

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

CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE NINE MONTHS INTERIM PERIOD
AS OF 30 SEPTEMBER 2022

(ORIGINALLY ISSUED IN TURKISH)

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HEKTAŞ GROUP

NOT REVIEWED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE INTERIM PERIOD AS OF 30 SEPTEMBER 2022

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

		Current Period	Prior Period
		Not reviewed	Audited
			Restated
			(Note 2.7)
	Notes	30 September 2022	31 December 2021
ASSETS			
Current Assets		7.517.489.884	3.282.552.383
Cash and Cash Equivalents	4	872.426.650	107.447.303
Financial Investments	5	9.457.130	-
Trade Receivables	8a	4.127.065.376	1.654.632.440
<i>From Related Parties</i>	21	98.334	523.890
<i>From Third Parties</i>		4.126.967.042	1.654.108.550
Other Receivables	9a	758.334	3.561.437
<i>From Third Parties</i>		758.334	3.561.437
Derivative Instruments	6	187.018.188	169.694.609
Inventories	10	1.971.743.876	1.148.641.360
Prepaid Expenses		138.414.682	107.996.108
<i>From Related Parties</i>	21	3.358.502	870.800
<i>From Third Parties</i>		135.056.180	107.125.308
Current Tax Assets	14	34.855	1.079.923
Other Current Assets		210.570.793	89.499.203
Non-Current Assets		2.285.802.610	1.448.249.128
Trade Receivables	8a	2.920.550	8.623.198
Other Receivables	9a	1.499.253	851.455
Investment Properties		4.683.033	4.775.883
Property, Plant and Equipment	11	1.617.149.237	1.044.072.504
Intangible Assets		350.417.240	294.956.738
Goodwill	13	106.319.692	106.319.692
<i>Other</i>	12	244.097.548	188.637.046
Right-of-Use Assets		99.634.607	43.014.887
Prepaid Expenses		154.707.882	20.706.311
<i>From Related Parties</i>	21	94.206.529	11.789.746
<i>From Third Parties</i>		60.501.353	8.916.565
Deferred Tax Assets	19	54.790.808	31.248.152
TOTAL ASSETS		9.803.292.494	4.730.801.511

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

HEKTAŞ GROUP

NOT REVIEWED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE INTERIM PERIOD AS OF 30 SEPTEMBER 2022

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

		Current Period	Prior Period
		Not reviewed	Audited
			Restated (Note 2.7)
		30 September 2022	31 December 2021
Notes			
LIABILITIES			
Current Liabilities		7.550.458.104	3.112.947.762
Short-term Borrowings	7	6.779.062.183	2.195.583.914
Lease Liabilities	7	43.246.258	14.477.381
Trade Payables	8b	598.958.834	816.788.417
<i>To Related Parties</i>	21	38.168.667	15.696.283
<i>To Third Parties</i>		560.790.167	801.092.134
Payables Related to Employee Benefits		71.145.328	37.126.829
Other Liabilities	9b	20.198.880	26.276.907
<i>To Related Parties</i>		7.181.268	6.930.792
<i>To Third Parties</i>		13.017.612	19.346.115
Derivative Instruments	6	-	10.935.886
Deferred Income		9.516.298	2.817.455
Current Tax Liability	19	17.709.391	2.948.394
Short-term Provisions	15a	10.620.932	5.992.579
<i>Related to Employee Benefits</i>		8.493.492	4.361.761
<i>Other</i>		2.127.440	1.630.818
Non-Current Liabilities		237.777.192	171.279.534
Long-term Borrowings	7	36.279.000	30.245.588
Lease Liabilities	7	62.597.117	30.968.249
Other Payables	9b	66.929.669	52.848.957
<i>Other Payables to Related Parties</i>	9b-21	66.929.669	52.848.957
Long-term Provisions		36.056.545	21.376.652
<i>Related to Employee Benefits</i>	15b	36.056.545	21.376.652
Deferred Tax Liability	19	35.914.861	35.840.088
EQUITY		2.015.057.198	1.446.574.215
Equity		2.004.273.723	1.429.679.635
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
Premiums/Discounts Regarding Shares		5.203.762	5.203.762
Accumulated Other Comprehensive Income / (Expenses) to be			
Reclassified in Profit or Loss		18.497.495	25.192.601
- <i>Hedging Profit (Loss)</i>		6.156.102	16.381.837
- <i>Foreign Currency Translation Differences</i>		12.341.393	8.810.764
Accumulated Other Comprehensive Income / (Expenses) not to be			
Reclassified in Profit or Loss		(14.345.000)	(7.685.734)
- <i>Remeasurement Losses of Defined Benefit Plans</i>		(14.345.000)	(7.685.734)
Restricted Reserves Appropriated from Profit		59.011.345	46.485.140
Prior Years' Profit/Losses		479.809.935	172.945.200
Net Profit/Loss for the Period		615.948.460	319.390.940
Non-Controlling Interests		10.783.475	16.894.580
TOTAL LIABILITIES AND EQUITY		9.803.292.494	4.730.801.511

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 – 30 SEPTEMBER 2022

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

		Current Period	Current Period	Prior Period	Prior Period
		Not reviewed	Not reviewed	Not reviewed	Not reviewed
				Restated	Restated
				(Note 2.7)	(Note 2.7)
		1 January-30 September	1 July-30 September	1 January-30 September	1 July-30 September
	Notes	2022	2022	2021	2021
PROFIT OR LOSS					
Revenue	16a	4.060.633.576	1.530.213.812	1.423.742.255	526.020.849
Cost of Sales (-)	16b	(2.371.814.770)	(880.037.521)	(945.054.327)	(326.111.293)
GROSS PROFIT/LOSS		1.688.818.806	650.176.291	478.687.928	199.909.556
General Administrative Expenses (-)		(122.072.036)	(47.665.422)	(55.241.533)	(17.739.972)
Marketing Expenses (-)		(146.110.359)	(61.178.893)	(53.809.649)	(17.638.261)
Research and Development Expenses (-)		(56.847.250)	(27.936.106)	(22.319.413)	(7.549.136)
Other Operating Income	17	31.786.197	10.310.194	3.954.458	564.468
Other Operating Expenses (-)	18	(196.556.436)	(33.538.899)	(36.907.426)	(1.136.976)
OPERATING PROFIT/LOSS		1.199.018.922	490.167.165	314.364.365	156.409.679
Income from Investing Activities		5.598.195	1.556.388	1.206.059	214.322
Expenses from Investing Activities (-)		(502.415)	(66.657)	(114.128)	(43.826)
OPERATING PROFIT/LOSS BEFORE FINANCE EXPENSE		1.204.114.702	491.656.896	315.456.296	156.580.175
Finance Income (+)		172.307.096	36.681.438	47.907.135	4.671.667
Finance Expense (-)		(675.782.411)	(337.025.457)	(181.589.798)	(79.080.886)
PRE-TAX PROFIT/LOSS OF CONTINUING OPERATIONS		700.639.387	191.312.877	181.773.633	82.170.956
Tax (Expense) / Income from Continuing Operations		(94.194.205)	(4.294.771)	(1.602.388)	(461.879)
Tax Expense for the Period	19	(116.876.362)	(16.851.152)	(1.489.343)	(652.143)
Deferred Tax (Expense) / Income	19	22.682.157	12.556.381	(113.045)	190.264
PROFIT/LOSS FOR THE PERIOD		606.445.182	187.018.106	180.171.245	81.709.077
Distribution of Profit/Loss for the Period					
Non-Controlling Interests		(9.503.278)	(3.528.042)	(3.797.459)	(1.348.945)
Parent Shares		615.948.460	190.546.148	183.968.704	83.058.022
		606.445.182	187.018.106	180.171.245	81.709.077
Earnings per share					
A Hundred Ordinary Stock (TL)	20	0,72	0,22	0,30	0,10
OTHER COMPREHENSIVE INCOME / (EXPENSE):					
Items That will not be Reclassified Subsequently to Profit or Loss:					
Loss:		(6.659.266)	-	(1.453.220)	-
Remeasurement Gains/Losses of Defined Benefit Plans		(8.324.082)	-	(1.816.525)	-
Remeasurement Gains (Losses) of Defined Benefit Plans, Tax Effect		1.664.816	-	363.305	-
Items That will be Reclassified Subsequently to Profit or Loss		(3.302.933)	(6.178.586)	(661.558)	(3.579.683)
Other Comprehensive Income (Expense) Related to Cash Flow Hedging		(13.382.675)	(9.784.185)	(4.813.286)	(3.895.688)
Foreign Currency Translation Differences		6.922.802	1.453.078	3.364.972	(580.003)
Other Comprehensive Income (Expense) Related to Cash Flow Hedge, Tax Effect		3.156.940	2.152.521	786.756	896.008
OTHER COMPREHENSIVE INCOME / (EXPENSE)		(9.962.199)	(6.178.586)	(2.114.778)	(3.579.683)
TOTAL COMPREHENSIVE INCOME		596.482.983	180.839.520	178.056.467	78.129.394
Distribution of Total Comprehensive Income:		596.482.983	180.839.520	178.056.467	78.129.394
Non-Controlling Interests		(6.111.105)	(2.816.034)	(2.148.623)	(1.633.147)
Parent Shares		602.594.088	183.655.554	180.205.090	79.762.541

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 – 30 SEPTEMBER 2022

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

			Accumulated Other Comprehensive Income that will not be Reclassified to Profit or Loss	Accumulated Other Comprehensive Income that will be Reclassified to Profit or Loss				Retained Earnings				
	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 Gains / Losses	Restricted Reserves Appropriated from Profit	Prior Years' Profit / Losses	Net Profit / Loss for the Period	Equity Attributable to the Parent	Non- Controlling Interests	Equity
Balances as of 1 January 2021 (Previously Reported)	227.571.100	83.235.986	2.256.362	(2.871.565)	-	8.541.316	38.087.444	235.115.190	180.498.608	772.434.441	-	772.434.441
Effect of Mergers Involving Entities or Businesses Under Common Control	-	16.911.740	-	-	627.466	-	-	(1.842.002)	-	15.697.204	15.419.894	31.117.098
Amount After Adjustments (Restated Note 2.7)	227.571.100	100.147.726	2.256.362	(2.871.565)	627.466	8.541.316	38.087.444	233.273.188	180.498.608	788.131.645	15.419.894	803.551.539
Transfers	-	-	-	-	-	-	8.397.696	172.100.912	(180.498.608)	-	-	-
Effect of Mergers Involving Entities or Businesses Under Common Control	-	(92.000.000)	-	-	-	-	-	-	-	(92.000.000)	-	(92.000.000)
Total Comprehensive Income / (Expense)	-	-	-	(1.453.220)	1.716.136	(4.026.530)	-	-	183.968.704	180.205.090	(2.148.623)	178.056.467
<i>Profit / (Loss) for the Period</i>	-	-	-	-	-	-	-	-	183.968.704	183.968.704	(3.797.459)	180.171.245
<i>Other Comprehensive Income / (Expense)</i>	-	-	-	(1.453.220)	1.716.136	(4.026.530)	-	-	-	(3.763.614)	1.648.836	(2.114.778)
Share Capital Increase	632.428.900	-	2.947.400	-	-	-	-	(232.428.900)	-	402.947.400	-	402.947.400
Balances as of 30 September 2021 (Restated Note 2.7)	860.000.000	8.147.726	5.203.762	(4.324.785)	2.343.602	4.514.786	46.485.140	172.945.200	183.968.704	1.279.284.135	13.271.271	1.292.555.406
Balances as of 1 January 2022 (Restated Note 2.7)	860.000.000	8.147.726	5.203.762	(7.685.734)	8.810.764	16.381.837	46.485.140	172.945.200	319.390.940	1.429.679.635	16.894.580	1.446.574.215
Transfers	-	-	-	-	-	-	12.526.205	306.864.735	(319.390.940)	-	-	-
Total Comprehensive Income / (Expense)	-	-	-	(6.659.266)	3.530.629	(10.225.735)	-	-	615.948.460	602.594.088	(6.111.105)	596.482.983
<i>Profit / (Loss) for the Period</i>	-	-	-	-	-	-	-	-	615.948.460	615.948.460	(9.503.278)	606.445.182
<i>Other Comprehensive Income / (Expense)</i>	-	-	-	(6.659.266)	3.530.629	(10.225.735)	-	-	-	(13.354.372)	3.392.173	(9.962.199)
Effect of Mergers Involving Entities or Businesses Under Common Control (*)	-	(28.000.000)	-	-	-	-	-	-	-	(28.000.000)	-	(28.000.000)
Balances as of 30 September 2022	860.000.000	(19.852.274)	5.203.762	(14.345.000)	12.341.393	6.156.102	59.011.345	479.809.935	615.948.460	2.004.273.723	10.783.475	2.015.057.198

(*) As of 12 January 2022, all of the shares representing the capital of Agriventis, whose field of activity is “agricultural seed technology development, seed improvement and production”, controlled by Oyak Sermaye Yatırımları A.Ş., the subsidiary of our main shareholder, were taken over for a consideration of TL 28,000,000.

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

HEKTAŞ GROUP

NOT REVIEWED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2022

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

		Current Period	Prior Period
		Not reviewed	Not reviewed
			Restated
			(Note 2.7)
	Notes	1 January- 30 September 2022	1 January- 30 September 2021
CASH FLOWS FROM INVESTING ACTIVITIES		(2.315.566.580)	(415.848.863)
Profit/Loss for the Period		606.445.182	180.171.245
Adjustments Related to the Net Profit/Loss Reconciliation for the Period		785.254.499	202.494.198
Adjustments Related to Depreciation and Amortization		67.491.572	37.398.016
Adjustments Related to Impairment (Cancellation)		11.912.978	56.718
- <i>Adjustments Related to Impairment of Receivables</i>	8a	107.955	56.718
- <i>Adjustments Related to Inventory Impairment</i>	10	11.805.023	-
Adjustments Related to Provisions		12.233.939	2.526.502
- <i>Provisions for Employee Benefits</i>		11.737.317	2.991.918
- <i>Litigation Provisions / (Cancellation)</i>	15a	496.622	(465.416)
Adjustments Related to Interest (Income) / Expenses		598.587.243	161.134.946
- <i>Adjustments Related to Interest Income</i>		(29.061.059)	(14.351.875)
- <i>Adjustments Related to Interest Expenses</i>		627.648.302	175.486.821
Adjustments Related to Unrealized Foreign Currency Translation Differences		3.096.188	303.825
Adjustments Related to Tax Expense	19	94.194.205	1.602.388
Adjustments Related to Loss/Gains on Disposal of Fixed Assets		(2.261.626)	(528.197)
Changes in working capital		(3.633.033.885)	(809.161.730)
Adjustments Related to Increase/Decrease in Trade Receivables		(2.466.944.803)	(732.434.312)
Adjustments Related to Increase/Decrease in Other Operating Receivables		(148.254.936)	35.183.240
Adjustments Related to Increase/Decrease in Inventories		(834.907.539)	(112.020.834)
Adjustments Related to Increase/Decrease in Trade Payables		(217.829.583)	(1.959.982)
Increase / (Decrease) in Payables Related to Employee Benefits		34.018.499	3.730.947
Adjustments Related to Increase/Decrease in Other Operating Payables		884.477	(1.660.789)
Cash Flows from Operations		(74.232.376)	10.647.424
Interest Received		29.061.059	14.351.875
Payments Related to Provisions for Employee Benefits		(1.249.775)	(1.968.249)
Collections from Doubtful Receivables	8a	106.560	31.262
Tax Payments / Refunds		(102.150.220)	(1.767.464)
CASH FLOWS FROM INVESTMENT ACTIVITIES		(718.428.504)	(438.417.706)
Cash Outflows for the Acquisition of Shares of Other Businesses or Funds or Debt Instruments	3	(28.000.000)	(92.000.000)
Cash Inflows from Sales of Property, Plant and Equipment and Intangible Assets		3.610.920	709.712
- <i>Cash Inflows from Sale of Property, Plant and Equipment</i>		3.610.920	706.791
- <i>Cash Inflows from Sale of Intangible Assets</i>		-	2.921
Cash Outflows from the Purchase of Property, Plant and Equipment and Intangible Assets		(550.580.723)	(103.595.557)
- <i>Cash Outflows from the Purchase of Property, Plant and Equipment</i>	11	(511.080.142)	(101.100.362)
- <i>Cash Outflows from the Purchase of Intangible Assets</i>	12	(39.500.581)	(2.495.195)
Cash Advances and Payables Given		(134.001.571)	(243.531.861)
Other Cash Inflows/ Outflows		(9.457.130)	-
CASH FLOWS FROM FINANCE ACTIVITIES		3.799.238.091	916.738.939
Cash Inflows from Borrowing	7	6.440.089.556	1.284.653.777
Cash Outflows Related to Debt Payments	7	(1.971.019.716)	(621.959.924)
Interest Paid		(642.584.432)	(146.050.001)
Cash Outflows Related to Debt Payments Arising from Lease Contracts	7	(27.247.317)	(12.700.145)
Increase in Other Payables Received from Related Parties		-	9.847.832
Paid Capital Increase		-	402.947.400
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		765.243.007	62.472.370
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	107.077.183	78.792.535
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	872.320.190	141.264.905

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

HEKTAŞ GROUP

NOTES TO NOT REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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. It was founded pursuant to the law no. 205 on 1 March 1961. As the "solidarity and pension fund" of the members of the Turkish Armed Forces ("TSK"), OYAK provides various services and benefits to its members in line with the social security approach envisaged by the constitution. OYAK has direct and indirect subsidiaries and associates operating in 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 "Group" or "Hektaş Group" collectively.

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

The main field of activity of FNC is the production, import and marketing of agricultural pesticides. FNC is headquartered in the district of Bor in Niğde and has a capital of TL 3,000,000.

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

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

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

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

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

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.

The capital increase application for issuance and public offering made to the Capital Markets Board on 4 July 2022 regarding shares with a nominal value of TL 1,670,000,000 which will be increased due to the increase of its issued capital of TL 860,000,000 to TL 2,530,000,000, TL 1,290,000,000 in cash, and TL 380,000,000 from internal resources, within the registered capital ceiling of TL 3,000,000,000, has been approved by the Capital Markets Board on 6 October 2022.

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

As of 30 September 2022, the number of employees of the Group is 815 in total, 275 of them being blue-collar and 540 being white-collar (31 December 2021: 665 employees).

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

HEKTAŞ GROUP

NOTES TO NOT REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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

Details of the Company's subsidiaries and its financial statements as of 30 September 2022 and 31 December 2021 are as follows:

			Group's share rate in capital and voting rate (%)	
		Functional currency	30 September 2022	31 December 2021
Title of the Company	Location of activity			
Subsidiaries				
Takimsan	Kocaeli	TL	99,78	99,78
Ferbis	Niğde	TL	100,00	100,00
Areo	Antalya	TL	100,00	100,00
Sunset	Niğde	TL	100,00	100,00
Arma(*)	Ankara	TL	100,00	100,00
Agriventis(*)	Avustralya	AUD	51,00	51,00
Financial investments				
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 consolidated financial statements as of 30 September 2022 by preferring condensed 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 should be read together with the Group's consolidated financial statements as of 31 December 2021.

HEKTAŞ GROUP

NOTES TO NOT REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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 condensed consolidated financial statements were approved by the Board of Directors of on 31 October 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 condensed consolidated financial statements.

Functional and Reporting Currency

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

Restatement of financial statements during periods of high inflation

POA made an announcement on 20 January 2022 regarding the application of TAS 29, "Financial Reporting in Hyperinflationary Economies" (IAS 29 Financial Reporting in Hyperinflationary Economies) for entities adopting Turkish Financial Reporting Standards ("TFRS") for the year ended 31 December 2021. The announcement stated that, entities that apply TFRS should not adjust their financial statements in accordance with TAS 29 - Financial Reporting in Hyperinflationary Economies for the year ended 31 December 2021. As of the date of this report, POA has not made any further announcements regarding the scope and application of TAS 29. As a result, no inflation adjustment was made to the accompanying condensed consolidated financial statements in accordance with TAS 29.

2.2 Changes in accounting policies

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

2.3 Changes in accounting estimates and errors

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

The consolidated financial statements of 31 December 2021 and 30 September 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.

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NOTES TO NOT REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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 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.

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

While preparing its consolidated financial statements as at 30 September 2022, the Group 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 30 September 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

NOTES TO NOT REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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' Consolidated 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 the business combination subject to common control, 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
ASSETS			
Current Assets	3.268.942.287	13.610.096	3.282.552.383
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
Non-Current Assets	1.356.873.591	91.375.537	1.448.249.128
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
TOTAL ASSETS	4.625.815.878	104.985.633	4.730.801.511

HEKTAŞ GROUP

NOTES TO NOT REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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' Consolidated Financial Statements (cont'd)

	Previously Reported 31 December 2021	Elimination and Merger Effect (*)	Restated 31 December 2021
LIABILITIES AND EQUITY			
Current Liabilities	3.112.170.260	777.502	3.112.947.762
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>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>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>1.630.818</i>
Non-Current Liabilities	101.480.409	69.799.125	171.279.534
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
Other Payables to Related Parties	-	<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>21.376.652</i>
Deferred Tax Liability	18.889.920	16.950.168	35.840.088
EQUITY	1.412.165.209	34.409.006	1.446.574.215
Equity	1.412.165.209	17.514.426	1.429.679.635
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
Premiums / Discounts Regarding Shares	5.203.762	-	5.203.762
Accumulated Other Income (Expenses) to be Reclassified			
in Profit or Loss	16.381.837	8.810.764	25.192.601
<i>- Hedging Profit (Loss)</i>	<i>16.381.837</i>	-	<i>16.381.837</i>
<i>- Foreign Currency Translation Differences</i>	-	<i>8.810.764</i>	<i>8.810.764</i>
Accumulated Other Income (Expenses) not to be Reclassified			
in Profit or Loss	(7.685.734)	-	(7.685.734)
<i>- Remeasurement Losses of Defined Benefit Plans</i>	<i>(7.685.734)</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
Non-Controlling Interests	-	16.894.580	16.894.580
TOTAL LIABILITIES AND EQUITY	4.625.815.878	104.985.633	4.730.801.511

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NOTES TO NOT REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 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' Consolidated Financial Statements (cont'd)**

	Previously Reported 1 January 30 September 2021	Elimination and Merger Effect (*)	Restated 1 January 30 September 2021
PROFIT OR LOSS			
Revenue	1.423.742.255	-	1.423.742.255
Cost of Sales (-)	(945.054.327)	-	(945.054.327)
GROSS PROFIT/LOSS	478.687.928	-	478.687.928
General Administrative Expenses (-)	(49.896.075)	(5.345.458)	(55.241.533)
Marketing Expenses (-)	(53.792.811)	(16.838)	(53.809.649)
Research and Development Expenses (-)	(19.472.629)	(2.846.784)	(22.319.413)
Other Operating Income	3.928.387	26.071	3.954.458
Other Operating Expenses (-)	(36.907.426)	-	(36.907.426)
OPERATING PROFIT/LOSS	322.547.374	(8.183.009)	314.364.365
Income from Investing Activities	1.206.059	-	1.206.059
Expenses from Investing Activities (-)	(114.128)	-	(114.128)
OPERATING PROFIT/LOSS BEFORE FINANCE EXPENSE	323.639.305	(8.183.009)	315.456.296
Finance Income (+)	47.907.135	-	47.907.135
Finance Expense (-)	(181.589.798)	-	(181.589.798)
PROFIT/LOSS BEFORE TAX FROM CONTINUING OPERATION	189.956.642	(8.183.009)	181.773.633
Tax Income from Continuing Operations	(2.035.481)	433.093	(1.602.388)
Tax Expense for the Period	(1.489.343)	-	(1.489.343)
Deferred Tax Income	(546.138)	433.093	(113.045)
PROFIT/LOSS FOR THE PERIOD	187.921.161	(7.749.916)	180.171.245

(*) 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.

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NOTES TO NOT REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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)

2.8 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

NOTES TO NOT REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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)

2.8 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 Agriculture

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

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

Amendments to TFRS 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

NOTES TO NOT REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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)

2.8 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.

HEKTAŞ GROUP

NOTES TO NOT REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022 AND FOR THE PERIOD THEN ENDED (All amounts are indicated in Turkish Lira ("TL").)

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, 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>
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

	<u>Total</u>
Cash and cash equivalents	98.311
Inventories	781.682
Other current assets	32.093
Current Assets	912.086
Other receivables	8.769
Property, plant and equipment	151.218
Intangible assets	51.558.211
Non-Current Assets	51.718.198
Trade and other payables	63.709
Current Liabilities	63.709
Other payables	9.190.814
Deferred tax liability	10.215.487
Non-Current Liabilities	19.406.301
Net Asset Value	33.160.274
Non-controlling interests	16.248.534
Parent shares	16.911.740
Goodwill arising at the time of purchase	
Amount paid in cash	16.911.740
Less: Value of net assets of the acquired company	(16.911.740)
Goodwill	-

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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
Current Assets	3.650.391
Other receivables	3.235
Property, plant and equipment and investment properties	30.877.237
Intangible assets	6.734.879
Non-Current Assets	37.615.351
Trade and other payables	4.017.965
Finance payables	7.237.304
Deferred income	1.801.208
Payables related to employee benefits	527.662
Current Liabilities	13.584.139
Finance payables	8.241.254
Deferred tax liability	5.904.799
Non-Current Liabilities	14.146.053
Net Asset Value	13.535.550
Goodwill arising at the time of purchase	
Amount paid in cash	50.485.985
Less: Value of net assets of the acquired company	(13.535.550)
Goodwill	36.950.435

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4. CASH AND CASH EQUIVALENTS

	30 September 2022	31 December 2021
Cash	207.177	114.811
Cash at banks	845.886.762	94.960.343
<i>Demand deposits</i>	43.648.323	57.971.634
<i>Time deposits with a maturity of less than three months</i>	802.238.439	36.988.709
Other current assets (*)	26.332.711	12.372.149
Cash and cash equivalents in the consolidated statement of financial position	872.426.650	107.447.303
Less : interest accruals	(106.460)	(370.120)
Cash and cash equivalents according to the cash flow statements	872.320.190	107.077.183

(*) Other cash and cash equivalents consist of checks and promissory notes and credit card receivables due as of 30 September 2022 and 31 December 2021.

As of 30 September 2022, the Group's TL time deposit amount is TL 701,421,182 and the interest rate is between 13.00 and 19.00 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 30 September 2022, the Group's USD time deposits amount to TL 100,817,257 and the interest rate is between 3.50 and 3.00 percent (As of 31 December 2021, the Group has no USD time deposits) and maturities are less than 3 months.

5. FINANCIAL INVESTMENTS

	30 September 2022	31 December 2021
Currency Protected Deposit Account (CPDA)	9.457.130	-
	9.457.130	-

As of 30 September 2022, the annual average interest rate for currency protected deposits is 16.00 percent. Their maturities are 3 months.

The details of time deposits are as follows:

	30 September 2022			31 December 2021		
	Nominal Value	Interest Accrual	Fair Value	Nominal Value	Interest Accrual	Fair Value
CPDA	9.127.500	68.019	9.457.130	-	-	-
	9.127.500	68.019	9.457.130	-	-	-

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6. DERIVATIVE INSTRUMENTS

	30 September 2022		31 December 2021	
	Asset	Liability	Asset	Liability
Presentation of hedging derivative instruments at fair value				
<i>Cross currency swap contracts</i>	187.018.188	-	153.082.463	-
Derivative instruments held for trading not associated with hedge accounting:				
<i>Option loan contracts</i>	-	-	-	10.935.886
<i>Forward contracts</i>	-	-	282.628	-
<i>Swap contracts</i>	-	-	16.329.518	-
	<u>187.018.188</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 30 September 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	187.018.188	-	-
		<u>187.018.188</u>		<u>-</u>

As of 31 December 2021, the details of swap 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

	30 September 2022	31 December 2021
Short-Term Financial Liabilities		
Issued borrowing instruments	1.742.109.821	-
Bank loans	5.036.952.362	2.195.583.914
Lease liabilities	43.246.258	14.477.381
	<u>6.822.308.441</u>	<u>2.210.061.295</u>
Long-Term Financial Liabilities		
Bank loans	36.279.000	30.245.588
Lease liabilities	62.597.117	30.968.249
	<u>98.876.117</u>	<u>61.213.837</u>
Short-Term Bank Loans:		
Currency	Weighted Average Interest Rate %	30 September 2022 Short-term
TL	24.82	4.792.069.112
Euro	3.00	244.883.250
		<u>5.036.952.362</u>
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>

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7. FINANCIAL LIABILITIES (cont'd)

Details of Long-Term Bank Loans are as follows:

Currency	Weighted Average Interest Rate %	30 September 2022 Long-term
Euro	3.00	36.279.000
		<u>36.279.000</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 bank loans are as follows:

	30 September 2022	31 December 2021
To be paid within 1 year	6.779.062.183	2.195.583.914
To be paid within 1-2 years	<u>36.279.000</u>	<u>30.245.588</u>
	<u>6.815.341.183</u>	<u>2.225.829.502</u>

The maturities of lease liabilities issued are as follows:

	30 September 2022	31 December 2021
To be paid within 1 year	43.246.258	14.477.381
To be paid within 1-5 years	<u>62.597.117</u>	<u>30.968.249</u>
	<u>105.843.375</u>	<u>45.445.630</u>

As of 30 September 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 - 30 September 2022 and 2021 is as follows:

	30 September 2022	30 September 2021
Financial liabilities as of 1 January	2.271.275.132	1.051.907.446
Capital inflow within the period	6.440.089.556	1.284.653.777
Payments within the period	(1.998.267.033)	(634.660.069)
Non-cash movements	120.927.799	40.595.737
Interest expense	729.743.536	175.486.821
Paid interest expense	<u>(642.584.432)</u>	<u>(146.050.001)</u>
	<u>6.921.184.558</u>	<u>1.771.933.711</u>

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8. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables

Details of the Group's trade receivables as of 30 September 2022 and 31 December 2021 are as follows:

	30 September 2022	31 December 2021
Short-term trade receivables		
Trade receivables	2.947.571.682	884.548.868
Notes receivables	1.189.307.673	779.595.440
Trade receivables from related parties (Note 21)	98.334	523.890
Other trade receivables	167.592	235
Provision for doubtful trade receivables (-)	(10.079.905)	(10.035.993)
	<u>4.127.065.376</u>	<u>1.654.632.440</u>
Long-term trade receivables		
Notes receivables	2.920.550	8.623.198
	<u>2.920.550</u>	<u>8.623.198</u>

The aging study of trade receivables as of 30 September 2022 and 31 December 2021 is as follows:

	30 September 2022	31 December 2021
Not overdue and impaired	4.082.883.076	1.622.722.138
Overdue for 1-30 days, not impaired	30.197.310	16.352.625
Overdue for 1-3 months, not impaired	13.041.667	12.995.947
Overdue for 3-12 months, not impaired	3.722.761	1.592.549
Overdue for 1-5 years, not impaired	141.112	9.592.379
	<u>4.129.985.926</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 similar to the year-end.

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- 30 September 2022	1 January- 30 September 2021
Provision for doubtful receivables movements		
Opening balance	10.035.993	9.980.940
Charge for the period	107.955	56.718
Collections	(106.560)	(31.262)
Reversed provisions	42.517	-
Closing balance	<u>10.079.905</u>	<u>10.006.396</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 30 September 2022 and 31 December 2021 are as follows:

	30 September 2022	31 December 2021
Short-term trade payables		
Trade payables (*)	550.417.616	800.069.140
Trade payables to related parties (Note 21)	38.168.667	15.696.283
Expense accruals	10.372.551	1.022.994
	<u>598.958.834</u>	<u>816.788.417</u>

(*) As of 30 September 2022, there are TL 472,124,997 letters of credit in trade payables (31 December 2021: TL 570,290,715).

The average payment periods of the trade payables for the purchase of goods are similar to the end of the year.

9. OTHER RECEIVABLES AND PAYABLES

a) Other Receivables

	30 September 2022	31 December 2021
Other Short-Term Receivables		
Advance tax refund receivable	9.439	3.143
Refund receivable of special consumption tax ("SCT") (*)	268.293	2.277.819
Deposits and guarantees given	464.641	331.421
Other VAT	1.930	364.240
Other	14.031	584.814
	<u>758.334</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 268,293 (31 December 2021: TL 2,277,819).

	30 September 2022	31 December 2021
Other Long-Term Receivables		
Deposits and guarantees given	1.499.253	851.455
	<u>1.499.253</u>	<u>851.455</u>

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

	30 September 2022	31 December 2021
<u>Other Short-Term Payables</u>		
Dividend payable (*)	7.181.268	6.930.792
Taxes and funds payable	9.927.994	5.229.535
Other miscellaneous liabilities	3.089.618	14.116.580
	<u>20.198.880</u>	<u>26.276.907</u>

(*) As of 30 September 2022, it consists of the part of the previous years dividend payments that have not been completed yet.

	30 September 2022	31 December 2021
<u>Other Long-Term Payables</u>		
Other payables to related parties (Note 21)	66.929.669	52.848.957
	<u>66.929.669</u>	<u>52.848.957</u>

10. INVENTORIES

	30 September 2022	31 December 2021
Raw material	944.716.270	475.733.596
Work in-process	184.044.765	44.200.235
Finished goods	311.045.677	140.921.543
Trade goods	235.776.270	64.520.860
Other inventories (*)	308.273.638	423.572.847
Provision for impairment on inventories (-)	(12.112.744)	(307.721)
	<u>1.971.743.876</u>	<u>1.148.641.360</u>

(*) As of 30 September 2022, TL 303,939,787 (31 December 2021: TL 423,149,922) of other inventories is comprised of goods in transit.

	1 January- 30 September 2022	1 January- 30 September 2021
<u>Movement of allowance for impairment on inventory</u>		
Opening balance	(307.721)	-
Charge for the period	(12.112.744)	-
Provision used/reversed	307.721	-
Closing balance	<u>(12.112.744)</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	-	-	-	996.500	479.629	25.481	-	1.501.610
Additions	25.419.932	3.271.441	39.043.927	54.164.310	3.545.063	20.604.789	467.125.914	613.175.376
Disposals	-	(39.000)	-	(51.265)	(2.737.402)	(524.090)	-	(3.351.757)
Transfers (*)	185.356	211.020	4.832.783	23.234.774	-	55.670	(40.254.073)	(11.734.470)
Closing balance as of 30 September 2022	28.044.801	20.068.924	125.065.251	337.243.800	10.818.386	62.923.331	1.138.338.610	1.722.503.103
<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	-	-	-	(118.329)	(80.858)	(18.705)	-	(217.892)
Charge for the period	-	(677.228)	(2.058.891)	(17.292.112)	(1.609.435)	(6.660.931)	-	(28.298.597)
Disposals	-	10.833	-	34.412	1.499.075	458.143	-	2.002.463
Closing balance as of 30 September 2022	-	(6.717.449)	(18.652.831)	(55.637.001)	(2.763.810)	(21.582.775)	-	(105.353.866)
Carrying value as of 30 September 2022	28.044.801	13.351.475	106.412.420	281.606.799	8.054.576	41.340.556	1.138.338.610	1.617.149.237

(*) TL 11,734,470 of the construction in progress was transferred to intangible assets (Note 12).

(**) As of current period, there is a capitalized financial expense amounting to TL 102,095,234 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	-	-	-	17.619	-	2.261	-	19.880
Additions	-	544.691	1.426.327	18.033.504	3.934.876	9.221.600	67.939.364	101.100.362
Disposals	-	-	-	(35.089)	(281.189)	(277.824)	-	(594.102)
Transfers (*)	-	856.653	1.727.076	75.827.767	-	805.097	(83.141.994)	(3.925.401)
Closing balance as of 30 September 2021	2.439.513	14.956.176	68.611.640	187.254.407	9.086.792	37.096.524	254.795.948	574.241.000
<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)
Foreign currency translation differences	-	-	-	(4.411)	-	(974)	-	(5.385)
Charge for the period	-	(480.000)	(1.402.316)	(13.104.911)	(1.012.323)	(3.440.531)	-	(19.440.081)
Disposals	-	-	-	5.124	229.111	181.273	-	415.508
Closing balance as of 30 September 2021	-	(5.871.167)	(16.091.784)	(33.930.702)	(2.161.523)	(14.008.539)	-	(72.063.715)
Carrying value as of 30 September 2021	2.439.513	9.085.009	52.519.856	153.323.705	6.925.269	23.087.985	254.795.948	502.177.285

(*) TL 4,246,340 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
Lands	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	22.071.035	-	452.681	22.523.716
Additions	31.805.641	-	7.694.940	39.500.581
Transfers from construction in-progress	9.667.294	3.690.712	(1.623.536)	11.734.470
Closing balance as of 30 September 2022	260.420.516	17.952.177	11.895.483	290.268.176
Accumulated Amortization				
Opening balance as of 1 January 2022	(24.318.900)	(2.996.108)	(557.355)	(27.872.363)
Foreign currency translation differences	(1.769.265)	-	(94.813)	(1.864.078)
Charge for the period	(13.380.258)	(2.116.810)	(937.119)	(16.434.187)
Closing balance as of 30 September 2022	(39.468.423)	(5.112.918)	(1.589.287)	(46.170.628)
Carrying value as of 30 September 2022	220.952.093	12.839.259	10.306.196	244.097.548

Cost Value	Rights	Development costs	Other intangible assets	Total
Opening balance as of 1 January 2021	112.883.505	6.494.095	1.105.511	120.483.111
Foreign currency translation differences	6.284.494	-	47.396	6.331.890
Additions	906.728	-	1.588.467	2.495.195
Disposals	(5.316)	-	-	(5.316)
Transfers from construction in-progress	2.110.948	1.882.892	252.500	4.246.340
Closing balance as of 30 September 2021	122.180.359	8.376.987	2.993.874	133.551.220
Accumulated Amortization				
Opening balance as of 1 January 2021	(12.726.797)	(1.321.189)	(85.887)	(14.133.873)
Foreign currency translation differences	(161.122)	-	(5.290)	(166.412)
Charge for the period	(6.459.441)	(1.115.421)	(308.095)	(7.882.957)
Disposals	2.395	-	-	2.395
Closing balance as of 30 September 2021	(19.344.965)	(2.436.610)	(399.272)	(22.180.847)
Carrying value as of 30 September 2021	102.835.394	5.940.377	2.594.602	111.370.373

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13. GOODWILL

Company	Purchase Date	30 September 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 3)

14. CURRENT TAX ASSETS

	30 September 2022	31 December 2021
Current tax assets		
Other prepaid tax and funds	34.855	1.079.923
	<u>34.855</u>	<u>1.079.923</u>

15. SHORT-TERM AND LONG-TERM PROVISIONS

a) Short-term Provisions

Short-term provisions	30 September 2022	31 December 2021
Provisions for legal cases (*)	2.127.440	1.630.818
Provision for unused vacation	8.493.492	4.361.761
	<u>10.620.932</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 30 September 2022 and 2021 are as follows:

	1 January- 30 September 2022	1 January- 30 September 2021
Provision as of 1 January	1.630.818	894.365
Provision expense for the period	878.380	-
Provisions released	(381.758)	(465.416)
Provision as of 30 September	<u>2.127.440</u>	<u>428.949</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 30 September 2022 and 31 December 2021 are as follows:

Long-term provisions	30 September 2022	31 December 2021
Provision for employment termination benefit	31.836.236	18.781.884
Seniority incentive premium provision	4.220.309	2.594.768
	<u>36.056.545</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 30 September 2022 and 2021 are as follows:

	1 January- 30 September 2022	1 January- 30 September 2021
Provision as of 1 January	2.594.768	1.255.129
Service cost	661.754	281.987
Interest cost	421.890	140.213
Amount paid during the period	(149.435)	(84.014)
Earnings / (loss) from reducing benefits / layoffs	15.082	-
Actuarial loss/gain	676.250	-
Provision as of 30 September	<u>4.220.309</u>	<u>1.593.315</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 15,371.40 for each period of service as of 30 September 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.

	30 September 2022	31 December 2021
Discount rate	20,80%	19,00%
Inflation rate	16,71%	15,00%
Wage increases	reel 1.5%	reel 1.5%
Employment termination benefit ceiling increase	16,71%	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 30 September 2022 and 2021 are as follows:

	1 January- 30 September 2022	1 January- 30 September 2021
Provision as of 1 January	18.781.884	11.161.823
Service cost	2.861.942	300.560
Interest cost	3.100.096	1.180.080
Employment termination benefits paid	(1.100.340)	(1.884.235)
Earnings / (loss) from reducing benefits / layoffs	544.822	8.210
Actuarial loss/gain	7.647.832	1.816.525
Provision as of 30 September	<u>31.836.236</u>	<u>12.582.963</u>

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

	1 January- 30 September 2022	1 July- 30 September 2022	1 January- 30 September 2021	1 July- 30 September 2021
Domestic sales	4.169.287.834	1.558.709.526	1.398.078.436	518.313.808
Foreign sales	109.093.485	25.688.461	56.985.596	18.595.857
Other sales	161.354	-	4.774.616	50.482
Sales returns (-)	(10.314.117)	(4.050.704)	(5.017.659)	(2.648.762)
Sales discounts (-)	(207.594.980)	(50.133.471)	(31.078.734)	(8.290.536)
	<u>4.060.633.576</u>	<u>1.530.213.812</u>	<u>1.423.742.255</u>	<u>526.020.849</u>

b) Cost of Sales

	1 January- 30 September 2022	1 July- 30 September 2022	1 January- 30 September 2021	1 July- 30 September 2021
Raw material expenses	(1.213.929.632)	(435.069.772)	(465.958.081)	(147.691.039)
Personnel expenses	(84.387.996)	(36.935.020)	(36.070.926)	(14.485.523)
General production expenses	(116.494.812)	(49.922.013)	(20.157.073)	(8.070.366)
Depreciation and amortization expenses	(26.015.893)	(9.915.077)	(19.344.448)	(9.467.316)
Transportation expenses	(93.582.134)	(40.095.100)	(28.662.173)	(7.183.720)
Changes in work in-process inventories	139.844.530	10.290.520	(5.912.813)	(11.076.559)
Changes in finished goods inventories	170.124.134	84.956.083	(4.349.530)	(9.595.577)
Cost of goods sold	<u>(1.224.441.803)</u>	<u>(476.690.379)</u>	<u>(580.455.044)</u>	<u>(207.570.100)</u>
Cost of trade goods sold and other sales	<u>(1.147.372.967)</u>	<u>(403.347.142)</u>	<u>(364.599.283)</u>	<u>(118.541.193)</u>
	<u>(2.371.814.770)</u>	<u>(880.037.521)</u>	<u>(945.054.327)</u>	<u>(326.111.293)</u>

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17. OTHER INCOME FROM OPERATING ACTIVITIES

Other income from operating activities for the years ended 30 September 2022 and 2021 is as follows:

	1 January- 30 September 2022	1 July- 30 September 2022	1 January- 30 September 2021	1 July- 30 September 2021
Exchange difference income	25.732.443	8.842.255	208.284	(206.095)
Interest income from sales	461.152	96.929	382.386	241.143
Damage compensation income	171.396	8.397	9.095	738
Other income	5.421.206	1.362.613	3.354.693	528.682
	<u>31.786.197</u>	<u>10.310.194</u>	<u>3.954.458</u>	<u>564.468</u>

18. OTHER EXPENSES FROM OPERATING ACTIVITIES

Other expenses from operating activities for the years ended 30 September 2022 and 2021 are as follows:

	1 January- 30 September 2022	1 July- 30 September 2022	1 January- 30 September 2021	1 July- 30 September 2021
Exchange difference expense (*)	(188.298.509)	(31.925.331)	(34.452.881)	(554.865)
Rediscount expense related to other payables	(610.358)	-	(949.752)	(328.811)
Other expense and losses	(7.647.569)	(1.613.568)	(1.504.793)	(253.300)
	<u>(196.556.436)</u>	<u>(33.538.899)</u>	<u>(36.907.426)</u>	<u>(1.136.976)</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)

	30 September 2022	31 December 2021
Provision for current corporate tax	(116.876.362)	(4.438.104)
Less: Prepaid taxes and funds	99.166.971	1.489.710
Current tax assets / (liabilities)	<u>(17.709.391)</u>	<u>(2.948.394)</u>
	1 January- 30 September 2022	1 January- 30 September 2021
<u>Tax (expense) / income consists of following:</u>		
Current tax (expense)	(116.876.362)	(1.489.343)
Deferred tax (expense) / income	22.682.157	(113.045)
Total tax (expense) / income	<u>(94.194.205)</u>	<u>(1.602.388)</u>
	30 September 2022	31 December 2021
<u>Deferred tax assets / (liabilities):</u>		
Tax advantage from investment discount	52.618.654	36.148.742
Employment termination benefit and severance incentive premium provisions	7.211.309	4.275.330
Provision for unused vacation and premium	15.118.221	8.792.988
Differences in book values of inventories	3.691.080	(206.464)
Amortization of property, plant and equipment/amortization of other intangible assets	(44.722.655)	(38.586.280)
Fair value differences of derivative instruments	(1.736.336)	(8.714.069)
Other	(13.304.326)	(6.302.183)
	<u>18.875.947</u>	<u>(4.591.936)</u>

Movement of deferred tax assets/(liabilities) for the years ended as of 30 September 2022 and 2021 is as follows:

	1 January- 30 September 2022	1 January- 30 September 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	22.682.157	(113.045)
Income recognized in the statement of other comprehensive income	4.821.756	1.150.061
Foreign currency translation differences	(4.036.030)	(1.216.960)
Closing balance as of 30 September	<u>18.875.947</u>	<u>7.306.254</u>

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

	1 January- 30 September 2022	1 January- 30 September 2021
<u>Reconciliation of tax provisions:</u>		
Profit before tax	700.639.387	187.791.176
Income tax rate 23% - 22% (2021: 25%)	23%	25%
Expected tax expense	<u>(161.147.059)</u>	<u>(46.947.794)</u>
Tax effect:		
- non-taxable income	2.015.941	1.194.825
- non-deductible expense	(20.016.756)	(2.471.858)
- change of tax rate from 20% to 25% and 23%	2.665.245	(465.138)
- investment incentive discount	89.047.341	47.868.286
- effect of other items exempted from tax	<u>(6.758.917)</u>	<u>(780.709)</u>
Tax provision income in the statement of profit or loss	<u>(94.194.205)</u>	<u>(1.602.388)</u>

20. EARNINGS PER SHARE

	1 January- 30 September 2022	1 July- 30 September 2022	1 January- 30 September 2021	1 July- 30 September 2021
<u>Earnings per share</u>				
Weighted average number of shares outstanding during the period (*)	86.000.000.000	86.000.000.000	60.852.941.185	86.000.000.000
Net profit of the parent for the period	<u>615.948.460</u>	<u>190.546.148</u>	<u>183.968.704</u>	<u>83.058.022</u>
Profit per share obtained from ongoing activities				
- a hundred ordinary stock (TL)	0,72	0,22	0,30	0,10

(*) 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:

	30 September 2022		31 December 2021	
	Trade		Trade	
Balances with related parties	Receivables	Payables	Receivables	Payables
Oyak Biyoteknoloji San.ve Ticaret A.Ş. (*)	-	14.522.831	-	2.392.365
Omsan Lojistik A.Ş. (*)	-	5.967.209	-	2.173.785
OYAK Pazarlama Hizmet Turizm A.Ş. (*)	-	6.401.210	-	2.532.511
Güzel Enerji Akaryakıt A.Ş. (*)	-	1.490.663	-	483.594
OYAK Savunma ve Güvenlik Hiz. A.Ş.	-	1.422.687	-	1.653.161
Oyak Grup Sigorta ve Reasürans Brokerliği A.Ş. (*)	-	707.808	-	3.489.466
Oyak Yatırım Menkul Değerler A.Ş. (*)	-	6.510.000	-	-
Tamek Grup Gıda Üretim A.Ş. (*)	-	539.389	-	353.017
Doco Petrol Ve Danışmanlık A.Ş. (*)	-	189.754	-	16.318
OYAK (**)	-	349.039	-	2.395.840
Oyak Akaryakıt ve LPG Yatırımları A.Ş. (*)	-	68.077	2.965	-
Satem Grup Gıda Dağıtım ve Pazarlama A.Ş. (*)	4.685	-	-	127.021
Mais Motorlu Araçlar İmal ve Satış A.Ş. (*)	1.261	-	-	582
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. (*)	61.209	-	181.529	-
İskenderun Demir Ve Çelik A.Ş. (*)	-	-	-	-
Oyak Gıda Ve Tarım Holding Anonim Şirketi (*)	26.011	-	28.661	-
Likitgaz Dağıtım Ve Endüstri A.Ş. (*)	-	-	20.527	-
Sagra Grup Gıda Üretim ve Ticaret A.Ş. (*)	-	-	220.975	-
Oyak Denizcilik ve Liman İşletmeleri A.Ş. (*)	-	-	3.388	-
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. (*)	5.168	-	-	-
Oyak Çimento Fabrikaları A.Ş. (*)	-	-	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	-
	<u>98.334</u>	<u>38.168.667</u>	<u>523.890</u>	<u>15.696.283</u>

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

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

	30 September 2022	31 December 2021
Fixed asset advances given to related parties		
Oyak İnşaat A.Ş. (*)	94.206.529	11.789.746
	<u>94.206.529</u>	<u>11.789.746</u>

(*) The Company managed by the parent

(**) Main partner of the Company

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21. RELATED PARTY DISCLOSURES (cont'd)

	30 September 2022	31 December 2021
Advances given to related parties		
Oyak Elektrik Enerjisi Toptan Satış A.Ş. (*)	3.358.502	870.800
	<u>3.358.502</u>	<u>870.800</u>
	30 September 2022	31 December 2021
Other borrowings received from related parties		
Oyak Sermaye Yatırımları A.Ş. (*)	66.929.669	52.848.957
	<u>66.929.669</u>	<u>52.848.957</u>

	1 January - 30 September 2022		1 January - 30 September 2021	
Transactions with related parties	Purchases	Sales	Purchases	Sales
Oyak İnşaat A.Ş. (*)	190.603.303	5.084	11.076.887	20.494
Oyak Biyoteknoloji Sanayi ve Tic.A.Ş. (*)	39.619.732	999	-	44.839
Omsan Lojistik A.Ş. (*)	31.236.019	-	8.887.585	3.315
OYAK Pazarlama Hizmet Turizm A.Ş. (*)	22.015.520	5.730	8.025.163	13.990
Oyak Elektrik Enerjisi Toptan Satış A.Ş. (*)	16.771.537	-	77.649	-
OYAK Yatırım Menkul Değerler A.Ş. (*)	9.811.000	-	518.450	-
Güzel Enerji Akaryakıt A.Ş. (*)	9.269.397	6.924	2.019.947	36.265
OYAK Savunma ve Güvenlik Hiz. A.Ş. (*)	9.166.654	-	4.988.874	-
Doco Petrol ve Danışmanlık A.Ş. (*)	2.628.033	6.624	267.836	85.068
Tamek Grup Gıda Üretim A.Ş. (*)	2.170.340	2.771.753	116.667	174.237
Mais Motorlu Araçlar İmal ve Satış A.Ş. (*)	5.961	10.933	22.027	28.372
İskenderun Demir Ve Çelik A.Ş. (*)	278	29.180	-	271.695
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. (*)	-	196.786	-	586.361
Akdeniz Chemson Kimya Sanayi ve Ticaret A.Ş. (*)	-	11.174	-	63.022
Ordu Yardımlaşma Kurumu (**)	-	8.398	-	59.670
Likitgaz Dağıtım Ve Endüstri A.Ş. (*)	-	32.567	-	46.973
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. (*)	-	10.213	-	25.733
Oyak Çimento Fabrikaları A.Ş. (*)	-	6.164	-	21.214
Erdemir Madencilik San Ve Tic. A.Ş. (*)	-	4.785	-	26.101
Oyak Denizcilik ve Liman İşletmeleri A.Ş. (*)	-	12.441	-	13.251
Other (*)	28.971	20.724	-	70.298
	<u>333.326.745</u>	<u>3.140.479</u>	<u>36.001.085</u>	<u>1.590.898</u>

(*) Companies managed by the parent

(**) Main partner 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- 30 September 2022	1 January- 30 September 2021
Salaries and other short-term benefits	13.458.616	11.647.586
	<u>13.458.616</u>	<u>11.647.586</u>

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				Deposits at Banks	Other Cash Equivalents	Financial Investments	Derivative Instruments
	Trade Receivables		Other Receivables					
30 September 2022	Related Party	Other Party	Related Party	Other Party				
Maximum credit risk exposed as of reporting date (A+B+C+D) (*)	98.334	4.129.887.592	-	2.257.587	845.886.762	26.332.711	9.457.130	187.018.188
- Secured portion of the maximum risk with guarantee etc (**)	-	710.449.420	-	-	-	-	-	-
A. Financial assets not past due nor impaired instruments	98.334	4.082.643.629	-	2.257.587	845.886.762	26.332.711	9.457.130	187.018.188
B. Assets past due but not impaired	-	47.102.850	-	-	-	-	-	-
- Secured portion with guarantee etc	-	13.687.628	-	-	-	-	-	-
C. Net book value of impaired assets	-	10.221.018	-	-	-	-	-	-
- Past due (gross book value)								
- Impairment (-)	-	(10.079.905)	-	-	-	-	-	-
- 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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(All amounts are indicated in Turkish Lira ("TL").)

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	Financial Investments	Derivative Instruments
	Trade Receivables		Other Receivables					
	Related Party	Other Party	Related Party	Other Party				
31 December 2021								
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	-	-	-	-	-	-
- Past due (gross book value)								
- 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>30 September 2022</u>	<u>31 December 2021</u>
	<u>Trade</u>	<u>Trade</u>
	<u>Receivables</u>	<u>Receivables</u>
1-30 days overdue	30.197.310	16.352.625
1-3 months overdue	13.041.667	12.995.947
3-12 months overdue	3.722.761	1.592.549
1-5 years overdue	10.362.130	19.769.485
Total overdue receivables	<u>57.323.868</u>	<u>50.710.606</u>
Secured portion with guarantee etc.	<u>13.828.741</u>	<u>16.260.888</u>

Provisions were set aside for TL 10,079,905 of the overdue receivables, as of 30 September 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>30 September</u>	<u>31 December</u>
	<u>2022</u>	<u>2021</u>
Letters of guarantee	<u>13.828.741</u>	<u>16.260.888</u>
	<u>13.828.741</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.

30 September 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>
Non-derivative financial liabilities					
Financial liabilities	6.921.184.558	7.322.747.153	4.783.137.180	2.432.002.765	107.607.208
Trade payables	598.958.834	598.958.834	581.926.608	17.032.226	-
Payables related to employee benefits	71.145.328	71.145.328	14.022.680	57.122.648	-
Other payables	87.128.549	87.128.549	9.927.992	10.270.888	66.929.669
	7.678.417.269	8.079.979.864	5.389.014.460	2.516.428.527	174.536.877
Derivative financial liabilities					
Derivative cash inflows	187.018.188	290.682.506	253.318.118	-	37.364.388
Derivative cash outflows	-	(119.599.380)	(104.431.066)	-	(15.168.314)
	187.018.188	171.083.126	148.887.052	-	22.196.074

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>
Non-derivative financial liabilities					
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
	3.204.316.242	3.472.809.964	869.754.849	2.481.641.154	121.413.961
Derivative financial liabilities					
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)
	158.758.723	126.564.939	4.402.431	106.254.700	15.907.808

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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.

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

Foreign currency risk management

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

	30 September 2022		
	TL Equivalent (Functional currency)	US Dollar	Euro
Trade Receivable	52.984.538	2.861.137	-
Monetary Financial Assets	114.908.787	5.679.230	536.775
Non-Monetary Financial Assets	70.424.201	3.553.241	254.847
CURRENT ASSETS	238.317.526	12.093.608	791.622
Non-Monetary Financial Assets	-	-	-
NON-CURRENT ASSETS	-	-	-
TOTAL ASSETS	238.317.526	12.093.608	791.622
Financial Liabilities	244.883.250	-	13.500.000
Trade Payables	348.978.790	15.448.058	3.467.617
CURRENT LIABILITIES	593.862.040	15.448.058	16.967.617
Financial Liabilities	36.279.000	-	2.000.000
NON-CURRENT LIABILITIES	36.279.000	-	2.000.000
TOTAL LIABILITIES	630.141.040	15.448.058	18.967.617
Net asset/ liability position of off-balance sheet derivative instruments	281.162.250	-	15.500.000
Amount of active off-balance sheet foreign currency derivatives	281.162.250	-	15.500.000
Net foreign currency asset liability position	(110.661.264)	(3.354.450)	(2.675.995)
Fair value of financial instruments used for foreign currency hedging	180.862.086	-	-
Amounts of hedged portion of foreign currency assets	281.162.250	-	15.500.000
Export	102.923.551	6.518.961	860
Import	2.154.691.660	128.661.685	7.923.617

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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)	US 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
CURRENT ASSETS	180.981.810	11.862.844	1.515.372
Non-Monetary Financial Assets	4.385.574	329.025	-
NON-CURRENT ASSETS	4.385.574	329.025	-
TOTAL ASSETS	185.367.384	12.191.869	1.515.372
Financial Liabilities	203.670.450	-	13.500.000
Trade Payables	696.593.573	49.181.892	2.720.816
CURRENT LIABILITIES	900.264.023	49.181.892	16.220.816
Financial Liabilities	30.173.400	-	2.000.000
NON-CURRENT LIABILITIES	30.173.400	-	2.000.000
TOTAL LIABILITIES	930.437.423	49.181.892	18.220.816
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
Net foreign currency asset liability position	(231.317.189)	(15.990.023)	(1.205.444)
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.

		30 September 2022	
		Profit / Loss	
		Appreciation of foreign currency	Depreciation of foreign currency
In case USD appreciates 10% against TL			
Net asset/liability of USD		(6.212.005)	6.212.005
USD net effect		(6.212.005)	6.212.005
In case EUR appreciates 10% against TL			
Net asset/liability of EUR		(32.970.346)	32.970.346
Portion hedged from EUR risk (-)		28.116.225	28.116.225
EUR net effect		(4.854.121)	4.854.121
TOTAL		(11.066.126)	11.066.126

		31 December 2021	
		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
USD net effect		(21.313.102)	21.313.102
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
EUR net effect		(1.818.617)	1.818.617
TOTAL		(23.131.719)	23.131.719

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

30 September 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	872.426.650	-	-	-	4
Trade receivables	4.129.985.926	-	-	-	8a
Financial investments	-	-	9.457.130	-	5
Derivative instruments	-	187.018.188	-	-	6
<u>Financial liabilities</u>					
Financial liabilities	-	-	-	6.921.184.558	7
Trade payables	-	-	-	598.958.834	8b
Payables related to employee benefits	-	-	-	71.145.328	
Other payables	-	-	-	87.128.549	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	1.663.255.638	-	-	-	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.

As of the reporting date, the fair values of CPM and derivative instruments are level 2.

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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 10 October 2022:

“The application to the Capital Markets Board for the approval of the prospectus prepared for the issuance and public offering of its shares with a nominal value of TL 1,670,000,000, which will be increased due to the increase of its issued capital amounting to TL 860,000,000 to TL 2,530,000,000 increasing by TL 1,290,000,000 in cash and TL 380,000,000 from internal resources, within the registered capital ceiling of the Company amounting to TL 3,000,000,000, was approved by the Capital Markets Board at its meeting dated 6 October 2022 and published in the CMB Bulletin dated 6 October 2022 and numbered 2022/54.

The prospectus approved by the CMB was published on the Public Disclosure Platform.

- Our shareholders will be given the right to purchase new shares, and they have the right to buy new shares with a bonus amount of 150% and 44.18604% of the shares they hold.
- The rights to buy new shares will be made available for 15 days between 12 October 2022 and 26 October 2022 in accordance with the principles set forth in the prospectus.
- In the exercise of new share purchase rights, shares with a nominal value of TL 1.00 will be offered for sale at TL 1.00.
- It is also possible to access the prospectus regarding the capital increase on the websites of the Public Disclosure Platform (KAP) at www.kap.org.tr, Hektaş Ticaret T.A.Ş.'s www.hektas.com.tr and Oyak Yatırım Menkul Değerler A.Ş.'s www.oyakyatirim.com.tr.
- After the exercise of the right to buy new shares (preemption right), the remaining shares will be offered to the public for 2 business days at the price to be formed in the Exchange Primary Market, provided that it is not less than the nominal value.
- There is no commitment to purchase unsold shares.”