

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

CONDENSED CONSOLIDATED İTERİM  
FINANCIAL STATEMENTS FOR THE  
PERIOD ENDED 1 JANUARY – MARCH 31, 2021

<b>CONTENTS</b>	<b>PAGE</b>
<b>CONDENSED CONSOLIDATED FINANCIAL STATEMENT FOR THE INTERIM PERIOD.....</b>	<b>1-2</b>
<b>CONDENSED CONSOLIDATED PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT FOR THE INTERIM PERIOD.....</b>	<b>3</b>
<b>CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE INTERIM PERIOD.....</b>	<b>4</b>
<b>CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE INTERIM PERIOD .....</b>	<b>5</b>
<b>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.....</b>	<b>6-38</b>

**HEKTAŞ GROUP****CONDENSED CONSOLIDATED FINANCIAL STATEMENT OF THE INTERIM PERIOD  
AS OF 31 MARCH 2021, NOT SUBJECTED TO REVIEW**

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

	Footnote References	Current Period	Previous Period
		Unaudited	Audited
		31 March 2021	31 December 2020
<b>ASSETS</b>			
<b>Current Assets</b>		<b>2.032.873.542</b>	<b>1.459.883.213</b>
Cash and Cash Equivalents	3	248.745.908	70.222.264
Trade Receivables	6a	993.031.685	751.740.136
<i>From Related Parties</i>	19	960.074	1.005.511
<i>From unrelated parties</i>		992.071.611	750.734.625
Other Receivables	7a	12.172.245	22.024.438
<i>From unrelated parties</i>		12.172.245	22.024.438
Derivative Instruments	4	68.991.607	48.868.820
Inventories	8	524.420.829	412.652.528
Prepaid Expenses		141.157.125	121.646.087
Assets related to Current Period Tax	12	2.125.504	583.486
Other Current Assets		42.228.639	32.145.454
<b>Non-Current Assets</b>		<b>614.465.052</b>	<b>573.775.431</b>
Other Receivables	7a	556.734	446.428
Investment Properties		4.869.181	5.221.772
Property Plant and Equipment	9	406.751.852	393.352.539
Intangible Assets		117.996.102	116.704.435
Goodwill	11	69.369.257	69.369.257
<i>Other</i>	10	48.626.845	47.335.178
Right of Use Assets		25.658.799	28.103.776
Prepaid Expenses		22.920.900	-
Deferred Tax Assets	17	35.711.484	29.946.481
<b>TOTAL ASSETS</b>		<b>2.647.338.594</b>	<b>2.033.658.644</b>

The attached footnotes are integral parts of these consolidated financial statements.

**HEKTAŞ GROUP****CONDENSED CONSOLIDATED FINANCIAL STATEMENT OF THE INTERIM PERIOD  
AS OF 31 MARCH 2021, NOT SUBJECTED TO REVIEW**

(All amounts are indicated in TL.)

	Footnote References	Current Period	Previous Period
		Unaudited	Audited
		31 March	31 December
		2021	2020
RESOURCES			
Short-Term Liabilities		1.684.380.458	1.161.648.716
Short-Term Loans	5	1.258.375.941	878.061.599
Liabilities From Leasing Transactions	5	8.071.797	16.398.374
Trade Payables	6b	366.660.042	217.457.232
<i>To Related Parties</i>	19	7.951.802	6.033.082
<i>To Unrelated parties</i>		358.708.240	211.424.150
Payables in Scope Of Employee Benefits		13.976.400	13.350.691
Other Liabilities	7b	28.449.299	27.998.315
<i>To Related Parties</i>		10.557.766	7.827.733
<i>To Unrelated parties</i>		17.891.533	20.170.582
Derivative Instruments		-	485.728
Deferred Income		3.548.273	2.997.040
Current Period Profit Tax Liabilities		80.628	227.555
Short-Term Provisions	13a	5.218.078	4.672.182
<i>Related to Employee Benefits</i>		4.515.759	3.777.817
<i>Other</i>		702.319	894.365
Long-Term Liabilities		187.489.381	174.979.114
Long-Terms Payables	5	151.726.731	145.563.600
Liabilities From Leasing Transactions	5	18.053.100	11.883.873
Long-Term Provisions		11.478.257	11.161.823
<i>Related to Employee Benefits</i>	13b	11.478.257	11.161.823
Deferred Tax Liability	17	6.231.293	6.369.818
EQUITIES			
Equities		775.468.755	697.030.814
Paid-in Capital		227.571.100	227.571.100
Premiums/Discounts regarding Shares		2.256.362	2.256.362
Accumulated Other Comprehensive Income to be re-classified in Profit or Loss (Expenses)		14.985.426	8.541.316
<i>-Hedging Profit (Loss)</i>		14.985.426	8.541.316
Accumulated Other Comprehensive Income not to be re-classified in Profit or Loss (Expenses)		(2.871.565)	(2.871.565)
<i>-Defined Benefit Pension Plans Remeasurement Losses</i>		(2.871.565)	(2.871.565)
Limited Reserves allocated from Profit		46.229.090	38.087.444
Retained Earnings/Losses		412.246.655	235.115.190
Net Profit/Loss of the Period		75.051.687	188.330.967
TOTAL RESOURCES		2.647.338.594	2.033.658.644

The attached footnotes are integral parts of these consolidated financial statements.

## HEKTAŞ GROUP

### CONDENSED CONSOLIDATED PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2021 NOT SUBJECTED TO REVIEW

(All amounts are indicated in TL.)

		Current Period	Previous Period
		Unaudited	Unaudited
		1 January-	1 January-
		31 March	31 March
	Footnote	2021	2020
	References		
<b>PROFIT AND LOSS SECTION</b>			
Revenue	14a	436.559.394	269.906.354
Cost of Sales (-)	14b	(294.790.426)	(172.179.016)
<b>GROSS PROFIT/LOSS</b>		<b>141.768.968</b>	<b>97.727.338</b>
General Administrative Expenses		(14.672.850)	(10.111.165)
Marketing, Sales and Distribution Expenses (-)		(15.929.185)	(11.428.927)
Research and Development Expenses (-)		(5.501.573)	(4.028.207)
Other Real Operating Income	15	2.184.346	7.558.386
Other Real Operating Expenses (-)	16	(24.086.982)	(1.228.710)
<b>REAL OPERATING PROFIT/LOSS</b>		<b>83.762.724</b>	<b>78.488.715</b>
Income from investing activities		256.538	141.384
Expenses from investing activities (-)		(31.653)	(15.940)
<b>OPERATING PROFIT/LOSS BEFORE FINANCING EXPENSE</b>		<b>83.987.609</b>	<b>78.614.159</b>
Financing Income (+)		22.334.851	2.505.869
Financing Expense (-)		(38.704.699)	(15.278.764)
<b>PRE-TAX PROFIT/LOSS OF CONTINUING OPERATIONS</b>		<b>67.617.761</b>	<b>65.841.264</b>
<b>Tax Income from Continuing Operations</b>		<b>7.433.926</b>	<b>1.732.270</b>
Tax expense of the Period	17	(80.628)	(66.547)
Deferred Tax Income	17	7.514.554	1.798.817
<b>PROFIT/LOSS OF THE PERIOD</b>		<b>75.051.687</b>	<b>67.573.534</b>
<b>Profit per share</b>			
A Hundred Ordinary Stock (TL)	18	<b>0,33</b>	<b>0,30</b>
<b>OTHER COMPREHENSIVE INCOME / (EXPENSE):</b>			
<b>To be reclassified under Profit or Loss</b>		<b>6.444.110</b>	<b>1.980.379</b>
Variations in Fair Value of the Financial Liability Depending upon the variation in Credit Risk		8.055.136	1.980.379
Tax Impact of Variations in Fair Value of the Financial Liability Depending upon the variation in Credit Risk		(1.611.026)	-
<b>OTHER COMPREHENSIVE INCOME / (EXPENSE):</b>		<b>6.444.110</b>	<b>1.980.379</b>
<b>TOTAL COMPREHENSIVE INCOME:</b>		<b>81.495.797</b>	<b>69.553.913</b>

The attached footnotes are integral parts of these consolidated financial statements.

## HEKTAŞ GROUP

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2021 NOT SUBJECTED TO REVIEW

(All amounts are indicated in TL.)

			Accumulated Other Comprehensive Income and Expenses not to be re-classified in Profit or Loss	Accumulated Other Comprehensive Income to be re- classified in Profit or Loss				
	Paid-in Capital	Stock Premiums / Discounts	Accumulated Remeasurement Profits/Losses of Defined Benefit Plans	Hedging Profit/Loss	Limited Reserves allocated from Profit	Retained Earnings/Losses	Net Profit/ Loss of the Period	Equities
<b>Balances as of January 1, 2020 (Beginning of Period)</b>	<b>227.571.100</b>	<b>2.256.362</b>	<b>(2.571.750)</b>	-	<b>30.759.303</b>	<b>103.784.236</b>	<b>145.571.250</b>	<b>507.370.501</b>
Transfers	-	-	-	-	7.588.263	137.982.987	(145.571.250)	-
Total Comprehensive Income/(Expense)	-	-	-	1.980.379	-	-	67.573.534	69.553.913
Dividends	-	-	-	-	-	(6.912.155)	-	(6.912.155)
<b>Balances as of March 31, 2020 (End of Period)</b>	<b>227.571.100</b>	<b>2.256.362</b>	<b>(2.571.750)</b>	<b>1.980.379</b>	<b>38.347.566</b>	<b>234.855.068</b>	<b>67.573.534</b>	<b>570.012.259</b>
<b>Balances as of January 1, 2021 (Beginning of Period)</b>	<b>227.571.100</b>	<b>2.256.362</b>	<b>(2.871.565)</b>	<b>8.541.316</b>	<b>38.087.444</b>	<b>235.115.190</b>	<b>188.330.967</b>	<b>697.030.814</b>
Transfers	-	-	-	-	8.141.646	180.189.321	(188.330.967)	-
Total Comprehensive Income/(Expense)	-	-	-	6.444.110	-	-	75.051.687	81.495.797
Dividends	-	-	-	-	-	(3.057.856)	-	(3.057.856)
<b>Balances as of March 31, 2021 (End of Period)</b>	<b>227.571.100</b>	<b>2.256.362</b>	<b>(2.871.565)</b>	<b>14.985.426</b>	<b>46.229.090</b>	<b>412.246.655</b>	<b>75.051.687</b>	<b>775.468.755</b>

The attached footnotes are integral parts of these consolidated financial statements.

## HEKTAŞ GROUP

### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2021 NOT SUBJECTED TO REVIEW

(All amounts are indicated in Turkish Lira TL.)

		Current Period	Previous Period
		Unaudited	Unaudited
		1 January- 31 March 2021	1 January- 31 March 2020
Footnote References			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>(134.770.612)</b>	<b>(66.025.771)</b>
<b>Profit/Loss Of the Period</b>		<b>75.051.687</b>	<b>67.573.534</b>
<b>Adjustments related to Reconciliation of Net Profit/Loss of the Period</b>		<b>39.621.658</b>	<b>27.033.884</b>
Adjustments related to Depreciation and Amortization Expense		9.018.862	5.519.934
Adjustments related to Impairment		17.272	-
- <i>Adjustments related to Impairment for Receivables</i>	6a	17.272	-
Adjustments related to Provisions		1.260.948	6.273.681
- <i>Provisions related to Employee Benefits</i>		1.452.994	513.069
- <i>Litigation Provisions /(cancellation)</i>	13a	(192.046)	254.530
- <i>Provision for turnover premium</i>		-	5.506.082
Adjustments related to Interest (Income)/Expenses		36.775.773	16.972.539
- <i>Adjustments related to Interest Income</i>		(581.895)	(830.079)
- <i>Adjustments related to Interest Expenses</i>		37.357.668	17.802.618
Adjustments related to Tax Expense	17	(7.433.926)	(1.732.270)
Adjustments related to Profit/Loss arising from Disposal of Tangible Assets		(17.271)	-
<b>Variations Arising In Working Capital</b>		<b>(247.501.730)</b>	<b>(161.192.614)</b>
Adjustments related to Increase/Decrease in Trade Receivables		(241.308.821)	(123.947.108)
Adjustments related to Increase/Decrease in Other Receivables regarding Operations		(42.417.305)	(66.026.814)
Adjustments related to Increase/Decrease in Inventories		(111.768.301)	(27.556.139)
Adjustments related to Increase/Decrease in Trade Payables		149.202.810	10.399.819
Increase/(Decrease) in scope of Employee Benefits		625.709	3.494.196
Adjustments related to Increase/Decrease in Other Receivables regarding Operations		(1.835.822)	42.443.432
<b>Cash Flow Obtained From Operations</b>		<b>(1.942.227)</b>	<b>559.425</b>
Received Interest		581.895	830.079
Payments Made in scope of Provision related to Employee Benefits	13	(398.618)	(148.197)
Tax Payments/Refunds		(2.125.504)	(122.457)
<b>CASH FLOWS ARISING FROM INVESTMENT ACTIVITIES</b>		<b>(20.895.002)</b>	<b>(37.910.153)</b>
Cash Outflows made for the Acquisition of Shares and Borrowing Instruments of Other Enterprises or Funds		-	(23.622.592)
Cash Flows arising from Sales of Tangible and Intangible Assets		18.616	1.192
- <i>Cash Flows arising from Sales of Tangible Assets</i>		18.616	1.192
Cash Outflows arising from Acquisition of Tangible and Intangible Assets		(20.913.618)	(14.288.753)
- <i>Cash Outflows arising from Sales of Tangible Assets</i>	9	(20.766.392)	(14.270.971)
- <i>Cash Outflows arising from Sales of Intangible Assets</i>	10	(147.226)	(17.782)
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>		<b>334.045.622</b>	<b>(31.280.509)</b>
Cashflows from Borrowings		477.368.466	556.535.108
Cash outflows related to Debt payments		(119.197.326)	(566.761.994)
Paid Interest		(20.641.666)	(17.794.451)
Cash outflows related to Debt payments arising from Leasing Contracts		(3.120.399)	(3.259.172)
Paid Dividends		(363.453)	-
<b>INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>178.380.008</b>	<b>(135.216.433)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	<b>3</b>	<b>70.216.919</b>	<b>176.941.069</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<b>3</b>	<b>248.596.927</b>	<b>41.724.636</b>

The attached footnotes are integral parts of these consolidated financial statements.

## HEKTAŞ GROUP

### FOOTNOTES REGARDING THE UNREVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2021 AND PERTAINING TO THE PERIOD ENDING ON THE SAME DATE

(All amounts are indicated in 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 53,8 per cent of the company's shares. OYAK is an institution with legal personality, which is financially and administratively autonomous and subject to the provisions of private law. It was founded pursuant to the law no. 205 on 1 March 1961. As the "solidarity and pension fund" of the members of the Turkish Armed Forces ("TSK"), OYAK provides various services and benefits to its members in line with the social security approach envisaged by the constitution. OYAK has direct and indirect subsidiaries and affiliates operating in industry, finance and service sectors. Detailed information about OYAK are 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 "Group" or "Hektaş Group" collectively.

The Company acquired 100% of FNC Tarım Ticaret ve Sanayi Anonim Şirketi'nin ("FNC") on 29 November 2017 at a price of 14.117.000 Turkish Lira ("TL") (3.600.000 US Dollars) and included FNC within the scope of the consolidation based on its periodic statements of 30 September 2017.

The main field of activity of FNC is the production, import and marketing of agricultural pesticides. FNC is headquartered in the district of Bor in Niğde and has a capital of TL 3.000.000.

FNC's title was changed as 'Ferbis Tarım Ticaret ve Sanayi Anonim Şirketi' ("Ferbis") as declared in the Trade Registry Gazette dated 7 July 2020 and by the Extraordinary General Assembly dated 3 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 is headquartered in Antalya Technocity and has a capital of TL 750.000.

Akça's title was changed as 'Areo Tohumculuk Arge Sanayi ve Dış Ticaret Anonim Şirketi' ("Areo") as declared in the Trade Registry Gazette dated 6 October 2020 and by the Extraordinary General Assembly dated 25 September 2020.

On 9 June 2020, the Company acquired 100 per cent of Sunset Kimya Tarım Ürünleri ve Aletleri İmalat Pazarlama Sanayi ve Ticaret Anonim Şirketi ("Sunset") at a price of TL 65.000.000 and included Sunset within the scope of consolidation based on its financial statements pertaining to the period ending on 30 May 2020.

Sunset's main field of activity is the wholesale and retail trade, production, import and export and domestic and international marketing of all kinds of agricultural pesticides. Sunset is headquartered in the Bor district of Niğde. Its capital is in the amount of TL 2.000.000.

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

The Group made an application to the Capital Market Board on 31 March 2021 for the approval of the prospectus prepared regarding the issue and public offering of shares with nominal value of TL 632.428.899,86 which will result from the increase of our Company's issued capital of TL 27.571.100,14 within its registered capital cap of TL 1.000.000.000, from TL 227.571.100,14 to TL 860.000.000 TL 400.000.000 of which will be made in cash and TL 232.428.899,86 of which will be made from internal resources.

The prospectus has been submitted for approval to the Capital Market Board, but has not been approved yet.

As of 31 March 2021, the number of employees of our company is 557, 177 of them being blue-collar and 380 being white-collar (31 December 2020: 529 employees).

The Group carries out its activities at the address Gebze Organize Sanayi Bölgesi, İhsandede Caddesi, 700. Sokak 41480 Gebze, Kocaeli as its headquarters.



## HEKTAŞ GROUP

### FOOTNOTES REGARDING THE UNREVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2021 AND PERTAINING TO THE PERIOD ENDING ON THE SAME DATE

(All amounts are indicated in TL.)

#### 1. ORGANIZATION AND FIELD OF ACTIVITY OF THE GROUP (continued)

Details of the company's subsidiaries are as follows:

	Type and Subject of Activity
Takimsan Tarım Kimya Sanayi ve Ticaret Anonim Şirketi ("Takimsan")	Manufacture, import and marketing of pesticides
Çantaş Çankırı Tuz Ürünleri Üretim ve Dağıtım Anonim Şirketi ("Çantaş")	Inactive
Ferbis	Manufacture, import and marketing of pesticides
Areo	To carry out production and development activities of all types of seeds and to establish greenhouses and specially equipped fields accordingly
Sunset	To carry out retail and wholesale trade, production, importation, exportation and marketing of all types of pesticides

Details of the Company's subsidiaries and its financial statements as of 31 March 2021 and 31 December 2020 are as follows:

Title of the Company	Foundations and Operation Location	Applicable currency	Capital Share rate and voting right (%) of the Group	
			31 March 2021	31 December 2020
Subsidiaries				
Takimsan	İstanbul	TL	99,78	99,78
Ferbis	Niğde	TL	100,00	100,00
Areo	İstanbul	TL	100,00	100,00
Sunset	Niğde	TL	100,00	-
Financial Investments				
Çantaş	Çankırı	TL	0,37	0,37

Due to the limited activity of Çantaş, the registered acquisition costs do not indicate their realizable values. Therefore, provisions for impairment at the rate of 100% have been set aside for these financial assets.

#### 2. BASIC OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

##### 2.1 Basic Principles for Submission

###### Declaration of Conformity with TFRS

The Company and its subsidiaries resident in Turkey keep and prepare their statutory books and statutory financial statements in accordance with the accounting principles set forth by the tax legislation and the Turkish Commercial Law ("TCL").

The attached condensed consolidated financial statements are prepared in accordance with the TFRS enforced by KGK pursuant to the provisions of the "Communiqué Regarding the Principles for Financial Reporting in the Capital Market" no. II-14.1 published by CMB in the Official Gazette dated 13 June 2013 numbered 28676 ("Communiqué"). The TFRS include the Standards and Commentaries published by KGK under the titles of Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards, TAS Commentaries and TFRS Commentaries.

The condensed consolidated financial statements have been submitted in accordance with the TFRS Taxonomy which was developed based on the financial statement examples determined in the Financial Statement Examples and Usage Guidelines published by KGK in the Official Gazette dated 7 June 2019 no. 30794.

The Group prepared its consolidated financial statements of the interim period which were prepared as of 31 March 2021, by preferring a condensed submission pursuant to the TAS 34 "Interim Financial Statements" standard and the explanations and notes required to be included in the annual financial statements prepared in accordance with TAS have been condensed or not included pursuant to TAS 34. Therefore, these interim condensed consolidated financial statements must be read together with the Group's consolidated financial statements dated 31 December 2020.

## HEKTAŞ GROUP

### FOOTNOTES REGARDING THE UNREVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2021 AND PERTAINING TO THE PERIOD ENDING ON THE SAME DATE

(All amounts are indicated in TL.)

## 2. BASIC OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2.1 Basic Principles for Submission (continued)

#### Approval of consolidated financial statements:

The condensed consolidated financial statements were approved by the Board of Directors of on 22 April 2021. The General Assembly of Hektaş has the right to amend and the related regulatory authorities have the right to demand the amendment of these condensed consolidated financial statements.

#### Applicable and Reporting Currency

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

### 2.2 Changes in Accounting policies

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

### 2.3 Changes and errors in accounting estimates

If the changes in accounting estimates are related with one period only, they are applied in the current period when the change is applied; if they are related with future periods, they are applied prospectively both in the period of change and in the future periods. Material accounting errors detected are executed retrospectively and the previous period's financial statements are rearranged. No material changes have occurred in the Group's accounting estimations within the current year.

### 2.4 Key accounting evaluations, estimations and assumptions

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

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

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

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

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 13b.

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 8). Actual results may differ from the assumptions.

## HEKTAŞ GROUP

### FOOTNOTES REGARDING THE UNREVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2021 AND PERTAINING TO THE PERIOD ENDING ON THE SAME DATE

(All amounts are indicated in TL.)

## 2. BASIC OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2.4 Key accounting evaluations, estimations and assumptions (continued)

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 11). 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 attached consolidated financial statements may be affected.

### 2.5 Comparative Information and Restatement of Previous Periods' Financial Statements

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

### 2.6 Summary of key accounting policies

#### a) Amendments and interpretations applicable as of 2021

#### **TFRS 9, TMS 39, TFRS 7, TFRS 4 and TFRS 16 (Amendments) Indicator Interest Rate Reform – 2. Stage**

The Indicator Interest Rate Reform which includes amendments to TFRS 9, TMS 39, TFRS 7, TFRS 4 and TFRS 16 – Amendments to the 2nd Stage introduce a practical solution for the changes required by the reform and clarify whether hedge accounting should be terminated as per the Indicator Interest Rate Reform with respect to the provisions of hedge accounting and the nature and scope of the risks which arise from the financial instruments subject to the Indicator Interest Rate Reform and to which the business is exposed, as well as how the business manages these risks, the progress achieved by the business to complete the transition to alternative indicator interest rates and how it manages this transition process.

These amendments to TFRS 9, TMS 39, TFRS 7, TFRS 4 and TFRS 16 are applied in annual fiscal periods commencing on 1 January 2021 or afterwards. Early application is allowed.

The Group management has concluded that these changes do not have any effect on the consolidated financial statements of the Group.

#### b) Standards that have not yet come into force and amendments to and interpretations of existing previous standards

The Group has not yet implemented the following amendments and interpretations introduced to the existing previous standards and the following standards which have not been enforced yet:

TFRS 17	<i>Insurance Contracts</i>
TAS 1 (Amendments)	<i>Short or Long-term Classification of Liabilities</i>
TFRS 3 (Amendments)	<i>References to the Conceptual Framework</i>
TAS 16 (Amendments)	<i>Tangible Non-Current Assets – Earnings Before Intended Use</i>
TAS 37 (Amendments)	<i>Economically Disadvantages Contracts – Contract Fulfillment Cost</i>
Annual Improvements Regarding TFRS 2018 – 2020	<i>Amendments to TFRS 1, TFRS 9 and TMS 41</i>
TFRS 4 (Amendments)	<i>Extension of the Temporary Exemption Period Regarding the Application of TFRS 9</i>
TFRS 16 (Amendments)	<i>Concessions Continuing After 30 June 2021 in Lease Payments Regarding COVID-19</i>

#### **TFRS 17 Insurance Contracts**

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

## HEKTAŞ GROUP

### FOOTNOTES REGARDING THE UNREVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2021 AND PERTAINING TO THE PERIOD ENDING ON THE SAME DATE

(All amounts are indicated in TL.)

## 2. BASIC OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2.4 Summary of key accounting policies (continued)

#### New and Revised Turkish Financial Reporting Standards (continued)

- b) Standards that have not yet come into force and amendments to and interpretations of existing previous standards (continued)

#### TAS 1 (Amendments)

#### *Short or Long-term Classification of Liabilities*

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

These amendments to TAS 1 will be deferred for one year and will be applied in the annual fiscal periods commencing on or after 1 January 2023, and earlier application is also permitted.

#### TFRS 3 (Amendments) *References to the Conceptual Framework*

The amendment updates a reference made to the Conceptual Framework for Financial Reporting in TFRS 3 without significantly changing the requirements of the standard.

The amendments are effective for annual fiscal periods beginning on or after 1 January 2022. Early application is permitted, provided that that it is applied together with updates of other references made to the Conceptual Framework to date.

#### TAS 16 (Amendments) *Tangible Non-Current Assets – Earnings Before Intended Use*

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

The amendments are effective in the annual fiscal periods beginning on or after 1 January 2022. Early application is allowed.

#### TAS 37 (Amendments) *Economically Disadvantaged Contracts – Contract Fulfillment Cost*

With the amendment made to TAS 37, it is stipulated that the costs of fulfilling a contract estimated for the purpose of determining whether the contract is economically disadvantaged are consist of both the variable costs incurred to fulfill the contract and the amounts allocated from other costs directly related with the fulfillment of the contract.

The amendment is effective in the annual fiscal periods beginning on or after 1 January 2022. Early application is allowed.

#### Annual Improvements Regarding TFRS 2018 - 2020

#### TFRS 1 Amendment to the Initial Application of Turkish Financial Reporting Standards

With the amendment to TFRS 1, the application costs of those who start to apply TFRS for the first time are reduced, by including accumulated translation differences within the scope of the exemption that is granted for the measurement of assets and liabilities, to subsidiaries that start to apply TFRS on a date later than its parent shareholder in the paragraph D16(a) of the standard.

## HEKTAŞ GROUP

### FOOTNOTES REGARDING THE UNREVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2021 AND PERTAINING TO THE PERIOD ENDING ON THE SAME DATE

(All amounts are indicated in TL.)

#### 2. BASIC OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

##### 2.4 Summary of key accounting policies (continued)

- b) Standards that have not yet come into force and amendments to and interpretations of existing previous standards (continued)

##### Annual Improvements Regarding TFRS 2018 - 2020 (continued)

###### Amendment to TFRS 9 Financial Instruments

This amendment clarifies the fees taken into account in the assessment regarding the exclusion of a financial liability from the balance sheet. The debtor includes the fees paid or received between the debtor and the creditor, including fees paid or received by the debtor or creditor on behalf of others.

###### Amendment to TAS 41 Agricultural Activities

With this amendment, the provision in the 22nd paragraph of TAS 41 that requires not including the cash flows arising from taxation in the calculation in determining the fair value has been removed. The amendment has aligned the relevant provisions of the standard with the provisions of TFRS 13.

The amendments to TFRS 1, TFRS 9 and TAS 41 are applied in annual fiscal periods commencing on 1 January 2021 or afterwards. Early application is allowed.

##### **TFRS 4 (Amendments) Extension of the Temporary Exemption Period Regarding the Application of TFRS 9**

With the postponement of the effective date of TFRS 17 to 1 January 2023, the end date of the temporary exemption provided to insurers regarding the application of TFRS 9 has been revised as 1 January 2023.

##### **TFRS 16 (Amendments) Concessions Continuing After 30 June 2021 in Lease Payments Regarding COVID-19**

The Public Oversight Accounting and Auditing Standards Authority (“KGK”) published the *Amendments regarding Concessions Continuing after 30 June 2021 in Lease Payments Regarding COVID-19-TFRS 16*, which prescribes a one-year extension of the exemption published in the June 2020 stipulating that certain concessions granted due to COVID-19 in the lease payments of lessees should not be treated as changes applied in the lease.

When the amendment was first published, the facilitating practice was applicable in case any decrease in lease payments affected only the payments reaching maturity on or before 30 June 2021 under normal circumstances. Since the lessors continue providing lessees with lease concessions regarding COVID-19 and the effects of the COVID-19 pandemic continue and these effects are significant, KGK extended the period of availability of the practice for one year.

This new amendment will be implemented by lessees in the annual fiscal periods starting on or after 1 April 2021, but early application is also allowed.

The possible effects of this standard, amendment and improvements on the Group’s consolidated financial situation and performance are evaluated.

## HEKTAŞ GROUP

### FOOTNOTES REGARDING THE UNREVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2021 AND PERTAINING TO THE PERIOD ENDING ON THE SAME DATE

(All amounts are indicated in TL.)

#### 3. CASH AND CASH EQUIVALENTS

	31 March 2021	31 December 2020
Cash	85.991	57.916
Cash at Banks	239.304.237	61.897.003
<i>Demand Deposits</i>	55.136.237	39.286.003
<i>Deposit Accounts having a maturity less than three months</i>	184.168.000	22.611.000
Other Current Assets (*)	9.355.680	8.267.345
Cash and Cash Equivalents in Consolidated Financial Position Statement	248.745.908	70.222.264
Less: Interest accruals	(148.981)	(5.345)
Cash and Cash Equivalents according to Cash Flow Statement	248.596.927	70.216.919

As of 31 March 2021, the Group's time deposit amount in USD corresponds to TL 135.297.500 and the interest rate is 1.75 percent. (As of 31 December 2020, the Group's time deposit amount in USD corresponds to TL 14.681.000 and the interest rate is 3,25 per cent.).

As of 31 March 2021, the Group's time deposit amount in Euro corresponds to TL 48,870,500 and the interest rate is 1.25 percent (as of 31 December 2020, there is no Euro time deposit amount).

The Group does not have TL time deposits as of 31 March 2021 (As of 31 December 2020, the Group's TL time deposit amount is TL 7.930.000 TL and the interest rate is 12.00 and 19.00 per cent).

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

#### 4. DERIVATIVE INSTRUMENTS

	31 March 2021		31 December 2020	
	Asset	Liability	Asset	Liability
Derivative Instruments hedging from fair value risk:				
<i>Cross exchange swap contracts</i>	68.991.607	-	48.868.820	-
<i>Interest rate swap contracts</i>	-	-	-	485.728
	68.991.607	-	48.868.820	485.728

##### Derivative instruments to hedge fair value risk

Details of the swap transactions conducted to hedge fair value risk as of 31 March 2021 are as follows:

	Assets		Liabilities	
	Nominal Value	Fair Value	Nominal Value	Fair Value
Cross exchange swap contracts				
<i>EUR Collection / TL Payment</i>	15.750.000	68.991.607	-	-
Interest rate swap contracts				
<i>Interest rate swap contracts</i>	-	-	-	-
	15.750.000	68.991.607	-	-

## HEKTAŞ GROUP

### FOOTNOTES REGARDING THE UNREVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2021 AND PERTAINING TO THE PERIOD ENDING ON THE SAME DATE

(All amounts are indicated in TL.)

#### 4. DERIVATIVE INSTRUMENTS (continued)

Details of the swap transactions conducted to hedge fair value risk as of 31 December 2021 are as follows:

	Assets		Liabilities	
	Nominal Value	Fair Value	Nominal Value	Fair Value
Cross exchange swap contracts				
<i>EUR Collection / TL Payment</i>	15.750.000	48.868.820	-	-
Interest rate swap contracts				
<i>Interest rate swap contracts</i>	-	-	57.000.000	485.728
	<u>15.750.000</u>	<u>48.868.820</u>	<u>57.000.000</u>	<u>485.728</u>

#### 5. FINANCIAL LIABILITIES

	31 March 2021	31 December 2020
Short-Term Financial Liabilities		
Issued borrowing instruments	-	57.717.829
Bank loans	1.258.375.941	820.343.770
Leasing liabilities	8.071.797	16.398.374
	<u>1.266.447.738</u>	<u>894.459.973</u>

	31 March 2021	31 December 2020
Long-Term Financial Liabilities		
Bank loans	151.726.731	145.563.600
Leasing liabilities	18.053.100	11.883.873
	<u>169.779.831</u>	<u>157.447.473</u>

##### Short-term Bank Loans:

Currency	Annual simple Interest Rate %	31 March 2021 Short term
TL	7,00-20,75	1.255.932.416
Euro	3,00	2.443.525
		<u>1.258.375.941</u>

Currency	Annual simple Interest Rate %	31 December 2020 Short term
TL	5,50-19,50	818.091.795
Euro	3,00	2.251.975
		<u>820.343.770</u>

**HEKTAŞ GROUP****FOOTNOTES REGARDING THE UNREVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2021 AND PERTAINING TO THE PERIOD ENDING ON THE SAME DATE**

(All amounts are indicated in TL.)

**5. FINANCIAL PAYABLES (continued)****Details of the Short-term Debt Instruments Issued are as follows;**

Currency	Annual simple Interest Rate %	31 December 2020 Short-term
TL	21,31	57.717.829
		<u>57.717.829</u>

**Details of Long-Term Bank Loans are as follows;**

Currency	Annual simple Interest Rate %	31 March 2021 Long term
TL	7,50	228.181
Euro	3,00	151.498.550
		<u>151.726.731</u>

Currency	Annual simple Interest Rate %	31 December 2020 Long term
TL	7,50-20,00	5.941.150
Euro	3,00	139.622.450
		<u>145.563.600</u>

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

	31 March 2021	31 December 2020
Payable in 1 year	1.258.375.941	878.061.599
Payable in 1-2 years	132.178.531	127.547.800
Payable in 2-3 years	19.548.200	18.015.800
	<u>1.410.102.672</u>	<u>1.023.625.199</u>

The maturities of lease obligations are as follows;

	31 March 2021	31 December 2020
Payable in 1 year	8.071.797	16.398.374
Payable in 1-5 years	18.053.100	11.883.873
	<u>26.124.897</u>	<u>28.282.247</u>



## HEKTAŞ GROUP

### FOOTNOTES REGARDING THE UNREVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2021 AND PERTAINING TO THE PERIOD ENDING ON THE SAME DATE

(All amounts are indicated in TL.)

#### 5. FINANCIAL PAYABLES (continued)

The reconciliation of liabilities arising from financing activities as of 1 January - 31 March 2021 and 2020 is as follows;

	31 March 2021	31 March 2020
<b>Financial Liabilities as of January 1</b>	<b>1.051.907.446</b>	<b>594.124.264</b>
Capital inflow within the period	477.368.466	556.535.108
Payments within the period	(122.317.725)	(570.021.166)
Non-cash movements	12.553.380	(4.751.054)
Interest expense	37.357.668	17.802.618
Paid Interest expense	(20.641.666)	(17.794.451)
	<u>1.436.227.569</u>	<u>575.895.319</u>

#### 6. TRADE RECEIVABLES AND PAYABLES

##### a) Trade Receivables

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

	31 March 2021	31 December 2020
<b>Short-term trade receivables</b>		
Trade receivables	765.773.448	475.501.613
Notes receivables	236.287.118	285.204.694
Trade receivables from related parties (Note 19)	960.074	1.005.511
Other trade receivables	9.257	9.258
Provision for doubtful trade receivables (-)	(9.998.212)	(9.980.940)
	<u>993.031.685</u>	<u>751.740.136</u>

The aging study of trade receivables as of 31 March 2021 and 31 December 2020 is as follows:

	31 March 2021	31 December 2020
Not overdue and impaired	962.341.652	711.299.796
Overdue for 1-30 days, not impaired	7.231.722	22.234.036
Overdue for 1-3 months, not impaired	5.835.106	17.469.398
Overdue for 3-12 months, not impaired	17.482.093	595.794
Overdue for 1-5 years, not impaired	141.112	141.112
	<u>993.031.685</u>	<u>751.740.136</u>

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

The average maturity applied by the Group for its sales is 229 days (31 December 2020: 224 days).

## HEKTAŞ GROUP

### FOOTNOTES REGARDING THE UNREVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2021 AND PERTAINING TO THE PERIOD ENDING ON THE SAME DATE

(All amounts are indicated in TL.)

#### 6. TRADE RECEIVABLES AND PAYABLES (continued)

##### a) Trade Receivables (continued)

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

	1 January- 31 March 2021	1 January- 31 March 2020
Provision for doubtful trade receivables activities		
Opening Balance	9.980.940	3.869.133
Expense for the Period	17.272	-
Closing balance	9.998.212	3.869.133

##### b) Trade Payables

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

	31 March 2021	31 December 2020
Short-term trade payables		
Trade payables	357.613.156	209.846.232
Trade payables to related parties (Note 19)	7.951.802	6.033.082
Accrued expenses	1.095.084	1.577.918
	366.660.042	217.457.232

The average payment maturity for the purchase of goods is 83 days in internal purchases (31 December 2020: 25 days) and 93 days in external purchases (31 December 2020: 71 days).

#### 7. OTHER RECEIVABLES AND PAYABLES

##### a) Other Receivables

	31 March 2021	31 December 2020
Short-term other receivables		
Advance tax refund receivable	7.946.261	17.337.976
Refund receivable of special consumption tax (SCT)(*)	228.781	692.259
Deposits and guarantees given	245.834	245.834
Other VAT	3.751.369	3.748.369
	12.172.245	22.024.438

(\*) If the raw materials subject to SCT are used in manufacturing goods not subject to SCT, the Special Consumption Tax paid in the purchase of these raw materials may be refunded, if the conditions specified in the Special Consumption Tax Communiqué no. 25. The SCT amount requested to be refunded within this framework is TL 228.781 (31 December 2020: TL 692.259).

	31 March 2021	31 December 2020
Long-term other receivables		
Deposits and guarantees given	556.734	446.428
	556.734	446.428

## HEKTAŞ GROUP

### FOOTNOTES REGARDING THE UNREVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2021 AND PERTAINING TO THE PERIOD ENDING ON THE SAME DATE

(All amounts are indicated in TL.)

#### 7. OTHER RECEIVABLES AND PAYABLES (continued)

##### b) Other Payables

	31 March 2021	31 December 2020
Short-term other payables		
Dividend payable (**)	10.557.766	7.827.733
Taxes and funds payable	3.570.664	6.077.630
Other miscellaneous liabilities (*)	14.320.869	14.092.952
	<u>28.449.299</u>	<u>27.998.315</u>

(\*) TL 11.406.389 of the related balance consists of the discounted portion of the amount arising from the purchase of Sunset, which has not been paid to Sunset's former shareholders yet.

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

#### 8. INVENTORIES

	31 March 2021	31 December 2020
Raw material and Supplies	208.574.312	145.795.528
Semi-finished goods	35.988.614	37.173.708
Finished goods	111.951.110	111.252.689
Commercial goods	45.058.814	33.217.872
Other inventories (*)	122.847.979	85.212.731
	<u>524.420.829</u>	<u>412.652.528</u>

(\*) As of 31 March 2021, TL 122.425.385 (31 December 2020: TL 85.212.731) of other inventories is comprised of goods in transit.

## HEKTAŞ GROUP

### FOOTNOTES REGARDING THE UNREVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2021 AND PERTAINING TO THE PERIOD ENDING ON THE SAME DATE

(All amounts are indicated in TL.)

#### 9. TANGIBLE NON-CURRENT ASSETS

##### a) Tangible Non-Current Assets

Cost Value	Lands and fields	Land improvements	Buildings	Facility Machinery and equipment	Vehicles	Furnitures	Construction in progress	Total
Opening Balance as of January 1, 2021	483.163	12.704.832	55.775.203	74.308.695	3.945.707	26.430.911	269.998.578	443.647.089
Purchases	-	92.000	1.242.264	2.602.970	1.006.814	2.702.726	13.119.618	20.766.392
Disposals	-	-	-	-	-	(46.504)	-	(46.504)
Transfers(*)	-	856.653	1.727.076	75.827.767	-	769.248	(81.310.480)	(2.129.736)
Closing Balance as of March 31, 2021	483.163	13.653.485	58.744.543	152.739.432	4.952.521	29.856.381	201.807.716	462.237.241
<u>Accumulated Depreciation</u>								
Opening Balance as of January 1, 2021	-	(5.374.538)	(14.504.889)	(18.749.578)	(988.569)	(10.676.976)	-	(50.294.550)
Expense for the Period	-	(149.090)	(401.050)	(3.593.201)	(162.946)	(929.711)	-	(5.235.998)
Disposals	-	-	-	-	-	45.159	-	45.159
Closing Balance as of March 31, 2021	-	(5.523.628)	(14.905.939)	(22.342.779)	(1.151.515)	(11.561.528)	-	(55.485.389)
Net Book Value as of March 31, 2021	483.163	8.129.857	43.838.604	130.396.653	3.801.006	18.294.853	201.807.716	406.751.852

(\*) TL 2.450.675 of the investments in progress was transferred to intangible non-current assets (Note 10). The remaining amount of TL 320.939 was transferred from investment properties to investments in progress.

## HEKTAŞ GROUP

### FOOTNOTES REGARDING THE UNREVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2021 AND PERTAINING TO THE PERIOD ENDING ON THE SAME DATE

(All amounts are indicated in TL.)

#### 9. TANGIBLE NON-CURRENT ASSETS (continued)

##### a) Tangible Non-Current Assets (continued)

Cost Value	Lands and fields	Land improvements	Buildings	Facility Machinery and equipment	Vehicles	Furnitures	Construction in progress	Total
Opening Balance as of January 1, 2020	483.163	11.251.310	31.785.164	46.106.598	2.305.386	17.844.505	128.360.300	238.136.426
Purchases	16.649	-	180.781	4.133.468	958.388	435.077	8.546.608	14.270.971
Disposals	-	-	-	-	(27.717)	(54.787)	-	(82.504)
Transfers(*)	-	-	-	707.785	-	10.188	(3.947.311)	(3.229.338)
Closing Balance as of March 31, 2020	499.812	11.251.310	31.965.945	50.947.851	3.236.057	18.234.983	132.959.597	249.095.555
<u>Accumulated Depreciation</u>								
Opening Balance as of January 1, 2020	-	(4.915.839)	(13.471.806)	(13.936.822)	(374.699)	(8.004.852)	-	(40.704.018)
Expense for the Period	-	(99.523)	(211.237)	(1.086.531)	(121.627)	(615.283)	-	(2.134.201)
Disposals	-	-	-	-	27.717	53.595	-	81.312
Closing Balance as of March 31, 2020	-	(5.015.362)	(13.683.043)	(15.023.353)	(468.609)	(8.566.540)	-	(42.756.907)
Net Book Value as of March 31, 2020	499.812	6.235.948	18.282.902	35.924.498	2.767.448	9.668.443	132.959.597	206.338.648

(\*) TL 3.229.338 of the investments in progress has been transferred to intangible non-current assets (Note 10).

Depreciation periods of tangible non-current assets are as follows;

	<u>Economic Life</u>
Land improvements	4 -50 years
Buildings	10 -50 years
Facility machinery and equipment	2 -15 years
Vehicles	2 -5 years
Furnitures	2 -24 years

## HEKTAŞ GROUP

### FOOTNOTES REGARDING THE UNREVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2021 AND PERTAINING TO THE PERIOD ENDING ON THE SAME DATE

(All amounts are indicated in TL.)

#### 10. INTANGIBLE NON-CURRENT ASSETS

Cost Value	Rights	Leasehold Improvements	Other Intangible Assets	Total
Opening Balance as of January 1, 2021	52.411.622	6.494.095	608.561	59.514.278
Purchases	147.226	-	-	147.226
Transfers from construction in-progress	1.144.601	1.053.574	252.500	2.450.675
Closing Balance as of March 31, 2021	53.703.449	7.547.669	861.061	62.112.179
<u>Accumulated Amortization Shares</u>				
Opening Balance as of January 1, 2021	(10.772.024)	(1.321.189)	(85.887)	(12.179.100)
Expense for the Period	(922.721)	(341.672)	(41.841)	(1.306.234)
Closing Balance as of March 31, 2021	(11.694.745)	(1.662.861)	(127.728)	(13.485.334)
Net Book Value as of March 31, 2021	42.008.704	5.884.808	733.333	48.626.845

Cost Value	Rights	Leasehold Improvements	Other Intangible Assets	Total
Opening Balance as of January 1, 2020	44.921.829	1.429.086	86.458	46.437.373
Purchases	17.782	-	-	17.782
Transfers from construction in-progress	953.075	2.276.263	-	3.229.338
Closing Balance as of March 31, 2020	45.892.686	3.705.349	86.458	49.684.493
<u>Accumulated Amortization Shares</u>				
Opening Balance as of January 1, 2020	(6.938.415)	(469.655)	(34.142)	(7.442.212)
Expense for the Period	(698.998)	(98.496)	(3.132)	(800.626)
Closing Balance as of March 31, 2020	(7.637.413)	(568.151)	(37.274)	(8.242.838)
Net Book Value as of March 31, 2020	38.255.273	3.137.198	49.184	41.441.655

Depreciation periods used for intangible non-current assets are as follows;

	Economic Life
Rights	3 -20 years
Other Intangible Assets	5 years
Leasehold Improvements	5 years

## HEKTAŞ GROUP

### FOOTNOTES REGARDING THE UNREVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2021 AND PERTAINING TO THE PERIOD ENDING ON THE SAME DATE

(All amounts are indicated in TL.)

#### 11. GOODWILL

Company	Purchase Date	31 March 2021	31 December 2020
Ferbis	2017	10.321.922	10.321.922
Sunset	2020	59.047.335	59.047.335
		<u>69.369.257</u>	<u>69.369.257</u>

#### 12. CURRENT TAX ASSETS

Assets related to Current Period Tax	31 March 2021	31 December 2020
Prepaid taxes and funds	2.125.504	583.486
	<u>2.125.504</u>	<u>583.486</u>

#### 13. SHORT AND LONG TERM PROVISIONS

##### a) Short-term Provisions

Short-term provisions	31 March 2021	31 December 2020
Provision for litigation (*)	702.319	894.365
Provision for seniority incentive premium	1.359.505	1.255.129
Provision for unused leave	3.156.254	2.522.688
	<u>5.218.078</u>	<u>4.672.182</u>

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

Transactions of the provisions for litigation in the fiscal period ending on 31 March 2021 and 2020 are presented below:

	1 January- 31 March 2021	1 January- 31 March 2020
Provision as of January 1	894.365	687.612
Provision expense of the Period	-	414.020
Provision no longer required	(192.046)	(159.490)
Provision as of March 31	<u>702.319</u>	<u>942.142</u>

## HEKTAŞ GROUP

### FOOTNOTES REGARDING THE UNREVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2021 AND PERTAINING TO THE PERIOD ENDING ON THE SAME DATE

(All amounts are indicated in TL.)

#### 13. SHORT AND LONG TERM PROVISIONS (continued)

##### a) Short-term Provisions (continued)

###### Provisions for Severance Incentive Premium:

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.

Transactions of the provisions for severance incentive premium in the fiscal period ending on 31 March 2021 and 2020 are presented below:

	1 January- 31 March 2021	1 January- 31 March 2020
Provision as of January 1	1.255.129	919.257
Service Cost	79.294	53.200
Interest Cost	37.637	36.599
Amount paid within the period	(12.555)	(9.905)
Provision as of March 31	1.359.505	999.151

##### b) Long-term Provisions

Long-term provisions pertaining to the benefits provided to employees as of 31 March 2021 and 31 December 2020 are presented below:

Long-term Provisions	31 March 2021	31 December 2020
Provision for Severance Pay	11.478.257	11.161.823
	11.478.257	11.161.823

###### Provisions for severance pay:

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 severance pay payable as of 31 March 2021 is subject to a monthly cap of TL 7.638,96 (31 December 2020: TL 7.117,17). The severance pay liability is not legally subject to any funding.

The severance pay liability is calculated according to the estimation of the current value of the future probable obligation of the Group arising from the retirement of the employees. TAS 19 (“Benefits Provided to Employees”) prescribes that the Group’s liabilities

are developed by using actuarial valuation methods within the scope of defined benefit plans. The severance pay liability was calculated by an independent actuary and the Projected Unit Credit Method was used in the calculation. The actuarial assumptions used in the calculation of the current value of the liabilities are specified below.

	31 March 2021	31 December 2020
Discount Rate	12,80%	12,80%
Inflation Rate	8,50%	8,50%
Wage Hikes	reel %1,5	reel %1,5
Cap Increase for Severance Pay	8,50%	8,50%



## HEKTAŞ GROUP

### FOOTNOTES REGARDING THE UNREVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2021 AND PERTAINING TO THE PERIOD ENDING ON THE SAME DATE

(All amounts are indicated in TL.)

#### 13. SHORT AND LONG TERM PROVISIONS (continued)

##### b) Long-term Provisions (continued)

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

Transactions of the provisions for severance pay in the fiscal period ending on 31 March 2021 and 2020 are presented below:

	1 January- 31 March 2021	1 January- 31 March 2020
Provision as of January 1	11.161.823	9.064.208
Service Cost	352.345	332.488
Interest Cost	350.152	318.873
Paid severance pay	(386.063)	(138.292)
Provision as of March 31	11.478.257	9.577.277

#### 14. SALES AND COST OF SALES

##### a) Revenue

	1 January- 31 March 2021	1 January- 31 March 2020
Domestic sales	437.237.378	278.870.926
Foreign sales	9.415.953	22.532.498
Other sales	2.991.650	1.216.997
Sales returns (-)	(727.858)	(2.914.491)
Sales discounts (-)	(12.357.729)	(29.799.576)
	436.559.394	269.906.354

##### b) Cost of Sales

	1 January- 31 March 2021	1 January- 31 March 2020
Raw material and supplies expenses	(148.366.558)	(101.806.810)
Personnel expenses	(10.305.712)	(7.263.280)
General production expenses	(9.530.288)	(5.046.410)
Amortization and depreciation expenses	(4.910.337)	(1.782.047)
Transportation expenses	(10.353.358)	(5.360.671)
Changes in semi-finished goods stocks	(1.185.094)	(4.754.131)
Changes in finished goods stocks	698.421	(37.135.476)
Cost of goods sold	(183.952.926)	(163.148.825)
Cost of commercial goods sold and other sales	(110.837.500)	(9.030.191)
	(294.790.426)	(172.179.016)

## HEKTAŞ GROUP

### FOOTNOTES REGARDING THE UNREVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2021 AND PERTAINING TO THE PERIOD ENDING ON THE SAME DATE

(All amounts are indicated in TL.)

#### 15. OTHER INCOME FROM OPERATING ACTIVITIES

Other incomes from operating activities pertaining to the years ending on 31 March 2021 and 2020 are as follows:

	1 January- 31 March 2021	1 January- 31 March 2020
Exchange difference income	200.352	-
Premium difference of option transactions	-	688.596
Provision no longer required	-	16.418
Interest income earned from sales	607	106
Loss claim income	8.207	4.383
Other income	1.975.180	6.848.883
	<u>2.184.346</u>	<u>7.558.386</u>

#### 16. OTHER EXPENSES FROM OPERATING ACTIVITIES

Other expenses from operating activities pertaining to the years ending on 31 March 2021 and 2020 are as follows:

	1 January- 31 March 2021	1 January- 31 March 2020
Exchange difference expense (*)	(23.722.515)	(1.200.818)
Interest expense	(304.532)	-
Other expense and losses	(59.935)	(27.892)
	<u>(24.086.982)</u>	<u>(1.228.710)</u>

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

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

##### Corporate Tax

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

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

The effective tax rate applied in 2021 is 20 percent (2020: 22 percent).

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****FOOTNOTES REGARDING THE UNREVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2021 AND PERTAINING TO THE PERIOD ENDING ON THE SAME DATE**

(All amounts are indicated in TL.)

**17. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (continued)**Corporate Tax (continued)

	31 March 2021	31 December 2020
Provision for current corporate tax	(80.628)	(227.555)
Less: Prepaid taxes and funds	2.125.504	583.486
Assets/ (liabilities) related to current period tax	2.044.876	355.931

	1 January- 31 March 2021	1 January- 31 March 2020
<u>Tax (expense)/Income consists of following:</u>		
Current tax expense / income	(80.628)	(66.547)
Deferred tax income	7.514.554	1.798.817
Total tax expense/income	7.433.926	1.732.270

	31 March 2021	31 December 2020
<u>Deferred tax assets / (liabilities)</u>		
Tax advantage from investment allowance	36.072.646	29.999.453
Provisions for severance pay and seniority incentive premium	2.567.553	2.477.963
Provision for unused leave and premium	3.085.637	2.538.644
Differences in book values of inventories	(133.651)	(7.146)
Amortization differences of tangible assets/depreciation difference of other intangible assets	(6.658.511)	(6.814.507)
Fair value differences of derivative instruments	(3.746.356)	(2.038.183)
Other	(1.707.127)	(2.579.561)
	29.480.191	23.576.663

Transactions relating to deferred tax assets/liabilities pertaining to the years ending on 31 March 2021 and 2020 are as follows:

	1 January- 31 March 2021	1 January- 31 March 2020
<u>Deferred tax assets/(liabilities) activities:</u>		
Opening balance as of 1 January	(23.576.663)	(4.139.416)
Income recognized in income statement	(7.514.554)	1.798.817
Income recognized in other comprehensive income statement	1.611.026	-
Closing balance as of March 31	(29.480.191)	(2.340.599)

## HEKTAŞ GROUP

### FOOTNOTES REGARDING THE UNREVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2021 AND PERTAINING TO THE PERIOD ENDING ON THE SAME DATE

(All amounts are indicated in TL.)

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

	1 January- 31 March 2021	1 January- 31 March 2020
<u>Reconciliation of tax provisions:</u>		
Profit before tax	67.617.761	65.841.264
Income tax rate 20% (2020: 22%)	20%	22%
Expected tax expense	<u>(13.523.552)</u>	<u>(14.485.078)</u>
Tax impact:		
- non-taxable income	278.071	408.513
- non-deductible expense	(159.025)	(47.862)
- investment incentive discount	20.597.412	15.007.627
- impact of other items exempted from tax	241.020	849.070
Tax provision income in profit or loss statement	<u>7.433.926</u>	<u>1.732.270</u>

#### 18. EARNINGS PER SHARE

	1 January- 31 March 2021	1 January- 31 March 2020
<b>Profit per share</b>		
Weighted average number of shares owned during the period	22.757.110.014	22.757.110.014
Net Profit of the Period	<u>75.051.687</u>	<u>67.573.534</u>
Profit per share obtained from ongoing activities		
- A Hundred Ordinary Stock (TL)	0,33	0,30

In the interim fiscal period ending as of 31 March 2021, the conditions prescribed in the Company's profit distribution policy were evaluated and it was decided not to distribute the distributable profit of the period pertaining to FY 2020 and to book the amount, which remains after setting aside gross dividends amounting to TL 3.057.856 for Privileged Shareholders and primary reserves, under extraordinary reserves. The dividend amounts pertaining to previous periods which have not been demanded by the shareholders yet are also recognized under the other payables account.

## HEKTAŞ GROUP

### FOOTNOTES REGARDING THE UNREVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2021 AND PERTAINING TO THE PERIOD ENDING ON THE SAME DATE

(All amounts are indicated in TL.)

#### 19. RELATED PARTY DISCLOSURES

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

Balances to related parties	31 March 2021		31 December 2020	
	Trade		Trade	
	Receivables	Payables	Receivables	Payables
Omsan Lojistik A.Ş. (*)	3.911	2.556.193	-	1.577.647
OYAK Pazarlama Hizmet Turizm A.Ş. (*)	-	1.441.102	1.377	1.114.633
OYAK Savunma Güvenlik Sistemleri A.Ş. (*)	-	1.223.949	-	768.626
Oyak İnşaat A.Ş. (*)	4.123	1.317.269	4.304	721.507
Arma İlaç Sanayi ve Ticaret A.Ş. (*)	320.942	663.668	339.234	-
Oyak Grup Sigorta ve Reasürans Brokerliği A.Ş. (*)	-	359.708	-	495.958
Güzel Enerji Akaryakıt A.Ş. (*)	-	204.565	4.696	-
OYAK (**)	37.332	185.348	-	1.354.661
Mais Motorlu Araçlar İmal ve Satış A.Ş. (*)	6.746	-	8.349	50
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. (*)	264.878	-	259.401	-
Oyak Biyoteknoloji San.ve Ticaret A.Ş.	114.949	-	-	-
İskenderun Demir Ve Çelik A.Ş. (*)	80.152	-	192.339	-
Doco Petrol Ve Danışmanlık A.Ş. (*)	62.930	-	97.614	-
Likitgaz Dağıtım Ve Endüstri A.Ş. (*)	14.207	-	35.382	-
Akdeniz Chemson Kimya Sanayi ve Ticaret A.Ş. (*)	19.652	-	31.902	-
Erdemir Madencilik San Ve Tic. A.Ş. (*)	10.797	-	-	-
Oyak Çimento Fabrikaları A.Ş. (*)	7.564	-	16.587	-
Kaan Akaryakıt San.ve Tic. A.Ş.	4.132	-	-	-
Oyka Kağıt Ambalaj San.Tic.A.Ş.	3.443	-	-	-
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. (*)	2.755	-	8.006	-
Oyak Denizcilik ve Liman İşletmeleri A.Ş. (*)	-	-	4.003	-
Armada Petrol Ürünleri Sanayi ve Ticaret Ltd. Şti. (*)	446	-	1.275	-
Berkim Petrol Denizcilik Ve Nakliyat A.Ş. (*)	1.115	-	1.042	-
	<u>960.074</u>	<u>7.951.802</u>	<u>1.005.511</u>	<u>6.033.082</u>

(\*) Companies managed by main shareholder

(\*\*) Main shareholder of the Company

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

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

## HEKTAŞ GROUP

### FOOTNOTES REGARDING THE UNREVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2021 AND PERTAINING TO THE PERIOD ENDING ON THE SAME DATE

(All amounts are indicated in TL.)

#### 19. RELATED PARTY DISCLOSURES (continued)

	1 January - 31 March 2021		1 January - 31 March 2020	
Transactions with related parties	Purchases	Sales	Purchases	Sales
Omsan Lojistik A.Ş. (*)	3.083.102	3.315	1.818.636	-
OYAK Pazarlama Hizmet Turizm A.Ş. (*)	2.472.525	5.709	1.828.001	-
OYAK Güvenlik ve Savunma Hiz. A.Ş. (*)	1.518.354	-	745.203	-
Oyak İnşaat A.Ş. (*)	678.012	9.231	2.172.430	-
Arma İlaç Sanayi ve Ticaret A.Ş. (*)	630.331	8.845	-	-
Güzel Enerji Akaryakıt A.Ş. (*)	573.238	12.360	-	-
Mais Motorlu Araçlar İmal ve Satış A.Ş. (*)	8.107	12.252	849	-
Ordu Yardımlaşma Kurumu (**)	-	38.364	1.813.377	-
OYAK Yatırım Menkul Değerler A.Ş. (*)	-	-	400.250	-
Oyak Biyoteknoloji Sanayi ve Tic.A.Ş. (*)	-	14.760	-	-
Doco Petrol ve Danışmanlık A.Ş. (*)	-	53.330	-	-
Ereğli Demir ve Çelik Fabrikaları T.A.Ş. (*)	-	333.311	-	-
İskenderun Demir Ve Çelik A.Ş. (*)	-	135.845	-	-
Kaan Akaryakıt Sanayi ve Ticaret A.Ş. (*)	-	3.502	-	-
Akdeniz Chemson Kimya Sanayi ve Ticaret A.Ş. (*)	-	32.276	-	-
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş. (*)	-	12.547	-	-
Likitgaz Dağıtım Ve Endüstri A.Ş. (*)	-	12.040	-	-
Oyak Çimento Fabrikaları A.Ş. (*)	-	7.153	-	-
Erdemir Madencilik San Ve Tic. A.Ş. (*)	-	9.150	-	-
Oyak Denizcilik ve Liman İşletmeleri A.Ş. (*)	-	5.754	-	-
Diğer (*)	-	8.283	-	-
	<u>8.963.669</u>	<u>718.027</u>	<u>8.778.746</u>	<u>-</u>

(\*) Companies managed by main shareholder

(\*\*) Main shareholder of the Company

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

	1 January- 31 March 2021	1 January- 31 March 2020
Wages and other short-term benefits	5.565.079	1.079.764
	<u>5.565.079</u>	<u>1.079.764</u>

## HEKTAŞ GROUP

### FOOTNOTES REGARDING THE UNREVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2021 AND PERTAINING TO THE PERIOD ENDING ON THE SAME DATE

(All amounts are indicated in TL.)

#### 20 NATURE AND LEVEL OF THE RISKS ARISING FROM FINANCIAL INSTRUMENTS

##### Capital risk management

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

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

The Board of Directors of the Group convenes regularly, reviewing the capital structure and indebtedness of the Group. During these reviews, the Board evaluates the risks associated with each capital class together with the cost of capital. The Group aims to maintain the balance of its capital structure by obtaining new loans or repaying the existing debts, based on the recommendations of the Board.

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

##### Financial risk factors

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

## HEKTAŞ GROUP

FOOTNOTES REGARDING THE UNREVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2021 AND PERTAINING TO THE PERIOD ENDING ON THE SAME DATE

(All amounts are indicated in TL.)

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

#### Credit risk management

#### Credit risks exposed in terms of financial instruments

Credit risks exposed in terms of financial instruments	Receivables				Deposits at Banks	Other Cash Equivalents	Derivative Instruments
	Trade Receivables		Other Receivables				
31 March 2021	Related Party	Other Party	Related Party	Other Party			
Maximum credit risk exposed as of reporting date (A+B+C+D)(*)	960.074	992.071.611	-	12.728.979	239.304.237	9.355.680	68.991.607
- Assured portion of the maximum risk with guarantee etc (**)	-	295.423.275	-	-	-	-	-
A. Net book value of due and non-impaired financial instruments	960.074	961.381.578	-	12.728.979	239.304.237	9.355.680	68.991.607
B. Net book value of overdue and non-impaired financial instruments	-	30.548.921	-	-	-	-	-
- Assured portion with guarantee etc (**)		11.704.092					
C. Net book value of impaired assets	-	10.139.324	-	-	-	-	-
- Impairment (-)	-	(9.998.212)	-	-	-	-	-
- Assured portion of the net value with guarantee etc	-	141.112	-	-	-	-	-
- Due (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Assured portion of the net value with guarantee etc	-	-	-	-	-	-	-
D. Items including off-balance sheet risk	-	-	-	-	-	-	-

(\*) In the determination of the amount, elements that increase credit reliability, such as guarantees received, have not been taken into account.

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



## HEKTAŞ GROUP

### FOOTNOTES REGARDING THE UNREVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2021 AND PERTAINING TO THE PERIOD ENDING ON THE SAME DATE

(All amounts are indicated in TL.)

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

##### *Credit risk management (continued)*

##### Credit risks exposed in terms of financial instruments

Credit risks exposed in terms of financial instruments	Receivables						
	Trade Receivables		Other Receivables		Deposits at Banks	Other Cash Equivalents	Derivative Instruments
	Related Party	Other Party	Related Party	Other Party			
31 December 2020							
Maximum credit risk exposed as of reporting date (A+B+C+D)(*)	1.005.511	750.734.625	-	22.470.866	61.897.003	8.267.345	48.868.820
- Assured portion of the maximum risk with guarantee etc (**)	-	254.247.758	-	-	-	-	-
A. Net book value of due and non-impaired financial instruments	1.005.511	710.294.285	-	22.470.866	61.897.003	8.267.345	48.868.820
B. Net book value of overdue and non-impaired financial instruments	-	40.299.228	-	-	-	-	-
- Assured portion with guarantee etc (**)		18.361.142					
C. Net book value of impaired assets	-	10.122.052	-	-	-	-	-
- Impairment (-)	-	(9.980.940)	-	-	-	-	-
- Assured portion of the net value with guarantee etc	-	141.112	-	-	-	-	-
- Due (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Assured portion of the net value with guarantee etc	-	-	-	-	-	-	-
D. Items including off-balance sheet risk	-	-	-	-	-	-	-

(\*) In the determination of the amount, elements that increase credit reliability, such as guarantees received, have not been taken into account.

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

## HEKTAŞ GROUP

### FOOTNOTES REGARDING THE UNREVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2021 AND PERTAINING TO THE PERIOD ENDING ON THE SAME DATE

(All amounts are indicated in TL.)

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

##### *Credit risk management (continued)*

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

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

Overdue receivables are aged as follows:

	<u>31 March 2021</u>	<u>31 December 2020</u>
	<u>Trade Receivables</u>	<u>Trade Receivables</u>
1-30 days overdue	7.231.722	22.234.036
1-3 months overdue	5.835.106	17.469.398
3-12 months overdue	17.482.093	595.794
1-5 years overdue	10.139.324	10.122.052
Total overdue receivables	<u>40.688.245</u>	<u>50.421.280</u>
- Assured portion with guarantee etc	<u>11.845.204</u>	<u>18.502.254</u>

Provisions were set aside for TL 9.998.212 of the overdue receivables, as of the balance sheet date. (31 December 2020: TL 9.980.212). The guarantees received for the overdue trade receivables for which no provisions were set aside are as follows.

	<u>31 March</u>	<u>31 December</u>
	<u>2021</u>	<u>2020</u>
Letter of guarantees	11.444.435	18.502.254
Mortgages	400.769	-
	<u>11.845.204</u>	<u>18.502.254</u>

## HEKTAŞ GROUP

### FOOTNOTES REGARDING THE UNREVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2021 AND PERTAINING TO THE PERIOD ENDING ON THE SAME DATE

(All amounts are indicated in TL.)

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

##### Liquidity risk management

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

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

##### 31 March 2021

<u>Contractual Maturities</u>	<u>Book Value</u>	<u>Contractual Total</u>	<u>Less than 3 months (I)</u>	<u>Between 3-12 months (II)</u>	<u>Between 1-5 years (III)</u>
		<u>Cash Outflows (I+II+III)</u>			
<b>Non-Derivative Financial Liabilities</b>					
Financial Liabilities	1.436.227.569	1.549.314.858	452.146.388	917.742.490	179.425.980
Trade payables	366.660.042	366.660.042	150.617.376	216.042.666	-
Payables in scope of employee benefits	13.976.400	13.976.400	9.080.809	4.895.591	-
Other liabilities	28.449.299	28.449.299	3.570.664	24.878.635	-
	<u>1.845.313.310</u>	<u>1.958.400.599</u>	<u>615.415.237</u>	<u>1.163.559.382</u>	<u>179.425.980</u>

##### 31 December 2020

<u>Contractual Maturities</u>	<u>Book Value</u>	<u>Contractual Total</u>	<u>Less than 3 months (I)</u>	<u>Between 3-12 months (II)</u>	<u>Between 1-5 years (III)</u>
		<u>Cash Outflows (I+II+III)</u>			
<b>Non-Derivative Financial Liabilities</b>					
Financial Liabilities	1.051.907.446	1.131.025.748	224.007.047	731.192.799	175.825.902
Trade payables	217.457.232	217.457.232	94.523.419	122.933.813	-
Payables in scope of employee benefits	13.350.691	13.350.691	3.207.293	10.143.398	-
Other liabilities	27.998.315	27.998.315	6.077.630	21.920.685	-
	1.310.713.684	1.389.831.986	327.815.389	886.190.695	175.825.902

##### Market risk

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

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

##### Exchange rate risk management

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

## HEKTAŞ GROUP

### FOOTNOTES REGARDING THE UNREVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2021 AND PERTAINING TO THE PERIOD ENDING ON THE SAME DATE

(All amounts are indicated in TL.)

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

##### Exchange rate risk management (continued)

	31 March 2021		
	TL Equivalent (Functional Currency)	USD (Dollar)	Euro
Trade Receivable	23.301.735	2.798.671	-
Monetary Financial Assets	236.893.602	16.755.416	9.963.885
<b>CURRENT ASSETS</b>	<b>260.195.337</b>	<b>19.554.087</b>	<b>9.963.885</b>
Non-Monetary Financial Assets	24.978.000	3.000.000	-
<b>NON-CURRENT ASSETS</b>	<b>24.978.000</b>	<b>3.000.000</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>285.173.337</b>	<b>22.554.087</b>	<b>9.963.885</b>
Financial Liabilities	2.443.525	-	250.000
Trade Payables	286.334.616	22.350.972	10.255.719
<b>SHORT-TERM LIABILITIES</b>	<b>288.778.141</b>	<b>22.350.972</b>	<b>10.505.719</b>
Financial Liabilities	151.498.550	-	15.500.000
<b>LONG-TERM LIABILITIES</b>	<b>151.498.550</b>	<b>-</b>	<b>15.500.000</b>
<b>TOTAL LIABILITIES</b>	<b>440.276.691</b>	<b>22.350.972</b>	<b>26.005.719</b>
Net Asset/ Liability position of			
Off balance sheet derivative instruments	153.942.075	-	15.750.000
Amount of off balance sheet Derivative instruments In nature of assets	153.942.075	-	15.750.000
<b>Net foreign currency asset liability position</b>	<b>(1.161.279)</b>	<b>203.115</b>	<b>(291.834)</b>
Total fair value of	54.006.181	-	-
Financial instruments used for foreign currency hedge			
Hedged amount of foreign exchange liabilities	153.942.075	-	15.750.000
Exportation	8.650.983	1.185.939	-
Importation	221.866.043	20.641.916	7.731.978

**HEKTAŞ GROUP****FOOTNOTES REGARDING THE UNREVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2021 AND PERTAINING TO THE PERIOD ENDING ON THE SAME DATE**

(All amounts are indicated in TL.)

**20. NATURE AND LEVEL OF THE RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)**Exchange rate risk management (continued)

	31 December 2020		
	TL Equivalent (Functional Currency)	USD (Dollar)	Euro
Trade Receivable	19.568.048	2.665.765	-
Monetary Financial Assets	42.679.715	2.807.232	2.450.430
<b>CURRENT ASSETS</b>	<b>62.247.763</b>	<b>5.472.997</b>	<b>2.450.430</b>
<b>TOTAL ASSETS</b>	<b>62.247.763</b>	<b>5.472.997</b>	<b>2.450.430</b>
Financial Liabilities	2.251.975	-	250.000
Trade Payables	167.093.504	14.363.925	6.844.560
<b>SHORT-TERM LIABILITIES</b>	<b>169.345.479</b>	<b>14.363.925</b>	<b>7.094.560</b>
Financial Liabilities	139.622.450	-	15.500.000
<b>LONG-TERM LIABILITIES</b>	<b>139.622.450</b>	<b>-</b>	<b>15.500.000</b>
<b>TOPLAM YÜKÜMLÜLÜKLER</b>	<b>308.967.929</b>	<b>14.363.925</b>	<b>22.594.560</b>
Net Asset/ Liability position of Off balance sheet derivative instruments	141.874.425	-	15.750.000
Amount of off balance sheet Derivative instruments In nature of assets	141.874.425	-	15.750.000
<b>Net foreign currency asset liability position</b>	<b>(104.845.741)</b>	<b>(8.890.928)</b>	<b>(4.394.130)</b>
Total fair value of Financial instruments used for foreign currency hedge	40.327.504	-	-
Hedged amount of foreign exchange liabilities	141.874.425	-	15.750.000
Exportation	42.117.016	6.332.273	1.898
Importation	439.545.015	47.356.804	12.397.980

## HEKTAŞ GROUP

### FOOTNOTES REGARDING THE UNREVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2021 AND PERTAINING TO THE PERIOD ENDING ON THE SAME DATE

(All amounts are indicated in TL.)

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

##### Sensitivity to exchange rate risk

The Group is exposed to exchange rate risk, primarily in USD and Euro.

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

		<b>31 March 2021</b>	
		Profit/Loss	
		Foreign Currency	Foreign Currency
		Appreciation	Depreciation
In case USD (Dollar) appreciates 10% against TL			
Net asset/liability of USD (Dollar)		169.114	(169.114)
<b>USD (Dollar) Net Impact</b>		<b>169.114</b>	<b>(169.114)</b>
In case EUR appreciates 10% against TL			
Net asset/liability of EUR		(15.679.449)	15.679.449
Portion hedged from EUR Risk		15.394.208	15.394.208
<b>Net impact of EUR</b>		<b>(285.241)</b>	<b>285.241</b>
<b>TOTAL</b>		<b>(116.128)</b>	<b>116.128</b>

  

		<b>31 December 2020</b>	
		Profit/Loss	
		Foreign Currency	Foreign Currency
		Appreciation	Depreciation
In case USD (Dollar) appreciates 10% against TL			
Net asset/liability of USD (Dollar)		(6.526.386)	6.526.386
<b>USD (Dollar) Net Impact</b>		<b>(6.526.386)</b>	<b>6.526.386</b>
In case EUR appreciates 10% against TL			
Net asset/liability of EUR		(18.145.631)	18.145.631
Portion hedged from EUR Risk		14.187.443	14.187.443
<b>Net impact of EUR</b>		<b>(3.958.188)</b>	<b>3.958.188</b>
<b>TOTAL</b>		<b>(10.484.574)</b>	<b>10.484.574</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

### FOOTNOTES REGARDING THE UNREVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2021 AND PERTAINING TO THE PERIOD ENDING ON THE SAME DATE

(All amounts are indicated in TL.)

#### 21. FINANCIAL INSTRUMENTS

##### Fair value measurements hierarchy table

The Group classifies the fair value measurements of financial instruments, which are reflected in the financial statements at fair value, as follows, by using a three-level hierarchy, depending on the source of inputs of each financial instrument class.

Level 1: Valuation techniques where market prices traded (unadjusted) in an active market are used for the designated financial instruments.

Level 2: Other valuation techniques that include direct or indirect observable input.

Level 3: Valuation techniques that do not include observable market input.

##### Categories and fair value of Financial Instruments

	Amortized Value Financial assets	Fair Value Differences In other comprehensive income statement Charged Financial Assets	Fair Value Difference Charged to Profit or Loss Financial assets	Amortized Value Financial Liabilities
<b>31 March 2021</b>				
<u>Financial assets</u>				
Cash and cash equivalents	248.745.908	-	-	-
Trade receivables	993.031.685	-	-	-
Derivative instruments	-	68.991.607	-	-
<u>Financial Liabilities</u>				
Financial Liabilities	-	-	-	1.436.227.569
Trade payables	-	-	-	366.660.042
Other Liabilities	-	-	-	28.449.299
<b>31 December 2020</b>				
<u>Financial assets</u>				
Cash and cash equivalents	70.222.264	-	-	-
Trade receivables	751.740.136	-	-	-
Derivative instruments	-	48.868.820	-	-
<u>Financial Liabilities</u>				
Financial Liabilities	-	-	-	1.051.907.446
Trade payables	-	-	-	217.457.232
Derivative instruments	-	-	485.728	-
Other Liabilities	-	-	-	27.998.315

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

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

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

## **HEKTAŞ GROUP**

### **FOOTNOTES REGARDING THE UNREVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2021 AND PERTAINING TO THE PERIOD ENDING ON THE SAME DATE**

(All amounts are indicated in TL.)

#### **22. EVENTS AFTER THE REPORT DATE**

The “Bill on the Amendment of the Law on the Collection Procedure of Public Receivables and Certain Laws”, which was submitted to the Grand National Assembly of Turkey on 2 April 2021 was accepted on 8 April 2021. It has been decided to apply the 20% corporate tax rate as 25% for the corporate earnings of 2021 and as 23% for the corporate earnings of 2022 pursuant to the article 14 of the Bill. According to the amendment, the Bill will become effective starting with the tax returns which must be filed as of 1 July 2021.