

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTHS INTERIM PERIOD
AS OF 31 MARCH 2024

(ORIGINALLY ISSUED IN TURKISH)

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HEKTAŞ GROUP

NOT REVIEWED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 MARCH 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of 31 March 2024, unless otherwise stated).

		<u>Current Period</u>	<u>Prior Period</u>
		<u>Not Reviewed</u>	<u>Audited</u>
		<u>31 March</u>	<u>31 December</u>
	<u>Notes</u>	<u>2024</u>	<u>2023</u>
ASSETS			
Current Assets		12,977,115,539	17,408,787,530
Cash and Cash Equivalents	3	3,678,706,822	5,318,442,616
Financial Investments	4	1,062,110,878	1,117,105,252
Trade Receivables	7a	1,737,349,256	3,492,139,309
<i>From Related Parties</i>	20	98,535,684	33,929,541
<i>From Third Parties</i>		1,638,813,572	3,458,209,768
Other Receivables	8a	1,293,270,830	1,726,683,809
<i>Other receivables from Related Parties</i>	20	1,255,453,216	1,716,965,138
<i>From Third Parties</i>		37,817,614	9,718,671
Derivative Instruments	5	1,007,967	-
Inventories	9	4,460,220,463	4,890,787,149
Prepaid Expenses		119,140,324	127,752,799
<i>From Related Parties</i>	20	1,169,908	1,726,608
<i>From Third Parties</i>		117,970,416	126,026,191
Current Tax Assets	13	16,088,398	68,758,791
Other Current Assets		609,220,601	667,117,805
Non-Current Assets		10,842,615,106	11,881,045,000
Other Receivables		4,277,390	4,840,440
Investment Properties		44,894,668	45,183,441
Property, Plant and Equipment	10	7,715,545,051	5,023,283,813
Intangible Assets		1,227,127,633	3,874,309,152
Goodwill	12	339,098,977	339,098,977
<i>Other</i>	11	888,028,656	3,535,210,175
Right-of-Use Assets		212,696,517	170,710,504
Prepaid Expenses		898,776,349	981,769,948
Deferred Tax Asset	18	739,297,498	1,780,947,702
TOTAL ASSETS		23,819,730,645	29,289,832,530

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

HEKTAŞ GROUP

NOT REVIEWED
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira (“TL”) as of 31 March 2024, unless otherwise stated).

	Notes	Current Period	Prior Period
		Not Reviewed	Audited
		31 March 2024	31 December 2023
LIABILITIES AND EQUITY			
Current Liabilities		14,366,715,806	18,178,057,078
Short-Term Borrowings	6	12,376,265,354	15,455,908,963
Lease Liabilities	6	62,990,367	61,051,769
Trade Payables	7b	984,744,878	1,610,981,597
<i>To Related Parties</i>	20	50,914,700	198,268,609
<i>To Third Parties</i>		933,830,178	1,412,712,988
Payables Related to Employee Benefits		110,651,492	93,547,265
Other Liabilities	8b	791,934,801	873,035,826
<i>To Related Parties</i>	20	780,683,344	854,666,924
<i>To Third Parties</i>		11,251,457	18,368,902
Derivative Instruments	5	2,043,880	2,056,343
Deferred Income		18,027,831	32,071,782
Current Tax Liability		62,753	30,458,762
Short-Term Provisions	14a	19,994,450	18,944,771
<i>Related to Employee Benefits</i>	14a	16,776,645	15,242,248
<i>Other</i>	14a	3,217,805	3,702,523
Non-Current Liabilities		1,330,746,935	2,436,236,406
Long-Term Borrowings	6	980,209,714	1,050,748,973
Lease Liabilities	6	87,857,572	42,947,196
Other Payables	8b	118,290,052	128,818,788
<i>Other Payables to Related Parties</i>	20	118,290,052	128,818,788
Long-Term Provisions	14b	80,918,205	84,992,173
<i>Related to Employee Benefits</i>		80,918,205	84,992,173
Deferred Tax Liability	18	63,471,392	1,128,729,276
EQUITY		8,122,267,904	8,675,539,046
Equity Attributable to the Parent		8,137,870,874	8,685,964,198
Paid-in Capital		2,530,000,000	2,530,000,000
Capital Adjustment Differences		5,258,959,712	5,258,959,712
Share Issue Premium/Discounts		57,578,961	57,578,961
Accumulated Other Comprehensive Income (Expenses) to be Reclassified in Profit or Loss		(114,851,425)	163,768,947
- <i>Foreign Currency Translation Differences</i>		(114,851,425)	163,768,947
Accumulated Other Comprehensive Income (Expenses) not to be Reclassified in Profit or Loss		(47,837,842)	(47,837,842)
- <i>Remeasurement Losses of Defined Benefit Plans</i>		(47,837,842)	(47,837,842)
Restricted Reserves Appropriated from Profit		363,861,095	363,861,095
Prior Years' Profit/Losses		359,633,325	1,370,166,994
Net Loss for the Period		(269,472,952)	(1,010,533,669)
Non-Controlling Interests		(15,602,970)	(10,425,152)
TOTAL LIABILITIES AND EQUITY		23,819,730,645	29,289,832,530

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

HEKTAŞ GROUP

NOT REVIEWED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira (“TL”) as of 31 March 2024, unless otherwise stated).

	Notes	Current Period	Prior Period
		Not Reviewed 1 January- 31 March 2024	Not Reviewed 1 January- 31 March 2023
PROFIT OR LOSS			
Revenue	15a	1,291,496,428	2,469,196,070
Cost of Sales (-)	15b	(1,187,719,674)	(1,567,146,594)
GROSS PROFIT		103,776,754	902,049,476
General Administrative Expenses (-)		(208,370,363)	(130,742,300)
Marketing Expenses (-)		(100,229,072)	(159,238,940)
Research and Development Expenses (-)		(66,512,741)	(46,738,628)
Other Income from Operating Activities	16	96,494,916	14,221,601
Other Expenses from Operating Activities (-)	17	(206,345,150)	(32,765,263)
OPERATING (LOSS)/PROFIT		(381,185,656)	546,785,946
Income from Investing Activities		1,569,046	1,239,283
Expenses from Investing Activities (-)		(298,602)	(338,096)
OPERATING (LOSS)/PROFIT BEFORE FINANCE EXPENSE		(379,915,212)	547,687,133
Finance Income		409,328,730	197,701,830
Finance Expense (-)		(1,632,526,509)	(760,562,496)
Monetary Gain Loss, net		1,303,968,114	495,038,021
(LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		(299,144,877)	479,864,488
Tax (Expense) / Income from Continuing Operations		25,141,779	(336,643,555)
Tax Expense for the Period	18	(64,237)	(94,795,307)
Deferred Tax (Expense) / Income	18	25,206,016	(241,848,248)
(LOSS)/PROFIT FROM CONTINUING OPERATIONS		(274,003,098)	143,220,933
(LOSS)/PROFIT FOR THE PERIOD		(274,003,098)	143,220,933
Distribution of Profit/Loss for the Period			
Non-Controlling Interests		(4,530,146)	(6,346,200)
Parent Shares		(269,472,952)	149,567,133
		(274,003,098)	143,220,933
Earnings / (loss) per share			
A Hundred Ordinary Stock (TL)	19	(0.11)	0.06
OTHER COMPREHENSIVE (EXPENSE) / INCOME :			
Items That will be Reclassified Subsequently to (Loss) or Profit		(279,268,044)	(35,114,648)
Other Comprehensive (Expense) Income Related to Cash Flow Hedging Reserve		-	69,680
Foreign Currency Translation Differences		(279,268,044)	(35,168,998)
Other Comprehensive (Expense) Income Related to Cash Flow Hedging Reserve, Tax Effect		-	(15,330)
OTHER COMPREHENSIVE (EXPENSE) / INCOME		(279,268,044)	(35,114,648)
TOTAL COMPREHENSIVE (EXPENSE) / INCOME		(553,271,142)	108,106,285
Distribution of Total Comprehensive (Expense) / Income:		(553,271,142)	108,106,285
Non-Controlling Interests		(5,177,818)	(6,137,843)
Parent Shares		(548,093,324)	114,244,128

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

HEKTAŞ GROUP

NOT REVIEWED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira (“TL”) as of 31 March 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 Issue Premiums/ Discounts	Accumulated Remeasurement Gains/Losses of Defined Benefit Plans	Foreign Currency Translation Differences	Hedging Gain/Loss	Restricted Reserves Appropriated from Profit	Prior Years' Profit / Losses	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	5,258,959,712	57,578,961	(37,760,119)	24,285,998	3,625,244	328,998,549	63,658,797	1,342,244,533	9,571,591,675	14,210,145	9,585,801,820
Transfers	-	-	-	-	-	-	-	1,342,244,533	(1,342,244,533)	-	-	-
Total Comprehensive Income / (Expense)	-	-	-	-	(35,377,355)	54,350	-	-	149,567,133	114,244,128	(6,137,843)	108,106,285
<i>Profit / (Loss) for the Period</i>	-	-	-	-	-	-	-	-	149,567,133	149,567,133	(6,346,200)	143,220,933
<i>Other Comprehensive Income / (Expense)</i>	-	-	-	-	(35,377,355)	54,350	-	-	-	(35,323,005)	208,357	(35,114,648)
Balances as of 31 March 2023	2,530,000,000	5,258,959,712	57,578,961	(37,760,119)	(11,091,357)	3,679,594	328,998,549	1,405,903,330	149,567,133	9,685,835,803	8,072,302	9,693,908,105
Balances as of 1 January 2024	2,530,000,000	5,258,959,712	57,578,961	(47,837,842)	163,768,947	-	363,861,095	1,370,166,994	(1,010,533,669)	8,685,964,198	(10,425,152)	8,675,539,046
Transfers	-	-	-	-	-	-	-	(1,010,533,669)	1,010,533,669	-	-	-
Total Comprehensive Income / (Expense)	-	-	-	-	(278,620,372)	-	-	-	(269,472,952)	(548,093,324)	(5,177,818)	(553,271,142)
<i>Loss for the Period</i>	-	-	-	-	-	-	-	-	(269,472,952)	(269,472,952)	(4,530,146)	(274,003,098)
<i>Other Comprehensive Income / (Expense)</i>	-	-	-	-	(278,620,372)	-	-	-	-	(278,620,372)	(647,672)	(279,268,044)
Balances as of 31 March 2024	2,530,000,000	5,258,959,712	57,578,961	(47,837,842)	(114,851,425)	-	363,861,095	359,633,325	(269,472,952)	8,137,870,874	(15,602,970)	8,122,267,904

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

HEKTAŞ GROUP

NOT REVIEWED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2024

(Amounts expressed in TL based on the purchasing power of the Turkish Lira (“TL”) as of 31 March 2024, unless otherwise stated).

		Current Period	Prior Period
		Not Reviewed	Not Reviewed
		1 January- 31 March 2024	1 January- 31 March 2023
	Notes		
CASH FLOWS FROM OPERATING ACTIVITIES		1,676,587,593	2,054,604,920
Profit/Loss for the Period		(274,003,098)	143,220,933
Adjustments Related to Reconciliation of Net Profit/Loss of the Period		751,321,139	2,741,341,386
Adjustments Related to Depreciation and Amortization Expense		199,385,600	116,506,751
Adjustments Related to Impairment (Reversal)		(86,245,505)	(3,204,238)
- Adjustments Related to Impairment for Receivables	7a	6,104,604	-
- Adjustments Related to Impairment for Inventories	9	(92,350,109)	(3,204,238)
Adjustments Related to Provisions		12,889,762	15,129,039
- Provisions Related to Employee Benefits		12,889,762	15,129,039
- Provision for / (Reversal of) Lawsuit		-	-
Adjustments Related to Interest (Income) / Expenses		1,398,438,213	547,256,419
- Adjustments Related to Interest Income		(230,070,517)	(195,356,845)
- Adjustments Related to Interest Expenses		1,558,657,521	687,935,895
- Adjustments Related to Bank Transactions Expenses		69,851,209	54,677,369
Adjustments Related to Unrealized Foreign Currency Translation Differences		(317,164,065)	(34,653,206)
Adjustments Regarding Monetary Losses/Gains		(265,316,733)	1,752,652,888
Adjustments Related to Fair Value Loss/Gains		(751,223)	8,959,662
- Adjustments Related to Fair Value Losses / (Gains) on Derivative Financial Instruments		(751,223)	8,959,662
Adjustments Related to Exchange Rate Differences		(164,038,213)	2,489,617
Adjustments Related to Tax Expense	18	(25,141,779)	336,643,555
Adjustments Related to Loss/Gains on Disposal of Fixed Assets		(734,918)	(439,101)
Changes in working capital		966,243,454	(1,004,447,398)
Adjustments Related to Increase/Decrease in Trade Receivables		1,283,264,915	72,143,276
Adjustments Related to Increase / Decrease in Other Operating Receivables		199,139,179	(205,096,664)
Adjustments Related to Increase/Decrease in Inventories		(117,363,542)	(644,084,493)
Adjustments Related to Increase/Decrease in Trade Payables		(415,334,096)	151,795,679
Increase / (Decrease) in Payables Related to Employee Benefits		29,351,023	(74,875,920)
Adjustments Related to Increase / Decrease in Other Operating Payables		(12,814,025)	(304,329,276)
Cash Flows Generated from Operations		233,026,098	174,489,999
Interest Received		236,018,401	191,788,018
Payments Made Related to Provisions for Employee Benefits		(4,050,982)	(9,053,270)
Collections from Doubtful Receivables	7a	8,245,019	160,512
Tax Payments / Returns		(7,186,340)	(8,405,261)
CASH FLOWS FROM INVESTING ACTIVITIES		(133,060,057)	(860,242,841)
Cash Inflows from Sales of Property, Plant and Equipment and Intangible Assets		841,419	528,365
- Cash Inflows from Sale of Property, Plant and Equipment		841,419	528,365
Cash Outflows from the Purchase of Property, Plant and Equipment and Intangible Assets		(216,895,075)	(853,991,255)
- Cash Outflows from the Purchase of Property, Plant and Equipment	10	(149,951,529)	(620,512,229)
- Cash Outflows from the Purchase of Intangible Assets	11	(66,943,546)	(233,479,026)
Cash Advances and Payables Given		82,993,599	(6,779,951)
CASH FLOWS FROM FINANCING ACTIVITIES		(2,696,065,408)	600,865,709
Cash Inflows from Borrowing	6	1,512,376,093	4,152,785,592
Cash Outflows Related to Borrowings	6	(3,418,243,910)	(2,380,344,914)
Banking transaction expenses paid		(69,851,209)	(54,677,369)
Interest Paid		(688,671,051)	(1,083,821,665)
Cash Outflows Related to Debt Payments Arising from Lease Contracts		(31,675,331)	(33,075,935)
THE EFFECTS OF FOREIGN CURRENCY TRANSLATION DIFFERENCE IN CASH AND CASH EQUIVALENTS		209,100,281	(2,555,308)
MONETARY GAIN/(LOSS) IMPACT ON CASH AND CASH EQUIVALENTS		(690,350,319)	(1,362,331,634)
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS		(1,633,787,910)	430,340,846
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	3	5,273,247,162	2,882,898,124
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3	3,639,459,252	3,313,238,970

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

HEKTAŞ GROUP

NOT REVIEWED NOTES TO FINANCIAL STATEMENTS AS OF 31 MARCH 2024 AND FOR THE PERIOD THEN ENDED

(Amounts expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of 31 March 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 hereinafter 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 per cent 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 per cent 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 475,375.

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 31 March 2024, the number of employees of the Group is 595 in total, 206 of them being blue-collar and 389 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 GROUP

NOT REVIEWED NOTES TO FINANCIAL STATEMENTS

AS OF 31 MARCH 2024 AND FOR THE PERIOD THEN ENDED

(Amounts expressed in TL based on the purchasing power of the Turkish Lira (“TL”) as of 31 March 2024, unless otherwise stated).

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

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

	<u>Types and Subject of Activity</u>
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
Hektaş Asia	Production, sale, distribution and marketing of plant protection and plant nutrition products

(*) Agriventis, which the Company transferred from subsidiary of its parent on 12 January 2022, have been presented in the accompanying consolidated financial statements by applying the pooling of interest method in line with the POA’s policy decision numbered 75935942-050.01.04-[04/177] dated 11 October 2018 (“Principle Decision”).

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

<u>Title of the Company</u>	<u>Location of activity</u>	<u>Functional currency</u>	<u>Group's share rate in capital and voting rate (%)</u>	
			<u>31 March 2024</u>	<u>31 December 2023</u>
<u>Subsidiaries</u>				
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	Australia	AUD	51.00	51.00
Hektaş Asia	Uzbekistan	UZS	100.00	100.00
<u>Financial investments</u>				
Çantaş	Çankırı	TL	0.37	0.37

2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance with TFRS

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

The condensed consolidated financial statements are presented in accordance with TFRS Taxonomy updated on 4 October 2022, developed based on the “Financial Statement Examples and User Guide” announced by the POA published in the Official Gazette dated 15 April 2019 and numbered 30794.

The Group has prepared its interim condensed consolidated financial statements as of 31 March 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 GROUP

NOT REVIEWED NOTES TO FINANCIAL STATEMENTS

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(Amounts expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of 31 March 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 14 June 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 a 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 31 March 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	Three-year cumulative inflation rate
31 March 2024	2,139.47	1.00000	3.09000
31 December 2023	1,859.38	1.15064	2.68000
31 March 2023	1,269.75	1.68495	1.82000

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.

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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.

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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 13). 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 31 March 2024. In this context, the Group has evaluated the possible impairments in the values of trade receivables, inventories, property, plant and equipment and investment properties in the consolidated financial statements as at 31 March 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.

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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.

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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

Amendments to TFRS 17

Insurance Contracts

*Initial Application of TFRS 17 and TFRS 9 — Comparative Information
(Amendment to TFRS 17)*

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.

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

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3. CASH AND CASH EQUIVALENTS

	31 March 2024	31 December 2023
Cash	253,594	314,035
Cash at banks	3,542,154,264	5,137,474,110
<i>Demand deposits</i>	82,846,609	728,540,578
<i>Time deposits with a maturity of less than three months</i>	3,459,307,655	4,408,933,532
Other current assets (*)	136,298,964	180,654,471
Cash and cash equivalents in the consolidated statement of financial position	<u>3,678,706,822</u>	<u>5,318,442,616</u>
Less: interest accruals	(39,247,570)	(45,195,454)
Cash and cash equivalents according to the cash flow statements	<u><u>3,639,459,252</u></u>	<u><u>5,273,247,162</u></u>

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

As of 31 March 2024, the Group's USD time deposits amount to TL 1,352,528,224 and the interest rate is between 3.25 and 3.50 percent. Their maturities are less than 3 months (As of 31 December 2023, USD time deposit amount is TL 974,540,126 and the interest rate is between 2.00 and 5.00 percent. Their maturity is less than 3 months).

As of 31 March 2024, the Group's TL time deposits amount to TL 2,106,779,430 and the interest rate is between 44.00 and 52.50 percent. Their maturities are less than 3 months (As of 31 December 2023, TL time deposit amount is TL 3,434,393,406 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 %	31 March 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		<u>(310,755)</u>		<u>(310,755)</u>
		<u><u>-</u></u>		<u><u>-</u></u>

	31 March 2024	31 December 2023
Restricted bank deposits	1,061,614,000	1,116,537,129
Other	496,878	568,123
	<u>1,062,110,878</u>	<u>1,117,105,252</u>

As of 31 March 2024, restricted cash and cash equivalents amounting to TL 1,061,614,000 (31 December 2023: TL 1,116,537,129) are separately classified under "Financial Investments" since their use is restricted in the Group's ongoing operations and fulfilling its obligations.

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5. DERIVATIVE INSTRUMENTS

	31 March 2024		31 December 2023	
	Asset	Liability	Asset	Liability
Held for trading derivatives that are not designated in hedge accounting relationship				
<i>Forward contracts</i>	1,007,967	2,043,880	-	2,056,343
	<u>1,007,967</u>	<u>2,043,880</u>	<u>-</u>	<u>2,056,343</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 31 March 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>	3,000,000	1,007,967	8,250,000	2,043,880
		<u>1,007,967</u>		<u>2,043,880</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	2,056,343
		<u>-</u>		<u>2,056,343</u>

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6. FINANCIAL LIABILITIES

	31 March 2024	31 December 2023
Short-Term Financial Payables		
Issued borrowing instruments	525,485,660	2,872,335,997
Bank loans	11,850,779,694	12,014,014,222
Lease liabilities	62,990,367	61,051,769
Other financial liabilities	-	569,558,744
	<u>12,439,255,721</u>	<u>15,516,960,732</u>

	31 March 2024	31 December 2023
Long-Term Financial Liabilities		
Bank loans	980,209,714	1,050,748,973
Lease liabilities	87,857,572	42,947,196
	<u>1,068,067,286</u>	<u>1,093,696,169</u>

Short-Term Bank Loans:

Currency	Weighted Average Interest Rate %	31 March 2024 Short-term
TL	47.46	11,098,529,874
USD	7.81	752,249,820
		<u>11,850,779,694</u>

Currency	Weighted Average Interest Rate %	31 December 2023 Short-term
TL	44.33	11,563,507,850
USD	9.22	450,506,372
		<u>12,014,014,222</u>

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6. FINANCIAL LIABILITIES (cont'd)

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

Currency	Weighted Average Interest Rate %	31 March 2024 Short-term
TL	36.00	525,485,660
		<u>525,485,660</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 July 2024 and the coupon interest rate is 36.00%.

Currency	Weighted Average Interest Rate %	31 December 2023 Short-term
TL	37.99	2,872,335,997
		<u>2,872,335,997</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 978 million. 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 1,151 million. 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 575 million. 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	569,558,744
		<u>569,558,744</u>

Details of Long-Term Bank Loans are as follows;

Currency	Weighted Average Interest Rate %	31 March 2024 Long-term
TL	19.79	21,333,334
USD	10.33	958,876,380
		<u>980,209,714</u>

Currency	Weighted Average Interest Rate %	31 December 2023 Long-term
TL	14.15	44,730,984
USD	10.33	1,006,017,989
		<u>1,050,748,973</u>

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6. FINANCIAL LIABILITIES (cont'd)

The maturities of the lease obligations are as follows;

	31 March 2024	31 December 2023
To be paid within 1 year	62,990,367	61,051,769
To be paid within 1-5 years	87,857,572	42,947,196
	<u>150,847,939</u>	<u>103,998,965</u>

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

	31 March 2024	31 December 2023
To be paid within 1 year	12,376,265,354	15,455,908,963
To be paid within 1-2 years	234,416,974	251,414,538
To be paid within 2-3 years	213,083,640	240,435,552
To be paid within 3-4 years	213,083,640	223,559,553
To be paid within 4-5 years	213,083,640	223,559,553
To be paid within more than 5 years	106,541,820	111,779,777
	<u>13,356,475,068</u>	<u>16,506,657,936</u>

As of 31 March 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 - 31 March 2024 and 2023, the reconciliation of liabilities arising from financing activities is as follows;

	1 January- 31 March 2024	1 January- 31 March 2023
Financial liabilities as of 1 January	16,610,656,901	13,831,866,886
Capital inflow within the period	1,512,376,093	4,152,785,592
Payments within the period	(3,449,919,241)	(2,413,420,849)
Exchange rate change	138,816,909	8,660,925
Interest accrual change	869,986,470	(395,885,770)
Inflation effect	(2,174,594,125)	(609,616,507)
	<u>13,507,323,007</u>	<u>14,574,390,277</u>

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NOT REVIEWED NOTES TO FINANCIAL STATEMENTS AS OF 31 MARCH 2024 AND FOR THE PERIOD THEN ENDED

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7. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables

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

	31 March 2024	31 December 2023
Short-term trade receivables		
Trade receivables	789,803,996	1,714,814,051
Notes receivables	972,526,798	1,887,977,054
Trade receivables from related parties (Note 20)	98,535,684	33,929,541
Provision for doubtful trade receivables (-)	(123,517,222)	(144,581,337)
	<u>1,737,349,256</u>	<u>3,492,139,309</u>

As of 31 March 2024, the Group has deducted the amount of TL ,1000,000,000 collected from factoring companies within the scope of irrevocable factoring from its trade receivables (31 December 2023: TL 575,318,117).

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

	31 March 2024	31 December 2023
Not overdue and impaired	1,422,512,942	3,311,590,720
Overdue for 1-30 days, not impaired	135,739,979	45,178,703
Overdue for 1-3 months, not impaired	136,900,850	84,334,919
Overdue for 1-12 months, not impaired	42,054,373	49,914,732
Overdue for 1-5 years, not impaired	141,112	1,120,235
	<u>1,737,349,256</u>	<u>3,492,139,309</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 182 days (31 December 2023: 287 days).

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7. TRADE RECEIVABLES AND PAYABLES (cont'd)

a) Trade Receivables (cont'd)

The allowance 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 Ocak- 31 March 2024	1 Ocak- 31 March 2023
<u>Provision for doubtful receivables movements</u>	<u>2024</u>	<u>2023</u>
Opening balance	144,581,337	16,987,201
Charge for the period	6,104,604	-
Collections	(8,245,019)	(160,512)
Effects of inflation accounting	<u>(18,923,700)</u>	<u>(6,772,068)</u>
Closing balance	<u>123,517,222</u>	<u>10,054,621</u>

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

b) Trade Payables

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

	31 March 2024	31 December 2023
<u>Short-term trade payables</u>	<u>2024</u>	<u>2023</u>
Trade payables (*)	889,836,507	1,353,281,765
Trade payables to related parties (Note 20)	50,914,700	198,268,609
Expense accruals	<u>43,993,671</u>	<u>59,431,223</u>
	<u>984,744,878</u>	<u>1,610,981,597</u>

(*) As of 31 March 2024, there are TL 321.804.595 letters of credit in trade payables (31 December 2023: TL 378,789,173).

The average payment maturity for the purchase of goods is 98 days in internal purchases (31 December 2023: 124 days).

8. OTHER RECEIVABLES AND PAYABLES

a) Other Receivables

	31 March 2024	31 December 2023
<u>Other Short-Term Receivables</u>	<u>2024</u>	<u>2023</u>
Other receivables from related parties (Not 20)	1,255,453,216	1,716,965,138
Advance tax refund receivable	30,689,398	1,291,427
VAT and other refund receivables	6,460,771	7,617,000
Deposits and guarantees given	466,011	536,210
Refund receivable of special consumption tax ("SCT") (*)	178,008	274,034
Other	<u>23,426</u>	<u>-</u>
	<u>1,293,270,830</u>	<u>1,726,683,809</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 274,034).

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8. OTHER RECEIVABLES AND PAYABLES (cont'd)

a) Other Receivables (cont'd)

	31 March 2024	31 December 2023
<u>Other Long-Term Receivables</u>		
Deposits and guarantees given	4,277,390	4,840,440
	<u>4,277,390</u>	<u>4,840,440</u>

b) Other Payables

	31 March 2024	31 December 2023
<u>Other Short-Term Payables</u>		
Other payables to related parties (Not 20)	780,683,344	854,666,924
Taxes and funds payable	7,964,640	14,464,844
Other miscellaneous liabilities	3,286,817	3,904,058
	<u>791,934,801</u>	<u>873,035,826</u>

	31 March 2024	31 December 2023
<u>Other Long-Term Payables</u>		
Other payables to related parties (Note 20)	118,290,052	128,818,788
	<u>118,290,052</u>	<u>128,818,788</u>

9. INVENTORIES

	31 March 2024	31 December 2023
Raw material	1,916,746,422	2,149,858,623
Work in-process	431,191,147	466,961,340
Finished goods	1,113,869,455	1,279,769,637
Trade goods	846,224,575	923,148,362
Other inventories (*)	269,476,515	280,686,947
Provision for impairment on inventories (-)	(117,287,651)	(209,637,760)
	<u>4,460,220,463</u>	<u>4,890,787,149</u>

(*) As of 31 March 2024, TL 263,295,024 (31 December 2023: TL 274,549,918) of other inventories is comprised of goods in transit.

	1 January- 31 March 2024	1 January- 31 March 2023
<u>Movement of allowance for impairment on inventory</u>		
Opening balance	(209,637,760)	(6,780,648)
Charge for the period	(1,937,874)	-
Provision used/reversed	94,287,983	3,204,238
Closing balance	<u>(117,287,651)</u>	<u>(3,576,410)</u>

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10. PROPERTY, PLANT AND EQUIPMENT

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	56,564,208	12,177,556	485,955,278	2,289,575,205	43,507,668	449,031,808	-	2,461,755,790	5,798,567,513
Foreign currency translation differences	-	-	-	(1,065,134)	(429,390)	(22,531)	-	-	(1,517,055)
Additions	-	-	-	33,785,357	158,658	93,290,887	-	22,716,627	149,951,529
Disposals	-	-	-	-	(134,303)	(182,370)	-	-	(316,673)
Transfers (*)	-	-	-	-	-	-	2,754,270,973	-	2,754,270,973
Closing balance as of 31 March 2024	<u>56,564,208</u>	<u>12,177,556</u>	<u>485,955,278</u>	<u>2,322,295,428</u>	<u>43,102,633</u>	<u>542,117,794</u>	<u>2,754,270,973</u>	<u>2,484,472,417</u>	<u>8,700,956,287</u>
<u>Accumulated Depreciation</u>									
Opening balance as of 1 January 2024	-	(3,022,345)	(47,410,572)	(534,210,185)	(21,089,465)	(169,551,133)	-	-	(775,283,700)
Foreign currency translation differences	-	-	-	311,519	205,897	13,735	-	-	531,151
Charge for the period	-	(164,760)	(3,787,661)	(53,242,812)	(1,966,307)	(19,613,619)	-	-	(78,775,159)
Disposals	-	-	-	-	132,480	77,692	-	-	210,172
Transfers	-	-	-	-	-	-	(132,093,700)	-	(132,093,700)
Closing balance as of 31 March 2024	<u>-</u>	<u>(3,187,105)</u>	<u>(51,198,233)</u>	<u>(587,141,478)</u>	<u>(22,717,395)</u>	<u>(189,073,325)</u>	<u>(132,093,700)</u>	<u>-</u>	<u>(985,411,236)</u>
Carrying value as of 31 March 2024	<u>56,564,208</u>	<u>8,990,451</u>	<u>434,757,045</u>	<u>1,735,153,950</u>	<u>20,385,238</u>	<u>353,044,469</u>	<u>2,622,177,273</u>	<u>2,484,472,417</u>	<u>7,715,545,051</u>

(*) TL 2.754.270.973 of the intangible assets was transferred to construction in progress (Note 11).

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

a) 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	65,604,344	201,902,733	815,185,080	1,519,590,562	38,489,189	297,991,918	4,311,745,165	7,250,508,991
Foreign currency translation differences	-	-	-	(1,164,317)	(509,164)	(27,069)	-	(1,700,550)
Additions	-	1,270,258	107,845,863	4,756,318	8,536,114	23,249,226	474,854,450	620,512,229
Disposals	-	-	-	-	-	(7,397,518)	-	(7,397,518)
Transfers (*)	-	-	-	-	-	-	(7,980,066)	(7,980,066)
Closing balance as of 31 March 2023	65,604,344	203,172,991	923,030,943	1,523,182,563	46,516,139	313,816,557	4,778,619,549	7,853,943,086
<u>Accumulated Depreciation</u>								
Opening balance as of 1 January 2023	-	(102,404,465)	(291,957,510)	(441,115,067)	(19,533,483)	(145,926,003)	-	(1,000,936,528)
Foreign currency translation differences	-	-	-	232,899	170,886	13,047	-	416,832
Charge for the period	-	(1,717,982)	(4,443,587)	(31,550,888)	(1,963,258)	(11,223,893)	-	(50,899,608)
Disposals	-	-	-	-	-	7,308,254	-	7,308,254
Closing balance as of 31 March 2023	-	(104,122,447)	(296,401,097)	(472,433,056)	(21,325,855)	(149,828,595)	-	(1,044,111,050)
Carrying value as of 31 March 2023	65,604,344	99,050,544	626,629,846	1,050,749,507	25,190,284	163,987,962	4,778,619,549	6,809,832,036

(*) TL 7,980,066 of the construction in progress was transferred 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

Cost Value	Rights	Development costs	Other intangible assets	Total
Opening balance as of 1 January 2024	1,141,941,334	112,239,134	2,705,206,333	3,959,386,801
Foreign currency translation differences	(17,448,431)	-	(899,299)	(18,347,730)
Additions	4,866,977	2,867,311	59,209,258	66,943,546
Transfers to investments in progress	-	9,245,319	(2,763,516,292)	(2,754,270,973)
Closing balance as of 31 March 2024	<u>1,129,359,880</u>	<u>124,351,764</u>	<u>-</u>	<u>1,253,711,644</u>
Birikmiş İtfa Payları				
Opening balance as of 1 January 2024	(260,612,525)	(71,231,299)	(92,332,802)	(424,176,626)
Foreign currency translation differences	3,156,891	-	80,296	3,237,187
Charge for the period	(33,968,183)	(2,350,613)	(40,518,453)	(76,837,249)
Transfers to investments in progress	-	(677,259)	132,770,959	132,093,700
Closing balance as of 31 March 2024	<u>(291,423,817)</u>	<u>(74,259,171)</u>	<u>-</u>	<u>(365,682,988)</u>
Carrying value as of 31 March 2024	<u>837,936,063</u>	<u>50,092,593</u>	<u>-</u>	<u>888,028,656</u>

Cost Value	Rights	Development costs	Other intangible assets	Total
Opening balance as of 1 January 2023	872,582,040	103,507,043	33,470,504	1,009,559,587
Foreign currency translation differences	(8,770,533)	-	(918,547)	(9,689,080)
Additions	233,278,848	-	200,178	233,479,026
Disposals	(815,486)	-	-	(815,486)
Transfers in progress	6,581,546	1,398,520	-	7,980,066
Closing balance as of 31 March 2023	<u>1,102,856,415</u>	<u>104,905,563</u>	<u>32,752,135</u>	<u>1,240,514,113</u>
Birikmiş İtfa Payları				
Opening balance as of 1 January 2023	(206,077,629)	(59,675,154)	(6,374,077)	(272,126,860)
Foreign currency translation differences	(2,889,583)	-	81,152	(2,808,431)
Charge for the period	(17,275,177)	(2,946,222)	(1,100,516)	(21,321,915)
Disposals	751,959	-	-	751,959
Closing balance as of 31 March 2023	<u>(225,490,430)</u>	<u>(62,621,376)</u>	<u>(7,393,441)</u>	<u>(295,505,247)</u>
Carrying value as of 31 March 2023	<u>877,365,985</u>	<u>42,284,187</u>	<u>25,358,694</u>	<u>945,008,866</u>

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12. GOODWILL

<u>Company</u>	<u>Date of Acquisition</u>	<u>31 March 2024</u>	<u>31 December 2023</u>
Ferbis	2017	67,911,441	67,911,441
Sunset	2020	271,187,536	271,187,536
		<u>339,098,977</u>	<u>339,098,977</u>

13. CURRENT TAX ASSETS

<u>Current tax assets</u>	<u>31 March 2024</u>	<u>31 December 2023</u>
Prepaid taxes and funds	16,088,398	68,758,791
	<u>16,088,398</u>	<u>68,758,791</u>

14. SHORT-TERM AND LONG-TERM PROVISIONS

a) Short-term Provisions

<u>Short-term provisions</u>	<u>31 March 2024</u>	<u>31 December 2023</u>
Provisions for legal cases (*)	3,217,805	3,702,523
Provision for unused vacation	16,776,645	15,242,248
	<u>19,994,450</u>	<u>18,944,771</u>

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

The movements of the provisions for litigation in the accounting period ending on 01 - 31 March 2024 and 2023 are as follows:

	<u>1 January- 31 March 2024</u>	<u>1 January- 31 March 2023</u>
Provision as of 1 January	3,702,523	4,197,961
Inflation effect	(484,718)	(1,706,521)
Provision as of 31 March	<u>3,217,805</u>	<u>2,491,440</u>

As of 01 - 31 March 2024 and 2023, movements of unused vacation is as follows:

	<u>1 January- 31 March 2024</u>	<u>1 January- 31 March 2023</u>
Provision as of 1 January	15,242,248	16,214,030
Period provision expense	3,613,510	4,821,841
Foreign currency translation differences	42,233	5,160
Inflation accounting effect	(2,121,346)	(8,624,642)
Provision as of 31 March	<u>16,776,645</u>	<u>12,416,389</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 31 March 2024 and 31 December 2023 are as follows:

	31 March 2024	31 December 2023
<u>Long-term provisions</u>		
Provision for employment termination benefit	72,011,057	75,986,576
Seniority incentive premium provision	8,907,148	9,005,597
	<u>80,918,205</u>	<u>84,992,173</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 01 - 31 March 2024 and 2023 are as follows:

	1 January- 31 March 2024	1 January- 31 March 2023
Provision as of 1 January	9,005,597	10,156,979
Service cost	1,072,667	1,018,182
Interest cost	456,364	409,222
Charge for the period	(409,969)	(204,999)
Inflation accounting effect	(1,217,511)	(4,643,889)
Provision as of 31 March	<u>8,907,148</u>	<u>6,735,495</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 31 March 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.

	31 March 2024	31 December 2023
Discount rate	24.30%	16.19%
Inflation rate	21.02%	14.23%

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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 01 - 31 March 2024 and 2023 are as follows:

	1 January- 31 March 2024	1 January- 31 March 2023
Provision as of 1 January	75,986,576	86,899,617
Service cost	6,723,568	13,319,089
Interest cost	3,102,766	3,384,584
Employment termination benefits paid	(3,641,013)	(8,848,271)
Inflation effect	(10,160,840)	(38,634,932)
Provision as of 31 March	<u>72,011,057</u>	<u>56,120,087</u>

15. REVENUE AND COST OF SALES

a) Revenue

	1 January- 31 March 2024	1 January- 31 March 2023
Domestic sales	1,245,098,112	2,485,746,499
Foreign sales	135,205,344	80,689,679
Other sales	5,397,701	2,354
Sales returns (-)	(12,288,251)	(8,187,792)
Sales discounts (-)	(81,916,478)	(89,054,670)
	<u>1,291,496,428</u>	<u>2,469,196,070</u>

b) Cost of Sales

	1 January- 31 March 2024	1 January- 31 March 2023
Raw material expenses	(367,009,194)	(1,041,320,980)
Personnel expenses	(60,466,734)	(82,611,138)
General production expenses	(60,212,532)	(110,531,971)
Depreciation and amortization expenses	(64,283,390)	(36,777,158)
Transportation expenses	(60,227,834)	(67,587,216)
Changes in work in-process inventories	(35,770,193)	144,100,271
Changes in finished goods inventories	(165,900,182)	300,806,377
Cost of goods sold	(813,870,059)	(893,921,815)
Cost of trade goods sold and other sales	(373,849,615)	(673,224,779)
	<u>(1,187,719,674)</u>	<u>(1,567,146,594)</u>

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16. OTHER INCOME FROM OPERATING ACTIVITIES

Other income from operating activities for the years ended 31 March 2024 and 2023 is as follows:

	1 January- 31 March 2024	1 January- 31 March 2023
Exchange difference income (*)	87,042,916	8,415,021
Interest income from sales	-	58,257
Damage compensation income	11,902	1,322,193
Other income	9,440,098	4,426,130
	<u>96,494,916</u>	<u>14,221,601</u>

(*) Resulting from trade receivables and trade payables.

17. OTHER EXPENSES FROM OPERATING ACTIVITIES

Other expenses from operating activities for the years ended 31 March 2024 and 2023 are as follows:

	1 January- 31 March 2024	1 January- 31 March 2023
Exchange difference expense (*)	(184,437,008)	(21,426,439)
Other expense and losses	(21,908,142)	(11,338,824)
	<u>(206,345,150)</u>	<u>(32,765,263)</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: 25%).

The "Law on the Amendment of Certain Tax Laws and Certain Other Laws" no. 7061 was published in the Official Gazette dated 5 December 2017 numbered 30261. Under the article 89 of this Law, the article 5 titled "Exemptions" of the Corporate Tax Law is amended. Pursuant to the clause (a) of the first paragraph of the article, the 75% exemption applied to the earnings arising from the sales of immovable property retained for two full years in the assets of corporations is reduced to 50 per cent. This regulation became effective as of 5 December 2017.

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

Corporate Tax (cont'd)

	31 March 2024	31 December 2023
Provision for current corporate tax	(64,237)	(63,424,767)
Less: Prepaid taxes and funds	16,088,398	101,724,796
Inflation effect	1,484	-
Current tax assets / (liabilities)	<u>16,025,645</u>	<u>38,300,029</u>
	1 January- 31 March 2024	1 January- 31 March 2023
<u>Tax (expense) / income consists of following:</u>		
Current tax (expense)	(64,237)	(94,795,307)
Deferred tax (expense) / income	<u>25,206,016</u>	<u>(241,848,248)</u>
Total tax (expense) / income	<u>25,141,779</u>	<u>(336,643,555)</u>
	31 March 2024	31 December 2023
<u>Deferred tax assets / (liabilities):</u>		
Tax advantage from investment discount	262,600,218	291,960,867
Accumulated financial loss tax advantage	781,922,054	578,830,411
Employment termination benefit and severance incentive premium provisions	20,229,551	21,248,045
Provision for unused vacation and premium	29,073,780	22,177,555
Differences in carrying value of inventories	(385,041,323)	(347,924,463)
Depreciation of property, plant and equipment/amortization of other intangible assets	(92,485,904)	32,510,123
Fair value differences of derivative instruments	258,978	514,086
Other	59,268,752	52,901,802
	<u>675,826,106</u>	<u>652,218,426</u>

Movement of deferred tax assets/(liabilities) for the years ended as of 31 March 2024 and 2023 is as follows:

	1 January- 31 March 2024	1 January- 31 March 2023
<u>Movement of deferred tax asset / (liability):</u>		
Opening balance as of 1 January	652,218,426	(80,978,292)
(Expense) / income recognized in the statement of income	25,206,016	(241,848,248)
Income recognized in the statement of other comprehensive income	-	(15,330)
Foreign currency translation differences	<u>(1,598,336)</u>	<u>(336,367)</u>
Closing balance as of 31 March	<u>675,826,106</u>	<u>(323,178,237)</u>

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

	1 January- 31 March 2024	1 January- 31 March 2023
<u>Reconciliation of tax provisions:</u>		
Profit before tax	(299,144,877)	479,864,488
Income tax rate 25% (2022: 20%)	25%	20%
Expected tax expense	<u>74,786,219</u>	<u>(95,972,898)</u>
Tax effect:		
- non-taxable income	4,947,495	3,014,960
- non-deductible expense	(29,345,820)	(12,725,306)
- additional tax	-	(95,325,061)
- Inflation adjustment	(28,107,065)	(187,576,844)
- revaluation effect of property, plant and equipment and intangible assets	-	46,665,870
- investment incentive discount	8,861,583	25,317,431
- effect of other items exempted from tax	<u>(6,000,633)</u>	<u>(20,041,707)</u>
Tax provision income / (expense) in the statement of profit or loss	<u>25,141,779</u>	<u>(336,643,555)</u>

19. EARNINGS PER SHARE

	1 January- 31 March 2024	1 January- 31 March 2023
Earnings per share		
Weighted average number of shares outstanding during the period (*)	253,000,000,000	253,000,000,000
Net profit for the period	<u>(269,472,952)</u>	<u>149,567,133</u>
Profit per share obtained from ongoing activities		
- a hundred ordinary stock (TL)	-0.11	0.06

(*) 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 31 March 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:

Balances with related parties	31 March 2024		31 December 2023	
	Trade		Trade	
	Receivables	Payables	Receivables	Payables
Parent Company				
OYAK	-	18,971,192	-	21,920,179
Companies Managed by the Parent				
OYAK Pazarlama Hizmet Turizm A.Ş.	-	7,212,404	3,906,149	5,316,166
OYAK Savunma ve Güvenlik Hiz. A.Ş.	-	5,572,867	-	13,208,471
OYAK Akaryakıt ve LPG Yatırımları A.Ş.	-	4,933,587	-	5,485,529
OYAK Grup Sigorta ve Reasürans Brokerliği A.Ş.	-	4,802,317	-	53,961,791
Omsan Lojistik A.Ş.	-	3,900,551	-	6,180,824
OYAK İnşaat A.Ş.	-	1,521,269	-	73,714,214
Güzel Enerji Akaryakıt A.Ş.	-	1,366,314	-	1,755,253
OYAK Biyoteknoloji San.ve Ticaret A.Ş.	-	544,932	-	12,782,087
Arma İlaç Sanayi ve Ticaret A.Ş.	94,125,590	-	-	-
Satem Grup Gıda Dağıtım ve Pazarlama A.Ş.	3,863,627	115,999	29,466,348	87,353
Diğer	546,467	1,973,268	557,044	3,856,742
	<u>98,535,684</u>	<u>50,914,700</u>	<u>33,929,541</u>	<u>198,268,609</u>

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

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

	31 March 2024	31 December 2023
Short-term advances given to related parties		
Companies Managed by the Parent		
OYPOWER Elektrik Ticareti ve Hizmetleri A.Ş. (*)	1,169,908	1,726,608
	<u>1,169,908</u>	<u>1,726,608</u>
	31 March 2024	31 December 2023
Short-term other receivables to related parties		
Parent Company		
OYAK	-	359,573,823
Companies Managed by the Parent		
Arma İlaç Sanayi ve Ticaret A.Ş.	768,221,016	832,661,380
OYAK Gıda Ve Tarım Holding A.Ş.	487,232,200	524,729,935
	<u>1,255,453,216</u>	<u>1,716,965,138</u>

Other short-term receivables from related parties are due in less than one year and no interest is charged on these receivables. Arma İlaç Sanayi ve Ticaret A.Ş. receivables are related to the sale of fixed assets. Oyak Gıda ve Tarım Holding Anonim Şirketi receivable consists of the balance related to the sale of subsidiary.

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20. RELATED PARTY DISCLOSURES (cont'd)

	31 March 2024	31 December 2023
Short-term other borrowings received from related parties		
Parent Company		
OYAK	305,500,000	353,475,451
Companies Managed by the Parent		
OYAK Akaryakıt ve LPG Yatırımları A.Ş.	468,061,709	492,992,517
Other		
Ödenecek Temettü Kurucu Payları (*)	7,121,635	8,198,956
	<u>780,683,344</u>	<u>854,666,924</u>

(*) Consists of the portion of previous years' dividend payments not yet completed as of 31 March 2024.

	31 March 2024	31 December 2023
Long-term other borrowings received from related parties		
Companies Managed by the Parent		
OYAK Sermaye Yatırımları A.Ş. (*)	118,290,052	128,818,788
	<u>118,290,052</u>	<u>128,818,788</u>

Short-term and long-term other payables to related parties consist of amounts received for financing purposes and interest is charged. Interest rate for short term other payables to related parties is between 48% - 45%. For long term other payables to related parties, 2% interest rate is used in AUD.

	31 March 2024	31 December 2023
Delay interest expense to related parties		
Parent Company		
OYAK	43,915,949	-
Companies Managed by the Parent		
OYAK Akaryakıt ve LPG Yatırımları A.Ş.	45,576,245	-
	<u>89,492,194</u>	<u>-</u>

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20. RELATED PARTY DISCLOSURES (cont'd)

Transactions with related parties	1 January - 31 March 2024		1 January - 31 March 2023	
	Purchases	Sales	Purchases	Sales
Parent Company				
OYAK	-	-	-	7,280
Companies Managed by the Parent				
OYAK Pazarlama Hizmet Turizm A.Ş.	12,012,353	4,817,437	24,526,603	-
OYAK Savunma ve Güvenlik Hiz. A.Ş.	11,703,465	-	12,612,007	-
Omsan Lojistik A.Ş.	7,447,289	-	10,461,895	-
OYPOWER Elektrik Ticareti ve Hizmetleri A.Ş.	5,748,725	-	16,715,039	-
OYAK İnşaat A.Ş.	4,983,813	-	384,432,020	3,933
Güzel Enerji Akaryakıt A.Ş.	3,875,387	-	5,948,791	-
İndisol Bilişim ve Teknoloji A.Ş.	1,717,283	-	-	-
Arma İlaç Sanayi ve Ticaret A.Ş.	528,385	85,078,541	-	-
Doco Petrol ve Danışmanlık A.Ş.	447,618	-	1,070,324	-
OYAK Biyoteknoloji Sanayi ve Tic.A.Ş.	146,198	55,514	15,577,014	2,175,038
OYAK Yatırım Menkul Değerler A.Ş.	-	-	7,583,779	-
Mais Motorlu Araçlar İmal ve Satış A.Ş.	-	-	17,834	2,022
Satem Grup Gıda Dağıtım ve Pazarlama A.Ş.	-	1,377,013	-	-
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş.	-	-	-	5,754
	<u>48,610,516</u>	<u>91,328,505</u>	<u>478,945,306</u>	<u>2,194,027</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- 31 March 2024	1 January- 31 March 2023
Salaries and other short-term benefits	<u>18,424,339</u>	<u>31,875,571</u>
	<u>18,424,339</u>	<u>31,875,571</u>

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

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.

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)

Credit risk management

Credit risks exposed in terms of financial instruments

	Receivables				Deposits at Banks	Other Cash Equivalents	Financial Investments	Derivative Instruments
	Trade Receivables		Other Receivables					
31 March 2024	Related Party	Other Party	Related Party	Other Party				
Maximum credit risk exposed as of reporting date (A+B+C+D) (*)	98,535,684	1,638,813,572	1,255,453,216	42,095,004	3,542,154,264	136,298,964	1,062,110,878	1,007,967
- Secured portion of the maximum risk with guarantee etc (**)	-	980,885,557	-	-	-	-	-	-
A. Financial assets not past due nor impaired instruments	98,535,684	1,323,836,144	1,255,453,216	42,095,004	3,542,154,264	136,298,964	1,062,110,878	1,007,967
B. Assets past due but not impaired	-	314,836,314	-	-	-	-	-	-
- Secured portion with guarantee etc	-	94,258,636	-	-	-	-	-	-
C. Net book value of impaired assets	-	123,658,336	-	-	-	-	-	-
- Past due (gross book value)	-		-	-	-	-	-	-
- Impairment (-)	-	(123,517,222)	-	-	-	-	-	-
- 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)

Credit risk management (cont'd)

Credit risks exposed in terms of financial instruments

31 December 2023	Receivables				Deposits at Banks	Other Cash Equivalents	Financial Investments	Derivative Instruments
	Trade Receivables		Other Receivables					
	Related Party	Other Party	Related Party	Other Party				
Maximum credit risk exposed as of reporting date (A+B+C+D) (*)	33,929,541	3,458,209,768	1,716,965,138	14,559,111	5,137,474,110	180,654,471	1,117,105,252	-
- Secured portion of the maximum risk with guarantee etc (**)	-	1,164,166,516	-	-	-	-	-	-
A. Financial assets not past due nor impaired instruments	33,929,541	3,277,520,065	1,716,965,138	14,559,111	5,137,474,110	180,654,471	1,117,105,252	-
B. Assets past due but not impaired	-	180,548,589	-	-	-	-	-	-
- Secured portion with guarantee etc	-	95,729,503	-	-	-	-	-	-
C. Net book value of impaired assets	-	144,722,451	-	-	-	-	-	-
- Past due (gross book value)	-	-	-	-	-	-	-	-
- Impairment (-)	-	(144,581,337)	-	-	-	-	-	-
- 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)

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>31 March 2024</u>	<u>31 December 2023</u>
	<u>Trade</u>	<u>Trade</u>
	<u>Receivables</u>	<u>Receivables</u>
1-30 days overdue	135,739,979	45,178,703
1-3 months overdue	136,900,850	84,334,919
3-12 months overdue	42,054,373	49,914,732
1-5 years overdue	123,799,448	145,842,686
Total overdue receivables	<u>438,494,650</u>	<u>325,271,040</u>
Secured portion with guarantee etc.	<u>94,399,750</u>	<u>95,870,617</u>

Provisions were set aside for TL 123,517,222 of the overdue receivables, as of balance sheet date (31 December 2023: TL 144,581,337). The guarantees received for the overdue trade receivables for which no provisions were set aside are as follows:

	<u>31 March</u>	<u>31 December</u>
	<u>2024</u>	<u>2023</u>
Guarantee letters	<u>94,399,750</u>	<u>95,870,617</u>
	<u>94,399,750</u>	<u>95,870,617</u>

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

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.

31 March 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	13,507,323,007	16,886,403,257	5,529,973,931	9,976,944,271	1,379,485,055
Trade payables	984,744,878	984,744,878	727,291,531	257,453,347	-
Payables related to employee benefits	110,651,492	110,651,492	74,775,783	35,875,709	-
Other payables	910,224,853	970,324,733	798,026,349	50,018,056	122,280,328
	15,512,944,230	18,952,124,360	7,130,067,594	10,320,291,383	1,501,765,383
Derivative financial liabilities					
Derivative cash inflows	(1,035,913)	154,550,550	-	363,210,750	-
Derivative cash outflows	-	(172,725,000)	-	387,667,000	-
	(1,035,913)	(18,174,450)	-	750,877,750	-

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	16,610,656,901	19,584,231,839	5,118,779,060	13,072,197,454	1,393,255,325
Trade payables	1,610,981,597	1,610,981,597	1,334,646,341	276,335,256	-
Payables related to employee benefits	93,547,265	93,547,265	19,094,266	74,452,999	-
Other payables	1,001,854,614	1,124,534,409	392,524,687	603,190,934	128,818,788
	19,317,040,377	22,413,295,110	6,865,044,354	14,026,176,643	1,522,074,113
Derivative financial liabilities					
Derivative cash inflows	(2,056,343)	177,831,463	-	177,831,463	-
Derivative cash outflows	-	(198,743,643)	-	(198,743,643)	-
	(2,056,343)	(20,912,180)	-	(20,912,180)	-

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

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.

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:

	31 March 2024		
	TL Equivalent (Fuctional currency)	US Dollar	Euro
Trade Receivable	146,351,720	4,533,062	-
Monetary Financial Assets	1,696,230,647	52,512,940	23,831
Non-Monetary Financial Assets	21,620,738	487,369	169,122
Other	1,183,278,200	-	34,000,000
CURRENT ASSETS	3,047,481,304	57,533,371	34,192,953
Non-Monetary Financial Assets	-	-	-
NON-CURRENT ASSETS	-	-	-
TOTAL ASSETS	3,047,481,304	57,533,371	34,192,953
Financial Liabilities	752,249,820	23,300,000	-
Trade Payables	566,547,518	16,285,494	1,171,297
CURRENT LIABILITIES	1,318,797,338	39,585,494	1,171,297
Financial Liabilities	958,876,380	29,700,000	-
NON-CURRENT LIABILITIES	958,876,380	29,700,000	-
TOTAL LIABILITIES	2,277,673,718	69,285,494	1,171,297
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	769,807,587	(11,752,123)	33,021,656
Fair value of financial instruments used for foreign currency hedging	-	-	-
Amounts of hedged portion of foreign currency assets	-	-	-
Export	130,005,408	4,123,827	-
Import	327,696,120	9,822,509	748,093

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

Foreign currency risk management (cont'd)

	31 December 2023		
	TL Equivalent (Fuctional currency)	US Dollar (*)	Euro (*)
Trade Receivable	67,078,265	1,980,307	-
Monetary Financial Assets	1,669,870,819	49,201,455	87,690
Non-Monetary Financial Assets	95,127,980	2,437,659	335,052
Other	1,274,664,732	9,465	34,000,000
CURRENT ASSETS	3,106,741,796	53,628,886	34,422,742
Non-Monetary Financial Assets	-	-	-
NON-CURRENT ASSETS	-	-	-
TOTAL ASSETS	3,106,741,796	53,628,886	34,422,742
Financial Liabilities	450,506,372	13,300,000	-
Trade Payables	531,014,133	14,597,756	975,150
CURRENT LIABILITIES	981,520,505	27,897,756	975,150
Financial Liabilities	1,006,017,989	29,700,000	-
NON-CURRENT LIABILITIES	1,006,017,989	29,700,000	-
TOTAL LIABILITIES	1,987,538,494	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	1,119,203,302	(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	229,400,438	8,768,519	2,061
Import	3,084,478,827	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)

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.

	31 March 2024	
	Profit / Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
In case USD appreciates 10% against TL		
Net asset/liability of USD	(37,942,199)	37,942,199
Portion hedged from USD risk (-)	-	-
USD net effect	(37,942,199)	37,942,199
In case EUR appreciates 10% against TL		
Net asset/liability of EUR	114,922,958	(114,922,958)
Portion hedged from EUR risk (-)	-	-
EUR net effect	114,922,958	(114,922,958)
TOTAL	76,980,759	(76,980,759)

	31 December 2023	
	Kar / Zarar	
	Yabancı paranın değer kazanması	Yabancı paranın değer kaybetmesi
In case USD appreciates 10% against TL		
Net asset/liability of USD	(13,443,618)	13,443,618
Portion hedged from USD risk (-)	-	-
USD net effect	(13,443,618)	13,443,618
In case EUR appreciates 10% against TL		
Net asset/liability of EUR	125,363,948	(125,363,948)
Portion hedged from EUR risk (-)	-	-
EUR net effect	125,363,948	(125,363,948)
TOTAL	111,920,330	(111,920,330)

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.

Price risk

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

HEKTAŞ GROUP

NOT REVIEWED NOTES TO FINANCIAL STATEMENTS AS OF 31 MARCH 2024 AND FOR THE PERIOD THEN ENDED

(Amounts expressed in TL based on the purchasing power of the Turkish Lira ("TL") as of 31 March 2024, unless otherwise stated).

22. FINANCIAL INSTRUMENTS

Fair value measurements hierarchy table

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

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

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

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

Classification and fair value of financial instruments

31 March 2024	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
<u>Financial assets</u>					
Cash and cash equivalents	3,678,706,822	-	-	-	3
Trade receivables	1,737,349,256	-	-	-	7a
Financial investments	-	-	1,062,110,878	-	4
Derivative instruments	-	-	1,007,967	-	5
<u>Financial liabilities</u>					
Financial liabilities	-	-	-	13,507,323,007	6
Trade payables	-	-	-	984,744,878	7b
Payables related to employee benefits	-	-	-	110,651,492	
Derivative instruments	-	-	2,043,880	-	5
Other payables	-	-	-	910,224,853	8b
31 December 2023	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
<u>Financial assets</u>					
Cash and cash equivalents	5,318,442,616	-	-	-	3
Trade receivables	3,492,139,309	-	-	-	7a
Financial investments	-	-	1,117,105,252	-	4
Derivative instruments	-	-	-	-	5
<u>Financial liabilities</u>					
Financial liabilities	-	-	-	16,610,656,901	6
Trade payables	-	-	-	1,610,981,597	7b
Payables related to employee benefits	-	-	-	93,547,265	
Derivative instruments	-	-	2,056,343	-	5
Other payables	-	-	-	1,001,854,614	8b

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

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

Fair values of financial instruments

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

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

HEKTAŞ GROUP

NOT REVIEWED NOTES TO FINANCIAL STATEMENTS AS OF 31 MARCH 2024 AND FOR THE PERIOD THEN ENDED

(Amounts expressed in TL based on the purchasing power of the Turkish Lira (“TL”) as of 31 March 2024, unless otherwise stated).

23. EVENTS AFTER THE REPORTING DATE

According to the Material Disclosure of the Group on 9 May 2024 on the Public Disclosure Platform;

“The decisions taken at the Ordinary General Assembly Meeting held on 26 April 2024 were registered by the Gebze Trade Registry Office on 9 May 2024.”