

**(CONVENIENCE TRANSLATION OF CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

**HEKTAŞ TİCARET TRK ANONİM ŐİRKETİ (“Hektaş” or “the Company”)
AND SUBSIDIARIES (“Hektaş Group” or “the Group”)**

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD
AS OF 30 JUNE 2021 AND INDEPENDENT AUDITOR’S REVIEW REPORT**

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

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

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

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Hektaş Ticaret Türk Anonim Şirketi (the “Company”) and its subsidiaries (together will be referred as the “Group”) as of 30 June 2021 and the related condensed consolidated interim statements of profit or loss and other comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows and other explanatory notes for the six-month period then ended (“condensed consolidated interim financial information”). Group management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with Turkish Accounting Standard 34 “Interim Financial Reporting” (“TAS 34”). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

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

Other Matter

Group’s consolidated financial statements for the year ended 31 December 2020 and consolidated condensed interim financial information for the six-month period then ended 30 June 2020 were audited and reviewed by another auditor who expressed an unqualified opinion and unqualified conclusion on 4 February 2021 and 13 August 2020, respectively.

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

Nazlı İvak, SMMM
Partner

İstanbul, 10 August 2021

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HEKTAŞ GROUP**REVIEWED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE INTERIM PERIOD AS OF 30 JUNE 2021**

(All amounts are indicated in Turkish Lira ("TL").)

	Notes	Current Period	Prior Period
		Reviewed	Audited
		30 June 2021	31 December 2020
ASSETS			
Current Assets		2,486,410,663	1,459,883,213
Cash and Cash Equivalents	3	447,298,272	70,222,264
Trade Receivables	6a	1,235,705,844	751,740,136
<i>Due from Related Parties</i>	19	1,240,246	1,005,511
<i>Due from Third Parties</i>		1,234,465,598	750,734,625
Other Receivables	7a	5,756,728	22,024,438
<i>Due from Third Parties</i>		5,756,728	22,024,438
Derivative Instruments	4	68,693,971	48,868,820
Inventories	8	517,866,107	412,652,528
Prepaid Expenses		158,301,101	121,646,087
Assets Related to Current Period Tax	12	938,072	583,486
Other Current Assets		51,850,568	32,145,454
Non-Current Assets		626,327,698	573,775,431
Trade Receivables	6a	945,627	-
Other Receivables	7a	611,951	446,428
Investment Properties		4,837,847	5,221,772
Property, Plant and Equipment	9	426,656,147	393,352,539
Intangible Assets		118,896,202	116,704,435
<i>Goodwill</i>	11	69,369,257	69,369,257
<i>Other</i>	10	49,526,945	47,335,178
Right-of-Use Assets		23,323,281	28,103,776
Prepaid Expenses		22,920,900	-
Deferred Tax Assets	17	28,135,743	29,946,481
TOTAL ASSETS		3,112,738,361	2,033,658,644

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

HEKTAŞ GROUP

REVIEWED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE INTERIM PERIOD AS OF 30 JUNE 2021

(All amounts are indicated in Turkish Lira ("TL").)

		Current Period	Prior Period
		Reviewed	Audited
		30 June	31 December
	Notes	2021	2020
LIABILITIES			
Current Liabilities		1,717,622,881	1,161,648,716
Short-term Borrowings	5	1,397,985,042	878,061,599
Lease Liabilities	5	7,574,566	16,398,374
Trade Payables	6b	263,786,102	217,457,232
<i>Due to Related Parties</i>	<i>19</i>	<i>9,564,635</i>	<i>6,033,082</i>
<i>Due to Third Parties</i>		<i>254,221,467</i>	<i>211,424,150</i>
Payables Related to Employee Benefits		11,734,880	13,350,691
Other Payables	7b	27,976,907	27,998,315
<i>Due to Related Parties</i>		<i>10,076,208</i>	<i>7,827,733</i>
<i>Due to Third parties</i>		<i>17,900,699</i>	<i>20,170,582</i>
Derivative Instruments	4	-	485,728
Deferred Income		2,038,602	2,997,040
Current Tax Liabilities	17	837,200	227,555
Short-Term Provisions	13a	5,689,582	4,672,182
<i>Related to Employee Benefits</i>		<i>5,091,675</i>	<i>3,777,817</i>
<i>Other</i>		<i>597,907</i>	<i>894,365</i>
Non-Current Liabilities		196,513,091	174,979,114
Long-Term Borrowings	5	160,213,102	145,563,600
Lease Liabilities	5	16,777,355	11,883,873
Long-Term Provisions		13,393,926	11,161,823
<i>Related to Employee Benefits</i>	<i>13b</i>	<i>13,393,926</i>	<i>11,161,823</i>
Deferred Tax Liabilities	17	6,128,708	6,369,818
EQUITY			
Equity		1,198,602,389	697,030,814
Paid-in Capital		860,000,000	227,571,100
Share Issue Premium/Discounts		5,203,762	2,256,362
Accumulated Other Comprehensive Income/(Expenses) to be Reclassified in Profit or Loss		7,514,466	8,541,316
<i>-Hedging Profit (Loss)</i>		<i>7,514,466</i>	<i>8,541,316</i>
Accumulated Other Comprehensive Income/(Expenses) not to be Reclassified in Profit or Loss		(4,324,785)	(2,871,565)
<i>-Defined Benefit Plans Remeasurement Losses</i>		<i>(4,324,785)</i>	<i>(2,871,565)</i>
Restricted Reserves Appropriated from Profit		46,485,140	38,087,444
Retained Earnings		179,561,705	235,115,190
Net Profit/Loss for the Period		104,162,101	188,330,967
TOTAL LIABILITIES AND EQUITY		3,112,738,361	2,033,658,644

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

HEKTAŞ GROUP

REVIEWED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2021

(All amounts are indicated in Turkish Lira ("TL").)

			Current Period	Current Period	Prior Period	Prior Period
			Reviewed	Not Reviewed	Reviewed	Not Reviewed
			1 January- 30 June 2021	1 April- 30 June 2021	1 January- 30 June 2020	1 April- 30 June 2020
Notes						
PROFIT OR LOSS						
Revenue	14a		897,721,406	461,162,012	474,009,819	204,103,465
Cost of Sales (-)	14b		(619,265,404)	(324,474,978)	(310,676,041)	(138,497,025)
GROSS PROFIT/LOSS			278,456,002	136,687,034	163,333,778	65,606,440
General Administrative Expenses			(33,521,263)	(18,848,413)	(20,059,429)	(9,948,264)
Marketing, Sales and Distribution Expenses (-)			(36,159,690)	(20,230,505)	(23,279,919)	(11,850,992)
Research and Development Expenses (-)			(12,780,393)	(7,278,820)	(8,163,670)	(4,135,463)
Other Operating Income	15		3,188,032	1,003,686	1,649,218	(5,909,168)
Other Operating Expenses (-)	16		(34,566,419)	(10,479,437)	(2,087,249)	(858,539)
OPERATING PROFIT/LOSS			164,616,269	80,853,545	111,392,729	32,904,014
Income from Investing Activities			991,737	735,199	282,768	141,384
Expenses from Investing Activities (-)			(70,302)	(38,649)	(31,880)	(15,940)
OPERATING PROFIT/LOSS BEFORE FINANCE EXPENSE			165,537,704	81,550,095	111,643,617	33,029,458
Finance Income (+)			43,158,251	20,823,400	4,696,536	2,190,667
Finance Expense (-)			(101,872,973)	(63,168,274)	(39,362,709)	(24,083,945)
PROFIT/LOSS BEFORE TAX FROM CONTINUING OPERATIONS			106,822,982	39,205,221	76,977,444	11,136,180
Tax Income / (Expense) Due to Continuing Operations			(2,660,881)	(10,094,807)	3,465,377	1,733,107
Tax Expense for the Period	17		(837,200)	(756,572)	(123,834)	(57,287)
Deferred Tax Income	17		(1,823,681)	(9,338,235)	3,589,211	1,790,394
PROFIT/LOSS FOR THE PERIOD			104,162,101	29,110,414	80,442,821	12,869,287
Earnings per share						
A Hundred Ordinary Stock (TL)	18		0.22		0.17	
OTHER COMPREHENSIVE INCOME / (EXPENSE):						
Items That will not be Reclassified Subsequently to Profit or Loss:			(1,453,220)	(1,453,220)	(1,227,647)	(1,227,647)
Gain/Loss on Remeasurement of Defined Benefit Plan	13b		(1,816,525)	(1,816,525)	(1,573,906)	(1,573,906)
Tax Effect of Gain/Loss on Remeasurement of Defined Benefit Plans			363,305	363,305	346,259	346,259
Items that will be Reclassified Subsequently to Profit or Loss:			(1,026,850)	(7,470,960)	495,006	(1,049,690)
Fair Value Gain/Loss on Financial Liabilities Attributable to Changes in Credit Risk			(917,598)	(8,972,734)	634,624	(1,345,755)
Tax Effect of Fair Value Gain/Loss on Financial Liabilities Attributable to Changes in Credit Risk			(109,252)	1,501,774	(139,618)	296,065
OTHER COMPREHENSIVE INCOME / (EXPENSE)			(2,480,070)	(8,924,180)	(732,641)	(2,277,337)
TOTAL COMPREHENSIVE INCOME			101,682,031	20,186,234	79,710,180	10,591,950

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

HEKTAŞ GROUP

REVIEWED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2021

(All amounts are indicated in Turkish Lira (“TL”).)

			Accumulated Other Comprehensive Income and Expenses not to be Reclassified in Profit or Loss	Accumulated Other Comprehensive Income to be Reclassified in Profit or Loss				
	Paid-in Capital	Share Issue Premiums / Discounts	Accumulated Remeasurement Profits/Losses of Defined Benefit Plans	Hedging Profit/Loss	Restricted Reserves Appropriated from Profit	Retained Earnings	Net Profit / Loss for the Period	Equity
Balances as of 1 January 2020 (Beginning of Period)	227,571,100	2,256,362	(2,571,750)	-	30,759,303	103,784,236	145,571,250	507,370,501
Transfers	-	-	-	-	7,328,141	138,243,109	(145,571,250)	-
Total Comprehensive Income / (Expense)	-	-	(1,227,647)	495,006	-	-	80,442,821	79,710,180
Dividends	-	-	-	-	-	(6,912,155)	-	(6,912,155)
Balance as of 30 June 2020 (End of Period)	227,571,100	2,256,362	(3,799,397)	495,006	38,087,444	235,115,190	80,442,821	580,168,526
Balances as of 1 January 2021 (Beginning of Period)	227,571,100	2,256,362	(2,871,565)	8,541,316	38,087,444	235,115,190	188,330,967	697,030,814
Transfers	-	-	-	-	8,397,696	179,933,271	(188,330,967)	-
Total Comprehensive Income / (Expense)	-	-	(1,453,220)	(1,026,850)	-	-	104,162,101	101,682,031
Capital Increase	632,428,900	2,947,400	-	-	-	(232,428,900)	-	402,947,400
Dividends	-	-	-	-	-	(3,057,856)	-	(3,057,856)
Balance as of 30 June 2021 (End of Period)	860,000,000	5,203,762	(4,324,785)	7,514,466	46,485,140	179,561,705	104,162,101	1,198,602,389

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

HEKTAŞ GROUP

REVIEWED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE INTERIM PERIOD 1 JANUARY – 30 JUNE 2021

(All amounts are indicated in Turkish Lira (“TL”).)

		<u>Current Period</u> <u>Reviewed</u> 1 January- 30 June 2021	<u>Prior Period</u> <u>Reviewed</u> 1 January- 30 June 2020
	<u>Notes</u>		
CASH FLOWS FROM OPERATING ACTIVITIES		(363,888,000)	(144,700,408)
Profit/Loss for the Period		104,162,101	80,442,821
Adjustments Related to Reconciliation of Net Profit/Loss of the Period		112,056,850	63,223,412
Adjustments Related to Depreciation and Amortization Expense		18,302,034	11,497,842
Adjustments / (Reversal) Related to Impairment		17,273	(1,076,133)
- Adjustments Related to Impairment for Receivables	6a	17,273	-
- Adjustments Related to Impairment for Inventories	8	-	(1,076,133)
Adjustments / (Reversal) Related to Provisions		2,473,899	20,303,628
-Provisions Related to Employee Benefits		2,770,357	2,216,156
- Provision for / (Reversal of) Legal Cases	13a	(296,458)	213,065
-Provision for Turnover Premium		-	17,874,407
Adjustments Related to Interest (Income)/Expenses		89,104,838	35,963,452
- Adjustments Related to Interest Income		(10,462,014)	(1,168,831)
- Adjustments Related to Interest Expenses		99,566,852	37,132,283
Adjustments Related to Tax Expense	17	2,660,881	(3,465,377)
Adjustments Related to Profit/Loss arising from Disposal of Fixed Assets		(502,075)	-
Changes in working capital		(588,621,234)	(256,319,101)
Adjustments Related to Increase/Decrease in Trade Receivables		(484,959,870)	(181,245,265)
Adjustments Related to Increase/Decrease in Other Receivables Regarding Operations		(39,902,010)	(48,814,555)
Adjustments Related to Increase/Decrease in Inventories		(105,213,579)	(64,974,625)
Adjustments Related to Increase/Decrease in Trade Payables		46,328,870	21,073,609
Increase/(Decrease) in Payables Related to Employee Benefits		(1,615,811)	1,368,105
Adjustments Related to Increase/Decrease in Other Payables Regarding Operations		(3,258,834)	16,273,630
Cash Flows Generated from Operations		8,514,283	(32,047,540)
Interest Received		10,462,014	1,168,831
Payments Made for Provision for Employee Benefits	13	(1,040,921)	(352,942)
Collections from Doubtful Receivables	6a	31,262	-
Tax Payments>Returns		(938,072)	(32,863,429)
CASH FLOWS ARISING FROM INVESTMENT ACTIVITIES		(71,051,812)	(90,434,002)
Cash Outflows Due to Purchasing Third Parties Shares or Borrowing Instruments		-	(44,054,179)
Cash Inflows Due to Disposal of Property, Plant and Equipment and Intangible Assets		638,098	1,193
- Cash Inflows Due to Disposal of Property, Plant and Equipment		635,177	1,193
- Cash Inflows Due to Disposal of Intangible Assets	16	2,921	-
Cash Outflows Arising from Acquisition of Property, Plant and Equipment and Intangible Assets		(48,769,010)	(46,303,155)
- Cash Outflows Due to Acquisition of Property, Plant and Equipm.	9	(47,151,383)	(46,247,667)
- Cash Outflows Due to Acquisition of Intangible Assets	10	(1,617,627)	(55,488)
Cash Outflows from Acquisition of Investment Properties		-	(77,861)
Advances and payables given		(22,920,900)	-
CASH FLOWS FROM FINANCING ACTIVITIES		811,949,678	126,189,733
Cash Inflows from Borrowings	5	860,969,593	1,519,283,049
Cash Outflows from Payments of Borrowings	5	(370,441,678)	(1,353,998,177)
Interest Paid	5	(74,888,829)	(34,128,096)
Cash Outflows Related to Debt Payments Arising from Leasing Contr	5	(5,791,797)	(4,747,244)
Paid Capital Increase		402,947,400	-
Dividends Paid		(845,011)	(219,799)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		377,009,866	(108,944,677)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	3	70,216,919	176,941,069
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	3	447,226,785	67,996,392

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

HEKTAŞ GROUP

NOTES TO REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021

(All amounts are indicated in Turkish Lira ("TL").)

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 58.8 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. It 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 manufacturing, finance and service sectors. Detailed information about OYAK is available on its official web site(www.oysak.com.tr).

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

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

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 and has a capital of TL 15,750,000.

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.

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 Bor district of Niğde. Its capital is in the amount of TL 2,000,000.

Within the registered capital ceiling of 1,000,000,000 TL, our company's paid-in capital of 227,571,100.14 TL was increased to 860,000,000 TL, 400,000,000 TL of this amount was paid in cash and 232,428,899.86 of this amount was made from internal sources, without any payment and was registered in Gebze Trade Registry on 21 June 2021. After the capital increase, the shareholding rate of Ordu Yardımlaşma Kurumu increased to 58,8%.

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

As of 30 June 2021, the number of employees of the Group is 595 in total, 201 of them being blue-collar and 394 being white-collar (31 December 2020: 529 employees).

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

HEKTAŞ GROUP

NOTES TO REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021 (All amounts are indicated in Turkish Lira ("TL").)

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

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

	Types and Fields of Activity
Takimsan Tarım Kimya Sanayi ve Ticaret Anonim Şirketi ("Takimsan")	Production, import and marketing of pesticides
Çantaş Çankırı Tuz Ürünleri Üretim ve Dağıtım Anonim Şirketi ("Çantaş")	Inactive
Ferbis	Production, import and marketing of pesticides
Areo	To carry out all kinds of seed production and development activities, to establish greenhouses and specially equipped areas for this
Sunset	Wholesale and retail trade of all kinds of pesticides, production, import and export, marketing in domestic and foreign markets

Details of the Company's subsidiaries and its financial investments as of 30 June 2021 and 31 December 2020 are as follows:

Title of the Company	Operation Location	Functional currency	Capital Share rate and voting right (%) of the Group	
			30 June 2021	31 December 2020
Subsidiaries				
Takimsan	Kocaeli	TL	99.78	99.78
Ferbis	Niğde	TL	100.00	100.00
Areo	Antalya	TL	100.00	100.00
Sunset	Niğde	TL	100.00	100.00
Financial investments				
Çantaş	Çankırı	TL	0.37	0.37

Due to the limited activity of Çantaş, the cost of shares do not represent their realizable values. Therefore, these shares are fully written off.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance with TFRS

The Company and its Turkish subsidiaries maintain their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code and tax legislation.

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 developed based on the "Financial Statement Examples and User Guide" announced by the POA published in the Official Gazette dated 7 June 2019 and numbered 30794.

The Group has prepared its interim consolidated financial statements as of 30 June 2021 by preferring condensed presentation in accordance with TAS 34 "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 should be read together with the Group's consolidated financial statements as of 31 December 2020.

HEKTAŞ GROUP

NOTES TO REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021

(All amounts are indicated in Turkish Lira ("TL").)

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

2.1 Basis of Presentation (cont'd)

Approval of consolidated financial statements:

The condensed consolidated financial statements were approved by the Board of Directors of on 10 August 2021. 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 consolidated financial statements are presented in TL, which is the functional currency of the Group. All financial information presented in TL, unless otherwise stated.

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 rearranged. No material changes have occurred in the Group's accounting estimations within the current year.

2.4 Significant accounting judgements, estimates and assumptions

In the preparation of consolidated financial statements, the Group Management must make assumptions and estimations that determine the income and expense accounts as of the reporting period and the liabilities and commitments that may take place as of the reporting date, which would affect the reported asset and liability amounts. Actual results may differ from the estimations and assumptions. These estimations and assumptions are regularly reviewed and corrections are reflected in the operating result of the related period, if there is need for correction.

Interpretations which may significantly affect the amounts reflected in consolidated financial statements and the important assumptions and evaluations made by considering the actual sources of the estimations which exist on the reporting date or which may occur in the future are provided below:

The allowance for doubtful receivables reflect the amounts that the Group management believes to cover the future losses pertaining to receivables which exist as of the reporting date, but which are under the risk of not being collectible under the current economic circumstances. In the determination of whether the receivables are impaired, the historical performances of the debtors other than related parties and key customers, their credibilities in the market, guarantees obtained, their performances from the balance sheet date until the date of approval of the financial statements and the renegotiated conditions are taken into account. The Group's allowance for doubtful receivables as of the related reporting dates are provided in the Note 6. Actual results may differ from the assumptions.

The Group management made various assumptions in line with the experiences of the technical team, especially in determining the 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 13a).

In the calculation of provision for employment termination benefits 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 13b.

In the calculation of the allowance for value loss in inventory, the Group makes various assumptions such as estimated sales price, estimated completion costs and the estimated costs required to perform sales (Note 8). Actual results may differ from the assumptions.

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NOTES TO REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021 (All amounts are indicated in Turkish Lira ("TL").)

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

2.4 Summary of significant accounting judgements, estimates and assumptions (cont'd)

The Group performs impairment test on goodwill 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 11). The value in use amount 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, accompanying consolidated financial statements may be affected.

2.5 Significant changes related to current period

Necessary actions have been taken by the Group management to minimize the possible effects of the ongoing COVID-19 on the Group's activities and financial situation. The Group's production activities have not been stopped during the pandemic.

While preparing its interim consolidated financial statements as of 30 June 2021, the Group evaluated the possible effects of the ongoing COVID19 outbreak on its financial statements and reviewed the estimates and assumptions used in the preparation of the condensed consolidated financial statements. In this context, the Group has evaluated the possible impairments in the values of trade receivables, inventories, tangible fixed assets and investment properties in the interim condensed consolidated financial statements dated 30 June 2021 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.

2.7 Comparative Information and Restatement of Previous Periods' Financial Statements

The Group's condensed consolidated financial statements are prepared in comparison with the previous period in order to allow the determination of financial status and performance trends. In order to comply with the current period presentation of the condensed consolidated financial statements, the comparative information is reclassified and material differences are disclosed, when deemed necessary.

2.8 Summary of significant accounting policies

New and Revised Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2021

Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 Interest Rate Benchmark Reform — Phase 2

The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

The amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 are all effective for annual periods beginning on or after 1 January 2021. Early application is permitted.

The Group assessed that the adoption of this amendment does not have any effect on the Group's consolidated financial statements.

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NOTES TO REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021

(All amounts are indicated in Turkish Lira ("TL").)

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

2.8 Summary of significant accounting policies (cont'd)

New and Revised Turkish Financial Reporting Standards (cont'd)

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

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

TFRS 17	<i>Insurance Contracts</i>
Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to TAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to TAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to TFRS Standards 2018 – 2020	<i>Amendments to TFRS 1, TFRS 9 and TAS 41</i>
Amendments to TFRS 4	<i>Extension of the Temporary Exemption from Applying TFRS 9</i>
Amendments to TFRS 16	<i>Continuing Concessions in Rent Payments Related to COVID-19 After 30 June 2021</i>

TFRS 17 Insurance Contracts

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 Insurance Contracts as of 1 January 2023.

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.

Amendment defers the effective date by one year. Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TFRS 3 Reference to the Conceptual Framework

The amendments update an outdated reference to the Conceptual Framework in TFRS 3 without significantly changing the requirements in the standard.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Amendments to TAS 16 Property, Plant and Equipment - Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

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NOTES TO REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021 (All amounts are indicated in Turkish Lira (“TL”).)

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

2.8 Summary of significant accounting policies (cont’d)

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

b) New and revised TFRSs in issue but not yet effective (cont’d)

Amendments to TAS 37 Onerous Contracts - Cost of Fulfilling a Contract

With the amendment in TAS 37, it is ensured that the estimated contract fulfillment costs consist of both the variable costs incurred to fulfill the contract and the amounts distributed from other costs directly related to the fulfillment of the contract in order to determine whether the contract is an economically disadvantaged contract.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Annual Improvements to TFRS Standards 2018 - 2020

Amendments to TFRS 1 First time adoption of Turkish Financial Reporting Standards

The amendment permits a subsidiary that applies paragraph D16(a) of TFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to TFRSs.

Amendments to TFRS 9 Financial Instruments

The amendment clarifies which fees an entity includes in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.

Amendments to TAS 41 Agriculture

The amendment removes the requirement in paragraph 22 of TAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in TFRS 13.

The amendments to TFRS 1, TFRS 9, and TAS 41 are all effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to TFRS 4 Extension of the Temporary Exemption from Applying TFRS 9

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 Insurance Contracts from applying TFRS 9 Financial Instruments, so that entities would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2023.

Amendments to TFRS 16 COVID-19 Related Rent Concessions beyond 30 June 2021

Public Oversight Accounting and Auditing Standards Authority (“POA”) has published *COVID-19 Related Rent Concessions beyond 30 June 2021 (Amendment to TFRS 16)* that extends, by one year, the June 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification.

On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021. Since lessors continue to grant COVID-19 related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the POA decided to extend the time period over which the practical expedient is available for use.

This new change will be applied by tenants for annual accounting periods beginning on or after April 1, 2021, but early application is permitted.

The possible effects of the aforementioned standards, amendments and improvements on the consolidated financial position and performance of the Group are being evaluated.

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NOTES TO REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021

(All amounts are indicated in Turkish Lira ("TL").)

3. CASH AND CASH EQUIVALENTS

	30 June 2021	31 December 2020
Cash on hand	85,548	57,916
Cash at banks	432,311,100	61,897,003
<i>Demand deposits</i>	21,566,647	39,286,003
<i>Time deposits with a maturity of less than three months</i>	410,744,453	22,611,000
Other cash equivalents (*)	14,901,624	8,267,345
Cash and cash equivalents in consolidated statement of financial position	447,298,272	70,222,264
Less: interest accruals	(71,487)	(5,345)
Cash and cash equivalents for the statement of cash flows	447,226,785	70,216,919

As of 30 June 2021, the Group's time deposit amount in USD corresponds to TL 86,803,000 and the interest rates are 1.75 and 2.00 percent. (As of 31 December 2020, the Group's time deposit amount in USD corresponds to TL 14,681,000 and the interest rate is 3,25 per cent.).

As of 30 June 2021, the Group's time deposit amount in Euro corresponds to TL 98,241,424 and the interest rates are 0.85 and 1.75 percent (as of 31 December 2020, there is no Euro time deposit amount).

As of 30 June 2021 the Group's time deposit amount in TL corresponds to TL 225,700,029 and the interest rate is 19.10 percent (As of 31 December 2020, the Group's TL time deposit amount is TL 7,930,000 TL and the interest rates are 12.00 and 19.00 per cent).

(*) Other cash and cash equivalents consist of checks and promissory notes and credit card receivables due as of 30 June 2021 and 31 December 2020.

4. DERIVATIVE INSTRUMENTS

	30 June 2021		31 December 2020	
	Asset	Liability	Asset	Liability
Derivative instruments for fair value hedge:				
<i>Cross currency swap contracts</i>	68,693,971	-	48,868,820	-
<i>Interest rate swap contracts</i>	-	-	-	485,728
	68,693,971	-	48,868,820	485,728

Derivative instruments to hedge fair value risk

Details of the swap transactions designated as fair value hedge as of 30 June 2021 are as follows:

	Assets		Liabilities	
	Nominal Amount	Fair Value	Nominal Amount	Fair Value
<i>Cross currency swap contracts</i>				
<i>EUR Collection / TL Payment</i>	15,750,000	68,693,971	-	-
<i>Interest rate swap contracts</i>				
<i>Interest rate swap contracts</i>	-	-	-	-
	15,750,000	68,693,971	-	-

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NOTES TO REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021 (All amounts are indicated in Turkish Lira ("TL").)

4. DERIVATIVE INSTRUMENTS (cont'd)

Derivative instruments to hedge fair value risk (cont'd)

Details of the swap transactions designated as fair value hedge as of 31 December 2020 are as follows:

	Assets		Liabilities	
	Nominal Amount	Fair Value	Nominal Amount	Fair Value
Cross currency swap contracts				
<i>EUR Collection / TL Payment</i>	15,750,000	48,868,820	-	-
Interest rate swap contracts				
<i>Interest rate swap contracts</i>	-	-	57,000,000	485,728
	15,750,000	48,868,820	57,000,000	485,728

5. FINANCIAL LIABILITIES

	30 June 2021	31 December 2020
Short-Term Financial Liabilities		
Issued borrowing instruments	-	57,717,829
Bank loans	1,397,985,042	820,343,770
Lease liabilities	7,574,566	16,398,374
	<u>1,405,559,608</u>	<u>894,459,973</u>
Long-Term Financial Liabilities		
Bank loans	160,213,102	145,563,600
Lease liabilities	16,777,355	11,883,873
	<u>176,990,457</u>	<u>157,447,473</u>

Short-term Bank Loans:

Currency	Annual Interest Rate %	30 June 2021 Short-term
TL	7.50-20.00	1,395,403,817
EUR	3.00	2,581,225
		<u>1,397,985,042</u>
Currency	Annual Interest Rate %	31 December 2020 Short-term
TL	5.50-19.50	818,091,795
EUR	3.00	2,251,975
		<u>820,343,770</u>

HEKTAŞ GROUP**NOTES TO REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021**

(All amounts are indicated in Turkish Lira ("TL").)

5. FINANCIAL LIABILITIES (cont'd)**Details of the Short-term Debt Instruments Issued are as follows;**

Currency	Annual Interest Rate %	31 December 2020 Short-term
TL	21.31	57,717,829
		<u>57,717,829</u>

Details of Long-Term Bank Loans are as follows;

Currency	Annual Interest Rate %	30 June 2021 Long-term
TL	7.50	177,152
EUR	3.00	160,035,950
		<u>160,213,102</u>

Currency	Annual Interest Rate %	31 December 2020 Long-term
TL	7.50-20.00	5,941,150
EUR	3.00	139,622,450
		<u>145,563,600</u>

The maturities of bank loans and debt instruments issued are as follows:

	30 June 2021	31 December 2020
Payable in 1 year	1,397,985,042	878,061,599
Payable in 1-2 years	139,563,302	127,547,800
Payable in 2-3 years	20,649,800	18,015,800
	<u>1,558,198,144</u>	<u>1,023,625,199</u>

The maturities of lease liabilities are as follows;

	30 June 2021	31 December 2020
Payable in 1 year	7,574,566	16,398,374
Payable in 1-5 years	16,777,355	11,883,873
	<u>24,351,921</u>	<u>28,282,247</u>

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NOTES TO REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021 (All amounts are indicated in Turkish Lira ("TL").)

5. FINANCIAL LIABILITIES (cont'd)

The reconciliation of liabilities arising from financing activities as of 1 January - 30 June 2021 and 2020 is as follows;

	30 June 2021	30 June 2020
Financial liabilities as of 1 January	1,051,907,446	594,124,264
Cash inflow within the period	860,969,593	1,538,759,274
Payments within the period	(376,233,475)	(1,358,745,421)
Non-cash movements	21,228,478	23,166,791
Interest expenses	99,566,852	37,132,283
Interest paid	(74,888,829)	(34,128,096)
Effect of business combinations	-	16,205,506
	<u>1,582,550,065</u>	<u>816,514,601</u>

6. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables

Details of the Group's trade receivables as of 30 June 2021 and 31 December 2020 are as follows;

	30 June 2021	31 December 2020
Short-term trade receivables		
Trade receivables	984,620,271	475,501,613
Notes receivables	259,707,261	285,204,694
Trade receivables from related parties (Note 19)	1,240,246	1,005,511
Other trade receivables	105,017	9,258
Provision for doubtful trade receivables (-)	(9,966,951)	(9,980,940)
	<u>1,235,705,844</u>	<u>751,740,136</u>
Long-term trade receivables		
Notes receivable	945,627	-
	<u>945,627</u>	<u>-</u>

The aging of trade receivables as of 30 June 2021 and 31 December 2020 is as follows:

	30 June 2021	31 December 2020
Not overdue and impaired	1,199,733,489	711,299,796
Overdue for 1-30 days, not impaired	12,254,581	22,234,036
Overdue for 1-3 months, not impaired	10,092,471	17,469,398
Overdue for 3-12 months, not impaired	14,429,818	595,794
Overdue for 1-5 years, not impaired	141,112	141,112
	<u>1,236,651,471</u>	<u>751,740,136</u>

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

The average maturity applied by the Group for its sales is 227 days (31 December 2020: 224 days).

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NOTES TO REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021

(All amounts are indicated in Turkish Lira ("TL").)

6. TRADE RECEIVABLES AND PAYABLES (cont'd)

a) Trade Receivables (cont'd)

The provisions for doubtful receivables set for trade receivables were determined based on historical collection experience. The movement table of the provisions for doubtful trade receivables of the Group is as follows:

	1 January- 30 June 2021	1 January- 30 June 2020
Movement of provision for doubtful trade receivables		
Opening balance	9,980,940	3,869,133
Charge for the period	17,273	-
Collections/reversed provisions	(31,262)	-
Effect of business combinations	-	3,572,430
Closing balance	9,966,951	7,441,563

b) Trade Payables

Details of the Group's trade payables as of 30 June 2021 and 31 December 2020 are as follows:

	30 June 2021	31 December 2020
Short-term trade payables		
Trade payables	253,161,214	209,846,232
Trade payables to related parties (Note 19)	9,564,635	6,033,082
Accrued expenses	1,060,253	1,577,918
	263,786,102	217,457,232

The average payment maturity for the purchase of goods is 86 days in internal purchases (31 December 2020: 25 days) and 65 days in external purchases (31 December 2020: 71 days).

7. OTHER RECEIVABLES AND PAYABLES

a) Other Receivables

	30 June 2021	31 December 2020
Other Short-term Receivables		
Advance tax refund receivable	910	17,337,976
Refund receivable of special consumption tax (SCT)(*)	3,018,117	692,259
Deposits and guarantees given	384,498	245,834
Other VAT	2,353,203	3,748,369
	5,756,728	22,024,438

(*) 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 is fulfilled. The SCT amount requested to be refunded within this framework is TL 3,018,117 (31 December 2020: TL 692,259).

	30 June 2021	31 December 2020
Other Long-term Receivables		
Deposits and guarantees given	611,951	446,428
	611,951	446,428

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NOTES TO REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021 (All amounts are indicated in Turkish Lira ("TL").)

7. OTHER RECEIVABLES AND PAYABLES (continued)

b) Other Payables

	30 June 2021	31 December 2020
Other Short-term Payables		
Dividend payable (**)	10,076,208	7,827,733
Taxes and funds payable	3,327,427	6,077,630
Other miscellaneous liabilities (*)	14,573,272	14,092,952
	<u>27,976,907</u>	<u>27,998,315</u>

(*) 11,722,798 TL of the related balance is the discounted payables to the old shareholders' of Sunset.

(**) Consists of the portion of the previous years' and current year's dividend payments, which is not completed yet as of 30 June 2021 and 31 December 2020.

8. INVENTORIES

	30 June 2021	31 December 2020
Raw materials	216,777,289	145,795,528
Work in-progress	42,337,454	37,173,708
Finished goods	116,498,736	111,252,689
Trade goods	49,285,483	33,217,872
Other inventories (*)	92,967,145	85,212,731
	<u>517,866,107</u>	<u>412,652,528</u>

(*) As of 30 June 2021, TL 92,241,197 (31 December 2020: TL 85,212,731) of other inventories is comprised of goods in transit.

	1 January- 30 June 2021	1 January- 30 June 2020
Movement of allowance for impairment on inventory		
Opening balance	-	(1,076,133)
Charge for the period	-	-
Provisions used/released	-	1,076,133
Closing balance	<u>-</u>	<u>-</u>

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NOTES TO REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021

(All amounts are indicated in Turkish Lira ("TL").)

9. PROPERTY, PLANT AND EQUIPMENT

a) Property, Plant and Equipment

Cost Value	Lands	Land improvements	Buildings	Plant, machinery and equipment	Vehicles	Furniture and fixtures	Construction in progress	Total
Opening balance as of 1 January 2021	483,163	12,704,832	55,775,203	74,308,695	3,945,707	26,430,911	269,998,578	443,647,089
Additions	-	522,000	1,386,264	7,653,162	2,668,303	6,685,249	28,236,405	47,151,383
Disposals	-	-	-	(35,089)	(281,189)	(161,931)	-	(478,209)
Transfers (*)	-	856,653	1,727,076	75,827,767	-	769,248	(82,139,798)	(2,959,054)
Closing balance as of 30 June 2021	483,163	14,083,485	58,888,543	157,754,535	6,332,821	33,723,477	216,095,185	487,361,209
<u>Accumulated Depreciation</u>								
Opening balance as of 1 January 2021	-	(5,374,538)	(14,504,889)	(18,749,578)	(988,569)	(10,676,976)	-	(50,294,550)
Charge for the period	-	(305,691)	(806,361)	(7,246,065)	(346,316)	(2,051,186)	-	(10,755,619)
Disposals	-	-	-	5,124	229,111	110,872	-	345,107
Closing balance as of 30 June 2021	-	(5,680,229)	(15,311,250)	(25,990,519)	(1,105,774)	(12,617,290)	-	(60,705,062)
Carrying value as of 30 June 2021	483,163	8,403,256	43,577,293	131,764,016	5,227,047	21,106,187	216,095,185	426,656,147

(*) TL 3,279,993 of the construction in progress was transferred to intangible assets (Note 10). The remaining amount of TL 320,939 was transferred from investment properties to construction in progress.

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NOTES TO REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021

(All amounts are indicated in Turkish Lira ("TL").)

9. 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 2020	483,163	11,251,310	31,785,164	46,106,598	2,305,386	17,844,505	128,360,300	238,136,426
Effect of business combinations (**)	-	-	76,001	1,716,993	195,548	392,691	-	2,381,233
Additions	-	4,607	271,700	8,922,290	1,377,304	1,290,500	34,381,266	46,247,667
Disposals	-	-	-	(98,863)	(27,717)	(65,650)	-	(192,230)
Transfers (*)	-	1,448,914	1,433,057	8,629,747	-	10,188	(16,035,362)	(4,513,456)
Closing balance as of 30 June 2020	483,163	12,704,831	33,565,922	65,276,765	3,850,521	19,472,234	146,706,204	282,059,640
<u>Accumulated Depreciation</u>								
Opening balance as of 1 January 2020	-	(4,915,839)	(13,471,806)	(13,936,822)	(374,699)	(8,004,852)	-	(40,704,018)
Effect of business combinations (**)	-	-	(45,600)	(1,406,233)	(157,878)	(264,953)	-	(1,874,664)
Charge for the period	-	(208,487)	(453,240)	(2,346,187)	(266,172)	(1,259,331)	-	(4,533,417)
Disposals	-	-	-	98,863	27,717	64,457	-	191,037
Closing balance as of 30 June 2020	-	(5,124,326)	(13,970,646)	(17,590,379)	(771,032)	(9,464,679)	-	(46,921,062)
Carrying value as of 30 June 2020	483,163	7,580,505	19,595,276	47,686,386	3,079,489	10,007,555	146,706,204	235,138,578

(*) TL 4,513,456 of the construction in progress has been transferred to intangible assets (Note 10).

(**) Related balances consist of the fixed assets balances of Sunset, which the Group purchased on 9 June 2020.

Depreciation periods of property, plant and equipment are as follows;

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

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NOTES TO REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021

(All amounts are indicated in Turkish Lira ("TL").)

10. INTANGIBLE ASSETS

Cost Value	Rights	Development Costs	Other Intangible Assets	Total
Opening balance as of 1 January 2021	52,411,622	6,494,095	608,561	59,514,278
Additions	827,627	-	790,000	1,617,627
Disposals	(5,316)	-	-	(5,316)
Transfers from investments in progress	1,144,601	1,882,892	252,500	3,279,993
Closing balance as of 30 June 2021	54,378,534	8,376,987	1,651,061	64,406,582
<u>Accumulated Amortization</u>				
Opening balance as of 1 January 2021	(10,772,024)	(1,321,189)	(85,887)	(12,179,100)
Charge for the period	(1,891,358)	(714,724)	(96,850)	(2,702,932)
Disposals	2,395	-	-	2,395
Closing balance as of 30 June 2021	(12,660,987)	(2,035,913)	(182,737)	(14,879,637)
Carrying value as of 30 June 2021	41,717,547	6,341,074	1,468,324	49,526,945

Cost Value	Rights	Development Costs	Other Intangible Assets	Total
Opening balance as of 1 January 2020	44,921,829	1,429,086	86,458	46,437,373
Effect of business combinations (*)	2,372,513	-	-	2,372,513
Additions	55,488	-	-	55,488
Transfers from investments in progress	2,237,193	2,276,263	-	4,513,456
Closing balance as of 30 June 2020	49,587,023	3,705,349	86,458	53,378,830
<u>Accumulated Amortization</u>				
Opening balance as of 1 January 2020	(6,938,415)	(469,655)	(34,142)	(7,442,212)
Charge for the period	(1,523,263)	(265,610)	(5,337)	(1,794,210)
Closing balance as of 30 June 2020	(8,461,678)	(735,265)	(39,479)	(9,236,422)
Carrying value as of 30 June 2020	41,125,345	2,970,084	46,979	44,142,408

(*) Related balances consist of the fixed assets balances of Sunset, which the Group purchased on 9 June 2020.

Amortization periods used for intangible assets are as follows;

	Useful Life
Rights	3-20 years
Other Intangible Assets	5 years
Development costs	5 years

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11. GOODWILL

Company	Purchase Date	30 June 2021	31 December 2020
Ferbis	2017	10,321,922	10,321,922
Sunset	2020	59,047,335	59,047,335
		<u>69,369,257</u>	<u>69,369,257</u>

12. CURRENT TAX ASSETS

Assets Related to Current Tax	30 June 2021	31 December 2020
Other prepaid taxes and funds	938,072	583,486
	<u>938,072</u>	<u>583,486</u>

13. SHORT-TERM AND LONG-TERM PROVISIONS

a) Short-term Provisions

Short-term provisions	30 June 2021	31 December 2020
Provision for litigation (*)	597,907	894,365
Provision for seniority incentive premium	1,507,454	1,255,129
Provision for unused vacation	3,584,221	2,522,688
	<u>5,689,582</u>	<u>4,672,182</u>

(*) Contains possible liabilities relating to the reemployment lawsuits filed by employees whose employment contracts are terminated.

Movement table for the provisions for litigation for the periods ending on 30 June 2021 and 2020 are presented below:

	1 January- 30 June 2021	1 January- 30 June 2020
Provision as of 1 January	894,365	687,612
Provision expense of the period	-	414,020
Provision released	(296,458)	(200,955)
Provision as of 30 June	<u>597,907</u>	<u>900,677</u>

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(All amounts are indicated in Turkish Lira ("TL").)

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

a) Short-term Provisions (cont'd)

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 employment termination benefits were used.

Movement table for the provisions for severance incentive premium for the periods ending on 30 June 2021 and 2020 are presented below:

	1 January- 30 June 2021	1 January- 30 June 2020
Provision as of 1 January	1,255,129	919,257
Service cost	220,046	184,195
Interest cost	75,575	92,422
Amount paid within the period	(43,296)	(62,127)
Provision as of 30 June	1,507,454	1,133,747

b) Long-term Provisions

Long-term provisions for employee benefits as of 30 June 2021 and 31 December 2020 are presented below:

	30 June 2021	31 December 2020
Long-term provisions		
Provision for employment termination benefit	13,393,926	11,161,823
	13,393,926	11,161,823

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 employment termination benefit payable as of 30 June 2021 is subject to a monthly cap of TL 7,638.96 (31 December 2020: TL 7,117.17). 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 ("Benefits Provided to Employees") prescribes that the Group's liabilities are developed by using actuarial valuation methods within the scope of defined benefit plans. The severance pay liability was calculated by an independent actuary and the Projected Unit Credit Method was used in the calculation. The actuarial assumptions used in the calculation of the current value of the liabilities are specified below.

	30 June 2021	31 December 2020
Discount rate	17.90%	12.80%
Inflation rate	14.50%	8.50%
Wage increases	real 1.5%	real 1.5%
Employment termination benefit cap increase	14.50%	8.50%

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NOTES TO REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021 (All amounts are indicated in Turkish Lira ("TL").)

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

b) Long-term Provisions (cont'd)

The estimated rate of employment termination benefit amounts which will not be paid as a result of voluntary resignations and which will remain within the Group has been taken into account as well. It has been assumed that the voluntary resignation rates of employees would depend on their past service period; the past experience was analyzed and the assumed voluntary resignations expected prospectively were reflected in the calculation in order to calculate the total severance pay liability. In the actuarial calculations made, the voluntary resignation possibility of employees was included in the calculation at the rates which decline as the previous service period increases. Accordingly, the possibility of voluntary resignation is between 11 per cent and 0 per cent for personnel whose previous service period is between 0 and 15 years and above.

Movement table for the provision for employment termination benefits for the periods ending on 30 June 2021 and 2020 are presented below:

	1 January- 30 June 2021	1 January- 30 June 2020
Provision as of 1 January	11,161,823	9,064,208
Service cost	780,264	580,681
Interest cost	624,729	502,343
Employment termination benefit paid	(997,625)	(290,815)
Reduction of benefits/earnings due to layoffs/(gain)	8,210	(50)
Actuarial loss/gain	1,816,525	1,573,906
Provision as of 30 June	13,393,926	11,430,273

14. SALES AND COST OF SALES

a) Revenue

	1 January- 30 June 2021	1 April- 30 June 2021	1 January- 30 June 2020	1 April- 30 June 2020
Domestic sales	879,764,628	442,527,250	483,836,314	204,965,388
Foreign sales	38,389,739	28,973,786	36,213,555	13,681,057
Other sales	4,724,134	1,732,484	2,354,403	1,137,406
Sales returns (-)	(2,368,897)	(1,641,039)	(4,918,252)	(2,003,761)
Sales discounts (-)	(22,788,198)	(10,430,469)	(43,476,201)	(13,676,625)
	897,721,406	461,162,012	474,009,819	204,103,465

b) Cost of Sales

	1 January- 30 June 2021	1 April- 30 June 2021	1 January- 30 June 2020	1 April- 30 June 2020
Raw material and supplies expenses	(318,267,042)	(167,121,470)	(215,384,250)	(113,577,440)
Personnel expenses	(21,585,403)	(11,279,691)	(15,465,562)	(8,202,282)
General production expenses	(12,370,853)	(5,619,579)	(13,577,605)	(8,531,195)
Depreciation and amortization expenses	(9,915,356)	(5,005,019)	(3,698,342)	(1,916,295)
Transportation expenses	(21,478,453)	(11,125,095)	(11,526,211)	(6,165,540)
Changes in work in progress inventories	5,163,746	6,348,840	2,179,034	6,933,165
Changes in finished goods inventories	5,246,047	4,547,626	(29,788,200)	7,347,276
Cost of goods sold	(373,207,314)	(189,254,388)	(287,261,136)	(124,112,311)
Cost of trade goods sold and other sales	(246,058,090)	(135,220,590)	(23,414,905)	(14,384,714)
	(619,265,404)	(324,474,978)	(310,676,041)	(138,497,025)

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NOTES TO REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021

(All amounts are indicated in Turkish Lira ("TL").)

15. OTHER OPERATING INCOME

Other operating income for the period ended 30 June 2021 and 2020 is as follows:

	1 January- 30 June 2021	1 April- 30 June 2021	1 January- 30 June 2020	1 April- 30 June 2020
Foreign exchange gain	326,965	126,613	7,824	7,824
Premium income due to options	-	-	838,403	149,807
Provision released	-	-	16,418	-
Interest income from sales	141,243	140,636	82,150	82,044
Damage compensation income	8,357	150	5,032	649
Other income	2,711,467	736,287	699,391	(6,149,492)
	<u>3,188,032</u>	<u>1,003,686</u>	<u>1,649,218</u>	<u>(5,909,168)</u>

16. OTHER OPERATING EXPENSES

Other operating expenses for the period ended 30 June 2021 and 2020 are as follows:

	1 January- 30 June 2021	1 April- 30 June 2021	1 January- 30 June 2020	1 April- 30 June 2020
Foreign exchange loss (*)	(33,822,649)	(10,100,134)	(1,955,200)	(754,382)
Interest expense	(620,941)	(316,409)	-	-
Other expense and losses	(122,829)	(62,894)	(132,049)	(104,157)
	<u>(34,566,419)</u>	<u>(10,479,437)</u>	<u>(2,087,249)</u>	<u>(858,539)</u>

(*) Due to trade receivables and trade payables.

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

Corporate Tax

The Group is subject to the corporate tax effective in Turkey. The necessary provisions were set in the accompanying 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.

The corporate tax rate to be accrued on the taxable corporate profits is calculated over the tax base remaining after addition of non-deductible expenses that are booked as expense in the determination of trading profits and after deduction of non-taxable incomes and other deductions (previous years' losses, if any, and investment allowances used if preferred).

The effective tax rate applied in 2021 is 25% (2020: 22%).

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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**NOTES TO REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021**
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17. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)Corporate Tax (cont'd)

	30 June 2021	31 December 2020
Provision for current corporate tax	(837,200)	(227,555)
Less: Prepaid taxes and funds	938,072	583,486
Assets/ (liabilities) related to current period tax	<u>100,872</u>	<u>355,931</u>
	1 January- 30 June 2021	1 January- 30 June 2020
<u>Taxation</u>		
Current tax (expense) / income	(837,200)	(123,834)
Deferred tax income	(1,823,681)	3,589,211
Total tax (expense)/income	<u>(2,660,881)</u>	<u>3,465,377</u>
	30 June 2021	31 December 2020
<u>Deferred tax assets / (liabilities):</u>		
Tax advantage from investment allowance	26,690,650	29,999,453
Provisions for employment termination benefit and seniority incentive premium	2,980,276	2,477,963
Provision for unused vacation and premium	3,120,486	2,538,644
Differences in book values of inventories	(88,923)	(7,146)
Amortization differences of property, plant and equipment/depreciation difference of other intangible assets	(6,585,794)	(6,814,507)
Fair value differences of derivative instruments	(2,244,581)	(2,038,183)
Other	(1,865,079)	(2,579,561)
	<u>22,007,035</u>	<u>23,576,663</u>

Movement table for deferred tax assets/liabilities pertaining to the period ending on 30 June 2021 and 2020 are as follows:

	1 January- 30 June 2021	1 January- 30 June 2020
<u>Movement of deferred tax assets/(liabilities):</u>		
Opening balance as of 1 January	23,576,663	(4,442,841)
Charged to profit or loss	(1,823,681)	3,589,211
Charged to other comprehensive income	254,053	206,641
Closing balance as of 30 June	<u>22,007,035</u>	<u>(646,989)</u>

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NOTES TO REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021

(All amounts are indicated in Turkish Lira ("TL").)

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

	1 January- 30 June 2021	1 January- 30 June 2020
<u>Reconciliation of tax provisions:</u>		
Profit before tax	106,822,983	76,977,444
Income tax rate 25% (2020: 22%)	25%	22%
Expected tax expense	(26,705,746)	(16,935,038)
Tax impact:		
- non-taxable income	859,947	1,090,838
- non-deductible expense	(1,416,790)	(831,432)
- change of tax rate from 20% to 25% and 23%	(581,716)	-
- investment incentive discount	24,543,389	20,936,071
- impact of other items exempted from tax	640,035	(795,062)
Total tax expense / (income)	(2,660,881)	3,465,377

18. EARNINGS PER SHARE

	1 January- 30 June 2021	1 January- 30 June 2020
Earning per share		
Weighted average number of shares owned during the period	48,000,000,013	46,000,000,014
Net profit of the period	104,162,101	80,442,821
Profit per share obtained from ongoing activities		
- a hundred ordinary stock (TL)	0.22	0.17

(*) Weighted average number of shares is calculated considering the retrospective effects of share distributions.

In the interim fiscal period ending as of 30 June 2021, the conditions prescribed in the Company's profit distribution policy were evaluated and it was decided not to distribute the distributable profit of the period pertaining to FY 2020 and to book the amount, which remains after making provision for gross dividends amounting to TL 3,057,856 for Privileged Shareholders and primary reserves, under extraordinary reserves. The dividend amounts pertaining to previous periods which have not been demanded by the shareholders yet are also recognized under the other payables account.

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NOTES TO REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021 (All amounts are indicated in Turkish Lira ("TL").)

19. RELATED PARTY DISCLOSURES

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

	30 June 2021		31 December 2020	
	Trade		Trade	
Balances with related parties	Receivables	Payables	Receivables	Payables
Arma İlaç Sanayi ve Ticaret A.Ş. (*)	338,252	2,809,473	339,234	-
Omsan Lojistik A.Ş. (*)	-	2,032,453	-	1,577,647
OYAK Pazarlama Hizmet Turizm A.Ş. (*)	1,377	1,860,472	1,377	1,114,633
OYAK Savunma Güvenlik Sistemleri A.Ş. (*)	-	1,023,400	-	768,626
Oyak Grup Sigorta ve Reasürans Brokerliği A.Ş. (*)	-	758,117	-	495,958
Oyak İnşaat A.Ş. (*)	4,132	560,824	4,304	721,507
Güzel Enerji Akaryakıt A.Ş. (*)	1,360	237,610	4,696	-
OYAK (**)	-	228,400	-	1,354,661
Oyak Biyoteknoloji San.ve Ticaret A.Ş.	212,673	53,886	-	-
Tamek Grup Gıda Üretim A.Ş.	228,299	-	-	-
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. (*)	205,320	-	259,401	-
Sagra Grup Gıda Üretim ve Ticaret A.Ş.	66,117	-	-	-
Satem Grup Gıda Dağıtım ve Pazarlama A.Ş.	58,873	-	-	-
Doco Petrol Ve Danışmanlık A.Ş. (*)	37,101	-	97,614	-
Oyak Gıda Ve Tarım Holding Anonim Şirketi	17,414	-	-	-
Oyak Çimento Fabrikaları A.Ş. (*)	14,842	-	16,587	-
Likitgaz Dağıtım Ve Endüstri A.Ş. (*)	12,579	-	35,382	-
Kümaş Manyezit San.A.Ş.	9,328	-	-	-
Mais Motorlu Araçlar İmal ve Satış A.Ş. (*)	6,121	-	8,349	50
Akdeniz Chemson Kimya Sanayi ve Ticaret A.Ş. (*)	5,879	-	31,902	-
Oyak Denizcilik ve Liman İşletmeleri A.Ş. (*)	5,082	-	4,003	-
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. (*)	4,132	-	8,006	-
Armada Petrol Ürünleri Sanayi ve Ticaret Ltd. Şti. (*)	3,961	-	1,275	-
Berkim Petrol Denizcilik Ve Nakliyat A.Ş. (*)	3,961	-	1,042	-
Oyka Kağıt Ambalaj San.Tic.A.Ş.	3,443	-	-	-
İskenderun Demir Ve Çelik A.Ş. (*)	-	-	192,339	-
	<u>1,240,246</u>	<u>9,564,635</u>	<u>1,005,511</u>	<u>6,033,082</u>

(*) Companies managed by the parent

(**) Main shareholder of the Company

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.

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(All amounts are indicated in Turkish Lira ("TL").)

19. RELATED PARTY DISCLOSURES (cont'd)

Transactions with related parties	1 January - 30 June 2021		1 January - 30 June 2020	
	Purchases	Sales	Purchases	Sales
Arma İlaç Sanayi ve Ticaret A.Ş. (*)	10,364,622	14,527	-	-
Omsan Lojistik A.Ş. (*)	5,955,422	3,315	3,875,377	-
OYAK Pazarlama Hizmet Turizm A.Ş. (*)	5,504,822	20,623	3,130,063	11,863
Oyak İnşaat A.Ş. (*)	3,169,417	15,037	3,315,134	-
OYAK Güvenlik ve Savunma Hiz. A.Ş. (*)	3,105,040	-	1,527,489	-
Güzel Enerji Akaryakıt A.Ş. (*)	1,304,626	24,476	-	-
OYAK Yatırım Menkul Değerler A.Ş. (*)	963,365	-	341,250	-
Oyak Biyoteknoloji Sanayi ve Tic.A.Ş. (*)	45,666	29,520	-	-
Mais Motorlu Araçlar İmal ve Satış A.Ş. (*)	20,862	21,775	246,133	-
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. (*)	-	507,311	-	-
Tamek Grup Gıda Üretim A.Ş.	-	308,613	-	-
İskenderun Demir Ve Çelik A.Ş. (*)	-	203,770	-	-
Doco Petrol ve Danışmanlık A.Ş. (*)	-	81,454	-	-
Ordu Yardımlaşma Kurumu (**)	-	78,014	3,942,775	-
Akdeniz Chemson Kimya Sanayi ve Ticaret A.Ş. (*)	-	42,240	-	-
Likitgaz Dağıtım Ve Endüstri A.Ş. (*)	-	31,570	-	-
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. (*)	-	22,469	-	-
Satem Grup Gıda Dağıtım ve Pazarlama A.Ş.	-	19,789	-	-
Oyak Çimento Fabrikaları A.Ş. (*)	-	15,602	-	-
Oyak Denizcilik ve Liman İşletmeleri A.Ş. (*)	-	13,251	-	-
Sagra Grup Gıda Üretim ve Ticaret A.Ş.	-	11,100	-	-
Erdemir Madencilik San Ve Tic. A.Ş. (*)	-	9,150	-	-
Other (*)	-	41,218	-	-
	<u>30,433,842</u>	<u>1,514,824</u>	<u>16,378,221</u>	<u>11,863</u>

(*) Companies managed by the parent

(**) Main shareholder of the Company

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

	1 January- 30 June 2021	1 January- 30 June 2020
Salaries and other short-term benefits	9,082,309	4,810,424
	<u>9,082,309</u>	<u>4,810,424</u>

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20 NATURE AND LEVEL OF THE RISKS ARISING FROM FINANCIAL INSTRUMENTS

Capital risk management

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

The capital structure of the Group consists of debts including the loans disclosed in Note 3 and Note 5, cash and cash equivalents, and equity items including issued capital, reserves and previous year profits.

The Board of Directors of the Group convenes regularly, reviewing the capital structure and indebtedness of the Group. During these reviews, the Board evaluates the risks associated with each capital class together with the cost of capital. 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 to hedge itself against financial risks.

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

Credit risk management

Credit risks exposed in terms of financial instruments

Credit risks exposed in terms of financial instruments	Receivables						
	Trade Receivables		Other Receivables				
30 June 2021	Related Party	Other Party	Related Party	Other Party	Deposits at Banks	Other Cash Equivalents	Derivative Instruments
Maximum credit risk exposed as of reporting date (A+B+C+D)(*)	1,240,246	1,235,411,225	-	6,368,679	432,311,100	14,901,624	68,693,971
- Secured portion of the maximum risk with guarantee etc (**)	-	284,911,419	-	-	-	-	-
A. Net book value of due and non-impaired financial instruments	1,240,246	1,198,493,243	-	6,368,679	432,311,100	14,901,624	68,693,971
B. Net book value of overdue and non-impaired financial instruments	-	36,776,870	-	-	-	-	-
- Secured portion with guarantee etc (**)		12,587,849					
C. Net book value of impaired assets	-	10,108,063	-	-	-	-	-
- Impairment (-)	-	(9,966,951)	-	-	-	-	-
- Secured portion of the net value with guarantee etc	-	141,112	-	-	-	-	-
- 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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20. 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

Credit risks exposed in terms of financial instruments	Receivables						
	Trade Receivables		Other Receivables		Deposits at Banks	Other Cash Equivalents	Derivative Instruments
	Related Party	Other Party	Related Party	Other Party			
31 December 2020							
Maximum credit risk exposed as of reporting date (A+B+C+D)(*)	1,005,511	750,734,625	-	22,470,866	61,897,003	8,267,345	48,868,820
- Secured portion of the maximum risk with guarantee etc (**)	-	254,247,758	-	-	-	-	-
A. Net book value of due and non-impaired financial instruments	1,005,511	710,294,285	-	22,470,866	61,897,003	8,267,345	48,868,820
B. Net book value of overdue and non-impaired financial instruments	-	40,299,228	-	-	-	-	-
- Secured portion with guarantee etc (**)		18,361,142					
C. Net book value of impaired assets	-	10,122,052	-	-	-	-	-
- Impairment (-)	-	(9,980,940)	-	-	-	-	-
- Secured portion of the net value with guarantee etc	-	141,112	-	-	-	-	-
- 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 balance.

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

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

Credit risk management (cont'd)

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

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

Overdue receivables are aged as follows:

	<u>30 June 2021</u>	<u>31 December 2020</u>
	<u>Trade</u>	<u>Trade</u>
	<u>Receivables</u>	<u>Receivables</u>
1-30 days overdue	12,254,581	22,234,036
1-3 months overdue	10,092,471	17,469,398
3-12 months overdue	14,429,818	595,794
1-5 years overdue	10,108,063	10,122,052
Total overdue receivables	<u>46,884,933</u>	<u>50,421,280</u>
Secured portion with guarantee etc	<u>12,728,961</u>	<u>18,502,254</u>

Provisions were set for TL 9,996,951 of the overdue receivables, as of the balance sheet date. (31 December 2020: TL 9,980,940). The guarantees received for the overdue trade receivables for which no provisions were set are as follows.

	<u>30 June</u>	<u>31 December</u>
	<u>2021</u>	<u>2020</u>
Letters of guarantees	12,112,214	18,502,254
Mortgages	616,747	-
	<u>12,728,961</u>	<u>18,502,254</u>

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20. NATURE AND LEVEL OF THE RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

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 financial liabilities which are not in the nature of derivatives. The following tables have been prepared based on the earliest dates when payment should be made and without discounting the Group's liabilities. Interests payable over the liabilities in question are included in the table below. Derivative financial liabilities on the other hand have been arranged according to undiscounted net cash inflows and outflows. Forward instruments are paid as net amounts for future transactions which must be paid as gross amounts and are realized over the undiscounted, gross cash inflows and outflows. The amount disclosed when the receivables or payables are not fixed is determined by using the interest rate derived from the yield curves on the report date.

30 June 2021

<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	1,582,550,065	1,774,056,490	328,217,431	1,259,983,674	185,855,385
Trade payables	263,786,102	263,786,102	137,751,081	126,035,021	-
Payables related to employee benefits	11,734,880	11,734,880	1,943,699	9,791,181	-
Other liabilities	27,976,907	27,976,907	3,327,427	24,649,480	-
	<u>1,886,047,954</u>	<u>2,077,554,379</u>	<u>471,239,638</u>	<u>1,420,459,356</u>	<u>185,855,385</u>
Derivative financial liabilities					
Derivative cash inflows	68,693,971	172,914,565	7,459,740	-	165,454,825
Derivative cash outflows	-	(137,056,673)	(17,457,293)	-	(119,599,380)
	<u>68,693,971</u>	<u>35,857,892</u>	<u>(9,997,553)</u>	<u>-</u>	<u>45,855,445</u>

31 December 2020

<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	1,051,907,446	1,131,025,748	224,007,047	731,192,799	175,825,902
Trade payables	217,457,232	217,457,232	94,523,419	122,933,813	-
Payables related to employee benefits	13,350,691	13,350,691	3,207,293	10,143,398	-
Other liabilities	27,998,315	27,998,315	6,077,630	21,920,685	-
	<u>1,310,713,684</u>	<u>1,389,831,986</u>	<u>327,815,389</u>	<u>886,190,695</u>	<u>175,825,902</u>
Derivative financial liabilities					
Derivative cash inflows	48,868,820	150,858,325	6,508,208	-	144,350,117
Derivative cash outflows	-	(137,056,673)	(17,457,293)	-	(119,599,380)
	<u>48,868,820</u>	<u>13,801,652</u>	<u>(10,949,085)</u>	<u>-</u>	<u>24,750,737</u>

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(All amounts are indicated in Turkish Lira ("TL").)

20. NATURE AND LEVEL OF THE RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

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.

In the current year, there has been no changes in the market risk to which the Group is exposed or the management and measurement methods for the risks, compared to the previous year.

Foreign currency risk management

Transactions in foreign currency result in exchange rate risks. Exchange rate risk is managed through the forward foreign exchange purchase / sale contracts concluded based on approved policies. Distribution of the Group's monetary assets and monetary liabilities in foreign currency as of the reporting date is as follows:

	30 June 2021		
	TL Equivalent (Functional currency)	USD (Dollar)	Euro
Trade Receivable	38,167,114	4,396,981	-
Monetary Financial Assets	194,154,415	10,420,736	10,043,613
Non-Monetary Financial Assets	1,373,597	158,243	-
CURRENT ASSETS	233,695,126	14,975,960	10,043,613
Non-Monetary Financial Assets	26,040,900	3,000,000	-
NON-CURRENT ASSETS	26,040,900	3,000,000	-
TOTAL ASSETS	259,736,026	17,975,960	10,043,613
Financial Liabilities	2,581,225	-	250,000
Trade Payables	199,063,939	11,251,579	9,820,614
CURRENT LIABILITIES	201,645,164	11,251,579	10,070,614
Financial Liabilities	160,035,950	-	15,500,000
NON-CURRENT LIABILITIES	160,035,950	-	15,500,000
TOTAL LIABILITIES	361,681,114	11,251,579	25,570,614
Net asset/ liability position of off-balance sheet derivative instruments	162,617,175	-	15,750,000
Amount of off-balance sheet derivative instruments in nature of assets	162,617,175	-	15,750,000
Net foreign currency asset liability position	60,672,087	6,724,381	222,999
Total fair value of financial instruments used for foreign currency hedge	61,179,505	-	-
Hedged amount of foreign exchange liabilities	162,617,175	-	15,750,000
Export	36,384,326	4,531,962	-
Import	417,998,474	37,375,117	13,318,114

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NOTES TO REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021 (All amounts are indicated in Turkish Lira ("TL").)

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

Foreign currency risk management (cont'd)

	31 December 2020		
	TL Equivalent (Functional currency)	USD (Dollar)	Euro
Trade Receivable	19,568,048	2,665,765	-
Monetary Financial Assets	42,679,715	2,807,232	2,450,430
CURRENT ASSETS	62,247,763	5,472,997	2,450,430
TOTAL ASSETS	62,247,763	5,472,997	2,450,430
Financial Liabilities	2,251,975	-	250,000
Trade Payables	167,093,504	14,363,925	6,844,560
CURRENT LIABILITIES	169,345,479	14,363,925	7,094,560
Financial Liabilities	139,622,450	-	15,500,000
NON-CURRENT LIABILITIES	139,622,450	-	15,500,000
TOTAL LIABILITIES	308,967,929	14,363,925	22,594,560
Net asset/ liability position of off-balance sheet derivative instruments	141,874,425	-	15,750,000
Amount of off-balance sheet derivative instruments in nature of assets	141,874,425	-	15,750,000
Net foreign currency asset liability position	(104,845,741)	(8,890,928)	(4,394,130)
Total fair value of financial instruments used for foreign currency hedge	40,327,504	-	-
Hedged amount of foreign exchange liabilities	141,874,425	-	15,750,000
Export	42,117,016	6,332,273	1,898
Import	439,545,015	47,356,804	12,397,980

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

Sensitivity to foreign currency risk

The Group is exposed to foreign currency risk, primarily in USD and Euro.

The following table shows the Group's sensitivity to a 10% increase and decrease in USD and Euro rates. The 10% rate refers to the rate used while reporting the exchange rate risk to senior managers within the Group. The sensitivity analysis only covers the monetary items in open foreign currency at the end of the year and shows the effects of the 10% change in exchange rates at the end of the year for these items. A negative value signifies a decline in the profit/loss and other equity items.

	30 June 2021	
	Profit / Loss	
	Foreign currency appreciation	Foreign currency depreciation
In case USD (Dollar) appreciates 10% against TL		
Net asset/liability of USD (Dollar)	5,836,964	(5,836,964)
USD (Dollar) net effect	5,836,964	(5,836,964)
In case EUR appreciates 10% against TL		
Net asset/liability of EUR	(16,031,473)	16,031,473
Portion hedged from EUR Risk (-)	16,261,718	16,261,718
EUR net effect	230,245	(230,245)
TOTAL	6,067,209	(6,067,209)

	31 December 2020	
	Profit / Loss	
	Foreign currency appreciation	Foreign currency depreciation
In case USD (Dollar) appreciates 10% against TL		
Net asset/liability of USD (Dollar)	(6,526,386)	6,526,386
USD (Dollar) net effect	(6,526,386)	6,526,386
In case EUR appreciates 10% against TL		
Net asset/liability of EUR	(18,145,631)	18,145,631
Portion hedged from EUR Risk (-)	14,187,443	14,187,443
EUR net effect	(3,958,188)	3,958,188
TOTAL	(10,484,574)	10,484,574

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 hedged by the Group by matching its payables and receivables in the same currency with the assets and liabilities bearing interest. Market risk is closely monitored by the Group by reviewing market information and through suitable valuation methods.

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NOTES TO REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021

(All amounts are indicated in Turkish Lira ("TL").)

21. 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.

Categories and fair value of Financial Instruments

	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Financial liabilities at amortized cost
30 June 2021				
<u>Financial assets</u>				
Cash and cash equivalents	447,298,272	-	-	-
Trade receivables	1,236,651,471	-	-	-
Derivative instruments	-	68,693,971	-	-
<u>Financial liabilities</u>				
Financial payables	-	-	-	1,582,550,065
Trade payables	-	-	-	263,786,102
Other payables	-	-	-	27,976,907
31 December 2020				
<u>Financial assets</u>				
Cash and cash equivalents	70,222,264	-	-	-
Trade receivables	751,740,136	-	-	-
Derivative instruments	-	48,868,820	-	-
<u>Financial liabilities</u>				
Financial payables	-	-	-	1,051,907,446
Trade payables	-	-	-	217,457,232
Derivative instruments	-	-	485,728	-
Other payables	-	-	-	27,998,315

The Group management believes that the carrying amount of its financial instruments reflect their fair values.

The fair values of financial assets and liabilities are determined as follows.

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

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22. EVENTS AFTER THE REPORTING PERIOD

According to the Material Event Disclosures made by the Group on the Public Disclosure Platform on 28 July 2021;

Shares representing the capital of Arma İlaç San. Ve Tic. A.Ş., which is engaged in production of veterinary drugs and controlled by our ultimate shareholder is transferred from OYAK Biyoteknoloji San. Ve Tic. A.Ş. for a consideration of TL 92,000,000 TL, based on unanimous approval of this transaction by our stakeholders during the Ordinary General Assembly Meeting for 2020. The transaction will be financed through the funds generated from share increase for which necessary permissions and approvals were taken from CMB.

In addition; process for transfer of 51% of the shares of Agriventis Technologies Pty.Ltd from OYAK Sermaye Yatırımları A.Ş., which is engaged in seed growing and breeding and controlled by our ultimate shareholder for a consideration of TL 28,000,000 is commenced, based on unanimous approval of this transaction by our stakeholders during the Ordinary General Assembly Meeting for 2020. The transaction will be financed through the funds generated from share increase for which necessary permissions and approvals were taken from CMB.