

**CONVENIENCE TRANSLATION INTO ENGLISH OF
THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
(ORIGINALLY ISSUED IN TURKISH)**

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 MARCH 2024**

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

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TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ENDED 31 MARCH 2024

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 March 2024, unless otherwise indicated.)

ASSETS	Notes	Unaudited	Audited
		31 March 2024	31 December 2023
Current Assets		212,345,136	231,450,571
Cash and cash equivalents	5	86,484,782	111,982,292
Financial investments	6	4,102,401	807,547
Trade receivables	8	38,752,926	46,531,228
Due from related parties	8, 28	6,337,196	7,514,080
Trade receivables from third parties		32,415,730	39,017,148
Other receivables	17	1,040,085	146,858
Due from related parties	17, 28	833,400	-
Other receivables from third parties		206,685	146,858
Derivative instruments	18	1,977,886	2,375,329
Inventories	9	62,303,634	51,162,065
Prepaid expenses	13	1,525,120	1,470,661
Other current assets	14	16,158,302	16,974,591
Non-Current Assets		191,139,287	190,596,902
Financial investments		479,793	402,068
Investments accounted for using the equity method	10	9,116,881	9,543,275
Property, plant and equipment	11	153,434,925	154,000,738
Right of use asset		770,812	796,864
Intangible assets		4,863,626	4,896,223
Goodwill		2,474	2,474
Other intangible assets	12	4,861,152	4,893,749
Derivative instruments	18	61,631	42,489
Prepaid expenses	13	2,504,425	2,088,017
Deferred tax assets	26	7,931,178	7,440,026
Other non-current assets	14	11,976,016	11,387,202
Total Assets		403,484,423	422,047,473
LIABILITIES			
Current liabilities		165,291,003	178,660,995
Short-term financial liabilities	7	6,237,525	2,712,750
Current portion of long term financial liabilities	7	28,344,115	31,769,671
Trade payables	8	95,339,499	112,712,286
Due to related parties	8, 28	960,504	1,133,443
Trade payables, third parties		94,378,995	111,578,843
Liabilities for employee benefits	16	836,246	917,279
Other payables	17	130,560	566,881
Due to related parties	17, 28	-	418,529
Other payables to third parties		130,560	148,352
Derivative instruments	18	5,293,018	612,960
Deferred income		508,105	179,759
Current income tax liabilities	26	444,853	1,557,381
Short-term provisions	15	2,289,109	1,411,171
Short-term provisions for employee benefits		383,990	69,037
Other provisions		1,905,119	1,342,134
Other current liabilities	14	25,867,973	26,220,857
Non-current liabilities		7,976,464	9,874,714
Long Term Borrowings	7	4,358,151	6,165,222
Long-term provisions	15	2,214,175	2,386,506
Long-term provisions for employee benefits		2,214,175	2,386,506
Deferred income		38,351	15,835
Derivative Instruments	18	464,979	539,934
Deferred Tax Liability	26	888,984	753,796
Other Long Term Liabilities		11,824	13,421
Total liabilities		173,267,467	188,535,709
Equity		230,216,956	233,511,764
Share capital	20	1,926,796	1,926,796
Adjustment to share capital	20	28,620,416	28,620,416
Accumulated other comprehensive income/(expense) not to be reclassified to profit or loss		152,268	152,268
Gains/ losses on revaluation and remeasurement		(362,014)	(362,014)
Gain on revaluation of properties		132,080	132,080
Actuarial gain/(loss) arising from defined benefit plans		(494,094)	(494,094)
Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss		514,282	514,282
Accumulated other comprehensive income/(expense) to be reclassified to profit or loss		(1,299,782)	2,457,894
Currency translation differences		262,721	413,537
Hedging gains/(losses)		(2,843,706)	888,194
Cash flow hedge gains/(losses)		(2,843,706)	888,194
Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss		1,281,203	1,156,163
Restricted reserves	20	7,365,581	7,365,581
Retained earnings		190,483,274	128,835,048
Net income		320,345	61,648,226
Total equity attributable to equity holders of the parent		227,568,898	231,006,229
Non-controlling interests		2,648,058	2,505,535
Total equity and liabilities		403,484,423	422,047,473

This interim condensed consolidated financial information as of and for the year ended 31 March 2024 have been approved for issue by the Board of Directors on 22 May 2024.

The accompanying notes form an integral part of this interim consolidated financial information.

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 March 2024, unless otherwise indicated.)

	Notes	Unaudited 1 January - 31 March 2024	Unaudited 1 January - 31 March 2023
Revenue	21	165,473,042	160,251,138
Cost of sales	21	(152,298,317)	(136,484,977)
Gross profit (loss)		13,174,725	23,766,161
General administrative expenses	22	(3,509,504)	(3,785,805)
Marketing expenses	22	(2,243,951)	(1,368,577)
Research and development expenses	22	(99,606)	(96,571)
Other operating income	23	2,886,035	1,104,429
Other operating expenses	23	(6,228,437)	(2,015,827)
Operating profit (loss)		3,979,262	17,603,810
Income/ (expenses) from investment activities	24	(354)	15,657
Income (loss) from investments accounted by equity method	10	281,959	(428,683)
Operating profit before financial income (expense)		4,260,867	17,190,784
Financial income	25	7,551,860	2,903,533
Financial expense	25	(4,311,325)	(4,231,749)
Monetary gain/loss		(5,609,305)	(3,386,792)
Profit (loss) before tax from continued operations		1,892,097	12,475,776
Tax income (expense)		(1,476,854)	(9,599,615)
Taxes on income (expense)		(525,440)	(5,207,542)
Deferred tax income (expense)	26	(951,414)	(4,392,073)
Net income (loss) from continued operations		415,243	2,876,161
Other comprehensive income:			
Items to be reclassified to profit or loss		(3,710,051)	(368,024)
Currency translation differences related to the translation of foreign businesses		(150,816)	(236,712)
Gains (losses) on foreign currency translation differences related to the translation of foreign operations		(150,816)	(236,712)
Share of other comprehensive income accounted for investment using equity method that will be reclassified to profit or loss		125,040	640
Gain (loss) from translation of foreign currency of investments using equity method		125,040	640
Income (expense) relating to avoidance of risk of cash flow		(4,991,653)	(231,706)
Income (loss) of avoidance of risk cash flow		(4,991,653)	(231,706)
Tax effect of other comprehensive income (loss) to be reclassified to profit or loss		1,307,378	99,754
Deferred tax income (expense)		1,307,378	99,754
Other comprehensive income (expense)		(3,710,051)	(368,024)
Total comprehensive income (expense)		(3,294,808)	2,508,137
Distribution of income for the period:			
Non-controlling interests		94,898	65,380
Attributable to equity holders of the parent		320,345	2,810,781
Distribution of total comprehensive income			
Non-controlling interests		142,523	120,129
Attributable to equity holders of the parent		(3,437,331)	2,388,008
Earnings (loss) per share from continued operations			
Earnings per share with nominal value Kr1 each (Kr)		0.17	1.46

The accompanying notes form an integral part of this interim consolidated financial information.

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2024

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 March 2024, unless otherwise indicated.)

	Accumulated other comprehensive income/(expense) not to be reclassified to profit or loss						Accumulated other comprehensive income/(expense) that will be reclassified to profit or loss			Total retained earnings					Total equity
	Share Capital	Adjustments to share capital	Gain on revaluation of properties	Actuarial gains/(losses) arising from defined benefit plans	Share of other comprehensive income of investments accounted for using equity method that will be not reclassified to profit or loss	Currency translation differences	Hedge gains/(losses)	Cash flow hedge gains/(losses)	Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss	Restricted reserves	Retained earnings	Net income/(expense)	Equity holders of parent	Non controlling interest	
Unaudited															
1 January 2023	275,257	29,766,293	-	(566,778)	112,919	205,229	(2,060,569)	835,204	3,427,166	102,135,531	70,549,623	204,679,875	1,758,271	206,438,146	
Transfers	-	-	-	-	-	-	-	-	-	70,549,623	(70,549,623)	-	-	-	
Dividends paid	-	-	-	-	-	-	-	-	1,964,606	(23,026,481)	-	(21,061,875)	-	(21,061,875)	
- Net profit for the period	-	-	-	-	-	-	-	-	-	-	2,810,781	2,810,781	65,380	2,876,161	
- Other comprehensive income	-	-	-	-	-	(236,712)	(186,701)	640	-	-	-	(422,773)	54,749	(368,024)	
Total comprehensive income	-	-	-	-	-	(236,712)	(186,701)	640	-	-	2,810,781	2,388,008	120,129	2,508,137	
31 March 2023	275,257	29,766,293	-	(566,778)	112,919	(31,483)	(2,247,270)	835,844	5,391,772	149,658,673	2,810,781	186,006,008	1,878,400	187,884,408	
Unaudited															
1 January 2024	1,926,796	28,620,416	132,080	(494,094)	514,282	413,537	888,194	1,156,163	7,365,581	128,835,048	61,648,226	231,006,229	2,505,535	233,511,764	
Transfers	-	-	-	-	-	-	-	-	-	61,648,226	(61,648,226)	-	-	-	
- Net profit for the period	-	-	-	-	-	-	-	-	-	-	320,345	320,345	94,898	415,243	
- Other comprehensive income	-	-	-	-	-	(150,816)	(3,731,900)	125,040	-	-	-	(3,757,676)	47,625	(3,710,051)	
Total comprehensive income	-	-	-	-	-	(150,816)	(3,731,900)	125,040	-	-	320,345	(3,437,331)	142,523	(3,294,808)	
31 March 2023	1,926,796	28,620,416	132,080	(494,094)	514,282	262,721	(2,843,706)	1,281,203	7,365,581	190,483,274	320,345	227,568,898	2,648,058	230,216,956	

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

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31 MARCH 2024

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 March 2024, unless otherwise indicated.)

		Unaudited	Unaudited
	Notes	1 January - 31 March 2024	1 January - 31 March 2023
Cash flows from operating activities		(15.560.389)	12.110.457
Profit/(loss) for the period		415.243	2.876.161
Adjustment for reconciliation of profit/(loss) for the period		1.589.572	15.997.618
Adjustment for depreciation and amortisation expense	11, 12	2.139.842	2.130.072
Adjustments for Impairment Loss (Reversal of Impairment Loss)		(163.962)	(820.740)
Adjustments for Impairment Loss (Reversal of Impairment Loss) of inventories	9	(163.962)	(820.740)
Adjustment for provisions	15	1.160.563	1.608.072
Adjustment for interest (income) and expense	25	(5.460.018)	(953.301)
Adjustment for unrealized foreign currency translation differences		2.086.758	(563.354)
Adjustment for fair value (gain) or loss		(5.406.595)	(1.818.254)
Adjustment for undistributed profit accounted by equity method	10	(281.959)	428.683
Adjustment for tax expenses(income)		1.476.854	9.599.615
Adjustment for (gain)/loss on sales of property, plant and equipment	24	(367)	4.287
Adjustment for other items related with cash flow of investment or financial activities	25	92.747	2.404.291
Other adjustments for reconciliation of profit/(loss)		63.752	(259.305)
Monetary Gain/Loss		5.881.957	4.237.552
Changes in working capital		(15.690.993)	(4.438.711)
Adjustment for decrease/(increase) in trade receivables		7.806.975	11.923.430
Adjustment for decrease/(increase) in other receivables related with operations		69.683	5.236.654
Adjustment for decrease/(increase) in derivative assets		378.301	2.837.300
Adjustment for decrease/(increase) in inventories		(10.977.607)	9.476.738
Adjustment for increase/(decrease) in trade payables		(17.434.725)	(31.565.216)
Adjustment for increase/(decrease) in other payables related with operations		(138.723)	(1.099.881)
Adjustment for decrease/(increase) in derivative liabilities		4.605.103	(1.247.736)
Cash flows from operating activities		(13.686.178)	14.435.068
Tax returns/(payments)		(1.637.968)	(1.778.020)
Other cash inflow/(outflow)		(236.243)	(546.591)
Cash flows from investing activities		(5.261.215)	218.652
Dividends received		-	421.271
Cash inflows from the sales of property, plant and equipment and intangible assets		(30.625)	(6.522)
Cash outflows from the purchase of property, plant and equipment and intangible assets		(1.935.015)	(3.857.081)
Other cash inflow/(outflow)		(3.295.575)	3.660.984
Cash flows from financing activities		6.545.685	(21.907.410)
Cash inflows from financial liabilities	7	9.405.695	205.148
Cash outflows from financial liabilities	7	(8.680.304)	(5.971.192)
Cash inflows from derivative instruments		31.361	4.097.305
Cash outflows from derivative instruments		(552.217)	(492.123)
Cash outflows from payments of rent agreements	7	(26.167)	(32.567)
Dividends paid		503	(21.061.875)
Interest paid		(1.192.695)	(1.347.372)
Interest received		7.559.509	2.695.266
Net increase/(decrease) in cash and cash equivalents before the effect of foreign currency translation differences		(14.275.919)	(9.578.301)
Inflation effect on cash and cash equivalents		(11.686.330)	(11.283.678)
Impact of foreign currency translation differences on cash and cash equivalents		783.942	563.354
Net increase/(decrease) in cash and cash equivalents		(25.178.307)	(20.298.625)
Cash and cash equivalents at the beginning of the period		99.001.310	78.333.560
Cash and cash equivalents at the end of the period	5	73.823.003	58.034.935

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

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 31 MARCH 2024

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 March 2024, unless otherwise indicated.)

1. Orgaziation and nature of operations of the group

Türkiye Petrol Rafinerileri A.Ş. (“Tüpraş” or the “Company”) was established on 16 November 1983. The Company is mainly engaged in the following fields:

- To provide and refine all kinds of crude oil, petroleum, and chemical products, to sustain all kinds of commercial operations of produced and imported crude oil, petroleum and chemical products including export along with the storage and transportation activities during production and selling stages and to establish and operate domestic and foreign refineries for this purpose.
- To establish and operate factories and facilities in petrochemical and other related industries,
- To provide the necessary raw and supplementary materials and process, produce or trade these materials in order to obtain petrochemical and other related products,
- To package the products produced during various phases of production and to establish a packaging industry for this purpose, to evaluate and/or to sell waste, by products and substandard products, to establish and operate the necessary facilities for the destruction of the waste products,
- To establish and operate facilities and plants related with all kinds of energy and energy related industries within the framework of the laws and regulations. To obtain, use and trade all kinds of equipment, materials and chemical substances for this purpose,
- Domestic and foreign wholesale and retail purchase, sale, import, export, storage, marketing of all kinds of petroleum products, LPG and natural gas, with other real and legal persons to operate partially or completely in these purposes and subjects, such as distribution and marketing company or similar other establishing partnerships or appropriating the stocks and documents representing the shares of existing partnerships, selling them when necessary, buying or transferring the participation shares.

The main operations of Tüpraş and its subsidiaries (collectively referred as “the Group”) are in Turkey and the Group’s business segment has been identified as refining, trading of petroleum products, electricity production and supply.

The Company is registered at the Capital Markets Board (“CMB”) of Turkey and its shares have been quoted at Borsa İstanbul A.Ş. (“BİST”) since 1991. As of 31 March 2024, the principal shareholders and their respective shareholdings in the Company are as follow (Note 20):

	(%)
Enerji Yatırımları A.Ş.	46.40
Koç Holding A.Ş.	6.35
Koç Family Members and Companies owned by Koç Family Members	0.47
Publicly held	46.78
	100.00

The parent of the Company is controlled by Koç Holding A.Ş., Koç Family and the companies owned by Koç Family.

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 31 MARCH 2024

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 March 2024, unless otherwise indicated.)

1. Orgaziation and nature of operations of the group (Continued)

The nature of the business of the subsidiaries and joint ventures of the Group is as follows:

Subsidiaries	Country of incorporation	Nature of business
Ditaş Deniz İşletmeciliği ve Tankerciliği A.Ş. (“Ditaş”)	Turkey	Crude oil and petroleum products transportation
Üsküdar Tankercilik A.Ş. (“Üsküdar”)	Turkey	Crude oil and petroleum products transportation
T Damla Denizcilik A.Ş. (“Damla”)	Turkey	Mooring and tug service
Kadıköy Tankercilik A.Ş. (“Kadıköy”)	Turkey	Crude oil and petroleum products transportation
Beykoz Tankercilik A.Ş. (“Beykoz”)	Turkey	Crude oil and petroleum products transportation
Sarıyer Tankercilik A.Ş. (“Sarıyer”)	Turkey	Crude oil and petroleum products transportation
Kartal Tankercilik A.Ş. (“Kartal”)	Turkey	Crude oil and petroleum products transportation
Maltepe Tankercilik A.Ş. (“Maltepe”)	Turkey	Crude oil and petroleum products transportation
Salacak Tankercilik A.Ş. (“Salacak”)	Turkey	Crude oil and petroleum products transportation
Karşıyaka Tankercilik A.Ş. (“Karşıyaka”)	Turkey	Crude oil and petroleum products transportation
Bakırköy Tankercilik A.Ş. (“Bakırköy”)	Turkey	Crude oil and petroleum products transportation
Karaköy Tankercilik A.Ş. (“Karaköy”)	Turkey	Crude oil and petroleum products transportation
Çengelköy Tankercilik A.Ş. (“Çengelköy”)	Turkey	Crude oil and petroleum products transportation
Pendik Tankercilik A.Ş. (“Pendik”)	Turkey	Crude oil and petroleum products transportation
Tuzla Tankercilik A.Ş. (“Tuzla”)	Turkey	Crude oil and petroleum products transportation
Göztepe Tankercilik A.Ş. (“Göztepe”)	Turkey	Crude oil and petroleum products transportation
Kuruçeşme Tankercilik A.Ş. (“Kuruçeşme”)	Turkey	Crude oil and petroleum products transportation
Balat Tankercilik A.Ş. (“Balat”)	Turkey	Crude oil and petroleum products transportation
Florya Tankercilik A.Ş. (“Florya”)	Turkey	Crude oil and petroleum products transportation
Tarabya Tankercilik A.Ş. (“Tarabya”)	Turkey	Crude oil and petroleum products transportation
Adalar Tankercilik A.Ş. (“Adalar”)	Turkey	Crude oil and petroleum products transportation
Körfez Ulaştırma A.Ş. (“Körfez”)	Turkey	Air, sea, land and rail transportation
Tupras Trading Ltd. (“Tupras Trading”)	England	Crude oil and petroleum products trade
Entek Elektrik Üretimi A.Ş. (“Entek”)	Turkey	Electricity and steam production and trade
Eltek Elektrik Enerjisi İthalat		
İhracat ve Toptan Ticaret A.Ş. (“Eltek”)	Turkey	Electricity trade
Menzelet Kılavuzlu Elektrik Üretimi A.Ş. (“Menzelet Kılavuzlu”)	Turkey	Electricity production and trade
Enspire Enerji Yatırımları ve Hizmetleri A.Ş. (“Enspire”)	Turkey	Establishing a power generation facility
Enkar Doğal Enerji Üretim ve Sanayi Ticaret A.Ş. (“Enkar”)	Turkey	Establishing a power generation facility
Esinti Enerji Üretim Ticaret ve Sanayi A.Ş. (“Esinti”)	Turkey	Electricity production and trade
Tüpraş Enerji Girişimleri A.Ş. (“Tüpraş Ventures”)	Turkey	Technology and venture investments
Joint ventures	Incorporation	Nature of business
OPET Petrolcülük A.Ş. (“Opet”)	Turkey	Petroleum products retail distribution
THY Opet Havacılık Yakıtları A.Ş.	Turkey	Jet fuel supply services
Opet International Limited	England	Petroleum products trading
Opet Trade B.V.	The Netherlands	Petroleum products trading
Opet Trade Singapore (In liquidation) (*)	Singapore	Petroleum products trading
Opet Market ve Akaryakıt İstasyon İşletmeciliği A.Ş.	Turkey	Petroleum products trading and retail
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş.	Turkey	Lube oil trading
Op Ay Akaryakıt Ticaret Ltd. Şti.	Turkey	Petroleum products trading
Akdeniz Akaryakıt Depolama Nakliyat ve Tic. A.Ş.	Turkey	Petroleum products trading
Opet Aygaz Gayrimenkul A.Ş.	Turkey	Real estate
WAT Mobilite Çözümleri Teknoloji ve Ticaret A.Ş.	Turkey	Electric vehicle charging stations
Demre 7 Tankercilik A.Ş.	Türkiye	Transportation of crude oil, petroleum products and chemicals on tanker ships in international waters
Demre 8 Tankercilik A.Ş.	Türkiye	Transportation of crude oil, petroleum products and chemicals on tanker ships in international waters

(*) Ceased its activities since 15 July 2015.

The average number of employees of the Group as of 31 March 2024 is 6,181 (31 December 2023 - 6,055).

The address of the registered office of the Company is as follows:

Türkiye Petrol Rafinerileri A.Ş.
Gülbahar Mahallesi
Büyükdere Caddesi No:101/A
Şişli, İstanbul

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 31 MARCH 2024

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 March 2024, unless otherwise indicated.)

2. Basis of presentation of consolidated financial statements

2.1. Basis of presentation

2.1.1 Financial reporting standards

The consolidated financial statements and disclosures have been prepared in accordance with the communiqué numbered II-14,1 "Communiqué on the Principles of Financial Reporting in Capital Markets" (the Communiqué) announced by the Capital Markets Board ("CMB") on 13 June 2013 which is published on Official Gazette numbered 28676. In accordance with article 5th of the Communiqué, companies should apply Turkish Financial Reporting Standards ("TFRS") and interpretations regarding these standards as published by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA").

The consolidated financial statements are presented in accordance with the formats specified in the "Announcement on TMS Taxonomy" published by the POA on 4 October 2022 and the Financial Table Examples and User Guide published by the CMB.

The Group and the group companies established in Turkey maintain their books of account and prepare their statutory financial statements ("Statutory Financial Statements") in accordance with rules and principles published by POA, the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. These consolidated financial statements have been prepared under the historical cost convention except for derivative instruments that are carried at fair value. These consolidated financial statements are based on the statutory records with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the Turkish Financial Reporting Standards.

Financial reporting in hyperinflationary economy

With the announcements made by the Public Oversight Accounting and Auditing Standards Authority (POA) on 23 November 2023, entities applying TFRSs have started to apply inflation accounting in accordance with TAS 29 Financial Reporting in Hyperinflation Economies as of financial statements for the annual reporting period ending on or after 31 March 2024. TAS 29 is applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy. According to the standard, financial statements prepared in the currency of a hyperinflationary economy are presented in terms of the purchasing power of that currency at the balance sheet date. Prior period financial statements are also presented in the current measurement unit at the end of the reporting period for comparative purposes. The Group has therefore presented its consolidated financial statements as of 31 March 2023 and 31 December 2023, on the purchasing power basis as of 31 March 2024.

Pursuant to the decision of the Capital Markets Board ("CMB") dated 28 December 2023 and numbered 81/1820, it has been decided that issuers and capital market institutions subject to financial reporting regulations that apply Turkish Accounting/Financial Reporting Standards will apply inflation accounting by applying the provisions of TAS 29 starting from their annual financial reports for the periods ending on 31 December 2023.

The adjustments made in accordance with TAS 29 were made using the adjustment coefficient obtained from the Consumer Price Index ("CPI") of Turkey published by the Turkish Statistical Institute ("TURKSTAT"). As of 31 March 2024, the indices and adjustment coefficients used in the adjustment of the consolidated financial statements are as follows:

Date	Index	Conversion Factor	Three-year Inflation Rate
31 March 2024	2,139.47	1.00000	309%
31 December 2023	1,859.38	1.15064	268%
31 March 2023	1,269.75	1.68495	182%

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 31 MARCH 2024

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 March 2024, unless otherwise indicated.)

2. Basis of presentation of consolidated financial statements (Continued)

2.1. Basis of presentation (Continued)

2.1.1. Financial reporting standards (Continued)

The main elements of the Group's adjustment process for financial reporting in hyperinflationary economies are as follows:

- Current period consolidated financial statements prepared in TRY are expressed in terms of the purchasing power at the balance sheet date, and amounts from previous reporting periods are also adjusted and expressed in terms of the purchasing power at the end of the reporting period.
- Monetary assets and liabilities are not adjusted as they are already expressed in terms of the current purchasing power at the balance sheet date. In cases where the inflation-adjusted values of non-monetary items exceed their recoverable amount or net realizable value, the provisions of TAS 36 “Impairment of Assets” and TAS 2 “Inventories” are applied, respectively.
- Non-monetary assets and liabilities and equity items that are not expressed in terms of the current purchasing power at the balance sheet date have been adjusted using the relevant adjustment coefficients.
- All items in the comprehensive income statement, except for those that have an impact on the comprehensive income statement of non-monetary items on the balance sheet, have been indexed using the coefficients calculated for the periods when the income and expense accounts were first reflected in the financial statements.
- The effect of inflation on the Group's net monetary asset position in the current period is recorded in the monetary gain/loss account in the consolidated income statement.

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in TRY, which is the functional currency of Tüpraş and the presentation currency of the Group.

2.1.2 Amendments in Turkish Financial Reporting Standards (TFRS)

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of 31 March 2024 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and IFRIC (International Financial Reporting Interpretations Committee) interpretations effective as of 1 January 2024. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 31 MARCH 2024

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 March 2024, unless otherwise indicated.)

2. Basis of presentation of consolidated financial statements (Continued)

2.1. Basis of presentation (Continued)

2.1.2 Amendments in Turkish Financial Reporting Standards (TFRS) (Continued)

a) *The new standards, amendments and interpretations which are effective as of 31 March 2024 are as follows:*

- **Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities;** in March 2020 and January 2023, POA issued amendments to TAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in January 2023 if an entity’s right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period (“future covenants”), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. In addition, January 2023 amendments require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity’s right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities. The amendments clarify that the requirement for the right to exist at the end of the reporting period applies to covenants which the entity is required to comply with on or before the reporting date regardless of whether the lender tests for compliance at that date or at a later date. The amendments also clarified that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. The amendments must be applied retrospectively in accordance with TAS 8.
- **Amendments to TFRS 16 - Lease Liability in a Sale and Leaseback;** In January 2023, POA issued amendments to TFRS 16. The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. In applying requirements of TFRS 16 under “Subsequent measurement of the lease liability” heading after the commencement date in a sale and leaseback transaction, the seller lessee determines ‘lease payments’ or ‘revised lease payments’ in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining ‘lease payments’ that are different from the general definition of lease payments in TFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with TAS 8. A seller-lessee applies the amendments retrospectively in accordance with TAS 8 to sale and leaseback transactions entered into after the date of initial application of TFRS 16.
- **Amendments to TAS 7 and TFRS 7 - Disclosures: Supplier Finance Arrangements;** The amendments issued by POA in September 2023 specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk. Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid. The amendments require an entity to provide information about terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those liabilities. In the context of quantitative liquidity risk disclosures required by TFRS 7, supplier finance arrangements are also included as an example of other factors that might be relevant to disclose.

The mentioned amendments do not have a significant impact on the financial position and performance of the Group.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 31 MARCH 2024

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 March 2024, unless otherwise indicated.)

2. Basis of presentation of consolidated financial statements (Continued)

2.1. Basis of presentation (Continued)

2.1.2 Amendments in Turkish Financial Reporting Standards (TFRS) (Continued)

b) *Standards issued but not yet effective and not early adopted as of 31 March 2024:*

Standards, interpretations, and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will affect the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

- **Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;** In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.
- **TFRS 17 - The new Standard for insurance contracts, POA issued;** TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. The mandatory effective date of the Standard postponed to accounting periods beginning on or after January 1, 2025 with the announcement made by the POA.

The mentioned amendments and improvements evaluate impacts on the financial position and performance of the Group.

c) *The amendments which are effective immediately upon issuance:*

- **Amendments to TAS 12 - International Tax Reform – Pillar Two Model Rules;** in September 2023, POA issued amendments to TAS 12, which introduce a mandatory exception in TAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. The amendments clarify that TAS 12 applies to income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD). The amendments also introduced targeted disclosure requirements for entities affected by the tax laws. The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception apply immediately and retrospectively upon issue of the amendments.

d) *The new amendments that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA):*

The following amendments to IAS 21 and IFRS 18 are issued by IASB but not yet adapted/issued by POA. Therefore, they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the amendments and new Standard are issued and become effective under TFRS.

- **Amendments to IAS 21 - Lack of exchangeability;** in August 2023, IASB issued amendments to IAS 21. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity’s financial performance, financial position and cash flows. It does not apply to the Group and has no impact on its financial position or performance.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 31 MARCH 2024

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 March 2024, unless otherwise indicated.)

2. Basis of presentation of consolidated financial statements (Continued)

2.1. Basis of presentation (Continued)

2.1.2 Amendments in Turkish Financial Reporting Standards (TFRS) (Continued)

- d) *The new amendments that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA) (Continued):*
- **IFRS 18 – The new Standard for Presentation and Disclosure in Financial Statements;** in April 2024, IASB issued IFRS 18 which replaces IAS 1. IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. IFRS 18 requires an entity to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified ‘roles’ of the primary financial statements and the notes. In addition, there are consequential amendments to other accounting standards, such as IAS 7, IAS 8 and IAS 34. The mentioned amendment and improvement evaluate impacts on the financial position and performance of the Group.

2.1.3 Financial statements of subsidiaries and joint ventures operating in foreign countries

The financial statements of subsidiaries and joint ventures operating in foreign countries have been prepared in accordance with the laws and regulations applicable in the countries in which they operate and have been prepared by reflecting the necessary adjustments in order to provide accurate presentation in accordance with Turkish Financial Reporting Standards. In this context, the Group’s subsidiaries and joint ventures operating in foreign countries prepare their financial statements in the functional currency of US Dollars, assets and liabilities are translated into Turkish Lira using the foreign exchange rate on the consolidated balance sheet date, and income and expenses are translated into Turkish Lira using the average exchange rate. Exchange differences resulting from the use of closing and average exchange rates and index effects resulting from the indexing of income statements in accordance with TMS 29 are followed under the foreign currency translation differences account in the other comprehensive income statement and shareholders' equity.

2.1.4 Principles of consolidation

- a) The interim condensed consolidated financial information for the interim period ended 31 March 2024 have been prepared in accordance with principles stated on the consolidated financial statements for the year ended 31 December 2023 and include financial statements of Tüpraş, and its Subsidiaries.

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 31 MARCH 2024

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 March 2024, unless otherwise indicated.)

2. Basis of presentation of consolidated financial statements (Continued)

2.1. Basis of presentation (Continued)

2.1.4 Principles of consolidation (Continued)

b) As of 31 March 2024, and 31 December 2023, the voting rights and effective partnership shares of the subsidiaries and joint ventures that were consolidated are as follows.

	31 March 2024		31 December 2023	
	Direct and indirect voting right possessed by the company (%)	Proportion of effective interest (%)	Direct and indirect voting right possessed by the company (%)	Proportion of effective interest (%)
Subsidiary				
Ditaş	79.98	79.98	79.98	79.98
Üsküdar	79.98	79.98	79.98	79.98
Damla	79.98	79.98	79.98	79.98
Beykoz	79.98	79.98	79.98	79.98
Kadıköy	79.98	79.98	79.98	79.98
Sarıyer	79.98	79.98	79.98	79.98
Kartal	79.98	79.98	79.98	79.98
Maltepe	79.98	79.98	79.98	79.98
Salacak	79.98	79.98	79.98	79.98
Karşıyaka	79.98	79.98	79.98	79.98
Bakırköy	79.98	79.98	79.98	79.98
Karaköy	79.98	79.98	79.98	79.98
Çengelköy	79.98	79.98	79.98	79.98
Pendik	79.98	79.98	79.98	79.98
Tuzla	79.98	79.98	79.98	79.98
Göztepe	79.98	79.98	79.98	79.98
Kuruçeşme	79.98	79.98	79.98	79.98
Balat (**)	79.98	79.98	79.98	79.98
Florya (**)	79.98	79.98	79.98	79.98
Tarabya (**)	79.98	79.98	79.98	79.98
Adalar (*)	79.98	79.98	-	-
Körfez	100.00	100.00	100.00	100.00
Tupras Trading	100.00	100.00	100.00	100.00
Entek	99.23	99.23	99.23	99.23
Eltek	99.23	99.23	99.23	99.23
Menzelet Kılavuzlu	99.23	99.23	99.23	99.23
Enspire	99.23	99.23	99.23	99.23
Enkar (**)	99.23	99.23	99.23	99.23
Esinti (**)	86.92	84.84	86.92	84.84
Tüpraş Ventures	100.00	100.00	100.00	100.00

(*) Adalar Tankercilik A.Ş. was established on 28 February 2024.

(**) Balat Tankercilik A.Ş. was established on 4 October 2023, and Florya Tankercilik A.Ş. and Tarabya Tankercilik A.Ş. were established on 21 December 2023. Enkar Doğal Enerji Üretim A.Ş. were purchased by Entek Elektrik Üretim A.Ş. on 7 November 2023. 75% of Esinti shares was purchased by Entek and 25% shares eas purchased by Opet on 7 November 2023.

The financial position statements and income statements of the Subsidiaries have been consolidated using the full consolidation method, and the registered contributory value of the shares owned by the company is mutually clarified with the relevant equity. Transactions and balances within the scope of consolidation between the Company and Subsidiaries are mutually written off. The book values of the subsidiary shares owned by the Company and the dividends arising from these shares have been netted off from the related equity and comprehensive income statement accounts.

c) Joint ventures are companies in which the Group has joint control. Joint control is the contractually agreed sharing of control. Control exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Group’s interest in joint ventures is accounted for with the equity method. Investments accounted by equity method are presented in consolidated statement of financial position with additions or deductions of changes on share of the Group on net assets of the affiliate and with deduction of provisions for the decline in the value.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 31 MARCH 2024

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 March 2024, unless otherwise indicated.)

2. Basis of presentation of consolidated financial statements (Continued)

2.1. Basis of presentation (Continued)

2.1.4 Principles of consolidation (Continued)

The table below shows the total interest of the Group in its joint ventures accounted by using the equity method as at 31 March 2024 and 31 December 2023:

	31 March 2024		31 December 2023	
	Direct and indirect voting right possessed by the company (%)	Proportion of effective interest (%)	Direct and indirect voting right possessed by the company (%)	Proportion of effective interest (%)
Joint ventures accounted by equity method				
Opet	50.00	41.67	50.00	41.67
Opet International Limited (*)	50.00	41.67	50.00	41.67
Opet Trade B.V.(*)	50.00	41.67	50.00	41.67
Opet Trade Singapore (In liquidation) (*) (***)	50.00	41.67	50.00	41.67
Opet Market ve Akaryakıt İstasyon İşletmeciliği A.Ş. (*)	50.00	41.67	50.00	41.67
THY Opet Havacılık Yakıtları A.Ş. (**)	25.00	20.84	25.00	20.84
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş. (**)	25.00	20.84	25.00	20.84
Op Ay Akaryakıt Ticaret Ltd. Şti.(**)	25.00	20.84	25.00	20.84
Akdeniz Akaryakıt Depolama Nakliyat ve Tic. A.Ş. (**)	16.65	13.88	16.65	13.88
Opet Aygaz Gayrimenkul A.Ş. (**)	25.00	20.84	25.00	20.84
WAT Mobilite Çözümleri Teknoloji ve Ticaret A.Ş. (**)	21.92	19.92	21.92	19.92
Demre 7 Tankercilik A.Ş (*)	50.00	41.67	-	-
Demre 8 Tankercilik A.Ş (*)	50.00	41.67	-	-

(*) Related companies are accounted by consolidation in Opet's financial statements.

(**) Related companies are accounted by equity method in Opet's financial statements.

(***) Ceased its activities since 15 July 2015.

- d) The non-controlling shareholders' share of the net assets and results for the period for the subsidiaries are classified separately in the consolidated statement of financial position and statements of comprehensive income as non-controlling interests.

2.2. Changes in accounting policies

2.2.1 Comparative informations

Significant changes in accounting policies are applied retrospectively and prior period financial statements are restated.

The Group has prepared the consolidated statement of financial position as of 31 March 2024 in comparative with the consolidated statement of financial position prepared as of 31 December 2023. The consolidated statement of comprehensive income, the statement of cash flow and the statement of changes in shareholders' equity for the period ended 31 March 2024 have been presented comparatively with the period ended 31 March 2023.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 31 MARCH 2024

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 March 2024, unless otherwise indicated.)

2. Basis of presentation of consolidated financial statements (Continued)

2.2. Changes in accounting policies (Continued)

2.2.2 Offsetting

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.3. Summary of significant accounting policies

The condensed interim consolidated financial statements for the period ended 31 March 2024 have been prepared in accordance with TAS 34 for the preparation of interim financial statements of TFRS. In addition, the condensed interim consolidated financial statements as of 31 March 2024 have been prepared by applying the accounting policies that are consistent with the accounting policies applied during the preparation of the consolidated financial statements for the year ended 31 December 2023, except for the accounting policy changes effective from 1 January 2024. Therefore, these condensed interim consolidated financial statements should be evaluated together with the consolidated financial statements for the year ended 31 December 2023.

3. Business combinations

No business combinations occurred during the period ended 31 March 2024.

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 31 MARCH 2024

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 March 2024, unless otherwise indicated.)

4. Segment reporting

The Group management has decided to use industrial segments as the reporting format for operating segments, considering that the Group's risks and returns are affected by developments in the energy sector. The Group management thinks that the Group operates under the industrial divisions formed by these two sectors, since the Group's field of activity is the refining and the electricity sectors as of the date of acquisition of Entek shares. The Group has presented the segment reporting it has prepared for the refining and electricity sectors in the consolidated financial statements.

a) Analysis of information by segments

1 January - 31 March 2024	Refining	Electric	Consolidated Total
Revenue	163,684,111	1,788,931	165,473,042
Cost of sales	(150,890,391)	(1,407,926)	(152,298,317)
Gross profit (loss)	12,793,720	381,005	13,174,725
Operating expenses	(5,672,447)	(180,614)	(5,853,061)
Other operating income	2,878,267	7,768	2,886,035
Other operating expense	(6,219,259)	(9,178)	(6,228,437)
Operating profit	3,780,281	198,981	3,979,262
Income/ (expense) from investment activities	315	(669)	(354)
Income (loss) from investments accounted by equity method	281,959	-	281,959
Operating profit before financial income (expense)	4,062,555	198,312	4,260,867
Financial income	7,292,579	259,281	7,551,860
Financial expense	(3,997,546)	(313,779)	(4,311,325)
Monetary gain/loss	(5,690,991)	81,686	(5,609,305)
Profit (loss) before tax from continued operations	1,666,597	225,500	1,892,097
Tax (expense) income from continued operations	(1,437,174)	(39,680)	(1,476,854)
Net income (loss) from continued operations	229,423	185,820	415,243

1 January- 31 March 2023	Refining	Electric	Consolidated Total
Revenue	157,514,184	2,736,954	160,251,138
Cost of sales	(134,177,413)	(2,307,564)	(136,484,977)
Gross profit (loss)	23,336,771	429,390	23,766,161
Operating expenses	(5,129,878)	(121,075)	(5,250,953)
Other operating income	1,093,804	10,625	1,104,429
Other operating expense	(2,009,699)	(6,128)	(2,015,827)
Operating profit	17,290,998	312,812	17,603,810
Income/ (expense) from investment activities	(4,296)	19,953	15,657
Income (loss) from investments accounted by equity method	(428,683)	-	(428,683)
Operating profit before financial income (expense)	16,858,019	332,765	17,190,784
Financial income	2,783,800	119,733	2,903,533
Financial expense	(3,987,239)	(244,510)	(4,231,749)
Monetary gain/loss	(3,474,215)	87,423	(3,386,792)
Profit (loss) before tax from continued operations	12,180,365	295,411	12,475,776
Tax (expense) income from continued operations	(9,194,679)	(404,936)	(9,599,615)
Net income (loss) from continued operations	2,985,686	(109,525)	2,876,161

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 31 MARCH 2024

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4. Segment reporting (Continued)

b) Assets by segments

	31 March 2024	31 December 2023
Refining	382,706,641	400,292,204
Electric	20,777,782	21,755,269
Total Assets	403,484,423	422,047,473

5. Cash and cash equivalents

	31 March 2024	31 December 2023
Cash at banks		
Demand deposits	4,120,716	1,775,943
Time deposits	69,702,287	97,225,367
Demand deposits (blocked)	5,343,098	4,768,222
Time deposits (blocked)	3,669	3,346
Revenue share (blocked)	5,481,185	5,554,306
Time deposit interest accruals	1,833,827	2,655,108
Total	86,484,782	111,982,292

As required by the Petroleum Market License Regulation, the revenue share collected from the customers by the Group is held at banks and considered as blocked deposit in the Company’s books. The revenue share was invested as demand deposits with government debt securities interest rate and overnight interest rate as of 31 March 2024, and 31 December 2023 (Note 14). In addition, demand blocked deposits amounting to TRY5,343,098 thousand are available for derivative transactions carried out in foreign exchanges. (31 December 2023 – TRY4,768,222 thousand). Time blocked deposits amounting to TRY3,669 thousand are available for time electricity market and renewable energy resources guarantee system (31 December 2023 – TRY3,346 thousand).

Time deposits and other cash and cash equivalents

As of 31 March 2024, and 31 December 2023 the details of time deposits are as follows:

31 March 2024

	Effective rate of interest (%)	Less than 1 month	1 - 3 months	Total
TRY	50.33	38,188,575	5,167,310	43,355,885
USD	4.36	25,161,822	-	25,161,822
EUR	2.03	310,746	871,570	1,182,316
GBP	0.05	2,264	-	2,264
Time deposit		63,663,407	6,038,880	69,702,287

31 December 2023

	Effective rate of interest (%)	Less than 1 month	1 - 3 months	Total
TRY	44.62	50,687,455	13,882,411	64,569,866
USD	4.49	32,204,662	94,190	32,298,852
EUR	3.31	351,442	-	351,442
GBP	0.05	5,207	-	5,207
Time deposit		83,248,766	13,976,601	97,225,367

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(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 March 2024, unless otherwise indicated.)

5. Cash and cash equivalents (Continued)

Cash and cash equivalents included in the consolidated statements of cash flows for the periods ended 31 March 2024 and 31 March 2023 are as follows:

	31 March 2024	31 March 2023
Cash and cash equivalents	86,484,782	65,553,047
Less: Blocked deposits (Revenue share)	(5,481,185)	(6,100,009)
Less: Blocked deposits (Revenue share)	(5,343,098)	(1,338,853)
Less: Blocked time deposits	(3,669)	(1,564)
Less: Time deposit interest accruals	(1,833,827)	(77,686)
Cash and cash equivalents	73,823,003	58,034,935

6. Financial investments

Short-term Financial Investments:

	31 March 2024	31 December 2023
Time deposits (*)	4,099,155	577,476
Currency protected deposits (**)	-	226,665
Investment fund	3,246	3,406
Total	4,102,401	807,547

(*) The effective interest rate of time deposit is 61.17%.

(**) Currency protected time deposit account is a deposit product that offers foreign exchange rate protection in case the US Dollar exchange rate increases more than the interest rate at maturity. Currency protected deposit accounts are accounted for as financial assets at fair value through profit or loss.

As of 31 December 2023, the nominal amount and fair values of the financial assets that are Exchange-rate protected TRY time deposits are as follows:

	31 December 2023		
	Nominal amount (original currency)	Fair value (TL equivalent)	Term
TRY	217,703	226,665	1-3 months
		226,665	

As of 31 March 2024, and 31 March 2023, the movement table of financial investments that are currency protected deposits is as follows:

	2024	2023
1 January	226,665	4,048,167
Principal collected during the period	(196,990)	(3,348,127)
Received during the period	-	137,628
Fair value difference	-	19,943
Monetary gain/loss	(29,675)	(450,500)
31 March	-	407,111

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(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 March 2024, unless otherwise indicated.)

7. Financial liabilities

	31 March 2024	31 December 2023
Short-term borrowings:		
Short-term bank borrowings	6,192,116	2,705,196
Interest accruals of bank borrowings	45,409	7,554
Total	6,237,525	2,712,750
Short-term portion of long-term borrowings:		
Short-term portion of long-term bank borrowings	4,937,605	7,289,406
Bonds issued	22,640,520	23,753,709
Interest accruals of bank borrowings	222,097	453,282
Interest accruals of bonds issued	461,301	173,594
Lease liabilities	82,592	99,680
Total	28,344,115	31,769,671
Long-term borrowings:		
Long-term bank borrowings	3,905,697	5,653,822
Interest accruals of bank borrowings	-	10,648
Lease liabilities	452,454	500,752
Total	4,358,151	6,165,222
Total borrowings	38,939,791	40,647,643

Tüpraş has issued a bond on 12 October 2017 with a nominal value of USD700 million, with a maturity of 7 years, coupon payment every 6 months and repayment of principal and coupon at maturity, with an annual interest rate of 4.5%, on the London Stock Exchange.

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7. Financial liabilities (Continued)

Foreign currency balances and effective interest rates for the short and long-term financial liabilities as of 31 March 2024 and 31 December 2023 are as follows:

		31 March 2024	
	Effective interest rate (%)	Original currency	Thousand TRY
Short-term borrowings:			
TRY bank borrowings (*)	45.00	97,123,732	97,124
USD bank borrowing	8.46	188,784,776	6,094,992
			6,192,116
Interest accruals			45,409
Total short-term financial liabilities			6,237,525
Short-term portion of long-term borrowings			
TRY bank borrowings	33.02	48,662,709	48,663
USD bank borrowings	6.25	147,319,681	4,763,653
USD bonds issued	4.50	700,000,000	22,640,520
EUR bank borrowings	4.59	3,600,030	125,289
TRY lease liabilities	24.83	57,445,000	57,445
EUR lease liabilities	3.20	327,062	11,403
GBP lease liabilities	4.55	337,969	13,744
			27,660,717
Interest accruals			683,398
Total short term portion of long-term borrowings			28,344,115
Long-term borrowings:			
TRY borrowings	20.72	1,644,905,903	1,644,906
USD borrowings	6.79	54,502,484	1,759,634
EUR bank borrowings	4.67	14,400,119	501,157
TRY lease liabilities	27.99	180,224,062	180,224
EUR lease liabilities	3.23	5,845,719	203,811
GBP lease liabilities	4.55	1,682,441	68,419
			4,358,151
Interest accruals			-
Total long-term borrowings			4,358,151

(*) Banks provide interest-free loans to the Group for the payment of SCT and Social Security debts amounting to TRY2,124 thousand as of 31 March 2024 (As of 31 December 2023 - None).

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(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 March 2024, unless otherwise indicated.)

7. Financial liabilities (Continued)

		31 December 2023	
	Effective interest rate (%)	Original currency	Thousand TRY
Short-term borrowings:			
TRY bank borrowings	39.82	247,617,728	247,618
USD bank borrowing	-	83,332,316	2,457,578
			2,705,196
Interest accruals			7,554
Total short-term financial liabilities			2,712,750
Short-term portion of long term borrowings:			
TRY borrowings	19.08	957,307,171	957,307
USD bank borrowings	6.59	210,195,722	6,197,166
USD bonds issued	4.55	805,448,000	23,753,709
EUR bank borrowings	4.67	4,142,339	134,932
TRY lease liabilities	27.96	70,607,873	70,608
EUR lease liabilities	3.20	373,372	12,184
GBP lease liabilities	4.55	451,077	16,889
			31,142,795
Interest accruals			626,876
Total short term portion of long-term borrowings			31,769,671
Long-term borrowings:			
TRY borrowings	21.51	2,096,414,875	2,096,415
USD borrowings	7.74	100,207,175	2,949,922
EUR borrowings	4.67	18,649,434	607,485
TRY lease liabilities	28.03	204,330,400	204,330
EUR lease liabilities	3.23	6,821,521	222,604
GBP lease liabilities	4.55	1,971,549	73,818
			6,154,574
Interest accruals			10,648
Total long-term borrowings			6,165,222

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(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 March 2024, unless otherwise indicated.)

7. Financial liabilities (Continued)

As of 31 March 2024, and 31 December 2023, the redemption schedule of long-term bank borrowings is as follows:

	31 March 2024	31 December 2023
1-2 years	2,398,681	2,861,903
2-3 years	436,575	586,770
3-4 years	429,263	603,686
4-5 years	310,998	573,985
Over 5 years	782,634	1,538,878
Total	4,358,151	6,165,222

The movement of borrowings as of 31 March 2024 and 31 March 2023 is as follows:

	2024	2023
1 January	40,647,643	63,075,690
New financial borrowings	9,389,242	143,741
Principal payments	(8,680,304)	(5,971,192)
Increase due to lease liabilities	16,453	61,406
Decrease due to payment of lease liabilities	(26,167)	(32,567)
Changes in interest accruals	85,515	13,968
Changes in foreign exchange rates	2,870,700	960,319
Monetary gain/loss	(5,363,291)	(6,795,312)
31 March	38,939,791	51,456,055

8. Trade receivables and payables

Short-term trade receivables:

	31 March 2024	31 December 2023
Trade receivables	32,710,932	39,340,907
Due from related parties (Note 28)	6,337,196	7,514,080
Doubtful trade receivables	7,474	8,600
Other trade receivables	1,031	21
Less: Unearned credit finance income	(296,233)	(323,780)
Less: Expected credit loss	(7,474)	(8,600)
Total short-term trade receivables (net)	38,752,926	46,531,228

Tüpraş discounts the domestic receivables by using domestic government bonds and foreign receivables by using monthly libor rates.

As of 31 March 2024, TRY5,045,000 thousand collected from factoring companies within the scope of irrevocable factoring has been deducted from trade receivables (31 December 2023 – TRY7,473,407 thousand).

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(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 March 2024, unless otherwise indicated.)

8. Trade receivables and payables (Continued)

Short-term trade receivables (Continued):

Movement of the provision for doubtful receivables for the years ended 31 March 2024 and 31 March 2023 is as follows:

	2024	2023
1 January	8,600	10,659
Monetary gain/loss	(1,126)	(1,186)
31 March	7,474	9,473

Short-term trade payables:

	31 March 2024	31 December 2023
Trade payables	95,061,954	112,323,740
Due to related parties (Note 28)	960,504	1,133,443
Less: Unrealised credit finance charges trade payables	(682,959)	(744,897)
Total short-term trade receivables (net)	95,339,499	112,712,286

Tüpraş discounts short-term trade payables by using monthly libor rates.

9. Inventories

	31 March 2024	31 December 2023
Raw materials and supplies	1,632,020	8,474,792
Work-in-progress	11,733,746	11,335,263
Finished goods	16,550,207	14,091,748
Trade goods	791,894	678,255
Goods in transit (*)	31,195,485	16,355,620
Other inventories	404,721	394,788
Total	62,308,073	51,330,466
Provision for impairment of inventory	(4,439)	(168,401)
Total	62,303,634	51,162,065

(*) The goods in transit mainly consist of crude oil stocks.

As of 31 March 2024, and 31 March 2023, movements of provision for inventory impairment are as follows:

	2024	2023
1 January	168,401	887,898
Changes in period	4,439	67,157
Provisions no longer required	(168,401)	(887,898)
31 March	4,439	67,157

As a result of the decrease in various product prices as of 31 March 2024, sales prices remained below costs and a stock impairment provision of TRY4,439 thousand was allocated (31 March 2023: TRY67,157 thousand TL).

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(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 March 2024, unless otherwise indicated.)

10. Investments accounted for using the equity method

	31 March 2024		31 December 2023	
	Participation share (%)	Amount	Participation share (%)	Amount
OPET Petrolcülük A.Ş.	41.67	9,116,881	41.67	9,543,275
		9,116,881		9,543,275

The movement in the investments accounted for using the equity method during the period ended 31 March 2024 and 31 March 2023 is as follows:

	2024	2023
1 January	9,543,275	8,711,608
Investments accounted for using the equity method:		
Shares in current period profit	281,959	(428,683)
Dividend payment	(833,400)	(421,271)
Currency translation differences	125,047	640
31 March	9,116,881	7,862,294

Consolidated summary financial statements of investments accounted for using the equity method (before Group’s effective interest) are as follows:

	31 March 2024	31 December 2023
Current assets	36,685,675	36,315,012
Non-current assets	25,495,641	25,080,979
Total assets	62,181,316	61,395,991
Short term liabilities	35,036,650	32,662,457
Long term liabilities	5,265,902	5,831,506
Equity	21,878,764	22,902,028
Total liabilities	62,181,316	61,395,991

	1 January - 31 March 2024	1 January - 31 March 2023
Sales (net)	71,580,907	65,929,401
Gross profit	2,307,886	1,304,542
Operating profit	650,664	(1,076,056)
Net income/(loss) for the period	676,648	(1,028,758)

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11. Property, plant and equipment

The movements of property, plant and equipment and related accumulated depreciation for the period ended 31 March 2024 and 31 March 2023 is as follows:

	1 January 2024	Currency translation differences	Additions	Transfers	Disposals	31 March 2024
Cost:						
Lands	29,743,870	-	-	-	-	29,743,870
Land improvements	45,429,927	-	3,932	-	-	45,433,859
Buildings	10,892,861	-	-	-	(114)	10,892,747
Machinery and equipment	169,030,194	-	14,606	-	-	169,044,800
Motor vehicles	19,924,436	-	1,469	-	(15,139)	19,910,766
Furniture and fixtures	1,983,184	-	17,269	1,925	(3,152)	1,999,226
Construction in progress	9,918,191	-	1,371,468	(1,925)	-	11,287,734
Special costs	309,930	-	4,974	-	(1)	314,903
Other tangible assets	409,417	-	-	-	(3,957)	405,460
	287,642,010	-	1,413,718	-	(22,363)	289,033,365
Accumulated depreciation:						
Land improvements	(28,026,333)	-	(354,411)	-	-	(28,380,744)
Buildings	(4,556,176)	-	(48,682)	-	-	(4,604,858)
Machinery and equipment	(94,945,813)	1,214	(1,337,067)	-	-	(96,281,666)
Motor vehicles	(4,664,883)	-	(200,240)	-	54,736	(4,810,387)
Furniture and fixtures	(1,213,913)	804	(54,680)	-	185	(1,267,604)
Special costs	(163,082)	2,770	(10,183)	-	-	(170,495)
Other tangible assets	(71,072)	-	(11,614)	-	-	(82,686)
	(133,641,272)	4,788	(2,016,877)	-	54,921	(135,598,440)
Net book value	154,000,738					153,434,925
	1 January 2023	Currency translation differences	Additions	Transfers	Disposals	31 March 2023
Cost:						
Lands	29,387,639	-	-	-	-	29,387,639
Land improvements	44,006,589	-	166,721	7,004	(2,350)	44,177,964
Buildings	10,565,314	-	49,634	-	(4)	10,614,944
Machinery and equipment	164,539,777	-	190,689	-	(1,957)	164,728,509
Motor vehicles	16,649,980	-	552,537	-	(329,507)	16,873,010
Furniture and fixtures	1,796,686	-	63,649	-	(5,002)	1,855,333
Construction in progress	7,832,084	-	2,801,500	(7,004)	-	10,626,580
Special costs	263,228	-	-	-	-	263,228
Other tangible assets	234,584	-	-	-	-	234,584
	275,275,881	-	3,824,730	-	(338,820)	278,761,791
Accumulated depreciation:						
Land improvements	(26,781,884)	-	(392,201)	-	984	(27,173,101)
Buildings	(4,198,602)	-	(50,222)	-	2	(4,248,822)
Machinery and equipment	(91,103,400)	(103)	(1,133,043)	-	2,338	(92,234,208)
Motor vehicles	(4,022,709)	-	(193,151)	-	329,508	(3,886,352)
Furniture and fixtures	(1,061,456)	(45)	(130,533)	-	3,905	(1,188,129)
Special costs	(106,468)	(167)	(27,925)	-	-	(134,560)
Other tangible assets	(43,569)	-	(18,715)	-	-	(62,284)
	(127,318,088)	(315)	(1,945,790)	-	336,737	(128,927,456)
Net book value	147,957,793					149,834,335

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11. Property, plant and equipment (Continued)

Total depreciation expense amounting to TRY2,016,877 thousand (31 March 2023 – TRY1,945,790 thousand) related to tangible fixed assets in the comprehensive consolidated income statement for the period ended as of 31 March 2024 has been allocated to cost of goods sold amounting to TRY1,152,096 thousand (31 March 2023 – TRY873,911 thousand), to general administration expenses amounting to TRY637,857 thousand (31 March 2023 – TRY774,408 thousand), to marketing, amounting to TRY174,057 thousand (31 March 2023 – TRY237,438 thousand), to research and development expenses amounting to TRY52,867 thousand (31 March 2023 – TRY60,033).

The depreciation expense related to right-of-use assets in the consolidated statement of comprehensive income for the period ended as of 31 March 2024 at TRY44,919 thousand (31 March 2023 – TRY79,569 thousand), is classified to general administrative expenses amounting to TRY25,487 thousand (31 March 2023 – TRY 42,778 thousand), to marketing, amounting to TRY8,452 thousand (31 March 2023 TRY21,121), and to cost of goods sold amounting to TRY10,980 thousand (31 March 2023 – TRY15,670).

As of 31 March 2024, there are no pledges on property, plant and equipment (31 December 2023: None).

12. Intangible assets

Other intangible assets:

The movements of intangible assets and related accumulated amortisation for the period ended 31 March 2024 and 31 March 2023 are as follows:

	1 January 2024	Additions	Disposals	31 March 2024
Cost:				
Rights and software	1,342,665	-	(895)	1,341,770
Development expenses	1,228,533	45,990	-	1,274,523
Other intangible assets	5,124,620	1,392	(1,095)	5,124,917
	7,695,818	47,382	(1,990)	7,741,210
Accumulated amortisation:				
Rights and software	(992,095)	(48,237)	57	(1,040,275)
Development expenses	(984,385)	(21,054)	-	(1,005,439)
Other intangible assets	(825,589)	(8,755)	-	(834,344)
	(2,802,069)	(78,046)	57	(2,880,058)
Net book value	4,893,749			4,861,152
	1 January 2023	Additions	Disposals	31 March 2023
Cost:				
Rights and software	1,150,300	12,705	(8,283)	1,154,722
Development expenses	1,063,362	67,236	-	1,130,598
Other intangible assets	3,601,367	684	-	3,602,051
	5,815,029	80,625	(8,283)	5,887,371
Accumulated amortisation:				
Rights and software	(929,934)	(54,697)	12,604	(972,027)
Development expenses	(911,750)	(37,494)	-	(949,244)
Other intangible assets	(743,793)	(12,524)	-	(756,317)
	(2,585,477)	(104,715)	12,604	(2,677,588)
Net book value	3,229,552			3,209,783

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12. Intangible assets (Continued)

Other intangible assets (Continued):

Total amortisation expenses amounting to TRY78,046 thousand (31 March 2023: TRY104,715 thousand) in the consolidated statement of comprehensive income for the period ended 31 March 2024 have been allocated to the general administration expenses amounting to TRY70,775 thousand (31 March 2023: TRY93,353 thousand) and the cost of sales amounting to TRY7,271 thousand (31 March 2023: TRY11,362 thousand).

13. Prepaid expenses

Short term prepaid expenses

	31 March 2024	31 December 2023
Advances given	872,566	466,962
Insurance and other expenses	652,554	998,323
Advances given to third parties for property, plant and equipment	-	5,376
Total	1,525,120	1,470,661

Long term prepaid expenses:

	31 March 2024	31 December 2023
Advances given to third parties for property, plant and equipment	1,449,344	1,631,366
Advances given to related parties for property, plant and equipment (Note 28)	691,664	35,360
Other prepaid expenses	363,417	421,291
Total	2,504,425	2,088,017

14. Other assets and liabilities

Other current assets:

	31 March 2024	31 December 2023
Deferred Value Added Tax (“VAT”)	11,911,892	10,740,275
VAT to be refunded	2,106,639	3,687,778
Deferred Special Consumption Tax (“SCT”)	565,099	716,711
Spare parts and material stocks	378,640	347,438
Income accruals	357,794	212,760
Taxes and funds to be offsetted	349,842	553,314
Deferred VAT	213,079	66,706
Income accruals from commodity hedge (*)	-	277,025
Other current assets	275,317	372,584
Total	16,158,302	16,974,591

(*) As of 31 December 2023, income accruals from forward purchases and sales transactions consist of income accruals from derivative transactions made by Tüpraş for hedging purposes. These income accruals were accounted for in the cost of goods sold account and were fully collected on 8 January 2024.

Other non-current assets:

	31 March 2024	31 December 2023
Spare parts and material stocks	11,974,761	11,385,923
Other	1,255	1,279
Total	11,976,016	11,387,202

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(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 March 2024, unless otherwise indicated.)

14. Other assets and liabilities (Continued)

Other short-term liabilities:

	31 March 2024	31 December 2023
Deferred Value Added Tax (“VAT”)	11,911,892	10,740,275
SCT payable	5,983,466	7,416,757
Revenue share	5,520,717	5,589,289
Taxes and liabilities payable	1,182,503	846,528
Deferred Special Consumption Tax (“SCT”)	565,099	716,711
VAT payable	336,931	399,551
Expense accruals	15,653	18,011
Other	351,712	493,735
Total	25,867,973	26,220,857

Deferred VAT and SCT include VAT and SCT amounts related to export committed sales and are classified within “Other current assets” under assets and within “Other current liabilities” under liabilities. Such SCT and VAT amounts are offset when the export transaction is certified, and the related taxes are cancelled by the tax office.

According to the Petroleum Market Law, financing needs of refinery owners to maintain the National Petroleum Stock are supplied by the revenue share, which is a surplus added to the sales price, limited to a ceiling of USD 10/ton as determined by Energy Market Regulatory Authority (“EMRA”). In the case of importation of petroleum products, the revenue share is to be paid to the refinery owner by the importer.

The Group has been collecting the revenue share over the sales of petroleum products and non-refinery imports of petroleum products since 1 January 2005, the date the relevant article of the regulation came into force.

The Group has been collecting revenue share for LPG sales since 16 September 2005 in addition to the revenue share collected for petroleum products, in accordance with the Liquefied Petroleum Gas (“LPG”) Market Regulation.

It has been decided by the National Petroleum Reserves Commission that the investment management of the revenue share collected will be conducted by the General Directorate of Tüpraş, and the collected amount will be invested in overnight reverse repurchase agreements.

As a result of these regulations, the revenue share amounting to TRY5,520,717 thousand accumulated as of 31 March 2024 (31 December 2023: TRY5,589,289 thousand) which is not recognized in the comprehensive income statement, has been classified as “Revenue Share” within “Other short-term liabilities”. TRY5,481,185 thousand is (31 December 2023: TRY5,554,306 thousand) blocked in banks as demand deposits with government debt securities interest rate and overnight interest rate related to the calculated revenue share has been classified as Revenue share “Blocked” within “Cash and cash equivalents” (Note 5).

15. Provisions

Provision for employee benefits:

Short-term provision for employee benefits:

	31 March 2024	31 December 2023
Personnel bonus accruals	349,771	40,139
Seniority incentive bonus provision	34,219	28,898
Total	383,990	69,037

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15. Provisions (Continued)

Provision for employee benefits (Continued):

Long-term employee benefits:

	31 March 2024	31 December 2023
Provision for employment termination benefits	1,793,931	2,065,159
Provision for unused vacation	313,937	246,913
Seniority incentive bonus provision	106,307	74,434
Total	2,214,175	2,386,506

Seniority incentive bonus provision:

Seniority incentive bonus is paid to hourly paid worker together with their monthly salary when certain seniority levels are reached. The bonus amounts to 45 days of salary for 5 years of seniority level, 55 days of salary for 10 years of seniority level, 70 days of salary for 15 years of seniority level, 80 days of salary for 20 years of seniority level, 90 days of salary for 25 years of seniority level, 100 days of salary for 30 years of seniority level, 105 days of salary for 35 years of seniority level and 110 days of salary for 40 years of seniority level, paid once for each seniority level.

The movements in the provision for seniority incentive bonus during the period are as follows:

	2024	2023
1 January	103,332	96,996
Charge for the period	40,808	42,007
Payments during the period	11,773	(29,667)
Monetary gain/loss	(15,387)	(11,107)
31 March	140,526	98,229

Provision for employment termination benefits:

Under the Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men), Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement.

The liability is not funded, as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees.

TAS 19 requires that actuarial valuation methods to be developed to estimate the Group’s employment termination benefit provision. The following actuarial assumptions have been used in the calculation of the total provision:

	31 March 2024	31 December 2023
Discount rate (%)	2.90%	2.90%
Turnover rate to estimate probability of retirement (%)	99.14%	99.13%

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15. Provisions (Continued)

Provision for employment termination benefits (Continued):

The principal assumption is that maximum liability of employment termination benefits for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Employment termination benefits of the joint ventures of the Group, which are registered in Turkey are calculated from the maximum amount of TRY35,058.58 which is effective as of 1 January 2024 (1 January 2023: TRY19,982.83).

The movement in the provision for employment termination benefits during the period is as follows:

	2024	2023
1 January	2,065,159	1,995,186
Interest expense	21,787	205,695
Charge for the period	81,961	42,885
Payments during the period	(100,343)	(181,215)
Monetary gain/loss	(274,633)	(245,772)
31 March	1,793,931	1,816,779

Provision for unused vacation:

The movement in the provision for unused vacation during the period is as follows:

	2024	2023
1 January	246,913	235,118
Charge for the period	126,087	125,197
Payments during the period	(23,191)	(27,069)
Monetary gain/loss	(35,872)	(28,653)
31 March	313,937	304,593

Other short-term provisions:

	31 March 2024	31 December 2023
Provision for demurrage	1,185,030	1,016,575
EMRA participation share (*)	237,584	214,704
Provisions for donation	123,250	-
Provisions for pending claims and law suits	27,144	28,706
Other	332,111	82,149
Total	1,905,119	1,342,134

(*) EMRA participation share is the participation fee that is paid by the refinery license owners in accordance with the Petroleum Market License Regulation, calculated by multiplying net sales with the participation share rate determined by EMRA.

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15. Provisions (Continued)

Other short-term provisions (Continued):

Movement of the short-term provisions for the period ended 31 March 2024 and 31 March 2023 are as follow:

	Provision for pending claims and lawsuits	EMRA participation share	Provision for demurrage	Provision for donation	Other	Total
1 January 2024	28,706	214,704	1,016,575	-	82,149	1,342,134
Changes for the period, net	2,963	52,858	424,836	139,325	306,013	925,995
Payments during the period, net	(686)	-	(112,239)	(11,557)	-	(124,482)
Monetary gain/loss	(3,839)	(29,978)	(144,142)	(4,518)	(56,051)	(238,528)
31 March 2024	27,144	237,584	1,185,030	123,250	332,111	1,905,119
1 January 2023	64,117	227,837	508,592	-	115,045	915,591
Changes for the period, net	(14,689)	187,429	117,028	497,008	405,512	1,192,288
Payments during the period, net	(168)	(135,135)	(173,339)	-	-	(308,642)
Monetary gain/loss	(6,760)	(26,678)	(55,170)	-	(35,658)	(124,266)
31 March 2023	42,500	253,453	397,111	497,008	484,899	1,674,971

16. Liabilities for employee benefits

	31 March 2024	31 December 2023
Social security withholdings payment	457,840	359,924
Due to the personnel	378,406	557,355
Total	836,246	917,279

17. Other receivables and other payables

	31 March 2024	31 December 2023
Dividend receivables from related parties (Note 28)	833,400	-
Receivable from insurance recoveries	121,804	9,600
Receivable from personnel	59,469	75,340
Deposits and guarantees given	25,412	61,918
Other doubtful receivables	3,678	4,253
Less: Provision for other doubtful receivables	(3,678)	(4,253)
Total other receivables	1,040,085	146,858

	31 March 2024	31 December 2023
Deposits and guarantees received	130,057	147,773
Dividend payables to third parties	503	579
Other payables to related parties (Note 28)	-	418,529
Total other payables	130,560	566,881

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18. Derivative instruments

	31 March 2024				31 December 2023			
	Fair values		Assets	Liabilities	Fair values		Assets	Liabilities
	Purchase contract amount	Sales contract amount			Purchase contract amount	Sales contract amount		
<i>Cash flow hedge</i>								
Interest rate swap	427,390	427,383	30,293	-	513,052	513,052	45,590	-
Commodity derivative	44,115,903	44,115,903	1,799,561	4,861,451	36,691,328	36,691,328	2,306,986	127,239
<i>Derivatives held for trading</i>								
Currency forwards	23,820,168	25,141,458	137,150	143,718	40,155,213	43,567,511	11,405	425,728
Foreign currency swap	776,579	776,579	10,882	-	-	-	-	-
Commodity derivative	9,869,099	9,869,099	-	171,604	5,572,456	5,572,456	11,348	-
Cross currency swap	38,643	147,906	-	116,245	22,870	80,755	-	59,993
Short term derrivative instruments			1,977,886	5,293,018			2,375,329	612,960
<i>Cash flow hedge</i>								
Interest rate swap	452,936	452,930	61,631	-	531,348	531,348	-	42,462
<i>Derivatives held for trading</i>								
Currency forwards	-	-	-	-	2,420	730,226	-	27
Cross currency swap	154,585	591,625	-	464,979	205,831	726,795	-	539,934
Long term derrivative instruments			61,631	464,979			42,489	539,934
Total derrivative instruments			2,039,517	5,757,997			2,417,818	1,152,894

As of 31 March 2024, forward foreign exchange transactions consist of forward transactions which generate a sales obligation of TRY25,141,458 thousand in exchange of USD737,800 thousand (As of 31 December 2023, forward foreign exchange transactions consist of forward and currency swap transactions which generate a sales obligation of adjusted by 31 March 2024 purchasing power TRY44,297,737 thousand for in exchange of USD1,185,543 thousand).

As of 31 March 2024, interest rate swap consists of exchange of floating rate instalment payments of long-term borrowings and bonds amounting to USD27,267 thousand (31 December 2023: USD30,833 thousand) with fixed rate installment payments for cash flow hedging.

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18. Derivative instruments (Continued)

As of 31 March 2024, cross currency swap transactions consist of swaps with fixed interest rate transaction of foreign currency indexed floating interest rate USD5,985 thousand (31 December 2023: USD6,752 thousand) and fixed interest rate long-term borrowings amounting to TRY739,531 thousand (31 December 2023: Adjusted by 31 March 2024 purchasing power TRY807,550 thousand).

As of 31 March 2024, it consists of forward goods purchase and sale transactions and product crack margin fixing transactions. As of 31 December 2023, it consists of forward goods purchase and sale transactions. Fixing the product crack margin of the future sales was made for the 2nd quarter of 2024 and a total of 2,310 thousand barrels (31 December 2023 – None). Goods purchase and sale transactions consist of 50,750 thousand barrels (31 December 2023 – 43,549 thousand barrels) crude oil purchase and sale transactions realized in various maturities to hedge the risk of crude oil price changes in the Group's highly probable future sales.

There is no ineffective portion of these derivative instrument transactions.

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19. Commitments and contingent assets and liabilities

	31 March 2024		31 December 2023	
	Original currency(*):	TRY amount:	Original currency(*):	TRY amount (**):
Guarantees received:				
Letter of guarantees received		9,004,879		7,620,095
- Letter of guarantees in TRY	4,035,953	4,035,953	3,341,223	3,341,223
- Letter of guarantees in USD	119,089	3,844,822	90,051	3,050,282
- Letter of guarantees in EUR	30,826	1,072,812	31,258	1,171,567
- Letter of guarantees in other currencies	-	51,292	-	57,023
Guarantee notes received		350		5,331
- Guarantee notes in TRY	350	350	487	487
- Guarantee notes in USD	-	-	143	4,844
Guarantee letters received		1,641,730		1,722,448
- Guarantee letters received in USD	50,851	1,641,730	50,851	1,722,448
Guarantee letters of credit		15,068,126		6,383,869
- Letters of credit in USD	466,716	15,068,126	188,466	6,383,869
Direct debiting limits		1,140,812		1,300,958
- TRY direct debiting limits	1,140,812	1,140,812	1,300,958	1,300,958
Total guarantees received		26,855,897		17,032,701
Guarantees given:				
Letter of credits given		22,932,710		32,594,310
- Letter of credits in USD	677,663	21,878,625	917,680	31,084,380
- Letter of credits in EUR	52	1,799	52	1,937
- Letter of credits in other currencies	49,450	1,052,286	63,170	1,507,993
Letter of guarantees given		8,560,950		7,217,176
- Letter of guarantees in TRY	7,853,987	7,853,987	7,210,397	7,210,397
- Letter of guarantees in USD	338	10,917	200	6,779
- Letter of guarantees in EUR	20,000	696,046	-	-
Letters of guarantee given to customs offices		4,493,763		3,445,549
- Letter of guarantees in TRY	4,284,949	4,284,949	3,220,664	3,220,664
- Letter of guarantees in EUR	6,000	208,814	6,000	224,885
Guarantee bond		162,258		23,022
-Guarantee bond in TRY	140,587	140,587	221	221
-Guarantee bond in USD	599	19,339	599	20,290
-Guarantee bond in EUR	67	2,332	67	2,511
Letters of guarantee given to banks		825,693		969,057
- Letter of guarantees in USD	25,575	825,693	28,609	969,057
Guarantees		2,968,954		3,379,108
- Guarantees in USD	90,700	2,928,286	98,487	3,336,025
- Guarantees in other currencies	1,000	40,668	1,000	43,083
Total guarantees given		39,944,328		47,628,222

(*) Original balance amounts are expressed in thousands of currencies.

(**) Previous year's TL equivalent amounts of guarantees with original balance amounts in foreign currency have been prepared on the basis of 31 March 2024 purchasing power.

As of 31 March 2024, and 31 December 2023, letters of guarantees received are composed of guarantees from customers and suppliers. Guarantees given are composed of a letter of credit with guarantees given to government entities and customs offices. As of 31 March 2024, letters of guarantee given to banks are given for loans which were used by Companies within scope of consolidation amounting to TRY771,038 thousand (31 December 2023: TRY904,215 thousand) and for derivative financial instruments amounting to TRY54,655 thousand (31 December 2023: TRY64,842 thousand).

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19. Commitments and contingent assets and liabilities (Continued)

Collaterals, pledges, mortgages given by the Group as of 31 March 2024 and 31 December 2023 are as follows:

	31 March 2024	31 December 2023
A. CPMs given for companies in the name of its own legal personality	36,149,681	43,280,057
- TRY	12,279,523	10,431,282
- USD	21,908,881	31,111,449
- EUR	908,991	229,333
- Other	1,052,286	1,507,993
B. CPMs given on behalf of the fully consolidated companies	3,794,647	4,348,165
- USD	3,753,979	4,305,082
- Other	40,668	43,083
C. CPMs given for continuation of its economic activities on behalf of third parties	-	-
D. Total amount of other CPMs	-	-
i) Total amount of CPMs given on behalf of the majority shareholder	-	-
ii) Total amount of CPMs given to on behalf of other Group	-	-
iii) Total amount of CPMs given on behalf of third parties which are not in scope of C.	-	-
Total	39,944,328	47,628,222

20. Equity

The Company’s shareholders and their shareholding percentages as of 31 March 2024 and 31 December 2023 are as follows:

	31 March 2024	Share (%)	31 December 2023	Share (%)
Enerji Yatırımları A.Ş.	893,997	46.40	893,997	46.40
Koç Holding A.Ş.	122,298	6.35	122,298	6.35
Koç Family Members and Companies owned by Koç Family Members	9,153	0.47	9,153	0.47
Publicly held	901,348	46.78	901,348	46.78
Paid-in Capital	1,926,796	100.00	1,926,796	100.00
Adjustments to share capital (*)	28,620,416		28,620,416	
Total Capital	30,547,212		30,547,212	

(*) Capital adjustment differences represent the difference between the inflation-adjusted total amounts of cash and cash-like additions to paid-in capital and the amounts before inflation adjustment.

The historical values and inflation adjustment effects of the following accounts under shareholders’ equity of Company’s as of 31 March 2024 in accordance with TFRS and Tax Procedure Law (“TPL”) financial statements are as follows:

31 March 2024 (TFRS)	Historical value	Inflation adjustment effect	Indexed value
Share capital	1,926,796	28,620,416	30,547,212
Legal reserves	3,201,966	4,163,615	7,365,581
31 March 2024 (TPL)	Historical value	Inflation adjustment effect	Indexed value
Share capital	1,926,796	7,629,931	9,556,727
Legal reserves	3,201,966	6,646,873	9,848,839

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20. Equity (Continued)

Registered capital of the Company is TRY500,000 thousand and is divided into 50,000,000,000 shares with a registered nominal value of 1 Kuruş (“Kr”) (31 December 2023: 1Kr) each. The authorised and paid-in share capital of the Company comprises 192,679,559,799 (31 December 2023: 192,679,559,799) Group A shares with a registered nominal value of 1Kr and one Group C share with privileges belonging to the Privatisation Administration.

As per the articles of association of the Company, one member of the Board of Directors should be nominated by Group C shareholders. Board of Directors’ decisions on the supply needs of petroleum products of the Turkish Military Forces requires the consent of the member representing the Group C shareholders. Retained earnings, as per the statutory financial statements other than legal reserves, are available for distribution, subject to the legal reserve requirement referred to below.

Restricted reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code (“TCC”). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum until the total reserve reaches 20% of the Company’s paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset loss and are not available for any other usage unless the reserve exceeds 50% of paid-in share capital.

In accordance with Turkish Financial Reporting Standards the aforementioned amounts should be classified under “Restricted Reserves”. On 31 March 2024, the restricted reserves of the Company amount to TRY7,365,581 thousand (31 December 2023 – TRY7,365,581).

Dividend distribution

Listed companies distribute dividends in accordance with the Communiqué No. II-19.1 issued by the CMB which is effective from 1 February 2014.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and also in conformity with relevant legislations. The communiqué does not constitute a minimum dividend rate. Companies distribute dividends in accordance with the method defined in their dividend policy or articles of incorporation. In addition, dividend can be distributed by fixed or variable instalments and advance dividend can be paid in accordance with profit on year-end financial statements of the Company.

In accordance with the Turkish Commercial Code (TCC), unless the required reserves and the dividend for shareholders as determined in the article of association or in the dividend distribution policy of the company are set aside, no decision may be made to set aside other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of usufruct right certificates, to the members of the board of directors or to the employees; and no dividend can be distributed to these persons unless the determined dividend for shareholders is paid in cash.

In the year ending on 31 December 2023, it has been committed and paid in the March to distribute a total of nominal TRY12,500,000 thousand as gross cash dividend from the remaining balance after the second legal funds are set aside from the 2022 net distributable profit for the year according to the legal records. While the relevant distribution is being made, one share with a nominal value of TRY1.00 and a rate of 4,541.22% is given to full-fledged corporations and limited taxpayer partners who receive dividends through a workplace or permanent representative in Turkey and paid TRY45.412 gross = net dividend payment. For other shareholders at a rate of 4,541.22% and a cash dividend of TRY45.412 gross and at a rate of 4,087.10% TRY40.871 net cash dividend was paid for one share with a nominal value of TRY1.00.

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20. Equity (Continued)

Dividend distribution (Continued)

The company has decided to distribute a total of TRY14,500,000 in dividends from the balance remaining after the allocation of second-tier legal reserves covered by past year profits according to Capital Markets Board ("CMB") regulations and extraordinary reserves according to legal records, following the Extraordinary General Assembly Meeting held on 26 September 2023. During the distribution, full taxpayer corporations and limited taxpayer corporate partners earning dividends through a business place or permanent representative in Turkey received a gross = net dividend of TRY7.525, which is 752.54% for each share with a nominal value of TRY1.00; other shareholders at a rate of 752.54% and a cash dividend of TRY7.525 gross and at a rate of 677.29% and TRY6.773 net cash dividend was paid for one share with a nominal value of TRY1.00.

21. Revenue and cost of sales

	1 January - 31 March 2024	1 January - 31 March 2023
Domestic revenue	130,080,209	141,176,004
Export revenue	37,024,127	21,628,541
Gross revenue	167,104,336	162,804,545
Less: Sales discounts	(1,612,180)	(2,273,190)
Less: Sales returns	(19,114)	(280,217)
Sales (net)	165,473,042	160,251,138
Cost of goods sold	(152,298,317)	(136,484,977)
Gross profit	13,174,725	23,766,161
Cost of sales:		
	1 January - 31 March 2024	1 January - 31 March 2023
Raw material, manufactured and consumable material	139,775,161	124,710,678
Energy expenses	4,124,137	6,361,889
Personnel expenses	2,063,529	1,366,112
Depreciation and amortization (Note 11-12)	1,170,347	900,942
Other production expenses	5,165,143	3,145,356
Cost of sales	152,298,317	136,484,977

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22. General administrative expenses, marketing expenses and research and development expenses

General administrative expenses:

	1 January - 31 March 2024	1 January - 31 March 2023
Personnel expenses	1,572,255	1,294,544
Depreciation and amortization (Note 11-12)	734,119	910,539
Insurance expenses	254,546	228,056
Outsourced services	216,802	214,103
Tax duties and fees	154,313	177,811
Donations	134,453	589,753
Office expenses	100,397	132,536
Lawsuit and consultancy expenses	84,580	47,654
Subscription fees	79,317	59,132
Transportation and travel expenses	27,542	16,545
Other	151,180	115,132
Total general administrative expenses	3,509,504	3,785,805

Marketing expenses:

	1 January - 31 March 2024	1 January - 31 March 2023
Transportation, storage and insurance expenses	1.439.207	579.341
Personnel expenses	339.731	265.368
Depreciation and amortization (Note 11)	182.509	258.559
Advertising expenses	65.007	55.558
Energy expenses	43.582	77.049
Outsourced services	5.022	56.650
Other	168.893	76.052
Total marketing expenses	2.243.951	1.368.577

Research and development expenses:

	1 January - 31 March 2024	1 January - 31 March 2023
Depreciation and amortization (Not 11)	52.867	60.033
Personnel expenses	39.334	32.845
Outsourced services	507	347
Energy expenses	254	480
Other	6.644	2.866
Total research and development expenses	99.606	96.571

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23. Other operating income /(expense)

	1 January - 31 March 2024	1 January - 31 March 2023
Other operating income:		
Credit finance gains	2,183,189	692,481
Foreign exchange gain from trade receivables	528,717	191,296
Rent expenses	8,578	8,442
Other	165,551	212,210
Total other operating income	2,886,035	1,104,429
Other operating expense:		
Foreign exchange loss from trade payables	(4,372,993)	(1,152,971)
Credit finance charges	(1,522,849)	(494,656)
Other	(332,595)	(368,200)
Total other operating expense	(6,228,437)	(2,015,827)

24. Income/(expense) from investment activities

	1 January - 31 March 2024	1 January - 31 March 2023
Gain/(loss) on sales of property plant and equipment and intangible assets	367	(4,286)
Financial investments fair value change	(721)	19,943
Total income/(expense) from investment activities	(354)	15,657

25. Financial income/(expense)

	1 January - 31 March 2024	1 January - 31 March 2023
Financial income:		
Interest income on deposits	6,738,228	2,314,641
Foreign exchange gains on deposits	783,942	563,354
Incomes on derivative instruments	29,690	25,538
Total financial income	7,551,860	2,903,533
Financial expense:		
Foreign exchange losses on borrowings	(2,963,447)	(2,404,291)
Interest expenses	(1,278,210)	(1,361,340)
Losses on derivative instruments	(37,097)	(412,905)
Other	(32,571)	(53,213)
Total financial expense	(4,311,325)	(4,231,749)

Gains and losses arising from derivative instruments include gains and losses on forward foreign currency transactions, interest rate swap transactions, cross currency swap transactions and foreign currency swap transactions.

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(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 March 2024, unless otherwise indicated.)

26. Tax assets and liabilities

	31 March 2024	31 December 2023
Current period corporate tax provision (*)	525,440	9,834,947
Current year tax assets	(80,587)	(8,277,566)
Current income tax liabilities	444,853	1,557,381

(*) In accordance with the Law No. 7440 on the “Restructuring of Certain Receivables and Amending Certain Laws” published in the Official Gazette on 12 March 2023, the exemption and deduction subject to corporate income deduction in accordance with the regulations in the laws, by being shown in the corporate tax return for the year 2022. An additional tax of 10% should be calculated over the deduction amounts and tax bases subject to reduced corporate tax, without being associated with the period's income, and 5% over the exempted earnings. As of 31 December 2023, the amount accrued by the Company for the related tax in addition to the corporate tax is TRY4,371,209 thousand based on 31 March 2024 purchasing power, and the payment for the said tax made in two installments.

Turkish tax legislation does not permit a parent company, its subsidiaries and its joint ventures to file a consolidated tax return. Therefore, provisions for taxes, as reflected in these consolidated financial statements, have been calculated on an individual-entity basis.

Corporate tax rate in Turkey as of 31 March 2024 is 25% (2023: 25%). Corporation tax is payable on the total income of the companies after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, investment allowance, etc.) and allowances (as research and development expenditures deduction).

The tax amounts reflected in the profit or loss statements for the years ending 31 March 2024 and 31 March 2023 are summarized below:

	1 January - 31 March 2024	1 January - 31 March 2023
Tax Income/ (expense)		
Current tax expense	(525,440)	(5,207,542)
Deferred tax expense	(951,414)	(4,392,073)
Total tax income/(expense), net	(1,476,854)	(9,599,615)

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26. Tax assets and liabilities (Continued)

The analysis of cumulative temporary differences and the related deferred tax assets and liabilities in respect of items for which deferred income tax has been provided as of 31 March 2024 and 31 December 2023 using the enacted tax rates are as follows:

	Cumulative temporary differences		Deferred tax (liability)/asset	
	31 March 2024	31 December 2023	31 March 2024	31 December 2023
Investment incentives(*)	(39,389,375)	(43,868,277)	7,877,875	8,773,655
Accumulated deductible financial losses (**)	(477,771)	(281,802)	119,443	70,450
Difference between the carrying values and tax base of property, plant, equipment and intangible assets	7,424,561	807,536	(1,901,157)	(338,824)
Employment termination benefits	(1,208,381)	(1,446,284)	302,094	361,866
Inventories	(20,196,607)	(11,793,545)	5,074,952	2,975,321
Provision for unused vacation liability	(266,646)	(206,074)	66,662	51,519
Deferred financial income (expense), net	169,488	67,093	(44,324)	(16,773)
Provision lawsuits	(25,461)	(28,706)	6,365	5,742
Fair value difference of derivative instruments	(3,579,350)	1,232,454	894,837	(308,114)
Gain on revaluation of tangibles	29,353,458	29,353,458	(5,503,773)	(5,503,773)
Other	(1,493,162)	(3,845,190)	149,220	615,161
Deferred tax asset - net			7,042,194	6,686,230

(*) In the first quarter of 2011, within the scope of the decree of the Council of Ministers dated 14 July 2009 and numbered 2009/15199, the Company was granted a Large-Scaled Investment Incentive Certificate for Residuum Upgrading Project (RUP). Investment expenditures made within the scope of this certificate are subject to 30% contribution from the government, where the contribution is provided as a reduction in corporate tax payable by 50%. As of 7 October 2013, Residuum Upgrading Project was granted Strategic Investment Incentive by Incentive Implementation and Foreign Investment Department of Ministry of Economy of Republic of Turkey which became applicable after 19 October 2012. Expenditures made within the scope of Strategic Investment Incentive Certificate are subject to 50% contribution from the government, where the contribution is provided as a reduction in corporate tax payable by 90%. The company has performed the revaluation of the unutilized investment incentives for both certificates by using the 7.55% revaluation rate for the first provisional tax period. In addition to the government contribution within the scope of Strategic Investment Incentive, the Company benefits from VAT exemption, VAT refund, customs duty exemption, incentive for employer share of insurance premium and interest incentive from this certificate.

There are two priority and one regional comprehensive incentive certificates for the expansion investments made by Körfez, one of the company's subsidiaries. Within the scope of these 3 incentive certificates, in order to continue its main activities, investment expenditures were made for technical machinery as well as locomotives and wagon investments. With these documents, the company benefits from a 40% investment contribution rate, 80% corporate tax reduction, VAT exemption, customs tax exemption, employer's insurance premium support and interest support incentives.

(**) The deferred tax effect of deductible tax losses is calculated separately for each company included in the consolidation. of the group Deferred tax assets amounting to TRY477,771 thousand (31 December 2023 – TRY281,802 thousand) to be used within the next 5 years are formed from the deductible tax losses of TRY119,443 thousand (31 December 2023 - TRY70,450 thousand) realized on 31 March 2024.

Tax Advantages Obtained Under the Investment Incentive System:

Earnings of the Group that are derived from investments linked to an investment incentive certificate are subject to corporate tax at discounted rates for a certain period, which starts when the investment starts to partly or fully operate and ends when the maximum investment contribution amount is reached. Within this scope, the Group has accounted for TRY7,877,875 thousand (31 December 2023: TRY8,773,655 thousand) of tax advantages as deferred tax assets which are expected to be recovered in the foreseeable future in the consolidated financial statements as of 31 March 2024. TRY895,780 thousand deferred tax loss is recognized in the consolidated profit or loss statement for the period between 1 January – 31 March 2024, from accounting of such deferred tax assets.

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26. Tax assets and liabilities (Continued)

Tax Advantages Obtained Under the Investment Incentive System (Continued):

Deferred tax assets are recognized for deductible temporary differences, carry forward tax losses and indefinite-life investment incentives which allows payment of corporate tax at discounted rates, as long as it is probable that sufficient taxable income will be generated in the future. In this context, the Group recognizes deferred tax assets from investment incentives based on long-term plans, including taxable profit projections derived from business models, which are re-evaluated at each balance sheet date to assess recoverability of such deferred tax assets. The Group expects to recover such deferred tax assets within 5 years from the balance sheet date.

In the sensitivity analysis performed as of 31 March 2024 and 31 December 2023, when the inputs of key macroeconomic and sectoral assumptions that form the business plans are increased/decreased by 10%, there is no change in the projected 5-year recovery periods of deferred tax assets related to investment incentives.

The movement of deferred taxes is as follows:

	2024	2023
Deferred tax asset/(liability), net		
1 January	6,686,230	(74,109)
Charge for the period	(951,414)	(4,392,073)
Charge to equity:		
- Hedging cash flow gains/(losses)	1,307,378	99,754
31 March	7,042,194	(4,366,428)

27. Earnings per share/(loss)

	1 January - 31 March 2024	1 January - 31 March 2023
Profit for the year attributable to shareholders of the Group	320,345	2,810,781
Weighted average number of Shares with nominal value of Kr1 each	192,679,559,800	192,679,559,800
Basic and diluted earnings (loss) per share in Kr	0.17	1.46

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28. Related party transactions

Related party transactions were classified according to the following groups and contain all descriptions in this footnote,

- (1) Joint ventures
- (2) Koç Holding group companies
- (3) Parent, ultimate parent

a) Deposits:

	31 March 2024	31 December 2023
Yapı ve Kredi Bankası A.Ş. (2)	18,257,081	16,329,763
Total	18,257,081	16,329,763

b) Due from related parties:

	31 March 2024	31 December 2023
Opet Petrolcülük A.Ş. (1)	5,093,563	6,128,719
THY OPET Havacılık Yakıtları A.Ş. (1)	809,356	705,042
Aygaz A.Ş. (2)	153,682	454,682
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş. (1)	89,833	72,402
Other (2)	190,762	153,235
Total	6,337,196	7,514,080

As of 31 March 2024, Tüpraş has no trade receivables from related parties that it has collected from factoring companies. (31 December 2023 - TRY2,186,216 thousand).

c) Trade payables:

	31 March 2024	31 December 2023
Opet Petrolcülük A.Ş. (1)	303,758	380,814
Koç Sistem Bilgi ve İletişim A.Ş. (2)	240,912	121,464
Zer Merkezi Hizmetler ve Ticaret A.Ş. (2)	174,116	209,442
Ark İnşaat San. Tic. A.Ş. (2)	36,009	55,480
Defaş Madencilik Sanayi ve Ticaret A.Ş. (2)	30,217	21,381
RAM Sigorta Aracılık Hizmetleri A.Ş. (2)	27,730	28,629
Aygaz A.Ş. (2)	25,681	49,715
Otokoç Otomotiv Tic. ve San. A.Ş. (2)	24,478	12,372
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş. (1)	16,952	14,640
Divan Turizm İşletmeleri Anonim Şirketi (2)	9,090	37,331
KocDigital Çözümler A.Ş. (2)	3,000	84,324
Other (2)	68,561	117,851
Total	960,504	1,133,443

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28. Related party transactions (Continued)

d) Other receivables and payables:

	31 March 2024	31 December 2023
Opet Petrolcülük A.Ş. (1)	833,400	-
Total other receivables	833,400	-

	31 March 2024	31 December 2023
Koç Holding A.Ş. (3)	-	418,528
Enerji Yatırımları A.Ş. (3)	-	1
Total other payables	-	418,529

e) Advances given for property, plant and equipment

	31 March 2024	31 December 2023
RMK Marine Gemi Yapım Sanayii ve Deniz Taşımacılığı İşletmesi A.Ş. (2)	664,571	35,360
Ark İnşaat San. Tic. A.Ş. (2)	27,093	-
Total	691,664	35,360

f) Bank loans

	31 March 2024	31 December 2023
Yapı ve Kredi Bankası A.Ş. (2)	2,124	-
Total	2,124	-

g) Lease liabilities:

	31 March 2024	31 December 2023
Otokoç Otomotiv Tic. ve San. A.Ş. (2)	126,518	143,721
Koç Ailesi (3)	33,733	38,047
Temel Ticaret ve Yatırım A.Ş. (3)	6,123	7,048
Zer Merkezi Hizmetler ve Ticaret A.Ş. (2)	5,600	5,062
Total	171,974	193,878

h) Product and service sales:

	1 January - 31 March 2024	1 January - 31 March 2023
Opet Petrolcülük A.Ş. (1)	23,114,455	25,966,488
THY OPET Havacılık Yakıtları A.Ş. (1)	3,136,562	3,599,306
Aygaz A.Ş. (2)	536,783	702,934
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş. (1)	99,086	58,857
Other (2)	429,183	29,442
Total	27,316,069	30,357,027

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28. Related party transactions (Continued)

i) Product and service purchases:

	1 January - 31 March 2024	1 January - 31 March 2023
Opet Petrolcülük A.Ş. (1)	1,585,735	2,679,692
Zer Merkezi Hizmetler ve Ticaret A.Ş. (2)	254,427	194,139
Aygaz A.Ş. (2)	142,317	563,533
Koç Holding A.Ş. (3) (**)	84,457	49,219
Koç Sistem Bilgi ve İletişim A.Ş. (2)	54,990	116,140
Ram Sigorta Aracılık Hizmetleri A.Ş. (2) (*)	38,705	9,928
THY OPET Havacılık Yakıtları A.Ş. (1)	30,566	34,474
Ark İnşaat San. Tic. A.Ş. (2)	30,001	7,517
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş. (1)	26,880	20,003
Otokoç Otomotiv Tic. ve San. A.Ş. (2)	22,526	26,522
Other (2)	94,007	118,225
Total	2,364,611	3,819,392

(*) It includes the paid and accrued premium amounts within the scope of policies signed with insurance companies which are not related parties, via Ram Sigorta Aracılık Hizmetleri A.Ş. which operates as an insurance agency.

(**) Consists of the Group’s share of invoices issued by Koç Holding, the ultimate parent of Tüpraş in accordance with the “11-Intra-group Services” of General Communique numbered 1 on Distribution of Hidden Income through Transfer Pricing which represents the services provided for financing, legal, tax and remuneration of senior management by the ultimate parent to its group companies.

j) Fixed asset purchases:

	1 January - 31 March 2024	1 January - 31 March 2023
Ark İnşaat San. Tic. A.Ş. (2)	83,514	318
Koç Sistem Bilgi ve İletişim A.Ş. (2)	71,887	21,182
Other (2)	3,242	702
Total	158,643	22,202

k) Remuneration of board of directors and executive management:

The Company's senior executives have been determined as the Chairman and Members of the Board of Directors, the General Manager, Assistant General Managers and Directors directly reporting to the General Manager. For the period ending on 31 March 2024, the total amount of benefits provided to the Company's top executives is adjusted by 31 March 2024 purchasing power TRY23,775 thousand (31 December 2023 –TRY23,359 thousand). This amount consists entirely of short-term benefits. (31 December 2023 – TRY2,939 of this amount is related to the payments made due to leaving the job.).

l) Financial expenses paid to related parties:

	1 January - 31 March 2024	1 January - 31 March 2023
Yapı Kredi Faktoring A.Ş. (2)	-	28,184
Total	-	28,184

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28. Related party transactions (Continued)

m) Time deposit interest income:

	1 January - 31 March 2024	1 January - 31 March 2023
Yapı ve Kredi Bankası A.Ş. (2)	2,398,787	674,925
Total	2,398,787	674,925

n) Donations:

As of 31 March 2024, total donation amount paid to related parties is TRY482 thousand (31 March 2023 – TRY1,884 thousand).

29. Financial instruments and financial risk management

The Group’s activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

Credit risk:

The Group is subject to credit risk arising from trade receivables related to credit sales, deposits at banks. These risks are managed by limiting the aggregate risk from any individual counterparty and obtaining sufficient collateral where necessary and making only cash-based sales to customers considered as having a higher risk. Collectability of trade receivables are evaluated by management depending on their past experiences and current economic condition and are presented in the consolidated financial statements net of adequate doubtful provision.

Credit risks of the Group for each financial instrument type as of 31 March 2024 and 31 December 2023 are as follows:

31 March 2024	Receivables				Bank deposits	Derivative instruments	Other
	Trade Receivables		Other Receivables				
	Related Parties	Other Parties	Related Parties	Other Parties			
Maximum exposed credit risk as of reporting date	6,337,196	32,415,730	833,400	-	90,583,937	2,039,517	-
- Secured portion of the maximum credit risk by guarantees, etc.	-	2,827,184	-	-	-	-	-
A. Net book value of financial asset either are not due or not impaired	6,337,196	32,226,701	833,400	-	90,583,937	2,039,517	-
B. Net book value of overdue but not impaired financial assets	-	189,029	-	-	-	-	-
C. Net book value of the impaired assets	-	-	-	-	-	-	-
- Overdue (gross book value)	-	7,474	-	3,678	-	-	-
- Impairment (-)	-	(7,474)	-	(3,678)	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-	-
- Not due yet (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-	-
D. Components which are including credit risk except financial statement	-	-	-	-	-	-	-

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29. Financial instruments and financial risk management (Continued)

Credit risk (Continued):

31 December 2023	Receivables				Bank deposits	Derivative instruments	Other
	Trade Receivables		Other Receivables				
	Related Parties	Other Parties	Related Parties	Other Parties			
Maximum exposed credit risk as of reporting date	7,514,080	39,017,148	-	146,858	112,559,768	2,417,818	-
- Secured portion of the maximum credit risk by guarantees, etc.	-	3,892,436	-	-	-	-	-
A. Net book value of financial asset either are not due or not impaired	7,514,080	38,758,846	-	146,858	112,559,768	2,417,818	-
B. Net book value of overdue but not impaired financial assets	-	258,303	-	-	-	-	-
C. Net book value of the impaired assets	-	-	-	-	-	-	-
- Overdue (gross book value)	-	8,600	-	4,253	-	-	-
- Impairment (-)	-	(8,600)	-	(4,253)	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-	-
- Not due yet (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-	-
D. Components which are including credit risk except financial statement	-	-	-	-	-	-	-

Maturity analysis of past due and not impaired trade receivables

31 March 2024	Receivables		Bank deposits	Derivative instruments	Other
	Trade Receivables	Other Receivables			
Overdue (1-30 days)	134,118	-	-	-	-
Overdue (1-3 months)	29,408	-	-	-	-
Overdue (3-12 months)	25,375	-	-	-	-
Overdue (1-5 years)	128	-	-	-	-
Overdue (5+ years)	-	-	-	-	-

31 December 2023	Receivables		Bank deposits	Derivative instruments	Other
	Trade Receivables	Other Receivables			
Overdue (1-30 days)	99,429	-	-	-	-
Overdue (1-3 months)	120,623	-	-	-	-
Overdue (3-12 months)	36,079	-	-	-	-
Overdue (1-5 years)	2,171	-	-	-	-
Overdue (5+ years)	-	-	-	-	-

During the impairment test of financial assets, the Group considered the indicators regarding uncollectibility of receivables that are due. The Group has guarantees received amounting to TRY82,897 thousand (31 December 2023: TRY120,098 thousand) for trade receivables overdue but not impaired, Major part of receivables without guarantees are from government entities which regularly made sales, any collection risk is not projected.

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29. Financial instruments and financial risk management (Continued)

Credit risk (Continued):

The credit quality of trade receivables that are neither past due nor impaired

The Group categorizes the details of credit quality of trade receivables that are neither past due nor impaired or receivables whose conditions are examined under four groups. The details of credit quality of such trade receivables as of 31 March 2024 and 31 December 2023 are as follows:

	31 March 2024	31 December 2023
Group 1	3,927	8,664
Group 2	6,681,869	4,271,024
Group 3	31,513,802	41,140,213
Group 4	364,299	853,025
Total	38,563,897	46,272,926

Group 1 - New customers (less than three months)

Group 2 - State owned enterprises

Group 3 - Existing customers with no payment defaults in previous periods (have been customers by more than three months)

Group 4 - Customers with previous record of collection delays but from which all receivables due are collected (Excluding Group 1 and 2)

Market risk:

Tüpraş identifies commodity price, interest rate and currency risk as major components of market risk, foreign exchange and interest risk are evaluated separately based on portfolio and product.

Commodity price risk

The Company is exposed to effects of fluctuation in oil prices related to its crude oil inventory held for production, For the elimination of commodity price risk, the management regularly reviews the amount of stocks.

Sales prices' of Tüpraş's products, are determined based on Mediterranean product prices, which is described as the "closest accessible free market formation in the world" by the Turkish Petroleum Market Law N, 5015, and USD selling rates. Within the framework of legal definitions, changes of prices in Mediterranean petroleum products market and changes in USD exchange rate are assessed daily by the management and the new selling price based on these two factors is updated when it differs significantly upwards or downwards from the current sales price.

Since instability in crude oil prices may cause unwanted and unexpected fluctuations in net profit and cash flows, the Company has constituted hedging policy in order to eliminate this risk, within this framework, short- and long-term hedging transactions are made by using various derivative instruments (Note 18).

Product crack risk

Besides the fluctuations in crude oil prices, in order to eliminate fluctuation risk in product prices profit margins of the products (crack) can be fixed by using various derivative instruments (hedging). Therefore, a hedging policy has been created by comparing historical price levels and by hedging a certain percentage of the total sales volume at certain crack levels (Note 18).

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29. Financial instruments and financial risk management (Continued)

Foreign exchange risk

The Group is exposed to foreign exchange risk due to operations in foreign currency. These risks are managed by analysis of the foreign currency monetary assets and liabilities in the consolidated financial statements, by a comprehensive risk tracking system which includes natural hedging and similar practices.

The table below summarizes the net balance sheet foreign currency position risk and components that are managed within the risk tracking system of the Group as of 31 March 2024 and 31 December 2023.

	31 March 2024		31 December 2023	
	TRY	USD(*)	TRY(**)	USD(*)
Monetary assets	40,906,252	1,267,020	48,712,469	1,438,101
Monetary liabilities	(127,427,428)	(3,939,929)	(140,348,133)	(4,135,931)
Monetary assets / (liabilities) foreign currency position	(86,521,176)	(2,672,909)	(91,635,664)	(2,697,830)
Non-monetary assets	398,842	12,354	1,075,182	31,742
Net foreign currency position of derivative financial instruments	23,080,620	714,893	39,350,083	1,161,491
Net foreign currency asset / (liability) position	(63,041,714)	(1,945,662)	(51,210,399)	(1,504,597)
Cash flow hedging (***)	616,942	19,109	798,923	23,586
Net foreign currency position after cash flow hedging	(62,424,772)	(1,926,553)	(50,411,476)	(1,481,011)
Inventory in natural hedge scope (****)	61,908,185	1,917,529	51,317,327	1,515,002
Net foreign currency position after cash flow hedging and natural hedge	(516,587)	(9,024)	905,851	33,991

(*) Dollar equivalent amounts are determined through dividing total TRY equivalent positions to exchange rate of dollar as at balance sheet date.

(**) Previous year's TRY equivalent amounts of guarantees with original balance amounts in foreign currency have been prepared based on 31 March 2024 purchasing power.

(***) The Group uses investment loans amounting to USD19,109 thousand, which is equivalent to TRY616,942 thousand (31 December 2023 - USD23,586 thousand equivalents to TRY798,923 thousand as adjusted by 31 March 2024 purchasing power) as prevention against USD/TRY spot foreign exchange risk of USD denominated export revenue, which is highly probable to be realized. Based on the outcome of effectiveness test performed on related process, the Group has considered that the process is fully effective and therefore applied cash flow hedge accounting. As of 31 March 2024, TRY857,995 thousand of (31 December 2023 - TRY695,297 thousand) foreign exchange loss that arose from investment loans is classified under equity "Cash flow hedge gains (losses)" which has no effect on current year income statement. As of 31 March 2024, the foreign exchange loss amounting to TRY58,135 thousand corresponding to the export income of investment loans denominated in USD has been transferred to the foreign exchange loss in the income statement from "Cash flow hedge gains (losses)" account under equity. Moreover, as of 31 March 2024, foreign exchange loss of these loans in 2024 amounting to TRY294,410 thousand were added to the "Cash flow hedge gains (losses)" account under equity.

(****) The Group manages its foreign currency risk arising from foreign currency denominated financial liabilities and trade payables by regularly considering and reflecting the foreign exchange rate changes in the determination of petroleum product prices. As of 31 March 2024, the Group has crude oil and petroleum products inventories amounting to TRY61,908,185 thousand (31 December 2023: TRY51,317,327 thousand).

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29. Financial instruments and financial risk management (Continued)

	Foreign exchange position table									
	31 March 2024					31 December 2023				
	TRY equivalent (In terms of functional currency)	USD	EUR	GBP	Other	TRY equivalent (In terms of functional currency)(*)	USD	EUR	GBP	Other
Trade receivables	3,425,767	105,933	163	-	-	7,387,729	217,966	123	-	-
Monetary financial assets (including cash, banks)	37,475,089	1,120,446	34,468	2,495	-	41,318,420	1,208,667	9,429	560	2
Other	398,842	10,140	773	1,096	-	366,274	6,982	1,042	2,106	-
Current assets	41,299,698	1,236,519	35,404	3,591	-	49,072,423	1,433,615	10,594	2,666	2
Monetary financial assets	5,396	167	-	-	-	6,319	187	-	-	-
Other	-	-	-	-	-	708,908	20,929	-	-	-
Non-current assets	5,396	167	-	-	-	715,227	21,116	-	-	-
Total assets	41,305,094	1,236,687	35,404	3,591	-	49,787,650	1,454,731	10,594	2,666	2
Trade payables	84,128,232	2,573,270	32,795	2,281	-	82,175,885	2,373,486	40,259	2,066	171
Financial liabilities	34,193,457	1,052,740	4,247	338	-	32,942,009	965,518	4,356	392	-
Other monetary liabilities	6,266,606	193,116	222	323	-	21,169,856	622,463	933	1,129	-
Other payables	294,966	6,488	35	2,073	-	183,184	5,176	203	6	-
Current liabilities	124,883,261	3,825,614	37,298	5,014	-	136,470,934	3,966,643	45,751	3,593	171
Financial liabilities	2,544,167	54,498	22,929	1,960	-	3,877,200	87,429	22,136	1,988	-
Non-current liabilities	2,544,167	54,498	22,929	1,960	-	3,877,200	87,429	22,136	1,988	-
Total liabilities	127,427,428	3,880,112	60,228	6,975	-	140,348,134	4,054,072	67,887	5,581	171
Net asset/(liability) position of off-balance sheet foreign currency derivatives	23,080,620	735,767	(19,364)	-	-	39,350,083	1,158,653	4,519	-	-
Total amount of off-balance sheet derivative financial assets	78,774,969	2,436,776	2,950	-	-	82,650,116	2,435,016	4,519	-	-
Total amount of off-balance sheet derivative financial liabilities	(55,694,349)	(1,701,009)	(22,314)	-	-	(43,300,033)	(1,276,364)	-	-	-
Net foreign currency asset/(liability) position	(63,041,714)	(1,907,658)	(44,187)	(3,384)	-	(51,210,401)	(1,440,688)	(52,774)	(2,915)	(169)
Cash flow hedging	616,942	19,109	-	-	-	798,925	23,586	-	-	-
Net foreign currency position after cash flow hedging	(62,424,772)	(1,888,549)	(44,187)	(3,384)	-	(50,411,476)	(1,417,102)	(52,774)	(2,915)	(169)
Net monetary foreign currency asset/(liability) position	(86,226,210)	(2,647,078)	(25,561)	(2,407)	-	(91,452,482)	(2,622,076)	(58,132)	(5,015)	(169)
Fair value of derivative instruments Used for hedging	(6,568)	(203)	-	-	-	(414,321)	(12,210)	-	-	-

(*) Previous year's TRY equivalent amounts of guarantees with original balance amounts in foreign currency have been prepared based on 31 March 2024 purchasing power.

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29. Financial instruments and financial risk management (Continued)

The table below summarizes the effect of foreign currency rate changes on net balance sheet foreign currency position of the Group as of 31 March 2024 and 31 December 2023.

31 March 2024				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
10% change in USD rate:				
USD net assets/ liabilities	(8,546,197)	8,546,197	(207,789)	207,789
Amount hedged for USD risk (-)	2,569,564	(2,569,564)	-	-
USD net effect	(5,976,633)	5,976,633	(207,789)	207,789
10% change in EUR rate				
Euro net assets/ liabilities	(88,958)	88,958	-	-
Amount hedged for Euro risk (-)	(67,391)	67,391	-	-
EUR net effect	(156,349)	156,349	-	-
TOTAL	(6,132,982)	6,132,982	(207,789)	207,789
31 December 2023				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
10% change in USD rate:				
USD net assets/ liabilities	(7,718,922)	7,718,922	(189,464)	189,464
Amount hedged for USD risk (-)	3,623,665	(3,623,665)	-	-
USD net effect	(4,095,257)	4,095,257	(189,464)	189,464
10% change in EUR rate				
Euro net assets/ liabilities	(189,362)	189,362	-	-
Amount hedged for Euro risk (-)	13,302	(13,302)	-	-
EUR net effect	(176,060)	176,060	-	-
TOTAL	(4,271,317)	4,271,317	(189,464)	189,464

The Group accounted investment loans in scope of cash flow hedge accounting and foreign exchange income / expense arising from these loans are recognised in equity. 10% increase and decrease effect of foreign exchange rates are calculated with the same method and the calculated foreign exchange gains / losses are presented as hedged portion in the foreign exchange sensitivity table. Furthermore, the hedged portion of foreign exchange gains / losses via forwards and cross currency swap transactions is classified as the amount hedged against the US dollar in the statement of exchange rate sensitivity analysis.

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29. Financial instruments and financial risk management (Continued)

Export and import

	1 January - 31 March 2024	1 January - 31 March 2023
Export		
USD (equivalent of thousand TRY)	37,160,039	20,781,717
EUR (equivalent of thousand TRY)	-	2,317
Total	37,160,039	20,784,034
Import		
USD (equivalent of thousand TRY)	127,551,851	106,812,121
Total	127,551,851	106,812,121

Capital risk management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The gearing ratios as of 31 March 2024 and 31 December 2023 are as follows:

	31 March 2024	31 December 2023
Total financial liabilities (Note 7)	38,939,791	40,647,643
Less: Cash and cash equivalents (Note 5)	(75,656,830)	(101,656,417)
Less: Financial investments (Note 6)	(4,102,401)	(807,547)
Net financial liabilities	(40,819,440)	(61,816,321)
Total shareholders’ equity	230,216,956	233,511,764
Total capital invested	189,397,516	171,695,443
Gearing ratio	-21.55%	-36.00%

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The estimated fair values of financial instruments have been determined by the Group, using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange.

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29. Financial instruments and financial risk management (Continued)

Fair value of financial instruments (Continued)

Financial liabilities

The fair values of short-term financial liabilities and other financial liabilities are estimated to be their fair values since they are short term. The fair values of long-term bank borrowings with variable interest are considered to approximate their respective carrying values, since the initial rates applied to bank borrowings are updated periodically by the lender to reflect active market price quotations.

Fair value hierarchy table:

The Group classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows:

- Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)
- Level 2: The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other variables used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.
- Level 3: Valuation techniques do not contain observable market inputs.

Fair value hierarchy table as of 31 March 2024 is as follows:

Financial assets at fair value in statement of financial position	Level 1	Level 2	Level 3
Derivative financial assets	-	2,039,517	-
Financial investments	-	4,102,401	-
Financial liabilities at fair value in statement of financial position			
Derivative financial liabilities	-	5,757,997	-

Fair value hierarchy table as of 31 December 2023 is as follows:

Financial assets at fair value in statement of financial position	Level 1	Level 2	Level 3
Derivative financial assets	-	2,417,818	-
Financial investments	-	807,547	-
Financial liabilities at fair value in statement of financial position			
Derivative financial liabilities	-	1,152,894	-

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30. Subsequent events

The proposal to distribute TRY20,000,000 as cash dividend from the remaining balance of the net distributable period profit for the year 2023, according to the legal records, after the allocation of the general legal reserve, for the interim period ending as of 31 March 2024, was announced with the Public Disclosure Platform (“KAP”) statement dated 4 March 2024. The dividend distribution proposal was approved at the Ordinary General Assembly Meeting dated 1 April 2024. While the relevant distribution is being made, one share with a nominal value of TRY1.00 and 1,037.99% is given to full-fledged corporations and limited taxpayer partners who receive dividends through a workplace or permanent representative in Turkey. TRY10.380 gross, TRY10.380 net dividend payment to other shareholders at a rate of 1,037.99% and a cash dividend of TRY10.380 gross and TRY9.342 net cash dividend was paid on 5 April 2024 for one share with a nominal value of TRY1.00.

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