

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

CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS FOR THE  
PERIOD ENDED 1 JANUARY-31 MARCH 2022

(ORIGINALLY ISSUED IN TURKISH)

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# HEKTAŞ GROUP

## NOT REVIEWED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 MARCH 2022

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

		Current Period	Prior Period
		Not Reviewed	Audited
			Restated
			(Note 2.7)
	Notes	31 March 2022	31 December 2021
<b>ASSETS</b>			
<b>Current Assets</b>		<b>4,846,584,118</b>	<b>3,282,552,383</b>
Cash and Cash Equivalents	4	563,091,865	107,447,303
Financial Investments	5	9,383,180	-
Trade Receivables	8a	2,243,774,549	1,654,632,440
<i>From Related Parties</i>	21	1,354,666	523,890
<i>From Third Parties</i>		2,242,419,883	1,654,108,550
Other Receivables	9a	2,956,053	3,561,437
<i>From Third Parties</i>		2,956,053	3,561,437
Derivative Instruments	6	168,700,732	169,694,609
Inventories	10	1,611,856,777	1,148,641,360
Prepaid Expenses		119,910,018	107,996,108
<i>From Related Parties</i>		1,206,035	870,800
<i>From Third Parties</i>		118,703,983	107,125,308
Current Tax Assets	14	301,767	1,079,923
Other Current Assets		126,609,177	89,499,203
<b>Non-Current Assets</b>		<b>1,672,228,506</b>	<b>1,448,249,128</b>
Trade Receivables	8a	2,020,895	8,623,198
Other Receivables	9a	948,274	851,455
Investment Properties		4,744,934	4,775,883
Property, Plant and Equipment	11	1,186,375,188	1,044,072,504
Intangible Assets		327,324,140	294,956,738
Goodwill	13	106,319,692	106,319,692
<i>Other</i>	12	221,004,448	188,637,046
Right-of-Use Assets		45,888,215	43,014,887
Prepaid Expenses		57,646,253	20,706,311
<i>From Related Parties</i>		51,810,326	11,789,746
<i>From Third Parties</i>		5,835,927	8,916,565
Deferred Tax Asset	19	47,280,607	31,248,152
<b>TOTAL ASSETS</b>		<b>6,518,812,624</b>	<b>4,730,801,511</b>

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

# HEKTAŞ GROUP

NOT REVIEWED

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 MARCH 2022

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

		Current Period	Prior Period
		Not Reviewed	Audited
			Restated
			(Note 2.7)
		31 March	31 December
	Notes	2022	2021
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>		<b>4,709,586,958</b>	<b>3,112,947,762</b>
Short-Term Borrowings	7	3,627,270,524	2,195,583,914
Lease Liabilities	7	17,659,352	14,477,381
Trade Payables	8b	970,223,972	816,788,417
<i>To Related Parties</i>	21	33,735,338	15,696,283
<i>To Third Parties</i>		936,488,634	801,092,134
Payables Related to Employee Benefits		27,430,746	37,126,829
Other Liabilities	9b	21,058,721	26,276,907
<i>To Related Parties</i>		6,930,792	6,930,792
<i>To Third Parties</i>		14,127,929	19,346,115
Derivative Instruments	6	-	10,935,886
Deferred Income		3,520,017	2,817,455
Current Tax Liability		34,489,069	2,948,394
Short-Term Provisions	15a	7,934,557	5,992,579
<i>Related to Employee Benefits</i>		5,705,359	4,361,761
<i>Other</i>		2,229,198	1,630,818
<b>Non-Current Liabilities</b>		<b>179,042,251</b>	<b>171,279,534</b>
Long-Term Borrowings	7	32,589,215	30,245,588
Lease Liabilities	7	31,315,937	30,968,249
Other Payables	9b	60,114,898	52,848,957
<i>Other Payables to Related Parties</i>	9b-21	60,114,898	52,848,957
Long-Term Provisions		22,951,619	21,376,652
<i>Related to Employee Benefits</i>	15b	22,951,619	21,376,652
Deferred Tax Liability	19	32,070,582	35,840,088
<b>EQUITY</b>		<b>1,630,183,415</b>	<b>1,446,574,215</b>
<b>Equity Attributable to the Parent</b>		<b>1,613,577,968</b>	<b>1,429,679,635</b>
Paid-in Capital		860,000,000	860,000,000
Effect of Mergers Involving Entities or Businesses Under Common Control		(19,852,274)	8,147,726
Share Issue Premium/Discounts		5,203,762	5,203,762
Accumulated Other Comprehensive Income (Expenses) to be Reclassified in Profit or Loss		25,202,228	25,192,601
- <i>Hedging Gains (Losses)</i>		14,283,346	16,381,837
- <i>Foreign Currency Translation Differences</i>		10,918,882	8,810,764
Accumulated Other Comprehensive Income (Expenses) not to be Reclassified in Profit or Loss		(7,685,734)	(7,685,734)
- <i>Remeasurement Losses of Defined Benefit Plans</i>		(7,685,734)	(7,685,734)
Restricted Reserves Appropriated from Profit		46,804,194	46,485,140
Prior Years' Profit/Losses		492,017,086	172,945,200
Net Profit/Loss for the Period		211,888,706	319,390,940
<b>Non-Controlling Interests</b>		<b>16,605,447</b>	<b>16,894,580</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>6,518,812,624</b>	<b>4,730,801,511</b>

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

## HEKTAŞ GROUP

### NOT REVIEWED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022

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

		Current Period Not Reviewed	Prior Period Not Reviewed Restated (Not 2.7)
	Notes	1 January- 31 March 2022	1 January- 31 March 2021
<b>PROFIT OR LOSS</b>			
Revenue	16a	1,078,278,754	436,559,395
Cost of Sales (-)	16b	(639,934,668)	(295,604,765)
<b>GROSS PROFIT/LOSS</b>		<b>438,344,086</b>	<b>140,954,630</b>
General Administrative Expenses (-)		(32,262,555)	(15,908,945)
Marketing Expenses (-)		(32,856,310)	(15,932,439)
Research and Development Expenses (-)		(10,036,609)	(6,464,994)
Other Income from Operating Activities	17	8,847,453	2,314,907
Other Expenses from Operating Activities (-)	18	(57,730,192)	(25,232,387)
<b>OPERATING PROFIT/LOSS</b>		<b>314,305,873</b>	<b>79,730,772</b>
Income from Investing Activities		2,562,477	256,538
Expenses from Investing Activities (-)		(399,780)	(31,653)
<b>OPERATING PROFIT/LOSS BEFORE FINANCE EXPENSE</b>		<b>316,468,570</b>	<b>79,955,657</b>
Finance Income (+)		47,073,509	22,412,068
Finance Expense (-)		(140,628,957)	(38,826,615)
<b>PROFIT/LOSS BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>222,913,122</b>	<b>63,541,110</b>
<b>Tax (Expense) / Income from Continuing Operations</b>		<b>(13,338,996)</b>	<b>8,600,994</b>
Tax Expense for the Period	19	(34,489,069)	(80,628)
Deferred Tax (Expense) / Income	19	21,150,073	8,681,622
<b>PROFIT/LOSS FOR THE PERIOD</b>		<b>209,574,126</b>	<b>72,142,104</b>
<b>Distribution of Profit/Loss for the Period</b>			
Non-Controlling Interests		(2,314,580)	(859,195)
Parent Shares		211,888,706	73,001,299
		<b>209,574,126</b>	<b>72,142,104</b>
<b>Earnings per share</b>			
A Hundred Ordinary Stock (TL)	20	<b>0.25</b>	<b>0.16</b>
<b>OTHER COMPREHENSIVE INCOME / (EXPENSE):</b>			
<b>Items That will be Reclassified Subsequently to Profit or Loss</b>		<b>2,035,074</b>	<b>9,589,516</b>
Other Comprehensive Income (Expense) Related to Cash Flow Hedging Reserve		(2,963,130)	8,055,136
Foreign Currency Translation Differences		4,133,565	3,145,406
Tax Effect of Other Comprehensive Income (Expense) Related to Cash Flow Hedging Reserve		864,639	(1,611,026)
<b>OTHER COMPREHENSIVE INCOME / (EXPENSE)</b>		<b>2,035,074</b>	<b>9,589,516</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>211,609,200</b>	<b>81,731,620</b>
<b>Distribution of Total Comprehensive Income:</b>			
Non-Controlling Interests		(289,133)	682,051
Parent Shares		211,898,333	81,049,569

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

## HEKTAŞ GROUP

### NOT REVIEWED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022

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

			Accumulated Other Comprehensive Income and Expenses that will not be Reclassified to Profit or Loss	Accumulated Other Comprehensive Income and Expenses that will be Reclassified to Profit or Loss								
	Paid-in Capital	Effect of Mergers Involving Entities or Businesses Under Common Control	Share Issue Premiums / Discounts	Accumulated Remeasurement Gains/Losses of Defined Benefit Plans	Foreign Currency Translation Differences	Hedging Profit/Loss	Restricted Reserves Appropriated from Profit	Prior Years' Profit / Losses	Net Profit / Loss for the Period	Equity Attributable to the Parent	Non- Controlling Shares	Equity
<b>Balances as of 1 January 2021 (Previously Reported)</b>	<b>227,571,100</b>	<b>83,235,986</b>	<b>2,256,362</b>	<b>(2,871,565)</b>	-	<b>8,541,316</b>	<b>38,087,444</b>	<b>235,115,190</b>	<b>180,498,608</b>	<b>772,434,441</b>	-	<b>772,434,441</b>
Effect of Mergers Involving Entities or Businesses Under Common Control	-	16,911,740	-	-	627,466	-	-	(4,899,858)	-	12,639,348	15,419,894	28,059,242
<b>Amount After Adjustments</b>	<b>227,571,100</b>	<b>100,147,726</b>	<b>2,256,362</b>	<b>(2,871,565)</b>	<b>627,466</b>	<b>8,541,316</b>	<b>38,087,444</b>	<b>230,215,332</b>	<b>180,498,608</b>	<b>785,073,789</b>	<b>15,419,894</b>	<b>800,493,683</b>
Transfers	-	-	-	-	-	-	8,141,646	172,356,962	(180,498,608)	-	-	-
<b>Total Comprehensive Income / (Expense)</b>	-	-	-	-	<b>1,604,160</b>	<b>6,444,110</b>	-	-	<b>73,001,299</b>	<b>81,049,569</b>	<b>682,051</b>	<b>81,731,620</b>
<i>Profit / (Loss) for the Period</i>	-	-	-	-	-	-	-	-	73,001,299	73,001,299	(859,195)	72,142,104
<i>Other Comprehensive Income / (Expense)</i>	-	-	-	-	1,604,160	6,444,110	-	-	-	8,048,270	1,541,246	9,589,516
<b>Balances as of 31 March 2021 (Restated Note 2.7)</b>	<b>227,571,100</b>	<b>100,147,726</b>	<b>2,256,362</b>	<b>(2,871,565)</b>	<b>2,231,626</b>	<b>14,985,426</b>	<b>46,229,090</b>	<b>402,572,294</b>	<b>73,001,299</b>	<b>866,123,358</b>	<b>16,101,945</b>	<b>882,225,303</b>
<b>Balances as of 1 January 2022 (Restated Note 2.7)</b>	<b>860,000,000</b>	<b>8,147,726</b>	<b>5,203,762</b>	<b>(7,685,734)</b>	<b>8,810,764</b>	<b>16,381,837</b>	<b>46,485,140</b>	<b>172,945,200</b>	<b>319,390,940</b>	<b>1,429,679,635</b>	<b>16,894,580</b>	<b>1,446,574,215</b>
Transfers	-	-	-	-	-	-	319,054	319,071,886	(319,390,940)	-	-	-
<b>Total Comprehensive Income / (Expense)</b>	-	-	-	-	<b>2,108,118</b>	<b>(2,098,491)</b>	-	-	<b>211,888,706</b>	<b>211,898,333</b>	<b>(289,133)</b>	<b>211,609,200</b>
<i>Profit / (Loss) for the Period</i>	-	-	-	-	-	-	-	-	211,888,706	211,888,706	(2,314,580)	209,574,126
<i>Other Comprehensive Income / (Expense)</i>	-	-	-	-	2,108,118	(2,098,491)	-	-	-	9,627	2,025,447	2,035,074
Effect of Mergers Involving Entities or Businesses Under Common Control	-	(28,000,000)	-	-	-	-	-	-	-	(28,000,000)	-	(28,000,000)
<b>Balances as of 31 March 2022</b>	<b>860,000,000</b>	<b>(19,852,274)</b>	<b>5,203,762</b>	<b>(7,685,734)</b>	<b>10,918,882</b>	<b>14,283,346</b>	<b>46,804,194</b>	<b>492,017,086</b>	<b>211,888,706</b>	<b>1,613,577,968</b>	<b>16,605,447</b>	<b>1,630,183,415</b>

(\*) All of the shares representing the capital of Agriventis, field of activity of which is "agricultural seed technology development, seed improvement and production", controlled by Oyak Sermaye Yatırımları A.Ş., the subsidiary of the main shareholder, have been acquired for TL 28,000,000 as of 12 January 2022.

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

# HEKTAŞ GROUP

## NOT REVIEWED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2022

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

		Current Period	Prior Period
		Not Reviewed	Not Reviewed
			Restated
			(Note 2.7)
		1 January- 31 March 2022	1 January- 31 March 2021
	Notes		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>(585,462,839)</b>	<b>(148,474,698)</b>
<b>Profit/Loss for the Period</b>		<b>209,574,126</b>	<b>72,142,104</b>
<b>Adjustments Related to Reconciliation of Net Profit/Loss of the Period</b>		<b>160,536,396</b>	<b>40,775,619</b>
Adjustments Related to Depreciation and Amortization Expense		17,484,796	10,991,989
Adjustments Related to Impairment (Reversal)		(229,581)	17,272
- <i>Adjustments Related to Impairment for Receivables</i>	8a	78,140	17,272
- <i>Adjustments Related to Impairment for Inventories</i>	10	(307,721)	-
Adjustments Related to Provisions		3,858,077	1,260,948
- <i>Provisions Related to Employee Benefits</i>		3,259,697	1,452,994
- <i>Provision for / (Reversal of) Lawsuit</i>	15a	598,380	(192,046)
Adjustments Related to Interest (Income) / Expenses		125,920,568	36,814,314
- <i>Adjustments Related to Interest Income</i>		(1,712,599)	(659,112)
- <i>Adjustments Related to Interest Expenses</i>		127,633,167	37,473,426
Adjustments Related to Unrealized Foreign Currency Translation Differences		1,623,575	309,361
Adjustments Related to Tax Expense	19	13,338,996	(8,600,994)
Adjustments Related to Loss/Gains on Disposal of Fixed Assets		(1,460,035)	(17,271)
<b>Changes in working capital</b>		<b>(953,761,228)</b>	<b>(259,527,411)</b>
Adjustments Related to Increase/Decrease in Trade Receivables		(582,684,507)	(241,342,159)
Adjustments Related to the Increase / Decrease in Other Receivables Related to Operations		(47,435,396)	(44,086,813)
Adjustments Related to Increase/Decrease in Inventories		(462,907,696)	(119,218,816)
Adjustments for Increase/Decrease in Trade Payables		153,435,555	147,075,880
Increase / (Decrease) in Payables Related to Employee Benefits		(9,696,083)	625,709
Adjustments Related to Increase / Decrease in Other Operating Payables		(4,473,101)	(2,581,212)
<b>Cash Flows Generated from Operations</b>		<b>(1,812,133)</b>	<b>(1,865,010)</b>
Interest Received		1,712,599	659,112
Payments Made Related to Provisions for Employee Benefits		(341,132)	(398,618)
Collections from Doubtful Receivables	8a	66,561	-
Tax Payments / Returns		(3,250,161)	(2,125,504)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(221,065,131)</b>	<b>(21,374,021)</b>
Cash Outflows for the Acquisition of Shares of Other Businesses or Funds or Debt Instruments		(28,000,000)	-
Cash Inflows from Sales of Property, Plant and Equipment and Intangible Assets		1,925,387	18,616
- <i>Cash Inflows from Sale of Property, Plant and Equipment</i>		1,925,387	18,616
Cash Outflows from the Purchase of Property, Plant and Equipment and Intangible Assets		(148,667,396)	(21,392,637)
- <i>Cash Outflows from the Purchase of Property, Plant and Equipment</i>	11	(126,937,243)	(21,174,750)
- <i>Cash Outflows from the Purchase of Intangible Assets</i>	12	(21,730,153)	(217,887)
Cash Advances and Payables Given		(36,939,942)	-
Other Cash Inflows / Outflows		(9,383,180)	-
<b>CASH FLOWS FROM BORROWING ACTIVITIES</b>		<b>1,262,215,051</b>	<b>344,981,658</b>
Cash Inflows from Borrowing		1,632,585,839	485,318,466
Cash Outflows Related to Payments of Borrowings		(266,308,084)	(119,197,326)
Interest Paid		(98,241,803)	(20,757,424)
Cash Outflows Related to Debt Payments Arising from Lease Contracts		(5,820,901)	(3,120,399)
Increase in Other Payables Received from Related Parties		-	3,101,794
Dividends Paid		-	(363,453)
<b>NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>455,687,081</b>	<b>175,132,939</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	4	<b>107,077,183</b>	<b>78,792,535</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	4	<b>562,764,264</b>	<b>253,925,474</b>

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

## HEKTAŞ GROUP

### NOT REVIEWED NOTES TO FINANCIAL STATEMENTS AS OF 31 MARCH 2022 AND FOR THE PERIOD THEN ENDED (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, which was founded pursuant to the law no. 205 on 1 March 1961. As the "solidarity and pension fund" of the members of the Turkish Armed Forces ("TSK"), OYAK provides various services and benefits to its members in line with the social security approach envisaged by the constitution. OYAK has direct and indirect subsidiaries and associates operating in industry, finance and service sectors. Detailed information about OYAK is available on its official web site at the address (www.oyak.com.tr).

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

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

The main field of activity of FNC is the production, import and marketing of agricultural pesticides. FNC is headquartered in the district of Bor in Niğde and has a capital of TL 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 percent of Akça Tohumculuk Arge Sanayi ve Dış Ticaret Anonim Şirketi ("Akça") at a price of TL 25,150,000 and included Akça within the scope of consolidation based on its financial statements pertaining to the period ending on 31 January 2019.

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

Akça's title was changed as 'Areo Tohumculuk Arge Sanayi ve Dış Ticaret Anonim Şirketi' ("Areo") as declared in the Trade Registry Gazette dated 6 October 2020 and by the Extraordinary General Assembly dated 25 September 2020. Its capital is in the amount of TL 45,750,000.

On 9 June 2020, the Company acquired 100 percent 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 central district of Adana. Its capital is in the amount of TL 2,000,000.

Arma İlaç Sanayi ve Ticaret A.Ş. ("Arma") was acquired by OYAK Group as of 6 May 2020. The main field of activity is "production of veterinary drugs", and all of the shares representing the capital of Arma, controlled by our main partner, were taken over for a consideration of TL 92,000,000 as of 28 July 2021. The headquarters of Arma is in the Sincan district of Ankara. Its capital is in the amount of TL 43,000,000.

AgriVentis Technologies Pty Ltd ("Agriventis") was acquired by the OYAK group as of 18 September 2020. As of 12 January 2022, all of the shares representing the 51% capital of Agriventis, field of activity of which is "agricultural seed technology development, seed improvement and production", controlled by Oyak Sermaye Yatırımları A.Ş., the subsidiary of the main shareholder, have been acquired for TL 28,000,000. Agriventis is headquartered in Sydney, Australia. Its capital is AUD 475,000.

Within our Company's registered capital ceiling of TL 1,000,000,000, the paid-in capital of TL 227,571,100.14 increased to TL 860,000,000 by increasing TL 400,000,000 with a bonus issue of TL 232,428,899.86 and was registered on 21 June 2021 by the Gebze Trade Registry Office. After the capital increase, the share of the main shareholder Ordu Yardımlaşma Kurumu increased to 58.8 percent.

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

As of 31 March 2022, the number of employees of the Group is 737 in total, 251 of them being blue-collar and 486 being white-collar (31 December 2021: 665 employees).

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



## HEKTAŞ GROUP

### NOT REVIEWED NOTES TO FINANCIAL STATEMENTS AS OF 31 MARCH 2022 AND FOR THE PERIOD THEN ENDED (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 Subject of Activity
Takimsan Tarım Kimya Sanayi ve Ticaret Anonim Şirketi ("Takimsan")	Production, import and marketing of pesticides
Çantaş Çankırı Tuz Ürünleri Üretim ve Dağıtım Anonim Şirketi ("Çantaş")	Inactive
Ferbis	Production, import and marketing of pesticides
Areo	To carry out all kinds of seed production and development activities, to establish related greenhouses and specially equipped areas related to this.
Sunset	Wholesale and retail trade of all kinds of pesticides, import and export, marketing in domestic and foreign markets
Arma	Production of veterinary drugs
Agriventis	Agricultural seed technology development, seed breeding and production

As of 31 March 2022 and 31 December 2021, the details of the Company's subsidiaries and financial investments are as follows:

			Grup'un sermayedeki pay oranı ve oy kullanma hakkı (%)	
Şirket Unvanı	Faaliyet yeri	Geçerli para birimi	31 Mart 2022	31 Aralık 2021
Bağlı ortaklıklar				
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
Arma(*)	Ankara	TL	100.00	100.00
Agriventis(*)	Australia	AUD	51.00	51.00
Finansal yatırımlar				
Çantaş	Çankırı	TL	0.37	0.37

(\*) In accordance with the policy decision of POA dated 11 October 2018, numbered 75935942-050.01.04-[04/177] ("Principle Decision"), Arma, which the Company took over from its main shareholder on 28 July 2021, and Agriventis, which was taken over from its parent's subsidiary on 12 January 2022 are presented in the accompanying consolidated financial statements by applying the pooling of interest method.

#### 2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

##### 2.1 Basis of Presentation

###### Statement of Compliance with TFRS

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

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

The Group has prepared its interim condensed consolidated financial statements as of 31 March 2022 by preferring the summary presentation in accordance with TAS 4 "Interim Financial Statements" and the explanations and notes required to be included in the annual financial statements prepared in accordance with TAS 34 are summarized or not included. Therefore, these interim condensed consolidated financial statements shall be read together with the Group's consolidated financial statements as of 31 December 2021.

## HEKTAŞ GROUP

### NOT REVIEWED NOTES TO FINANCIAL STATEMENTS AS OF 31 MARCH 2022 AND FOR THE PERIOD THEN ENDED (All amounts are indicated in Turkish Lira ("TL").)

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

##### 2.1 Basis of Presentation (cont'd)

###### Approval of consolidated financial statements:

The consolidated financial statements were approved by the Board of Directors of Hektaş on 26 April 2022. The General Assembly of Hektaş has the right to amend and the related regulatory authorities have the right to demand the amendment of these consolidated financial statements.

###### Reporting and Functional Currency

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

##### 2.2 Changes in accounting policies

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

##### 2.3 Changes in accounting estimates and errors

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

The consolidated financial statements of 31 December 2021 and 31 March 2021 have been restated. Details are explained in Note 2.7.

##### 2.4 Significant accounting judgments, estimates and assumptions

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

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

Provisions for doubtful receivables reflect the amounts that the Group management believes will cover the future losses of the receivables that exist as of the reporting date but have the risk of being uncollectible within the current economic conditions. While evaluating whether the receivables are impaired or not, the past performance of the debtors other than the related parties and key customers, their credibility in the market, the guarantees received, their performance from the balance sheet date to the approval date of the financial statements and the renegotiated conditions are taken into account. As of the relevant reporting dates, the Group's provision for doubtful receivables is included in Note 8. Actual results may differ from assumptions.

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

The amount of provisions for litigation, the probability of losing the relevant lawsuits and the probable consequences to be incurred in case of loss are determined through the estimations made by the Group Management in line with the opinions of the Group's Legal advisors (Note 15a).

In the calculation of severance pay and severance incentive obligations, the Group makes various assumptions such as discount rate, inflation rate, real salary increase rate, possibility of voluntary resignation, etc. The assumptions used in the calculation of the liability are provided in detail in Note 15b.

In the calculation of the provisions for the decline in the value of inventories, the Group makes various assumptions such as estimated sales price, estimated completion costs and the estimated costs required to perform sales (Note 10). Actual results may differ from the assumptions.

## HEKTAŞ GROUP

### NOT REVIEWED NOTES TO FINANCIAL STATEMENTS AS OF 31 MARCH 2022 AND FOR THE PERIOD THEN ENDED (All amounts are indicated in Turkish Lira ("TL").)

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

##### 2.4 Significant accounting judgments, estimates and assumptions (cont'd)

The Group subjects the goodwill amount to impairment test every year. The recoverable amounts of cash generating units are determined based on the calculations of value in use. These calculations require the use of estimates (Note 13). The use value of the cash generating unit is calculated using the discounted cash flow method. Discounted cash flows are based on projections made in TL, which is the functional currency of the cash-generating unit. During the calculation of the projections, some assumptions and estimations have been used by the Group Management. If actual results differ from estimates, the accompanying consolidated financial statements may be affected.

The Group has applied TFRS 3 "Business Combinations".

Business combinations under common control are recognized by using the pooling of interest method, thus no goodwill arising from this transaction is included in the consolidated financial statements. When applying the pooling of interest method, the financial statements shall be restated as if the merger had occurred as of the beginning of the reporting period in which the joint control occurred, and shall be presented comparatively from the beginning of the reporting period in which the joint control occurred. As it would be appropriate to look from the point of view of the parent while reflecting the business combinations under common control in the financial statements, the financial statements including merger accounting are restated in accordance with the provisions of TFRS, as if the financial statements were prepared in accordance with TFRS on the date the company holding the control of the group took control of the companies under common control and afterwards. In order to eliminate the asset-liability mismatch resulting from the business combination under common control, the "Jointly Controlled Business Merger Effect" account is used as an offsetting account under shareholders' equity. The effects of the policy implementation on the Group's prior period consolidated financial statements are presented in Note 2.7.

##### 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 consolidated financial statements as at 31 March 2022, 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 consolidated financial statements. In this context, the Group has evaluated the possible impairments in the values of trade receivables, inventories, property, plant and equipment and investment properties in the consolidated financial statements as at 31 March 2022 and no impairment has been detected.

##### 2.6 Segment Reporting

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

## HEKTAŞ GROUP

### NOT REVIEWED NOTES TO FINANCIAL STATEMENTS AS OF 31 MARCH 2022 AND FOR THE PERIOD THEN ENDED (All amounts are indicated in Turkish Lira ("TL").)

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

##### 2.7 Comparative Information and Restatement of Prior Periods' Financial Statements

The Group's 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 submission of the condensed consolidated financial statements of the current period, the comparative information is reclassified, and material differences are disclosed, when deemed necessary.

As explained in Note 1, Agriventis was taken over from OYAK Group on 12 January 2022 for a consideration of TL 28,000,000. In this context, the previous period's consolidated financial statements have been restated in order to compare with the current year consolidated financial statements. As a result of this merger, the details of the consolidated financial statements that have been restated by applying the pooling of interest method are as follows:

	Previously Reported 31 December 2021	Elimination and Merger Effect (*)	Restated 31 December 2021
<b>ASSETS</b>			
<b>Current Assets</b>	<b>3,268,942,287</b>	<b>13,610,096</b>	<b>3,282,552,383</b>
Cash and Cash Equivalents	96,691,275	10,756,028	107,447,303
Trade Receivables	1,654,538,937	93,503	1,654,632,440
<i>From Related Parties</i>	523,890	-	523,890
<i>From Third Parties</i>	1,654,015,047	93,503	1,654,108,550
Other Receivables	3,547,176	14,261	3,561,437
<i>From Third Parties</i>	3,547,176	14,261	3,561,437
Derivative Instruments	169,694,609	-	169,694,609
Inventories	1,146,573,859	2,067,501	1,148,641,360
Prepaid Expenses	107,967,422	28,686	107,996,108
Current Tax Assets	1,079,923	-	1,079,923
Other Current Assets	88,849,086	650,117	89,499,203
<b>Non-Current Assets</b>	<b>1,356,873,591</b>	<b>91,375,537</b>	<b>1,448,249,128</b>
Trade Receivables	8,623,198	-	8,623,198
Other Receivables	836,074	15,381	851,455
Investment Properties	4,775,883	-	4,775,883
Property, Plant and Equipment	1,038,724,957	5,347,547	1,044,072,504
Intangible Assets	208,944,129	86,012,609	294,956,738
Goodwill	106,319,692	-	106,319,692
<i>Other</i>	102,624,437	86,012,609	188,637,046
Right-of-Use Assets	43,014,887	-	43,014,887
Prepaid Expenses	20,706,311	-	20,706,311
Deferred Tax Asset	31,248,152	-	31,248,152
<b>TOTAL ASSETS</b>	<b>4,625,815,878</b>	<b>104,985,633</b>	<b>4,730,801,511</b>

## HEKTAŞ GROUP

### NOT REVIEWED NOTES TO FINANCIAL STATEMENTS AS OF 31 MARCH 2022 AND FOR THE PERIOD THEN ENDED (All amounts are indicated in Turkish Lira ("TL").)

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

#### 2.7 Comparative Information and Restatement of Prior Periods' Financial Statements (cont'd)

	Previously Reported		Restated
	31 December 2021	Elimination and Merger Effect (*)	31 December 2021
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>	<b>3,112,170,260</b>	<b>777,502</b>	<b>3,112,947,762</b>
Short-Term Payables	2,195,583,914	-	2,195,583,914
Lease Liabilities	14,477,381	-	14,477,381
Trade Payables	816,378,438	409,979	816,788,417
<i>To Related Parties</i>	<i>15,696,283</i>	<i>-</i>	<i>15,696,283</i>
<i>To Third Parties</i>	<i>800,682,155</i>	<i>409,979</i>	<i>801,092,134</i>
Payables Related to Employee Benefits	37,126,829	-	37,126,829
Other Payables	26,095,202	181,705	26,276,907
<i>To Related Parties</i>	<i>6,930,792</i>	<i>-</i>	<i>6,930,792</i>
<i>To Third Parties</i>	<i>19,164,410</i>	<i>181,705</i>	<i>19,346,115</i>
Derivative Instruments	10,935,886	-	10,935,886
Deferred Income	2,817,455	-	2,817,455
Current Tax Liability	2,948,394	-	2,948,394
Short-Term Provisions	5,806,761	185,818	5,992,579
<i>Related to Employee Benefits</i>	<i>4,175,943</i>	<i>185,818</i>	<i>4,361,761</i>
<i>Other</i>	<i>1,630,818</i>	<i>-</i>	<i>1,630,818</i>
<b>Non-Current Liabilities</b>	<b>101,480,409</b>	<b>69,799,125</b>	<b>171,279,534</b>
Long-Term Payables	30,245,588	-	30,245,588
Lease Liabilities	30,968,249	-	30,968,249
Other Payables	-	52,848,957	52,848,957
<i>Other Payables to Related Parties</i>	<i>-</i>	<i>52,848,957</i>	<i>52,848,957</i>
Long-Term Provisions	21,376,652	-	21,376,652
<i>Related to Employee Benefits</i>	<i>21,376,652</i>	<i>-</i>	<i>21,376,652</i>
Deferred Tax Liability	18,889,920	16,950,168	35,840,088
<b>EQUITY</b>	<b>1,412,165,209</b>	<b>34,409,006</b>	<b>1,446,574,215</b>
<b>Equity</b>	<b>1,412,165,209</b>	<b>17,514,426</b>	<b>1,429,679,635</b>
Paid-In Capital	860,000,000	-	860,000,000
Effect of Mergers Involving Entities or Business Under Common Control	(8,764,014)	16,911,740	8,147,726
Share Issue Premiums / Discounts	5,203,762	-	5,203,762
Accumulated Other Income (Expenses) to be Reclassified to Profit or Loss	16,381,837	8,810,764	25,192,601
<i>- Hedging Profit (Loss)</i>	<i>16,381,837</i>	<i>-</i>	<i>16,381,837</i>
Accumulated Other Income (Expenses) not to be Reclassified to Profit or Loss	-	8,810,764	8,810,764
<i>- Foreign Currency Translation Differences</i>	<i>(7,685,734)</i>	<i>-</i>	<i>(7,685,734)</i>
<i>- Defined Benefit Plans Remeasurement Losses</i>	<i>(7,685,734)</i>	<i>-</i>	<i>(7,685,734)</i>
Restricted Reserves Appropriated from Profit	46,485,140	-	46,485,140
Prior Years' Profit/Losses	174,787,202	(1,842,002)	172,945,200
Net Profit/Loss for the Period	325,757,016	(6,366,076)	319,390,940
<b>Non-Controlling Interests</b>	<b>-</b>	<b>16,894,580</b>	<b>16,894,580</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>4,625,815,878</b>	<b>104,985,633</b>	<b>4,730,801,511</b>

**HEKTAŞ GROUP**

NOT REVIEWED NOTES TO FINANCIAL STATEMENTS  
AS OF 31 MARCH 2022 AND FOR THE PERIOD THEN ENDED  
(All amounts are indicated in Turkish Lira ("TL").)

**2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)****2.7 Comparative Information and Restatement of Prior Periods' Financial Statements (cont'd)**

	Previously Reported 1 January 31 March 2021	Elimination and Merger Effect (*)	Restated 1 January 31 March 2021
<b>PROFIT OR LOSS</b>			
Revenue	436,559,395	-	436,559,395
Cost of Sales (-)	(295,604,765)	-	(295,604,765)
<b>GROSS PROFIT/LOSS</b>	<b>140,954,630</b>	<b>-</b>	<b>140,954,630</b>
General Administrative Expenses (-)	(14,988,991)	(919,954)	(15,908,945)
Marketing Expenses (-)	(15,929,185)	(3,254)	(15,932,439)
Research and Development Expenses (-)	(5,501,573)	(963,421)	(6,464,994)
Other Operating Income	2,314,907	-	2,314,907
Other Operating Expenses (-)	(25,232,387)	-	(25,232,387)
<b>OPERATING PROFIT/LOSS</b>	<b>81,617,401</b>	<b>(1,886,629)</b>	<b>79,730,772</b>
Income from Investing Activities	256,538	-	256,538
Expenses from Investing Activities (-)	(31,653)	-	(31,653)
<b>OPERATING PROFIT/LOSS BEFORE FINANCE EXPENSE</b>	<b>81,842,286</b>	<b>(1,886,629)</b>	<b>79,955,657</b>
Finance Income (+)	22,412,068	-	22,412,068
Finance Expense (-)	(38,826,615)	-	(38,826,615)
<b>PROFIT/LOSS BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>65,427,739</b>	<b>(1,886,629)</b>	<b>63,541,110</b>
<b>Tax Income from Continuing Operations</b>	<b>8,467,826</b>	<b>133,168</b>	<b>8,600,994</b>
Tax Expense for the Period	(80,628)	-	(80,628)
Deferred Tax Income	8,548,454	133,168	8,681,622
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>73,895,565</b>	<b>(1,753,461)</b>	<b>72,142,104</b>

(\*) Agriventis has been started to be consolidated in the accompanying financial statements of the Group after the takeover, and in the prior period's consolidated financial statements prepared by the pooling of interest method, for the comparability of the consolidated financial statements, it has been consolidated and its effects are presented in the "Elimination and merger effect" column.

## HEKTAŞ GROUP

NOT REVIEWED NOTES TO FINANCIAL STATEMENTS  
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## 2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

### 2.8 Summary of significant accounting policies

#### New and Revised Turkish Financial Reporting Standards

##### a) Amendments that are mandatorily effective from 2022

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 16	<i>COVID-19 Related Rent Concessions beyond 30 June 2021</i>

#### **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.

#### **Amendments to TAS 37 *Onerous Contracts – Cost of Fulfilling a Contract***

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

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

#### **Annual Improvements to TFRS Standards 2018-2020 Cycle**

##### 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.

## HEKTAŞ GROUP

NOT REVIEWED NOTES TO FINANCIAL STATEMENTS  
AS OF 31 MARCH 2022 AND FOR THE PERIOD THEN ENDED  
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### 2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

#### 2.8 Summary of significant accounting policies (cont'd)

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

###### a) Amendments that are mandatorily effective from 2022 (cont'd)

##### Annual Improvements to TFRS Standards 2018-2020 Cycle (cont'd)

###### Amendments to TAS 41 *Agricultural Activity*

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 16 *COVID-19 Related Rent Concessions beyond 30 June 2021***

Public Oversight Accounting and Auditing Standards Authority ("POA") has published Amendments to TFRS 16 *COVID-19 Related Rent Concessions beyond 30 June 2021* 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.

The new amendment is effective for lessees for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted.

The Group management assessed that the adoption of these amendments that are effective from 2022 do not have any effect on the Group's consolidated financial statements.

###### 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 4	<i>Extension of the Temporary Exemption from Applying TFRS 9</i>
Amendments to TAS 1	<i>Disclosure of Accounting Policies</i>
Amendments to TAS 8	<i>Definition of Accounting Estimates</i>
Amendments to TAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to TFRS 17	<i>Initial Application of TFRS 17 and TFRS 9 — Comparative Information</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.



## HEKTAŞ GROUP

NOT REVIEWED NOTES TO FINANCIAL STATEMENTS  
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### 2. BASIS OF PRESENTATION OF THE CONDENSED 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 1 Classification of Liabilities as Current or Non-Current***

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

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier 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, so that entities would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2023 with the deferral of the effective date of TFRS 17.

###### ***Amendments to TAS 1 Disclosure of Accounting Policies***

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

###### ***Amendments to TAS 8 Definition of Accounting Estimates***

With this amendment, the definition of “a change in accounting estimates” has been replaced with the definition of “an accounting estimate”, sample and explanatory paragraphs regarding estimates have been added, and the differences between application of an estimate prospectively and correction of errors retrospectively have been clarified.

Amendments to TAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

###### ***Amendments to TAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction***

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

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

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

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

Amendments are effective with the first application of TFRS 17.

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

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#### 3. BUSINESS COMBINATIONS

##### Subsidiaries acquired

The Group took over 51 percent of Agriventis, which was purchased by OYAK Sermaye Yatırımları A.Ş., a subsidiary of OYAK, the parent company, on 18 September 2020, for a consideration of TL 28,000,000 on 12 January 2022 and this transaction was recognized by using the pooling of interest method, pursuant to the Policy Decision on "Accounting for Business Combinations Under Common Control" of POA. In this context, as explained in Note 2.7, the consolidated financial statements of the prior period have been restated in order to comply with the current period consolidated financial statements. In accordance with the POA's Policy Decision, in accordance with TFRS 3, the identifiable assets and liabilities arising from the previous acquisition of the acquired entity by OYAK, a higher parent company, are also considered as the assets of the acquiree, and the details regarding the acquisition of OYAK are as follows.

	Main Field of Activity	Date of Purchase	Share in Capital Received (%)	Transferred amount (Cash) (*)
Agriventis	Seed	18 September 2020	51	16,911,740

(\*) It is the purchase price of OYAK Sermaye Yatırımları, a subsidiary of OYAK.

##### Assets received and liabilities assumed as of the date of purchase

	Total
Cash and cash equivalents	98,311
Inventories	781,682
Other current assets	32,093
<b>Current Assets</b>	<b>912,086</b>
Other receivables	8,769
Property, plant and equipment	151,218
Intangible assets	51,558,211
<b>Non-Current Assets</b>	<b>51,718,198</b>
Trade and other payables	63,709
<b>Current Liabilities</b>	<b>63,709</b>
Other payables	9,190,814
Deferred Tax Liability	10,215,487
<b>Non-Current Liabilities</b>	<b>19,406,301</b>
<b>Net Asset Value</b>	<b>33,160,274</b>
Non-Controlling Interests	16,248,534
Parent Shares	16,911,740
<b>Goodwill arising at the time of purchase</b>	
Amount paid in cash	16,911,740
Less: Value of net assets of the acquired company	(16,911,740)
<b>Goodwill</b>	<b>-</b>

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#### 3. BUSINESS COMBINATIONS (cont'd)

##### Subsidiaries acquired (cont'd)

The Group took over 100 percent of Arma, which was purchased by OYAK on 6 May 2020, for a consideration of TL 92,000,000 on 28 July 2021 and this transaction was recognized by using the pooling of interest method, pursuant to the Policy Decision on "Accounting for Business Combinations Under Common Control" of POA. In this context, as explained in Note 2.7, the consolidated financial statements of the prior period have been restated in order to comply with the current period consolidated financial statements. In accordance with the POA's Policy Decision, the identifiable assets and liabilities arising from the previous acquisition of the acquired entity in accordance with TFRS 3 by OYAK, a higher parent company, are also considered as the assets of the acquiree, and the details regarding the acquisition of OYAK are as follows.

	<u>Main Field of Activity</u>	<u>Date of Purchase</u>	<u>Share in Capital Received (%)</u>	<u>Transferred amount (Cash) (*)</u>
Arma	Production of veterinary drugs	06 May 2020	100	50,485,985

(\*) It is the purchase price by OYAK (the main shareholder).

##### Assets received and liabilities assumed as of the date of purchase

	<u>Total</u>
Cash and cash equivalents	268
Trade and other receivables	333,109
Inventories	2,412,449
Other current assets	904,565
<b>Current Assets</b>	<b>3,650,391</b>
Other receivables	3,235
Property, plant and equipment and investment properties	30,877,237
Intangible assets	6,734,879
<b>Non-Current Assets</b>	<b>37,615,351</b>
Trade and other payables	4,017,965
Finance payables	7,237,304
Deferred income	1,801,208
Payables related to employee benefits	527,662
<b>Current Liabilities</b>	<b>13,584,139</b>
Finance payables	8,241,254
Deferred tax liability	5,904,799
<b>Non-Current Liabilities</b>	<b>14,146,053</b>
<b>Net Asset Value</b>	<b>13,535,550</b>
<b>Goodwill arising at the time of purchase</b>	
Amount paid in cash	50,485,985
Less: Value of net assets of the acquired company	(13,535,550)
<b>Goodwill</b>	<b>36,950,435</b>

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#### 4. CASH AND CASH EQUIVALENTS

	31 March 2022	31 December 2021
Cash	194,139	114,811
Cash at banks	544,852,443	94,960,343
<i>Demand deposits</i>	<i>14,953,133</i>	<i>57,971,634</i>
<i>Time deposits with a maturity of less than three months</i>	<i>529,899,310</i>	<i>36,988,709</i>
Other current assets (*)	18,045,283	12,372,149
Cash and cash equivalents in the consolidated statement of financial position	563,091,865	107,447,303
Less : interest accruals	(327,601)	(370,120)
Cash and cash equivalents according to the cash flow statements	562,764,264	107,077,183

(\*) Other cash and cash equivalents consist of checks and promissory notes and credit card receivables due as of 31 March 2022 and 31 December 2021.

As of 31 March 2022, the Group's TL time deposit amount is TL 1,500,000 and the interest rate is 14.00 percent (As of 31 December 2021, the Group's TL time deposit amount is TL 36,988,709 and the interest rate is 16.50 and 26.00 percent) and their maturities are less than 3 months.

As of 31 March 2022, the Group's USD time deposits amount to TL 528,399,310 and the interest rate is between 0.10 and 0.31 percent (As of 31 December 2021, the Group has no USD time deposits).

#### 5. FINANCIAL INVESTMENTS

	31 March 2022	31 December 2021
Currency Protected Deposit Account (CPDA)	9,383,180	-
	9,383,180	-

As of 31 March 2022, the annual average interest rate for currency protected deposits is 16.96 percent.

The details of time deposits are as follows:

	31 March 2022			31 December 2021		
	Nominal Value	Interest Accrual	Fair Value	Nominal Value	Interest Accrual	Fair Value
CPDA	8,653,595	257,834	9,383,180	-	-	-
	8,653,595	257,834	9,383,180	-	-	-

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#### 6. DERIVATIVE INSTRUMENTS

	31 March 2022		31 December 2021	
	Asset	Liability	Asset	Liability
Derivative that are designated and effective as hedging instruments carried at fair value:				
<i>Cross currency swap contracts</i>	168,700,732	-	153,082,463	-
Held for trading derivatives that are not designated in hedge accounting relationship				
<i>Option loan contracts</i>	-	-	-	10,935,886
<i>Forward contracts</i>	-	-	282,628	-
<i>Swap contracts</i>	-	-	16,329,518	-
	<u>168,700,732</u>	<u>-</u>	<u>169,694,609</u>	<u>10,935,886</u>

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

As of 31 March 2022, the details of swap, option and forward transactions are as follows;

	Assets		Liabilities	
	Nominal Amount	Fair Value	Nominal Amount	Fair Value
Cross currency swap contracts				
<i>EUR Collection / TL Payment</i>	15,500,000	168,700,732	-	-
		<u>168,700,732</u>		<u>-</u>

As of 31 December 2021, the details of swap, option and forward transactions are as follows;

	Assets		Liabilities	
	Nominal Amount	Fair Value	Nominal Amount	Fair Value
Cross currency swap contracts				
<i>EUR Collection / TL Payment</i>	15,500,000	153,082,463	-	-
Interest rate swap contracts				
<i>Interest rate swap contracts</i>	-	-	3,147,895	10,935,886
Forward contracts				
<i>USD Collection / TL Payment</i>	1,000,000	282,628	-	-
Swap contracts				
<i>USD Collection / TL Payment</i>	20,000,000	16,329,518	-	-
		<u>169,694,609</u>		<u>10,935,886</u>

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**7. FINANCIAL LIABILITIES**

	31 March 2022	31 December 2021
<b>Short-Term Financial Liabilities</b>		
Issued borrowing instruments	97,596,308	-
Bank loans	3,529,674,216	2,195,583,914
Lease liabilities	17,659,352	14,477,381
	<u>3,644,929,876</u>	<u>2,210,061,295</u>
<b>Long-Term Financial Liabilities</b>		
Bank loans	32,589,215	30,245,588
Lease liabilities	31,315,937	30,968,249
	<u>63,905,152</u>	<u>61,213,837</u>

**Short-Term Bank Loans:**

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Currency	Weighted Average Interest Rate %	31 December 2021 Short-term
TL	19.06	1,991,913,464
Euro	3.00	203,670,450
		<u>2,195,583,914</u>

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

Currency	Weighted Average Interest Rate %	31 March 2022 Short-term
TL	19.15	97,596,308
		<u>97,596,308</u>

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### 7. FINANCIAL LIABILITIES (cont'd)

Details of Long-Term Bank Loans are as follows;

Currency	Weighted Average Interest Rate %	31 March 2022 Long-term
TL	19.32	18,215
Euro	3.00	32,571,000
		<u>32,589,215</u>
Currency	Weighted Average Interest Rate %	31 December 2021 Long-term
TL	19.06	72,188
Euro	3.00	30,173,400
		<u>30,245,588</u>

The maturities of lease liabilities are as follows;

	31 March 2022	31 December 2021
To be paid within 1 year	17,659,352	14,477,381
To be paid within 1-5 years	31,315,937	30,968,249
	<u>48,975,289</u>	<u>45,445,630</u>

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

	31 March 2022	31 December 2021
To be paid within 1 year	3,627,270,524	2,195,583,914
To be paid within 1-2 years	32,589,215	30,245,588
	<u>3,659,859,739</u>	<u>2,225,829,502</u>

As of 31 March 2022 and 31 December 2021, bank loans have spot, fixed and variable interest rates and it is assumed that their fair values and book values are close due to their short original maturities.

The reconciliation of liabilities arising from financing activities as of 1 January - 31 March 2022 and 2021 is as follows;

	31 March 2022	31 March 2021
<b>Financial liabilities as of 1 January</b>	<b>2,271,275,132</b>	<b>1,051,907,446</b>
Capital inflow within the period	1,632,585,839	485,318,466
Payments within the period	(272,128,985)	(122,317,725)
Non-cash movements	20,411,282	12,553,380
Interest expense	154,933,563	37,473,426
Paid interest expense	(98,241,803)	(20,757,424)
	<u>3,708,835,028</u>	<u>1,444,177,569</u>

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#### 8. TRADE RECEIVABLES AND PAYABLES

##### a) Trade Receivables

Details of the Group's trade receivables as of 31 March 2022 and 31 December 2021 are as follows;

	31 March 2022	31 December 2021
Short-term trade receivables		
Trade receivables	1,591,853,685	884,548,868
Notes receivables	660,626,045	779,595,440
Trade receivables from related parties (Note 21)	1,354,666	523,890
Other trade receivables	235	235
Provision for doubtful trade receivables (-)	(10,060,082)	(10,035,993)
	<u>2,243,774,549</u>	<u>1,654,632,440</u>
Long-term trade receivables		
Notes receivables	2,020,895	8,623,198
	<u>2,020,895</u>	<u>8,623,198</u>

The aging study of trade receivables as of 31 March 2022 and 31 December 2021 is as follows:

	31 March 2022	31 December 2021
Not overdue and impaired	2,210,617,177	1,622,722,138
Overdue for 1-30 days, not impaired	23,824,381	16,352,625
Overdue for 1-3 months, not impaired	9,394,746	12,995,947
Overdue for 3-12 months, not impaired	1,818,028	1,592,549
Overdue for 1-5 years, not impaired	141,112	9,592,379
	<u>2,245,795,444</u>	<u>1,663,255,638</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 214 days (31 December 2021: 215 days).

The provisions for doubtful receivables set aside for trade receivables were determined based on previous experiences involving failure to collect receivables. The movement table relating to the provisions for doubtful trade receivables of the Group is as follows:

	1 January- 31 March 2022	1 January- 31 March 2021
Provision for doubtful receivables movements		
Opening balance	10,048,503	9,980,940
Charge for the period	78,140	17,272
Collections/reversed provisions	(66,561)	-
Closing balance	<u>10,060,082</u>	<u>9,998,212</u>

Explanations on the nature and level of risks in trade receivables are given in Note 22.



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#### 8. TRADE RECEIVABLES AND PAYABLES (cont'd)

##### b) Trade Payables

Details of the Group's trade payables as of 31 March 2022 and 31 December 2021 are as follows:

	31 March 2022	31 December 2021
Short-term trade payables		
Trade payables (*)	933,924,587	800,069,140
Trade payables to related parties (Note 21)	33,735,338	15,696,283
Expense accruals	2,564,047	1,022,994
	<u>970,223,972</u>	<u>816,788,417</u>

(\*) As of 31 March 2022, there are TL 669,518,603 letters of credit in trade payables (31 December 2021: TL 570,290,715).

The average payment maturity for the purchase of goods is 126 days in internal purchases (31 December 2021: 143 days).

#### 9. OTHER RECEIVABLES AND PAYABLES

##### a) Other Receivables

	31 March 2022	31 December 2021
Other Short-Term Receivables		
Advance tax refund receivable	1,075,766	3,143
Refund receivable of special consumption tax ("SCT") (*)	1,426,120	2,277,819
Deposits and guarantees given	330,756	331,421
Other VAT	109,380	364,240
Other	14,031	584,814
	<u>2,956,053</u>	<u>3,561,437</u>

(\*) If the raw materials subject to SCT are used in manufacturing goods not subject to SCT, the Special Consumption Tax paid in the purchase of these raw materials may be refunded, if the conditions specified in the Special Consumption Tax Communiqué No. 25. The SCT amount requested to be refunded within this framework is TL 1,426,120 (31 December 2021: TL 2,277,819).

	31 March 2022	31 December 2021
Other Long-Term Receivables		
Deposits and guarantees given	948,274	851,455
	<u>948,274</u>	<u>851,455</u>

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**9. OTHER RECEIVABLES AND PAYABLES (cont'd)****b) Other Payables**

	31 March 2022	31 December 2021
<u>Other Short-Term Payables</u>		
Dividend payable (*)	6,930,792	6,930,792
Taxes and funds payable	11,095,431	5,229,535
Other miscellaneous liabilities	3,032,498	14,116,580
	<u>21,058,721</u>	<u>26,276,907</u>

(\*) As of 31 March 2022, it consists of the portion of the previous years and current year dividend payments that have not been completed yet.

	31 March 2022	31 December 2021
<u>Other Long-Term Payables</u>		
Other payables to related parties	60,114,898	52,848,957
	<u>60,114,898</u>	<u>52,848,957</u>

**10. INVENTORIES**

	31 March 2022	31 December 2021
Raw material	911,946,070	475,733,596
Work in-process	84,990,986	44,200,235
Finished goods	202,224,284	140,921,543
Trade goods	98,843,871	64,520,860
Other inventories (*)	313,851,566	423,572,847
Provision for impairment on inventories (-)	-	(307,721)
	<u>1,611,856,777</u>	<u>1,148,641,360</u>

(\*) As of 31 March 2022, TL 312,737,444 (31 December 2021: TL 423,149,922) of other inventories is comprised of goods in transit.

	1 January- 31 March 2022	1 January- 31 March 2021
<u>Movement of allowance for impairment on inventory</u>		
Opening balance	(307,722)	-
Provision used/reversed	307,722	-
Closing balance	<u>-</u>	<u>-</u>

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### 11. PROPERTY, PLANT AND EQUIPMENT

#### 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 2022	2,439,513	16,625,463	81,188,541	258,899,481	9,531,096	42,761,481	711,466,769	1,122,912,344
Foreign currency translation differences	-	-	-	509,694	261,687	13,913	-	785,294
Additions	-	1,078,097	768,184	16,884,363	1,722,332	4,759,182	129,025,483	154,237,641
Disposals	-	-	-	(2,980)	(1,722,672)	(140,280)	-	(1,865,932)
Transfers (*)	-	-	3,209,247	19,504,353	-	29,210	(26,880,900)	(4,138,090)
Closing balance as of 31 March 2022	2,439,513	17,703,560	85,165,972	295,794,911	9,792,443	47,423,506	813,611,352	1,271,931,257
<u>Accumulated Depreciation</u>								
Opening balance as of 1 January 2022	-	(6,051,054)	(16,593,940)	(38,260,972)	(2,572,592)	(15,361,282)	-	(78,839,840)
Foreign currency translation differences	-	-	-	(55,924)	(39,464)	(10,048)	-	(105,436)
Charge for the period	-	(203,241)	(604,111)	(4,927,168)	(479,369)	(1,797,484)	-	(8,011,373)
Disposals	-	-	-	1,216	1,295,403	103,961	-	1,400,580
Closing balance as of 31 March 2022	-	(6,254,295)	(17,198,051)	(43,242,848)	(1,796,022)	(17,064,853)	-	(85,556,069)
Carrying value as of 31 March 2022	2,439,513	11,449,265	67,967,921	252,552,063	7,996,421	30,358,653	813,611,352	1,186,375,188

(\*) TL 4,138,090 of the construction in progress was transferred to intangible assets (Note 12).

(\*\*) As of 31 March 2022, there is a capitalized financial expense amounting to TL 27,300,396 on the investments in progress.

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**11. 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 2021	2,439,513	13,554,832	65,458,237	93,410,606	5,433,105	27,345,390	269,998,578	477,640,261
Foreign currency translation differences	-	-	-	15,631	-	5,460	-	21,091
Additions	-	92,000	1,242,264	2,957,851	1,006,814	2,756,203	13,119,618	21,174,750
Disposals	-	-	-	-	-	(46,504)	-	(46,504)
Transfers (*)	-	856,653	1,727,076	75,827,767	-	769,248	(81,310,480)	(2,129,736)
Closing balance as of 31 March 2021	2,439,513	14,503,485	68,427,577	172,211,855	6,439,919	30,829,797	201,807,716	496,659,862
<u>Accumulated Depreciation</u>								
Opening balance as of 1 January 2021	-	(5,391,167)	(14,689,468)	(20,826,504)	(1,378,311)	(10,748,307)	-	(53,033,757)
Charge for the period	-	(154,633)	(464,404)	(4,241,691)	(285,520)	(979,245)	-	(6,125,493)
Disposals	-	-	-	-	-	45,159	-	45,159
Closing balance as of 31 March 2021	-	(5,545,800)	(15,153,872)	(25,068,195)	(1,663,831)	(11,682,393)	-	(59,114,091)
Carrying value as of 31 March 2021	2,439,513	8,957,685	53,273,705	147,143,660	4,776,088	19,147,404	201,807,716	437,545,771

(\*) TL 2,450,675 of the construction in progress was transferred to intangible assets (Note 12). The remaining amount of TL 320,939 was transferred from investment properties to construction in progress.

The 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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**12. INTANGIBLE ASSETS**

Cost Value	Rights	Development costs	Other intangible assets	Total
Opening balance as of 1 January 2022	196,876,546	14,261,465	5,371,398	216,509,409
Foreign currency translation differences	12,042,017	-	228,261	12,270,278
Additions	18,628,359	1,340,434	1,761,360	21,730,153
Transfers from construction in-progress	4,138,090	-	-	4,138,090
Closing balance as of 31 March 2022	231,685,012	15,601,899	7,361,019	254,647,930
<b>Accumulated Amortization</b>				
Opening balance as of 1 January 2022	(24,318,900)	(2,996,108)	(557,355)	(27,872,363)
Foreign currency translation differences	(894,181)	-	(67,273)	(961,454)
Charge for the period	(3,981,029)	(606,562)	(222,074)	(4,809,665)
Closing balance as of 31 March 2022	(29,194,110)	(3,602,670)	(846,702)	(33,643,482)
Carrying value as of 31 March 2022	202,490,902	11,999,229	6,514,317	221,004,448

Cost Value	Rights	Development costs	Other intangible assets	Total
Opening balance as of 1 January 2021	85,521,433	6,494,095	1,105,511	93,121,039
Foreign currency translation differences	35,903	-	53,361	89,264
Additions	217,887	-	-	217,887
Transfers from construction in-progress	1,144,601	1,053,574	252,500	2,450,675
Closing balance as of 31 March 2021	86,919,824	7,547,669	1,411,372	95,878,865
<b>Accumulated Amortization</b>				
Opening balance as of 1 January 2021	(12,384,772)	(1,321,189)	(85,887)	(13,791,848)
Charge for the period	(1,666,936)	(341,672)	(41,841)	(2,050,449)
Closing balance as of 31 March 2021	(14,051,708)	(1,662,861)	(127,728)	(15,842,297)
Carrying value as of 31 March 2021	72,868,116	5,884,808	1,283,644	80,036,568

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**13. GOODWILL**

Company	Acquisition Date	31 March 2022	31 December 2021
Ferbis	2017	10,321,922	10,321,922
Sunset	2020	59,047,335	59,047,335
Arma (*)	2020	36,950,435	36,950,435
		<u>106,319,692</u>	<u>106,319,692</u>

(\*) Arma has been started to be consolidated in the accompanying consolidated financial statements of the Group after the takeover, by pooling of interests (Note 2.7).

**14. CURRENT TAX ASSETS**

	31 March 2022	31 December 2021
Current tax assets		
Other prepaid tax and funds	301,767	1,079,923
	<u>301,767</u>	<u>1,079,923</u>

**15. SHORT-TERM AND LONG-TERM PROVISIONS****a) Short-term Provisions**

Short-term provisions	31 March 2022	31 December 2021
Provisions for legal cases (*)	2,229,198	1,630,818
Provision for unused vacation	5,705,359	4,361,761
	<u>7,934,557</u>	<u>5,992,579</u>

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

The movements of the provisions for litigation in the accounting period ending on 31 March 2022 and 2021 are as follows:

	1 January- 31 March 2022	1 January- 31 March 2021
Provision as of 1 January	1,630,818	894,365
Provision expense for the period	598,380	-
Provisions released	-	(192,046)
Provision as of 31 March	<u>2,229,198</u>	<u>702,319</u>

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

##### b) Long-Term Provisions

The long-term provisions for employee benefits in the accounting period ending on 31 March 2022 and 31 December 2021 are as follows:

Long-term provisions	31 March 2022	31 December 2021
Provision for employment termination benefit	20,115,341	18,781,884
Seniority incentive premium provision	2,836,278	2,594,768
	<u>22,951,619</u>	<u>21,376,652</u>

##### Provision for Severance Incentive Bonus:

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

The movements of the provisions for severance incentive premium in the accounting period ending on 31 March 2022 and 2021 are as follows:

	1 January- 31 March 2022	1 January- 31 March 2021
Provision as of 1 January	2,594,768	1,255,129
Service cost	188,546	79,294
Interest cost	118,976	37,637
Amount paid during the period	(66,012)	(12,555)
Provision as of 31 March	<u>2,836,278</u>	<u>1,359,505</u>

##### Provision for employment termination benefit:

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

The amount payable consists of one month's salary limited to a maximum of TL 10,848.59 for each period of service as of 31 March 2022 (31 December 2021: TL 8,284.51). The severance pay liability is not legally subject to any funding.

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

	31 March 2022	31 December 2021
Discount rate	19.00%	19.00%
Inflation rate	15.00%	15.00%
Wage increases	real 1.5%	real 1.5%
Employment termination benefit ceiling increase	15.00%	15.00%

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**15. 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 percent and 0 percent for personnel whose previous service period is between 0 and 15 years and above.

The movements of provision for severance pay for the accounting period ending on 31 March 2022 and 2021 are as follows:

	1 January- 31 March 2022	1 January- 31 March 2021
Provision as of 1 January	18,781,884	11,161,823
Service cost	769,474	352,345
Interest cost	839,103	350,152
Employment termination benefits paid	(275,120)	(386,063)
Provision as of 31 March	<u>20,115,341</u>	<u>11,478,257</u>

**16. SALES AND COST OF SALES****a) Revenue**

	1 January- 31 March 2022	1 January- 31 March 2021
Domestic sales	1,128,239,730	437,237,379
Foreign sales	37,668,449	9,415,953
Other sales	152,330	2,991,650
Sales returns (-)	(2,997,780)	(727,858)
Sales discounts (-)	(84,783,975)	(12,357,729)
	<u>1,078,278,754</u>	<u>436,559,395</u>

**b) Cost of Sales**

	1 January- 31 March 2022	1 January- 31 March 2021
Raw material expenses	(319,530,024)	(151,145,572)
Personnel expenses	(20,260,800)	(10,305,711)
General production expenses	(24,104,270)	(6,382,052)
Depreciation and amortization expenses	(7,491,872)	(6,093,899)
Transportation expenses	(19,917,602)	(10,353,358)
Changes in work in-process inventories	40,790,751	(1,185,094)
Changes in finished goods inventories	61,302,741	698,421
Cost of goods sold	(289,211,076)	(184,767,265)
Cost of trade goods sold and other sales	(350,723,592)	(110,837,500)
	<u>(639,934,668)</u>	<u>(295,604,765)</u>



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#### 17. OTHER INCOME FROM OPERATING ACTIVITIES

Other income from operating activities for the years ended 31 March 2022 and 2021 is as follows:

	1 January- 31 March 2022	1 January- 31 March 2021
Exchange difference income	7,150,119	200,547
Interest income from sales	107,406	607
Damage compensation income	3,263	8,207
Other income	1,586,665	2,105,546
	<u>8,847,453</u>	<u>2,314,907</u>

#### 18. OTHER EXPENSES FROM OPERATING ACTIVITIES

Other expenses from operating activities for the years ended 31 March 2022 and 2021 are as follows:

	1 January- 31 March 2022	1 January- 31 March 2021
Exchange difference expense (*)	(54,012,069)	(23,725,711)
Rediscount expense related to other payables	(610,358)	(304,532)
Other expense and losses	(3,107,765)	(1,202,144)
	<u>(57,730,192)</u>	<u>(25,232,387)</u>

(\*) Resulting from trade receivables and trade payables.

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

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

The effective tax rate applied in 2022 is 23 and 22% (2021: 25%).

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

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

##### Corporate Tax (cont'd)

	31 March 2022	31 December 2021
Provision for current corporate tax	(34,489,069)	(4,438,104)
Less: Prepaid taxes and funds	-	1,489,710
Current tax assets / (liabilities)	<u>(34,489,069)</u>	<u>(2,948,394)</u>
<u>Tax (expense) / income consists of following:</u>	<u>1 January- 31 March 2022</u>	<u>1 January- 31 March 2021</u>
Current tax (expense)	(34,489,069)	(80,628)
Deferred tax (expense) / income	21,150,073	8,681,622
Total tax (expense) / income	<u>(13,338,996)</u>	<u>8,600,994</u>
<u>Deferred tax assets / (liabilities):</u>	<u>31 March 2022</u>	<u>31 December 2021</u>
Tax advantage from investment discount	50,410,514	36,148,742
Employment termination benefit and severance incentive premium provisions	4,590,324	4,275,330
Provision for unused vacation and premium	5,641,325	8,792,988
Differences in book values of inventories	1,522,444	(206,464)
Depreciation of property, plant and equipment/amortization of other intangible assets	(42,261,352)	(38,586,280)
Fair value differences of derivative instruments	(4,028,636)	(8,714,069)
Other	(664,594)	(6,302,183)
	<u>15,210,025</u>	<u>(4,591,936)</u>

Movement of deferred tax assets/(liabilities) for the years ended as of 31 March 2022 and 2021 is as follows:

	1 January- 31 March 2022	1 January- 31 March 2021
<u>Movement of deferred tax asset / (liability):</u>		
Opening balance as of 1 January	(4,591,936)	7,486,198
(Expense) / income recognized in the statement of income	21,150,073	8,681,622
Income recognized in the statement of other comprehensive income	864,639	(1,611,026)
Foreign Currency Translation Differences	(2,212,751)	(1,119,200)
Closing balance as of 31 March	<u>15,210,025</u>	<u>13,437,594</u>

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

	1 January- 31 March 2022	1 January- 31 March 2021
<u>Reconciliation of tax provisions:</u>		
Profit before tax	222,913,122	63,541,110
Income tax rate 23% - 22% (2021: 25%)	22%	20%
Expected tax expense	<u>(49,040,887)</u>	<u>(12,708,222)</u>
Tax effect:		
- non-taxable income	716,578	278,071
- non-deductible expense	(3,748,100)	(159,025)
- change of tax rate from 20% to 25% and 23%	550,305	-
- investment incentive discount	39,978,105	20,597,412
- effect of other items exempted from tax	(1,794,997)	592,758
Tax provision income in the statement of profit or loss	<u>(13,338,996)</u>	<u>8,600,994</u>

#### 20. EARNINGS PER SHARE

	1 January- 31 March 2022	1 January- 31 March 2021
<b>Earnings per share</b>		
Weighted average number of shares outstanding during the period (*)	86,000,000,000	46,000,000,014
Net profit for the period	<u>211,888,706</u>	<u>73,001,299</u>
Profit per share obtained from ongoing activities		
- a hundred ordinary stock (TL)	0.25	0.16

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

In the interim fiscal period ending as of 31 December 2021, it has been decided that the distributable profit for the 2020 accounting period will not be distributed, and the remaining amount will be recorded in extraordinary reserves, after the first legal reserves have been set aside, by evaluating the conditions stipulated in the Company's profit distribution policy. Dividends from previous periods, which have not yet been requested by the partners, are also followed under the other payables account.

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#### 21. RELATED PARTY DISCLOSURES

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

Balances with related parties	31 March 2022		31 December 2021	
	Trade		Trade	
	Receivables	Payables	Receivables	Payables
Oyak Biyoteknoloji San.ve Ticaret A.Ş. (*)	-	12,703,642	-	2,392,365
Oyak İnşaat A.Ş. (*)	-	7,954,518	-	-
Omsan Lojistik A.Ş. (*)	-	7,234,999	-	2,173,785
OYAK Pazarlama Hizmet Turizm A.Ş. (*)	-	2,581,028	-	2,532,511
OYAK Savunma Güvenlik Sistemleri A.Ş. (*)	-	1,061,880	-	1,653,161
Güzel Enerji Akaryakıt A.Ş. (*)	-	819,320	-	483,594
OYAK (**)	-	449,380	-	2,395,840
Oyak Yatırım Menkul Değerler A.Ş. (*)	-	444,150	-	-
Doco Petrol Ve Danışmanlık A.Ş. (*)	-	185,394	-	16,318
Satem Grup Gıda Dağıtım ve Pazarlama A.Ş. (*)	-	124,410	-	127,021
Oyak Grup Sigorta ve Reasürans Brokerliği A.Ş. (*)	-	103,484	-	3,489,466
Oyak Akaryakıt ve LPG Yatırımları A.Ş. (*)	-	69,254	2,965	-
Mais Motorlu Araçlar İmal ve Satış A.Ş. (*)	-	3,879	-	582
Tamek Grup Gıda Üretim A.Ş. (*)	1,143,768	-	-	353,017
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. (*)	98,892	-	181,529	-
İskenderun Demir Ve Çelik A.Ş. (*)	34,432	-	-	-
Oyak Gıda Ve Tarım Holding Anonim Şirketi (*)	23,778	-	28,661	-
Likitgaz Dağıtım Ve Endüstri A.Ş. (*)	20,175	-	20,527	-
Sagra Grup Gıda Üretim ve Ticaret A.Ş. (*)	15,609	-	220,975	-
Oyak Denizcilik ve Liman İşletmeleri A.Ş. (*)	9,034	-	3,388	-
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. (*)	5,165	-	-	-
Oyak Çimento Fabrikaları A.Ş. (*)	3,813	-	6,580	-
Oyak Elektrik Enerjisi Toptan Satış A.Ş. (*)	-	-	-	78,623
Kümaş Manyezit San.A.Ş. (*)	-	-	31,522	-
Kaan Akaryakıt Ssnayi ve Tic. A.Ş. (*)	-	-	14,806	-
Akdeniz Chemson Kimya Sanayi ve Ticaret A.Ş. (*)	-	-	9,322	-
Petrol Petrol Ür.Taş.Araç.Ve Dış Tic.A.Ş. (*)	-	-	3,615	-
Oyka Kağıt Ambalaj San.Tic.A.Ş. (*)	-	-	-	-
Armada Petrol Ürünleri Sanayi ve Ticaret Ltd. Şti. (*)	-	-	-	-
Berkim Petrol Denizcilik Ve Nakliyat A.Ş. (*)	-	-	-	-
	1,354,666	33,735,338	523,890	15,696,283

(\*) Companies managed by the parent

(\*\*) Parent 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.

Fixed asset advances given to related parties	31 March	31 December
	2022	2021
Oyak İnşaat A.Ş. (*)	51,810,326	11,789,746
	51,810,326	11,789,746

(\*) The company managed by the parent

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**21. RELATED PARTY DISCLOSURES (cont'd)**

	31 March 2022	31 December 2021
Advances given to related parties		
Oyak Elektrik Enerjisi Toptan Satış A.Ş. (*)	1,206,035	870,800
	<u>1,206,035</u>	<u>870,800</u>
	31 March 2022	31 December 2021
Other borrowings received from related parties		
Oyak Sermaye Yatırımları A.Ş. (*)	60,114,898	52,848,957
	<u>60,114,898</u>	<u>52,848,957</u>

	1 January - 31 March 2022		1 January - 31 March 2021	
Transactions with related parties	Purchases	Sales	Purchases	Sales
Oyak İnşaat A.Ş. (*)	24,069,873	5,084	678,012	9,231
Omsan Lojistik A.Ş. (*)	9,205,514	-	3,083,102	3,315
OYAK Pazarlama Hizmet Turizm A.Ş. (*)	6,830,206	5,044	2,472,525	5,709
OYAK Güvenlik ve Savunma Hiz. A.Ş. (*)	2,447,529	-	1,518,354	-
Güzel Enerji Akaryakıt A.Ş. (*)	1,966,377	4,753	573,238	12,360
Oyak Biyoteknoloji Sanayi ve Tic.A.Ş. (*)	12,631,054	999	-	14,760
Tamek Grup Gıda Üretim A.Ş. (*)	525,000	2,771,753	-	-
Doco Petrol ve Danışmanlık A.Ş. (*)	839,875	4,851	-	53,330
OYAK Yatırım Menkul Değerler A.Ş. (*)	420,000	-	-	-
Oyak Elektrik Enerjisi Toptan Satış A.Ş. (*)	265,981	-	-	-
Mais Motorlu Araçlar İmal ve Satış A.Ş. (*)	4,741	6,660	8,107	12,252
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. (*)	-	87,411	-	333,311
İskenderun Demir Ve Çelik A.Ş. (*)	-	29,180	-	135,845
Akdeniz Chemson Kimya Sanayi ve Ticaret A.Ş. (*)	-	9,715	-	32,276
Ordu Yardımlaşma Kurumu (**)	-	7,809	-	38,364
Likitgaz Dağıtım Ve Endüstri A.Ş. (*)	-	25,623	-	12,040
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. (*)	-	10,213	-	12,547
Oyak Çimento Fabrikaları A.Ş. (*)	-	6,164	-	7,153
Erdemir Madencilik San Ve Tic. A.Ş. (*)	-	-	-	9,150
Oyak Denizcilik ve Liman İşletmeleri A.Ş. (*)	-	12,441	-	5,754
Other (*)	22,280	17,806	-	11,785
	<u>59,228,430</u>	<u>3,005,506</u>	<u>8,333,338</u>	<u>709,182</u>

(\*) Companies managed by the parent

(\*\*) Parent of the Company

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#### 21. RELATED PARTY DISCLOSURES (cont'd)

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

	1 January- 31 March 2022	1 January- 31 March 2021
Salaries and other short-term benefits	9,146,756	5,646,705
	9,146,756	5,646,705

#### 22. NATURE AND LEVEL OF THE RISKS ARISING FROM FINANCIAL INSTRUMENTS

##### Capital risk management

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

The capital structure of the Group consists of debts including the loans disclosed in Note 4 and Note 7, cash and cash equivalents, and equity items including issued capital, reserves and previous year profit disclosed.

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

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

##### Financial risk factors

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

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### 22. 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						Derivative Instruments
	Trade Receivables		Other Receivables		Deposits at Banks	Other Cash Equivalents	
31 March 2022	Related Party	Other Party	Related Party	Other Party			
Maximum credit risk exposed as of reporting date (A+B+C+D) (*)	1,354,666	2,244,440,778	-	3,904,327	544,852,443	18,045,283	168,700,732
- Secured portion of the maximum risk with guarantee etc (**)	-	439,505,899	-	-	-	-	-
A. Financial assets not past due nor impaired instruments	1,354,666	2,208,914,562	-	3,904,327	544,852,443	18,045,283	168,700,732
B. Assets past due but not impaired	-	35,178,267	-	-	-	-	-
- Secured portion with guarantee etc		16,332,102					
C. Net book value of impaired assets	-	10,408,031	-	-	-	-	-
- Impairment (-)	-	(10,060,082)	-	-	-	-	-
- Secured portion of the net value with guarantee etc	-	347,949	-	-	-	-	-
- 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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### 22. 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				Deposits at Banks	Other Cash Equivalents	Derivative Instruments
	Trade Receivables		Other Receivables				
31 December 2021	Related Party	Other Party	Related Party	Other Party			
Maximum credit risk exposed as of reporting date (A+B+C+D) (*)	523,890	1,662,731,748	-	4,412,892	94,960,343	12,372,149	169,694,609
- Secured portion of the maximum risk with guarantee etc (**)	-	369,467,222	-	-	-	-	-
A. Financial assets not past due nor impaired instruments	523,890	1,622,057,135	-	4,412,892	94,960,343	12,372,149	169,694,609
B. Assets past due but not impaired	-	40,533,500	-	-	-	-	-
- Secured portion with guarantee etc		16,119,775					
C. Net book value of impaired assets	-	10,177,106	-	-	-	-	-
- Impairment (-)	-	(10,035,993)	-	-	-	-	-
- Secured portion of the net value with guarantee etc	-	141,113	-	-	-	-	-
- 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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#### 22. NATURE AND LEVEL OF THE RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

##### Credit risk management (cont'd)

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

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

Overdue receivables are aged as follows:

	<u>31 March 2022</u>	<u>31 December 2021</u>
	<u>Trade</u>	<u>Trade</u>
	<u>Receivables</u>	<u>Receivables</u>
1-30 days overdue	23,824,381	16,352,625
1-3 months overdue	9,394,746	12,995,947
3-12 months overdue	1,818,028	1,592,549
1-5 years overdue	10,549,143	19,769,485
Total overdue receivables	<u>45,586,298</u>	<u>50,710,606</u>
Secured portion with guarantee etc.	<u>16,680,051</u>	<u>16,260,888</u>

Provisions were set aside for TL 10,060,082 of the overdue receivables, as of 31 March 2022 (31 December 2021: TL 10,035,993). The guarantees received for the overdue trade receivables for which no provisions were set aside are as follows:

	<u>31 March</u>	<u>31 December</u>
	<u>2022</u>	<u>2021</u>
Letters of guarantee	<u>16,680,051</u>	<u>16,260,888</u>
	<u>16,680,051</u>	<u>16,260,888</u>

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

##### Liquidity risk management

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

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

##### 31 March 2022

<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>
<b>Non-derivative financial liabilities</b>					
Financial liabilities	3,708,835,028	3,935,962,977	2,154,688,115	1,710,466,566	70,808,296
Trade payables	970,223,972	970,223,972	153,866,452	816,357,520	-
Payables related to employee benefits	27,430,746	27,430,746	5,596,876	21,833,870	-
Other payables	81,173,619	81,173,619	10,206,091	10,852,630	60,114,898
	<b>4,787,663,365</b>	<b>5,014,791,314</b>	<b>2,324,357,534</b>	<b>2,559,510,586</b>	<b>130,923,194</b>
<b>Derivative financial liabilities</b>					
Derivative cash inflows	168,700,732	552,470,888	310,709,000	210,685,766	31,076,122
Derivative cash outflows	-	(425,905,949)	(306,306,569)	(104,431,066)	(15,168,314)
	<b>168,700,732</b>	<b>126,564,939</b>	<b>4,402,431</b>	<b>106,254,700</b>	<b>15,907,808</b>

##### 31 December 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>
<b>Non-derivative financial liabilities</b>					
Financial liabilities	2,271,275,132	2,539,768,854	602,320,639	1,868,883,211	68,565,004
Trade payables	816,788,417	816,788,417	259,132,286	557,656,131	-
Payables related to employee benefits	37,126,829	37,126,829	3,072,389	34,054,440	-
Other payables	79,125,864	79,125,864	5,229,535	21,047,372	52,848,957
	<b>3,204,316,242</b>	<b>3,472,809,964</b>	<b>869,754,849</b>	<b>2,481,641,154</b>	<b>121,413,961</b>
<b>Derivative financial liabilities</b>					
Derivative cash inflows	158,758,723	552,470,888	310,709,000	210,685,766	31,076,122
Derivative cash outflows	-	(425,905,949)	(306,306,569)	(104,431,066)	(15,168,314)
	<b>158,758,723</b>	<b>126,564,939</b>	<b>4,402,431</b>	<b>106,254,700</b>	<b>15,907,808</b>

## HEKTAŞ GROUP

### NOT REVIEWED NOTES TO FINANCIAL STATEMENTS AS OF 31 MARCH 2022 AND FOR THE PERIOD THEN ENDED (All amounts are indicated in Turkish Lira ("TL").)

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

##### Market risk

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

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

##### Foreign currency risk management

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

	31 March 2022		
	TL Equivalent (Functional currency)	US Dollar	Euro
Trade Receivable	58,995,634	4,029,598	860
Monetary Financial Assets	532,434,998	36,284,070	82,370
Non-Monetary Financial Assets	41,780,507	2,784,476	62,869
<b>CURRENT ASSETS</b>	<b>633,211,139</b>	<b>43,098,144</b>	<b>146,099</b>
Non-Monetary Financial Assets	-	-	-
<b>NON-CURRENT ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>633,211,139</b>	<b>43,098,144</b>	<b>146,099</b>
Financial Liabilities	219,854,250	-	13,500,000
Trade Payables	852,249,253	57,288,919	841,584
<b>CURRENT LIABILITIES</b>	<b>1,072,103,503</b>	<b>57,288,919</b>	<b>14,341,584</b>
Financial Liabilities	32,571,000	-	2,000,000
<b>NON-CURRENT LIABILITIES</b>	<b>32,571,000</b>	<b>-</b>	<b>2,000,000</b>
<b>TOTAL LIABILITIES</b>	<b>1,104,674,503</b>	<b>57,288,919</b>	<b>16,341,584</b>
Net asset/ liability position of off-balance sheet derivative instruments	252,425,250	-	15,500,000
Amount of active off-balance sheet foreign currency derivatives	252,425,250	-	15,500,000
<b>Net foreign currency asset liability position</b>	<b>(219,038,114)</b>	<b>(14,190,775)</b>	<b>(695,485)</b>
Fair value of financial instruments used for foreign currency hedging	154,417,386	-	-
Amounts of hedged portion of foreign currency assets	252,425,250	-	15,500,000
Export	32,127,723	2,263,398	860
Import	905,627,641	61,544,386	1,514,792

## HEKTAŞ GROUP

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

#### Foreign currency risk management (cont'd)

	31 December 2021		
	TL Equivalent (Functional currency)	USD Dollar	Euro
Trade Receivable	60,981,081	4,575,068	-
Monetary Financial Assets	44,194,770	1,650,515	1,471,167
Non-Monetary Financial Assets	75,805,959	5,637,261	44,205
<b>CURRENT ASSETS</b>	<b>180,981,810</b>	<b>11,862,844</b>	<b>1,515,372</b>
Non-Monetary Financial Assets	4,385,574	329,025	-
<b>NON-CURRENT ASSETS</b>	<b>4,385,574</b>	<b>329,025</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>185,367,384</b>	<b>12,191,869</b>	<b>1,515,372</b>
Financial Liabilities	203,670,450	-	13,500,000
Trade Payables	696,593,573	49,181,892	2,720,816
<b>CURRENT LIABILITIES</b>	<b>900,264,023</b>	<b>49,181,892</b>	<b>16,220,816</b>
Financial Liabilities	30,173,400	-	2,000,000
<b>NON-CURRENT LIABILITIES</b>	<b>30,173,400</b>	<b>-</b>	<b>2,000,000</b>
<b>TOTAL LIABILITIES</b>	<b>930,437,423</b>	<b>49,181,892</b>	<b>18,220,816</b>
Net asset/ liability position of off-balance sheet derivative instruments	513,752,850	21,000,000	15,500,000
Amount of active off-balance sheet foreign currency derivatives	513,752,850	21,000,000	15,500,000
<b>Net foreign currency asset liability position</b>	<b>(231,317,189)</b>	<b>(15,990,023)</b>	<b>(1,205,444)</b>
Fair value of financial instruments used for foreign currency hedging	40,327,504	-	-
Amounts of hedged portion of foreign currency assets	513,752,850	21,000,000	15,500,000
Export	42,117,016	9,037,786	-
Import	439,545,015	83,177,726	17,858,511

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

##### Foreign currency risk sensitivity

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

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

		<b>31 March 2022</b>	
		Profit / Loss	
		Appreciation of foreign currency	Depreciation of foreign currency
In case USD appreciates 10% against TL			
Net asset/liability of USD		(20,771,179)	20,771,179
<b>USD net effect</b>		<b>(20,771,179)</b>	<b>20,771,179</b>
In case EUR appreciates 10% against TL			
Net asset/liability of EUR		(26,375,157)	26,375,157
Portion hedged from EUR risk (-)		25,242,525	25,242,525
<b>EUR net effect</b>		<b>(1,132,632)</b>	<b>1,132,632</b>
<b>TOTAL</b>		<b>(21,903,811)</b>	<b>21,903,811</b>

  

		<b>31 December 2021</b>	
		Profit / Loss	
		Appreciation of foreign currency	Depreciation of foreign currency
In case USD appreciates 10% against TL			
Net asset/liability of USD		(21,313,102)	21,313,102
<b>USD net effect</b>		<b>(21,313,102)</b>	<b>21,313,102</b>
In case EUR appreciates 10% against TL			
Net asset/liability of EUR		(25,203,002)	25,203,002
Portion hedged from EUR risk (-)		23,384,385	23,384,385
<b>EUR net effect</b>		<b>(1,818,617)</b>	<b>1,818,617</b>
<b>TOTAL</b>		<b>(23,131,719)</b>	<b>23,131,719</b>

##### 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.

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

##### Price risk

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

#### 23. 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

##### Classes and fair values of financial instruments

31 March 2022	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Financial liabilities at amortized cost	Note
<u>Financial assets</u>					
Cash and cash equivalents	563,091,865	-	-	-	4
Trade receivables	2,245,795,444	-	-	-	8a
Financial investments	-	-	9,383,180	-	5
Derivative instruments	-	168,700,732	-	-	6
<u>Financial liabilities</u>					
Financial liabilities	-	-	-	3,708,835,028	7
Trade payables	-	-	-	970,223,970	8b
Payables related to employee benefits	-	-	-	27,430,746	
Other payables	-	-	-	81,173,619	9b
 31 December 2021	 Financial assets at amortized cost	 Financial assets at fair value through other comprehensive income	 Financial assets at fair value through profit or loss	 Financial liabilities at amortized cost	 Note
<u>Financial assets</u>					
Cash and cash equivalents	107,447,303	-	-	-	4
Trade receivables	1,654,632,440	-	-	-	8a
Derivative instruments	-	169,694,609	-	-	6
<u>Financial liabilities</u>					
Financial liabilities	-	-	-	2,271,275,132	7
Trade payables	-	-	-	816,788,417	8b
Payables related to employee benefits	-	-	-	37,126,829	
Derivative instruments	-	-	10,935,886	-	6
Other payables	-	-	-	79,125,864	9b

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

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### 23. FINANCIAL INSTRUMENTS (cont’d)

#### Fair value measurements hierarchy table (cont’d)

##### Fair values of financial instruments

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

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

### 24. EVENTS AFTER THE REPORTING PERIOD

According to the Material Disclosure made by the Group on the Public Disclosure Platform on 15 April 2022:

“It has been decided to authorize the General Directorate to initiate the necessary procedures in order to increase the paid-in capital of the Company amounting to TL 860,000,000 to TL 2,530,000,000 with an increase of TL 2,530,000,000 in total, consisting a payment of TL 1,290,000,000 and free of payment of TL 380,000,000, and to increase the registered capital ceiling to TL 3,000,000,000 for this purpose.”