

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

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

(ORIGINALLY ISSUED IN TURKISH)

**(CONVENIENCE TRANSLATION OF
THE REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL
INFORMATION ORIGINALLY ISSUED IN TURKISH)**

**REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION**

**To the General Assembly of
Hektaş Ticaret Türk Anonim Şirketi
Kocaeli**

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Hektaş Ticaret Türk Anonim Şirketi (the “Company”) and its subsidiaries (together will be referred as the “Group”) as of 30 June 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows and other explanatory notes for the six-month period then ended (“condensed consolidated interim financial information”). Group management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with Turkish Accounting Standard 34 “Interim Financial Reporting” (“TAS 34”). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Independent Auditing Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects in accordance with TAS 34 "Interim Financial Reporting".

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

A handwritten signature in blue ink, appearing to read "Volkan Becerik".

Volkan Becerik
Partner

İstanbul, 29 August 2024

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HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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

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

	Notes	Current Period	Prior Period
		Reviewed 30 June 2024	Audited 31 December 2023
ASSETS			
Current Assets		12,616,826,120	18,871,976,159
Cash and Cash Equivalents	3	5,400,527,503	5,765,451,619
Financial Investments	4	1,086,592,079	1,210,996,667
Trade Receivables	7a	1,065,549,067	3,785,649,613
<i>From Related Parties</i>	20	113,368,177	36,781,280
<i>From Third Parties</i>		952,180,890	3,748,868,333
Other Receivables	8a	10,667,142	1,871,809,603
<i>Other receivables from Related Parties</i>	20	-	1,861,274,089
<i>From Third Parties</i>		10,667,142	10,535,514
Inventories	9	4,336,634,216	5,301,852,200
Prepaid Expenses		78,029,696	138,490,276
<i>From Related Parties</i>	20	1,308,964	1,871,727
<i>From Third Parties</i>		76,720,732	136,618,549
Current Tax Assets	13	40,395,055	74,537,889
Other Current Assets		598,431,362	723,188,292
Non-Current Assets		11,743,205,024	12,879,633,209
Other Receivables	8a	4,397,135	5,247,274
Investment Properties		48,346,138	48,981,058
Property, Plant and Equipment	10	8,270,122,818	5,445,485,057
Intangible Assets		1,299,718,268	4,199,940,393
Goodwill	12	367,599,857	367,599,857
<i>Other</i>	11	932,118,411	3,832,340,536
Right-of-Use Assets		170,969,390	185,058,526
Prepaid Expenses		989,443,781	1,064,286,587
Deferred Tax Asset	18	960,207,494	1,930,634,314
TOTAL ASSETS		24,360,031,144	31,751,609,368

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 JUNE 2024

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

	Notes	Current Period	Prior Period
		Reviewed	Audited
		30 June 2024	31 December 2023
LIABILITIES AND EQUITY			
Current Liabilities			
		14,087,916,105	19,705,901,931
Short-Term Borrowings	6	12,135,490,647	16,754,960,386
Lease Liabilities	6	30,051,737	66,183,100
Trade Payables	7b	948,431,919	1,746,382,755
<i>To Related Parties</i>	20	<i>112,149,676</i>	<i>214,932,858</i>
<i>To Third Parties</i>		<i>836,282,243</i>	<i>1,531,449,897</i>
Payables Related to Employee Benefits		84,660,068	101,409,806
Other Liabilities	8b	833,573,482	946,413,485
<i>To Related Parties</i>	20	<i>820,106,125</i>	<i>926,500,698</i>
<i>To Third Parties</i>		<i>13,467,357</i>	<i>19,912,787</i>
Derivative Instruments	5	4,044,329	2,229,177
Deferred Income		25,966,556	34,767,378
Current Tax Liability		415,545	33,018,786
Short-Term Provisions	14a	25,281,822	20,537,058
<i>Related to Employee Benefits</i>	14a	<i>22,064,017</i>	<i>16,523,342</i>
<i>Other</i>	14a	<i>3,217,805</i>	<i>4,013,716</i>
Non-Current Liabilities			
		2,199,539,188	2,640,999,282
Long-Term Borrowings	6	1,816,825,047	1,139,063,219
Lease Liabilities	6	99,867,172	46,556,859
Other Payables	8b	123,919,053	139,645,859
<i>Other Payables to Related Parties</i>	20	<i>123,919,053</i>	<i>139,645,859</i>
Long-Term Provisions	14b	92,507,200	92,135,668
<i>Related to Employee Benefits</i>		<i>92,507,200</i>	<i>92,135,668</i>
Deferred Tax Liability	18	66,420,716	1,223,597,677
EQUITY			
		8,072,575,851	9,404,708,155
Equity Attributable to the Parent			
		8,094,868,684	9,416,009,529
Paid-in Capital		2,530,000,000	2,530,000,000
Capital Adjustment Differences		5,913,612,844	5,913,612,844
Share Issue Premium/Discounts		62,418,407	62,418,407
Accumulated Other Comprehensive Income (Expenses) to be Reclassified in Profit or Loss		(160,205,637)	177,533,539
- <i>Foreign Currency Translation Differences</i>		<i>(160,205,637)</i>	<i>177,533,539</i>
Accumulated Other Comprehensive Income (Expenses) not to be Reclassified in Profit or Loss		(52,500,568)	(51,858,556)
- <i>Remeasurement Losses of Defined Benefit Plans</i>		<i>(52,500,568)</i>	<i>(51,858,556)</i>
Restricted Reserves Appropriated from Profit		394,443,202	394,443,202
Prior Years' Profit		389,860,093	1,485,327,958
Net Loss for the Period		(982,759,657)	(1,095,467,865)
Non-Controlling Interests		(22,292,833)	(11,301,374)
TOTAL LIABILITIES AND EQUITY		24,360,031,144	31,751,609,368

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 SIX-MONTH INTERIM PERIOD 1 JANUARY - 30 JUNE 2024

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

	Notes	Current Period		Prior Period	
		Reviewed		Reviewed	
		Not Reviewed		Not Reviewed	
		1 January- 30 June 2024	1 April- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2023
PROFIT OR (LOSS)					
Revenue	15a	2,565,961,112	1,165,915,890	5,451,312,943	2,774,583,775
Cost of Sales (-)	15b	(2,478,223,101)	(1,190,676,950)	(4,085,986,789)	(2,387,123,321)
GROSS PROFIT/(LOSS)		87,738,011	(24,761,060)	1,365,326,154	387,460,454
General Administrative Expenses (-)		(398,005,161)	(172,121,508)	(434,758,166)	(293,027,126)
Marketing Expenses (-)		(206,199,071)	(97,545,860)	(409,710,396)	(237,087,606)
Research and Development Expenses (-)		(177,874,595)	(105,771,534)	(125,488,379)	(74,821,423)
Other Income from Operating Activities	16	149,004,517	44,399,314	116,473,486	101,056,576
Other Expenses from Operating Activities (-)	17	(70,158,327)	(4,752,036)	(462,721,013)	(427,201,867)
OPERATING PROFIT/(LOSS)		(615,494,626)	(360,552,684)	49,121,686	(543,620,992)
Income from Investing Activities		3,071,021	1,370,098	11,127,231	9,783,788
Expenses from Investing Activities (-)		(645,575)	(321,876)	(735,738)	(369,225)
OPERATING PROFIT/(LOSS) BEFORE FINANCE EXPENSE		(613,069,180)	(359,504,462)	59,513,179	(534,206,429)
Finance Income		924,631,763	480,899,423	1,147,797,287	933,478,845
Finance Expense (-)		(3,504,761,963)	(1,576,741,541)	(2,570,274,219)	(1,745,787,317)
Monetary Gain Loss, net		2,011,863,986	598,298,847	1,074,937,411	538,292,012
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		(1,181,335,394)	(857,047,733)	(288,026,342)	(808,222,889)
Tax (Expense) / Income from Continuing Operations		188,963,334	161,708,417	(278,283,624)	86,654,436
Tax (Expense) / Income for the Period	18	(502,369)	(432,733)	(101,287,824)	1,474,920
Deferred Tax (Expense) / Income	18	189,465,703	162,141,150	(176,995,800)	85,179,516
PROFIT OR LOSS FOR THE PERIOD		(992,372,060)	(695,339,316)	(566,309,966)	(721,568,453)
Distribution of Profit/Loss for the Period					
Non-Controlling Interests		(9,612,403)	(4,701,503)	(14,186,096)	(7,306,505)
Parent Shares		(982,759,657)	(690,637,813)	(552,123,870)	(714,261,948)
		(992,372,060)	(695,339,316)	(566,309,966)	(721,568,453)
Earnings / (loss) per share					
A Hundred Ordinary Stock (TL)	19	(0.39)	(0.27)	(0.22)	(0.28)
OTHER COMPREHENSIVE (EXPENSE) / INCOME:					
Items That will not be Reclassified Subsequently to Loss or Profit		(642,012)	(642,012)	(11,410,478)	(11,410,478)
Gain/Loss on Remeasurement of Defined Benefit Plans		(856,017)	(856,017)	(14,263,097)	(14,263,097)
Gain (Loss) on Remeasurement of Defined Benefit Plans, Tax Impact		214,005	214,005	2,852,619	2,852,619
(Expense) / Income to be Reclassified to Loss or Profit		(339,118,232)	(36,378,029)	79,540,755	117,606,748
Other Comprehensive (Expense) / Income Related to Cash Flow Hedges		-	-	(2,608,335)	(2,683,872)
Foreign Currency Translation Differences		(339,118,232)	(36,378,029)	81,575,255	119,700,167
Other Comprehensive Income (Expense) Related to Cash Flow Hedging Reserve, Tax Effect		-	-	573,835	590,453
OTHER COMPREHENSIVE (EXPENSE) / INCOME		(339,760,244)	(37,020,041)	68,130,277	106,196,270
TOTAL COMPREHENSIVE (EXPENSE) / INCOME		(1,332,132,304)	(732,359,357)	(498,179,689)	(615,372,183)
Distribution of Total Comprehensive (Expense) / Income:					
Non-Controlling Interests		(1,332,132,304)	(732,359,357)	(498,179,689)	(615,372,183)
Parent Shares		(10,991,459)	(5,378,451)	(13,644,248)	(6,990,526)
		(1,321,140,845)	(726,980,906)	(484,535,441)	(608,381,657)

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 SIX-MONTH INTERIM PERIOD 1 JANUARY - 30 JUNE 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira (“TL”) as of 30 June 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	5,913,612,844	62,418,407	(40,933,813)	26,327,208	3,929,942	356,650,499	69,009,245	1,455,058,647	10,376,072,979	15,404,491	10,391,477,470
Transfers	-	-	-	-	-	-	39,489,837	1,415,568,810	(1,455,058,647)	-	-	-
Total Comprehensive Income / (Expense)	-	-	-	(11,410,478)	81,033,407	(2,034,500)	-	-	(552,123,870)	(484,535,441)	(13,644,248)	(498,179,689)
Profit / (Loss) for the Period	-	-	-	-	-	-	-	-	(552,123,870)	(552,123,870)	(14,186,096)	(566,309,966)
Other Comprehensive Income / (Expense)	-	-	-	(11,410,478)	81,033,407	(2,034,500)	-	-	-	67,588,429	541,848	68,130,277
Balances as of 30 June 2023	2,530,000,000	5,913,612,844	62,418,407	(52,344,291)	107,360,615	1,895,442	396,140,336	1,484,578,055	(552,123,870)	9,891,537,538	1,760,243	9,893,297,781
Balances as of 1 January 2024	2,530,000,000	5,913,612,844	62,418,407	(51,858,556)	177,533,539	-	394,443,202	1,485,327,958	(1,095,467,865)	9,416,009,529	(11,301,374)	9,404,708,155
Transfers	-	-	-	-	-	-	-	(1,095,467,865)	1,095,467,865	-	-	-
Total Comprehensive (Expense) / Income	-	-	-	(642,012)	(337,739,176)	-	-	-	(982,759,657)	(1,321,140,845)	(10,991,459)	(1,332,132,304)
Loss for the Period	-	-	-	-	-	-	-	-	(982,759,657)	(982,759,657)	(9,612,403)	(992,372,060)
Other Comprehensive Income / (Expense)	-	-	-	(642,012)	(337,739,176)	-	-	-	-	(338,381,188)	(1,379,056)	(339,760,244)
Balances as of 30 June 2024	2,530,000,000	5,913,612,844	62,418,407	(52,500,568)	(160,205,637)	-	394,443,202	389,860,093	(982,759,657)	8,094,868,684	(22,292,833)	8,072,575,851

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 SIX-MONTH INTERIM PERIOD 1 JANUARY - 30 JUNE 2024

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

	Notes	Current Period	Prior Period
		Audited	Audited
		1 January- 30 June 2024	1 January- 30 June 2023
CASH FLOWS FROM OPERATING ACTIVITIES		3,170,730,077	338,373,648
Loss for the Period		(992,372,060)	(566,309,966)
Adjustments Related to Reconciliation of Net Profit/Loss of the Period		2,011,153,385	638,899,134
Adjustments Related to Depreciation and Amortization Expense		422,027,851	277,164,399
Adjustments Related to Impairment (Reversal)		(87,543,515)	42,756,715
- Adjustments Related to Impairment for Receivables	7a	20,956,488	31,399,814
- Adjustments Related to Impairment for Inventories	9	(108,500,003)	11,356,901
Adjustments Related to Provisions		30,522,987	44,193,431
- Provisions Related to Employee Benefits		30,522,987	44,193,431
Adjustments Related to Interest (Income) / Expenses		2,641,292,396	1,615,063,711
- Adjustments Related to Interest Income		(592,301,032)	(389,931,720)
- Adjustments Related to Interest Expenses		3,118,395,893	1,813,988,476
- Adjustments Related to Banking Transactions Expenses		115,197,535	191,006,955
Adjustments Related to Unrealized Foreign Currency Translation Differences		(389,679,888)	57,906,076
Adjustments Related to Monetary Losses / Gains		(435,673,817)	(1,032,040,959)
Adjustments Related to Fair Value Gains/Losses		2,257,193	(43,133,245)
- Adjustments Related to Fair Value Losses / (Gains) on Derivative Financial Instruments		2,257,193	(43,133,245)
Adjustments Related to Foreign Exchange Differences		18,277,012	(599,368,414)
Adjustments Related to Tax (Expense)/Income	18	(188,963,334)	278,283,624
Adjustments Related to Loss/Gains on Disposal of Fixed Assets		(1,363,500)	(1,926,204)
Changes in working capital		1,515,401,739	(76,885,967)
Adjustments Related to Increase/Decrease in Trade Receivables		1,931,295,215	(384,316,222)
Adjustments Related to Increase / Decrease in Other Operating Receivables		12,336,016	(371,357,549)
Adjustments Related to Increase/Decrease in Inventories		22,372,599	(98,605,242)
Adjustments Related to Increase/Decrease in Trade Payables		(451,647,056)	1,050,095,941
Increase / (Decrease) in Payables Related to Employee Benefits		3,359,599	(23,699,844)
Adjustments Related to Increase / Decrease in Other Operating Payables		(2,314,634)	(249,003,051)
Cash Flows Generated from Operations		636,547,013	342,670,447
Interest Received		624,729,928	399,649,604
Payments Made Related to Provisions for Employee Benefits		(6,008,623)	(25,618,501)
Collections from Doubtful Receivables	7a	17,163,024	367,673
Tax Payments / Returns		662,684	(31,728,329)
CASH FLOWS FROM INVESTING ACTIVITIES		1,293,014,247	(3,007,128,454)
Cash Inflows from Other Receivables from Related Parties		1,492,187,616	-
Cash Inflows from Sales of Property, Plant and Equipment and Intangible Assets		2,106,984	3,069,609
- Cash Inflows from Sale of Property, Plant and Equipment		2,106,984	3,069,609
Cash Outflows from the Purchase of Property, Plant and Equipment and Intangible Assets		(276,123,159)	(2,242,789,343)
- Cash Outflows from the Purchase of Property, Plant and Equipment	10	(266,973,209)	(1,950,597,492)
- Cash Outflows from the Purchase of Intangible Assets		(9,149,950)	(292,191,851)
Cash Advances and Payables Given		74,842,806	(767,408,720)
CASH FLOWS FROM FINANCING ACTIVITIES		(3,706,103,188)	4,510,944,267
Cash Inflows / (Outflows) Related to Payments of Borrowings		-	1,104,252,403
Cash Inflows from Borrowing	6	5,244,372,084	11,720,253,655
Cash Outflows Related to Borrowings	6	(6,578,880,476)	(6,069,768,582)
Bank Transaction Charges Paid		(115,197,535)	(191,006,955)
Interest Paid		(2,203,999,502)	(1,977,958,053)
Cash Outflows Related to Debt Payments Arising from Lease Contracts		(52,397,759)	(74,828,201)
THE EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		43,424,339	600,568,187
INFLATION EFFECT ON CASH AND CASH EQUIVALENTS		(1,133,560,695)	(1,604,635,916)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(332,495,220)	838,121,732
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	3	5,716,457,538	3,125,202,406
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3	5,383,962,318	3,963,324,138

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 SIX-MONTH INTERIM PERIOD ENDED 30 JUNE 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of 30 June 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 June 2024, the number of employees of the Group is 592 in total, 210 of them being blue-collar and 382 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 SIX-MONTH INTERIM PERIOD ENDED 30 JUNE 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira (“TL”) as of 30 June 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:

	Types and Subject of Activity
Takimsan Tarım Kimya Sanayi ve Ticaret Anonim Şirketi (“Takimsan”)	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 June 2024 and 31 December 2023, the details of the Company's subsidiaries and financial investments are as follows:

Title of the Company	Location of activity	Functional currency	Group's share rate in capital and voting rate (%)	
			30 June 2024	31 December 2023
Subsidiaries				
Takimsan	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	Avustralya	AUD	51.00	51.00
Hektaş Asia	Özbekistan	UZS	100.00	100.00
Financial investments				
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 June 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 SIX-MONTH INTERIM PERIOD ENDED 30 JUNE 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of 30 June 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 consolidated financial statements were approved by the Board of Directors of Hektaş on 29 August 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 June 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"):

Date	Index	Adjustment coefficient
30 June 2024	2,319.29	1.00000
31 December 2023	1,859.38	1.24735
30 June 2023	1,351.59	1.71597

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 SIX-MONTH INTERIM PERIOD ENDED 30 JUNE 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira (“TL”) as of 30 June 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 recognised 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 summarised 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 recognised 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 amortisation 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

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(Amounts expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of 30 June 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 June 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 June 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

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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 SIX-MONTH INTERIM PERIOD ENDED 30 JUNE 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira (“TL”) as of 30 June 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 SIX-MONTH INTERIM PERIOD ENDED 30 JUNE 2024

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

3. CASH AND CASH EQUIVALENTS

	30 June 2024	31 December 2023
Cash	210,953	340,429
Cash at banks	5,296,658,838	5,569,272,919
<i>Demand deposits</i>	68,367,807	789,773,579
<i>Time deposits with a maturity of less than three months</i>	5,228,291,031	4,779,499,340
Other current assets (*)	103,657,712	195,838,271
Cash and cash equivalents in the consolidated statement of financial position	<u>5,400,527,503</u>	<u>5,765,451,619</u>
Less: interest accruals	(16,565,185)	(48,994,081)
Cash and cash equivalents according to the cash flow statements	<u><u>5,383,962,318</u></u>	<u><u>5,716,457,538</u></u>

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

As of 30 June 2024, the Group's USD time deposits amount to TL 1,382,060,031 and the interest rate is between 0.75 and 2.75 percent. Their maturities are less than 3 months (As of 31 December 2023, USD time deposit amount is TL 1,056,449,106 and the interest rate is between 2.00 and 5.00 percent. Their maturity is less than 3 months).

As of 30 June 2024, the Group's TL time deposits amount to TL 3,846,231,000 and the interest rate is 50.00 percent. Their maturities are less than 3 months (As of 31 December 2023, TL time deposit amount is TL 3,723,050,234 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 June 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 June 2024	31 December 2023
Restricted bank deposits (*)	1,086,093,400	1,210,380,794
Other	498,679	615,873
	<u>1,086,592,079</u>	<u>1,210,996,667</u>

(*) As of 30 June 2024, restricted cash and cash equivalents amounting to TL 1,086,093,400 (31 December 2023: TL 1,210,380,794) 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

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

5. DERIVATIVE INSTRUMENTS

	30 June 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>	-	4,044,329	-	2,229,177
	<u>-</u>	<u>4,044,329</u>	<u>-</u>	<u>2,229,177</u>

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 30 June 2024, the details of cross currency swap and forward transactions are as follows;

	Assets		Liabilities	
	Nominal Amount	Fair Value	Nominal Amount	Fair Value
<u>Forward contracts</u>				
<i>USD Collection / TL Payment</i>	-	-	1,000,000	4,044,329
	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>4,044,329</u>

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
<u>Forward contracts</u>				
<i>USD Collection / TL Payment</i>	-	-	5,250,000	2,229,177
	<u>-</u>	<u>-</u>	<u>5,250,000</u>	<u>2,229,177</u>

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX-MONTH INTERIM PERIOD ENDED 30 JUNE 2024

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

6. FINANCIAL LIABILITIES

	30 June 2024	31 December 2023
Short-Term Financial Payables		
Bank loans	11,609,545,612	13,023,778,340
Issued borrowing instruments	525,945,035	3,113,752,543
Lease liabilities	30,051,737	66,183,100
Other financial liabilities	-	617,429,503
	12,165,542,384	16,821,143,486

	30 June 2024	31 December 2023
Long-Term Financial Liabilities		
Bank loans	1,816,825,047	1,139,063,219
Lease liabilities	99,867,172	46,556,859
	1,916,692,219	1,185,620,078

Short-Term Bank Loans;

Currency	Weighted Average Interest Rate %	30 June 2024 Short-term
TL	48.00	9,130,300,280
USD	8.03	2,479,245,332
		11,609,545,612

Currency	Weighted Average Interest Rate %	31 December 2023 Short-term
TL	44.33	12,535,407,424
USD	9.22	488,370,916
		13,023,778,340

HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX-MONTH INTERIM PERIOD ENDED 30 JUNE 2024

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

6. FINANCIAL LIABILITIES (cont'd)

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

Currency	Weighted Average Interest Rate %	30 June 2024 Short-term
TL	36.00	525,945,035
		<u>525,945,035</u>

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 500 million. The maturity of the bond is 7 August 2024 and the coupon interest rate is 36.00%.

Currency	Weighted Average Interest Rate %	31 December 2023 Short-term
TL	37.99	3,113,752,543
		<u>3,113,752,543</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 1,060,244,006. 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 1,247,345,889. 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 623,672,945. 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	617,429,503
		<u>617,429,503</u>

Details of Long-Term Bank Loans are as follows;

Currency	Weighted Average Interest Rate %	30 June 2024 Long-term
TL	4.75	14,666,667
USD	9.4	1,802,158,380
		<u>1,816,825,047</u>

Currency	Weighted Average Interest Rate %	31 December 2023 Long-term
TL	14.15	48,490,571
USD	10.33	1,090,572,648
		<u>1,139,063,219</u>

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6. FINANCIAL LIABILITIES (cont'd)

The maturities of the lease obligations are as follows;

	30 June 2024	31 December 2023
To be paid within 1 year	30,051,737	66,183,100
To be paid within 1-5 years	99,867,172	46,556,859
	<u>129,918,909</u>	<u>112,739,959</u>

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

	30 June 2024	31 December 2023
To be paid within 1 year	12,135,490,647	16,754,960,386
To be paid within 1-2 years	1,166,866,287	272,545,642
To be paid within 2-3 years	216,652,920	260,643,884
To be paid within 3-4 years	216,652,920	242,349,477
To be paid within 4-5 years	216,652,920	242,349,477
To be paid within more than 5 years	-	121,174,739
	<u>13,952,315,694</u>	<u>17,894,023,605</u>

As of 30 June 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 June 2024 and 2023, the reconciliation of liabilities arising from financing activities is as follows;

	1 January- 30 June 2024	1 January- 30 June 2023
Financial liabilities as of 1 January	18,006,763,564	14,994,419,436
Capital inflow within the period	5,244,372,084	11,720,253,655
Payments within the period	(6,631,278,235)	(6,144,596,783)
Non-cash movements	118,681,588	69,126,257
Interest expense	3,118,395,893	1,813,988,476
Paid interest expense	(2,203,999,502)	(1,977,958,053)
Inflation effect	(3,570,700,789)	(2,882,569,085)
	<u>14,082,234,603</u>	<u>17,592,663,903</u>

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7. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables

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

	30 June 2024	31 December 2023
Short-term trade receivables		
Trade receivables	522,975,242	1,858,942,205
Notes receivables	559,218,111	2,046,659,360
Trade receivables from related parties (Note 20)	113,368,177	36,781,280
Expected loss provision (-)	(130,012,463)	(156,733,232)
	<u>1,065,549,067</u>	<u>3,785,649,613</u>

As of 30 June 2024, the Group has deducted the amount of TL 1,000,000,000 collected from factoring companies within the scope of irrevocable factoring from its trade receivables (31 December 2023: TL 623,672,945).

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

	30 June 2024	31 December 2023
Not overdue and impaired	779,338,727	3,589,926,122
Overdue for 1-30 days, not impaired	203,093,229	48,975,921
Overdue for 1-3 months, not impaired	38,761,946	91,423,172
Overdue for 1-12 months, not impaired	44,214,053	54,110,008
Overdue for 1-5 years, not impaired	141,112	1,214,390
	<u>1,065,549,067</u>	<u>3,785,649,613</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 170 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 June 2024	1 January- 30 June 2023
Provision for doubtful receivables movements		
Opening balance	156,733,232	20,720,803
Charge for the period	20,956,488	31,399,814
Collections	(17,163,024)	(367,673)
Effects of inflation accounting	(30,514,233)	(4,001,730)
Closing balance	<u>130,012,463</u>	<u>47,751,214</u>

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

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7. TRADE RECEIVABLES AND PAYABLES (cont'd)

b) Trade Payables

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

	30 June 2024	31 December 2023
<u>Short-term trade payables</u>		
Trade payables (*)	799,381,223	1,467,023,548
Trade payables to related parties (Note 20)	112,149,676	214,932,858
Expense accruals	36,901,020	64,426,349
	<u>948,431,919</u>	<u>1,746,382,755</u>

(*) As of 30 June 2024, letters of credit amounting to TL 276,322,422 are included in trade payables (31 December 2023: TL 410,625,969).

The average payment maturity for the purchase of goods is 99 days in internal purchases (31 December 2023: 124 days).

8. OTHER RECEIVABLES AND PAYABLES

a) Other Receivables

	30 June 2024	31 December 2023
<u>Other Short-Term Receivables</u>		
VAT and other refund receivables	8,200,330	8,257,200
Corporate and provisional tax refund receivable	1,798,581	1,399,969
Deposits and guarantees given	466,011	581,278
Refund receivable of special consumption tax ("SCT") (*)	178,008	297,067
Other receivables from related parties (Note 20)	-	1,861,274,089
Other	24,212	-
	<u>10,667,142</u>	<u>1,871,809,603</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 178,008 (31 December 2023: TL 297,067).

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8. OTHER RECEIVABLES AND PAYABLES (cont'd)

a) Other Receivables (cont'd)

	30 June 2024	31 December 2023
Other Long-Term Receivables		
Deposits and guarantees given	4,397,135	5,247,274
	<u>4,397,135</u>	<u>5,247,274</u>

b) Other Payables

	30 June 2024	31 December 2023
Other Short-Term Payables		
Other payables to related parties (Not 20)	820,106,125	926,500,698
Taxes and funds payable	10,412,118	15,680,597
Other miscellaneous liabilities	3,055,239	4,232,190
	<u>833,573,482</u>	<u>946,413,485</u>

	30 June 2024	31 December 2023
Other Long-Term Payables		
Other payables to related parties (Note 20)	123,919,053	139,645,859
	<u>123,919,053</u>	<u>139,645,859</u>

9. INVENTORIES

	30 June 2024	31 December 2023
Raw material	1,882,783,499	2,330,551,776
Work in-process	427,052,226	506,208,905
Finished goods	1,037,299,765	1,387,332,807
Trade goods	834,553,395	1,000,737,923
Other inventories (*)	273,702,902	304,278,363
Provision for impairment on inventories (-)	(118,757,571)	(227,257,574)
	<u>4,336,634,216</u>	<u>5,301,852,200</u>

(*) As of 30 June 2024, TL 267,026,174 (31 December 2023: TL 297,625,524) of other inventories is comprised of goods in transit.

	1 January- 30 June 2024	1 January- 30 June 2023
Movement of allowance for impairment on inventory		
Opening balance	(227,257,574)	(7,350,553)
Charge for the period	(21,371,826)	(21,669,717)
Provision used/reversed	129,871,829	10,312,816
Closing balance	<u>(118,757,571)</u>	<u>(18,707,454)</u>

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(Amounts expressed in TL based on the purchasing power of the Turkish Lira (“TL”) as of 30 June 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	61,318,365	13,201,066	526,799,261	2,482,011,376	47,164,437	486,772,416	-	2,668,663,543	6,285,930,464
Foreign currency translation differences	-	-	-	(1,655,770)	(668,262)	(35,089)	-	-	(2,359,121)
Additions	-	-	-	47,484,630	236,530	104,558,445	64,185,726	50,507,878	266,973,209
Disposals	-	-	-	(950,109)	(1,054,728)	(881,274)	-	-	(2,886,111)
Transfers (*)	-	-	-	-	-	-	2,921,578,563	-	2,921,578,563
Closing balance as of 30 June 2024	61,318,365	13,201,066	526,799,261	2,526,890,127	45,677,977	590,414,498	2,985,764,289	2,719,171,421	9,469,237,004
<u>Accumulated Depreciation</u>									
Opening balance as of 1 January 2024	-	(3,276,370)	(51,395,377)	(579,109,938)	(22,862,010)	(183,801,712)	-	-	(840,445,407)
Foreign currency translation differences	-	-	-	469,148	313,492	20,619	-	-	803,259
Charge for the period	-	(425,760)	(6,705,946)	(115,488,332)	(3,861,865)	(43,835,212)	(91,171,810)	-	(261,488,925)
Disposals	-	-	-	761,572	891,288	489,767	-	-	2,142,627
Transfers (*)	-	-	-	-	-	-	(100,125,740)	-	(100,125,740)
Closing balance as of 30 June 2024	-	(3,702,130)	(58,101,323)	(693,367,550)	(25,519,095)	(227,126,538)	(191,297,550)	-	(1,199,114,186)
Carrying value as of 30 June 2024	61,318,365	9,498,936	468,697,938	1,833,522,577	20,158,882	363,287,960	2,794,466,739	2,719,171,421	8,270,122,818

(*) TL 2,821,452,823 has been transferred from intangible assets to property, plant and equipment (Note 11).

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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	71,118,316	218,872,428	883,700,451	1,647,173,352	41,724,159	322,888,500	4,674,023,600	7,859,500,806
Foreign currency translation differences	-	-	-	1,804,238	715,279	38,747	-	2,558,264
Additions	-	1,377,021	123,363,859	37,459,829	9,463,446	97,872,377	1,681,060,960	1,950,597,492
Disposals	-	-	-	-	(1,213,683)	(8,829,144)	-	(10,042,827)
Transfers (*)	-	-	15,387,182	119,708,489	-	-	(2,298,393,095)	(2,163,297,424)
Closing balance as of 30 June 2023	71,118,316	220,249,449	1,022,451,492	1,806,145,908	50,689,201	411,970,480	4,056,691,465	7,639,316,311
<u>Accumulated Depreciation</u>								
Opening balance as of 1 January 2023	-	(111,011,442)	(316,496,200)	(478,121,787)	(21,175,250)	(158,112,677)	-	(1,084,917,356)
Foreign currency translation differences	-	-	-	(596,889)	(364,349)	(55,646)	-	(1,016,884)
Charge for the period	-	(3,746,740)	(10,017,063)	(70,775,163)	(4,386,969)	(25,863,065)	-	(114,789,000)
Disposals	-	-	-	-	640,924	8,258,498	-	8,899,422
Closing balance as of 30 June 2023	-	(114,758,182)	(326,513,263)	(549,493,839)	(25,285,644)	(175,772,890)	-	(1,191,823,818)
Carrying value as of 30 June 2023	71,118,316	105,491,267	695,938,229	1,256,652,069	25,403,557	236,197,590	4,056,691,465	6,447,492,493

(*) TL 2,163,297,424 has been transferred from construction in progress to intangible assets (Note 11).

	<u>Useful Life</u>
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

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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	1,237,920,193	121,672,704	2,932,575,824	4,292,168,721
Foreign currency translation differences	(24,414,493)	-	(1,397,260)	(25,811,753)
Additions	6,041,644	3,108,306	-	9,149,950
Transfers	-	9,600,001	(2,931,178,564)	(2,921,578,563)
Closing balance as of 30 June 2024	<u>1,219,547,344</u>	<u>134,381,011</u>	<u>-</u>	<u>1,353,928,355</u>
<u>Accumulated Amortization</u>				
Opening balance as of 1 January 2024	(282,516,709)	(77,218,208)	(100,093,268)	(459,828,185)
Foreign currency translation differences	3,308,820	-	121,861	3,430,681
Charge for the period	(58,350,894)	(6,294,939)	(892,347)	(65,538,180)
Transfers	-	(738,014)	100,863,754	100,125,740
Closing balance as of 30 June 2024	<u>(337,558,783)</u>	<u>(84,251,161)</u>	<u>-</u>	<u>(421,809,944)</u>
Carrying value as of 30 June 2024	<u>881,988,561</u>	<u>50,129,850</u>	<u>-</u>	<u>932,118,411</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	945,921,559	112,206,690	36,283,659	1,094,411,908
Foreign currency translation differences	55,320,186	-	1,817,437	57,137,623
Additions	290,482,826	-	1,709,025	292,191,851
Disposals	(884,027)	-	-	(884,027)
Transfers in progress	15,155,229	2,010,070	2,146,132,125	2,163,297,424
Closing balance as of 30 June 2023	<u>1,305,995,773</u>	<u>114,216,760</u>	<u>2,185,942,246</u>	<u>3,606,154,779</u>
<u>Accumulated Amortization</u>				
Opening balance as of 1 January 2023	(223,398,219)	(64,690,782)	(6,909,809)	(294,998,810)
Foreign currency translation differences	(14,570,013)	-	(244,214)	(14,814,227)
Charge for the period	(42,598,891)	(6,404,162)	(13,566,356)	(62,569,409)
Disposals	815,160	-	-	815,160
Closing balance as of 30 June 2023	<u>(279,751,963)</u>	<u>(71,094,944)</u>	<u>(20,720,379)</u>	<u>(371,567,286)</u>
Carrying value as of 30 June 2023	<u>1,026,243,810</u>	<u>43,121,816</u>	<u>2,165,221,867</u>	<u>3,234,587,493</u>

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12. GOODWILL

Company	Date of Acquisition	30 June 2024	31 December 2023
Ferbis	2017	73,619,320	73,619,320
Sunset	2020	293,980,537	293,980,537
		<u>367,599,857</u>	<u>367,599,857</u>

13. CURRENT TAX ASSETS

	30 June 2024	31 December 2023
Assets related to current period tax		
Other prepaid taxes and funds	40,395,055	74,537,889
	<u>40,395,055</u>	<u>74,537,889</u>

14. SHORT-TERM AND LONG-TERM PROVISIONS

a) Short-term Provisions

	30 June 2024	31 December 2023
Short-term provisions		
Provisions for legal cases (*)	3,217,805	4,013,716
Provision for unused vacation	22,064,017	16,523,342
	<u>25,281,822</u>	<u>20,537,058</u>

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

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

	1 January-30 June 2024	1 January-31 December 2023
Provision as of 1 January	4,013,716	5,120,627
Charge for the period	-	272,260
Inflation effect	(795,911)	(860,251)
Provision as of 30 June	<u>3,217,805</u>	<u>4,532,636</u>

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

	1 January-30 June 2024	1 January-30 June 2023
Provision as of 1 January	16,523,342	19,777,697
Period provision expense	9,354,212	10,490,369
Foreign currency translation differences	79,742	227,711
Inflation accounting effect	(3,893,279)	(3,850,354)
Provision as of 30 June	<u>22,064,017</u>	<u>26,645,423</u>

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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 June 2024 and 2023 are as follows:

	30 June 2024	31 December 2023
Long-term provisions		
Provision for employment termination benefit	80,059,807	82,373,161
Seniority incentive premium provision	12,447,393	9,762,507
	<u>92,507,200</u>	<u>92,135,668</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 June 2024 and 2023 are as follows:

	1 January- 30 June 2024	1 January- 30 June 2023
Provision as of 1 January	9,762,507	12,389,372
Service cost	4,646,495	5,021,540
Interest cost	1,061,018	859,725
Charge for the period	(763,534)	(528,974)
Inflation accounting effect	(2,259,093)	(2,337,630)
Provision as of 30 June	<u>12,447,393</u>	<u>15,404,033</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 35,058.58 for each period of service as of 30 June 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 June 2024	31 December 2023
Discount rate	24.24%	24.27%
Inflation rate	20.94%	12.02%

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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 June 2024 and 2023 are as follows:

	1 January- 30 June 2024	1 January- 31 December 2023
Provision as of 1 January	82,373,161	105,999,207
Service cost	10,545,570	18,687,289
Interest cost	7,034,344	7,110,632
Employment termination benefits paid	(5,245,089)	(25,089,527)
Gain from reduction of benefits/termination of employment	1,694,885	6,632,980
Actuarial gain	856,017	14,263,097
Inflation accounting effect	(17,199,081)	(18,697,880)
Provision as of 30 June	<u>80,059,807</u>	<u>108,905,798</u>

15. REVENUE AND COST OF SALES

a) Revenue

	1 January- 30 June 2024	1 April- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2023
Domestic sales	2,537,602,540	1,187,855,360	5,632,531,679	2,937,861,037
Foreign sales	255,939,762	109,370,564	195,773,970	108,302,416
Other sales	13,033,943	7,182,571	80,455	77,903
Sales returns (-)	(29,949,191)	(16,628,127)	(81,794,712)	(72,918,745)
Sales discounts (-)	(210,665,942)	(121,864,478)	(272,347,181)	(175,807,568)
Premium payment on time (-)	-	-	(22,931,268)	(22,931,268)
	<u>2,565,961,112</u>	<u>1,165,915,890</u>	<u>5,451,312,943</u>	<u>2,774,583,775</u>

b) Cost of Sales

	1 January- 30 June 2024	1 April- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2023
Raw material and supplies expenses	(827,980,893)	(430,124,996)	(1,919,011,490)	(790,168,676)
Personnel expenses	(133,851,302)	(68,302,408)	(179,719,845)	(90,165,336)
General production expenses	(126,031,398)	(60,758,072)	(282,270,939)	(162,448,883)
Depreciation and amortisation expenses	(141,948,191)	(72,261,856)	(84,021,200)	(44,152,964)
Transport costs	(120,725,226)	(55,435,312)	(168,707,897)	(95,440,053)
Change in work-in-process inventories	(79,156,679)	(40,380,042)	(13,117,491)	(169,329,225)
Change in finished goods inventories	(350,033,042)	(170,189,140)	(2,527,781)	(328,616,589)
Cost of goods sold	(1,779,726,731)	(897,451,826)	(2,649,376,643)	(1,680,321,726)
Cost of trade goods sold and other sales	(698,496,370)	(293,225,124)	(1,436,610,146)	(706,801,595)
	<u>(2,478,223,101)</u>	<u>(1,190,676,950)</u>	<u>(4,085,986,789)</u>	<u>(2,387,123,321)</u>

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16. OTHER INCOME FROM OPERATING ACTIVITIES

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

	1 January- 30 June 2024	1 April- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2023
Exchange difference income (*)	98,319,363	3,960,590	90,815,509	81,693,215
Expected credit loss provision reversal	23,686,829	23,686,829	-	-
Interest income	10,564,377	5,257,303	3,077,925	3,077,925
Interest income from sales	-	-	562,609	499,456
Damage compensation income	12,903	-	1,433,322	-
Other income	16,421,045	11,494,592	20,584,121	15,785,980
	<u>149,004,517</u>	<u>44,399,314</u>	<u>116,473,486</u>	<u>101,056,576</u>

(*) Resulting from trade receivables and trade payables.

17. OTHER EXPENSES FROM OPERATING ACTIVITIES

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

	1 January- 30 June 2024	1 April- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2023
Exchange difference expense (*)	(38,889,288)	2,767,507	(438,379,718)	(415,152,411)
Damage compensation expenses	(18,679,120)	(9,318,993)	-	-
Other expense and losses	(12,589,919)	1,799,450	(24,341,295)	(12,049,456)
	<u>(70,158,327)</u>	<u>(4,752,036)</u>	<u>(462,721,013)</u>	<u>(427,201,867)</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.

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

Corporate Tax (cont’d)

	30 June 2024	31 December 2023
Current corporate tax provision	(502,369)	(68,755,545)
Less: Prepaid taxes and funds	40,457,807	110,274,648
Inflation accounting effect	24,072	-
Assets related to current period tax	<u>39,979,510</u>	<u>41,519,103</u>

	1 January- 30 June 2024	1 January- 30 June 2023
<u>Tax (expense) / income consists of following:</u>		
Current tax expense	(502,369)	(101,287,824)
Deferred tax (expense) / income	189,465,703	(176,995,800)
Total tax (expense) / income	<u>188,963,334</u>	<u>(278,283,624)</u>

	30 June 2024	31 December 2023
<u>Deferred tax assets / (liabilities):</u>		
Tax advantage from investment discount	263,806,576	316,499,843
Accumulated financial loss tax advantage	968,802,025	627,480,443
Employment termination benefit and severance incentive premium provisions	23,126,801	23,033,918
Provision for unused vacation and premium	23,145,442	24,041,553
Differences in carrying value of inventories	(374,072,644)	(377,167,115)
Depreciation of property, plant and equipment/amortization of other intangible assets	(108,025,565)	35,242,562
Fair value differences of derivative instruments	1,011,082	557,294
Other	95,993,061	57,348,139
	<u>893,786,778</u>	<u>707,036,637</u>

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

	1 January- 30 June 2024	1 January- 30 June 2023
<u>Movement of deferred tax asset / (liability):</u>		
Opening balance as of 1 January	707,036,637	(87,784,424)
(Expense) / income recognized in the statement of income	189,465,703	(176,995,800)
Income recognized in the statement of other comprehensive income	214,005	3,426,454
Foreign currency translation differences	(2,929,567)	(342,559)
Closing balance as of 30 June	<u>893,786,778</u>	<u>(261,696,329)</u>

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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 June 2024	1 January- 30 June 2023
<u>Reconciliation of tax provisions:</u>		
Loss before tax	(1,181,335,394)	(288,026,342)
Income tax rate 25% (2023: 20%)	25%	20%
Expected tax expense	<u>295,333,849</u>	<u>57,605,268</u>
Tax effect:		
- non-taxable income	5,130,630	5,294,297
- non-deductible expense	(64,828,283)	(71,877,448)
- inflation effect	(18,784,961)	(256,311,559)
- investment incentive discount	10,067,941	83,114,038
- additional tax	-	(101,248,707)
- effect of other tax-exempt items	<u>(37,955,842)</u>	<u>5,140,487</u>
Tax provision income / (expense) in the statement of profit or loss	<u>188,963,334</u>	<u>(278,283,624)</u>

19. EARNINGS PER SHARE

	1 January- 30 June 2024	1 April- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2023
<u>Earnings/loss per share</u>				
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>(982,759,657)</u>	<u>(690,637,813)</u>	<u>(552,123,870)</u>	<u>(714,261,948)</u>
Profit per share obtained from ongoing activities - a hundred ordinary stock (TL)	(0.39)	(0.27)	(0.22)	(0.28)

(*) 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 June 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.

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20. RELATED PARTY DISCLOSURES

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

	30 June 2024		31 December 2023	
	Trade		Trade	
Balances with related parties	Receivables	Payables	Receivables	Payables
Main Shareholder				
OYAK	-	19,828,676	-	23,762,545
Other Companies Managed by the Main Shareholder				
OYAK Pazarlama Hizmet Turizm A.Ş.	-	3,475,581	4,234,456	5,762,984
Akdeniz Chemson Kimya Sanayi ve Ticaret A.Ş. (*)	-	25,276,174	-	-
OYAK Savunma ve Güvenlik Hiz. A.Ş.	-	6,125,210	-	14,318,628
OYAK Otomotiv Enerji ve Lojistik Holding A.Ş.	-	5,084,650	-	5,946,582
OYAK Grup Sigorta ve Reasürans Brokerliği A.Ş.	-	16,391,487	-	58,497,218
Omsan Lojistik A.Ş.	-	5,202,189	-	6,700,316
OYAK İnşaat A.Ş.	-	5,203,454	-	79,909,809
Güzel Enerji Akaryakıt A.Ş.	-	1,212,413	-	1,902,780
OYPOWER Elektrik Ticareti ve Hizmetleri A.Ş. (*)	-	546,473	-	-
OYAK Biyoteknoloji San.ve Ticaret A.Ş.	87,757	22,076,142	-	13,856,406
Arma İlaç Sanayi ve Ticaret A.Ş.	109,378,125	-	-	-
Satem Grup Gıda Dağıtım ve Pazarlama A.Ş.	-	17,040	31,942,961	94,695
Tamek Grup Gıda Üretim A.Ş.	3,304,848	-	-	675,931
Other	597,447	1,710,187	603,863	3,504,964
	113,368,177	112,149,676	36,781,280	214,932,858

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 June	31 December
	2024	2023
Short-term advances given to related parties		
Other Companies Managed by the Main Shareholder		
OYPOWER Elektrik Ticareti ve Hizmetleri A.Ş.	1,308,964	1,871,727
	1,308,964	1,871,727

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20. RELATED PARTY DISCLOSURES (cont'd)

	30 June 2024	31 December 2023
Other short-term receivables from related parties		
Main Partner		
OYAK	-	389,795,590
Other Companies Managed by the Main Shareholder		
Arma İlaç Sanayi ve Ticaret A.Ş.	-	902,645,615
OYAK Gıda Ve Tarım Holding A.Ş.	-	568,832,884
	-	1,861,274,089
	30 June 2024	31 December 2023
Other short-term payables to related parties		
Main Partner		
OYAK	302,900,000	383,184,657
Other Companies Managed by the Main Shareholder		
OYAK Otomotiv Enerji ve Lojistik Holding A.Ş.	510,084,490	534,427,972
Other		
Dividends Payable Founder's Shares (*)	7,121,635	8,888,069
	820,106,125	926,500,698

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

	30 June 2024	31 December 2023
Other long-term payables to related parties		
Other Companies Managed by the Main Shareholder		
OYAK Sermaye Yatırımları A.Ş.	123,919,053	139,645,859
	123,919,053	139,645,859

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 June 2024	1 January- 30 June 2023
Interest expense to related parties		
Main Partner		
OYAK	85,787,273	-
Other Companies Managed by the Main Shareholder		
OYAK Otomotiv Enerji ve Lojistik Holding A.Ş.	88,871,993	-
	174,659,266	-

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20. RELATED PARTY DISCLOSURES (cont'd)

	1 January- 30 June 2024	1 January- 30 June 2023
Interest income from related parties		
Other Companies Managed by the Main Shareholder		
Arma İlaç Sanayi ve Ticaret A.Ş.	100,994,072	-
	<u>100,994,072</u>	<u>-</u>
	1 January- 30 June 2024	1 January- 30 June 2023
Foreign exchange gains from related parties		
Other Companies Managed by the Main Shareholder		
Arma İlaç Sanayi ve Ticaret A.Ş.	49,725,105	-
OYAK Gıda Ve Tarım Holding A.Ş.	33,379,775	-
	<u>83,104,880</u>	<u>-</u>

Transactions with related parties	1 January - 30 June 2024		1 January - 30 June 2023	
	Purchases	Sales	Purchases	Sales
Main Partner				
OYAK	26,730,592	-	-	7,647
Other Companies Managed by the Main Shareholder				
Arma İlaç Sanayi ve Ticaret A.Ş.	33,324,039	142,025,520	-	-
OYAK Savunma ve Güvenlik Hiz. A.Ş.	25,810,903	-	36,461,486	-
Akdeniz Chemson Kimya Sanayi ve Ticaret A.Ş.	25,222,287	-	-	-
OYAK Pazarlama Hizmet Turizm A.Ş.	21,907,615	7,009,842	77,275,081	-
OYAK Biyoteknoloji Sanayi ve Tic.A.Ş.	21,326,261	114,928	45,401,671	2,350,401
Omsan Lojistik A.Ş.	16,596,002	-	21,024,371	2,124
OYPOWER Elektrik Ticareti ve Hizmetleri A.Ş.	11,933,161	-	29,267,262	-
OYAK İnşaat A.Ş.	11,827,148	-	993,347,099	4,131
Güzel Enerji Akaryakıt A.Ş.	8,382,353	-	12,805,578	-
İndisol Bilişim ve Teknoloji A.Ş.	4,065,580	-	-	-
Doco Petrol ve Danışmanlık A.Ş.	766,664	-	2,231,072	-
Satem Grup Gıda Dağıtım ve Pazarlama A.Ş.	21,710	1,202,180	-	-
OYAK Yatırım Menkul Değerler A.Ş.	-	-	25,041,540	-
Mais Motorlu Araçlar İmal ve Satış A.Ş.	-	-	19,737	16,366
Likitgaz Dağıtım Ve Endüstri A.Ş.	-	-	16,366	-
Tamek Grup Gıda Üretim A.Ş.	-	3,304,848	-	7,076,868
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş.	-	-	-	6,044
	<u>207,914,315</u>	<u>153,657,318</u>	<u>1,242,891,263</u>	<u>9,463,581</u>

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 June 2024	1 January- 30 June 2023
Salaries and other short-term benefits	38,924,608	46,280,007
	<u>38,924,608</u>	<u>46,280,007</u>

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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.

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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

30 June 2024	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) (*)	113,368,177	952,180,890	-	15,064,277	5,296,658,838	103,657,712	1,086,592,079
- Secured portion of the maximum risk with guarantee etc (**)	-	819,474,235	-	-	-	-	-
A. Financial assets not past due nor impaired instruments	113,368,177	665,829,436	-	15,064,277	5,296,658,838	103,657,712	1,086,592,079
B. Assets past due but not impaired	-	286,210,340	-	-	-	-	-
- Secured portion with guarantee etc	-	87,363,880	-	-	-	-	-
C. Net book value of impaired assets	-	130,153,577	-	-	-	-	-
- Past due (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	(130,012,463)	-	-	-	-	-
- 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.

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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	Receivables				Deposits at Banks	Other Cash Equivalents	Financial Investments
	Trade Receivables		Other Receivables				
	Related Party	Other Party	Related Party	Other Party			
31 December 2023							
Maximum credit risk exposed as of reporting date (A+B+C+D) (*)	36,781,280	3,748,868,333	1,861,274,089	15,782,788	5,569,272,919	195,838,271	1,210,996,667
- Secured portion of the maximum risk with guarantee etc (**)	-	1,262,013,376	-	-	-	-	-
A. Financial assets not past due nor impaired instruments	36,781,280	3,552,990,080	1,861,274,089	15,782,788	5,569,272,919	195,838,271	1,210,996,667
B. Assets past due but not impaired	-	195,723,491	-	-	-	-	-
- Secured portion with guarantee etc	-	103,773,671	-	-	-	-	-
C. Net book value of impaired assets	-	156,887,994	-	-	-	-	-
- Past due (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	(156,733,232)	-	-	-	-	-
- Secured portion of the net value with guarantee etc	-	154,762	-	-	-	-	-
- 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.

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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 June 2024</u>	<u>31 December 2023</u>
	<u>Trade</u>	<u>Trade</u>
	<u>Receivables</u>	<u>Receivables</u>
1-30 days overdue	203,093,229	48,975,921
1-3 months overdue	38,761,946	91,423,172
3-12 months overdue	44,214,053	54,110,008
1-5 years overdue	130,294,689	158,102,384
Total overdue receivables	<u>416,363,917</u>	<u>352,611,485</u>
Secured portion with guarantee etc.	<u>87,504,994</u>	<u>103,928,433</u>

As of the balance sheet date, provision for overdue trade receivables amounting to TL 130,012,463 (31 December 2023: TL 156,733,232). The guarantees received for overdue trade receivables for which no provision has been recognised are as follows:

	<u>30 June</u>	<u>31 December</u>
	<u>2024</u>	<u>2023</u>
Guarantee letters	<u>87,504,994</u>	<u>103,928,433</u>
	<u>87,504,994</u>	<u>103,928,433</u>

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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 June 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	14,082,234,603	15,986,180,769	7,908,555,189	5,834,611,606	2,243,013,974
Trade payables	948,431,919	948,431,919	640,879,484	307,552,435	-
Payables related to employee benefits	84,660,068	84,660,068	12,908,650	71,751,418	-
Other payables	957,492,535	1,011,918,505	832,096,608	51,912,568	127,909,329
	16,072,819,125	18,031,191,261	9,394,439,931	6,265,828,027	2,370,923,303
Derivative financial liabilities					
Derivative cash inflows	(4,044,329)	32,841,700	-	32,841,700	-
Derivative cash outflows	-	(37,600,000)	-	(37,600,000)	-
	(4,044,329)	(4,758,300)	-	(4,758,300)	-

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	18,006,763,564	21,230,264,066	5,549,006,570	14,170,900,659	1,510,356,837
Trade payables	1,746,382,755	1,746,382,755	1,446,821,836	299,560,919	-
Payables related to employee benefits	101,409,806	101,409,806	20,699,118	80,710,688	-
Other payables	1,086,059,344	1,219,050,237	425,515,937	653,888,441	139,645,859
	20,940,615,469	24,297,106,864	7,442,043,461	15,205,060,707	1,650,002,696
Derivative financial liabilities					
Derivative cash inflows	(2,229,177)	192,777,993	-	192,777,993	-
Derivative cash outflows	-	(215,447,819)	-	(215,447,819)	-
	(2,229,177)	(22,669,826)	-	(22,669,826)	-

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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 managing 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 June 2024		
	TL Equivalent (Fuctional currency)	US Dollar	Euro
Trade Receivable	179,267,423	5,461,108	-
Monetary Financial Assets	1,614,021,072	49,165,308	3,155
Non-Monetary Financial Assets	18,683,706	400,399	157,711
Other	-	-	-
CURRENT ASSETS	1,811,972,201	55,026,815	160,866
Non-Monetary Financial Assets	-	-	-
NON-CURRENT ASSETS	-	-	-
TOTAL ASSETS	1,811,972,201	55,026,815	160,866
Financial Liabilities	2,479,245,332	75,526,419	-
Trade Payables	465,526,787	13,433,326	699,199
CURRENT LIABILITIES	2,944,772,119	88,959,745	699,199
Financial Liabilities	1,802,158,380	54,900,000	-
NON-CURRENT LIABILITIES	1,802,158,380	54,900,000	-
TOTAL LIABILITIES	4,746,930,499	143,859,745	699,199
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	(2,934,958,298)	(88,832,930)	(538,333)
Fair value of financial instruments used for foreign currency hedging	-	-	-
Amounts of hedged portion of foreign currency assets	-	-	-
Export	236,287,302	7,114,618	-
Import	608,260,920	17,832,006	1,320,181

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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 (Functional currency)	US Dollar (*)	Euro (*)
Trade Receivable	72,716,116	1,980,307	-
Monetary Financial Assets	1,810,221,546	49,201,455	87,690
Non-Monetary Financial Assets	103,123,378	2,437,659	335,052
Other	1,381,798,841	9,465	34,000,000
CURRENT ASSETS	3,367,859,881	53,628,886	34,422,742
Non-Monetary Financial Assets	-	-	-
NON-CURRENT ASSETS	-	-	-
TOTAL ASSETS	3,367,859,881	53,628,886	34,422,742
Financial Liabilities	488,370,916	13,300,000	-
Trade Payables	575,645,262	14,597,756	975,150
CURRENT LIABILITIES	1,064,016,178	27,897,756	975,150
Financial Liabilities	1,090,572,648	29,700,000	-
NON-CURRENT LIABILITIES	1,090,572,648	29,700,000	-
TOTAL LIABILITIES	2,154,588,826	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	1,213,271,055	(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	248,681,282	8,768,519	2,061
Import	3,343,725,735	119,178,950	7,117,716

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

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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 June 2024	
	Profit / Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
In case USD appreciates 10% against TL		
Net asset/liability of USD	(291,604,753)	291,604,753
Portion hedged from USD risk (-)	-	-
USD net effect	(291,604,753)	291,604,753
In case EUR appreciates 10% against TL		
Net asset/liability of EUR	(1,891,077)	1,891,077
Portion hedged from EUR risk (-)	-	-
EUR net effect	(1,891,077)	1,891,077
TOTAL	(293,495,830)	293,495,830

	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	(14,573,539)	14,573,539
Portion hedged from USD risk (-)	-	-
USD net effect	(14,573,539)	14,573,539
In case EUR appreciates 10% against TL		
Net asset/liability of EUR	135,900,644	(135,900,644)
Portion hedged from EUR risk (-)	-	-
EUR net effect	135,900,644	(135,900,644)
TOTAL	121,327,105	(121,327,105)

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.

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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

Classification and fair value of financial instruments

	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 June 2024					
<u>Financial assets</u>					
Cash and cash equivalents	5,400,527,503	-	-	-	3
Trade receivables	1,065,549,067	-	-	-	7a
Financial investments	-	-	1,086,592,079	-	4
<u>Financial liabilities</u>					
Financial liabilities	-	-	-	14,082,234,603	6
Trade payables	-	-	-	948,431,919	7b
Payables related to employee benefits	-	-	-	84,660,068	
Derivative instruments	-	-	4,044,329	-	5
Other payables	-	-	-	957,492,535	8b
31 December 2023					
<u>Financial assets</u>					
Cash and cash equivalents	5,765,451,619	-	-	-	3
Trade receivables	3,785,649,613	-	-	-	7a
Financial investments	-	-	1,210,996,667	-	4
<u>Financial liabilities</u>					
Financial liabilities	-	-	-	18,006,763,564	6
Trade payables	-	-	-	1,746,382,755	7b
Payables related to employee benefits	-	-	-	101,409,806	
Derivative instruments	-	-	2,229,177	-	5
Other payables	-	-	-	1,086,059,344	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.

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23. EVENTS AFTER THE REPORTING DATE

Based on the decision taken by the Board of Directors in order to reduce the amount of debt arising from the net working capital requirement due to new investments and growth and the financing cost of this debt; within the registered capital ceiling of TL 8,500,000,000.00, the Group authorised the General Directorate on 1 July 2024 to increase the issued capital of TL 2,530,000,000.00 to TL 8,430,000,000.00 by an increase of TL 5,900,000,000.00 (233.20158%) in cash (rights issue) and to start the necessary transactions for the capital increase through rights issue for this purpose.

The Group made an application to the Capital Markets Board on 12 July 2024 for the approval of the prospectus prepared for the capital increase through rights issue and it was published on the Public Disclosure Platform on the same date.

The Group signed an engineering-procurement-construction (EPC) contract on 05 August 2024 between HEKTAS ASIA LLC, a 100% subsidiary of the Company, and the contractor company to operate in plant protection and plant nutrition business lines in Uzbekistan and surrounding markets. The financing of this investment, which will be started to be constructed, will be partially provided by the funds obtained from the capital increase made in 2022, and the remaining part will be provided by external financing method. Within the scope of the signed contract, the construction and installation of the plant protection products production facility determined as the first stage will be realised. The turnkey period of the first stage is planned to be 28 months. The foreseen period may change according to different situations and conditions that may occur during the period. The turnkey service to be provided by the contractor company includes the construction of the production facility and the supply and installation of machinery and equipment. After the construction and installation of the plant protection facility determined as the first stage is completed, the construction and installation of the plant nutrition production facility determined as the second stage will be started.

In the Official Gazette dated 2 August 2024 and numbered 32620, "Law No. 7524 on Amendments to Tax Laws and Certain Laws and Decree Law No. 375" was published. With this Law, regulations and amendments have been made on domestic minimum corporate tax application, global minimum tax application and many other tax-related issues. The Group is assessing the impact of the amendments on the consolidated financial statements.