

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTHS INTERIM PERIOD
AS OF 31 MARCH 2023

(ORIGINALLY ISSUED IN TURKISH)

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HEKTAŞ GROUP

NOT REVIEWED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 MARCH 2023

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

		Current Period	Prior Period
		Not Reviewed	Audited
		31 March	31 December
	Notes	2023	2022
ASSETS			
Current Assets		9,768,630,085	8,986,751,110
Cash and Cash Equivalents	4	1,980,673,838	1,531,398,060
Financial Investments	5	161,479	162,664
Trade Receivables	8a	4,046,282,735	4,088,020,488
<i>From Related Parties</i>	21	283,673	146,494
<i>From Third Parties</i>		4,045,999,062	4,087,873,994
Other Receivables	9a	66,200,566	38,019,424
<i>From Third Parties</i>		66,200,566	38,019,424
Derivative Instruments	6	31,016,780	29,155,226
Inventories	10	3,101,080,197	2,897,327,131
Prepaid Expenses		161,570,706	79,628,669
<i>From Related Parties</i>	21	2,857,510	3,797,666
<i>From Third Parties</i>		158,713,196	75,831,003
Current Tax Assets	14	5,474,178	63,725,652
Other Current Assets		376,169,606	259,313,796
Non-Current Assets		3,789,794,255	3,238,869,525
Trade Receivables	8a	267,370	1,506,305
Other Receivables	9a	2,772,552	1,507,922
Investment Properties		4,622,017	4,652,083
Property, Plant and Equipment	11	2,547,326,541	2,178,626,095
Intangible Assets		489,639,661	357,354,650
Goodwill	13	106,319,692	106,319,692
<i>Other</i>	12	383,319,969	251,034,958
Right-of-Use Assets		108,097,162	118,786,779
Prepaid Expenses		301,994,180	243,085,986
<i>From Related Parties</i>	21	17,660,047	-
<i>From Third Parties</i>		284,334,133	243,085,986
Deferred Tax Asset	19	335,074,772	333,349,705
TOTAL ASSETS		13,558,424,340	12,225,620,635

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

HEKTAŞ GROUP

NOT REVIEWED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 MARCH 2023

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

		Current Period	Prior Period
		Not Reviewed	Audited
		31 March	31 December
	Notes	2023	2022
LIABILITIES AND EQUITY			
Current Liabilities		9,610,562,356	8,364,037,606
Short-Term Borrowings	7	8,351,820,519	7,030,082,685
Lease Liabilities	7	51,988,136	47,374,578
Trade Payables	8b	1,046,618,812	956,529,883
<i>To Related Parties</i>	21	35,456,380	61,344,940
<i>To Third Parties</i>		1,011,162,432	895,184,943
Payables Related to Employee Benefits		38,247,655	82,685,623
Other Liabilities	9b	35,754,823	26,698,448
<i>To Related Parties</i>		7,161,385	7,170,335
<i>To Third Parties</i>		28,593,438	19,528,113
Derivative Instruments	6	9,885,969	4,568,516
Deferred Income		5,258,029	196,910,593
Current Tax Liability		56,080,584	7,073,006
Short-Term Provisions	15a	14,907,829	12,114,274
<i>Related to Employee Benefits</i>		12,416,389	9,622,834
<i>Other</i>		2,491,440	2,491,440
Non-Current Liabilities		406,543,462	372,875,522
Long-Term Borrowings	7	181,416,667	138,000,000
Lease Liabilities	7	64,501,972	80,073,961
Other Payables	9b	71,530,501	70,779,296
<i>Other Payables to Related Parties</i>	21	71,530,501	70,779,296
Long-Term Provisions	15b	62,855,582	57,601,935
<i>Related to Employee Benefits</i>		62,855,582	57,601,935
Deferred Tax Liability	19	26,238,740	26,420,330
EQUITY		3,541,318,522	3,488,707,507
Equity Attributable to the Parent		3,537,466,208	3,481,212,456
Paid-in Capital		2,530,000,000	2,530,000,000
Effect of Mergers Involving Entities or Businesses Under Common Control		(19,852,274)	(19,852,274)
Share Issue Premium/Discounts		22,834,203	22,834,203
Accumulated Other Comprehensive Income (Expenses) to be Reclassified in Profit or Loss		14,882,569	14,721,609
- <i>Hedging Gains (Losses)</i>		1,944,368	1,912,112
- <i>Foreign Currency Translation Differences</i>		12,938,201	12,809,497
Accumulated Other Comprehensive Income (Expenses) not to be Reclassified in Profit or Loss		(27,602,071)	(27,602,071)
- <i>Remeasurement Losses of Defined Benefit Plans</i>		(27,602,071)	(27,602,071)
Restricted Reserves Appropriated from Profit		59,011,345	59,011,345
Prior Years' Profit/Losses		902,099,644	99,809,935
Net Profit/Loss for the Period		56,092,792	802,289,709
Non-Controlling Interests		3,852,314	7,495,051
TOTAL LIABILITIES AND EQUITY		13,558,424,340	12,225,620,635

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

HEKTAŞ GROUP

NOT REVIEWED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2023

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

		Current Period	Prior Period
		Not Reviewed	Not Reviewed
		1 January- 31 March 2023	1 January- 31 March 2022
Notes			
PROFIT OR LOSS			
Revenue	16a	1,409,523,720	1,078,278,754
Cost of Sales (-)	16b	(873,190,118)	(639,934,668)
GROSS PROFIT/LOSS		536,333,602	438,344,086
General Administrative Expenses (-)		(65,847,607)	(32,262,555)
Marketing Expenses (-)		(83,539,555)	(32,856,310)
Research and Development Expenses (-)		(20,960,494)	(10,036,609)
Other Income from Operating Activities	17	8,672,274	8,847,453
Other Expenses from Operating Activities (-)	18	(18,880,385)	(57,730,192)
OPERATING PROFIT/LOSS		355,777,835	314,305,873
Income from Investing Activities		706,452	2,562,477
Expenses from Investing Activities (-)		(37,963)	(399,780)
OPERATING PROFIT/LOSS BEFORE FINANCE EXPENSE		356,446,324	316,468,570
Finance Income (+)		112,468,800	47,073,509
Finance Expense (-)		(362,581,878)	(140,628,957)
PROFIT/LOSS BEFORE TAX FROM CONTINUING OPERATIONS		106,333,246	222,913,122
Tax (Expense) / Income from Continuing Operations		(54,006,848)	(13,338,996)
Tax Expense for the Period	19	(56,122,234)	(34,489,069)
Deferred Tax (Expense) / Income	19	2,115,386	21,150,073
PROFIT/LOSS FOR THE PERIOD		52,326,398	209,574,126
Distribution of Profit/Loss for the Period			
Non-Controlling Interests		(3,766,394)	(2,314,580)
Parent Shares		56,092,792	211,888,706
		52,326,398	209,574,126
Earnings per share			
A Hundred Ordinary Stock (TL)	20	0.02	0.17
OTHER COMPREHENSIVE INCOME / (EXPENSE):			
Items That will be Reclassified Subsequently to Profit or Loss		284,617	2,035,074
Other Comprehensive Income (Expense) Related to Cash Flow			
Hedging Reserve		41,354	(2,963,130)
Foreign Currency Translation Differences		252,361	4,133,565
Tax Effect of Other Comprehensive Income (Expense) Related to Cash Flow Hedging Reserve		(9,098)	864,639
OTHER COMPREHENSIVE INCOME / (EXPENSE)		284,617	2,035,074
TOTAL COMPREHENSIVE INCOME		52,611,015	211,609,200
Distribution of Total Comprehensive Income:		52,611,015	211,609,200
Non-Controlling Interests		(3,642,737)	(289,133)
Parent Shares		56,253,752	211,898,333

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

HEKTAŞ GROUP

NOT REVIEWED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2023

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

			Accumulated Other Comprehensive Income and Expenses that will not be Reclassified to Profit or Loss	Accumulated Other Comprehensive Income and Expenses that will be Reclassified to Profit or Loss					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 Gain/Loss	Restricted Reserves Appropriated from Profit	Prior Years' Profit / Losses	Net Profit / Loss for the Period	Equity Attributable to the Parent	Non- Controlling Shares	Equity
Balances as of 1 January 2022	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	-	-	-	-	-	-	319,054	319,071,886	(319,390,940)	-	-	-
Effect of Mergers Involving Entities or Businesses Under Common Control (*)	-	(28,000,000)	-	-	-	-	-	-	-	(28,000,000)	-	(28,000,000)
Total Comprehensive Income / (Expense)	-	-	-	-	2,108,118	(2,098,491)	-	-	211,888,706	211,898,333	(289,133)	211,609,200
Profit / (Loss) for the Period	-	-	-	-	-	-	-	-	211,888,706	211,888,706	(2,314,580)	209,574,126
Other Comprehensive Income / (Expense)	-	-	-	-	2,108,118	(2,098,491)	-	-	-	9,627	2,025,447	2,035,074
Balances as of 31 March 2022	860,000,000	(19,852,274)	5,203,762	(7,685,734)	10,918,882	14,283,346	46,804,194	492,017,086	211,888,706	1,613,577,968	16,605,447	1,630,183,415
Balances as of 1 January 2023	2,530,000,000	(19,852,274)	22,834,203	(27,602,071)	12,809,497	1,912,112	59,011,345	99,809,935	802,289,709	3,481,212,456	7,495,051	3,488,707,507
Transfers	-	-	-	-	-	-	-	802,289,709	(802,289,709)	-	-	-
Total Comprehensive Income / (Expense)	-	-	-	-	128,704	32,256	-	-	56,092,792	56,253,752	(3,642,737)	52,611,015
Profit / (Loss) for the Period	-	-	-	-	-	-	-	-	56,092,792	56,092,792	(3,766,394)	52,326,398
Other Comprehensive Income / (Expense)	-	-	-	-	128,704	32,256	-	-	-	160,960	123,657	284,617
Balances as of 31 March 2023	2,530,000,000	(19,852,274)	22,834,203	(27,602,071)	12,938,201	1,944,368	59,011,345	902,099,644	56,092,792	3,537,466,208	3,852,314	3,541,318,522

(*) As of 12 January 2022, all of the shares representing the capital of Agriventis, the main activity of which is "agricultural seed technology development, seed improvement and production", controlled by Oyak Capital Investments 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 FLOWS FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2023

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

		<u>Current Period</u>	<u>Prior Period</u>
		<u>Not Reviewed</u>	<u>Not Reviewed</u>
		<u>1 January-</u>	<u>1 January-</u>
		<u>31 March</u>	<u>31 March</u>
	<u>Notes</u>	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		(36,525,271)	(585,462,839)
Profit/Loss for the Period		52,326,398	209,574,126
Adjustments Related to Reconciliation of Net Profit/Loss of the Period		283,609,737	160,536,396
Adjustments Related to Depreciation and Amortization Expense		33,318,669	17,484,796
Adjustments Related to Impairment (Reversal)		-	(229,581)
- <i>Adjustments Related to Impairment for Receivables</i>	8a	-	78,140
- <i>Adjustments Related to Impairment for Inventories</i>	10	-	(307,721)
Adjustments Related to Provisions		13,286,648	3,858,077
- <i>Provisions Related to Employee Benefits</i>		13,286,648	3,259,697
- <i>Provision for / (Reversal of) Lawsuit</i>		-	598,380
Adjustments Related to Interest (Income) / Expenses		177,835,435	125,920,568
- <i>Adjustments Related to Interest Income</i>		(111,080,790)	(1,712,599)
- <i>Adjustments Related to Interest Expenses</i>		288,916,225	127,633,167
Adjustments Related to Unrealized Foreign Currency Translation Differences		97,274	1,623,575
Adjustments Related to Fair Value Loss/Gains		5,317,453	-
Adjustments Related to Tax Expense	19	54,006,848	13,338,996
Adjustments Related to Loss/Gains on Disposal of Fixed Assets		(252,590)	(1,460,035)
Changes in working capital		(462,772,065)	(953,761,228)
Adjustments Related to Increase/Decrease in Trade Receivables		42,949,607	(582,684,507)
Adjustments Related to Increase / Decrease in Other Operating Receivables		(165,023,378)	(47,435,396)
Adjustments Related to Increase/Decrease in Inventories		(203,753,066)	(462,907,696)
Adjustments Related to Increase/Decrease in Trade Payables		90,088,929	153,435,555
Increase / (Decrease) in Payables Related to Employee Benefits		(44,437,968)	(9,696,083)
Adjustments Related to Increase / Decrease in Other Operating Payables		(182,596,189)	(4,473,101)
Cash Flows Generated from Operations		90,310,659	(1,812,133)
Interest Received		107,606,446	1,712,599
Payments Made Related to Provisions for Employee Benefits		(5,239,446)	(341,132)
Collections from Doubtful Receivables	8a	27,081	66,561
Tax Payments / Returns	19	(12,083,422)	(3,250,161)
CASH FLOWS FROM INVESTING ACTIVITIES		(508,602,346)	(221,065,131)
Cash Outflows for the Acquisition of Shares of Other Businesses or Funds or Debt Instruments	3	-	(28,000,000)
Cash Inflows from Sales of Property, Plant and Equipment and Intangible Assets		279,847	1,925,387
- <i>Cash Inflows from Sale of Property, Plant and Equipment</i>		275,820	1,925,387
- <i>Cash Inflows from Sale of Intangible Assets</i>		4,027	-
Cash Outflows from the Purchase of Property, Plant and Equipment and Intangible Assets		(449,975,184)	(148,667,396)
- <i>Cash Outflows from the Purchase of Property, Plant and Equipment</i>	11	(316,736,261)	(126,937,243)
- <i>Cash Outflows from the Purchase of Intangible Assets</i>	12	(133,238,923)	(21,730,153)
Cash Advances and Payables Given		(58,908,194)	(36,939,942)
Other Cash Inflows / Outflows		1,185	(9,383,180)
CASH FLOWS FROM FINANCING ACTIVITIES		990,929,051	1,262,215,051
Cash Inflows from Borrowing	7	2,885,582,508	1,632,585,839
Cash Outflows Related to Payments of Borrowings	7	(1,377,589,466)	(266,308,084)
Interest Paid	7	(498,104,902)	(98,241,803)
Cash Outflows Related to Debt Payments Arising from Lease Contracts	7	(18,959,089)	(5,820,901)
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS		445,801,434	455,687,081
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	1,520,566,490	107,077,183
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	1,966,367,924	562,764,264

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

HEKTAŞ GROUP

NOT REVIEWED NOTES TO FINANCIAL STATEMENTS AS OF 31 MARCH 2023 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 percent of the Company's shares. OYAK is an institution with legal personality, which is financially and administratively autonomous and subject to the provisions of private law, which was founded pursuant to the law no. 205 on 1 March 1961. As the "solidarity and pension fund" of the members of the Turkish Armed Forces ("TSK"), OYAK provides various services and benefits to its members in line with the social security approach envisaged by the constitution. OYAK has direct and indirect subsidiaries and associates operating in industry, finance and service sectors. Detailed information about OYAK is available on its official web site at the address (www.oyak.com.tr).

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

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

The main field of activity of FNC is the production, import and marketing of agricultural pesticides. FNC is headquartered in the district of Bor in Niğde and has a capital of TL 40,500,000.

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

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

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

Akça's title was changed as 'Areo Tohumculuk Arge Sanayi ve Dış Ticaret Anonim Şirketi' ("Areo") as declared in the Trade Registry Gazette dated 6 October 2020 and by the Extraordinary General Assembly dated 25 September 2020. Its capital is in the amount of TL 95,750,000.

On 9 June 2020, the Company acquired 100 percent of Sunset Kimya Tarım Ürünleri ve Aletleri İmalat Pazarlama Sanayi ve Ticaret Anonim Şirketi ("Sunset") at a price of TL 65,000,000 and included Sunset within the scope of consolidation based on its financial statements pertaining to the period ending on 30 May 2020.

Sunset's main field of activity is the wholesale and retail trade, production, import and export and domestic and international marketing of all kinds of agricultural pesticides. Sunset is headquartered in the central district of Bor in the 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.

Hektaş Asia LLC was established on 21 November 2022 in Tashkent, Uzbekistan, with 100% of its shares owned by HEKTAŞ Ticaret T.A.Ş. It was established with the aim of operating in export-oriented plant protection and plant nutrition fields USD 10,040,000 has been paid for the founding capital of Hektaş Asia LLC, and the registration process is still in progress.

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

As of 31 March 2023, the number of employees of the Group is 895 in total, 312 of them being blue-collar and 583 being white-collar (31 December 2022: 879 employees).

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

HEKTAŞ GROUP

NOT REVIEWED NOTES TO FINANCIAL STATEMENTS AS OF 31 MARCH 2023 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
Hektaş Asia	Production, sale, distribution and marketing of plant protection and plant nutrition products

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

As of 31 March 2023 and 31 December 2022, the details of the Company's subsidiaries and financial investments are as follows:

			Group's share rate in capital and voting rate	
			(%)	
Title of the Company	Location of activity	Functional currency	31 March 2023	31 December 2022
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	Australia	AUD	51,00	51,00
Hektaş Asia	Uzbekistan	UZS	100,00	-
Financial investments				
Çantaş	Çankırı	TL	0,37	0,37

HEKTAŞ GROUP

NOT REVIEWED NOTES TO FINANCIAL STATEMENTS AS OF 31 MARCH 2023 AND FOR THE PERIOD THEN ENDED (All amounts are indicated in Turkish Lira ("TL").)

2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance with TFRS

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

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

The Group has prepared its interim condensed consolidated financial statements as of 31 March 2023 by preferring the summary presentation in accordance with TAS 4 "Interim Financial Statements" and the explanations and notes required to be included in the annual financial statements prepared in accordance with TAS 34 are summarized or not included. Therefore, these interim condensed consolidated financial statements shall be read together with the Group's consolidated financial statements as of 31 December 2022.

Approval of consolidated financial statements:

The consolidated financial statements were approved by the Board of Directors of Hektaş on 9 May 2023. The General Assembly of Hektaş has the right to amend and the related regulatory authorities have the right to demand the amendment of these condensed consolidated financial statements.

Functional and Reporting Currency

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

Adjustment of financial statements during periods of high inflation

In accordance with the CMB's decision dated 17 March 2005 and numbered 11/367, for companies operating in Turkey and preparing financial statements in accordance with TAS, as of 1 January 2005, the application of inflation accounting was terminated. Accordingly, as of 1 January 2005, Standard No. 29 "Financial Reporting in Hyperinflationary Economies" ("TAS 29") has not been applied.

POA made an announcement on 20 January 2022 regarding the application of TAS 29 "Financial Reporting in Hyperinflationary Economies" ("TAS 29") 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 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 consolidated financial statements as of 31 December 2022 in accordance with TAS 29.

HEKTAŞ GROUP

NOT REVIEWED NOTES TO FINANCIAL STATEMENTS AS OF 31 MARCH 2023 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)

2.2 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.

2.4 Significant accounting judgments, estimates and assumptions

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

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

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

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

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

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

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

HEKTAŞ GROUP

NOT REVIEWED NOTES TO FINANCIAL STATEMENTS AS OF 31 MARCH 2023 AND FOR THE PERIOD THEN ENDED (All amounts are indicated in Turkish Lira ("TL").)

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

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

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

The Group has applied TFRS 3 "Business Combinations".

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

2.5 Significant Changes Related to Current Period

The Group has reviewed the estimates and assumptions used in the preparation of the consolidated financial statements as of 31 March 2023. In this context, the Group has evaluated the possible impairments in the values of trade receivables, inventories, property, plant and equipment and investment properties in the consolidated financial statements as at 31 March 2023 and no impairment has been detected.

2.6 Segment Reporting

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

HEKTAŞ GROUP

NOT REVIEWED NOTES TO FINANCIAL STATEMENTS AS OF 31 MARCH 2023 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 Summary of significant accounting policies

New and Revised Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2023

Amendments to TAS 1
Amendments to TAS 8
Amendments to TAS 12

Disclosure of Accounting Policies
Definition of Accounting Estimates
Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to 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.

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NOT REVIEWED NOTES TO FINANCIAL STATEMENTS AS OF 31 MARCH 2023 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 Summary of significant accounting policies (cont'd)

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

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

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

TFRS 17	<i>Insurance Contracts</i>
Amendments to TFRS 4	<i>Extension of the Temporary Exemption from Applying TFRS 9</i>
Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to TAS 1	<i>Non-current Liabilities with Covenants</i>

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 2024 for insurance and reinsurance and pension companies.

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 insurance and reinsurance and pension companies would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2024 with the deferral of the effective date of TFRS 17.

Amendments to TAS 1 *Classification of Liabilities as Current or Non-Current*

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

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2024 and earlier application is permitted.

Amendments to TFRS 16 *Lease Liability in a Sale and Leaseback*

Amendments to TFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in TFRS 15 to be accounted for as a sale.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

Amendments to TAS 1 *Non-current Liabilities with Covenants*

Amendments to TAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

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

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NOT REVIEWED NOTES TO FINANCIAL STATEMENTS AS OF 31 MARCH 2023 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 accordance with the POA's Policy Decision, the identifiable assets and liabilities arising from the previous acquisition of the acquired entity by OYAK, a higher parent company, are also considered as the assets of the acquiree, and the details regarding the acquisition of OYAK are as follows.

	<u>Main Field of Activity</u>	<u>Date of Acquisition</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 and liabilities assumed as of the date of acquisition

	<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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NOT REVIEWED NOTES TO FINANCIAL STATEMENTS AS OF 31 MARCH 2023 AND FOR THE PERIOD THEN ENDED (All amounts are indicated in Turkish Lira ("TL").)

4. CASH AND CASH EQUIVALENTS

	31 March 2023	31 December 2022
Cash	159,159	183,959
Cash at banks	1,842,557,575	1,445,150,544
<i>Demand deposits</i>	<i>426,577,487</i>	<i>15,321,535</i>
<i>Time deposits with a maturity of less than three months</i>	<i>1,415,980,088</i>	<i>1,429,829,009</i>
Other current assets (*)	137,957,104	86,063,557
Cash and cash equivalents in the consolidated statement of financial position	1,980,673,838	1,531,398,060
Less: interest accruals	(14,305,914)	(10,831,570)
Cash and cash equivalents according to the cash flow statements	1,966,367,924	1,520,566,490

(*) Other cash and cash equivalents consist of checks and promissory notes and credit card receivables due as of 31 March 2023 and 31 December 2022.

As of 31 March 2023, the Group has no USD time deposits (As of 31 December 2022, the Group's TL time deposit amount is TL 112,467,140 and the interest rate is 2.00 percent and their maturities are less than 3 months).

As of 31 March 2023, the Group's USD time deposits amount to TL 1,145,980,088 and the interest rate is between 11.00 and 30.00 percent. Their maturities are less than 3 months (As of 31 December 2022, TL time deposit amount is TL 1,317,361,869 and the interest rate is between 13.00 and 28.00 percent. Their maturity is less than 3 months).

5. FINANCIAL INVESTMENTS

Company Title	Share Rate %	31 March 2023	Share Rate %	31 December 2022
Çantaş	0.37	310,755	0.37	310,755
		310,755		310,755
Provision for impairment		(310,755)		(310,755)
		-		-

	31 March 2023	31 December 2022
Other	161,479	162,664
	161,479	162,664

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NOT REVIEWED NOTES TO FINANCIAL STATEMENTS AS OF 31 MARCH 2023 AND FOR THE PERIOD THEN ENDED (All amounts are indicated in Turkish Lira ("TL").)

6. DERIVATIVE INSTRUMENTS

	31 March 2023		31 December 2022	
	Asset	Liability	Asset	Liability
Derivative that are designated and effective as hedging instruments carried at fair value:				
<i>Cross currency swap contracts</i>	31,016,780	-	29,155,226	-
Held for trading derivatives that are not designated in hedge accounting relationship				
<i>Forward contracts</i>	-	9,885,969	-	4,568,516
	<u>31,016,780</u>	<u>9,885,969</u>	<u>29,155,226</u>	<u>4,568,516</u>

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

As of 31 March 2023, the details of cross currency swap and forward transactions are as follows;

	Assets		Liabilities	
	Nominal Amount	Fair Value	Nominal Amount	Fair Value
<u>Cross currency swap contracts</u>				
<i>EUR Collection / TL Payment</i>	2,000,000	31,016,780	-	-
<u>Forward contracts</u>				
<i>USD Collection / TL Payment</i>	-	-	14,917,800	9,885,969
		<u>31,016,780</u>		<u>9,885,969</u>

As of 31 December 2022, the details of cross currency swap and forward transactions are as follows;

	Assets		Liabilities	
	Nominal Amount	Fair Value	Nominal Amount	Fair Value
<u>Cross currency swap contracts</u>				
<i>EUR Collection / TL Payment</i>	2,000,000	29,155,226	-	-
<u>Forward contracts</u>				
<i>USD Collection / TL Payment</i>	-	-	15,242,800	4,568,516
		<u>29,155,226</u>		<u>4,568,516</u>

HEKTAŞ GROUP

NOT REVIEWED NOTES TO FINANCIAL STATEMENTS
AS OF 31 MARCH 2023 AND FOR THE PERIOD THEN ENDED
(All amounts are indicated in Turkish Lira ("TL").)

7. FINANCIAL LIABILITIES

	31 March 2023	31 December 2022
Short-Term Financial Payables		
Issued borrowing instruments	2,368,281,738	1,303,174,132
Bank loans	5,369,561,824	5,340,141,662
Lease liabilities	51,988,136	47,374,578
Other financial liabilities	613,976,957	386,766,891
	<u>8,403,808,655</u>	<u>7,077,457,263</u>
	31 March 2023	31 December 2022
Long-Term Financial Liabilities		
Bank loans	181,416,667	138,000,000
Lease liabilities	64,501,972	80,073,961
	<u>245,918,639</u>	<u>218,073,961</u>
Short-Term Bank Loans:		
	Weighted Average Interest Rate %	31 March 2023 Short-term
Currency		
TL	16.64	5,327,871,824
Euro	3.00	41,690,000
		<u>5,369,561,824</u>
	Weighted Average Interest Rate %	31 December 2022 Short-term
Currency		
TL	19.27	5,300,271,862
Euro	3.00	39,869,800
		<u>5,340,141,662</u>

HEKTAŞ GROUP

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7. FINANCIAL LIABILITIES (cont'd)

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

Currency	Weighted Average Interest Rate %	31 March 2023 Short-term
TL	28.60	2,368,281,738
		<u>2,368,281,738</u>

On 4 January 2023, the Group issued a single coupon payment financial bond with a discounted fixed interest rate, quoted on Borsa Istanbul, amounting to TL 1,100 million. The maturity of the bond is 7 July 2023 and the coupon interest rate is 28.00%.

On 4 January 2023, the Group issued a single coupon payment financial bond with a discounted fixed interest rate, quoted on Borsa Istanbul, amounting to TL 100 million. The maturity of the bond is 12 April 2023 and the coupon interest rate is 23.90%.

On 22 February 2023, the Group issued a single coupon payment financial bond with a discounted fixed interest rate, quoted on Borsa Istanbul, amounting to TL 120 million. The maturity of the bond is 23 May 2023 and the coupon interest rate is 23.75%.

On 22 February 2023, the Group issued a single coupon payment financing bond with a discounted fixed interest rate, quoted on Borsa Istanbul, amounting to TL 1,250 million. The maturity of the bond is 18 August 2023 and the coupon interest rate is 28.00%.

Currency	Weighted Average Interest Rate %	31 December 2022 Short-term
TL	24.30	1,303,174,132
		<u>1,303,174,132</u>

On 16 August 2022, the Group issued a single coupon payment financial bond with a discounted fixed interest rate, quoted on Borsa Istanbul, amounting to TL 100 million. The maturity of the bond is 10 February 2023 and the coupon interest rate is 28%.

On 5 September 2022, the Group issued a single coupon payment financial bond with a discounted fixed interest rate, quoted on Borsa Istanbul, amounting to TL 450 million. The maturity of the bond is 18 January 2023 and the coupon interest rate is 23.5%.

On 28 September 2022, the Group issued a single coupon payment financial bond with a discounted fixed interest rate, quoted on Borsa Istanbul, amounting to TL 514 million. The maturity of the bond is 4 January 2023 and the coupon interest rate is 23.25%.

On 28 September 2022, the Group issued a single coupon payment financing bond with a discounted fixed interest rate, quoted on Borsa Istanbul, amounting to TL 261 million. The maturity of the bond is 24 March 2023 and the coupon interest rate is 26.50%.

Details of Other Financial Liabilities are as follows;

Currency	Weighted Average Interest Rate %	31 March 2023 Short-term
TL	22.50	613,976,957
		<u>613,976,957</u>

Currency	Weighted Average Interest Rate %	31 December 2022 Short-term
TL	24.25	386,766,891
		<u>386,766,891</u>

HEKTAŞ GROUP

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7. FINANCIAL LIABILITIES (cont'd)

Details of Long-Term Bank Loans are as follows;

Currency	Weighted Average Interest Rate %	31 March 2023 Long-term
TL	16.50	181,416,667
		<u>181,416,667</u>
Currency	Weighted Average Interest Rate %	31 December 2022 Long-term
TL	20.30	138,000,000
		<u>138,000,000</u>

The maturities of the lease obligations are as follows;

	31 March 2023	31 December 2022
To be paid within 1 year	51,988,136	47,374,578
To be paid within 1-5 years	64,501,972	80,073,961
	<u>116,490,108</u>	<u>127,448,539</u>

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

	31 March 2023	31 December 2022
To be paid within 1 year	8,351,820,519	7,030,082,685
To be paid within 1-2 years	181,416,667	138,000,000
	<u>8,533,237,186</u>	<u>7,168,082,685</u>

As of 31 March 2023 and 31 December 2022, bank loans have spot, fixed and floating interest rates and due to their short original maturities, it is assumed that their fair values and book values are close.

As of 1 January - 31 March 2023 and 2022, the reconciliation of liabilities arising from financing activities is as follows;

	31 March 2023	31 March 2022
Financial liabilities as of 1 January	7,295,531,224	2,271,275,132
Capital inflow within the period	2,885,582,508	1,632,585,839
Payments within the period	(1,396,548,555)	(272,128,985)
Non-cash movements	5,140,156	20,411,282
Interest expense	358,126,863	154,933,563
Paid interest expense	(498,104,902)	(98,241,803)
	<u>8,649,727,294</u>	<u>3,708,835,028</u>

HEKTAŞ GROUP

NOT REVIEWED NOTES TO FINANCIAL STATEMENTS AS OF 31 MARCH 2023 AND FOR THE PERIOD THEN ENDED (All amounts are indicated in Turkish Lira ("TL").)

8. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables

As of 31 March 2023 and 31 December 2022, the details of the Group's trade receivables are as follows;

	31 March 2023	31 December 2022
Short-term trade receivables		
Trade receivables	2,315,490,574	1,776,966,279
Notes receivables	1,740,563,109	2,320,989,417
Trade receivables from related parties (Note 21)	283,673	146,494
Provision for doubtful trade receivables (-)	(10,054,621)	(10,081,702)
	<u>4,046,282,735</u>	<u>4,088,020,488</u>
Long-term trade receivables		
Notes receivable	267,370	1,506,305
	<u>267,370</u>	<u>1,506,305</u>

As of 31 March 2023, the Group has deducted the amount of TL 500,000,000 collected from factoring companies within the scope of irrevocable factoring from its trade receivables (31 December 2022: TL 500,000,000).

As of 31 March 2023 and 31 December 2022, the aging of trade receivables is as follows:

	31 March 2023	31 December 2022
Not overdue and impaired	3,901,783,325	4,020,304,506
Overdue for 1-30 days, not impaired	82,515,340	40,279,228
Overdue for 1-3 months, not impaired	30,446,414	13,450,773
Overdue for 3-12 months, not impaired	31,663,914	15,351,174
Overdue for 1-5 years, not impaired	141,112	141,112
	<u>4,046,550,105</u>	<u>4,089,526,793</u>

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

The average maturity applied by the Group for its sales is 260 days (31 December 2022: 200 days).

The provision for doubtful receivables for trade receivables is determined based on the future collection expectation and past experience of uncollectibility. The movement of the Group's provision for doubtful trade receivables is as follows:

	1 January- 31 March 2023	1 January- 31 March 2022
Provision for doubtful receivables movements		
Opening balance	10,081,702	10,048,503
Charge for the period	-	78,140
Collections	(27,081)	(66,561)
Closing balance	<u>10,054,621</u>	<u>10,060,082</u>

The nature and level of risks related to trade receivables are disclosed in Note 22.

HEKTAŞ GROUP

NOT REVIEWED NOTES TO FINANCIAL STATEMENTS AS OF 31 MARCH 2023 AND FOR THE PERIOD THEN ENDED (All amounts are indicated in Turkish Lira ("TL").)

8. TRADE RECEIVABLES AND PAYABLES (cont'd)

b) Trade Payables

Details of the Group's trade payables as of 31 March 2023 and 31 December 2022 are as follows:

	31 March 2023	31 December 2022
Short-term trade payables		
Trade payables (*)	1,004,699,918	892,333,037
Trade payables to related parties (Note 21)	35,456,380	61,344,940
Expense accruals	6,462,514	2,851,906
	<u>1,046,618,812</u>	<u>956,529,883</u>

(*) As of 31 March 2023, there are TL 579,184,895 letters of credit in trade payables (31 December 2022: TL 563,574,428).

The average payment maturity for the purchase of goods is 103 days in internal purchases (31 December 2022: 103 days).

9. OTHER RECEIVABLES AND PAYABLES

a) Other Receivables

	31 March 2023	31 December 2022
Other Short-Term Receivables		
Advance tax refund receivable	63,229,679	9,439
Refund receivable of special consumption tax ("SCT") (*)	1,423,657	148,537
Deposits and guarantees given	335,506	330,756
VAT and other refund receivables	1,197,694	37,516,662
Other	14,030	14,030
	<u>66,200,566</u>	<u>38,019,424</u>

(*) If the raw materials subject to SCT are used in manufacturing goods not subject to SCT, the Special Consumption Tax paid in the purchase of these raw materials may be refunded, if the conditions specified in the Special Consumption Tax Communiqué No. 25. The SCT amount requested to be refunded within this framework is TL 1,423,657 (31 December 2022: TL 148,537).

	31 March 2023	31 December 2022
Other Long-Term Receivables		
Deposits and guarantees given	2,772,552	1,507,922
	<u>2,772,552</u>	<u>1,507,922</u>

b) Other Payables

	31 March 2023	31 December 2022
Other Short-Term Payables		
Dividend payable (*)	7,161,385	7,170,335
Taxes and funds payable	25,206,036	16,498,242
Other miscellaneous liabilities	3,387,402	3,029,871
	<u>35,754,823</u>	<u>26,698,448</u>

(*) Consists of the portion of previous years' dividend payments that have not yet been completed as of 31 March 2023.

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

	31 March 2023	31 December 2022
<u>Other Long-Term Payables</u>		
Other payables to related parties (Note 21)	71,530,501	70,779,296
	<u>71,530,501</u>	<u>70,779,296</u>

10. INVENTORIES

	31 March 2023	31 December 2022
Raw material	1,645,070,717	976,188,365
Work in-process	248,696,374	218,679,165
Finished goods	509,064,715	419,561,028
Trade goods	330,892,017	410,554,733
Other inventories (*)	370,932,784	875,920,250
Provision for impairment on inventories (-)	(3,576,410)	(3,576,410)
	<u>3,101,080,197</u>	<u>2,897,327,131</u>

(*) As of 31 March 2023, TL 366,910,110 (31 December 2022: TL 873,458,254) of other inventories is comprised of goods in transit.

	1 January- 31 March 2023	1 January- 31 March 2022
<u>Movement of allowance for impairment on inventory</u>		
Opening balance	(3,576,410)	(307,721)
Provision used/reversed	-	307,721
Closing balance	<u>(3,576,410)</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 2023	28,044,801	23,193,224	134,003,815	377,749,221	10,287,411	73,521,073	1,648,715,492	2,295,515,037
Foreign currency translation differences	-	-	-	54,264	24,177	1,285	-	79,726
Additions	-	753,883	18,397,677	6,755,569	4,965,472	13,247,328	341,826,970	385,946,899
Disposals	-	-	-	-	-	(862,389)	-	(862,389)
Transfers (*)	-	-	-	-	-	-	(4,295,179)	(4,295,179)
Closing balance as of 31 March 2023	28,044,801	23,947,107	152,401,492	384,559,054	15,277,060	85,907,297	1,986,247,283	2,676,384,094
<u>Accumulated Depreciation</u>								
Opening balance as of 1 January 2023	-	(6,987,257)	(19,544,796)	(62,939,763)	(3,195,262)	(24,221,864)	-	(116,888,942)
Foreign currency translation differences	-	-	-	(8,707)	(6,171)	(1,087)	-	(15,965)
Charge for the period	-	(310,540)	(993,741)	(7,401,555)	(655,181)	(3,630,788)	-	(12,991,805)
Disposals	-	-	-	-	-	839,159	-	839,159
Closing balance as of 31 March 2023	-	(7,297,797)	(20,538,537)	(70,350,025)	(3,856,614)	(27,014,580)	-	(129,057,553)
Carrying value as of 31 March 2023	28,044,801	16,649,310	131,862,955	314,209,029	11,420,446	58,892,717	1,986,247,283	2,547,326,541

(*) TL 4,295,179 of the construction in progress was transferred to intangible assets (Note 12).

(**) As of 31 March 2023, there is a capitalized financial expense amounting to TL 69,210,638 on the construction in progress.

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11. PROPERTY, PLANT AND EQUIPMENT (cont’d)

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

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

(**) As of the current period, there is a capitalized financial expense amounting to TL 27,300,396 on the construction in progress.

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

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12. INTANGIBLE ASSETS

Cost Value	Rights	Development costs	Other intangible assets	Total
Opening balance as of 1 January 2023	268,688,362	22,118,722	13,016,663	303,823,747
Foreign currency translation differences	1,112,547	-	43,832	1,156,379
Additions	133,120,120	-	118,803	133,238,923
Disposals	(62,305)	-	-	(62,305)
Transfers from construction in progress	3,702,206	592,973	-	4,295,179
Closing balance as of 31 March 2023	<u>406,560,930</u>	<u>22,711,695</u>	<u>13,179,298</u>	<u>442,451,923</u>
Accumulated Amortization				
Opening balance as of 1 January 2023	(44,745,540)	(5,982,873)	(2,060,376)	(52,788,789)
Foreign currency translation differences	(108,786)	-	(5,431)	(114,217)
Charge for the period	(4,875,066)	(1,022,611)	(389,549)	(6,287,226)
Disposals	58,278	-	-	58,278
Closing balance as of 31 March 2023	<u>(49,671,114)</u>	<u>(7,005,484)</u>	<u>(2,455,356)</u>	<u>(59,131,954)</u>
Carrying value as of 31 March 2023	<u>356,889,816</u>	<u>15,706,211</u>	<u>10,723,942</u>	<u>383,319,969</u>
Cost Value	Rights	Development costs	Other intangible assets	Total
Opening balance as of 1 January 2022	196,876,546	14,261,465	5,371,399	216,509,410
Foreign currency translation differences	12,042,017	-	228,261	12,270,278
Additions	18,628,359	1,340,434	1,761,360	21,730,153
Transfers from construction in progress	4,138,090	-	-	4,138,090
Closing balance as of 31 March 2022	<u>231,685,012</u>	<u>15,601,899</u>	<u>7,361,020</u>	<u>254,647,931</u>
Accumulated Amortization				
Opening balance as of 1 January 2022	(24,318,900)	(2,996,108)	(557,356)	(27,872,364)
Foreign currency translation differences	(894,181)	-	(67,273)	(961,454)
Charge for the period	(3,981,029)	(606,562)	(222,074)	(4,809,665)
Closing balance as of 31 March 2022	<u>(29,194,110)</u>	<u>(3,602,670)</u>	<u>(846,703)</u>	<u>(33,643,483)</u>
Carrying value as of 31 March 2022	<u>202,490,902</u>	<u>11,999,229</u>	<u>6,514,317</u>	<u>221,004,448</u>

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13. GOODWILL

Company	Date of Acquisition	31 March 2023	31 December 2022
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.

14. CURRENT TAX ASSETS

	31 March 2023	31 December 2022
Current tax assets		
Prepaid other tax and funds	5,474,178	63,725,652
	<u>5,474,178</u>	<u>63,725,652</u>

15. SHORT-TERM AND LONG-TERM PROVISIONS

Provisions for Employee Benefits

a) Short-term Provisions

Short-term provisions	31 March 2023	31 December 2022
Provisions for legal cases (*)	2,491,440	2,491,440
Provision for unused vacation	12,416,389	9,622,834
	<u>14,907,829</u>	<u>12,114,274</u>

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

The movements of the provisions for litigation in the accounting period ending on 31 March 2023 and 2022 are as follows:

	1 January-31 March 2023	1 January-31 March 2022
Provision as of 1 January	2,491,440	1,630,818
Period provision expense	-	598,380
Provision as of 31 March	<u>2,491,440</u>	<u>2,229,198</u>

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

Provisions for Employee Benefits (cont'd)

b) Long-Term Provisions

The long-term provisions for employee benefits in the accounting period ending on 31 March 2023 and 31 December 2022 are as follows:

Long-term provisions	31 March 2023	31 December 2022
Provision for employment termination benefit	56,120,087	51,573,889
Seniority incentive premium provision	6,735,495	6,028,046
	<u>62,855,582</u>	<u>57,601,935</u>

Provision for Severance Incentive Bonus:

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

The movements of the provisions for severance incentive premium in the accounting period ending on 31 March 2023 and 2022 are as follows:

	1 January- 31 March 2023	1 January- 31 March 2022
Provision as of 1 January	6,028,046	2,594,768
Service cost	589,258	188,546
Interest cost	236,831	118,976
Amount paid during the period	(118,640)	(66,012)
Provision as of 31 March	<u>6,735,495</u>	<u>2,836,278</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 19,982.83 for each period of service as of 31 March 2023 (31 December 2022: TL 15,371.40). The severance pay liability is not legally subject to any funding.

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

	31 March 2023	31 December 2022
Discount rate	16.19%	16.19%
Inflation rate	14.23%	14.23%

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15. SHORT-TERM AND LONG-TERM PROVISIONS (cont'd)**Provisions for Employee Benefits (cont'd)****b) Long-Term Provisions (cont'd)**

The movements of provision for severance pay for the accounting period ending on 31 March 2023 and 2022 are as follows:

	1 January- 31 March 2023	1 January- 31 March 2022
Provision as of 1 January	51,573,889	18,781,884
Service cost	7,708,226	769,474
Interest cost	1,958,778	839,103
Employment termination benefits paid	(5,120,806)	(275,120)
Provision as of 31 March	<u>56,120,087</u>	<u>20,115,341</u>

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

	1 January- 31 March 2023	1 January- 31 March 2022
Domestic sales	1,418,723,205	1,128,239,730
Foreign sales	46,382,024	37,668,449
Other sales	1,346	152,330
Sales returns (-)	(4,648,757)	(2,997,780)
Sales discounts (-)	(50,934,098)	(84,783,975)
	<u>1,409,523,720</u>	<u>1,078,278,754</u>

b) Cost of Sales

	1 January- 31 March 2023	1 January- 31 March 2022
Raw material expenses	(456,658,756)	(319,530,024)
Personnel expenses	(47,296,261)	(20,260,800)
General production expenses	(53,613,439)	(24,104,270)
Depreciation and amortization expenses	(10,951,190)	(7,491,872)
Transportation expenses	(39,902,263)	(19,917,602)
Changes in work in-process inventories	30,017,209	40,790,751
Changes in finished goods inventories	89,503,687	61,302,741
Cost of goods sold	<u>(488,901,013)</u>	<u>(289,211,076)</u>
Cost of trade goods sold and other sales	<u>(384,289,105)</u>	<u>(350,723,592)</u>
	<u>(873,190,118)</u>	<u>(639,934,668)</u>

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17. OTHER INCOME FROM OPERATING ACTIVITIES

Other income from operating activities for the years ended 31 March 2023 and 2022 is as follows:

	1 January- 31 March 2023	1 January- 31 March 2022
Exchange difference income (*)	4,608,808	7,150,119
Interest income from sales	34,184	107,406
Damage compensation income	735,641	3,263
Other income	3,293,641	1,586,665
	<u>8,672,274</u>	<u>8,847,453</u>

(*) Resulting from trade receivables and trade payables.

18. OTHER EXPENSES FROM OPERATING ACTIVITIES

Other expenses from operating activities for the years ended 31 March 2023 and 2022 are as follows:

	1 January- 31 March 2023	1 January- 31 March 2022
Exchange difference expense (*)	(12,405,581)	(54,012,069)
Rediscount expense related to other payables	-	(610,358)
Other expense and losses	(6,474,804)	(3,107,765)
	<u>(18,880,385)</u>	<u>(57,730,192)</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 2023 is 20% (2022: 23 and 22%).

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

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

	31 March 2023	31 December 2022
Provision for current corporate tax	(56,122,234)	(63,016,558)
Less: Prepaid taxes and funds	5,515,828	119,669,204
Current tax assets / (liabilities)	<u>(50,606,406)</u>	<u>56,652,646</u>

	1 January- 31 March 2023	1 January- 31 March 2022
<u>Tax (expense) / income consists of following:</u>		
Current tax (expense)	(56,122,234)	(34,489,069)
Deferred tax (expense) / income	2,115,386	21,150,073
Total tax (expense) / income	<u>(54,006,848)</u>	<u>(13,338,996)</u>

	31 March 2023	31 December 2022
<u>Deferred tax assets / (liabilities):</u>		
Tax advantage from investment discount	107,794,944	97,256,901
Employment termination benefit and severance incentive premium provisions	12,571,117	11,520,388
Provision for unused vacation and premium	7,545,673	17,093,762
Differences in book values of inventories	9,578,271	9,615,736
Depreciation of property, plant and equipment/amortization of other intangible assets	175,284,664	156,026,605
Fair value differences of derivative instruments	(4,226,162)	423,418
Other	287,525	14,992,565
	<u>308,836,032</u>	<u>306,929,375</u>

Movement of deferred tax assets/(liabilities) for the years ended as of 31 March 2023 and 2022 is as follows:

	1 January- 31 March 2023	1 January- 31 March 2022
<u>Movement of deferred tax asset / (liability):</u>		
Opening balance as of 1 January	306,929,375	(4,591,936)
(Expense) / income recognized in the statement of income	2,115,386	21,150,073
Income recognized in the statement of other comprehensive income	(9,098)	864,639
Foreign currency translation differences	(199,631)	(2,212,751)
Closing balance as of 31 March	<u>308,836,032</u>	<u>15,210,025</u>

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

	1 January- 31 March 2023	1 January- 31 March 2022
<u>Reconciliation of tax provisions:</u>		
Profit before tax	106,333,246	222,913,122
Income tax rate 20% (2022: 23% - 22%)	20%	22%
Expected tax expense	(21,266,649)	(49,040,887)
Tax effect:		
- non-taxable income	1,744,864	716,578
- non-deductible expense	(7,364,584)	(3,748,100)
- change of tax rate from 20% to 25% and 23%	-	550,305
- additional tax	(55,167,971)	-
- revaluation effect of property, plant and equipment and intangible assets	27,007,182	-
- investment incentive discount	14,652,089	39,978,105
- effect of other items exempted from tax	(13,611,779)	(1,794,997)
Tax provision income / (expense) in the statement of profit or loss	(54,006,848)	(13,338,996)

20. EARNINGS PER SHARE

	1 January- 31 March 2023	1 January- 31 March 2022
Earnings per share		
Weighted average number of shares outstanding during the period (*)	253,000,000,000	124,000,000,000
Net profit for the period	56,092,792	211,888,706
Profit per share obtained from ongoing activities		
- a hundred ordinary stock (TL)	0.02	0.17

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

In the interim fiscal period ending as of 31 March 2023, it has been decided that the distributable profit for the 2022 accounting period will not be distributed, and the remaining amount will be recorded in extraordinary reserves, after the first legal reserves have been set aside, by evaluating the conditions stipulated in the Company's profit distribution policy. Dividends from previous periods, which have not yet been requested by the partners, are also followed under the other payables account.

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21. RELATED PARTY DISCLOSURES

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

	31 March 2023		31 December 2022	
	Trade		Trade	
Balances with related parties	Receivables	Payables	Receivables	Payables
Oyak İnşaat A.Ş. (*)	-	-	-	19,251,673
Oyak Grup Sigorta ve Reasürans Brokerliği A.Ş. (*)	-	185,309	-	9,834,640
OYAK (**)	-	8,094,427	-	8,902,982
OYAK Savunma ve Güvenlik Hiz. A.Ş. (*)	-	4,286,365	-	6,926,710
OYAK Pazarlama Hizmet Turizm A.Ş. (*)	-	7,388,025	-	6,326,019
Omsan Lojistik A.Ş. (*)	-	4,638,077	-	3,451,381
Oyak Biyoteknoloji San.ve Ticaret A.Ş. (*)	-	6,689,195	-	3,019,321
Oyak Akaryakıt ve LPG Yatırımları A.Ş. (*)	-	2,204,985	-	2,117,212
Güzel Enerji Akaryakıt A.Ş. (*)	-	1,549,064	806	1,375,655
Ataer Holding A.Ş. (*)	-	107,881	-	113,155
Satem Grup Gıda Dağıtım ve Pazarlama A.Ş. (*)	70,978	-	49,567	15,619
Tamek Grup Gıda Üretim A.Ş. (*)	124,408	-	34,220	10,231
Doco Petrol Ve Danışmanlık A.Ş. (*)	-	302,174	-	342
Mais Motorlu Araçlar İmal ve Satış A.Ş. (*)	-	10,878	-	-
Oyak Gıda Ve Tarım Holding Anonim Şirketi (*)	28,962	-	26,104	-
Kümaş Manyezit San.A.Ş. (*)	-	-	1,576	-
Sagra Grup Gıda A.Ş. (*)	59,325	-	34,221	-
	<u>283,673</u>	<u>35,456,380</u>	<u>146,494</u>	<u>61,344,940</u>

(*) Companies managed by the parent

(**) Parent of the Company

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

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

	31 March	31 December
Fixed asset advances given to related parties	2023	2022
Oyak İnşaat A.Ş. (*)	17,660,047	-
	<u>17,660,047</u>	<u>-</u>

(*) The Company managed by the parent

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21. RELATED PARTY DISCLOSURES (cont'd)

	31 March 2023	31 December 2022
Short-term advances given to related parties		
Oyak Elektrik Enerjisi Toptan Satış A.Ş. (*)	2,857,510	3,797,666
	<u>2,857,510</u>	<u>3,797,666</u>
	31 March 2023	31 December 2022
Long-term other borrowings received from related parties		
Oyak Sermaye Yatırımları A.Ş. (*)	71,530,501	70,779,296
	<u>71,530,501</u>	<u>70,779,296</u>

	1 January - 31 March 2023		1 January - 31 March 2022	
Transactions with related parties	Purchases	Sales	Purchases	Sales
Oyak İnşaat A.Ş. (*)	222,484,354	2,276	24,069,873	5,084
Oyak Biyoteknoloji Sanayi ve Tic.A.Ş. (*)	9,014,967	1,258,771	12,631,054	999
Omsan Lojistik A.Ş. (*)	6,054,667	-	9,205,514	-
OYAK Pazarlama Hizmet Turizm A.Ş. (*)	14,194,409	-	6,830,206	5,044
Oyak Elektrik Enerjisi Toptan Satış A.Ş. (*)	9,673,582	-	265,981	-
OYAK Savunma ve Güvenlik Hiz. A.Ş. (*)	7,299,013	-	2,447,529	-
Güzel Enerji Akaryakıt A.Ş. (*)	3,442,775	-	1,966,377	4,753
OYAK Yatırım Menkul Değerler A.Ş. (*)	4,389,000	-	420,000	-
Doco Petrol ve Danışmanlık A.Ş. (*)	619,434	-	839,875	4,851
Ordu Yardımlaşma Kurumu (**)	-	4,213	-	7,809
Mais Motorlu Araçlar İmal ve Satış A.Ş. (*)	10,321	1,170	4,741	6,660
Tamek Grup Gıda Üretim A.Ş. (*)	-	-	525,000	2,771,753
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. (*)	-	-	-	87,411
Likitgaz Dağıtım Ve Endüstri A.Ş. (*)	-	-	-	25,623
İskenderun Demir Ve Çelik A.Ş. (*)	-	-	-	29,180
Akdeniz Chemson Kimya Sanayi ve Ticaret A.Ş. (*)	-	-	-	9,715
Oyak Denizcilik ve Liman İşletmeleri A.Ş. (*)	-	-	-	12,441
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. (*)	-	3,330	-	10,213
Oyak Çimento Fabrikaları A.Ş. (*)	-	-	-	6,164
Other (*)	-	-	22,280	17,806
	<u>277,182,522</u>	<u>1,269,760</u>	<u>59,228,430</u>	<u>3,005,506</u>

(*) Companies managed by the parent

(**) Parent of the Company

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21. RELATED PARTY DISCLOSURES (cont'd)

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

	1 January- 31 March 2023	1 January- 31 March 2022
Salaries and other short-term benefits	18,447,516	9,146,756
	<u>18,447,516</u>	<u>9,146,756</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 hedge 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							
	Trade Receivables		Other Receivables		Deposits at Banks	Other Cash Equivalents	Financial Investments	Derivative Instruments
31 March 2023	Related Party	Other Party	Related Party	Other Party				
Maximum credit risk exposed as of reporting date (A+B+C+D) (*)	283,673	4,046,266,432	-	68,973,118	1,842,557,575	137,957,104	161,479	31,016,780
- Secured portion of the maximum risk with guarantee etc (**)	-	155,808,350	-	-	-	-	-	-
A. Financial assets not past due nor impaired instruments	283,673	3,901,358,540	-	68,973,118	1,842,557,575	137,957,104	161,479	31,016,780
B. Assets past due but not impaired	-	144,766,780	-	-	-	-	-	-
- Secured portion with guarantee etc	-	45,832,945	-	-	-	-	-	-
C. Net book value of impaired assets	-	10,195,733	-	-	-	-	-	-
- Past due (gross book value)	-	-	-	-	-	-	-	-
- Impairment (-)	-	(10,054,621)	-	-	-	-	-	-
- Secured portion of the net value with guarantee etc	-	141,112	-	-	-	-	-	-
- Not past due (gross book value)	-	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-	-
- Secured portion of the net value with guarantee etc	-	-	-	-	-	-	-	-
D. Items including off-balance sheet risk	-	-	-	-	-	-	-	-

(*) The factors that increase the credit reliability, such as guarantee received are not considered in the determination of the amount.

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

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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							
	Trade Receivables		Other Receivables		Deposits at Banks	Other Cash Equivalents	Financial Investments	Derivative Instruments
31 December 2022	Related Party	Other Party	Related Party	Other Party				
Maximum credit risk exposed as of reporting date (A+B+C+D) (*)	146,494	4,089,380,299	-	39,527,346	1,445,150,544	86,063,557	162,664	29,155,226
- Secured portion of the maximum risk with guarantee etc (**)	-	856,082,171	-	-	-	-	-	-
A. Financial assets not past due nor impaired instruments	146,494	4,020,016,899	-	39,527,346	1,445,150,544	86,063,557	162,664	29,155,226
B. Assets past due but not impaired	-	69,222,287	-	-	-	-	-	-
- Secured portion with guarantee etc	-	32,182,677	-	-	-	-	-	-
C. Net book value of impaired assets	-	10,222,815	-	-	-	-	-	-
- Past due (gross book value)	-	-	-	-	-	-	-	-
- Impairment (-)	-	(10,081,702)	-	-	-	-	-	-
- Secured portion of the net value with guarantee etc	-	141,113	-	-	-	-	-	-
- Not past due (gross book value)	-	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-	-
- Secured portion of the net value with guarantee etc	-	-	-	-	-	-	-	-
D. Items including off-balance sheet risk	-	-	-	-	-	-	-	-

(*) The factors that increase the credit reliability, such as guarantee received are not considered in the determination of the amount.

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

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

Credit risk management (cont'd)

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

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

Overdue receivables are aged as follows:

	<u>31 March 2023</u>	<u>31 December 2022</u>
	<u>Trade</u>	<u>Trade</u>
	<u>Receivables</u>	<u>Receivables</u>
1-30 days overdue	82,515,340	40,279,228
1-3 months overdue	30,446,414	13,450,773
3-12 months overdue	31,663,914	15,351,174
1-5 years overdue	10,336,845	10,363,927
Total overdue receivables	<u>154,962,513</u>	<u>79,445,102</u>
Secured portion with guarantee etc.	<u>45,974,057</u>	<u>32,323,790</u>

Provisions were set aside for TL 10,054,621 of the overdue receivables, as of balance sheet date (31 December 2022: TL 10,081,702). The guarantees received for the overdue trade receivables for which no provisions were set aside are as follows:

	<u>31 March</u>	<u>31 December</u>
	<u>2023</u>	<u>2022</u>
Guarantee letters	<u>45,974,057</u>	<u>32,323,790</u>
	<u>45,974,057</u>	<u>32,323,790</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 non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Derivative financial liabilities on the other hand have been adjusted according to undiscounted net cash inflows and outflows. Forward instruments are paid as net amounts for future transactions which must be paid as gross amounts and are realized over the undiscounted, gross cash inflows and outflows. The amount disclosed when the receivables or payables are not fixed is determined by using the interest rate derived from the yield curves on the report date.

31 March 2023

<u>Contractual maturities</u>	<u>Book Value</u>	<u>Total contractual cash outflows (I+II+III)</u>	<u>Less than 3 months (I)</u>	<u>Between 3-12 months (II)</u>	<u>Between 1-5 years (III)</u>
Non-derivative financial liabilities					
Financial liabilities	8,649,727,294	9,069,909,634	6,175,293,857	2,616,230,461	278,385,316
Trade payables	1,046,618,812	1,046,618,812	818,094,165	228,524,647	-
Payables related to employee benefits	38,247,655	38,247,655	12,617,725	25,629,930	-
Other payables	107,285,324	107,285,324	25,206,036	10,548,787	71,530,501
	9,841,879,085	10,262,061,425	7,031,211,783	2,880,933,825	349,915,817
Derivative financial liabilities					
Derivative cash inflows	21,130,811	39,437,613	-	39,437,613	-
Derivative cash outflows	-	(29,184,513)	-	(29,184,513)	-
	21,130,811	10,253,100	-	10,253,100	-

31 December 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	7,295,531,224	7,791,607,464	3,537,140,826	4,001,776,458	252,690,180
Trade payables	956,529,883	956,529,883	401,662,029	554,867,854	-
Payables related to employee benefits	82,685,623	82,685,623	6,525,395	76,160,228	-
Other payables	97,477,744	97,477,744	16,498,241	10,200,207	70,779,296
	8,432,224,474	8,928,300,714	3,961,826,491	4,643,004,747	323,469,476
Derivative financial liabilities					
Derivative cash inflows	24,586,710	326,077,065	6,076,948	320,000,117	-
Derivative cash outflows	-	(293,508,690)	(6,379,750)	(287,128,940)	-
	24,586,710	32,568,375	(302,802)	32,871,177	-

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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.

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

Foreign currency risk management

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

	31 March 2023		
	TL Equivalent (Fuctional currency)	US Dollar	Euro
Trade Receivable	88,672,344	4,629,636	-
Monetary Financial Assets	195,462,514	10,176,451	26,429
Non-Monetary Financial Assets	149,485,120	7,381,483	388,875
CURRENT ASSETS	433,619,978	22,187,570	415,304
Non-Monetary Financial Assets	-	-	-
NON-CURRENT ASSETS	-	-	-
TOTAL ASSETS	433,619,978	22,187,570	415,304
Financial Liabilities	41,690,000	-	2,000,000
Trade Payables	860,596,607	44,462,463	431,670
CURRENT LIABILITIES	902,286,607	44,462,463	2,431,670
Financial Liabilities	-	-	-
NON-CURRENT LIABILITIES	-	-	-
TOTAL LIABILITIES	902,286,607	44,462,463	2,431,670
Net asset/ liability position of off-balance sheet derivative instruments	327,413,607	14,917,800	2,000,000
Amount of active off-balance sheet foreign currency derivatives	327,413,607	14,917,800	2,000,000
Net foreign currency asset liability position	(141,253,022)	(7,357,093)	(16,366)
Fair value of financial instruments used for foreign currency hedging	19,186,443	-	-
Amounts of hedged portion of foreign currency assets	41,690,000	-	2,000,000
Export	67,808,096	3,320,650	-
Import	1,176,178,954	60,440,499	1,789,537

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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 2022		
	TL Equivalent (Functional currency)	US Dollar	Euro
Trade Receivable	80,702,667	4,316,043	-
Monetary Financial Assets	117,636,858	6,278,690	11,840
Non-Monetary Financial Assets	46,414,089	2,425,155	53,565
CURRENT ASSETS	244,753,614	13,019,888	65,405
Non-Monetary Financial Assets	-	-	-
NON-CURRENT ASSETS	-	-	-
TOTAL ASSETS	244,753,614	13,019,888	65,405
Financial Liabilities	39,869,800	-	2,000,000
Trade Payables	711,324,947	34,329,659	3,482,269
CURRENT LIABILITIES	751,194,747	34,329,659	5,482,269
Financial Liabilities	-	-	-
NON-CURRENT LIABILITIES	-	-	-
TOTAL LIABILITIES	751,194,747	34,329,659	5,482,269
Net asset/ liability position of off-balance sheet derivative instruments	324,884,247	15,242,800	2,000,000
Amount of active off-balance sheet foreign currency derivatives	324,884,247	15,242,800	2,000,000
Net foreign currency asset liability position	(181,556,886)	(6,066,971)	(3,416,864)
Fair value of financial instruments used for foreign currency hedging	22,674,598	-	-
Amounts of hedged portion of foreign currency assets	39,869,800	-	2,000,000
Export	180,060,181	10,419,154	860
Import	2,871,006,567	163,256,545	11,715,355

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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.

31 March 2023		
Profit / Loss		
	Appreciation of foreign currency	Depreciation of foreign currency
In case USD appreciates 10% against TL		
Net asset/liability of USD	(42,663,548)	42,663,548
Portion hedged from USD risk (-)	28,572,361	(28,572,361)
USD net effect	(14,091,187)	14,091,187
In case EUR appreciates 10% against TL		
Net asset/liability of EUR	(4,203,115)	4,203,115
Portion hedged from EUR risk (-)	4,169,000	(4,169,000)
EUR net effect	(34,115)	34,115
TOTAL	(14,125,302)	14,125,302

31 December 2022		
Profit / Loss		
	Appreciation of foreign currency	Depreciation of foreign currency
In case USD appreciates 10% against TL		
Net asset/liability of USD	(39,845,649)	39,845,649
Portion hedged from USD risk (-)	28,501,445	(28,501,445)
USD net effect	(11,344,204)	11,344,204
In case EUR appreciates 10% against TL		
Net asset/liability of EUR	(10,798,464)	10,798,464
Portion hedged from EUR risk (-)	3,986,980	(3,986,980)
EUR net effect	(6,811,484)	6,811,484
TOTAL	(18,155,688)	18,155,688

Interest rate risk management

The Group keeps its risk related with the changes in the interest rate very low in order to provide financing. The financial liabilities of the Group consist of fixed-interest instruments. Therefore, the Group does not have any risks which may be from fluctuations in the interest rate.

Price risk

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

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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

31 March 2023	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Financial liabilities at amortized cost	Note
<u>Financial assets</u>					
Cash and cash equivalents	1,980,673,838	-	-	-	4
Trade receivables	4,046,550,105	-	-	-	8a
Financial investments	-	-	161,479	-	5
Derivative instruments	-	31,016,780	-	-	6
<u>Financial liabilities</u>					
Financial liabilities	-	-	-	8,649,727,294	7
Trade payables	-	-	-	1,046,618,812	8b
Payables related to employee benefits	-	-	-	38,247,655	
Other payables	-	-	-	107,285,324	9b
31 December 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	1,531,398,060	-	-	-	4
Trade receivables	4,089,526,793	-	-	-	8a
Financial investments	-	-	162,664	-	5
Derivative instruments	-	29,155,226	-	-	6
<u>Financial liabilities</u>					
Financial liabilities	-	-	-	7,295,531,224	7
Trade payables	-	-	-	956,529,883	8b
Payables related to employee benefits	-	-	-	82,685,623	
Other payables	-	-	-	97,477,744	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 value of derivative instruments is at Level 2.

Fair values of financial instruments

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

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

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24. EVENTS AFTER THE REPORTING PERIOD

According to the Material Disclosure of the Group on 3 April 2023 on the Public Disclosure Platform;

The increase of our Company's registered capital ceiling from TL 3,000,000,000 to TL 8,500,000,000 was accepted at the Ordinary General Assembly Meeting held on 30 March 2023 regarding and was registered on 3 April 2023 by the Gebze Trade Registry Office.

According to the Material Disclosure of the Group on 27 April 2023 on the Public Disclosure Platform;

Our company, which has been operating in the field of animal health since 2005, with a strategic decision taken in 2021, it has strengthened its position in this market by purchasing Arma İlaç Sanayi ve Ticaret A.Ş. and has become one of the leading companies in the market.

Our company, which continues its investments in the field of animal health, was decided by our Board of Directors on April 27, 2023 to add a new one to its investments;

- In Ankara, Hektaş Ticaret Türk A.S. to establish a second production facility in the field of veterinary medicine production under,
- As a result of feasibility studies, the total investment amount is planned and budgeted as 48,000,000 USD,
- The production facility to be established will be built in accordance with GMP standards and the capacity will be increased in the products it currently produces,
- The product portfolio, which is traded with the purchase and sale of commercial goods, is produced in its own production facilities,
- Developing the product portfolio that does not exist yet, thus increasing its effectiveness in both domestic and international markets, ensuring new market development with different product groups,
- Announcing the developments regarding our investment to be made to our investors through the Public Disclosure Platform within the framework of laws and regulations,
- Within the scope of the foreseen investment, it has been decided to authorize the General Directorate for all kinds of works and transactions, considering the legal legislation processes, specific to the determined amount of the services requested and the contractor companies.

According to the Material Disclosure of the Group on 4 May 2023 on the Public Disclosure Platform;

Trial productions were carried out at the "Pet Food" production facility of our company, which was established on an area of 40.336 m2, and were successfully completed. The process of obtaining all the necessary permits for the start of mass production has also been completed and our production activities have started