

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

CONDENSED CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS FOR THE SIX-MONTHS PERIOD  
AS OF 30 JUNE 2023 WITH  
AUDITOR’S REVIEW REPORT

(ORIGINALLY ISSUED IN TURKISH)

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

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

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

**Introduction**

We have reviewed the accompanying condensed consolidated statement of financial position of Hektaş Ticaret Türk Anonim Şirketi (the “Company”) and its subsidiaries (together will be referred as the “Group”) as of 30 June 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows and other explanatory notes for the six-month period then ended (“condensed consolidated interim financial information”). Group management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with Turkish Accounting Standard 34 “Interim Financial Reporting” (“TAS 34”). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

**Scope of Review**

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

## Conclusion

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

## Additional paragraph for convenience translation to English

In the accompanying interim condensed consolidated financial statements, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) differ from International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board with respect to the application of inflation accounting. Accordingly, the accompanying interim condensed consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

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



Volkan Becerik SMMM  
Partner

İstanbul, 15 August 2023

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# HEKTAŞ GROUP

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE INTERIM PERIOD AS OF 30 JUNE 2023

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

		Current Period	Prior Period
		Reviewed	Audited
		30 June	31 December
	Notes	2023	2022
<b>ASSETS</b>			
<b>Current Assets</b>		<b>11,158,055,301</b>	<b>8,986,751,110</b>
Cash and Cash Equivalents	4	2,316,977,942	1,531,398,060
Financial Investments	5	852,464,508	162,664
Trade Receivables	8a	4,294,902,296	4,088,020,488
<i>From Related Parties</i>	21	123,909	146,494
<i>From Third Parties</i>		4,294,778,387	4,087,873,994
Other Receivables		48,837,216	38,019,424
<i>From Third Parties</i>		48,837,216	38,019,424
Derivative Instruments	6	64,726,178	29,155,226
Inventories	10	2,961,217,081	2,897,327,131
Prepaid Expenses		98,679,219	79,628,669
<i>From Related Parties</i>	21	3,595,254	3,797,666
<i>From Third Parties</i>		95,083,965	75,831,003
Current Tax Assets	14	28,731,332	63,725,652
Other Current Assets		491,519,529	259,313,796
<b>Non-Current Assets</b>		<b>5,082,292,636</b>	<b>3,238,869,525</b>
Trade Receivables	8a	693,000	1,506,305
Other Receivables		2,864,511	1,507,922
Investment Properties		4,590,182	4,652,083
Property, Plant and Equipment	11	2,544,032,973	2,178,626,095
Intangible Assets		1,237,417,924	357,354,650
Goodwill	13	106,319,692	106,319,692
<i>Other</i>	12	1,131,098,232	251,034,958
Right-of-Use Assets		109,846,358	118,786,779
Prepaid Expenses		759,186,859	243,085,986
<i>From Related Parties</i>	21	11,134,862	-
<i>From Third Parties</i>		748,051,997	243,085,986
Deferred Tax Asset	19	423,660,829	333,349,705
<b>TOTAL ASSETS</b>		<b>16,240,347,937</b>	<b>12,225,620,635</b>

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

# HEKTAŞ GROUP

## REVIEWED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2023

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

		Current Period	Prior Period
		Reviewed	Audited
		30 June	31 December
	Notes	2023	2022
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>		<b>11,581,542,231</b>	<b>8,364,037,606</b>
Short-Term Borrowings	7	9,093,848,317	7,030,082,685
Lease Liabilities	7	64,120,392	47,374,578
Trade Payables	8b	1,568,484,047	956,529,883
<i>To Related Parties</i>	21	235,516,042	61,344,940
<i>To Third Parties</i>		1,332,968,005	895,184,943
Payables Related to Employee Benefits		68,874,296	82,685,623
Other Liabilities	9b	671,635,334	26,698,448
<i>To Related Parties</i>		650,684,732	7,170,335
<i>To Third Parties</i>		20,950,602	19,528,113
Derivative Instruments	6	-	4,568,516
Deferred Income		50,379,026	196,910,593
Current Tax Liability	14	46,031,486	7,073,006
Short-Term Provisions	15a	18,169,333	12,114,274
<i>Related to Employee Benefits</i>	15a	15,527,893	9,622,834
<i>Other</i>	15a	2,641,440	2,491,440
<b>Non-Current Liabilities</b>		<b>1,296,812,478</b>	<b>372,875,522</b>
Long-Term Borrowings	7	1,038,578,967	138,000,000
Lease Liabilities	7	55,757,385	80,073,961
Other Payables	9b	97,043,954	70,779,296
<i>Other Payables to Related Parties</i>	21	97,043,954	70,779,296
Long-Term Provisions	15b	72,442,827	57,601,935
<i>Related to Employee Benefits</i>		72,442,827	57,601,935
Deferred Tax Liability	19	32,989,345	26,420,330
<b>EQUITY</b>		<b>3,361,993,228</b>	<b>3,488,707,507</b>
<b>Equity Attributable to the Parent</b>		<b>3,362,449,502</b>	<b>3,481,212,456</b>
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		86,425,010	14,721,609
<i>- Hedging Gains (Losses)</i>		792,753	1,912,112
<i>- Foreign Currency Translation Differences</i>		85,632,257	12,809,497
Accumulated Other Comprehensive Income (Expenses) not to be Reclassified in Profit or Loss		(33,879,988)	(27,602,071)
<i>- Remeasurement Losses of Defined Benefit Plans</i>		(33,879,988)	(27,602,071)
Restricted Reserves Appropriated from Profit		81,163,394	59,011,345
Prior Years' Profit/Losses		879,947,595	99,809,935
Net Profit/Loss for the Period		(184,188,438)	802,289,709
<b>Non-Controlling Interests</b>		<b>(456,274)</b>	<b>7,495,051</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>16,240,347,937</b>	<b>12,225,620,635</b>

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

# HEKTAŞ GROUP

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

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

		Current Period Reviewed	Current Period Not Reviewed	Prior Period Reviewed	Prior Period Not Reviewed
		1 January- 30 June 2023	1 April- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2022
Notes					
<b>PROFIT OR LOSS</b>					
Revenue	16a	2,975,932,931	1,566,409,211	2,530,419,764	1,452,141,010
Cost of Sales (-)	16b	(1,896,224,132)	(1,023,034,014)	(1,491,777,249)	(851,842,581)
<b>GROSS PROFIT/LOSS</b>		<b>1,079,708,799</b>	<b>543,375,197</b>	<b>1,038,642,515</b>	<b>600,298,429</b>
General Administrative Expenses (-)		(214,823,121)	(148,975,514)	(74,406,614)	(42,144,059)
Marketing Expenses (-)		(207,711,111)	(124,171,556)	(84,931,466)	(52,075,156)
Research and Development Expenses (-)		(55,982,272)	(35,021,778)	(28,911,144)	(18,874,535)
Other Income from Operating Activities	17	66,576,944	57,904,670	21,476,003	12,628,550
Other Expenses from Operating Activities (-)	18	(262,002,284)	(243,121,899)	(163,017,537)	(105,287,345)
<b>OPERATING PROFIT/LOSS</b>		<b>405,766,955</b>	<b>49,989,120</b>	<b>708,851,757</b>	<b>394,545,884</b>
Income from Investing Activities		6,205,838	5,499,386	4,041,807	1,479,330
Expenses from Investing Activities (-)		(80,954)	(42,991)	(435,758)	(35,978)
<b>OPERATING PROFIT/LOSS BEFORE FINANCE EXPENSE</b>		<b>411,891,839</b>	<b>55,445,515</b>	<b>712,457,806</b>	<b>395,989,236</b>
Finance Income (+)		643,605,948	531,137,148	135,625,658	88,552,149
Finance Expense (-)		(1,280,532,239)	(917,950,361)	(338,756,954)	(198,127,997)
<b>PROFIT/LOSS BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>(225,034,452)</b>	<b>(331,367,698)</b>	<b>509,326,510</b>	<b>286,413,388</b>
<b>Tax (Expense) / Income from Continuing Operations</b>		<b>32,578,921</b>	<b>86,585,769</b>	<b>(89,899,434)</b>	<b>(76,560,438)</b>
Tax Expense for the Period	19	(56,628,935)	(506,701)	(100,025,210)	(65,536,141)
Deferred Tax (Expense) / Income	19	89,207,856	87,092,470	10,125,776	(11,024,297)
<b>PROFIT/LOSS FOR THE PERIOD</b>		<b>(192,455,531)</b>	<b>(244,781,929)</b>	<b>419,427,076</b>	<b>209,852,950</b>
<b>Distribution of Profit/Loss for the Period</b>					
Non-Controlling Interests		(8,267,093)	(4,500,699)	(5,975,236)	(3,660,656)
Parent Shares		(184,188,438)	(240,281,230)	425,402,312	213,513,606
		<b>(192,455,531)</b>	<b>(244,781,929)</b>	<b>419,427,076</b>	<b>209,852,950</b>
<b>Earnings per share</b>					
A Hundred Ordinary Stock (TL)	20	<b>(0.07)</b>	<b>(0.09)</b>	<b>0.34</b>	<b>0.17</b>
<b>OTHER COMPREHENSIVE INCOME / (EXPENSE):</b>					
Items that will not be Reclassified to Profit or Loss		<b>(6,277,917)</b>	<b>(6,277,917)</b>	<b>(6,659,266)</b>	<b>(6,659,266)</b>
Defined Benefit Plans Remeasurement Gains/Losses		(7,847,396)	(7,847,396)	(8,324,082)	(8,324,082)
Defined Benefit Plans Remeasurement Gains (Losses), Tax Impact		1,569,479	1,569,479	1,664,816	1,664,816
<b>Items That will be Reclassified Subsequently to Profit or Loss</b>		<b>72,019,169</b>	<b>71,734,552</b>	<b>2,875,653</b>	<b>840,579</b>
Other Comprehensive Income (Expense) Related to Cash Flow					
Hedging Reserve		(1,435,076)	(1,476,430)	(3,598,490)	(635,360)
Foreign Currency Translation Differences		73,138,528	72,886,167	5,469,724	1,336,159
Tax Effect of Other Comprehensive Income (Expense) Related to Cash Flow Hedging Reserve		315,717	324,815	1,004,419	139,780
<b>OTHER COMPREHENSIVE INCOME / (EXPENSE)</b>		<b>65,741,252</b>	<b>65,456,635</b>	<b>(3,783,613)</b>	<b>(5,818,687)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>(126,714,279)</b>	<b>(179,325,294)</b>	<b>415,643,463</b>	<b>204,034,263</b>
<b>Distribution of Total Comprehensive Income:</b>		<b>(126,714,279)</b>	<b>(179,325,294)</b>	<b>415,643,463</b>	<b>204,034,263</b>
Non-Controlling Interests		(7,951,325)	(4,308,588)	(3,295,071)	(3,005,938)
Parent Shares		(118,762,954)	(175,016,706)	418,938,534	207,040,201

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

## HEKTAŞ GROUP

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 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
<b>Balances as of 1 January 2022</b>	<b>860,000,000</b>	<b>8,147,726</b>	<b>5,203,762</b>	<b>(7,685,734)</b>	<b>8,810,764</b>	<b>16,381,837</b>	<b>46,485,140</b>	<b>172,945,200</b>	<b>319,390,940</b>	<b>1,429,679,635</b>	<b>16,894,580</b>	<b>1,446,574,215</b>
Transfers	-	-	-	-	-	-	12,526,205	306,864,735	(319,390,940)	-	-	-
Effect of Mergers Involving Entities or Businesses Under Common Control (*)	-	(28,000,000)	-	-	-	-	-	-	-	(28,000,000)	-	(28,000,000)
<b>Total Comprehensive Income / (Expense)</b>	-	-	-	<b>(6,659,266)</b>	<b>2,789,559</b>	<b>(2,594,071)</b>	-	-	<b>425,402,312</b>	<b>418,938,534</b>	<b>(3,295,071)</b>	<b>415,643,463</b>
Profit / (Loss) for the Period	-	-	-	-	-	-	-	-	425,402,312	425,402,312	(5,975,236)	419,427,076
Other Comprehensive Income / (Expense)	-	-	-	(6,659,266)	2,789,559	(2,594,071)	-	-	-	(6,463,778)	2,680,165	(3,783,613)
<b>Balances as of 30 June 2022</b>	<b>860,000,000</b>	<b>(19,852,274)</b>	<b>5,203,762</b>	<b>(14,345,000)</b>	<b>11,600,323</b>	<b>13,787,766</b>	<b>59,011,345</b>	<b>479,809,935</b>	<b>425,402,312</b>	<b>1,820,618,169</b>	<b>13,599,509</b>	<b>1,834,217,678</b>
<b>Balances as of 1 January 2023</b>	<b>2,530,000,000</b>	<b>(19,852,274)</b>	<b>22,834,203</b>	<b>(27,602,071)</b>	<b>12,809,497</b>	<b>1,912,112</b>	<b>59,011,345</b>	<b>99,809,935</b>	<b>802,289,709</b>	<b>3,481,212,456</b>	<b>7,495,051</b>	<b>3,488,707,507</b>
Transfers	-	-	-	-	-	-	22,152,049	780,137,660	(802,289,709)	-	-	-
<b>Total Comprehensive Income / (Expense)</b>	-	-	-	<b>(6,277,917)</b>	<b>72,822,760</b>	<b>(1,119,359)</b>	-	-	<b>(184,188,438)</b>	<b>(118,762,954)</b>	<b>(7,951,325)</b>	<b>(126,714,279)</b>
Profit / (Loss) for the Period	-	-	-	-	-	-	-	-	(184,188,438)	(184,188,438)	(8,267,093)	(192,455,531)
Other Comprehensive Income / (Expense)	-	-	-	(6,277,917)	72,822,760	(1,119,359)	-	-	65,425,484	315,768	315,768	65,741,252
<b>Balances as of 30 June 2023</b>	<b>2,530,000,000</b>	<b>(19,852,274)</b>	<b>22,834,203</b>	<b>(33,879,988)</b>	<b>85,632,257</b>	<b>792,753</b>	<b>81,163,394</b>	<b>879,947,595</b>	<b>(184,188,438)</b>	<b>3,362,449,502</b>	<b>(456,274)</b>	<b>3,361,993,228</b>

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

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



# HEKTAŞ GROUP

## REVIEWED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR SIX MONTHS PERIOD ENDED 30 JUNE 2023

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

		Current Period	Prior Period
		Reviewed	Reviewed
		1 January- 30 June 2023	1 January- 30 June 2022
	Notes		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>459,029,670</b>	<b>(1,754,283,804)</b>
Profit/Loss for the Period		(192,455,531)	419,427,076
<b>Adjustments Related to Reconciliation of Net Profit/Loss of the Period</b>		<b>538,114,395</b>	<b>437,713,433</b>
Adjustments Related to Depreciation and Amortization Expense		78,769,186	37,710,445
Adjustments Related to Impairment (Reversal)		29,242,157	8,009,904
- Adjustments Related to Impairment for Receivables	8a	17,820,759	107,955
- Adjustments Related to Impairment for Inventories	10	11,421,398	7,901,949
Adjustments Related to Provisions		22,042,102	7,770,257
- Provisions Related to Employee Benefits		21,892,102	7,179,626
- Provision for / (Reversal of) Lawsuit		150,000	590,631
Adjustments Related to Interest (Income) / Expenses		474,149,279	299,244,373
- Adjustments Related to Interest Income		(211,116,644)	(12,060,673)
- Adjustments Related to Interest Expenses		685,265,923	311,305,046
Adjustments Related to Unrelized Foreign Currency Translation Differences		(7,292,278)	(3,188,350)
Adjustments Related to Fair Value Loss/Gains		(25,136,340)	-
Adjustments Related to Tax Expense	19	(32,578,921)	89,899,434
Adjustments Related to Loss/Gains on Disposal of Fixed Assets		(1,080,790)	(1,732,630)
<b>Changes in Working Capital</b>		<b>(62,654,218)</b>	<b>(2,583,216,425)</b>
Adjustments Related to Increase/Decrease in Trade Receivables		(223,964,214)	(1,578,718,994)
Adjustments Related to Increase / Decrease in Other Operating Receivables		(216,412,415)	(117,507,272)
Adjustments Related to Increase/Decrease in Inventories		(75,311,348)	(760,274,898)
Adjustments Related to Increase/Decrease in Trade Payables		611,954,164	(130,333,894)
Increase / (Decrease) in Payables Related to Employee Benefits		(13,811,327)	10,300,098
Adjustments Related to Increase / Decrease in Other Operating Payables		(145,109,078)	(6,681,465)
<b>Cash Flows Generated from Operations</b>		<b>176,025,024</b>	<b>(28,207,888)</b>
Interest Received		214,638,003	12,060,673
Payments Made Related to Provisions for Employee Benefits		(8,993,547)	(1,249,775)
Collections from Doubtful Receivables	8a	74,952	102,561
Tax Payments / Returns	19	(29,694,384)	(39,121,347)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(1,625,990,054)</b>	<b>(414,778,566)</b>
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		1,443,263	2,976,184
- Cash Inflows from Sale of Property, Plant and Equipment		1,439,236	2,976,184
- Cash Inflows from Sale of Intangible Assets		4,027	-
Cash Outflows from the Purchase of Property, Plant and Equipment and Intangible Assets		(1,111,328,100)	(281,350,114)
- Cash Outflows from the Purchase of Property, Plant and Equipment	11	(938,603,938)	(254,426,097)
- Cash Outflows from the Purchase of Intangible Assets	12	(172,724,162)	(26,924,017)
Cash Advances and Payables Given		(516,100,873)	(97,615,005)
Other Cash Inflows / Outflows		(4,344)	(10,789,631)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>1,882,923,097</b>	<b>2,755,862,487</b>
Change in payables to related parties		643,514,397	-
Cash Inflows from Borrowing	7	5,604,847,738	3,811,935,880
Cash Outflows Related to Payments of Borrowings	7	(3,344,101,073)	(756,878,625)
Interest Paid	7	(980,140,816)	(287,289,651)
Cash Outflows Related to Debt Payments Arising from Lease Contracts	7	(41,197,149)	(11,905,117)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF CURRENCY TRANSLATION DIFFERENCES (A + B + C)</b>		<b>715,962,713</b>	<b>586,800,117</b>
<b>D. THE EFFECT OF CURRENCY TRANSLATION DIFFERENCES</b>		<b>73,138,528</b>	<b>5,469,724</b>
<b>NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>789,101,241</b>	<b>592,269,841</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	4	<b>1,520,566,490</b>	<b>107,077,183</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	4	<b>2,309,667,731</b>	<b>699,347,024</b>

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

## HEKTAŞ GROUP

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (All amounts are indicated in Turkish Lira ("TL").)

#### 1. ORGANIZATION AND OPERATIONS OF THE GROUP

Hektaş was established for the purpose of producing, importing, and marketing agricultural and veterinary pesticides upon registration and entry in the trade registry in 1956. The main field of activity of the Company is the production, import and marketing of agricultural and veterinary pesticides. The main shareholder of the Company is the Turkish Armed Forces Pension Fund ("OYAK") which owns 58.8 per cent of the Company's shares. OYAK is an institution with legal personality, which is financially and administratively autonomous and subject to the provisions of private law, which was founded pursuant to the law no. 205 on 1 March 1961. As the "solidarity and pension fund" of the members of the Turkish Armed Forces ("TSK"), OYAK provides various services and benefits to its members in line with the social security approach envisaged by the constitution. OYAK has direct and indirect subsidiaries and associates operating in industry, finance and service sectors. Detailed information about OYAK is available on its official web site at the address ([www.oyak.com.tr](http://www.oyak.com.tr)).

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

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

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

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

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

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

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

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

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

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 ("Hektaş Asia") was established on 21 November , 2022 in Tashkent, Uzbekistan. The establishment procedures have been completed with HEKTAŞ Ticaret T.A.Ş. owning 100% of its shares. It was established to operate in the export-oriented plant protection and plant nutrition fields. USD 20,040,000 has been paid for the capital of Hektaş Asia LLC, USD 10,040,000 of which has been registered. Registration procedures for the remaining USD 10,000,000 are ongoing.

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 30 June 2023, the number of employees of the Group is 869 in total, 301 of them being blue-collar and 568 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

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (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 30 June 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 (%)	
		Functional currency		
Title of the Company	Location of activity		30 June 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	Avustralya	AUD	51.00	51.00
Hektaş Asia	Özbekistan	UZS	100.00	-
Financial investments				
Çantaş	Çankırı	TL	0.37	0.37

## HEKTAŞ GROUP

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (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 interim 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 interim 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 15 August 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 11 August 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 interim condensed consolidated financial statements.

###### Functional and Reporting Currency

The interim 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 interim condensed consolidated financial statements as of 31 December 2022 in accordance with TAS 29.

## HEKTAŞ GROUP

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (All amounts are indicated in Turkish Lira ("TL").)

#### 2. BASIS OF PRESENTATION OF THE INTERIM 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 interim 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 interim 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.

As explained in Note 11, the Group capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets. The Group borrows funds on a general purpose basis and where a portion of the funds are used to finance a qualifying asset, the amount of borrowing costs that can be capitalized is determined by applying a capitalization rate to the expenditure incurred in relation to that asset. This capitalization rate (18,35% - 18,52%, 19,82% - 23,05% - 21,73%, 26,99%) is the weighted average of the borrowing costs of all borrowings of the Group during the relevant period, excluding borrowings for the purchase of qualifying assets.

## HEKTAŞ GROUP

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (All amounts are indicated in Turkish Lira ("TL").)

#### 2. BASIS OF PRESENTATION OF THE INTERIM 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.

##### 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 30 June 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 30 June 2022 and no impairment has been detected.

##### 2.6 Segment Reporting

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

## HEKTAŞ GROUP

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (All amounts are indicated in Turkish Lira (“TL”).)

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

##### 2.7 Summary of significant accounting policies

###### New and Amended Turkish Financial Reporting Standards

###### a) Amendments that are mandatorily effective from 2023

Amendments to TAS 1	<i>Disclosure of Accounting Policies</i>
Amendments to TAS 8	<i>Definition of Accounting Estimates</i>
Amendments to TAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to TFRS 17	<i>Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)</i>

###### **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.

## HEKTAŞ GROUP

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (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.



## HEKTAŞ GROUP

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (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
<b>Current Assets</b>	<b>912,086</b>
Other receivables	8,769
Property, plant and equipment	151,218
Intangible assets	51,558,211
<b>Non-Current Assets</b>	<b>51,718,198</b>
Trade and other payables	63,709
<b>Current Liabilities</b>	<b>63,709</b>
Other payables	9,190,814
Deferred tax liability	10,215,487
<b>Non-Current Liabilities</b>	<b>19,406,301</b>
<b>Net Asset Value</b>	<b>33,160,274</b>
Non-controlling interests	16,248,534
Parent shares	16,911,740
<b>Goodwill arising at the time of purchase</b>	
Amount paid in cash	16,911,740
Less: Value of net assets of the acquired company	(16,911,740)
<b>Goodwill</b>	<b>-</b>

## HEKTAŞ GROUP

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (All amounts are indicated in Turkish Lira ("TL").)

#### 4. CASH AND CASH EQUIVALENTS

	30 June 2023	31 December 2022
Cash	217,791	183,959
Cash at banks	2,174,750,392	1,445,150,544
<i>Demand deposits</i>	918,837,835	15,321,535
<i>Time deposits with a maturity of less than three months</i>	1,255,912,557	1,429,829,009
Other current assets (*)	142,009,759	86,063,557
Cash and cash equivalents in the consolidated statement of financial position	2,316,977,942	1,531,398,060
Less: interest accruals	(7,310,211)	(10,831,570)
Cash and cash equivalents according to the cash flow statements	2,309,667,731	1,520,566,490

(\*) Other cash and cash equivalents consist of checks and promissory notes and credit card receivables due as of 30 June 2023 and 31 December 2022.

USD 25,000,000 and TL 206,720,000 of the USD 33,000,000 loan used to establish a second production facility in the field of veterinary medicine production in Ankara province is blocked and reclassified as financial investments..

The Group has no USD time deposits as of 30 June, 2023 (As of 31 December, 2022, USD time deposits amounting to TL 112,467,140 with an interest rate of 2,00 percent and maturity less than 3 months).

As of 30 June, 2023, the Group has TL time deposits amounting to TL 1,255,912,557 with an interest rate between 35,00% and 46,00%. Maturities are shorter than 3 months (As of 31 December, 2022, TL time deposits amounting to TL 1,317,361,869 with interest rates between 13,00% and 28,00%. Maturities are shorter than 3 months).

#### 5. FINANCIAL INVESTMENTS

Company Title	Share Rate %	30 June 2023	Share Rate %	31 December 2022
Çantaş	0.37	310,755 310,755	0.37	310,755 310,755
Provision for impairment		(310,755) -		(310,755) -
		30 June 2023		31 December 2022
Other		167,008		162,664
Blocked deposits		852,297,500 852,464,508		- 162,664

## HEKTAŞ GROUP

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (All amounts are indicated in Turkish Lira (“TL”).)

#### 6. DERIVATIVE INSTRUMENTS

	30 June 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>	44,158,354	-	29,155,226	-
Held for trading derivatives that are not designated in hedge accounting relationship				
<i>Forward contracts</i>	20,567,824	-	-	4,568,516
	<u>64,726,178</u>	<u>-</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 30 June 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	44,158,354	-	-
<u>Forward contracts</u>				
<i>USD Collection / TL Payment</i>	4,000,000	20,567,824	-	-
		<u>64,726,178</u>		<u>-</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**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023**  
 (All amounts are indicated in Turkish Lira ("TL").)

**7. FINANCIAL LIABILITIES**

	30 June 2023	31 December 2022
<b>Short-Term Financial Payables</b>		
Issued borrowing instruments	3,458,295,761	1,303,174,132
Bank loans	4,834,284,362	5,340,141,662
Lease liabilities	64,120,392	47,374,578
Other financial liabilities	801,268,194	386,766,891
	<u>9,157,968,709</u>	<u>7,077,457,263</u>

	30 June 2023	31 December 2022
<b>Long-Term Financial Liabilities</b>		
Bank loans	1,038,578,967	138,000,000
Lease liabilities	55,757,385	80,073,961
	<u>1,094,336,352</u>	<u>218,073,961</u>

**Short-Term Bank Loans:**

Currency	Weighted Average Interest Rate %	30 June 2023 Short-term
TL	15.52	4,390,629,862
Euro	3	56,308,000
USD	10.5	387,346,500
		<u>4,834,284,362</u>

Currency	Weighted Average Interest Rate %	31 December 2022 Short-term
TL	19.27	5,300,271,862
Euro	3.00	39,869,800
		<u>5,340,141,662</u>

## HEKTAŞ GROUP

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (All amounts are indicated in Turkish Lira ("TL").)

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

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

Currency	Weighted Average Interest Rate %	30 June 2023 Short-term
TL	29.61	3,458,295,761
		<u>3,458,295,761</u>

On 4 January, 2023, the Group issued discount fixed rate single coupon financing bonds listed on Borsa Istanbul with a total amount of TL 1,100 million. The maturity date of the bond is 7 July, 2023 and the coupon interest rate is 28,00%.

On 22 February, 2023, the Group issued discount fixed rate single coupon financing bonds with a total amount of TL 1,250 million, listed on Borsa Istanbul. The maturity date of the bond is 18 August, 2023 and the coupon interest rate is 28,00%.

On 10 April, 2023, the Group has issued discount fixed rate single coupon financing bonds with a total amount of TL 305 million, listed on Borsa Istanbul. The maturity date of the bond is 17 July, 2023 and the coupon interest rate is 27,50%.

On 10 April, 2023, the Group issued discount fixed rate single coupon financing bonds with a total amount of TL 355 million, listed on Borsa Istanbul. The maturity date of the bond is 18 September, 2023 and the coupon interest rate is 31,00%.

On 9 May, 2023, the Group issued discount fixed rate single coupon financing bonds with a total amount of TL 640 million, listed on Borsa Istanbul. The maturity date of the bond is 9 August, 2023 and the coupon interest rate is 36,00%.

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 %	30 June 2023 Short-term
TL	23.84	801,268,194
		<u>801,268,194</u>
Currency	Weighted Average Interest Rate %	31 December 2022 Short-term
TL	24.25	386,766,891
		<u>386,766,891</u>

## HEKTAŞ GROUP

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (All amounts are indicated in Turkish Lira ("TL").)

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

Details of Long-Term Bank Loans are as follows;

Currency	Weighted Average Interest Rate %	30 June 2023 Short-term
TL	17.43	186,416,667
USD	9.9	852,162,300
		<u>1,038,578,967</u>
Currency	Weighted Average Interest Rate %	31 December 2022 Short-term
TL	20.30	138,000,000
		<u>138,000,000</u>

The maturities of the lease obligations are as follows;

	30 June 2023	31 December 2022
To be paid within 1 year	64,120,392	47,374,578
To be paid within 1-5 years	55,757,385	80,073,961
	<u>119,877,777</u>	<u>127,448,539</u>

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

	30 June 2023	31 December 2022
To be paid within 1 year	9,093,848,317	7,030,082,685
To be paid within 1-6 years	1,038,578,967	138,000,000
	<u>10,132,427,284</u>	<u>7,168,082,685</u>

As of 30 June 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 – 30 June 2023 and 2022, the reconciliation of liabilities arising from financing activities is as follows;

	30 June 2023	30 June 2022
<b>Financial liabilities as of 1 January</b>	<b>7,295,531,224</b>	<b>2,271,275,132</b>
Capital inflow within the period	6,457,145,238	3,811,935,880
Payments within the period	(3,385,298,222)	(768,783,742)
Non-cash movements	40,284,034	42,761,705
Interest expense	824,783,603	370,492,927
Paid interest expense	(980,140,816)	(287,289,651)
	<u>10,252,305,061</u>	<u>5,440,392,251</u>

## HEKTAŞ GROUP

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (All amounts are indicated in Turkish Lira ("TL").)

#### 8. TRADE RECEIVABLES AND PAYABLES

##### a) Trade Receivables

As of 30 June 2023 and 31 December 2022, the details of the Group's trade receivables are as follows;

	30 June 2023	31 December 2022
<b>Short-term trade receivables</b>		
Trade receivables	3,064,166,017	1,776,966,279
Notes receivables	1,257,140,987	2,320,989,417
Trade receivables from related parties (Note 21)	123,909	146,494
Provision for doubtful trade receivables (-)	(27,827,509)	(10,081,702)
	<u>4,294,902,296</u>	<u>4,088,020,488</u>
<b>Long-term trade receivables</b>		
Notes receivable	693,000	1,506,305
	<u>693,000</u>	<u>1,506,305</u>

As of 30 June 2023, the Group has deducted the amount of TL 653,302,882 collected from factoring companies within the scope of irrevocable factoring from its trade receivables (31 December 2022: TL 500,000,000).

As of 30 June 2023 and 31 December 2022, the aging of trade receivables is as follows:

	30 June 2023	31 December 2022
Not overdue and impaired	4,113,667,257	4,020,304,506
Overdue for 1-30 days, not impaired	109,756,638	40,279,228
Overdue for 1-3 months, not impaired	54,271,538	13,450,773
Overdue for 3-12 months, not impaired	17,758,751	15,351,174
Overdue for 1-5 years, not impaired	141,112	141,112
	<u>4,295,595,296</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 254 days (31 December 2022: 200 days).

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

	1 January- 30 June 2023	1 January- 30 June 2022
<b>Provision for doubtful receivables movements</b>		
Opening balance	10,081,702	10,035,992
Charge for the period	17,820,759	107,955
Collections	(74,952)	(102,561)
İptal edilen karşılıklar	-	42,518
Closing balance	<u>27,827,509</u>	<u>10,083,904</u>

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

## HEKTAŞ GROUP

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (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 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023	31 December 2022
Short-term trade payables		
Trade payables (*)	1,318,411,391	892,333,037
Trade payables to related parties (Note 21)	235,516,042	61,344,940
Expense accruals	14,556,614	2,851,906
	<u>1,568,484,047</u>	<u>956,529,883</u>

(\*) As of 30 June 2023, there are TL 579,545,922 letters of credit in trade payables (31 December 2022: TL 563,574,428).

The average payment maturity for the purchase of goods is 121 days in internal purchases (31 December 2022: 103 days).

#### 9. OTHER RECEIVABLES AND PAYABLES

##### a) Other Receivables

	30 June 2023	31 December 2022
Other Short-Term Receivables		
Advance tax refund receivable	47,027,688	9,439
Refund receivable of special consumption tax ("SCT") (*)	148,537	148,537
Deposits and guarantees given	466,011	330,756
VAT and other refund receivables	1,180,950	37,516,662
Other	14,030	14,030
	<u>48,837,216</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 148,537 (31 December 2022: TL 148,537).

##### b) Other Payables

	30 June 2023	31 December 2022
Other Short-Term Payables		
Dividend payable (*)	7,134,535	7,170,335
Taxes and funds payable	17,657,016	16,498,242
Other payables to related parties (Not 21)	643,550,197	-
Other liabilities	3,293,586	3,029,871
	<u>671,635,334</u>	<u>26,698,448</u>

(\*) Consists of the portion of previous years' dividend payments that have not yet been completed as of 30 June 2023.



**HEKTAŞ GROUP**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023**  
 (All amounts are indicated in Turkish Lira ("TL").)

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

	30 June 2023	31 December 2022
<u>Other Long-Term Payables</u>		
Other payables to related parties (Note 21)	97,043,954	70,779,296
	<u>97,043,954</u>	<u>70,779,296</u>

**10. INVENTORIES**

	30 June 2023	31 December 2022
Raw material	1,641,635,885	976,188,365
Work in-process	233,409,569	218,679,165
Finished goods	441,311,751	419,561,028
Trade goods	362,906,702	410,554,733
Other inventories (*)	296,950,982	875,920,250
Provision for impairment on inventories (-)	(14,997,808)	(3,576,410)
	<u>2,961,217,081</u>	<u>2,897,327,131</u>

(\*) As of 30 June 2023, TL 291,974,052 (31 December 2022: TL 873,458,254) of other inventories is comprised of goods in transit.

	1 January- 30 June 2023	1 January- 30 June 2022
<u>Movement of allowance for impairment on inventory</u>		
Opening balance	(3,576,410)	(307,721)
Period charge	(11,938,795)	(8,209,670)
Provision used/reversed	517,397	307,721
Closing balance	<u>(14,997,808)</u>	<u>(8,209,670)</u>

## HEKTAŞ GROUP

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

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

#### 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	-	-	-	2,228,366	932,221	49,979	-	3,210,566
Additions	-	753,883	36,156,941	36,754,559	5,101,118	29,924,477	969,430,640	1,078,121,618
Disposals	-	-	-	-	(294,743)	(1,136,853)	-	(1,431,596)
Transfers (*)	-	-	7,748,231	37,573,139	-	25,170,301	(756,025,178)	(685,533,507)
Closing balance as of 30 June 2023	28,044,801	23,947,107	177,908,987	454,305,285	16,026,007	127,528,977	1,862,120,954	2,689,882,118
<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	-	-	-	(579,872)	(382,233)	(46,373)	-	(1,008,478)
Charge for the period	-	(633,118)	(2,221,923)	(16,120,805)	(1,399,893)	(8,649,136)	-	(29,024,875)
Disposals	-	-	-	-	106,259	966,891	-	1,073,150
Closing balance as of 30 June 2023	-	(7,620,375)	(21,766,719)	(79,640,440)	(4,871,129)	(31,950,482)	-	(145,849,145)
Carrying value as of 30 June 2023	28,044,801	16,326,732	156,142,268	374,664,845	11,154,878	95,578,495	1,862,120,954	2,544,032,973

(\*) TL 685,533,507 of the construction in progress was transferred to intangible assets (Note 12).

(\*\*) As of 30 June 2023, there is a capitalized financial expense amounting to TL 139,517,680 on the construction in progress.

## HEKTAŞ GROUP

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

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

#### 11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

##### a) Property, Plant and Equipment (cont'd)

Cost Value	Lands	Land improvements	Buildings	Plant, machinery and equipment	Vehicles	Furniture and fixtures	Construction in progress (**)	Total
Opening balance as of 1 January 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	-	-	-	774,986	367,160	19,505	-	1,161,651
Additions	-	2,555,964	6,463,258	24,043,400	3,545,063	15,296,799	261,709,494	313,613,978
Disposals	-	-	-	(51,265)	(2,553,123)	(277,942)	-	(2,882,330)
Transfers (*)	185,356	211,020	3,209,247	41,444,909	-	55,670	(57,507,833)	(12,401,631)
Closing balance as of 30 June 2022	2,624,869	19,392,447	90,861,046	325,111,511	10,890,196	57,855,513	915,668,430	1,422,404,012
<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	-	-	-	(85,973)	(60,064)	(14,432)	-	(160,469)
Charge for the period	-	(425,906)	(1,254,930)	(10,678,137)	(1,054,923)	(3,961,184)	-	(17,375,080)
Disposals	-	-	-	34,412	1,370,080	234,284	-	1,638,776
Closing balance as of 30 June 2022	-	(6,476,960)	(17,848,870)	(48,990,670)	(2,317,499)	(19,102,614)	-	(94,736,613)
Carrying value as of 30 June 2022	2,624,869	12,915,487	73,012,176	276,120,841	8,572,697	38,752,899	915,668,430	1,327,667,399

(\*) TL 12,401,631 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 59,187,881 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

## HEKTAŞ GROUP

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (All amounts are indicated in Turkish Lira ("TL").)

#### 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	42,897,910	-	1,989,242	44,887,152
Additions	155,775,495	-	16,948,667	172,724,162
Disposals	(62,305)	-	-	(62,305)
Transfers from construction in progress	6,097,605	592,972	678,842,930	685,533,507
Closing balance as of 30 June 2023	473,397,067	22,711,694	710,797,502	1,206,906,263
<b>Accumulated Amortization</b>				
Opening balance as of 1 January 2023	(44,745,540)	(5,982,873)	(2,060,376)	(52,788,789)
Foreign currency translation differences	(5,954,407)	-	(226,953)	(6,181,360)
Charge for the period	(10,439,833)	(2,045,221)	(4,411,106)	(16,896,160)
Disposals	58,278	-	-	58,278
Closing balance as of 30 June 2023	(61,081,502)	(8,028,094)	(6,698,435)	(75,808,031)
Carrying value as of 30 June 2023	412,315,565	14,683,600	704,099,067	1,131,098,232
Cost Value	Rights	Development costs	Other intangible assets	Total
Opening balance as of 1 January 2022	196,876,546	14,261,465	5,371,398	216,509,409
Foreign currency translation differences	16,895,560	-	325,811	17,221,371
Additions	23,085,909	-	3,838,108	26,924,017
Transfers from construction in progress	8,855,699	3,545,932	-	12,401,631
Closing balance as of 30 June 2022	245,713,714	17,807,397	9,535,317	273,056,428
<b>Accumulated Amortization</b>				
Opening balance as of 1 January 2022	(24,318,900)	(2,996,108)	(557,355)	(27,872,363)
Foreign currency translation differences	(1,321,249)	-	(71,864)	(1,393,113)
Charge for the period	(8,568,621)	(1,350,465)	(586,867)	(10,505,953)
Closing balance as of 30 June 2022	(34,208,770)	(4,346,573)	(1,216,086)	(39,771,429)
Carrying value as of 30 June 2022	211,504,944	13,460,824	8,319,231	233,284,999

## HEKTAŞ GROUP

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (All amounts are indicated in Turkish Lira ("TL").)

#### 13. GOODWILL

Company	Date of Acquisition	30 June 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

	30 June 2023	31 December 2022
Current tax assets	<u>28,731,332</u>	<u>63,725,652</u>
Prepaid other tax and funds	<u>28,731,332</u>	<u>63,725,652</u>

#### 15. SHORT-TERM AND LONG-TERM PROVISIONS

##### Provisions for Employee Benefits

##### a) Short-term Provisions

	30 June 2023	31 December 2022
Short-term provisions	<u>2,641,440</u>	<u>2,491,440</u>
Provisions for legal cases (*)	<u>15,527,893</u>	<u>9,622,834</u>
Provision for unused vacation	<u>18,169,333</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 30 June 2023 and 2022 are as follows:

	1 January-30 June 2023	1 January-30 June 2022
Provision as of 1 January	2,491,440	1,630,818
Period provision expense	150,000	678,380
Provisions released	-	(87,749)
Provision as of 30 June	<u>2,641,440</u>	<u>2,221,449</u>

## HEKTAŞ GROUP

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (All amounts are indicated in Turkish Lira ("TL").)

#### 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 30 June 2023 and 31 December 2022 are as follows:

Long-term provisions	30 June 2023	31 December 2022
Provision for employment termination benefit	63,465,969	51,573,889
Seniority incentive premium provision	8,976,858	6,028,046
	<u>72,442,827</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 30 June 2023 and 2022 are as follows:

	1 January- 30 June 2023	1 January- 30 June 2022
Provision as of 1 January	6,028,046	2,594,768
Service cost	2,686,343	377,095
Interest cost	473,660	237,950
Amount paid during the period	(291,435)	(149,435)
Gain/(loss) arising from curtailment of benefits/redundancy	80,244	15,082
Actuarial gain/loss	-	676,250
Provision as of 30 June	<u>8,976,858</u>	<u>3,751,710</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 23,489.83 for each period of service as of 30 June 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.

	30 June 2023	31 December 2022
Discount rate	18.12%	16.19%
Inflation rate	16.30%	14.23%

## HEKTAŞ GROUP

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (All amounts are indicated in Turkish Lira ("TL").)

#### 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 30 June 2023 and 2022 are as follows:

	1 January- 30 June 2023	1 January- 30 June 2022
Provision as of 1 January	51,573,889	18,781,884
Service cost	5,174,839	1,538,949
Interest cost	3,917,558	1,678,209
Employment termination benefits paid	(8,702,112)	(1,100,340)
Gain/(loss) arising from curtailment of benefits/redundancy	3,654,399	544,822
Actuarial gain/loss	7,847,396	7,647,832
Provision as of 30 June	63,465,969	29,091,356

#### 16. REVENUE AND COST OF SALES

##### a) Revenue

	1 January- 30 June 2023	1 April- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2022
Domestic sales	3,077,194,644	1,658,471,439	2,610,578,308	1,482,338,578
Foreign sales	107,613,249	61,231,225	83,405,024	45,736,575
Other sales	44,504	43,158	161,354	9,024
Sales returns (-)	(45,638,431)	(40,989,674)	(6,263,413)	(3,265,633)
Sales discounts (-)	(150,174,522)	(99,240,424)	(157,461,509)	(72,677,534)
Timely payment premium (-)	(13,106,513)	(13,106,513)	-	-
	2,975,932,931	1,566,409,211	2,530,419,764	1,452,141,010

##### b) Cost of Sales

	1 January- 30 June 2023	1 April- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2022
Raw material expenses	(825,133,008)	(368,474,252)	(778,859,860)	(459,329,836)
Personnel expenses	(97,079,381)	(49,783,120)	(47,452,976)	(27,192,176)
General production expenses	(99,502,003)	(45,888,564)	(66,572,799)	(42,468,529)
Depreciation and amortization expenses	(23,010,313)	(12,059,123)	(16,100,816)	(8,608,944)
Transportation expenses	(92,143,253)	(52,240,990)	(53,487,034)	(33,569,432)
Changes in work in-process inventories	14,730,404	(15,286,805)	129,554,010	88,763,259
Changes in finished goods inventories	21,750,723	(67,752,964)	85,168,051	23,865,310
Cost of goods sold	(1,100,386,831)	(611,485,818)	(747,751,424)	(458,540,348)
Cost of trade goods sold and other sales	(795,837,301)	(411,548,196)	(744,025,825)	(393,302,233)
	(1,896,224,132)	(1,023,034,014)	(1,491,777,249)	(851,842,581)

## HEKTAŞ GROUP

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (All amounts are indicated in Turkish Lira ("TL").)

#### 17. OTHER INCOME FROM OPERATING ACTIVITIES

Other income from operating activities for the years ended 30 June 2023 and 2022 is as follows:

	1 January- 30 June 2023	1 April- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2022
Exchange difference income (*)	51,157,242	46,548,434	16,890,188	9,740,069
Interest income from sales	313,769	279,585	364,223	256,817
Damage compensation income	735,641	-	162,999	159,736
Other income	14,370,292	11,076,651	4,058,593	2,471,928
	<u>66,576,944</u>	<u>57,904,670</u>	<u>21,476,003</u>	<u>12,628,550</u>

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

#### 18. OTHER EXPENSES FROM OPERATING ACTIVITIES

Other expenses from operating activities for the years ended 30 June 2023 and 2022 are as follows:

	1 January- 30 June 2023	1 April- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2022
Exchange difference expense (*)	(248,732,475)	(236,326,894)	(156,373,178)	(102,361,109)
Rediscount expense related to other payables	-	-	(610,358)	-
Other expense and losses	(13,269,809)	(6,795,005)	(6,034,001)	(2,926,236)
	<u>(262,002,284)</u>	<u>(243,121,899)</u>	<u>(163,017,537)</u>	<u>(105,287,345)</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.



## HEKTAŞ GROUP

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (All amounts are indicated in Turkish Lira ("TL").)

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

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

	30 June 2023	31 December 2022
Provision for current corporate tax	(56,628,935)	(63,016,558)
Less: Prepaid taxes and funds	39,328,781	119,669,204
Current tax assets / (liabilities)	(17,300,154)	56,652,646
	1 January- 30 June 2023	1 January- 30 June 2022
<u>Tax (expense) / income consists of following:</u>		
Current tax (expense)	(56,628,935)	(100,025,210)
Deferred tax (expense) / income	89,207,856	10,125,776
Total tax (expense) / income	32,578,921	(89,899,434)
	30 June 2023	31 December 2022
<u>Deferred tax assets / (liabilities):</u>		
Tax advantage from investment discount	133,923,381	97,256,901
Tax advantage of accumulated tax losses	75,356,413	-
Employment termination benefit and severance incentive premium provisions	14,488,566	11,520,388
Provision for unused vacation and premium	13,260,605	17,093,762
Differences in book values of inventories	8,267,729	9,615,736
Depreciation of property, plant and equipment/amortization of other intangible assets	150,220,659	156,026,605
Fair value differences of derivative instruments	(4,316,835)	423,418
Other	(529,034)	14,992,565
	390,671,484	306,929,375

Movement of deferred tax assets/(liabilities) for the years ended as of 30 June 2023 and 2022 is as follows:

	1 January- 30 June 2023	1 January- 30 June 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	89,207,856	10,125,776
Income recognized in the statement of other comprehensive income	1,885,196	2,669,235
Foreign currency translation differences	(7,350,943)	(3,096,135)
Closing balance as of 30 June	390,671,484	5,106,940

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## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (All amounts are indicated in Turkish Lira ("TL").)

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

	1 January- 30 June 2023	1 January- 30 June 2022
<u>Reconciliation of tax provisions:</u>		
Profit before tax	(225,034,453)	509,326,510
Income tax rate 20% (2022: 23% - 22%)	20%	23%
Expected tax expense	<u>45,006,891</u>	<u>(117,145,097)</u>
Tax effect:		
- non-taxable income	2,916,860	1,314,486
- non-deductible expense	(39,600,430)	(9,523,652)
- change of tax rate from 20% to 25% and 23%	-	625,035
- addition tax	(55,782,342)	-
- revaluation effect of property, plant and equipment and intangible assets	27,007,182	-
- investment incentive discount	45,791,160	39,383,269
- effect of other items exempted from tax	<u>7,239,600</u>	<u>(4,553,475)</u>
Tax provision income / (expense) in the statement of profit or loss	<u>32,578,921</u>	<u>(89,899,434)</u>

### 20. EARNINGS / (LOSS) PER SHARE

	1 January- 30 June 2023	1 April- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2022
<u>Earnings / (loss) per share</u>				
Weighted average number of shares outstanding during the period (*)	253,000,000,000	253,000,000,000	124,000,000,000	124,000,000,000
Net profit (loss) for the period	<u>(184,188,438)</u>	<u>(240,281,230)</u>	<u>425,402,312</u>	<u>213,513,606</u>
Profit (loss) per share obtained from ongoing activities				
- a hundred ordinary stock (TL)	-0.07	-0.09	0.34	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 30 June 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.

## HEKTAŞ GROUP

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (All amounts are indicated in Turkish Lira ("TL").)

#### 21. RELATED PARTY DISCLOSURES

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

	30 June 2023		31 December 2022	
	Trade		Trade	
Balances with related parties	Receivables	Payables	Receivables	Payables
Oyak İnşaat A.Ş. (*)	-	189,823,655	-	19,251,673
OYAK Pazarlama Hizmet Turizm A.Ş. (*)	-	16,361,831	-	6,326,019
Oyak Biyoteknoloji San.ve Ticaret A.Ş. (*)	-	11,067,420	-	3,019,321
OYAK Savunma ve Güvenlik Hiz. A.Ş.	-	5,400,121	-	6,926,710
Omsan Lojistik A.Ş. (*)	-	3,996,112	-	3,451,381
Oyak Yatırım Menkul Değerler A.Ş. (*)	-	3,289,178	-	-
Oyak Akaryakıt ve LPG Yatırımları A.Ş. (*)	-	2,228,120	-	2,117,212
Güzel Enerji Akaryakıt A.Ş. (*)	-	1,584,798	806	1,375,655
Oyak Grup Sigorta ve Reasürans Brokerliği A.Ş. (*)	-	818,598	-	9,834,640
Oyak Elektrik Enerjisi Toptan Satış A.Ş. (*)	-	581,436	-	-
Tamek Grup Gıda Üretim A.Ş. (*)	-	232,015	34,220	10,231
Ataer Holding A.Ş. (*)	-	107,881	-	113,155
Satem Grup Gıda Dağıtım ve Pazarlama A.Ş. (*)	-	14,259	49,567	15,619
Likitgaz Dağıtım Ve Endüstri A.Ş. (*)	-	10,276	-	-
Doco Petrol Ve Danışmanlık A.Ş. (*)	-	342	-	342
OYAK (**)	-	-	-	8,902,982
Oyak Gıda Ve Tarım Holding Anonim Şirketi (*)	31,911	-	26,104	-
Kümaş Manyezit San.A.Ş. (*)	-	-	1,576	-
Sagra Grup Gıda A.Ş.(*)	91,998	-	34,221	-
	<u>123,909</u>	<u>235,516,042</u>	<u>146,494</u>	<u>61,344,940</u>

(\*) Companies managed by the parent

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

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

	30 June 2023	31 December 2022
Fixed asset advances given to related parties		
Oyak İnşaat A.Ş. (*)	10,526,316	-
Oyak Pazarlama Hizmet Turizm A.Ş. (*)	608,546	-
	<u>11,134,862</u>	<u>-</u>

	30 June 2023	31 December 2022
Short-term advances given to related parties		
Oyak Elektrik Enerjisi Toptan Satış A.Ş. (*)	3,595,254	3,797,666
	<u>3,595,254</u>	<u>3,797,666</u>

(\*) The Company managed by the parent

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### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (All amounts are indicated in Turkish Lira ("TL").)

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

	30 June 2023	31 December 2022
Other short-term payables to related parties		
Oyak Akaryakıt ve LPG Yatırımları A.Ş. (*)	643,550,197	-
	<u>643,550,197</u>	<u>-</u>

	30 June 2023	31 December 2022
Other long-term payables to related parties		
Oyak Sermaye Yatırımları A.Ş. (*)	97,043,954	70,779,296
	<u>97,043,954</u>	<u>70,779,296</u>

	1 January - 30 June 2023		1 January - 30 June 2022	
Transactions with related parties	Purchases	Sales	Purchases	Sales
Oyak İnşaat A.Ş. (*)	547,278,377	2,276	77,917,247	5,084
OYAK Pazarlama Hizmet Turizm A.Ş. (*)	42,574,223	-	11,069,845	5,044
Oyak Biyoteknoloji Sanayi ve Tic.A.Ş. (*)	25,013,767	1,294,939	25,759,670	999
OYAK Savunma ve Güvenlik Hiz. A.Ş. (*)	20,088,228	-	5,295,957	-
Oyak Elektrik Enerjisi Toptan Satış A.Ş. (*)	16,124,615	-	8,507,306	-
OYAK Yatırım Menkul Değerler A.Ş. (*)	13,796,480	-	2,377,043	-
Omsan Lojistik A.Ş. (*)	11,583,246	1,170	19,736,063	-
Güzel Enerji Akaryakıt A.Ş. (*)	7,055,153	-	5,604,191	6,924
Doco Petrol ve Danışmanlık A.Ş. (*)	1,229,195	-	1,554,023	4,851
Mais Motorlu Araçlar İmal ve Satış A.Ş. (*)	10,874	-	5,961	6,660
Likitgaz Dağıtım Ve Endüstri A.Ş. (*)	9,017	-	-	32,567
Ordu Yardımlaşma Kurumu (**)	-	4,213	-	7,809
Tamek Grup Gıda Üretim A.Ş. (*)	-	3,898,956	1,260,981	2,771,753
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. (*)	-	-	-	140,111
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
Diğer (*)	-	-	25,006	20,724
	<u>684,763,175</u>	<u>5,204,884</u>	<u>159,113,293</u>	<u>3,070,239</u>

	30 June 2023	31 December 2022
Interest expense to related parties		
Oyak Akaryakıt ve LPG Yatırımları A.Ş. (*)	5,302,597	-
	<u>-</u>	<u>-</u>
	<u>5,302,597</u>	<u>-</u>

(\*) Companies managed by the parent

(\*\*) Parent of the Company

## HEKTAŞ GROUP

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (All amounts are indicated in Turkish Lira ("TL").)

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

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

	1 January- 30 June 2023	1 January- 30 June 2022
Salaries and other short-term benefits	25,497,681	13,458,616
	<u>25,497,681</u>	<u>13,458,616</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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### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

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

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

##### Credit risk management

Credit risks exposed in terms of financial instruments	Receivables		Other Receivables		Deposits at Banks	Other Cash Equivalents	Financial Investments	Derivative Instruments
	Trade Receivables							
30 June 2023	Related Party	Other Party	Related Party	Other Party				
Maximum credit risk exposed as of reporting date (A+B+C+D) (*)	123,909	4,295,471,387	-	51,701,727	2,174,750,392	142,009,759	852,464,508	64,726,178
- Secured portion of the maximum risk with guarantee etc (**)	-	915,718,656	-	-	-	-	-	-
A. Financial assets not past due nor impaired instruments	123,909	4,113,402,236	-	51,701,727	2,174,750,392	142,009,759	852,464,508	64,726,178
B. Assets past due but not impaired	-	181,928,039	-	-	-	-	-	-
- Secured portion with guarantee etc	-	81,858,468	-	-	-	-	-	-
C. Net book value of impaired assets	-	27,968,621	-	-	-	-	-	-
- Past due (gross book value)	-		-	-	-	-	-	-
- Impairment (-)	-	(27,827,509)	-	-	-	-	-	-
- 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.

## HEKTAŞ GROUP

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

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

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

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

Credit risks exposed in terms of financial instruments	Receivables		Other Receivables		Deposits at Banks	Other Cash Equivalents	Financial Investments	Derivative Instruments
	Trade Receivables							
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	-	32,182,678	-	-	-	-	-	-
C. Net book value of impaired assets	-	10,222,814	-	-	-	-	-	-
- Past due (gross book value)	-	-	-	-	-	-	-	-
- Impairment (-)	-	(10,081,702)	-	-	-	-	-	-
- 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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### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023

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

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

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

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

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

Overdue receivables are aged as follows:

	<u>30 June 2023</u>	<u>31 December 2022</u>
	<u>Trade</u>	<u>Trade</u>
	<u>Receivables</u>	<u>Receivables</u>
1-30 days overdue	109,756,638	40,279,228
1-3 months overdue	54,271,538	13,450,773
3-12 months overdue	17,758,751	15,351,174
1-5 years overdue	28,109,733	10,363,927
Total overdue receivables	<u>209,896,660</u>	<u>79,445,102</u>
Secured portion with guarantee etc.	<u>81,999,580</u>	<u>32,323,790</u>

Provisions were set aside for TL 27,827,509 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>30 June</u>	<u>31 December</u>
	<u>2023</u>	<u>2022</u>
<u>Collaterals received for trade receivables that are past due but not impaired:</u>		
Guarantee letters	<u>81,999,580</u>	<u>32,323,790</u>
	<u>81,999,580</u>	<u>32,323,790</u>



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### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (All amounts are indicated in Turkish Lira ("TL").)

#### 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.

30 June 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>
<b>Non-derivative financial liabilities</b>					
Financial liabilities	10,252,305,061	10,862,567,184	6,835,948,065	2,657,602,945	1,369,016,174
Trade payables	1,568,484,047	1,568,484,047	1,502,555,348	65,928,699	-
Payables related to employee benefits	68,874,296	68,874,296	17,614,437	51,259,859	-
Other payables	768,679,288	768,679,288	17,657,016	653,978,318	97,043,954
	<b>12,658,342,692</b>	<b>13,268,604,815</b>	<b>8,373,774,866</b>	<b>3,428,769,821</b>	<b>1,466,060,128</b>
<b>Derivative financial liabilities</b>					
Derivative cash inflows	64,726,178	338,205,789	6,076,948	332,128,841	-
Derivative cash outflows	-	293,508,690	6,379,750	287,128,940	-
	<b>64,726,178</b>	<b>631,714,479</b>	<b>12,456,698</b>	<b>619,257,781</b>	<b>-</b>

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>
<b>Non-derivative financial liabilities</b>					
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
	<b>8,432,224,474</b>	<b>8,928,300,714</b>	<b>3,961,826,491</b>	<b>4,643,004,747</b>	<b>323,469,476</b>
<b>Derivative financial liabilities</b>					
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)	-
	<b>24,586,710</b>	<b>32,568,375</b>	<b>(302,802)</b>	<b>32,871,177</b>	<b>-</b>

## HEKTAŞ GROUP

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (All amounts are indicated in Turkish Lira ("TL").)

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

##### Market risk

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

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

	30 June 2023		
	TL Equivalent (Functional currency)	US Dollar	Euro
Trade Receivable	128,818,700	4,988,506	-
Monetary Financial Assets	521,485,088	20,172,978	19,758
Non-Monetary Financial Assets	249,255,257	2,451,529	6,604,716
Other	645,577,500	25,000,000	-
<b>CURRENT ASSETS</b>	<b>1,545,136,545</b>	<b>52,613,014</b>	<b>6,624,474</b>
Non-Monetary Financial Assets	-	-	-
<b>NON-CURRENT ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>1,545,136,545</b>	<b>52,613,014</b>	<b>6,624,474</b>
Financial Liabilities	443,654,500	15,000,000	2,000,000
Trade Payables	964,353,904	36,359,568	903,500
<b>CURRENT LIABILITIES</b>	<b>1,408,008,404</b>	<b>51,359,568</b>	<b>2,903,500</b>
Financial Liabilities	852,162,300	33,000,000	-
<b>NON-CURRENT LIABILITIES</b>	<b>852,162,300</b>	<b>33,000,000</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>2,260,170,704</b>	<b>84,359,568</b>	<b>2,903,500</b>
Net asset/ liability position of off-balance sheet derivative instruments	159,600,400	4,000,000	2,000,000
Amount of active off-balance sheet foreign currency derivatives	159,600,400	4,000,000	2,000,000
<b>Net foreign currency asset liability position</b>	<b>(555,433,759)</b>	<b>(27,746,554)</b>	<b>5,720,973</b>
Fair value of financial instruments used for foreign currency hedging	63,933,421	-	-
Amounts of hedged portion of foreign currency assets	56,308,000	-	2,000,000
Export	115,376,062	5,809,868	2,061
Import	1,878,172,058	93,665,138	3,494,327

## HEKTAŞ GROUP

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (All amounts are indicated in Turkish Lira ("TL").)

#### 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
<b>CURRENT ASSETS</b>	<b>244,753,614</b>	<b>13,019,888</b>	<b>65,405</b>
Non-Monetary Financial Assets	-	-	-
<b>NON-CURRENT ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>244,753,614</b>	<b>13,019,888</b>	<b>65,405</b>
Financial Liabilities	39,869,800	-	2,000,000
Trade Payables	711,324,947	34,329,659	3,482,269
<b>CURRENT LIABILITIES</b>	<b>751,194,747</b>	<b>34,329,659</b>	<b>5,482,269</b>
Financial Liabilities	-	-	-
<b>NON-CURRENT LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>751,194,747</b>	<b>34,329,659</b>	<b>5,482,269</b>
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
<b>Net foreign currency asset liability position</b>	<b>(181,556,886)</b>	<b>(6,066,971)</b>	<b>(3,416,864)</b>
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

## HEKTAŞ GROUP

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (All amounts are indicated in Turkish Lira ("TL").)

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

##### Foreign currency risk sensitivity

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

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

<b>30 June 2023</b>		
	Profit / Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
In case USD appreciates 10% against TL		
Net asset/liability of USD	(163,958,888)	163,958,888
Portion hedged from USD risk (-)	20,658,480	(20,658,480)
USD net effect	(143,300,408)	143,300,408
In case EUR appreciates 10% against TL		
Net asset/liability of EUR	20,952,056	(20,952,056)
Portion hedged from EUR risk (-)	11,261,600	(11,261,600)
EUR net effect	32,213,656	(32,213,656)
<b>TOTAL</b>	<b>(111,086,752)</b>	<b>111,086,752</b>

  

<b>31 December 2022</b>		
	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
<b>TOTAL</b>	<b>(18,155,688)</b>	<b>18,155,688</b>

##### Interest rate risk management

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

##### Price risk

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

## HEKTAŞ GROUP

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (All amounts are indicated in Turkish Lira ("TL").)

#### 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

	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
<b>30 June 2023</b>					
<u>Financial assets</u>					
Cash and cash equivalents	2,316,977,942	-	-	-	4
Trade receivables	4,295,595,296	-	-	-	8a
Financial investments	-	-	852,464,508	-	5
Derivative instruments	-	44,158,354	20,567,824	-	6
<u>Financial liabilities</u>					
Financial liabilities	-	-	-	10,252,305,061	7
Trade payables	-	-	-	1,568,484,047	8b
Payables related to employee benefits	-	-	-	68,874,296	
Other payables	-	-	-	768,679,288	9b
<b>31 December 2022</b>					
<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.

## HEKTAŞ GROUP

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (All amounts are indicated in Turkish Lira (“TL”).)

#### 24. EVENTS AFTER THE REPORTING PERIOD

According to the Material Event Disclosure made by the Group on the Public Disclosure Platform on July 7, 2023;

The financing bond issuance with a nominal value of TL 250,000,000 and a maturity of 90 days issued by our Company to qualified investors was realized on July 7, 2023.

The financing bond issue with a nominal value of TL 850,000,000 and a maturity of 182 days issued by our Company to qualified investors was realized on July 7, 2023.

The payment of the financing bond issued by our company to qualified investors with a nominal value of TL 1,100,000,000,000 and a maturity of 184 days was made by our company on July 7, 2023.

According to the Material Event Disclosure made by the Group on the Public Disclosure Platform on July 18, 2023;

The payment of the financing bond issued by our company to qualified investors with a nominal value of TL 305,000,000,000 and a maturity of 98 days was made by our company on July 7, 2023.

In accordance with the Presidential Decree numbered 7346 published in the Official Gazette dated 07 July 2023, the general VAT rate applied as 18% for taxable general transactions has been increased to 20% and the VAT rate applied for other deliveries and services subject to 8% VAT rate has been increased to 10% to enter into force on 10 July 2023. This matter is considered as an event after the reporting period that does not require an adjustment within the scope of TAS 10 Events after the Reporting Period.

Pursuant to the “Law on the Issuance of Additional Motor Vehicles Tax for the Compensation of Economic Losses Caused by the Earthquakes Occurring on 6/2/2023 and Amendments to Certain Laws and the Decree Law No. 375” published in the Official Gazette dated 15 July 2023; the corporate tax rate of 25% for banks, financial leasing, factoring, financing and savings finance companies, electronic payment and money institutions, authorised foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies has been increased to 30% and the corporate tax rate of 20% for other companies has been increased to 25%. The tax rate change will be effective for the earnings of the companies in 2023 and the following taxation periods. This matter is considered as an event after the reporting period that does not require an adjustment within the scope of TAS 10 Events after the Reporting Period. The Company/Group continues to evaluate the possible effects of the relevant Law as of the date of issuance of the financial statements.