounting to TL 1,126,017,567 (31 December 2023: TL 1,318,341,194) are separately classified under “Financial Investments” since their use is restricted in the Group's ongoing operations and fulfilling its obligations.

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira (“TL”) as of 30 September 2024, unless otherwise stated.)

5. DERIVATIVE INSTRUMENTS

	30 September 2024		31 December 2023	
	Asset	Liability	Asset	Liability
Derivative that are designated and effective as hedging instruments carried at fair value:				
<i>Forward contracts</i>	-	-	-	2,428,009
	-	-	-	2,428,009

Derivative instruments that are held for speculative purposes and that do not meet hedge accounting requirements are classified as “trading” and the fair value changes of these instruments are recognized in profit or loss.

As of 31 December 2023, the details of cross currency swap and forward transactions are as follows;

	Assets		Liabilities	
	Nominal Amount	Fair Value	Nominal Amount	Fair Value
Forward contracts				
<i>USD Collection / TL Payment</i>	-	-	5,250,000	2,428,009
		-		2,428,009

6. FINANCIAL LIABILITIES

	30 September 2024	31 December 2023
Short-Term Financial Payables		
Bank loans	6,749,063,450	14,185,439,463
Lease liabilities	53,226,083	72,086,328
Issued borrowing instruments	-	3,391,484,947
Other financial liabilities	-	672,501,375
	6,802,289,533	18,321,512,113
Long-Term Financial Liabilities		
Bank loans	1,911,285,917	1,240,662,419
Lease liabilities	513,464,451	50,709,516
	2,424,750,368	1,291,371,935

Details Short-Term Bank Loans are as follows;

Currency	Weighted Average Interest Rate %	30 September 2024 Short-term
TL	49.42	4,075,399,033
USD	7.75	2,673,664,417
		6,749,063,450

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of 30 September 2024, unless otherwise stated.)

6. FINANCIAL LIABILITIES (cont'd)

Details Short-Term Bank Loans are as follows; (cont'd)

Currency	Weighted Average Interest Rate %	31 December 2023 Short-term
TL	44.33	13,653,508,107
USD	9.22	531,931,356
		<u>14,185,439,463</u>

6. FINANCIAL LIABILITIES (cont'd)

Details of the Short-Term Debt Instruments Issued are as follows;

Currency	Weighted Average Interest Rate %	31 December 2023 Short-term
TL	37.99	3,391,484,947
		<u>3,391,484,947</u>

On 7 July 2023, the Group issued a single coupon payment financial bond with a discounted fixed interest rate, quoted on Borsa Istanbul, amounting to TL 1,154,812,895. The maturity of the bond is 5 January 2024 and the coupon interest rate is 41.50%.

On 9 August 2023, the Group issued a single coupon payment financial bond with a discounted fixed interest rate, quoted on Borsa Istanbul, amounting to TL 1,358,603,405. The maturity of the bond is 2 February 2024 and the coupon interest rate is 36.00%.

On 9 August 2023, the Group issued a single coupon payment financial bond with a discounted fixed interest rate, quoted on Borsa Istanbul, amounting to TL 679,301,703. The maturity of the bond is 7 August 2024 and the coupon interest rate is 36.00%.

The details of Other Financial Liabilities are as follows;

Currency	Weighted Average Interest Rate %	31 December 2023 Short-term
TL	40.34	672,501,375
		<u>672,501,375</u>

Details of Long-Term Bank Loans are as follows;

Currency	Weighted Average Interest Rate %	30 September 2024 Long-term
TL	18.87	34,666,667
USD	9.46	1,876,619,250
		<u>1,911,285,917</u>

Currency	Weighted Average Interest Rate %	31 December 2023 Long-term
TL	14.15	52,815,708
USD	10.33	1,187,846,711
		<u>1,240,662,419</u>

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of 30 September 2024, unless otherwise stated.)

6. FINANCIAL LIABILITIES (cont'd)

The maturities of the lease obligations are as follows;

	30 September 2024	31 December 2023
To be paid within 1 year	53,226,083	72,086,328
To be paid within 1-5 years	513,464,451	50,709,516
	<u>566,690,534</u>	<u>122,795,844</u>

The maturities of bank loans, issued debt instruments and other financial liabilities are as follows:

	30 September 2024	31 December 2023
To be paid within 1 year	6,749,063,450	18,249,425,785
To be paid within 1-2 years	1,234,472,417	296,855,459
To be paid within 2-3 years	225,604,500	283,892,120
To be paid within 3-4 years	225,604,500	263,965,936
To be paid within 4-5 years	225,604,500	263,965,936
To be paid within more than 5 years	-	131,982,968
	<u>8,660,349,367</u>	<u>19,490,088,204</u>

As of 30 September 2024 and 31 December 2023, bank loans have spot, fixed and floating interest rates and due to their short original maturities, it is assumed that their fair values and book values are close.

As of 1 January - 30 September 2024 and 2023, the reconciliation of liabilities arising from financing activities is as follows;

	1 January 30 September 2024	1 January 30 September 2023
Financial liabilities as of 1 January	19,612,884,048	16,331,852,680
Capital inflow within the period	6,953,936,254	22,100,248,610
Payments within the period	(12,627,707,109)	(12,251,422,643)
Exchange rate difference	571,451,551	79,330,493
Interest accrual change	(106,703,571)	534,587,092
Inflation effect	(5,176,821,272)	(7,629,517,450)
	<u>9,227,039,901</u>	<u>19,165,078,782</u>

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of 30 September 2024, unless otherwise stated.)

7. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables

As of 30 September 2024 and 31 December 2023, the details of the Group's trade receivables are as follows;

	30 September 2024	31 December 2023
Short-term trade receivables		
Trade receivables	1,030,632,983	2,024,751,299
Notes receivables	446,465,921	2,229,211,961
Trade receivables from related parties (Note 20)	121,756,352	40,062,001
Expected loss provision (-)	(174,330,599)	(170,713,115)
	<u>1,424,524,657</u>	<u>4,123,312,146</u>

As of 30 September 2024, the Group has deducted the amount of TL 300,000,000 collected from factoring companies within the scope of irrevocable factoring from its trade receivables (31 December 2023: TL 679,301,703).

As of 30 September 2024 and 31 December 2023, the aging of trade receivables is as follows:

	30 September 2024	31 December 2023
Not overdue and impaired	1,198,123,076	3,910,131,020
Overdue for 1-30 days, not impaired	48,459,053	53,344,348
Overdue for 1-3 months, not impaired	39,929,000	99,577,698
Overdue for 1-12 months, not impaired	137,872,393	58,936,372
Overdue for 1-5 years, not impaired	141,135	1,322,708
	<u>1,424,524,657</u>	<u>4,123,312,146</u>

The Group has evaluated the collateral status of the overdue receivables mentioned above, the current financial position of the related customers and the collections after the reporting date and concluded that there is no impairment on these receivables.

The average maturity applied by the Group for its sales is 134 days (31 December 2023: 287 days).

The provision for doubtful receivables for trade receivables is determined based on the future collection expectation and past experience of uncollectibility. The movement of the Group's provision for doubtful trade receivables is as follows:

	1 January- 30 September 2024	1 January- 30 September 2023
Provision for doubtful receivables movements		
Opening balance	170,713,115	22,569,004
Charge for the period	62,089,925	34,152,331
Collections	(13,021,347)	(404,473)
Effects of inflation accounting	(45,451,094)	(14,773,778)
Closing balance	<u>174,330,599</u>	<u>41,543,084</u>

The nature and level of risks related to trade receivables are disclosed in Note 21.

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of 30 September 2024, unless otherwise stated.)

7. TRADE RECEIVABLES AND PAYABLES (cont'd)

b) Trade Payables

Details of the Group's trade payables as of 30 September 2024 and 31 December 2023 are as follows:

	30 September 2024	31 December 2023
<u>Short-term trade payables</u>		
Trade payables (*)	721,658,788	1,597,875,302
Trade payables to related parties (Note 20)	55,668,872	234,103,881
Expense accruals	<u>42,703,036</u>	<u>70,172,883</u>
	<u>820,030,696</u>	<u>1,902,152,066</u>

(*) As of 30 September 2024, letters of credit amounting to TL 360,639,171 are included in trade payables (31 December 2023: TL 447,251,916).

The average payment maturity for the purchase of goods is 90 days in internal purchases (31 December 2023: 124 days).

8. OTHER RECEIVABLES AND PAYABLES

a) Other Receivables

	30 September 2024	31 December 2023
<u>Other Short-Term Receivables</u>		
VAT and other refund receivables	9,103,517	8,993,705
Corporate and provisional tax refund receivable	1,508,599	1,524,839
Refund receivable of special consumption tax ("SCT") (*)	1,368,950	323,564
Deposits and guarantees given	466,011	633,125
Other receivables from related parties (Note 20)	-	2,027,291,177
Other	<u>23,425</u>	<u>-</u>
	<u>12,470,502</u>	<u>2,038,766,410</u>

(*) If the raw materials subject to SCT are used in manufacturing goods not subject to SCT, the Special Consumption Tax paid in the purchase of these raw materials may be refunded, if the conditions specified in the Special Consumption Tax Communiqué No. 25. The SCT amount requested to be refunded within this framework is TL 1,368,950 (31 December 2023: TL 323,564).

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of 30 September 2024, unless otherwise stated.)

8. OTHER RECEIVABLES AND PAYABLES (cont'd)

a) Other Receivables (cont'd)

	30 September 2024	31 December 2023
<u>Other Long-Term Receivables</u>		
Deposits and guarantees given	4,513,728	5,715,306
	<u>4,513,728</u>	<u>5,715,306</u>

b) Other Payables

	30 September 2024	31 December 2023
<u>Other Short-Term Payables</u>		
Other payables to related parties (Not 20) (*)	5,530,905,978	1,009,140,299
Taxes and funds payable	14,064,373	17,079,234
Other miscellaneous liabilities	3,054,249	4,609,682
	<u>5,548,024,600</u>	<u>1,030,829,215</u>

(*) TL 4,444,350,717 of the relevant amount consists of the amounts received from the paid-in capital increase. Since the capital registration process is ongoing, it has been classified in the other payables account.

	30 September 2024	31 December 2023
<u>Other Long-Term Payables</u>		
Other payables to related parties (Note 20)	135,594,408	152,101,628
	<u>135,594,408</u>	<u>152,101,628</u>

9. INVENTORIES

	30 September 2024	31 December 2023
Raw material	1,991,637,484	2,538,426,274
Work in-process	401,048,205	551,360,411
Finished goods	819,976,323	1,511,076,512
Trade goods	761,919,514	1,089,999,143
Other inventories (*)	132,288,584	331,418,594
Provision for impairment on inventories (-)	(265,997,395)	(247,527,904)
	<u>3,840,872,715</u>	<u>5,774,753,030</u>

(*) As of 30 September 2024, TL 125,516,601 (31 December 2023: TL 324,172,352) of other inventories is comprised of goods in transit.

	1 January- 30 September 2024	1 January- 30 September 2023
<u>Movement of allowance for impairment on inventory</u>		
Opening balance	(247,527,904)	(8,006,189)
Charge for the period	(202,397,076)	(38,254,680)
Provision used/reversed	183,927,585	13,639,809
Closing balance	<u>(265,997,395)</u>	<u>(32,621,060)</u>

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira (“TL”) as of 30 September 2024, unless otherwise stated.)

10. PROPERTY, PLANT AND EQUIPMENT

Cost Value	Lands	Land improvements	Buildings	Plant, machinery and equipment	Vehicles	Furniture and fixtures	Leasehold Improvements	Construction in progress	Total
Opening balance as of 1 January 2024	66.787.681	14.378.541	573.787.332	2.703.395.375	51.371.289	530.190.276	-	2.906.696.056	6.846.606.550
Foreign currency translation differences	-	-	-	(1.859.216)	(755.089)	(34.314)	-	-	(2.648.619)
Additions	-	-	-	96.957.335	257.629	115.508.901	83.968.193	98.344.044	395.036.102
Disposals	-	-	-	(1.034.855)	(1.148.805)	(991.255)	-	-	(3.174.915)
Transfers (*)	-	-	316.028.521	-	-	-	3.182.173.094	(423.578.109)	3.074.623.506
Closing balance as of 30 September 2024	66.787.681	14.378.541	889.815.853	2.797.458.639	49.725.024	644.673.608	3.266.141.287	2.581.461.991	10.310.442.624
<u>Accumulated Depreciation</u>									
Opening balance as of 1 January 2024	-	(3.568.607)	(55.979.607)	(630.763.882)	(24.901.197)	(200.195.980)	-	-	(915.409.273)
Foreign currency translation differences	-	-	-	456.763	324.100	18.652	-	-	799.515
Charge for the period	-	(732.934)	(11.189.355)	(189.569.316)	(6.203.358)	(72.037.142)	(69.914.942)	-	(349.647.047)
Disposals	-	-	-	829.501	970.788	564.823	-	-	2.365.112
Transfers (*)	-	-	-	-	-	-	(109.687.758)	-	(109.687.758)
Closing balance as of 30 September 2024	-	(4.301.541)	(67.168.962)	(819.046.934)	(29.809.667)	(271.649.647)	(179.602.700)	-	(1.371.579.451)
Carrying value as of 30 September 2024	66.787.681	10.077.000	822.646.891	1.978.411.705	19.915.357	373.023.961	3.086.538.587	2.581.461.991	8.938.863.173

(*) TL 3,074,623,506 has been transferred from intangible assets to property, plant and equipment (Note 11).

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira (“TL”) as of 30 September 2024, unless otherwise stated.)

10. PROPERTY, PLANT AND EQUIPMENT (cont’d)

Cost Value	Lands	Land improvements	Buildings	Plant, machinery and equipment	Vehicles	Furniture and fixtures	Construction in progress	Total
Opening balance as of 1 January 2023	77,461,742	238,394,843	962,522,467	1,794,551,610	45,445,762	352,187,562	5,091,321,988	8,561,885,974
Foreign currency translation differences	-	-	-	(750,800)	(390,812)	(20,666)	-	(1,162,278)
Additions	-	2,978,468	125,051,642	96,833,594	10,482,284	114,475,881	2,600,307,364	2,950,129,233
Disposals	(70,181)	(223,869,015)	(785,457,284)	-	(1,321,938)	(10,296,816)	-	(1,021,015,234)
Transfers (*)	-	-	16,759,649	662,630,650	-	-	(3,138,315,630)	(2,458,925,331)
Closing balance as of 30 September 2023	77,391,561	17,504,296	318,876,474	2,553,265,054	54,215,296	456,345,961	4,553,313,722	8,030,912,364
<u>Accumulated Depreciation</u>								
Opening balance as of 1 January 2023	-	(120,913,154)	(344,726,209)	(520,996,938)	(23,063,985)	(172,477,038)	-	(1,182,177,324)
Foreign currency translation differences	-	-	-	(86,918)	6,323	(24,533)	-	(105,128)
Charge for the period	-	(5,553,372)	(15,289,278)	(143,748,250)	(7,097,965)	(44,881,307)	-	(216,570,172)
Disposals	-	122,933,789	297,534,896	-	698,093	9,402,816	-	430,569,594
Closing balance as of 30 September 2023	-	(3,532,737)	(62,480,591)	(664,832,106)	(29,457,534)	(207,980,062)	-	(968,283,030)
Carrying value as of 30 September 2023	77,391,561	13,971,559	256,395,883	1,888,432,948	24,757,762	248,365,899	4,553,313,722	7,062,629,334

(*) TL 2,458,925,331 has been transferred from construction in progress to intangible assets (Note 11).

	Useful Life
Land improvements	4-50 years
Buildings	10-50 years
Plant, machinery and equipment	2-15 years
Vehicles	2-5 years
Furniture and fixtures	2-24 years

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of 30 September 2024, unless otherwise stated.)

11. INTANGIBLE ASSETS

<u>Cost Value</u>	<u>Rights</u>	<u>Development costs</u>	<u>Other intangible assets</u>	<u>Total</u>
Opening balance as of 1 January 2024	1,348,336,981	132,525,349	3,194,148,099	4,675,010,429
Foreign currency translation differences	(25,279,493)	-	(1,564,554)	(26,844,047)
Additions	6,878,728	49,767	-	6,928,495
Transfers	36,802,035	81,158,004	(3,192,583,545)	(3,074,623,506)
Closing balance as of 30 September 2024	<u>1,366,738,251</u>	<u>213,733,120</u>	<u>-</u>	<u>1,580,471,371</u>
<u>Accumulated Amortization</u>				
Opening balance as of 1 January 2024	(307,715,900)	(84,105,717)	(109,021,127)	(500,842,744)
Foreign currency translation differences	3,120,528	-	119,448	3,239,976
Charge for the period	(87,244,301)	(13,372,627)	(1,903,504)	(102,520,432)
Transfers	-	(1,117,425)	110,805,183	109,687,758
Closing balance as of 30 September 2024	<u>(391,839,673)</u>	<u>(98,595,769)</u>	<u>-</u>	<u>(490,435,442)</u>
Carrying value as of 30 September 2024	<u>974,898,578</u>	<u>115,137,351</u>	<u>-</u>	<u>1,090,035,929</u>
<u>Cost Value</u>	<u>Rights</u>	<u>Development costs</u>	<u>Other intangible assets</u>	<u>Total</u>
Opening balance as of 1 January 2023	1,030,293,409	122,215,013	39,519,997	1,192,028,419
Foreign currency translation differences	22,436,694	-	(317,882)	22,118,812
Additions	318,837,990	-	29,999,541	348,837,531
Disposals	(962,877)	-	-	(962,877)
Transfers from constructions in progress	18,359,265	2,412,075	2,438,153,991	2,458,925,331
Closing balance as of 30 September 2023	<u>1,388,964,481</u>	<u>124,627,088</u>	<u>2,507,355,647</u>	<u>4,020,947,216</u>
<u>Accumulated Amortization</u>				
Opening balance as of 1 January 2023	(243,324,313)	(70,460,903)	(7,526,133)	(321,311,349)
Foreign currency translation differences	(22,827,019)	-	(58,418)	(22,885,437)
Charge for the period	(69,761,227)	(10,492,146)	(53,832,097)	(134,085,470)
Disposals	887,868	-	-	887,868
Closing balance as of 30 September 2023	<u>(335,024,691)</u>	<u>(80,953,049)</u>	<u>(61,416,648)</u>	<u>(477,394,388)</u>
Carrying value as of 30 September 2023	<u>1,053,939,790</u>	<u>43,674,039</u>	<u>2,445,938,999</u>	<u>3,543,552,828</u>

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira (“TL”) as of 30 September 2024, unless otherwise stated.)

12. GOODWILL

Company	Date of Acquisition	30 September 2024	31 December 2023
Sunset	2020	320,202,249	320,202,249
Ferbis	2017	80,185,825	80,185,825
		400,388,074	400,388,074

13. CURRENT TAX ASSETS

Assets related to current period tax	30 September 2024	31 December 2023
Other prepaid taxes and funds	85,724,623	81,186,326
	85,724,623	81,186,326

14. SHORT-TERM AND LONG-TERM PROVISIONS

a) Short-term Provisions

Short-term provisions	30 September 2024	31 December 2023
Provisions for legal cases (*)	3,217,805	4,371,721
Provision for unused vacation	22,272,010	17,997,148
	25,489,815	22,368,869

(*) Contains possible liabilities of reemployment and commercial lawsuits.

The movements of the provisions for litigation in the accounting period ending on 1 - 30 September 2024 and 2023 are as follows:

	1 January- 30 September 2024	1 January- 30 September 2023
Provision as of 1 January	4,371,721	5,577,364
Charge for the period	-	273,877
Inflation effect	(1,153,916)	(1,905,326)
Provision as of 30 September	3,217,805	3,945,915

As of 1 - 30 September 2024 and 2023, movements of unused vacation are as follows:

	1 January- 30 September 2024	1 January- 30 September 2023
Provision as of 1 January	17,997,148	21,541,777
Period provision expense	9,899,003	14,648,514
Foreign currency translation differences	169,498	230,868
Inflation accounting effect	(5,793,639)	(9,872,270)
Provision as of 30 September	22,272,010	26,548,889

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira (“TL”) as of 30 September 2024, unless otherwise stated.)

14. SHORT-TERM AND LONG-TERM PROVISIONS (cont’d)

b) Long-Term Provisions

The long-term provisions for employee benefits in the accounting period ending on 30 September 2024 and 2023 are as follows:

Long-term provisions	30 September 2024	31 December 2023
Provision for employment termination benefit	87,221,764	89,720,468
Seniority incentive premium provision	14,070,803	10,633,278
	<u>101,292,567</u>	<u>100,353,746</u>

Provision for Severance Incentive Bonus:

The Group provides a benefit in the name of “Seniority Incentive Bonus” to its employees with a certain seniority. In this respect, the Group pays one salary equivalent of seniority incentive bonus for each work period of 10 years. The current value of the severance incentive premium liability has been calculated by an independent actuary in the current year and the assumptions used in the calculation of provisions for severance pay were used.

The movements of the provisions for severance incentive premium in the accounting period ending on 1 – 30 September 2024 and 2023 are as follows:

	1 January- 30 September 2024	1 January- 30 September 2023
Provision as of 1 January	10,633,278	13,494,447
Service cost	5,836,443	6,408,638
Interest cost	1,925,659	1,583,912
Charge for the period	(796,112)	(532,116)
Inflation accounting effect	(3,528,465)	(5,846,001)
Provision as of 30 September	<u>14,070,803</u>	<u>15,108,880</u>

Provision for employment termination benefit:

Under the Effective Labor Law provisions, employees whose employment contract is terminated with eligibility for severance pay must be paid the statutory severance pays for which they are eligible. Furthermore, under the provision of the article 60 of the Social Security Law no. 506 which is still effective, amended by the laws no. 2422 dated 6 March 1981 and no. 4447 dated 25 August 1999, statutory severance pay must also be paid to those who are eligible for resigning with severance pay.

The amount payable consists of one month’s salary limited to a maximum of TL 41,828.42 for each period of service as of 30 September 2024 (31 December 2023: TL 23,489.83). The severance pay liability is not legally subject to any funding.

The severance pay liability is calculated according to the estimation of the current value of the future probable obligation of the Group arising from the retirement of the employees. TAS 19 (“Employee Benefits”) prescribes that the Group’s liabilities are developed by using actuarial valuation methods within the scope of defined benefit plans. The severance pay liability was calculated by an independent actuary and the Projected Unit Credit Method was used in the calculation. The actuarial assumptions used in the calculation of the current value of the liabilities are specified below.

	30 September 2024	31 December 2023
Discount rate	24.24%	24.27%
Inflation rate	20.94%	21.02%

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of 30 September 2024, unless otherwise stated.)

14. SHORT-TERM AND LONG-TERM PROVISIONS (cont'd)

b) Long-Term Provisions (cont'd)

Provision for employment termination benefit (cont'd):

The movements of provision for severance pay for the accounting period ending on 1 - 30 September 2024 and 2023 are as follows:

	1 January- 30 September 2024	1 January- 30 September 2023
Provision as of 1 January	89,720,468	115,453,849
Service cost	14,727,471	15,154,050
Interest cost	11,592,372	11,234,807
Employment termination benefits paid	(5,468,877)	(28,330,359)
Gain from reduction of benefits/termination of employment	1,694,885	6,672,382
Actuarial gain	932,370	15,535,300
Inflation accounting effect	(25,976,925)	(43,082,896)
Provision as of 30 September	<u>87,221,764</u>	<u>92,637,133</u>

15. REVENUE AND COST OF SALES

a) Revenue

	1 January- 30 September 2024	1 July- 30 September 2024	1 January- 30 September 2023	1 July- 30 September 2023
Domestic sales	3,799,753,803	1,035,808,789	8,274,193,403	2,139,265,806
Foreign sales	322,344,296	43,575,884	302,623,154	89,387,046
Other sales	20,838,277	6,641,766	172,595	84,964
Sales returns (-)	(77,583,648)	(44,963,127)	(331,902,891)	(242,812,467)
Sales discounts (-)	(342,463,590)	(113,007,215)	(406,625,021)	(109,985,724)
Premium payment on time (-)	-	-	(71,271,485)	(46,294,853)
	<u>3,722,889,138</u>	<u>928,056,097</u>	<u>7,767,189,755</u>	<u>1,829,644,772</u>

b) Cost of Sales

	1 January- 30 September 2024	1 July- 30 September 2024	1 January- 30 September 2023	1 July- 30 September 2023
Raw material and supplies expenses	(1,398,270,227)	(458,315,407)	(3,522,421,912)	(1,432,243,424)
Personnel expenses	(224,494,721)	(78,704,499)	(303,150,561)	(107,400,532)
General production expenses	(188,602,932)	(51,330,113)	(343,625,667)	(36,177,459)
Depreciation and amortisation expenses	(145,284,230)	(28,796,752)	(167,090,711)	(75,575,206)
Transport costs	(180,286,599)	(48,793,238)	(305,524,975)	(121,769,110)
Change in work-in-process inventories	(150,312,206)	(64,095,115)	359,861,172	374,148,683
Change in finished goods inventories	(691,100,189)	(309,845,810)	820,906,800	823,660,047
Cost of goods sold	(2,978,351,104)	(1,039,880,934)	(3,461,045,854)	(575,357,001)
Cost of trade goods sold and other sales	(1,089,507,237)	(328,708,204)	(1,632,221,843)	(67,472,680)
	<u>(4,067,858,341)</u>	<u>(1,368,589,138)</u>	<u>(5,093,267,697)</u>	<u>(642,829,681)</u>

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of 30 September 2024, unless otherwise stated.)

16. OTHER INCOME FROM OPERATING ACTIVITIES

Other income from operating activities for the years ended 30 September 2024 and 2023 is as follows:

	1 January- 30 September 2024	1 July- 30 September 2024	1 January- 30 September 2023	1 July- 30 September 2023
Exchange difference income (*)	122.805.790	15.716.792	110.657.750	11.741.915
Expected credit loss provision reversal	2.778.448	(23.021.137)	-	-
Interest income	2.406.960	1.044.626	3.352.462	-
Interest income from sales	-	-	1.132.184	519.393
Damage compensation income	16.699	2.645	1.570.595	9.427
Other income	33.235.730	5.205.666	43.746.576	21.326.447
	<u>161.243.627</u>	<u>(1.051.408)</u>	<u>160.459.567</u>	<u>33.597.182</u>

(*) Resulting from trade receivables and trade payables.

17. OTHER EXPENSES FROM OPERATING ACTIVITIES

Other expenses from operating activities for the years ended 30 September 2024 and 2023 are as follows:

	1 January- 30 September 2024	1 July- 30 September 2024	1 January- 30 September 2023	1 July- 30 September 2023
Exchange difference expense (*)	(64,398,196)	(22,040,162)	(521,515,559)	(44,034,387)
Damage compensation expenses	(20,345,212)	-	-	-
Other expense and losses	(21,401,119)	(7,688,238)	(40,181,768)	(13,669,341)
	<u>(106,144,527)</u>	<u>(29,728,400)</u>	<u>(561,697,327)</u>	<u>(57,703,728)</u>

(*) Resulting from trade receivables and trade payables.

18. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

Corporate Tax

The Group is subject to the corporate tax effective in Türkiye. The necessary provisions were set aside in the attached financial statements for the Group's estimated tax liabilities pertaining to the current period's operating results. Turkish tax legislation does not allow the parent company to file a tax return based on the consolidated financial statements of its subsidiaries. Therefore, tax liabilities reflected in these consolidated financial statements were calculated separately for all companies included in the scope of consolidation.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and other incentives (prior year's losses if any and investment incentives used if preferred) utilized.

The effective tax rate applied in 2024 is 25% (2023: 23 % - 25%).

With the Law No. 7456 published in the Official Gazette dated 15 July 2023, the first paragraph of Article 32 of the Corporate Tax Law has been amended and the corporate tax rate has been increased to 25% for corporate earnings for the year 2023 and subsequent taxation periods. The effective tax rate applied as of the reporting date is 25% (31 December 2023: 23 %- 25%).

With the Law No. 7456 published in the Official Gazette dated 15 July 2023 and numbered 32249, the exemption rate applied to the gains arising from the sale of immovable properties included in the assets of the corporations before 15 July 2023 is 25%, and the tax rate to be applied to the deferred tax to be calculated over the temporary differences arising in the case of revaluation of the related immovable properties should be considered as 18.75% in case the book value of the related immovable property is recovered through sale.

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira (“TL”) as of 30 September 2024, unless otherwise stated.)

18. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont’d)

Corporate Tax (cont’d)

	30 September 2024	31 December 2023
Current corporate tax provision	(718,346)	(74,888,224)
Less: Prepaid taxes and funds	86,202,921	120,110,640
Inflation accounting effect	75,258	-
Assets related to current period tax	<u>85,559,833</u>	<u>45,222,416</u>

	1 January- 30 September 2024	1 January- 30 September 2023
<u>Tax (expense) / income consists of following:</u>		
Current tax expense	(718,346)	(109,467,559)
Deferred tax (expense) / income	165,603,248	(1,145,511,036)
Total tax (expense) / income	<u>164,884,902</u>	<u>(1,254,978,595)</u>

	30 September 2024	31 December 2023
<u>Deferred tax assets / (liabilities):</u>		
Tax advantage from investment discount	268,932,590	344,730,174
Accumulated financial loss tax advantage	1,119,163,186	683,448,812
Employment termination benefit and severance incentive premium provisions	25,323,143	25,088,438
Provision for unused vacation and premium	32,085,630	26,185,949
Differences in carrying value of inventories	(298,655,176)	(410,808,687)
Depreciation of property, plant and equipment/amortization of other intangible assets	(257,750,780)	38,386,036
Fair value differences of derivative instruments	-	607,002
Other	41,237,535	62,463,329
	<u>930,336,128</u>	<u>770,101,053</u>

Movement of deferred tax (assets)/liabilities for the years ended as of 1 – 30 September 2024 and 2023 is as follows:

	1 January- 30 September 2024	1 January- 30 September 2023
<u>Movement of deferred tax asset / (liability):</u>		
Opening balance as of 1 January	770,101,053	(95,614,391)
(Expense) / income recognized in the statement of income	165,603,248	(1,145,511,036)
Income recognized in the statement of other comprehensive income	233,093	3,682,951
Foreign currency translation differences	(5,601,266)	(12,212,327)
Closing balance as of 30 September	<u>930,336,128</u>	<u>(1,249,654,803)</u>

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira (“TL”) as of 30 September 2024, unless otherwise stated.)

18. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont’d)

The reconciliation of tax expense for the period to profit / (loss) for the period is as follows:

	1 January- 30 September 2024	1 January- 30 September 2023
<u>Reconciliation of tax provisions:</u>		
Loss before tax	(2,150,866,412)	1,382,840,776
Income tax rate 25% (2023: 20%)	25%	25%
Expected tax expense	<u>537,716,603</u>	<u>(345,710,194)</u>
Tax effect:		
- non-taxable income	7,236,493	9,151,733
- non-deductible expense	(33,656,278)	(155,882,007)
- inflation effect	(283,336,125)	(945,897,946)
- investment incentive discount	15,193,955	96,532,691
- additional tax	-	(101,850,157)
- effect of other tax-exempt items	<u>(78,269,746)</u>	<u>188,677,285</u>
Tax provision income / (expense) in the statement of profit or loss	<u>164,884,902</u>	<u>(1,254,978,595)</u>

19. EARNINGS PER SHARE

	1 January- 30 September 2024	1 July- 30 September 2024	1 January- 30 September 2023	1 July- 30 September 2023
Earnings per share				
Weighted average number of shares outstanding during the period (*)	253,000,000,000	253,000,000,000	253,000,000,000	253,000,000,000
Net profit for the period	<u>(1,970,938,627)</u>	<u>(900,521,330)</u>	<u>147,611,536</u>	<u>748,982,317</u>
Profit per share obtained from ongoing activities				
- a hundred ordinary stock (TL)	(0.78)	(0.36)	0.06	0.30

(*) The weighted average number of shares has been calculated by taking into account the retrospective effects of the aforementioned share distributions.

In the interim fiscal period ending as of 30 September 2024, it has been decided that the distributable profit for the 2022 accounting period will not be distributed, and the remaining amount will be recorded in extraordinary reserves, after the first legal reserves have been set aside, by evaluating the conditions stipulated in the Company's profit distribution policy. Dividends from previous periods, which have not yet been requested by the partners, are also followed under the other payables account.

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira (“TL”) as of 30 September 2024, unless otherwise stated.)

20. RELATED PARTY DISCLOSURES

Details of the balances and transactions between the Group and other related parties are explained below:

	30 September 2024		31 December 2023	
	Trade		Trade	
Balances with related parties	Receivables	Payables	Receivables	Payables
Main Shareholder				
OYAK	4,931	-	-	25,882,055
Other Companies Managed by the Main Shareholder				
OYAK Biyoteknoloji San.ve Ticaret A.Ş.	313,431	17,572,179	-	15,092,334
OYAK Grup Sigorta ve Reasürans Brokerliği A.Ş.	-	12,984,714	-	63,714,901
OYAK Savunma ve Güvenlik Hiz. A.Ş.	-	6,843,482	-	15,595,783
OYAK Otomotiv Enerji ve Lojistik Holding A.Ş.	-	5,290,345	-	6,476,990
OYAK Pazarlama Hizmet Turizm A.Ş.	4,342,564	3,405,896	4,612,150	6,277,015
OYAK İnşaat A.Ş.	-	3,320,342	-	87,037,396
Omsan Lojistik A.Ş.	-	3,115,173	-	7,297,953
Güzel Enerji Akaryakıt A.Ş.	-	1,246,741	-	2,072,499
Satem Grup Gıda Dağıtım ve Pazarlama A.Ş.	-	17,040	34,792,126	103,141
Akdeniz Chemson Kimya Sanayi ve Ticaret A.Ş. (*)	378,147	-	-	-
Arma İlaç Sanayi ve Ticaret A.Ş.	116,563,964	-	-	-
Tamek Grup Gıda Üretim A.Ş.	-	-	-	736,220
Other	153,315	1,872,960	657,725	3,817,594
	<u>121,756,352</u>	<u>55,668,872</u>	<u>40,062,001</u>	<u>234,103,881</u>

Trade receivables from related parties arise from sales of goods and services and their average maturity is 2 months. The aforementioned receivables are unsecured and no interest is charged.

Trade payables to related parties generally arise from purchase of goods and services and their average maturity is 1 month. No interest is charged for these payables.

	30 September 2024	31 December 2023
Short-term advances given to related parties		
Other Companies Managed by the Main Shareholder		
OYPOWER Elektrik Ticareti ve Hizmetleri A.Ş.	346,703	2,038,677
	<u>346,703</u>	<u>2,038,677</u>

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira (“TL”) as of 30 September 2024, unless otherwise stated.)

20. RELATED PARTY DISCLOSURES (cont’d)

	30 September 2024	31 December 2023
Other short-term receivables from related parties		
Main Shareholder		
OYAK	-	424,563,564
Other Companies Managed by the Main Shareholder		
Arma İlaç Sanayi ve Ticaret A.Ş.	-	983,157,452
OYAK Gıda Ve Tarım Holding A.Ş.	-	619,570,161
	<u>-</u>	<u>2,027,291,177</u>
Other short-term payables to related parties		
Main Shareholder		
OYAK (**)	3,793,070,071	417,362,966
Other Companies Managed by the Main Shareholder		
OYAK Otomotiv Enerji ve Lojistik Holding A.Ş.	552,989,182	582,096,489
Other		
Public (**)	1,177,725,090	-
Dividends to be Paid Founder Shares (*)	7,121,635	9,680,844
	<u>5,530,905,978</u>	<u>1,009,140,299</u>

(*) Consists of the portion of previous years' dividend payments that have not yet been completed as of 30 September 2024.

(**) TL 4,444,350,717 of the relevant amount consists of the amounts received from the paid-in capital increase. Since the capital registration process is ongoing, it has been classified in the other payables account.

	30 September 2024	31 December 2023
Other long-term payables to related parties		
Other Companies Managed by the Main Shareholder		
OYAK Sermaye Yatırımları A.Ş.	135,594,408	152,101,628
	<u>135,594,408</u>	<u>152,101,628</u>

Short-term and long-term other payables to related parties consist of amounts received for financing purposes and interest is charged. Interest rate for short term other payables to related parties is between 45% - 50%. For long term other payables to related parties, 2% interest rate is used in AUD.

	1 January- 30 September 2024	1 January- 30 September 2023
Interest expense to related parties		
Main Shareholder		
OYAK	148,304,477	44,781,969
Other Companies Managed by the Main Shareholder		
OYAK Otomotiv Enerji ve Lojistik Holding A.Ş.	140,752,022	57,620,172
	<u>289,056,499</u>	<u>102,402,141</u>

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of 30 September 2024, unless otherwise stated.)

20. RELATED PARTY DISCLOSURES (cont'd)

	1 January- 30 September 2024	1 January- 30 September 2023
Interest income from related parties		
Other Companies Managed by the Main Shareholder		
Arma İlaç Sanayi ve Ticaret A.Ş.	119,585,027	-
	<u>119,585,027</u>	<u>-</u>
	1 January- 30 September 2024	1 January- 30 September 2023
Foreign exchange gains from related parties		
Other Companies Managed by the Main Shareholder		
Arma İlaç Sanayi ve Ticaret A.Ş.	51,846,683	-
OYAK Gıda Ve Tarım Holding A.Ş.	34,803,962	-
	<u>86,650,645</u>	<u>-</u>

	1 January - 30 September 2024		1 January - 30 September 2023	
Transactions with related parties	Purchases	Sales	Purchases	Sales
Main Shareholder				
OYAK	50,582,384	-	-	7,692
Other Companies Managed by the Main Shareholder				
Arma İlaç Sanayi ve Ticaret A.Ş.	59,638,733	157,325,113	-	-
OYAK Savunma ve Güvenlik Hiz. A.Ş.	42,355,338	-	63,578,077	-
Akdeniz Chemson Kimya Sanayi ve Ticaret A.Ş.	53,702,422	26,619,794	-	-
OYAK Pazarlama Hizmet Turizm A.Ş.	33,819,402	12,812,619	95,245,409	14,705,407
OYAK Biyoteknoloji Sanayi ve Tic.A.Ş.	23,230,860	212,333	72,947,503	2,432,225
Omsan Lojistik A.Ş.	22,837,366	-	36,781,772	2,136
OYPOWER Elektrik Ticareti ve Hizmetleri A.Ş.	20,703,076	-	39,268,576	-
OYAK İnşaat A.Ş.	20,250,264	-	1,393,560,125	4,156
Güzel Enerji Akaryakıt A.Ş.	13,481,691	-	24,328,125	-
Oyak Yenilenebilir Enerji A.Ş.	-	-	7,189,894	-
İndisol Bilişim ve Teknoloji A.Ş.	7,256,621	-	-	-
Doco Petrol ve Danışmanlık A.Ş.	1,501,022	-	3,513,560	-
Satem Grup Gıda Dağıtım ve Pazarlama A.Ş.	-	1,290,858	-	-
OYAK Yatırım Menkul Değerler A.Ş.	-	-	43,628,877	-
Mais Motorlu Araçlar İmal ve Satış A.Ş.	-	-	19,854	-
OYAK Gıda Ve Tarım Holding A.Ş.	-	35,701,078	-	-
Likitgaz Dağıtım Ve Endüstri A.Ş.	-	-	16,464	-
Tamek Grup Gıda Üretim A.Ş.	-	3,781,914	-	7,152,429
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş.	-	-	-	6,080
	<u>349,359,179</u>	<u>237,743,709</u>	<u>1,780,078,236</u>	<u>24,310,125</u>

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira (“TL”) as of 30 September 2024, unless otherwise stated.)

20. RELATED PARTY DISCLOSURES (cont’d)

Key management personnel consist of the Members of the Board of Directors, the General Manager and the Deputy General Managers. The salaries and similar benefits paid to key management personnel for their services are as follows.

	1 January- 30 September 2024	1 January- 30 September 2023
Salaries and other short-term benefits	50,893,241	76,577,401
	50,893,241	76,577,401

21. NATURE AND LEVEL OF THE RISKS ARISING FROM FINANCIAL INSTRUMENTS

a) Capital risk management

While trying to ensure the continuity of its activities in capital management, the Group also aims to increase its profits by using the debt and equity balance in the most efficient way.

The Board of Directors of the Group convenes regularly, reviewing the capital structure and indebtedness of the Group. The Group aims to maintain the balance of its capital structure by obtaining new loans or repaying the existing debts, based on the recommendations of the Board.

The general strategy of the Group does not differ from the previous period.

b) Financial risk factors

The Group is exposed to market risk (exchange rate risk and price risk), credit risk and liquidity risk due to its activities. The Group’s risk management program is generally focused on minimizing the potential negative impacts of the uncertainty in the financial markets on the Group’s financial performance. The Group also uses derivative products occasionally as hedge against financial risks.

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira (“TL”) as of 30 September 2024, unless otherwise stated.)

21. NATURE AND LEVEL OF THE RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b.1) Credit risk management

Credit risks exposed in terms of financial instruments

	Receivables						<u>Other Cash Equivalents</u>	<u>Financial Investments</u>
	<u>Trade Receivables</u>		<u>Other Receivables</u>		<u>Deposits at Banks</u>			
<u>30 September 2024</u>	<u>Related Party</u>	<u>Other Party</u>	<u>Related Party</u>	<u>Other Party</u>				
Maximum credit risk exposed as of reporting date (A+B+C+D) (*)	121,756,352	1,302,768,305	-	16,984,230	2,993,468,093	26,996,084	1,126,518,786	
- Secured portion of the maximum risk with guarantee etc (**)	-	728,205,038	-	-	-	-	-	
A. Financial assets not past due nor impaired instruments	121,756,352	1,076,225,610	-	16,984,230	2,993,468,093	26,996,084	1,126,518,786	
B. Assets past due but not impaired	-	226,401,581	-	-	-	-	-	
- Secured portion with guarantee etc	-	89,641,806	-	-	-	-	-	
C. Net book value of impaired assets	-	174,471,713	-	-	-	-	-	
- Past due (gross book value)	-	-	-	-	-	-	-	
- Impairment (-)	-	(174,330,599)	-	-	-	-	-	
- Secured portion of the net value with guarantee etc	-	141,114	-	-	-	-	-	
- Not past due (gross book value)	-	-	-	-	-	-	-	
- Impairment (-)	-	-	-	-	-	-	-	
- Secured portion of the net value with guarantee etc	-	-	-	-	-	-	-	
D. Items including off-balance sheet risk	-	-	-	-	-	-	-	

(*) The factors that increase the credit reliability, such as guarantee received are not considered in the determination of the amount.

(**) Guarantees consist of the letters of guarantee, guarantee notes, and mortgages received from customers.

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira (“TL”) as of 30 September 2024, unless otherwise stated.)

21. NATURE AND LEVEL OF THE RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b.1) Credit risk management (cont'd)

Credit risks exposed in terms of financial instruments

31 December 2023	Receivables				Deposits at Banks	Other Cash Equivalents	Financial Investments
	Trade Receivables		Other Receivables				
	Related Party	Other Party	Related Party	Other Party			
Maximum credit risk exposed as of reporting date (A+B+C+D) (*)	40,062,001	4,083,250,145	2,027,291,177	17,190,539	6,066,026,446	213,306,144	1,319,012,000
- Secured portion of the maximum risk with guarantee etc (**)	-	1,374,579,164	-	-	-	-	-
A. Financial assets not past due nor impaired instruments	40,062,001	3,869,898,557	2,027,291,177	17,190,539	6,066,026,446	213,306,144	1,319,012,000
B. Assets past due but not impaired	-	213,181,126	-	-	-	-	-
- Secured portion with guarantee etc	-	113,027,909	-	-	-	-	-
C. Net book value of impaired assets	-	170,883,577	-	-	-	-	-
- Past due (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	(170,713,115)	-	-	-	-	-
- Secured portion of the net value with guarantee etc	-	170,462	-	-	-	-	-
- Not past due (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured portion of the net value with guarantee etc	-	-	-	-	-	-	-
D. Items including off-balance sheet risk	-	-	-	-	-	-	-

(*) The factors that increase the credit reliability, such as guarantee received are not considered in the determination of the amount.

(**) Guarantees consist of the letters of guarantee, guarantee notes, and mortgages received from customers.

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira (“TL”) as of 30 September 2024, unless otherwise stated.)

21. NATURE AND LEVEL OF THE RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont’d)

b.1) Credit risk management (cont’d)

Credit risk is defined as the risk of financial loss to the Group due to the failure of one of the parties to the financial instrument to fulfill its contractual obligations. The Group tries to conduct transactions only with parties with credit reliability and to reduce its credit risk by obtaining sufficient guarantee, where possible. The credit risks to which the Group is exposed and the credit ratings of customers are constantly monitored.

Trade receivables cover many customers distributed to various industries and geographical areas. Credit assessments are continuously carried out on customers’ trade receivable balances and guarantees are received where deemed necessary. Guarantees are primarily received as letters of guarantee and mortgage.

Overdue receivables are aged as follows:

	<u>30 September 2024</u>	<u>31 December 2023</u>
	<u>Trade</u>	<u>Trade</u>
	<u>Receivables</u>	<u>Receivables</u>
1-30 days overdue	48,459,053	53,344,348
1-3 months overdue	39,929,000	99,577,698
3-12 months overdue	137,872,393	58,936,372
1-5 years overdue	174,612,848	172,206,285
Total overdue receivables	<u>400,873,294</u>	<u>384,064,703</u>
Secured portion with guarantee etc.	<u>89,782,920</u>	<u>113,198,371</u>

As of the balance sheet date, provision for overdue trade receivables amounting to TL 174,330,599 (31 December 2023: TL 170,713,115). The guarantees received for overdue trade receivables for which no provision has been recognized are as follows:

	<u>30 September</u>	<u>31 December</u>
	<u>2024</u>	<u>2023</u>
Guarantee letters	<u>89,782,920</u>	<u>113,198,371</u>
	<u>89,782,920</u>	<u>113,198,371</u>

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira (“TL”) as of 30 September 2024, unless otherwise stated.)

21. NATURE AND LEVEL OF THE RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont’d)

b.2) Liquidity risk management

The main responsibility regarding liquidity risk management belongs to the Board of Directors. The Board of Directors has established a suitable liquidity risk management for the short, medium and long-term funding and liquidity requirements of the Group Management. The Group manages the liquidity risk by regularly monitoring the estimated and actual cash flows and ensuring the continuity of sufficient funds and borrowing reserves, by matching the maturities of financial assets and liabilities.

The following table demonstrates the maturity distribution of the Group’s non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Derivative financial liabilities on the other hand have been adjusted according to undiscounted net cash inflows and outflows. Forward instruments are paid as net amounts for future transactions which must be paid as gross amounts and are realized over the undiscounted, gross cash inflows and outflows. The amount disclosed when the receivables or payables are not fixed is determined by using the interest rate derived from the yield curves on the report date.

30 September 2024

<u>Contractual maturities</u>	<u>Book Value</u>	<u>Total contractual cash outflows (I+II+III)</u>	<u>Less than 3 months (I)</u>	<u>Between 3-12 months (II)</u>	<u>Between 1-5 years (III)</u>
Non-derivative financial liabilities					
Financial liabilities	9,227,039,901	11,722,019,866	2,532,092,561	5,387,977,947	3,801,949,358
Trade payables	820,030,696	820,030,696	451,770,403	368,260,293	-
Payables related to employee benefits	122,747,533	122,747,533	15,120,406	107,627,127	-
Other payables	5,683,619,008	5,800,314,070	5,054,866,734	605,862,652	139,584,684
	15,853,437,138	18,465,112,165	8,053,850,104	6,469,728,019	3,941,534,042

31 December 2023

<u>Contractual maturities</u>	<u>Book Value</u>	<u>Total contractual cash outflows (I+II+III)</u>	<u>Less than 3 months (I)</u>	<u>Between 3-12 months (II)</u>	<u>Between 1-5 years (III)</u>
Non-derivative financial liabilities					
Financial liabilities	19,612,884,048	23,123,905,968	6,043,952,432	15,434,879,816	1,645,073,720
Trade payables	1,902,152,066	1,902,152,066	1,575,871,690	326,280,376	-
Payables related to employee benefits	110,455,094	110,455,094	22,545,384	87,909,710	-
Other payables	1,182,930,843	1,327,783,911	463,470,001	712,212,282	152,101,628
	22,808,422,051	26,464,297,039	8,105,839,507	16,561,282,184	1,797,175,348
Derivative financial liabilities					
Derivative cash inflows	(2,428,009)	209,972,904	-	209,972,904	-
Derivative cash outflows	-	(234,664,773)	-	(234,664,773)	-
	(2,428,009)	(24,691,869)	-	(24,691,869)	-

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira (“TL”) as of 30 September 2024, unless otherwise stated.)

21. NATURE AND LEVEL OF THE RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont’d)

b.3) Market risk

The Group’s activities are primarily exposed to the financial risks related with the changes in foreign exchange rates. The Group occasionally uses forward foreign exchange purchase/sale contracts in order to keep the risks associated with foreign exchange rates under control.

There has been no change in the Group’s exposure to market risks or the manner which it manages and measures the risk in the current period.

b.4) Foreign currency risk management

Transactions in foreign currencies cause foreign currency risk. Currency risk is managed by foreign currency purchase/sale contracts based on the approved policies. The Group’s foreign currency denominated assets and liabilities of monetary and non-monetary items as of the reporting date are as follows:

	30 September 2024		
	TL Equivalent (Functional currency)	US Dollar	Euro
Trade Receivable	110,868,628	3,249,278	-
Monetary Financial Assets	1,210,164,467	35,463,765	2,760
Non-Monetary Financial Assets	14,791,096	398,093	31,640
Other	-	-	-
CURRENT ASSETS	1,335,824,192	39,111,136	34,400
Non-Monetary Financial Assets	442,608,947	12,971,746	-
NON-CURRENT ASSETS	442,608,947	12,971,746	-
TOTAL ASSETS	1,778,433,139	52,082,882	34,400
Financial Liabilities	2,673,664,417	78,358,325	-
Trade Payables	561,544,019	14,679,990	1,588,836
CURRENT LIABILITIES	3,235,208,436	93,038,315	1,588,836
Financial Liabilities	1,876,619,250	54,998,952	-
NON-CURRENT LIABILITIES	1,876,619,250	54,998,952	-
TOTAL LIABILITIES	5,111,827,687	148,037,267	1,588,836
Net asset/ liability position of off-balance sheet derivative instruments	-	-	-
Amount of active off-balance sheet foreign currency derivatives	-	-	-
Net foreign currency asset liability position	(3,333,394,548)	(95,954,385)	(1,554,436)
Fair value of financial instruments used for foreign currency hedging	-	-	-
Amounts of hedged portion of foreign currency assets	-	-	-
Export	278,960,636	8,188,831	-
Import	924,517,413	26,605,587	1,973,604

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira (“TL”) as of 30 September 2024, unless otherwise stated.)

21. NATURE AND LEVEL OF THE RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont’d)

b.4) Foreign currency risk management (cont’d)

	31 December 2023		
	TL Equivalent (Fuctional currency)	US Dollar (*)	Euro (*)
Trade Receivable	79,202,059	1,980,307	-
Monetary Financial Assets	1,971,684,982	49,201,455	87,690
Non-Monetary Financial Assets	112,321,509	2,437,659	335,052
Other	1,505,048,942	9,465	34,000,000
CURRENT ASSETS	3,668,257,492	53,628,886	34,422,742
Non-Monetary Financial Assets	-	-	-
NON-CURRENT ASSETS	-	-	-
TOTAL ASSETS	3,668,257,492	53,628,886	34,422,742
Financial Liabilities	531,931,356	13,300,000	-
Trade Payables	626,990,172	14,597,756	975,150
CURRENT LIABILITIES	1,158,921,528	27,897,756	975,150
Financial Liabilities	1,187,846,711	29,700,000	-
NON-CURRENT LIABILITIES	1,187,846,711	29,700,000	-
TOTAL LIABILITIES	2,346,768,239	57,597,756	975,150
Net asset/ liability position of off-balance sheet derivative instruments	-	-	-
Amount of active off-balance sheet foreign currency derivatives	-	-	-
Net foreign currency asset liability position	1,321,489,253	(3,968,870)	33,447,592
Fair value of financial instruments used for foreign currency hedging	-	-	-
Amounts of hedged portion of foreign currency assets	-	-	-
Export	270,862,508	8,768,519	2,061
Import	3,641,970,691	119,178,950	7,117,716

(*) The related amounts are presented in original currency and TL equivalents are presented on purchasing power basis.

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira (“TL”) as of 30 September 2024, unless otherwise stated.)

21. NATURE AND LEVEL OF THE RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont’d)

b.5) Foreign currency risk sensitivity

The Group is mainly exposed to foreign currency risk in USD and EURO.

The following table details the Group’s sensitivity to a 10% increase and decrease in USD and Euro. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management’s assessment of the possible change in foreign exchange rates. The sensitivity analysis only includes outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A negative number indicates a decrease in the profit/loss and other equity items.

	30 September 2024	
	Profit / Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
In case USD appreciates 10% against TL		
Net asset/liability of USD	(327,405,956)	327,405,956
Portion hedged from USD risk (-)	-	-
USD net effect	(327,405,956)	327,405,956
In case EUR appreciates 10% against TL		
Net asset/liability of EUR	(5,933,499)	5,933,499
Portion hedged from EUR risk (-)	-	-
EUR net effect	(5,933,499)	5,933,499
TOTAL	(333,339,455)	333,339,455

	31 December 2023	
	Profit / Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
In case USD appreciates 10% against TL		
Net asset/liability of USD	(15,873,432)	15,873,432
Portion hedged from USD risk (-)	-	-
USD net effect	(15,873,432)	15,873,432
In case EUR appreciates 10% against TL		
Net asset/liability of EUR	148,022,357	(148,022,357)
Portion hedged from EUR risk (-)	-	-
EUR net effect	148,022,357	(148,022,357)
TOTAL	132,148,925	(132,148,925)

b.6) Interest rate risk management

The Group keeps its risk related with the changes in the interest rate very low in order to provide financing. The financial liabilities of the Group consist of fixed-interest instruments. Therefore, the Group does not have any risks which may be from fluctuations in the interest rate.

b.7) Price risk

Price risk is a combination of foreign currency, interest and market risk and is naturally managed by the Group by matching its payables and receivables in the same currency with the assets and liabilities bearing interest. Market risk is closely monitored by the Group by reviewing market information and through suitable valuation methods.

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira (“TL”) as of 30 September 2024, unless otherwise stated.)

22. FINANCIAL INSTRUMENTS

Fair value measurements hierarchy table

The Group classifies the fair value measurements of financial instruments, which are reflected in the financial statements at fair value, as follows, by using a three-level hierarchy, depending on the source of inputs of each financial instrument class.

Level 1: Valuation techniques where market prices traded (unadjusted) in an active market are used for the designated financial instruments

Level 2: Other valuation techniques that include direct or indirect observable input

Level 3: Valuation techniques that do not include observable market input

	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Financial liabilities at amortized cost	Note
30 September 2024					
<u>Financial assets</u>					
Cash and cash equivalents	3,020,677,340	-	-	-	3
Trade receivables	1,424,524,657	-	-	-	7a
Financial investments	-	-	1,126,518,786	-	4
<u>Financial liabilities</u>					
Financial liabilities	-	-	-	9,227,039,901	6
Trade payables	-	-	-	820,030,696	7b
Payables related to employee benefits	-	-	-	122,747,533	
Derivative instruments	-	-	-	-	5
Other payables	-	-	-	5,683,619,008	8b
31 December 2023					
<u>Financial assets</u>					
Cash and cash equivalents	6,279,703,384	-	-	-	3
Trade receivables	4,123,312,146	-	-	-	7a
Financial investments	-	-	1,319,012,000	-	4
<u>Financial liabilities</u>					
Financial liabilities	-	-	-	19,612,884,048	6
Trade payables	-	-	-	1,902,152,066	7b
Payables related to employee benefits	-	-	-	110,455,094	
Derivative instruments	-	-	2,428,009	-	5
Other payables	-	-	-	1,182,930,843	8b

The Group is of the opinion that the booked values of financial instruments reflect their fair values.

As of the reporting date, the fair value of derivative instruments is at Level 2.

Fair values of financial instruments

Fair values of financial assets and liabilities are determined as follows:

- The fair value of financial assets and liabilities traded in an active liquid market is determined over the quoted market price, under standard terms and conditions.
- The fair value of financial assets and liabilities other than derivatives are determined within the framework of generally accepted pricing models. These models are based on discounted cash flows based on prices from observable data market transactions.
- The fair value of derivative instruments is calculated using their quoted prices. Option pricing model is used for derivative instruments that contain options.

HEKTAŞ TİCARET TÜRİK ANONİM ŐİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE-MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira (“TL”) as of 30 September 2024, unless otherwise stated.)

23. EVENTS AFTER THE REPORTING DATE

The Group has completed the capital increase transactions regarding the increase of its paid-in capital from TL 2,530,000,000 to TL 8,430,000,000, within the registered capital ceiling of TL 8,500,000,000, TL 5,900,000,000 in cash, within the framework of the conditions specified in the prospectus, and its new paid-in capital has increased to TL 8,430,000,000. Our application to the Capital Markets Board for the purpose of obtaining an appropriate opinion regarding the amendment of Article 7 titled “Capital” of our company's articles of association, in accordance with subparagraph (c) of paragraph 1 of article 25 of the Share Communiqué numbered VII-128.1 of the “CMB” (Capital Markets Board) was also approved by the Capital Markets Board's letter dated 30.10.2024 and numbered E-29833736-105.01.01.01-62205.