

**CONVENIENCE TRANSLATION OF  
CONSOLIDATED FINANCIAL STATEMENTS  
(ORIGINALLY ISSUED IN TURKISH)**

**TÜRKİYE PETROL RAFİNERİLERİ A.Ş.**

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022  
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**



**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDITOR'S REPORT  
ORIGINALLY ISSUED IN TURKISH**

**INDEPENDENT AUDITOR'S REPORT**

To the General Assembly of Türkiye Petrol Rafinerileri A.Ş.

**A. Audit of the consolidated financial statements**

**1. Our opinion**

We have audited the accompanying consolidated financial statements of Türkiye Petrol Rafinerileri A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

**2. Basis for opinion**

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including International Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

**3. Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key Audit Matters	How the key audit matter was addressed in the audit
<p><b><i>Fair value of lands recognised using the revaluation method</i></b></p> <p>As further explained in Note 2.3, the Group started to account its lands, that are classified under property, plant and equipment, through revaluation method commencing from 31 March 2019. As of 31 December 2022, the Group has performed a revaluation study of lands to reflect the changes in market conditions. As a result of the valuations made by an independent real estate appraisal firm, the total fair value of lands as of 31 December 2022 amounts to TRY15,500,361 thousand, representing a fair value increase of TRY3,242,588 thousand (net of deferred taxes) in 2022 is recognized in revaluation fund under equity.</p> <p>As further described in Note 2.3, the accounting policy of lands, that are classified under property, plant and equipment, is ‘revaluation method’. The fair values of these assets are being determined by an independent valuation institution, that are accredited by the Capital Markets Board (“CMB”) and are recognized in the consolidated financial statements following the Group management’s assessment. Fair value of lands depends on the valuation methods used as well as the input and assumptions used in the valuation model. Fair values are directly affected by factors such as market conditions, specifications of each land, their physical conditions and geographic locations.</p> <p>Since the value of lands are material to the consolidated financial statements and in the determination of land fair values, the benchmarking analysis approach (market) is being used which include variables that can lead to changes in the fair values of the lands, ‘fair value of lands recognized using the revaluation method’ is identified as a key audit matter.</p>	<p>The audit procedures we performed on the accounting for lands under revaluation method are as follows:</p> <p>The capability, competency and objectivity of the independent property valuation institution appointed by the Group is assessed in accordance with SIA 500.</p> <p>The completeness of the lands subject to revaluation is checked by comparing accounting records to valuation reports.</p> <p>The deeds and ownership ratios of lands were tested through the sampling method.</p> <p>Besides, we appointed another independent property valuation institution, that is also accredited by the CMB and holds a license, as an “auditor’s expert” to support the related audit process.</p> <p>The following audit procedures were performed based on the sampling method with the support of the auditor’s expert:</p> <ul style="list-style-type: none"> <li>• Comparison of the location, tenant and square meter information for the lands included in reports with the land registers,</li> <li>• Evaluation of the nature of the lands,</li> <li>• Evaluation of the appropriateness of the benchmarking analysis method used in revaluation of the relevant lands,</li> <li>• Determination of whether the lands that were the subject of calculations using the benchmark comparison method have features similar to the Group’s lands or not,</li> <li>• Checking whether or not the valuation reports were prepared in line with the main principles.</li> </ul> <p>Fair values in the valuation reports were compared with the notes to assess, whether the amounts in notes and in the consolidated financial statements are consistent with the valuation reports or not. In addition, the sufficiency of the note explanations under the TFRS were evaluated.</p> <p>We have no material findings as a result of the above audit procedures we performed in connection with the fair value of the lands recognized using the revaluation method.</p>



Key Audit Matters	How the key audit matter was addressed in the audit
<p><b><i>Recoverability of deferred tax assets recognised from investment incentives</i></b></p> <p>As of 31 December 2022 the Group’s consolidated financial statements include deferred tax assets recognised from investment incentives amounting to TRY9,741,350 thousand.</p> <p>The Group’s accounting policies and other related disclosures on deferred tax assets and liabilities are disclosed in Note 2.3 and Note 25 to the accompanying consolidated financial statements.</p> <p>The business model and future taxable profit projections used in assessing the recoverability of deferred tax assets recognised from investment incentives are based on critical management estimates. Considering the inherent uncertainties as to the realisation of such management estimates in the future, the necessity for specialist involvement in the assessment of the recoverability of deferred tax assets on investment incentives, as well as the materiality of such assets in the Group’s consolidated financial statements, ‘recoverability deferred tax assets recognised from investment incentives’ is determined as a key audit matter.</p>	<p>In that context the following summarised audit procedures are performed:</p> <ul style="list-style-type: none"> <li>- We held meetings with the Group management in order to understand the nature of related temporary differences and the investment incentives which form the basis to the deferred tax assets.</li> <li>- We evaluated the corporate tax calculation and investment incentive practices with the support of our tax specialists.</li> <li>- We reviewed the business model used in assessing the recoverability of deferred tax assets from such investment incentives and the critical management estimates through following procedures: <ul style="list-style-type: none"> <li>o We tested the mathematical accuracy of the business model.</li> <li>o We compared the sales tonnage and price estimations used in the model against prior periods’ actuals and other independent data sources.</li> <li>o We compared the future foreign exchange rate estimations used in the business model against the exchange rate estimations in the approved Group’s budget/long term plans and independent data sources.</li> <li>o We tested the management’s sensitivity analysis for key assumptions for the future utilisation of investment incentives.</li> </ul> </li> <li>- We evaluated the deferred tax assets and liabilities disclosures’ compliance with TFRS.</li> <li>- Based on the above procedures performed we had no material finding on the recoverability of deferred tax assets.</li> </ul>



#### **4. Responsibilities of management and those charged with governance for the consolidated financial statements**

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

#### **5. Auditor's responsibilities for the audit of the consolidated financial statements**

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



**B. Other responsibilities arising from regulatory requirements**

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code (“TCC”) No. 6102 and that causes us to believe that the Company’s bookkeeping activities concerning the period from 1 January to 31 December 2022 period are not in compliance with the TCC and provisions of the Company’s articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor’s report on the early risk identification system and committee was submitted to the Company’s Board of Directors on 8 February 2023.

PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Cihan Harman, SMMM  
Partner

Istanbul, 8 February 2023

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

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# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

ASSETS	Notes	Audited	Restated (*)	Restated (*)
		31 December 2022	Audited 31 December 2021	Audited 31 December 2020
<b>Current Assets</b>		<b>119,710,705</b>	<b>66,515,384</b>	<b>31,281,757</b>
Cash and cash equivalents	5	47,635,158	21,176,186	20,319,133
Financial investments	6	2,135,177	-	-
Trade receivables	8	21,417,520	13,796,682	1,840,427
Due from related parties	8, 27	3,187,872	1,745,525	360,931
Trade receivables from third parties		18,229,648	12,051,157	1,479,496
Other receivables		40,622	20,566	19,464
Other receivables from third parties		40,622	20,566	19,464
Derivative instruments	17	3,597,033	3,823,700	381,895
Inventories	9	36,046,008	23,757,526	7,700,630
Prepaid expenses	13	748,787	193,490	238,938
Other current assets	14	8,090,400	3,747,234	781,270
<b>Non-Current Assets</b>		<b>49,181,630</b>	<b>39,741,727</b>	<b>32,332,472</b>
Financial investments		66,325	5,697	4,004
Investments accounted for using the equity method	10	2,962,632	2,150,156	1,326,490
Property, plant and equipment	11	32,904,315	28,316,299	23,457,048
Right of use asset		219,531	185,775	202,147
Intangible assets		556,630	562,785	255,241
Goodwill		599	599	-
Other intangible assets	12	556,031	562,186	255,241
Derivative instruments	17	57,048	44,213	87,883
Prepaid expenses	13	618,384	123,436	145,543
Deferred tax assets	25	9,195,612	6,436,140	5,023,992
Other non-current assets	14	2,601,153	1,917,226	1,830,124
<b>Total Assets</b>		<b>168,892,335</b>	<b>106,257,111</b>	<b>63,614,229</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>		<b>78,895,410</b>	<b>64,828,702</b>	<b>28,766,431</b>
Short-term financial liabilities	7	863,318	631,946	2,099,840
Current portion of long-term financial liabilities	7	11,131,173	10,996,265	6,434,389
Trade payables	8	52,698,764	43,837,455	14,204,175
Due to related parties	8, 27	1,156,421	182,912	233,955
Trade payables, third parties		51,542,343	43,654,543	13,970,220
Liabilities for employee benefits	16	417,647	135,876	152,960
Other payables		262,395	323,018	308,769
Due to related parties	27	169,841	43,328	30,763
Other payables to third parties		92,554	279,690	278,006
Derivative instruments	17	994,512	3,466,572	769,707
Deferred income		116,249	32,315	129,254
Current income tax liabilities	25	955,255	69,764	2,459
Short-term provisions	15	530,528	219,166	174,151
Short-term provisions for employee benefits		47,604	19,387	24,572
Other provisions		482,924	199,779	149,579
Other current liabilities	14	10,925,569	5,116,325	4,490,727
<b>Non-current liabilities</b>		<b>22,811,153</b>	<b>22,347,409</b>	<b>21,922,365</b>
Long term borrowings		21,274,459	21,565,453	21,147,715
Other payables	7	-	-	207,407
Long-term provisions	15	1,190,116	454,999	361,327
Long-term provisions for employee benefits		1,190,116	454,999	361,327
Deferred income		3,199	9,987	9,504
Derivative instruments	17	298,200	73,058	78,001
Deferred tax liability	25	44,464	155,210	63,354
Other long-term liabilities		715	88,702	55,057
<b>Total liabilities</b>		<b>101,706,563</b>	<b>87,176,111</b>	<b>50,688,796</b>
<b>Equity</b>		<b>67,185,772</b>	<b>19,081,000</b>	<b>12,925,433</b>
Share capital	19	275,257	275,257	275,257
Adjustment to share capital	19	1,344,243	1,344,243	1,344,243
Share premium		1,000,699	1,000,699	1,000,699
Accumulated other comprehensive income/(expense) not to be reclassified to profit or loss		13,901,774	11,086,822	7,518,365
Gains/ losses on revaluation and remeasurement		13,622,714	10,997,824	7,470,314
Gain on revaluation of properties		13,928,679	11,010,545	7,478,414
Actuarial gain/(loss) arising from defined benefit plans		(305,965)	(12,721)	(8,100)
Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss		279,060	88,998	48,051
Accumulated other comprehensive income/(expense) to be reclassified to profit or loss		1,169,774	(2,904,974)	(1,953,059)
Currency translation differences		622,209	297,679	(9,822)
Hedging gains/(losses)		(423,080)	(3,802,524)	(2,273,378)
Cash flow hedge gains/(losses)		(423,080)	(3,802,524)	(2,273,378)
Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss		970,645	599,871	330,141
Restricted reserves	19	503,343	503,343	503,343
Retained earnings		7,503,568	4,008,731	6,357,914
Net income		41,044,621	3,494,837	(2,349,183)
<b>Total equity attributable to equity holders of the parent</b>		<b>66,743,279</b>	<b>18,808,958</b>	<b>12,697,579</b>
<b>Non-controlling interests</b>		<b>442,493</b>	<b>272,042</b>	<b>227,854</b>
<b>Total equity and liabilities</b>		<b>168,892,335</b>	<b>106,257,111</b>	<b>63,614,229</b>

These consolidated financial statements as of and for the year ended 31 December 2022 have been approved for issue by the Board of Directors on 8 February 2023.

(\*) The restatement effects are explained in Note 2.2.1.

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

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

		Audited	Restated (*) Audited
	Notes	1 January - 31 December 2022	1 January - 31 December 2021
Revenue	20	481,764,656	152,492,019
Cost of sales	20	(418,987,726)	(136,631,978)
		<b>62,776,930</b>	<b>15,860,041</b>
General administrative expenses	21	(4,220,374)	(1,869,536)
Marketing expenses	21	(3,939,181)	(1,409,076)
Research and development expenses	21	(75,392)	(38,966)
Other operating income	22	4,371,412	1,245,864
Other operating expenses	22	(13,306,748)	(13,011,766)
<b>Operating profit (loss)</b>		<b>45,606,647</b>	<b>776,561</b>
Income/ (expenses) from investment activities	23	53,298	107,754
Income (loss) from investments accounted by equity method	10	312,040	592,989
<b>Operating profit before financial income (expense)</b>		<b>45,971,985</b>	<b>1,477,304</b>
Financial income	24	6,186,893	12,855,321
Financial expense	24	(12,283,321)	(11,974,270)
<b>Profit (loss) before tax from continued operations</b>		<b>39,875,557</b>	<b>2,358,355</b>
<b>Tax income (expense)</b>		<b>1,385,010</b>	<b>1,254,869</b>
Current tax income (expense)		(2,679,309)	(96,680)
Deferred tax income (expense)	25	4,064,319	1,351,549
<b>Net income (loss) from continued operations</b>		<b>41,260,567</b>	<b>3,613,224</b>
<b>Other comprehensive income:</b>			
<b>Items not to be reclassified to profit or loss</b>			
Revaluation gain (loss) on property	11	2,812,792	3,568,587
Actuarial gain (loss) arising from defined benefit plans		3,242,588	3,877,752
Share of other comprehensive income accounted for investment using equity method that will be not reclassified to profit or loss		(366,809)	(5,779)
Actuarial gain (loss) arising from defined benefit plans accounted for investment using equity method	10	190,062	40,947
Revaluation gain (loss) on property of investments accounted with using equity method	10	(6,949)	(447)
Tax effect of other comprehensive income (loss) not to be reclassified to profit or loss	10	197,011	41,394
Deferred tax income (expense)		(253,049)	(344,333)
Current income tax income (expense)		(253,049)	(333,752)
		-	(10,581)
<b>Items to be reclassified to profit or loss</b>		<b>4,071,453</b>	<b>(1,006,224)</b>
Currency translation differences		324,530	307,501
Share of other comprehensive income accounted for investment using equity method that will be reclassified to profit or loss		370,774	269,730
Actuarial gain (loss) of revaluation or classification of investments using equity method	10	229,264	176,688
Gain (loss) from translation of foreign currency of investments using equity method	10	141,510	93,042
Income (expense) relating to avoidance of risk of cash flow		4,317,203	(1,946,688)
Income (loss) of avoidance of risk cash flow		4,317,203	(1,946,688)
Tax effect of other comprehensive income (loss) to be reclassified to profit or loss		(941,054)	363,233
Deferred tax income (expense)	25	(941,054)	363,233
<b>Other comprehensive income (expense)</b>		<b>6,884,245</b>	<b>2,562,363</b>
<b>Total comprehensive income (expense)</b>		<b>48,144,812</b>	<b>6,175,587</b>
<b>Distribution of income for the period:</b>			
Non-controlling interests		215,946	118,387
Attributable to equity holders of the parent		41,044,621	3,494,837
<b>Distribution of total comprehensive income</b>			
Non-controlling interests		210,491	64,208
Attributable to equity holders of the parent		47,934,321	6,111,379
<b>Earnings (loss) per share from continued operations</b>			
Earnings per share with nominal value Kr1 each (Kr)	26	149.11	12.70

(\*) The restatement effects are explained in Note 2.2.1.

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

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira (“TRY”), unless otherwise indicated)

	Share Capital	Adjustments to share capital	Share premium	Gains/(losses) on valuation and remeasurement		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 gain	Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss	Total retained earnings					Total equity
				(losses)	Cash flow hedge gains/(losses)			Restricted reserves		Retained earnings	Net income/(expense)	Equity holders of parent	Non controlling interest		
				Gain on revaluation of properties	Actuarial gains/(losses) arising from defined benefit plans										
31 December 2020	250,419	1,344,243	-	7,447,028	(7,841)	48,051	(9,822)	(2,243,649)	330,141	503,343	6,277,999	(2,493,511)	11,446,401	226,124	11,672,525
Transactions under common control	24,838	-	1,000,699	31,386	(259)	-	-	(29,729)	-	-	79,915	144,328	1,251,178	1,730	1,252,908
31 December 2020 (Restated) (*)	275,257	1,344,243	1,000,699	7,478,414	(8,100)	48,051	(9,822)	(2,273,378)	330,141	503,343	6,357,914	(2,349,183)	12,697,579	227,854	12,925,433
Transfers	-	-	-	-	-	-	-	-	-	-	(2,349,183)	2,349,183	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	(20,020)	(20,020)
- Net profit for the period	-	-	-	-	-	-	-	-	-	-	3,494,837	3,494,837	118,387	3,613,224	
- Other comprehensive income	-	-	-	3,532,131	(4,621)	40,947	307,501	(1,529,146)	269,730	-	-	-	2,616,542	(54,179)	2,562,363
Total comprehensive income	-	-	-	3,532,131	(4,621)	40,947	307,501	(1,529,146)	269,730	-	-	3,494,837	6,111,379	64,208	6,175,587
31 December 2021	275,257	1,344,243	1,000,699	11,010,545	(12,721)	88,998	297,679	(3,802,524)	599,871	503,343	4,008,731	3,494,837	18,808,958	272,042	19,081,000
<b>Audited</b>															
31 December 2021	250,419	1,344,243	-	10,957,223	(12,462)	88,998	297,679	(3,575,726)	599,871	503,343	3,784,488	3,319,134	17,557,210	270,307	17,827,517
Transactions under common control	24,838	-	1,000,699	53,322	(259)	-	-	(226,798)	-	-	224,243	175,703	1,251,748	1,735	1,253,483
31 December 2021 (Restated) (*)	275,257	1,344,243	1,000,699	11,010,545	(12,721)	88,998	297,679	(3,802,524)	599,871	503,343	4,008,731	3,494,837	18,808,958	272,042	19,081,000
Transfers	-	-	-	-	-	-	-	-	-	-	3,494,837	(3,494,837)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	(40,040)	(40,040)
- Net profit for the period	-	-	-	-	-	-	-	-	-	-	41,044,621	41,044,621	215,946	41,260,567	
- Other comprehensive income	-	-	-	2,918,134	(293,244)	190,062	324,530	3,379,444	370,774	-	-	-	6,889,700	(5,455)	6,884,245
Total comprehensive income	-	-	-	2,918,134	(293,244)	190,062	324,530	3,379,444	370,774	-	-	41,044,621	47,934,321	210,491	48,144,812
31 December 2022	275,257	1,344,243	1,000,699	13,928,679	(305,965)	279,060	622,209	(423,080)	970,645	503,343	7,503,568	41,044,621	66,743,279	442,493	67,185,772

(\*) The restatement effects are explained in Note 2.2.1.

(\*\*) As a result of the acquisition of Entek shares by partial division, the Company's paid-in capital was increased from TRY250,419 thousand to TRY275,256 thousand and was registered in the trade registry on 26 August 2022.

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

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

		Audited 1 January - 31 December 2022	Restated (*) Audited 1 January - 31 December 2021
<b>Cash flows from operating activities</b>		<b>43,913,911</b>	<b>(1,429,088)</b>
<b>Profit/(loss) for the period</b>		<b>41,260,567</b>	3,613,224
<b>Adjustment for reconciliation of profit/(loss) for the period</b>		<b>19,314,986</b>	(302,528)
Adjustment for depreciation and amortisation expense	11, 12	934,912	853,530
Adjustments for Impairment Loss (Reversal of Impairment Loss)		468,317	-
Adjustments for impairment loss (reversal of impairment loss) of inventories	9	468,317	-
Adjustment for provisions	15	1,033,488	285,411
Adjustment for interest (income) and expense	24	1,421,093	682,812
Adjustment for unrealized foreign currency translation differences		(4,561,528)	(10,880,584)
Adjustment for fair value (gain) or loss		13,387,181	2,127,099
Adjustment for undistributed profit accounted by equity method	10	(312,040)	(592,989)
Adjustment for tax expenses(income)		(1,385,010)	(1,254,869)
Adjustment for (gain)/loss on sales of property, plant and equipment	23	13,170	(107,675)
Adjustment for other items related with cash flow of investment or financial activities		8,486,100	8,181,852
Other adjustments for reconciliation of profit/(loss)		(170,697)	402,885
<b>Changes in working capital</b>		<b>(14,315,902)</b>	<b>(4,342,583)</b>
Adjustment for decrease/(increase) in trade receivables		(7,654,771)	(12,099,380)
Adjustment for decrease/(increase) in other receivables related with operations		(5,733,462)	(3,005,769)
Adjustment for decrease/(increase) in derivative assets		213,832	(3,398,135)
Adjustment for decrease/(increase) in inventories		(12,756,799)	(16,056,896)
Adjustment for increase/(decrease) in trade payables		9,048,304	29,702,640
Adjustment for increase/(decrease) in other payables related with operations		4,813,912	(2,176,965)
Adjustment for decrease/(increase) in derivative liabilities		(2,246,918)	2,691,922
<b>Cash flows from operating activities</b>		<b>46,259,651</b>	<b>(1,03,887)</b>
Tax returns/(payments)		(1,828,635)	(40,062)
Other cash inflow/(outflow)		(517,105)	(357,139)
<b>Cash flows from investing activities</b>		<b>(4,767,273)</b>	<b>(1,556,836)</b>
Dividends received		240,055	80,000
Cash inflows from the sales of property, plant and equipment and intangible assets		16,334	169,643
Cash outflows from the purchase of property, plant and equipment and intangible assets		(2,775,298)	(1,370,769)
Cash outflows from the purchase of shares in other businesses or funds		(179,600)	(435,710)
Other cash inflow/(outflow)	6	(2,068,764)	-
<b>Cash flows from financing activities</b>		<b>(20,046,415)</b>	<b>(11,035,826)</b>
Cash inflows from financial liabilities	7	17,428,670	15,173,783
Cash outflows from financial liabilities	7	(24,313,541)	(21,640,328)
Cash inflows from derivative instruments		2,540,706	896,087
Cash outflows from derivative instruments		(14,427,650)	(4,920,032)
Cash outflows from payments of rent agreements	7	(82,481)	(35,698)
Dividends paid		(40,040)	(20,020)
Interest paid		(2,992,581)	(2,566,398)
Interest received		1,840,502	2,076,780
<b>Net increase/(decrease) in cash and cash equivalents before the effect of foreign currency translation differences</b>		<b>19,100,223</b>	<b>(14,021,750)</b>
<b>Impact of foreign currency translation differences on cash and cash equivalents</b>		<b>4,561,528</b>	<b>10,880,229</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>23,661,751</b>	<b>(3,141,521)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>16,905,131</b>	<b>20,046,652</b>
<b>Cash and cash equivalents at the end of the period</b>	5	<b>40,566,882</b>	<b>16,905,131</b>

(\*) The restatement effects are explained in Note 2.2.1.

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

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira (“TRY”), unless otherwise indicated.)

### 1. ORGANIZATION 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,
- To purchase, sell, import, export, store, market all kinds of petroleum products, LPG and natural gas, to establish marketing and distributing companies or similar partnerships with legal entities or real persons or to acquire, transfer or sell the shares of partnerships, when necessary.

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. (“BIST”) since 1991. As of 31 December 2022, the principal shareholders and their respective shareholdings in the Company are as follow (Note 19, Note 2.2.1):

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

Enerji Yatırımları A.Ş., 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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

### 1. ORGANIZATION 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
Körfez Ulaştırma A.Ş. ("Körfez")	Turkey	Air carriage and 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
Süloğlu Elektrik Üretimi A.Ş. ("Süloğlu")	Turkey	Electricity production and trade
Enspire Enerji Yatırımları ve Hizmetleri A.Ş. ("Enspire")	Turkey	Establishing a power generation facility
Tüpraş Enerji Girişimleri A.Ş. ("Tüpraş Ventures")	Turkey	Technology and venture investments
Joint ventures	Country of 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
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

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

The average number of employees of the Group as at 31 December 2022 is 6,043 (31 December 2021 - 5,981 and 31 December 2020- 5,441).

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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

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### 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 September 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 of TFRS 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 in Turkish Lira in accordance with the Turkish Financial Reporting Standards, under the historical cost convention except for lands, financial investments and derivative instruments that are carried at their fair values. 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.

Public Oversight Accounting and Auditing Standards Authority ("POA") made an announcement on 20 January 2022 about Application of Financial Reporting in Hyperinflationary Economies for Turkish Financial Reporting Standards and Reporting Standards for Large and Medium Sized Entities. In accordance with the announcement, companies that apply TFRS should not adjust financial statements for TAS 29 - Financial Reporting in Hyperinflationary Economies for the year 2021. As of the preparation date of this year end consolidated financial statements, POA did not make an additional announcement and no adjustment was made to these consolidated financial statements in accordance with TAS 29.

#### 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.

#### Foreign group companies

Tupras Trading, a subsidiary of the Group, prepares its financial statements in US Dollar functional currency. The results of the relevant subsidiary are based on the average exchange rate for the relevant period, assets and liabilities are translated into TRY with the period-end exchange rate. Exchange differences arising from the translation of net assets at the beginning of the period into TRY and differences between average and period-end exchange rates are included in the foreign currency translation differences account in shareholders' equity and are associated with total comprehensive income.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), 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)

###### The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2022 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and IFRS interpretations effective as of 1 January 2022. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

###### a) *Standards, amendments, and interpretations applicable as of 31 December 2022:*

- **Amendment to TFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021);** As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to TFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.
- **A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 37 and some annual improvements on TFRS 1, TFRS 9, TAS 41 and TFRS 16;** effective from annual periods beginning on or after 1 January 2022.
  - **Amendments to TFRS 3, 'Business combinations'** update a reference in TFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
  - **Amendments to TAS 16, 'Property, plant and equipment'** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
  - **Amendments to TAS 37, 'Provisions, contingent liabilities and contingent assets'** specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to TFRS 1, 'First-time Adoption of TFRS', TFRS 9, 'Financial Instruments', TAS 41, 'Agriculture' and the Illustrative Examples accompanying TFRS 16, 'Leases'.

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

###### b) *Standards, amendments, and interpretations that are issued but not effective as of 31 December 2022:*

- **Narrow scope amendments to TAS 1, Practice statement 2 and TAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to TAS 12 - Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.



# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira (“TRY”), unless otherwise indicated.)

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### 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)

- **Amendment to TFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in TFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
- **Amendment to TAS 1 – Non current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
- **TFRS 17, ‘Insurance Contracts’, as amended in December 2021;** effective from annual periods beginning on or after 1 January 2023. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

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

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

Financial statements of subsidiaries and joint ventures operating in foreign countries are prepared according to the legislation of the country in which they operate, and adjusted to the Turkish Financial Reporting Standards to reflect the proper presentation and content. Foreign subsidiaries’ and joint ventures’ assets and liabilities are translated into TRY with the foreign exchange rate at the balance sheet date. Exchange differences arising from the retranslation of the opening net assets of foreign undertakings and differences between the average and balance sheet date rates are included in the statements of other comprehensive income and shareholders’ equity.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

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

#### 2.1. Basis of presentation (Continued)

##### 2.1.4 Principles of consolidation

- a) The consolidated financial statements for year ended 31 December 2022 have been prepared in accordance with principles stated on the consolidated financial statements for the year ended 31 December 2021 and 31 December 2020 include financial statements of Tüpraş, and its subsidiaries.
- b) As of 31 December 2022, 31 December 2021 and 31 December 2020 the voting rights and effective partnership shares of the subsidiaries and joint ventures that were consolidated are as follows.

	31 December 2022		31 December 2021		31 December 2020	
	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 (%)	Direct and indirect voting right possessed by the company (%)	Proportion of effective interest (%)
<b>Bağlı Ortaklık</b>						
Ditaş	79.98	79.98	79.98	79.98	79.98	79.98
Üsküdar	79.98	79.98	79.98	79.98	79.98	79.98
Damla	79.98	79.98	79.98	79.98	79.98	79.98
Beykoz	79.98	79.98	79.98	79.98	79.98	79.98
Kadıköy	79.98	79.98	79.98	79.98	79.98	79.98
Sarıyer	79.98	79.98	79.98	79.98	79.98	79.98
Kartal	79.98	79.98	79.98	79.98	79.98	79.98
Maltepe	79.98	79.98	79.98	79.98	79.98	79.98
Salacak	79.98	79.98	79.98	79.98	79.98	79.98
Karşıyaka	79.98	79.98	79.98	79.98	79.98	79.98
Bakırköy	79.98	79.98	79.98	79.98	79.98	79.98
Karaköy	79.98	79.98	79.98	79.98	79.98	79.98
Çengelköy	79.98	79.98	79.98	79.98	79.98	79.98
Pendik	79.98	79.98	79.98	79.98	79.98	79.98
Tuzla	79.98	79.98	79.98	79.98	79.98	79.98
Göztepe	79.98	79.98	79.98	79.98	79.98	79.98
Kuruçeşme(**)	79.98	79.98	-	-	-	-
Körfez	100.00	100.00	100.00	100.00	100.00	100.00
Tupras Trading	100.00	100.00	100.00	100.00	100.00	100.00
Entek(*)	99.23	99.23	99.23	99.23	99.23	99.23
Elttek(*)	99.23	99.23	99.23	99.23	99.23	99.23
Menzelet Kılavuzlu(*)	99.23	99.23	99.23	99.23	99.23	99.23
Siloğlu(*)	99.23	99.23	99.23	99.23	-	-
Enspire(*)	99.23	99.23	99.23	99.23	-	-
Tüpraş Ventures	100.00	100.00	-	-	-	-

(\*) The financial statements of Entek and its subsidiaries, which were acquired in 2022, have been consolidated retrospectively in the financial statements using the Pooling of Interest method published by Public Oversight Accounting and Auditing Standards Authority (Note 2.2.1).

(\*\*) Kuruçeşme Tankercilik A.Ş. was registered on 31 December 2022.

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 write 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. The 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 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.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

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

#### 2.1. Basis of presentation (Continued)

The table below shows the total interest of the Group in its joint ventures accounted by using the equity method as at 31 December 2022, 31 December 2021 and 31 December 2020:

	31 December 2022		31 December 2021		31 December 2020	
	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 (%)	Direct and indirect voting right possessed by the company (%)	Proportion of effective interest (%)
<b>Joint ventures accounted by equity method</b>						
Opet	50.00	41.67	50.00	40.00	50.00	40.00
Opet International Limited (*)	50.00	41.67	50.00	40.00	50.00	40.00
Opet Trade B.V.(*)	50.00	41.67	50.00	40.00	50.00	40.00
Tasfiye halinde Opet Trade Singapore (*) (***)	50.00	41.67	50.00	40.00	50.00	40.00
Opet Market ve Akaryakıt İstasyon İşletmeciliği A.Ş. (*)	50.00	41.67	50.00	40.00	50.00	40.00
THY Opet Havacılık Yakıtları A.Ş.(**)	25.00	20.84	25.00	20.00	25.00	20.00
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş.(**)	25.00	20.84	25.00	20.00	25.00	20.00
Op Ay Akaryakıt Ticaret Ltd. Şti.(**)	25.00	20.84	25.00	20.00	25.00	20.00
Akdeniz Akaryakıt Depolama Nakliyat ve Tic. A.Ş.(**)	16.65	13.88	16.65	13.32	16.65	13.32
Opet Aygaz Gayrimenkul A.Ş.(**)	25.00	20.84	25.00	20.00	25.00	20.00
Ayas Enerji Üretim ve Ticaret A.Ş.(****)	-	-	49.62	49.62	49.62	49.62

(\*) 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.

(\*\*\*\*) All shares of Ayas Enerji Üretim ve Ticaret A.Ş., which was accounted by the equity method in Entek's financial statements, were transferred on 16 December 2022.

d) The shares of the minority shareholders in the net assets and operating results of subsidiaries are presented as "non-controlling interests" in the consolidated financial statements.

#### 2.2. Changes in accounting policies

##### 2.2.1 Comparative information and restatement of prior period financial statements

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 December 2022 in comparative with the consolidated statement of financial position prepared as of 31 December 2021 and 2020. The consolidated statement of comprehensive income, the statement of cash flow and the statement of changes in shareholders' equity for the period ended 31 December 2022 have been presented comparatively with the period ended 31 December 2021.

In order to comply with the presentation of the current period consolidated financial statements, comparative information is revised when deemed necessary and important differences are disclosed. The Group has restated its prior period financial statements in order to comply with the presentation of the current period consolidated financial statements.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

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

#### 2.2. Changes in accounting policies (Continued)

##### 2.2.1 Comparative information and restatement of prior period financial statements (Continued)

Tüpraş took over Entek shares with a nominal value of TRY 942,727 thousand corresponding to 99.23% of Entek shares, from Koç Holding and Aygaz through a partial division. Tüpraş's capital amount was increased from TRY 250,419 thousand to TRY 275,257 thousand. The acquisition is treated as a business combination under common control because the same persons control the business before and after the combination. In accordance with the principle of "Accounting for Business Combinations Subject to Joint Control" published in the Gazette of Republic of Turkey dated 21 July 2018 and Board Decision taken on 11 October 2018 by the Public Oversight Accounting and Auditing Standards Authority (POA), the "Pooling of Interest" method was used to reflect the takeover on the Group's financial statements. The financial statements of the current and comparative period are presented as if the merger has been realized as of the beginning of the comparative period. The difference in the carrying amount of the acquired entity's net assets at the acquisition date is recognized in the "Share Premium" account.

Accordingly, the book values of the assets and liabilities of the acquire, which were included in the financial statements of the company holding joint control as of the acquisition date, is reflected in the financial statements retrospectively as of the beginning of the period which is disclosed comparatively. In this context, with the acquisition of Entek, the financial statements as of 31 December 2021 and 31 December 2020, the consolidated statement of profit or loss as of 31 December 2021, the statement of other comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows have been restated.

The effects of the relevant regulations and classifications described above are presented below.

ASSETS	Reported (*) prior period 31 December 2021	Entek and subsidiaries 31 December 2021	Effects of restatement including eliminations	Restated (*) prior period 31 December 2021
<b>Current Assets</b>	65,428,752	1,086,632	-	66,515,384
Cash and cash equivalents	20,400,235	775,951	-	21,176,186
Trade receivables	13,516,823	279,859	-	13,796,682
Due from related parties	1,668,264	77,261	-	1,745,525
Trade receivables from third parties	11,848,559	202,598	-	12,051,157
Other receivables	20,541	25	-	20,566
Other receivables from third parties	20,541	25	-	20,566
Derivative instruments	3,817,972	5,728	-	3,823,700
Inventories	23,755,862	1,664	-	23,757,526
Prepaid expenses	186,381	7,109	-	193,490
Other current assets	3,730,938	16,296	-	3,747,234
<b>Non-Current Assets</b>	37,106,249	2,635,478	-	39,741,727
Financial investments	5,389	308	-	5,697
Investments accounted for using the equity method	2,150,156	-	-	2,150,156
Goodwill	-	599	-	599
Property, plant and equipment	26,288,463	2,027,836	-	28,316,299
Right of use asset	182,156	3,619	-	185,775
Intangible assets	66,801	495,385	-	562,186
Other intangible assets	66,801	495,385	-	562,186
Derivative instruments	44,213	-	-	44,213
Prepaid expenses	94,639	28,797	-	123,436
Deferred tax assets	6,377,848	58,292	-	6,436,140
Other non-current assets	1,896,584	20,642	-	1,917,226
<b>Total Assets</b>	102,535,001	3,722,110	-	106,257,111

(\*) The reported column shows the consolidated financial statement before the Entek acquisition, and the restated column shows the consolidated financial statement after the Entek acquisition.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

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

#### 2.2. Changes in accounting policies (Continued)

##### 2.2.1 Comparative information and restatement of prior period financial statements (Continued)

LIABILITIES	Reported (*) prior period 31 December 2021	Entek and subsidiaries 31 December 2021	Effects of restatement including eliminations	Restated (*) prior period 31 December 2021
<b>Current liabilities</b>	64,001,571	827,131	-	64,828,702
Short-term financial liabilities	563,221	68,725	-	631,946
Current portion of long term financial liabilities	10,835,745	160,520	-	10,996,265
Trade payables	43,704,239	133,216	-	43,837,455
Due to related parties	165,021	17,891	-	182,912
Trade payables, third parties	43,539,218	115,325	-	43,654,543
Liabilities for employee benefits	134,471	1,405	-	135,876
Other payables	90,127	232,891	-	323,018
Due to related parties	43,328	-	-	43,328
Other payables to third parties	46,799	232,891	-	279,690
Derivative instruments	3,302,177	164,395	-	3,466,572
Deferred income	32,315	-	-	32,315
Current income tax liabilities	38,393	31,371	-	69,764
Short-term provisions	200,116	19,050	-	219,166
Short-term provisions for employee benefits	19,387	-	-	19,387
Other provisions	180,729	19,050	-	199,779
Other current liabilities	5,100,767	15,558	-	5,116,325
<b>Non-current liabilities</b>	20,705,913	1,641,496	-	22,347,409
Long Term Borrowings	20,218,575	1,346,878	-	21,565,453
Long-term provisions	447,560	7,439	-	454,999
Long-term provisions for employee benefits	447,560	7,439	-	454,999
Deferred income	9,987	-	-	9,987
Derivative Instruments	29,117	43,941	-	73,058
Deferred tax liability	-	155,210	-	155,210
Other long term liabilities	674	88,028	-	88,702
<b>Total liabilities</b>	84,707,484	2,468,627	-	87,176,111
<b>Equity</b>	17,827,517	1,253,483	-	19,081,000
Share capital	250,419	950,000	(925,162)	275,257
Adjustment to share capital	1,344,243	75,536	(75,536)	1,344,243
Share premium	-	-	1,000,699	1,000,699
Accumulated other comprehensive income/(expense) not to be reclassified to profit or loss	11,033,759	53,471	(408)	11,086,822
Gains/ losses on revaluation and remeasurement	10,944,761	53,471	(408)	10,997,824
Gain on revaluation of properties	10,957,223	53,730	(408)	11,010,545
Actuarial gain/(loss) arising from defined benefit plans	(12,462)	(259)	-	(12,721)
Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss	88,998	-	-	88,998
Accumulated other comprehensive income/(expense) to be reclassified to profit or loss	(2,678,176)	(228,534)	1,736	(2,904,974)
Currency translation differences	297,679	-	-	297,679
Hedging gains/(losses)	(3,575,726)	(228,534)	1,736	(3,802,524)
Cash flow hedge gains/(losses)	(3,575,726)	(228,534)	1,736	(3,802,524)
Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss	599,871	-	-	599,871
Restricted reserves	503,343	-	-	503,343
Retained earnings	3,784,488	225,960	(1,717)	4,008,731
Net income	3,319,134	177,050	(1,347)	3,494,837
<b>Total equity attributable to equity holders of the parent</b>	17,557,210	1,253,483	(1,735)	18,808,958
<b>Non-controlling interests</b>	270,307	-	1,735	272,042
<b>Total equity and liabilities</b>	102,535,001	3,722,110	-	106,257,111

(\*) The reported column shows the consolidated financial statement before the Entek acquisition, and the restated column shows the consolidated financial statement after the Entek acquisition.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

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

#### 2.2. Changes in accounting policies (Continued)

##### 2.2.1 Comparative information and restatement of prior period financial statements (Continued)

ASSETS	Reported (*) prior period 31 December 2020	Entek and subsidiaries 31 December 2020	Effects of restatement including eliminations	Restated (*) prior period 31 December 2020
<b>Current Assets</b>	30,663,146	618,611	-	31,281,757
Cash and cash equivalents	19,825,292	493,841	-	20,319,133
Trade receivables	1,735,549	104,878	-	1,840,427
Due from related parties	324,555	36,376	-	360,931
Trade receivables from third parties	1,410,994	68,502	-	1,479,496
Other receivables	18,690	774	-	19,464
Other receivables from third parties	18,690	774	-	19,464
Derivative instruments	380,129	1,766	-	381,895
Inventories	7,700,630	-	-	7,700,630
Prepaid expenses	233,614	5,324	-	238,938
Other current assets	769,242	12,028	-	781,270
<b>Non-Current Assets</b>	30,505,376	1,827,096	-	32,332,472
Financial investments	3,696	308	-	4,004
Investments accounted for using the equity method	1,326,490	-	-	1,326,490
Property, plant and equipment	21,875,889	1,581,159	-	23,457,048
Right of use asset	199,005	3,142	-	202,147
Intangible assets	62,369	192,872	-	255,241
Other intangible assets	62,369	192,872	-	255,241
Derivative instruments	87,883	-	-	87,883
Prepaid expenses	134,786	10,757	-	145,543
Deferred tax assets	5,002,427	21,565	-	5,023,992
Other non-current assets	1,812,831	17,293	-	1,830,124
<b>Total Assets</b>	61,168,522	2,445,707	-	63,614,229
<b>LIABILITIES</b>				
<b>Current liabilities</b>	28,340,528	425,903	-	28,766,431
Short-term financial liabilities	2,097,808	2,032	-	2,099,840
Current portion of long term financial liabilities	6,403,937	30,452	-	6,434,389
Trade payables	14,137,468	66,707	-	14,204,175
Due to related parties	218,486	15,469	-	233,955
Trade payables, third parties	13,918,982	51,238	-	13,970,220
Liabilities for employee benefits	151,927	1,033	-	152,960
Other payables	64,113	244,656	-	308,769
Due to related parties	30,763	-	-	30,763
Other payables to third parties	33,350	244,656	-	278,006
Derivative instruments	762,828	6,879	-	769,707
Deferred income	129,254	-	-	129,254
Current income tax liabilities	2,459	-	-	2,459
Short-term provisions	142,088	32,063	-	174,151
Short-term provisions for employee benefits	24,572	-	-	24,572
Other provisions	117,516	32,063	-	149,579
Other current liabilities	4,448,646	42,081	-	4,490,727
<b>Non-current liabilities</b>	21,155,469	766,896	-	21,922,365
Long term borrowings	20,743,323	404,392	-	21,147,715
Other payables	-	207,407	-	207,407
Long-term provisions	356,405	4,922	-	361,327
Long-term provisions for employee benefits	356,405	4,922	-	361,327
Deferred income	9,504	-	-	9,504
Derivative Instruments	45,490	32,511	-	78,001
Deferred tax Liability	-	63,354	-	63,354
Other long term liabilities	747	54,310	-	55,057
<b>Total liabilities</b>	49,495,997	1,192,799	-	50,688,796
<b>Equity</b>	11,672,525	1,252,908	-	12,925,433
Share capital	250,419	950,000	(925,162)	275,257
Adjustment to share capital	1,344,243	75,536	(75,536)	1,344,243
Share premium	-	-	1,000,699	1,000,699
Accumulated other comprehensive income/(expense) not to be reclassified to profit or loss	-	-	-	-
Gains/ losses on revaluation and remeasurement	7,487,238	31,367	(240)	7,518,365
Gain on revaluation of properties	7,439,187	31,367	(240)	7,470,314
Actuarial gain/(loss) arising from defined benefit plans	7,447,028	31,626	(240)	7,478,414
Actuarial gain/(loss) arising from defined benefit plans	(7,841)	(259)	-	(8,100)
Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss	-	-	-	-
Accumulated other comprehensive income/(expense) to be reclassified to profit or loss	48,051	-	-	48,051
Accumulated other comprehensive income/(expense) to be reclassified to profit or loss	-	-	-	-
Currency translation differences	(1,923,330)	(29,957)	228	(1,953,059)
Hedging gains/(losses)	(9,822)	-	-	(9,822)
Cash flow hedge gains/(losses)	(2,243,649)	(29,957)	228	(2,273,378)
Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss	(2,243,649)	(29,957)	228	(2,273,378)
Restricted reserves	330,141	-	-	330,141
Retained earnings	503,343	-	-	503,343
Net income	6,277,999	80,529	(614)	6,357,914
	(2,493,511)	145,433	(1,105)	(2,349,183)
<b>Total equity attributable to equity holders of the parent</b>	11,446,401	1,252,908	(1,730)	12,697,579
<b>Non-controlling interests</b>	226,124	-	1,730	227,854
<b>Total equity and liabilities</b>	61,168,522	2,445,707	-	63,614,229

(\*) The reported column shows the consolidated financial statement before the Entek acquisition, and the restated column shows the consolidated financial statement after the Entek acquisition.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

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

#### 2.2. Changes in accounting policies (Continued)

##### 2.2.1 Comparative information and restatement of prior period financial statements (Continued)

	Reported (*) prior period 31 December 2021	Entek and subsidiaries 31 December 2021	Effects of restatement including eliminations	Restated (*) prior period 31 December 2021
Revenue	150,731,968	1,760,051	-	152,492,019
Cost of sales	(135,281,326)	(1,350,652)	-	(136,631,978)
	15,450,642	409,399	-	15,860,041
General administrative expenses	(1,793,787)	(75,749)	-	(1,869,536)
Marketing expenses	(1,409,076)	-	-	(1,409,076)
Research and development expenses	(38,966)	-	-	(38,966)
Other operating income	1,222,382	23,482	-	1,245,864
Other operating expenses	(12,966,605)	(45,161)	-	(13,011,766)
<b>Operating profit (loss)</b>	464,590	311,971	-	776,561
Income/ (expenses) from investment activities	107,950	(196)	-	107,754
Income (loss) from investments accounted by equity method	592,989	-	-	592,989
<b>Operating profit before financial income (expense)</b>	1,165,529	311,775	-	1,477,304
Financial income	12,555,341	299,980	-	12,855,321
Financial expense	(11,559,692)	(414,578)	-	(11,974,270)
<b>Profit (loss) before tax from continued operations</b>	2,161,178	197,177	-	2,358,355
<b>Tax income (expense)</b>	1,274,996	(20,127)	-	1,254,869
Taxes on income	(62,734)	(33,946)	-	(96,680)
Deferred tax income (expense)	1,337,730	13,819	-	1,351,549
<b>Net income (loss) from continued operations</b>	3,436,174	177,050	-	3,613,224

(\*) The reported column shows the consolidated financial statement before the acquisition of Entek, and the restated column shows the consolidated financial statement after the acquisition of Entek

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

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

#### 2.2. Changes in accounting policies (Continued)

##### 2.2.1 Comparative information and restatement of prior period financial statements (Continued)

	Reported (*) prior period 31 December 2021	Entek and subsidiaries 31 December 2021	Effect of restatement including eliminations	Restated (*) prior period 31 December 2021
<b>Other comprehensive income:</b>				
<b>Items not to be reclassified to profit or loss</b>	3,546,483	22,104	-	3,568,587
Revaluation gain (loss) on property	3,853,192	24,560	-	3,877,752
Actuarial gain (loss) arising from defined benefit plans	(5,779)	-	-	(5,779)
Share of other comprehensive income accounted for investment using equity method that will be not reclassified to profit or loss	40,947	-	-	40,947
Actuarial gain (loss) arising from defined benefit plans accounted for investment using equity method	(447)	-	-	(447)
Revaluation gain (loss) on property of investments accounted with using equity method	41,394	-	-	41,394
Tax effect of other comprehensive income (loss) not to be reclassified to profit or loss	(341,877)	(2,456)	-	(344,333)
Deferred tax income (expense)	(331,296)	(2,456)	-	(333,752)
Current income tax income (expense)	(10,581)	-	-	(10,581)
<b>Items to be reclassified to profit or loss</b>	(807,646)	(198,578)	-	(1,006,224)
Currency translation differences	307,501	-	-	307,501
Share of other comprehensive income accounted for investment using equity method that will be reclassified to profit or loss	269,730	-	-	269,730
Actuarial gain (loss) of revaluation or classification of investments using equity method	176,688	-	-	176,688
Gain (loss) from translation of foreign currency of investments using equity method	93,042	-	-	93,042
Income (expense) relating to avoidance of risk of cash flow	(1,753,865)	(192,823)	-	(1,946,688)
Income (loss) of avoidance of risk cash flow	(1,753,865)	(192,823)	-	(1,946,688)
Tax effect of other comprehensive income (loss) to be reclassified to profit or loss	368,988	(5,755)	-	363,233
Deferred tax income (expense)	368,988	(5,755)	-	363,233
<b>Other comprehensive income (expense)</b>	<b>2,738,837</b>	<b>(176,474)</b>	<b>-</b>	<b>2,562,363</b>
<b>Total comprehensive income (expense)</b>	<b>6,175,011</b>	<b>576</b>	<b>-</b>	<b>6,175,587</b>
<b>Distribution of income for the period:</b>				
Non-controlling interests	117,041	1,346	-	118,387
Attributable to equity holders of the parent	3,319,133	175,704	-	3,494,837
<b>Distribution of total comprehensive income</b>				
Non-controlling interests	64,203	5	-	64,208
Attributable to equity holders of the parent	6,110,808	571	-	6,111,379
	<b>Reported (*) prior period 31 December 2021</b>	<b>Entek and subsidiaries 31 December 2021</b>	<b>Effects of restatement including eliminations</b>	<b>Restated (*) prior period 31 December 2021</b>
<b>Cash flows from operating activities</b>	593,625	(2,022,713)	-	(1,429,088)
Profit/(loss) for the period	3,436,175	177,049	-	3,613,224
Adjustment for reconciliation of profit/(loss) for the period	(517,072)	214,544	-	(302,528)
Changes in working capital	(2,167,429)	(2,175,154)	-	(4,342,583)
Cash flows from operating activities	751,674	(1,783,561)	-	(1,031,887)
<b>Cash flows from investing activities</b>	<b>(1,076,856)</b>	<b>(479,980)</b>	<b>-</b>	<b>(1,556,836)</b>
<b>Cash flows from financing activities</b>	<b>(11,501,460)</b>	<b>465,634</b>	<b>-</b>	<b>(11,035,826)</b>
<b>Net increase/(decrease) in cash and cash equivalents before the effect of foreign currency translation differences</b>	<b>(11,984,691)</b>	<b>(2,037,059)</b>	<b>-</b>	<b>(14,021,750)</b>
<b>Impact of foreign currency translation differences on cash and cash equivalents</b>	<b>10,617,543</b>	<b>262,686</b>	<b>-</b>	<b>10,880,229</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1,367,148)</b>	<b>(1,774,373)</b>	<b>-</b>	<b>(3,141,521)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>17,506,177</b>	<b>2,540,475</b>	<b>-</b>	<b>20,046,652</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>16,139,029</b>	<b>766,102</b>	<b>-</b>	<b>16,905,131</b>

(\*) The reported column shows the consolidated financial statement before the acquisition of Entek, and the restated column shows the consolidated financial statement after the acquisition of Entek.



# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

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### 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

##### Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits at banks, highly liquid investments with maturity periods of three months or less and the revenue share collected is held at banks by the Petroleum Market License Regulation (Note 5). Cash and cash equivalents used in consolidated cash flow statement comprise cash and cash equivalents with short term maturities of less than 3 months, excluding accrued interest income and blocked deposits (Revenue share). The Group's cash and cash equivalents are evaluated within the credit risk model and are not recognized in the consolidated income statement since the expected credit loss amount is not material. The calculation is reassessed at each reporting period.

##### Trade receivables

Trade receivables that are created by the Group by way of providing goods or services directly to a debtor are carried at amortised cost. A credit risk provision for trade receivables is established when there is objective evidence that the Group is not able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception. If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other income (Note 8).

The Group has chosen "simplified approach" explained in TFRS 9 for the calculation of impairment of trade receivables (with maturities less than one year) that do contain a significant financing component and accounted at amortised cost. In accordance with the simplified approach, Group measures the loss allowances regarding its trade receivables at an amount equal to "lifetime expected credit losses" except incurred credit losses in which trade receivables are already impaired for a specific reason date. The Group uses a provision matrix in the calculation of expected credit losses. Provision rate is calculated based on the overdue days of trade receivables and the rates are revised each reporting period if necessary. Since the change in expected credit loss provisions is not material, it is not accounted in consolidated income statement. For each reporting period, the recalculation is made and revaluated.

The Group collects some of its receivables via factoring. The receivables subject to factoring transaction which risk of collection is undertaken by factoring company are deducted from the related receivable accounts. Since the time between the factoring dates and maturities of trade receivables subject to factoring transactions is not significant, the business model of the Group related with trade receivables has not been changed and has been accounted at the amortized cost.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira (“TRY”), unless otherwise indicated.)

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

#### 2.3. Summary of significant accounting policies (continued)

##### Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

##### Financial assets and liabilities at fair value through profit or loss

The financial assets of the Group which are carried at fair value include derivative instruments that are not subject to hedge accounting. Derivative financial instruments are initially recognised at the acquisition cost reflecting the fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Gains or losses arising from the valuation of these kinds of assets are recognized in the consolidated statement of income. Derivative instruments which are carried at fair value through profit or loss include forward foreign exchange and commodity purchase and sale transactions. Derivative instruments are recognized as asset when the fair value of the instrument is positive, as liability when the fair value of the instrument is negative (Note 17).

##### Financial assets and liabilities at fair value through other comprehensive income

The financial assets of the Group which are carried at fair value include derivative instruments that are subject to hedge accounting. Derivative financial instruments are initially recognised at the acquisition cost reflecting the fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Gains and losses arising from the valuation of these kinds of assets are accounted as other comprehensive income/expense in the consolidated statement of comprehensive income related to cash flow hedge. Derivative instruments which are accounted in other comprehensive income include commodity purchase and sales transactions, interest rate swap transactions and cross currency swap transactions. Derivative instruments are recognized as asset when the fair value of the instrument is positive, as liability when the fair value of the instrument is negative (Note 17).

##### Cash flow hedge

Hedges of exposures to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit and loss are designated as cash flow hedges by the Group.

Changes in the fair value of derivatives, designated as cash flow hedges and qualified as effective, are recognised in equity as “hedge reserves”. Where the forecasted transaction or firm commitment results in the recognition of an asset or of a liability, the gains and losses previously recognised under equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts recognised under equity are transferred to the consolidated income statement in the period in which the hedged firm commitment or forecasted transaction affects the consolidated income statement.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or losses previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

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

#### 2.3. Summary of significant accounting policies (continued)

##### *Recognition and de-recognition of financial instruments*

All purchases and sales of financial assets are recognized on the trade date i.e. the date that the Group commits to purchase or to sell the asset. These purchases or sales are purchases or sales generally require delivery of assets within the time frame generally established by regulation or convention in the market place. A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- the rights to receive cash flows from the asset have expired
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the assets.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the consolidated financial statements.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

##### **Related parties**

For the purpose of these consolidated financial statements, shareholders, key management personnel, Board of Directors members and Koç Group companies including their family members and companies controlled by or affiliated with them are considered and referred to as related parties (Note 27).

##### **Inventories**

Inventories are valued at the lower of acquisition cost or net realisable value. The cost components of inventories include materials, conversion costs and other costs that are necessary to bring the inventories to their present location and condition. The cost of inventories is determined on the weighted average cost basis. As during the production process more than one product is produced from single raw material inputted, the costs of conversion of each product are not separately identifiable. In order to allocate the costs of conversion between the products on a rational and consistent basis, the approach used by the Company for the allocation is based on the relative sales prices of each product. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses (Note 9).

##### **Spare parts and material stocks**

Spare parts and material stocks are valued at the lower of cost or net realisable value. The cost elements of spare parts and material stocks include materials and other costs that are necessary to bring them to their present location and condition. The cost of spare parts and material stocks is determined on the weighted average cost basis. The Group has provided provision for the slow-moving spare parts.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

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

#### 2.3. Summary of significant accounting policies (continued)

##### Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation. Historical costs include the costs directly related to the acquisition of property plant and equipment. Costs incurred after the acquisition can be added to the net book value of the assets or can be booked as another asset if and only if it is probable that the future economic benefits will flow to the Group and cost of the asset can be measured reliably. All other repair and maintenance costs are expensed in the consolidated statement of comprehensive income for the period. Depreciation is provided using the straight line method based on the estimated useful lives of gross book value of assets (Note 11).

The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	Useful life
Land improvements	3-50 years
Buildings	5-50 years
Machinery and equipment	3-35 years
Motor vehicles	4-20 years
Furniture and fixtures	2-50 years
Special costs	5 years

Land is not depreciated as it is deemed to have an indefinite useful life. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Recoverable amount is the higher of asset net selling price or value in use. Net selling price is calculated by deducting the selling costs from the fair value of the asset. Value in use is calculated as the discounted value of the estimated future cash flows the entity expects to derive from the asset. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their restated carrying amounts and are included in the retained earnings, as appropriate. Market Approach has been used in determining the fair value of the lands owned by the Group. The fair value increases from revaluation of tangible assets are recognized in gain on revaluation of properties account which is under equity, after the netting of the deferred tax effect. Lands are not subject to depreciation since their useful lives are considered as indefinite.

##### Intangible assets

Intangible assets include rights and software and development costs (Note 12).

###### a) *Rights and software*

Rights and software are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the estimated useful lives of such assets not exceeding 5 years.

###### b) *Development costs*

The accounting policy of development costs are explained in Research and Development Expenses.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

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

#### 2.3. Summary of significant accounting policies (continued)

##### Impairment of assets

The Group reviews all tangible and intangible assets except goodwill for indicators of impairment at every balance sheet date. If any indication of impairment exists, carrying value of the asset is compared with its recoverable amount which is the higher of value in use or fair value less costs to sell. Impairment exists when carrying value of the asset or cash generating unit that the asset belongs to is higher than the recoverable amount. An impairment loss is recognised immediately in the consolidated statement of comprehensive income.

An impairment loss recognised in prior periods for an asset is reversed if the subsequent increase in the asset's recoverable amount is caused by a specific event since the last impairment loss was recognised. Such a reversal amount cannot be higher than the previously recognised impairment and is recognized as income in the consolidated financial statements. The reversal of the impairment is recognized in the comprehensive income statement.

Net book value of goodwill is evaluated annually and impairment is recorded when necessary considering a significant or prolonged decline. Provision for impairment of goodwill is not canceled in subsequent periods.

##### Borrowing costs

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortized cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of comprehensive income over the period of the borrowings.

Borrowing costs, which can be related to its purchase, construction or production when it comes to assets requiring a significant period of time to be ready for use and sales, are included in cost of asset until the related asset is made available for use or sales.

Other borrowing costs are charged to the consolidated statement of comprehensive income when they are incurred.

##### TFRS 16 Leases

###### *The Group - as a lessee*

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, The Group assess whether:

- The contract involved the use of an identified asset – this may be specified explicitly or implicitly.
  - The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.
  - The Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
  - The Group has the right to direct use of the asset.
- a) The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset.
- b) The Group has the right to direct use of asset if either:
- i. The Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
  - ii. The Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

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

#### 2.3. Summary of significant accounting policies (continued)

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

##### *Right of use asset*

The right of use asset is initially recognized at cost comprising of:

- a) Amount of the initial measurement of the lease liability;
- b) Any lease payments made at or before the commencement date, less any lease incentives received;
- c) Any initial direct costs incurred by the Group; and
- d) An estimate of costs to be incurred by the lessee for restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories)

The Group re-measure the right of use asset:

- a) After netting-off depreciation and reducing impairment losses from right of use asset,
- b) Adjusted for certain re-measurements of the lease liability recognized at the present value

The Group applies TAS 16, "Property, Plant and Equipment" to amortize the right of use asset and to assess for any impairment.

TAS 36, "Impairment of Assets" is applied to determine whether an asset is impaired and to recognize any impairment loss.

##### *Lease Liability*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease liabilities are discounted to present value by using the interest rate implicit in the lease if readily determined or with the Group's incremental borrowing rate. Incremental borrowing rate is defined as borrowing rates of the Group companies at the date of contracts.

##### *The Group - as a lessee (Continued)*

Lease payments included in the measurement of the lease liability comprise the following:

- a) Fixed payments, including in-substance fixed payments;
- b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date,
- c) The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewable period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain to terminate early.

After initial recognition, the lease liability is measured:

- a) Increasing the carrying amount to reflect interest on lease liability
- b) Reducing the carrying amount to reflect the lease payments made and
- c) Remeasuring the carrying amount to reflect any reassessment or lease modifications. Group reflects the remeasurement amounts as an adjustment on right of use asset, in the statement of financial position.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

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

#### 2.3. Summary of significant accounting policies (continued)

##### *Extension and termination options*

In determining the lease liability, the Group considers the extension and termination options. The majority of extension and termination options held are exercisable both by the group and by the respective lessor. Extension and termination options are included in the lease term if the lease is reasonably certain to be extended and the options are enforceable by groups initiative in the contract. The group remeasures the lease term, if a significant event or a significant change in circumstances occurs which affects the initial assessment. As result of the evaluations performed in the current period, there is no lease obligation or right of use assets arising from the inclusion of extension and early termination options in the lease period.

##### *Variable lease payments*

Group's lease contracts also include variable lease payments. The variable lease payments are recognised in profit or loss in the related period according to TFRS 16.

##### *Exemptions and simplifications*

Short-term lease payments and payments for leases of low-value assets like IT equipments (mainly printers, laptops and mobile phones etc.) are not included in the measurement of the lease liabilities in the scope of TFRS 16. Lease payments of these contracts are continued to be recognised in profit or loss in the related period. The Group applied a single discount rate to a portfolio of leases which have similar characteristics (asset classes which have similar remaining rent periods in a similar economic environment)

##### *The Group - as a lessor*

The Group as a lessor is composed of operating leases. In operating leases, leased assets are classified in the consolidated balance sheet under investment property, tangible fixed assets or other current assets and the rent income obtained is reflected to the consolidated income statement in equal amounts during the leasing period. Rental income is recognized on a straight-line basis over the period of the lease in consolidated income statement.

##### **Deferred taxes**

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to consolidated statement of income, except when it relates to items charged or credited directly to the equity in which case the deferred tax is also dealt within the equity.

Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

The deferred tax asset is recognized at the rate of the earned tax benefit under the condition that benefitting from this advantage by earning taxable income in the future is highly probable for Government incentives.

Provided that deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and it is legally eligible, they may be offset against one another. Deferred tax assets and liabilities are classified as noncurrent assets and liabilities in the consolidated financial statements (Note 25).

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira (“TRY”), unless otherwise indicated.)

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

#### 2.3. Summary of significant accounting policies (continued)

##### Provision for employment termination benefits:

##### Employment termination benefits

###### a) *Provision for employment termination benefits:*

The provision for employment termination benefits, as required by Turkish Labour Law represents the present value of the future probable obligation of the Group arising from the retirement of its employees based on the actuarial projections.

TAS 19, “Employee Benefits” requires actuarial assumptions (net discount rate, turnover rate to estimate the probability of retirement etc.) to estimate the entity’s obligation for employment termination benefits. The effects of differences between the actuarial assumptions and the actual outcome together with the effects of changes in actuarial assumptions compose the actuarial gains / losses.

In accordance with TAS 19, “Employee Benefits”, the actuarial gains / losses to be recognised under other comprehensive income.

###### b) *Defined benefit plans*

The Group has to pay contributions to the Social Security Institution on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. These contributions are recognised as an employee benefit expense when they are accrued.

###### c) *Unused vacation rights*

Liabilities arising from unused vacations of the employees are accrued in the period when the unused vacations are qualified.

###### d) *Seniority incentive bonus provision*

The Group has an employee benefit plan called “Seniority Incentive Bonus” (“Bonus”) which is paid to employees with a certain level of seniority. Seniority incentive bonus provision represents the present value at the date of the consolidated balance sheet of the estimated total reserve of the probable future obligations (Note 15).

##### Transactions in foreign currency

Transactions in foreign currencies during the year have been translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Turkish Lira at the exchange rates prevailing at the balance sheet dates. Foreign exchange gains or losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities are recognised in the consolidated statement of comprehensive income except the ones that are capitalized.



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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

#### 2.3. Summary of significant accounting policies (continued)

##### Revenue recognition

The Group adopted TFRS 15, "Revenue From Contracts with Customers" which proposes a five step model framework mentioned below for recognizing the revenue.

- Identify the contact with customers
- Identify separate performance obligations in the contract
- Determine the transaction price in contract
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue

The Group assess the goods or services promised in a contract with a customer and identify as a performance obligation each promise to transfer to the customer.

For each performance obligation identified, the entity determine at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time. If the Group transfers control of a good or service over time and therefore satisfies a performance obligation and recognises revenue over time.

The Group recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to the customer. An asset is transferred when the customer obtains control of that asset or service.

The Group considers the following in the assessment of transfer of control of goods sold and services,

- a) The entity has a right to payment for the goods or service,
- b) The customer has legal title to the goods or service,
- c) The entity has transferred physical possession of the asset,
- d) The customer has the significant risks and rewards related to the ownership of the goods or services,
- e) The customer has accepted the goods or services.

The Group does not adjust the promised amount of consideration for the effects of a significant financing component since the Group expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less. If the financing component is significant in revenue, future collections are discounted by the interest rate in financing component. The difference is recognised as income from operating activities in current period.

##### Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions, as of the balance sheet date, are recorded with the best estimate of management in order to provide for the estimated obligation and are discounted, if they are material for the consolidated financial statements.

##### Commitments, contingent assets and liabilities

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in the consolidated financial statements and are disclosed as contingent assets or liabilities (Note 18).

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

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

#### 2.3. Summary of significant accounting policies (continued)

##### Dividends

Dividend income is recognised by the Group at the date the right to collect the dividend is realised. Dividend payables are recognised as liability in the consolidated financial statements in the period they are declared as a part of profit distribution.

##### Earnings per share

Earnings per share for each class of shares disclosed in the consolidated statement of comprehensive income is determined by dividing the consolidated net income for the year attributable to that class of shares by the weighted average number of shares of that class that have been outstanding during the year concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and inflation adjustment to shareholders' equity. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the period has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them retroactive effect for the period in which they were issued and for each earlier period.

##### Segment reporting

Entek Elektrik Üretim A.Ş. shares with a nominal value of TRY 942,727 thousand, which corresponds to 99.23% of Entek Elektrik Üretim A.Ş.'s capital registered in the assets of Koç Holding A.Ş. and Aygaz A.Ş., were taken over by the Company through partial spin-off on 26 August 2022 and Entek financial statements were included in the scope of consolidation with the consolidation method as of 31 December 2022. In this context, the segment reporting prepared for the refining and electricity sectors determined as the Group's field of activity is presented in the consolidated financial statements (Note 2.2.1).

##### Statement of cash flow

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements. Cash flows from operating activities represent the cash flows generated from the Group's activities.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (tangible and intangible assets and financial assets). Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

##### Research and development costs

Research expenditures are recognized as an expense when they are incurred. Intangible assets arising from in-house development activities (or the improvement phase of an intergroup project) are recognized when all of the following conditions are met:

- existence of the technical feasibility of completing the intangible asset so that it will be available for use or sale,
- existence of the intention to complete the intangible asset and use or sell it,
- existence of the ability to use or sell the intangible asset,
- reliability of how the intangible asset will generate probable future economic benefits,
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset,
- existence of the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Other development expenditures are recognized as an expense as incurred. Development costs previously recognized as an expense are not capitalized as an asset in a subsequent period.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

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

#### 2.3. Summary of significant accounting policies (continued)

##### Government grants

Government grants, Investment and research and development incentives are accounted at the fair values on accrual basis when the Group's incentive applications are approved by related authorities (Note 29).

##### Business combinations and goodwill

Business combinations are accounted for using the acquisition method in accordance with TFRS 3. The cost of a business combination, before 1 January 2011, is allocated by recognising the acquiree's identifiable assets, liabilities and contingent liabilities at the date of acquisition. Any excess of the acquirer's interest over the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination cost is accounted for as goodwill. In business combinations, the acquirer recognizes identifiable assets, intangible assets (such as trademarks) and/or contingent liabilities which are not included in the acquiree's financial statements and which can be separated from goodwill, at their fair values in the consolidated financial statements. Goodwill recognised in business combinations is tested for impairment annually or more often under when circumstances indicating impairment risk.

The excess of the Group's share in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is accounted for as income in the related period.

For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the acquirer's cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of combination. The Group considered the significant position of Opet in the domestic market and the synergy expected from its cooperation with Tüpraş as the main reason leading to generation of goodwill related to the Opet acquisition dated 28 December 2006. Therefore, the Group management evaluated Opet, its subsidiaries and its joint ventures as one cash-generating unit.

#### 2.4. Changes in accounting policies, accounting estimates and errors

Significant changes in accounting policies based on new application of TFRS are applied retrospectively or prospectively based on the transition clauses. If there are no transition clauses, the changes in accounting policies, optional changes in accounting policies and correction of significant accounting errors are applied retrospectively and prior period financial statements are restated.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

#### 2.5. Significant accounting evaluations, assumptions and estimates

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below:

##### a) *Deferred tax asset:*

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available. If it is probable that future taxable profit will be available, deferred tax assets are accounted for over the deductible temporary differences, financial losses and tax advantages resulted from investment incentives that enables the Company pay lower corporate tax.

The Group assess the recoverability of deferred tax assets based on business models that contain management estimations related to taxable profit for future periods. The models include key management estimations such as sales quantities, sales prices and foreign exchange rates. Based on the sensitivity analysis performed, it is concluded that 10% increase/decrease in related estimations does not have any effect on the assessment of recoverability of deferred tax assets (Note 25).

##### b) *Cash flow hedge:*

As explained in Note 28, the Group uses investment credit amounting to USD205,010 thousand as a hedging instrument against the USD spot exchange rate risk the Group is exposed to due to highly probable export sales income, and applies cash flow hedge accounting as a result of the effectiveness tests performed. The estimations in budgets for export income used for effectiveness test include estimations such as sales quantities and sales prices. Based on the sensitivity analysis performed for the estimations used in effectiveness tests, the Group concluded that 10% increase/decrease in estimations do not have any significant effect on the assessment of effectiveness tests.

##### c) *Economic useful lives:*

Tangible assets, investment property and intangible assets, except for goodwill, have been depreciated and amortized by using estimated useful lives. Estimated useful lives determined by management have been disclosed in Note 2.3.

##### d) *Fair value of lands*

The Group accounts its lands at fair value, the fair values of these assets are determined by the independent valuation firm authorized by the Capital Markets Board and are taken as the value carried in the statement of financial position. The assumptions such as valuation method, market conditions, unique properties of each plot and land, physical condition, geographical location and benchmark values are used in determining the fair values (Note 11).

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

### 3. BUSINESS COMBINATIONS

Except for the business combination mentioned in Note 2.2.1, there is no business combination during the year ended 31 December 2022.

### 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 December 2022	Refining	Electric	Cross-section correction	Consolidated Total
Revenue	474,235,186	7,529,470	-	481,764,656
Cost of sales	(412,975,180)	(6,012,546)	-	(418,987,726)
<b>Gross profit (loss)</b>	<b>61,260,006</b>	<b>1,516,924</b>	-	<b>62,776,930</b>
Operating expenses	(8,023,231)	(211,716)	-	(8,234,947)
Other operating income	4,341,951	29,461	-	4,371,412
Other operating expenses	(13,247,938)	(58,810)	-	(13,306,748)
<b>Operating profit</b>	<b>44,330,788</b>	<b>1,275,859</b>	-	<b>45,606,647</b>
Income/ (expenses) from investment activities	36,662	7,205	9,431	53,298
Income (loss) from investments accounted by equity method	312,040	-	-	312,040
<b>Operating profit before financial income (expense)</b>	<b>44,679,490</b>	<b>1,283,064</b>	<b>9,431</b>	<b>45,971,985</b>
Financial income	5,776,339	410,554	-	6,186,893
Financial expense	(11,505,985)	(777,336)	-	(12,283,321)
<b>Profit (loss) before tax from continued operations</b>	<b>38,949,844</b>	<b>916,282</b>	<b>9,431</b>	<b>39,875,557</b>
Tax (expense) income from continued operations	371,926	1,013,084	-	1,385,010
<b>Net income (loss) from continued operations</b>	<b>39,321,770</b>	<b>1,929,366</b>	<b>9,431</b>	<b>41,260,567</b>
1 January - 31 December 2021	Refining	Electric	Cross-section correction	Consolidated Total
Revenue	150,731,968	1,760,051	-	152,492,019
Cost of sales	(135,281,326)	(1,350,652)	-	(136,631,978)
<b>Gross profit (loss)</b>	<b>15,450,642</b>	<b>409,399</b>	-	<b>15,860,041</b>
Operating expenses	(3,241,829)	(75,749)	-	(3,317,578)
Other operating income	1,222,382	23,482	-	1,245,864
Other operating expenses	(12,966,605)	(45,161)	-	(13,011,766)
<b>Operating profit</b>	<b>464,590</b>	<b>311,971</b>	-	<b>776,561</b>
Income/ (expenses) from investment activities	107,950	(196)	-	107,754
Income (loss) from investments accounted by equity method	592,989	-	-	592,989
<b>Operating profit before financial income (expense)</b>	<b>1,165,529</b>	<b>311,775</b>	-	<b>1,477,304</b>
Financial income	12,555,341	299,980	-	12,855,321
Financial expense	(11,559,692)	(414,578)	-	(11,974,270)
<b>Profit (loss) before tax from continued operations</b>	<b>2,161,178</b>	<b>197,177</b>	-	<b>2,358,355</b>
Tax (expense) income from continued operations	1,274,996	(20,127)	-	1,254,869
<b>Net income (loss) from continued operations</b>	<b>3,436,174</b>	<b>177,050</b>	-	<b>3,613,224</b>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

### 4. SEGMENT REPORTING (Continued)

#### b) Assets by segments

	31 December 2022	31 December 2021	31 December 2020
Refining	162,732,988	102,534,399	61,168,522
Electric	6,149,916	3,722,712	2,445,707
Cross-section correction	9,431	-	-
<b>Total Assets</b>	<b>168,892,335</b>	<b>106,257,111</b>	<b>63,614,229</b>

### 5. CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021	31 December 2020
Cash at banks			
Demand deposits	863,000	472,689	142,028
Time deposits	39,703,882	16,432,442	17,845,988
Demand deposits (blocked)	2,706,134	1,536,868	11,543
Revenue share (blocked)	4,120,408	2,720,305	2,204,004
Time deposit interest accruals	241,734	13,882	115,570
<b>Total</b>	<b>47,635,158</b>	<b>21,176,186</b>	<b>20,319,133</b>

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 at 31 December 2022, 31 December 2021 and 31 December 2020 (Note 14). In addition, demand blocked deposits amounting to TRY2,706,134 thousand are available for derivative transactions carried out in foreign exchanges (31 December 2021 – TRY1,536,868 thousand, 31 December 2020 – TRY11,543 thousand).

#### Time deposits and other cash and cash equivalents

As at 31 December 2022, 31 December 2021 and 31 December 2020 the maturity and the currency information of the time deposits, are as follows:

#### 31 December 2022

	Effective rate of interest (%)	Less than 1 month	1 - 3 months	Total
TRY	25.48	23,009,851	500,000	23,509,851
USD	3.71	16,066,750	65,692	16,132,442
EUR	0.10	52,501	-	52,501
GBP	0.05	9,088	-	9,088
<b>Time deposit</b>		<b>39,138,190</b>	<b>565,692</b>	<b>39,703,882</b>

#### 31 December 2021

	Effective rate of interest (%)	Less than 1 month	1 - 3 months	Total
TRY	28.29	6,387,247	46,909	6,434,156
USD	1.15	9,278,427	708,247	9,986,674
EUR	0.02	9,537	-	9,537
GBP	0.05	2,075	-	2,075
<b>Time deposit</b>		<b>15,677,286</b>	<b>755,156</b>	<b>16,432,442</b>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

### 5. CASH AND CASH EQUIVALENTS (Continued)

31 December 2020

	Effective rate of interest (%)	Less than 1 month	1 - 3 months	Total
TRY	17.77	13,404,300	3,415,041	16,819,341
USD	3.33	477,852	516,405	994,257
EUR	1.16	30,268	-	30,268
GBP	0.20	2,122	-	2,122
<b>Time deposit</b>		<b>13,914,542</b>	<b>3,931,446</b>	<b>17,845,988</b>

Cash and cash equivalents included in the consolidated statements of cash flows for the periods ended 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Cash and cash equivalents	47,635,158	21,176,186
Less: Blocked deposits (Revenue share)	(4,120,408)	(2,720,305)
Less: Blocked deposits	(2,706,134)	(1,536,868)
Less: Time deposit interest accruals	(241,734)	(13,882)
<b>Cash and cash equivalents</b>	<b>40,566,882</b>	<b>16,905,131</b>

### 6. FINANCIAL INVESTMENTS

Short-term financial investments:

	31 December 2022	31 December 2021	31 December 2020
Currency protected deposit	2,135,177	-	-
<b>Total</b>	<b>2,135,177</b>	<b>-</b>	<b>-</b>

Currency protected time deposit account is a deposit product that offers foreign exchange rate protection in case the US Dollar and Euro 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 2022, the nominal amount and fair value of financial assets that are currency protected deposits are as follows:

	31 December 2022		
	Nominal amount (original currency)	Fair value (TL equivalent)	Term
TRY	2,068,764	2,135,177	0-3 months
		<b>2,135,177</b>	

The financial investment movement table is presented below:

	2022	2021
1 January	-	-
Nominal amount	2,068,764	-
Fair value difference	66,413	-
<b>31 December</b>	<b>2,135,177</b>	<b>-</b>

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira (“TRY”), unless otherwise indicated.)

### 7. FINANCIAL LIABILITIES

	31 December 2022	31 December 2021	31 December 2020
<b>Short-term borrowings:</b>			
Short-term bank borrowings	840,440	631,409	2,086,018
Interest accruals of bank borrowings	22,878	537	13,822
<b>Total</b>	<b>863,318</b>	<b>631,946</b>	<b>2,099,840</b>
<b>Short-term portion of long-term borrowings:</b>			
Short-term portion of long-term bank borrowings	9,230,404	10,032,627	5,438,821
Bonds issued	1,390,000	500,000	650,000
Interest accruals of bank borrowings	306,432	295,663	240,840
Interest accruals of bonds issued	148,354	131,944	72,909
Lease liabilities	55,983	36,031	31,819
<b>Total</b>	<b>11,131,173</b>	<b>10,996,265</b>	<b>6,434,389</b>
<b>Long-term borrowings:</b>			
Bonds issued	7,911,504	10,613,976	15,285,320
Long-term bank borrowings	13,088,810	10,720,300	5,638,350
Interest accruals of bank borrowings	2,455	-	23,364
Lease liabilities	271,690	231,177	200,681
<b>Total</b>	<b>21,274,459</b>	<b>21,565,453</b>	<b>21,147,715</b>
<b>Total borrowings</b>	<b>33,268,950</b>	<b>33,193,664</b>	<b>29,681,944</b>

Tüpraş has issued a bond on 3 February 2021 with a nominal value of TRY1,100 million, with a maturity of 728 days, coupon payment every 3 months and repayment of principal and coupon at maturity, with 140 bps additional yields on 3MTLREF reference rate. Tüpraş has issued a bond on 31 December 2021 with a nominal value of TRY290 million, with a maturity of 728 days, coupon payment every 3 months and repayment of principal and coupon at maturity, with 140 bps additional yields. Tüpraş has issued a bond on 30 November 2020 with a nominal value of TRY500 million, with a maturity of 728 days, coupon payment every 3 months and repayment of principal and coupon at maturity, with 140 bps additional yields. The bond was redeemed and paid on 30 November 2022.

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.

In 2011, Tüpraş has signed three loan agreements in order to finance Residuum Upgrading Project (“RUP”) and further to the agreements the loans amounting to USD1,998 million were utilized between 2011 and 2015 for credit insurance payments and capital expenditures. According to financing package loan was insured by SACE and CESCE have 12 years to maturity also there will be no principal and interest payment in first 4 years. The third loan has 7 years to maturity and there will be no principal payment in the first four years. The repayment of the loans has started in 2015 and as at 31 December 2022 the outstanding amount of the loans is USD193 million (31 December 2021 – USD385 million, 31 December 2020 – USD576 million).

As of 31 December 2022, Tüpraş has fulfilled its financial debt covenants arising from its borrowings.



# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

### 7. FINANCIAL LIABILITIES (Continued)

Foreign currency balances and effective interest rates for the short and long-term financial liabilities as at 31 December 2022, 31 December 2021 and 31 December 2020 are as follows:

		31 December 2022	
	Effective interest rate (%)	Original currency	Thousand TRY
<b>Short-term borrowings:</b>			
TRY bank borrowings (*)	17.02	186,000,000	186,000
USD bank borrowing	4.09	34,999,983	654,440
			840,440
Interest accruals			22,878
<b>Total short-term financial liabilities</b>			<b>863,318</b>
<b>Short-term portion of long-term borrowings</b>			
TRY borrowings	17.12	3,663,003,794	3,663,005
TRY bonds issued	12.10	1,890,000,000	1,890,000
USD bank borrowings	5.36	271,008,642	5,067,401
TRY lease liabilities	24.38	42,369,551	42,369
EUR lease liabilities	3.04	332,733	6,633
GBP lease liabilities	4.16	310,327	6,979
			10,676,387
Interest accruals			454,786
<b>Total short term portion of long-term borrowings</b>			<b>11,131,173</b>
<b>Long-term borrowings:</b>			
TRY borrowings	18.47	2,696,099,203	2,696,099
USD borrowings	5.92	281,013,389	5,215,405
USD bonds issued	4.50	700,000,000	13,088,810
TRY lease liabilities	27.30	147,039,149	147,039
EUR lease liabilities	3.23	6,252,903	124,651
			21,272,004
Interest accruals			2,455
<b>Total long-term borrowings</b>			<b>21,274,459</b>

(\*) As of 31 December 2022, no interest-free loans were used to pay SCT, Customs and SGK debts (31 December 2021 – TRY30,061 thousand, 31 December 2020 – TRY17,839 thousand interest-free loan was used).

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

### 7. FINANCIAL LIABILITIES (Continued)

			31 December 2021	
	Effective interest rate (%)	Original currency	Thousand TRY	
Short-term borrowings:				
TRY bank borrowings	16.78	98,249,003	98,249	
USD bank borrowing	2.77	40,000,000	533,160	
			631,409	
Interest accruals			537	
Total short-term financial liabilities			631,946	
Short-term portion of long-term borrowings				
TRY borrowings	12.66	6,419,655,173	6,419,655	
TRY bonds issued	18.49	500,000,000	500,000	
USD bank borrowings	2.32	271,060,917	3,612,971	
TRY lease liabilities	17.60	25,177,846	25,178	
EUR lease liabilities	2.94	358,661	5,411	
GBP lease liabilities	4.16	302,963	5,443	
			10,568,658	
Interest accruals			427,607	
Total short term portion of long-term borrowings			10,996,265	
Long-term borrowings:				
TRY borrowings	17.38	4,733,497,523	4,733,497	
TRY bonds issued	18.35	1,390,000,000	1,390,000	
USD borrowings	2.69	441,179,232	5,880,478	
USD bonds issued	4.50	700,000,000	9,330,300	
TRY lease liabilities	20.87	126,246,862	126,246	
EUR lease liabilities	3.23	6,896,020	99,356	
GBP lease liabilities	4.20	310,352	5,576	
			21,565,453	
Interest accruals			-	
Total long-term borrowings			21,565,453	

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

### 7. FINANCIAL LIABILITIES (Continued)

			31 December 2020	
	Effective interest rate (%)	Original currency	Thousand TRY	
Short-term borrowings:				
USD bank borrowings	0.65	118,000,000	866,179	
TRY bank borrowings	8.80	1,219,838,682	1,219,839	
Interest accruals			13,822	
<b>Total short-term financial liabilities</b>			<b>2,099,840</b>	
Short-term portion of long-term borrowings				
TRY borrowings	9.90	2,721,041,737	2,721,041	
TRY bonds issued	16.57	650,000,000	650,000	
USD bank borrowings	2.35	295,195,527	2,166,883	
EUR borrowings	2.11	61,157,000	550,896	
TRY lease liabilities	17.05	24,369,599	24,370	
EUR lease liabilities	3.06	506,001	4,558	
GBP lease liabilities	4.16	290,824	2,892	
			6,120,640	
Interest accruals			313,749	
<b>Total short term portion of long-term borrowings</b>			<b>6,434,389</b>	
Long-term borrowings:				
TRY borrowings	12.32	7,911,744,063	7,911,744	
TRY bonds issued	18.07	500,000,000	500,000	
USD borrowings	2.44	1,004,505,990	7,373,576	
USD bonds issued	4.50	700,000,000	5,138,350	
TRY lease liabilities	20.66	132,021,740	132,021	
EUR lease liabilities	3.23	7,274,422	62,562	
GBP lease liabilities	4.20	613,248	6,098	
			21,124,351	
Interest accruals			23,364	
<b>Total long-term borrowings</b>			<b>21,147,715</b>	

As at 31 December 2022, 31 December 2021 and 31 December 2020, the redemption schedule of long-term bank borrowings is as follows:

	31 December 2022	31 December 2021	31 December 2020
1-2 years	<b>17,514,350</b>	9,154,876	12,452,652
2-3 years	<b>1,911,115</b>	10,488,813	2,262,953
3-4 years	<b>294,140</b>	375,531	5,737,553
4-5 years	<b>294,774</b>	801,315	132,625
Over 5 years	<b>1,260,080</b>	744,918	561,932
<b>Total</b>	<b>21,274,459</b>	21,565,453	21,147,715

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

### 7. FINANCIAL LIABILITIES (Continued)

The movement of borrowings as of 31 December 2022 and 31 December 2021 is as follows:

	2022	2021
1 January	33,193,664	29,681,944
New financial borrowings	17,326,098	15,173,783
Principal payments	(24,313,541)	(21,640,328)
Increase due to lease liabilities	102,572	23,531
Decrease due to payment of lease liabilities	(82,481)	(35,698)
Changes in interest accruals	53,877	78,831
Changes in foreign exchange rates	6,988,761	9,683,450
<b>31 December</b>	<b>33,268,950</b>	<b>32,965,513</b>

The interest rate sensitivity distribution of the remaining repricing period of the borrowings is as follows:

	31 December 2022	31 December 2021
1-90 days	9,127,933	11,092,788
91-365 days	5,013,982	4,944,143
1-5 year	17,866,951	15,831,820
5 year or more	1,260,084	1,324,913
<b>Total</b>	<b>33,268,950</b>	<b>33,193,664</b>

### 8. TRADE RECEIVABLES AND PAYABLES

#### Short-term trade receivables:

	31 December 2022	31 December 2021	31 December 2020
Trade receivables	18,311,455	12,099,002	1,489,605
Due from related parties (Note 27)	3,187,872	1,745,525	360,931
Doubtful trade receivables	5,622	5,625	5,364
Other trade receivables	6	29	7
Less: Unearned credit finance income	(81,813)	(47,874)	(10,116)
Less: Expected credit loss	(5,622)	(5,625)	(5,364)
<b>Total short-term trade receivables (net)</b>	<b>21,417,520</b>	<b>13,796,682</b>	<b>1,840,427</b>

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

As of 31 December 2022, Tüpraş has offsetted TRY6,211,000 thousand that are collected from factoring companies as part of the irrevocable factoring from trade receivables. As of 31 December 2022, Tüpraş has no supplier financing transactions. As at 31 December 2021, Tüpraş has offsetted TRY642,051 thousand that are collected from factoring companies as part of the irrevocable factoring and TRY353,725 thousand deducted supplier financing transaction from trade receivables. As of 31 December 2020, Tüpraş has offsetted TRY2,976,335 thousand that are collected from factoring companies as part of the irrevocable factoring and TRY1,127,270 thousand deducted supplier financing transaction from trade receivables.

Movement of the provision for doubtful receivables for the years ended 31 December 2022 and 2021 is as follows:

	2022	2021
1 January	5,625	5,364
Charge for the period	-	389
Payments during the period	(3)	(128)
<b>31 December</b>	<b>5,622</b>	<b>5,625</b>

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

### 8. TRADE RECEIVABLES AND PAYABLES (Continued)

#### Short-term trade payables:

	31 December 2022	31 December 2021	31 December 2020
Trade payables	51,737,591	43,662,796	13,975,821
Due to related parties (Note 27)	1,156,421	182,912	233,955
Less: Unrealised credit finance charges trade payables	(195,248)	(8,253)	(5,601)
<b>Total short-term trade receivables (net)</b>	<b>52,698,764</b>	<b>43,837,455</b>	<b>14,204,175</b>

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

### 9. INVENTORIES

	31 December 2022	31 December 2021	31 December 2020
Raw materials and supplies	7,151,989	2,859,550	969,551
Work-in-progress	9,174,496	4,416,821	1,706,414
Finished goods	8,824,262	5,844,006	2,468,321
Trade goods	1,497,384	157,566	75,071
Goods in transit	9,527,619	10,376,547	2,414,478
Other inventories	338,575	103,036	66,795
<b>Total</b>	<b>36,514,325</b>	<b>23,757,526</b>	<b>7,700,630</b>
Provision for impairment of inventory	(468,317)	-	-
<b>Total</b>	<b>36,046,008</b>	<b>23,757,526</b>	<b>7,700,630</b>

As of 31 December 2022 and 2021, movements of provision for inventory impairment are as follows:

	2022	2021
1 January	-	-
Changes in period	468,317	-
Provisions no longer required	-	-
<b>31 December</b>	<b>468,317</b>	<b>-</b>

As of 31 December 2022, sales prices are below costs as a result of the decrease in various product prices and TRY468,317 thousand provision for inventory impairment has been recognised (31 December 2021: None).

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

### 10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	31 December 2022		31 December 2021		31 December 2020	
	Participation share (%)	Amount	Participation share (%)	Amount	Participation share (%)	Amount
OPET Petrolcülük A.Ş.	41.67	2,962,632	40.00	2,150,156	40.00	1,326,490
		<b>2,962,632</b>		<b>2,150,156</b>		<b>1,326,490</b>

The goodwill amounting to TRY189,073 thousand arising from the purchase of Opet shares on 28 December 2006 were classified on the investments accounted for using the equity method in the financial statements.

8 December 2022, shares corresponding to 1,67% of Opet's share capital were purchased for a total cash consideration of TRY 179.600 thousand and added to the value of participation.

The movement in the investments accounted for using the equity method during the period ended 31 December 2022 and 2021 is as follows:

	2022	2021
1 January	2,150,156	1,326,490
Investments accounted for using the equity method;		
Shares in current period profit	312,040	592,989
Dividend payment	(240,000)	(80,000)
Gain on revaluation of property	197,011	41,394
Actuarial gain/(loss) arising from defined benefit plans	(6,949)	(447)
Gain/(loss) on revaluation and premeasurement	229,264	176,688
Equity rate change effect	179,600	-
Currency translation differences	141,510	93,042
<b>31 December</b>	<b>2,962,632</b>	<b>2,150,156</b>

Summary of investments accounted for using the equity method (before Group's effective interest rate) are as follows:

	31 December 2022	31 December 2021	31 December 2020
Current assets	22,749,707	10,019,411	5,059,935
Non-current assets	6,920,789	4,632,856	3,701,575
<b>Total assets</b>	<b>29,670,496</b>	<b>14,652,267</b>	<b>8,761,510</b>
Short term liabilities	18,460,825	5,805,510	2,829,607
Long term liabilities	4,724,773	3,944,050	3,088,361
Equity	6,484,898	4,902,707	2,843,542
<b>Total liabilities</b>	<b>29,670,496</b>	<b>14,652,267</b>	<b>8,761,510</b>

	1 January - 31 December 2022	1 January - 31 December 2021
Sales (net)	179,987,548	56,007,462
Gross profit	5,282,970	3,441,883
Operating profit	2,819,957	2,104,478
Net (loss)/income for the period	780,101	1,482,472

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

### 10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

#### *Goodwill impairment test*

The Group considers the significant position of Opet in the domestic market and the synergy expected from its cooperation with Tüpraş and Opet as the main source of generation of goodwill. Therefore, the Group management evaluated Opet, its subsidiaries and its joint ventures as a single cash generating unit and goodwill is allocated on Opet.

The cash-generating unit's fair value calculations include post-tax cash flow projections, which are based on TRY and are based on ten-year plans approved by Opet management. The Group considers analysis covering a period longer than five years is more appropriate as to evaluation of operating results and prospective assumptions in the sector and therefore impairment test is based on ten years budget. As of 31 December 2022, fair value of Opet is above 45% of the value carried in including goodwill.

Other key assumptions used in the fair value calculation model are stated below:

Gross margin	2.7% - 5.2%
Discount rate	13.3%

The budgeted gross margin has been determined by Opet management based on past performance of the company and expected market growth rate. The discount rate used is the post-tax discount rate and includes company specific risks. An increase/decrease of 1% on the post-tax discount rate used in the discounted cash flow calculations, Opet's fair value of goodwill would be 10% lower and 11% higher, respectively as at 31 December 2022.

As a result of the tests performed by using the assumptions above, no impairment on goodwill has been identified as at 31 December 2022. Since the asset's fair value less cost to sell is higher than its carrying amount, the Group management did not calculate the asset's value-in-use.

#### *Competition Authority investigation:*

With the decision of the Competition Board dated 27 August 2018; By determining the resale price of its dealers, an investigation was initiated against Opet to determine whether Article 4 of the Law on the Protection of Competition numbered 4054 was violated, and as a result of the investigation, the Authority sentenced Opet to a fine of TRY433,932. TRY 325,450, which is three-fourths of the administrative fine calculated within the framework of article 17 of the Misdemeanor Law No,5326, was paid by Opet to the Large Taxpayers Tax Office, without prejudice to all legal rights regarding the relevant decision. A lawsuit was filed by Opet for the annulment of the aforementioned decision, and a stay of execution decision was made in the aforementioned case. As a result of the trial, the Court decided to cancel the administrative fine and return it to Opet together with its legal interest. In September 2021, a penalty of TRY325,450 and legal interest of TRY22,550 were withdrawn. The Competition Authority's application, dated 13 September 2021, to the court of appeal for the annulment of the first instance court's annulment decision was unanimously rejected by the decision of the 8th Administrative Case Division of the Ankara Regional Administrative Court, dated 20 April 2022. The defendant administration appealed the decision of appeal on 30 May 2022 and the file is still under appeal.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

### 11. PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment and related accumulated depreciation for the period ended 31 December 2022 and 2021 is as follows:

	1 January 2022	Revaluation Increases	Currency translation differences	Additions	Transfers	Disposals	31 December 2022	
<b>Cost:</b>								
Lands	12,257,773	3,242,588	-	-	-	-	15,500,361	
Land improvements	4,256,802	-	-	175,086	677	(1,085)	4,431,480	
Buildings	1,055,492	-	-	41,361	(9)	(55)	1,096,789	
Machinery and equipment	15,854,944	-	-	406,485	37,573	(46,946)	16,252,056	
Motor vehicles	2,251,927	-	-	427,402	-	(616)	2,678,713	
Furniture and fixtures	226,286	-	-	177,228	1,548	(4,169)	400,893	
Construction in progress	1,150,442	-	-	973,458	(43,362)	-	2,080,538	
Special costs	63,845	-	-	1,947	-	-	65,792	
Other tangible assets	36,531	-	-	30,999	3,521	(2,381)	68,670	
	37,154,042	3,242,588	-	2,233,966	(52)	(55,252)	42,575,292	
<b>Accumulated depreciation:</b>								
Land improvements	(1,930,097)	-	-	(168,724)	(17)	1,079	(2,097,759)	
Buildings	(280,491)	-	-	(21,586)	(4)	52	(302,029)	
Machinery and equipment	(6,081,573)	-	(39)	(527,750)	(46)	20,259	(6,589,149)	
Motor vehicles	(395,470)	-	-	(74,392)	-	429	(469,433)	
Furniture and fixtures	(125,267)	-	(18)	(39,941)	67	1,829	(163,330)	
Special costs	(11,229)	-	(63)	(15,484)	-	-	(26,776)	
Other tangible assets	(13,616)	-	-	(10,990)	-	2,105	(22,501)	
	(8,837,743)	-	(120)	(858,867)	-	25,753	(9,670,977)	
<b>Net book value</b>	<b>28,316,299</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32,904,315</b>	
	1 Ocak 2021	Yeniden Değerleme Artışları	Yabancı Para Çevrim Farkı	İlaveler	İktisaplar	Transferler	Çıkışlar	31 Aralık 2021
<b>Maliyet:</b>								
Arazi ve arsalar	8.377.651	3.877.752	-	-	2.370	-	-	12.257.773
Yeraltı ve yerüstü düzenleri	4.074.511	-	-	154.810	28.300	-	(819)	4.256.802
Binalar	933.716	-	-	121.292	2.123	-	(1.639)	1.055.492
Makine, tesis ve cihazlar	14.788.545	-	3.957	620.086	429.052	15.242	(1.938)	15.854.944
Taşıt araçları	2.093.568	-	-	245.530	367	-	(87.538)	2.251.927
Döşeme ve demirbaşlar	179.088	-	-	51.924	937	-	(5.663)	226.286
Yapılmakta olan yatırımlar	1.080.854	-	-	89.766	-	(20.178)	-	1.150.442
Özel maliyetler	3.730	-	-	60.115	-	-	-	63.845
Diğer maddi duran varlıklar	16.775	-	-	15.050	49	4.681	(24)	36.531
	31.548.438	3.877.752	3.957	1.358.573	463.198	(255)	(97.621)	37.154.042
<b>Birikmiş amortisman:</b>								
Yeraltı ve yerüstü düzenleri	(1.771.422)	-	-	(159.447)	-	-	772	(1.930.097)
Binalar	(262.095)	-	-	(19.753)	-	-	1.357	(280.491)
Makine, tesis ve cihazlar	(5.608.959)	-	(489)	(473.172)	-	(333)	1.380	(6.081.573)
Taşıt araçları	(341.142)	-	-	(82.904)	(355)	-	28.931	(395.470)
Döşeme ve demirbaşlar	(99.829)	-	-	(27.720)	(862)	-	3.144	(125.267)
Özel maliyetler	(672)	-	-	(10.557)	-	-	-	(11.229)
Diğer maddi duran varlıklar	(7.271)	-	-	(6.302)	(47)	-	4	(13.616)
	(8.091.390)	-	(489)	(779.855)	(1.264)	(333)	35.588	(8.837.743)
<b>Net defter değeri</b>	<b>23.457.048</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28.316.299</b>

Total depreciation expense amounting to TRY858,867 thousand (31 December 2021 – TRY779,855 thousand) related to tangible fixed assets in the comprehensive consolidated income statement for the period ended as of 31 December 2022 has been allocated to cost of goods sold amounting to TRY625,524 thousand (31 December 2021 – TRY623,482 thousand), to general administration expenses amounting to TRY126,278 thousand (31 December 2021 – TRY48,906 thousand), to marketing, amounting to TRY92,702 thousand (31 December 2021 – TRY92,887 thousand), to research and development expenses amounting to TRY14,363 thousand (31 December 2021 – TRY14,580).

The depreciation expense related to right-of-use assets in the consolidated statement of comprehensive income for the period ended as of 31 December 2022 at TRY32,115 thousand (31 December 2021 - TRY37,269 thousand), is classified to general administrative expenses amounting to TRY15,208 thousand (31 December 2021- TRY25,372 thousand), to marketing, amounting to TRY8,759 thousand (31 December 2021- TRY6,691), and to cost of goods sold amounting to TRY8,148 thousand (31 December 2021 – TRY5,206).



# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

### 11. PROPERTY, PLANT AND EQUIPMENT (Continued)

As of 31 December 2022, there are no mortgage on property, plant and equipment (31 December 2021 : None). The Group has revaluated all of the lands to their fair values which assets' cost value is amounting to TRY70,472 thousand in accordance with TAS 16, Property, Plant and Equipment as of 31 December 2021 and included the revaluation increase amounting to TRY15,429,889 thousand in consolidated financial statements (31 December 2021: TRY12,187,301 thousand).

The valuation of Tüpraş lands were carried out by Açı Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş., a CMB accredited company; the valuation of Entek lands were carried out by TSKB Gayrimenkul Değerleme A.Ş. and Aden Gayrimenkul Değerleme ve Danışmanlık A.Ş., both CMB accredited companies; and the valuation of the lands of OPET and its subsidiaries, which are consolidated according to the equity method, were carried out by TSKB Gayrimenkul Değerleme A.Ş., a CMB accredited company.

As of 31 December 2022, there are no pledge on property, plant and equipment (31 December 2021: None).

	Fair value level as of reporting date			
	31 December 2022	Level 1	Level 2	Level 3
Lands	15,500,361	-	15,500,361	-

  

	Fair value level as of reporting date			
	31 December 2021	Level 1	Level 2	Level 3
Lands	12,257,773	-	12,257,773	-

  

	Fair value level as of reporting date			
	31 December 2020	Level 1	Level 2	Level 3
Lands	8,377,651	-	8,377,651	-

### 12. INTANGIBLE ASSETS

#### Other intangible assets:

The movements of intangible assets and related accumulated amortization for the period ended 31 December 2022 and 2021 are as follows:

	1 January 2022	Additions	Transfers	Disposals	31 December 2022
<b>Cost:</b>					
Rights and software	128,623	33,964	-	-	162,587
Development expenses	124,603	2,639	-	-	127,242
Other intangible assets	571,039	1,125	52	(200)	572,016
	824,265	37,728	52	(200)	861,845
<b>Accumulated amortization:</b>					
Rights and software	(93,657)	(15,722)	-	-	(109,379)
Development expenses	(92,749)	(10,464)	-	-	(103,213)
Other intangible assets	(75,673)	(17,744)	-	195	(93,222)
	(262,079)	(43,930)	-	195	(305,814)
<b>Net book value</b>	<b>562,186</b>				<b>556,031</b>

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

### 12. INTANGIBLE ASSETS (Continued)

	1 January 2021	Acquisitions	Additions	Transfers	Disposals	31 December 2021
<b>Cost:</b>						
Rights and software	110,437	18,257	20	-	(91)	128,623
Development expenses	115,194	10,944	-	(1,536)	1	124,603
Other intangible assets	256,966	2,151	310,203	1,791	(72)	571,039
	<b>482,597</b>	<b>31,352</b>	<b>310,223</b>	<b>255</b>	<b>(162)</b>	<b>824,265</b>
<b>Accumulated amortization:</b>						
Rights and software	(80,848)	(12,880)	(5)	-	76	(93,657)
Development expenses	(82,366)	(10,717)	-	333	1	(92,749)
Other intangible assets	(64,142)	(11,681)	-	-	150	(75,673)
	<b>(227,356)</b>	<b>(35,278)</b>	<b>(5)</b>	<b>333</b>	<b>227</b>	<b>(262,079)</b>
<b>Net book value</b>	<b>255,241</b>					<b>562,186</b>

Total amortization expenses amounting to TRY43,930 thousand (31 December 2021: TRY35,278 thousand) in the consolidated statement of comprehensive income for the period ended 31 December 2022 have been allocated to the general administration expenses amounting to TRY28,070 thousand (31 December 2021: TRY24,462 thousand) and the cost of sales amounting to TRY15,860 thousand (31 December 2021: TRY10,816 thousand).

### 13. PREPAID EXPENSES

#### Short term prepaid expenses

##### Short term prepaid expenses

	31 December 2022	31 December 2021	31 December 2020
Insurance and other expenses	<b>291,474</b>	161,985	137,807
Advances given	<b>457,313</b>	31,505	101,131
<b>Total</b>	<b>748,787</b>	193,490	238,938

##### Long term prepaid expenses

	30 June 2022	31 December 2021	31 December 2020
Advances given to third parties for property, plant and equipment	<b>603,734</b>	107,948	141,119
Advances given to related parties for property, plant and equipment (Note 27)	<b>291</b>	5,643	2,126
Other prepaid expenses	<b>14,359</b>	9,845	2,298
<b>Total</b>	<b>618,384</b>	<b>123,436</b>	<b>145,543</b>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira (“TRY”), unless otherwise indicated.)

### 14. OTHER ASSETS AND LIABILITIES

#### Other current assets:

	31 December 2022	31 December 2021	31 December 2020
Deferred VAT	2,677,230	2,686,223	41,516
Deferred Value Added Tax (“VAT”)	2,370,747	533,243	382,032
Deferred Special Consumption Tax (“SCT”)	737,222	239,502	123,601
Taxes and funds to be offsetted	1,793,142	102,401	78,565
Spare parts and material stocks	84,131	60,131	89,655
Income accruals	74,677	81,538	16,793
Income accruals from commodity hedge (*)	288,075	-	22,746
Other current assets	65,176	44,196	26,362
<b>Total</b>	<b>8,090,400</b>	<b>3,747,234</b>	<b>781,270</b>

(\*) As of 31 December 2022 and 31 December 2021, income accruals from forward goods purchase and sale transactions consist of income accruals from derivative transactions made by Tüpraş for hedging purposes. The expense accruals recognized under cost of goods sold and paid on 9 January 2023 (31 December 2020- Paid on 8 January 2021).

#### Other non-current assets:

	31 December 2022	31 December 2021	31 December 2020
Spare parts and material stocks	2,595,287	1,898,482	1,780,871
Other	5,866	18,744	49,253
<b>Total</b>	<b>2,601,153</b>	<b>1,917,226</b>	<b>1,830,124</b>

#### Other short-term liabilities:

	31 December 2022	31 December 2021	31 December 2020
Revenue share	3,383,851	2,730,078	2,210,451
SCT payable	2,010,561	794,803	1,090,914
Deferred Value Added Tax (“VAT”)	2,370,747	533,243	382,032
Taxes and liabilities payable	1,953,306	123,943	112,479
Deferred Special Consumption Tax (“SCT”)	737,222	239,502	123,601
VAT payable	181,802	93,217	275,366
Expense accruals from commodity hedge (*)	80,133	6,885	-
Expense accrual for forward goods-purchasing and selling transactions (*)	79,045	528,339	247,432
Other	128,903	66,315	48,452
<b>Total</b>	<b>10,925,569</b>	<b>5,116,325</b>	<b>4,490,727</b>

(\*) As of 31 December 2022, 31 December 2021 and 31 December 2020, expense accruals consist of commodity derivative transactions for inventory of Tüpraş which are exposed to commodity price risk. The expense accruals recognized under cost of goods sold and paid on 9 January 2023 (31 December 2021- Paid on 7 January 2022, 31 December 2020- Paid on 8 January 2021).

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.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

### 14. OTHER ASSETS AND LIABILITIES (Continued)

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 TRY3,383,851 thousand accumulated as at 31 December 2022 (31 December 2021: TRY2,730,078 thousand, 31 December 2020: TRY2,210,451 thousand) which is not recognized in the comprehensive income statement, has been classified as "Revenue Share" within "Other short-term liabilities". TRY4,120,408 thousand is (31 December 2021: TRY2,720,305 thousand, 31 December 2020: TRY2,204,004 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 December 2022	31 December 2021	31 December 2020
Seniority incentive bonus provision	10,198	6,558	13,067
Personnel bonus accruals	37,406	12,829	11,505
<b>Total</b>	<b>47,604</b>	<b>19,387</b>	<b>24,572</b>

#### Long-term employee benefits:

	31 December 2022	31 December 2021	31 December 2020
Provision for employment termination benefits	1,052,351	371,235	276,240
Provision for unused vacation	124,011	68,699	73,209
Seniority incentive bonus provision	13,754	15,065	11,878
<b>Total</b>	<b>1,190,116</b>	<b>454,999</b>	<b>361,327</b>

#### Seniority incentive bonus provision:

Seniority incentive bonus is paid to personnel 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:

	2022	2021
1 January	27,894	23,383
Charge for the period	60,479	19,642
Payments during the period	(37,213)	(15,131)
<b>31 December</b>	<b>51,160</b>	<b>27,894</b>

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

### 15. PROVISIONS (Continued)

#### *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:

	<b>31 December 2022</b>	31 December 2021	31 December 2020
Discount rate (%)	<b>0.55%</b>	4.45%	4.63%
Turnover rate to estimate probability of retirement (%)	<b>99.24%</b>	99.30%	99.38%

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 TRY19,982,83 which is effective as at 1 January 2023 (31 December 2021 – TRY10,848,59 , 31 December 2020 – TRY7,638,96).

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

	<b>2022</b>	2021
1 January	<b>371,235</b>	276,240
Interest expense	<b>40,218</b>	19,360
Actuarial (gain)/loss	<b>366,809</b>	5,779
Increase during the period	<b>305,797</b>	110,692
Acquisitions	-	185
Payments during the period	<b>(31,708)</b>	(41,021)
<b>31 December</b>	<b>1,052,351</b>	371,235

	<b>31 December 2022</b>		31 December 2021		31 December 2020	
	<b>Net discount rate</b>		Net discount rate		Net discount rate	
<b>Sensitivity analysis</b>	<b>100 Base Increase</b>	<b>100 Base Decrease</b>	100 Base Increase	100 Base Decrease	100 Base Increase	100 Base Decrease
Ratio	<b>%1,55</b>	<b>(%0,45)</b>	%5,45	%3,45	%5,63	%3,63
Provision for employee termination benefit adjustment	<b>125.902</b>	<b>(160.051)</b>	30.020	(37.159)	34.956	(8.553)

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

### 15. PROVISIONS (Continued)

#### *Provision for unused vacation:*

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

	2022	2021
1 January	68,699	73,209
Charge for the period	61,865	3,002
Payments during the period	(6,553)	(7,512)
<b>31 December</b>	<b>124,011</b>	<b>68,699</b>

#### **Other short term provisions:**

	31 December 2022	31 December 2021	31 December 2020
EMRA participation share (*)	120,172	78,170	41,458
Provision for demurrage	268,254	72,961	48,820
Provisions for pending claims and law suits	33,818	20,978	23,070
Other	60,680	27,670	36,231
	<b>482,924</b>	<b>199,779</b>	<b>149,579</b>

(\*) 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.

Movement of the short-term provisions for the period ended 31 December 2022 and 2021 are as follow:

	Provision for pending claims and lawsuits	EMRA participation share	Provision for demurrage	Other	Total
<b>1 January 2022</b>	20,978	78,170	72,961	27,670	199,779
<b>Changes for the period, net</b>	14,947	120,171	397,001	33,010	565,129
<b>Payments during the period, net</b>	(2,107)	(78,169)	(201,708)	-	(281,984)
<b>31 December 2022</b>	<b>33,818</b>	<b>120,172</b>	<b>268,254</b>	<b>60,680</b>	<b>482,924</b>
1 January 2021	23,070	41,458	48,820	36,231	149,579
Changes for the period, net	(1,102)	78,171	64,207	(8,561)	132,715
Payments during the period, net	(990)	(41,459)	(40,066)	-	(82,515)
31 December 2021	20,978	78,170	72,961	27,670	199,779

### 16. LIABILITIES FOR EMPLOYEE BENEFITS

	31 December 2022	31 December 2021	31 December 2020
Due to the personnel	253,084	89,007	113,713
Social security withholdings payment	164,563	46,869	39,247
<b>Total</b>	<b>417,647</b>	<b>135,876</b>	<b>152,960</b>

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

### 17. DERIVATIVE INSTRUMENTS

	31 December 2022				31 December 2021				31 December 2020			
	Fair values				Fair values				Fair values			
	Purchase contract amount	Sales contract amount	Assets	Liabilities	Purchase contract amount	Sales contract amount	Assets	Liabilities	Purchase contract amount	Sales contract amount	Assets	Liabilities
<i>Cash flow hedge</i>												
Interest rate swap	2,175,174	2,175,174	51,350	8,368	2,950,611	2,729,767	73,916	39,781	729,500	729,500	-	53,442
Cross currency swap	231,290	51,634	229,188	-	157,006	364,743	229,912	171,004	885,015	613,238	318,377	18,222
Commodity derivative	42,836,125	42,836,125	3,239,526	700,087	17,593,118	17,593,118	2,472,790	2,925,263	51,015	51,017	20,939	32,067
<i>Derivatives held for trading</i>												
Currency forwards	5,570,109	5,582,094	-	208,553	18,075,316	17,366,337	1,047,082	260,308	15,125,099	16,070,341	42,132	665,976
Commodity derivative	369,401	482,831	76,969	77,504	10,100,317	10,100,317	-	70,217	-	-	-	-
Interest rate swap	-	-	-	-	-	-	-	-	-	-	447	-
<b>Short term derivative instruments</b>			<b>3,597,033</b>	<b>994,512</b>			<b>3,823,700</b>	<b>3,466,572</b>			<b>381,895</b>	<b>769,707</b>
<i>Cash flow hedge</i>												
Interest rate swap	1,068,431	1,068,431	57,048	-	1,690,745	1,690,745	-	73,058	2,126,201	2,126,201	-	78,001
Cross currency swap	198,760	437,540	-	298,200	157,003	27,327	44,213	-	172,928	54,654	87,313	-
Interest rate swap	-	-	-	-	-	-	-	-	750,000	750,000	570	-
<b>Long term derivative instruments</b>			<b>57,048</b>	<b>298,200</b>			<b>44,213</b>	<b>73,058</b>			<b>87,883</b>	<b>78,001</b>
<b>Total derivative instruments</b>			<b>3,654,081</b>	<b>1,292,712</b>			<b>3,867,913</b>	<b>3,539,630</b>			<b>469,778</b>	<b>847,708</b>

As of 31 December 2022, forward foreign exchange transactions consist of forward and currency swap transactions which generate a sales obligation of TRY5,582,094 thousand in exchange of USD297,894 thousand. (As of 31 December 2021, forward foreign exchange transactions consist of forward and currency swap transactions which generate a sales obligation of TRY17,366,337 thousand in exchange of USD1,356,089 thousand. As of 31 December 2020, forward foreign exchange transactions consist of forward and currency swap transactions which generate a sales obligation of TRY16,070,341 thousand in exchange of USD2,060,500 thousand.)

As of 31 December 2022, interest rate swap consists of exchange of floating rate instalment payments of long-term borrowings and bonds amounting to USD147,265 thousand (31 December 2021: USD217,672 thousand, 31 December 2020: USD298,472) and TRY490,000 (31 December 2021: TRY1,740,000 thousand, 31 December 2020: USD1,400,000) thousand with fixed rate installment payments for cash flow hedging. There are no EUR denominated interest rate swap transactions as of 31 December 2022 (31 December 2021: None 31 December 2020: EUR8,857 thousand).

As of 31 December 2022, cross currency fixed interest rate swap transactions consist of the swap transactions consisting of the exchange of floating interest rate borrowings indexed to foreign currency amounting to USD 22,999 thousand (31 December 2021 - USD 23,558 thousand, 31 December 2020 - USD 144,423 thousand) with fixed interest rate payments amounting to TRY 122,689 thousand (31 December 2021 - TRY 54,655 thousand, 31 December 2020 - TRY 606,314 thousand).

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

### 17. DERIVATIVE INSTRUMENTS (Continued)

As of 31 December 2022, commodity forward transactions consist of product purchase and sale transactions. As of 31 December 2021 and 31 December 2020, forward goods purchase and sale transactions consist of product crack margin fixing transactions and goods purchase and sale transactions. As of 31 December 2021, forward sales product crack margin fixing transactions are 551 thousand barrels of gasoline, 214 thousand barrels of jet fuel, 1.061 thousand barrels of diesel and 214 thousand barrels of fuel oil transactions for the first quarter of 2022. As of December 31, 2020, future sales product crack margin fixing transactions are 374 thousand barrels of gasoline, 265 thousand barrels of jet fuel, 749 thousand barrels of diesel and 172 thousand barrels of fuel oil for the 1st quarter period of 2021. Commodity purchase and sale transactions consist of 97.742 thousand barrels (31 December 2021 -10.865 thousand barrels, 31 December 2020 - None) of crude oil purchase and sale transactions with various maturities in order 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.

### 18. COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

	31 December 2022		31 December 2021		31 December 2020	
	Original currency(*):	TRY amount:	Original currency(*):	TRY amount:	Original currency(*):	TRY amount:
<b>Guarantees received:</b>						
Letter of guarantees received		5,419,947		2,066,302		1,446,358
- Letter of guarantees in TRY	3,456,913	3,456,913	948,741	948,741	775,268	775,268
- Letter of guarantees in USD	80,335	1,502,511	21,763	290,084	36,186	265,624
- Letter of guarantees in EUR	21,692	432,427	54,712	825,429	44,517	401,005
- Letter of guarantees in other currencies	-	28,096	-	2,048	-	4,461
Guarantee notes received		423		733		679
- Guarantee notes in TRY	423	423	733	733	679	679
Guarantee letters received		1,000,818		727,787		417,926
- Guarantee letters received in TRY	50,000	50,000	50,000	50,000	50,000	50,000
- Guarantee letters received in USD	50,851	950,818	50,851	677,787	50,000	367,025
- Guarantee letters received in EUR	-	-	-	-	100	901
Guarantee letters of credit		323,985		119,507		205,520
- Letters of credit in USD	17,327	323,985	8,966	119,507	27,998	205,520
Direct debiting limits		899,939		610,515		407,475
- TRY direct debiting limits	899,939	899,939	610,515	610,515	407,475	407,475
<b>Total guarantees received</b>		<b>7,645,114</b>		<b>3,524,844</b>		<b>2,477,958</b>
<b>Guarantees given:</b>						
Letter of credits given		9,782,951		15,973,754		3,953,337
- Letter of credits in USD	523,200	9,782,951	1,196,876	15,953,154	535,781	3,932,903
- Letter of credits in EUR	-	-	1,011	15,256	2,268	20,434
- Letter of credits in other currencies	-	-	-	5,344	-	-
Letter of guarantees given		8,425,157		2,959,205		1,963,157
- Letter of guarantees in TRY	8,421,415	8,421,415	2,945,223	2,945,223	1,803,618	1,803,618
- Letter of guarantees in USD	200	3,742	200	2,667	20,200	148,279
- Letter of guarantees in EUR	-	-	750	11,315	1,250	11,260
Letters of guarantee		1,768,072		800,740		897,796
- given to customs offices		1,768,072		800,740		897,796
- Letter of guarantees in TRY	1,648,463	1,648,463	710,220	710,220	843,749	843,749
- Letter of guarantees in USD	-	-	-	-	-	-
- Letter of guarantees in EUR	6,000	119,609	6,000	90,520	6,000	54,047
Guarantee bond		22,087		-		-
- Guarantee bond in TRY	1,626	1,626	-	-	-	-
- Guarantee bond in USD	1,094	20,462	-	-	-	-
Letters of guarantee given to banks		870,962		860,398		753,762
- Letter of guarantees in USD	46,580	870,962	64,551	860,398	89,322	655,667
- Letter of guarantees in EUR	-	-	-	-	10,890	98,095
Guarantess	104,000	1,944,623	104,000	1,386,216	-	-
<b>Total guarantees given</b>		<b>22,813,853</b>		<b>21,980,313</b>		<b>7,568,052</b>

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

As at 31 December 2022, 31 December 2021 and 31 December 2020 letter of guarantees received are composed of guarantees from customers and suppliers. Guarantees given are composed letter of credit with of guarantees given to government entities and customs offices. As at 31 December 2022, letters of guarantee given to banks are given for loans which were used by Companies within scope of consolidation amounting to TRY817,272 thousand (31 December 2021: TRY809,367 thousand, 31 December 2020: TRY92,365 thousand) and for derivative financial instruments amounting to TRY53,691 thousand (31 December 2021: TRY51,031 thousand, 31 December 2020: TRY7,847 thousand).



# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

### 18. COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES (Continued)

Collaterals, pledges, mortgages given by the Group as at 31 December 2022, 31 December 2021 and 31 December 2020 are as follows:

	31 December 2022	31 December 2021	31 December 2020
A. CPMs given for companies in the name of its own legal personality	19,998,267	18,975,945	6,814,290
- TRY	10,071,503	3,655,443	2,647,367
- USD	9,807,154	15,198,067	4,081,182
- EUR	119,609	117,091	85,741
- Other	-	5,344	-
B. CPMs given on behalf of the fully consolidated companies	2,815,586	3,004,368	753,762
- USD	2,815,586	3,004,368	655,667
- EUR	-	-	98,095
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 companies which are not in scope of B and C.	-	-	-
iii) Total amount of CPMs given on behalf of third parties which are not in scope of C.	-	-	-
<b>Total</b>	<b>22,813,853</b>	<b>21,980,313</b>	<b>7,568,052</b>

A commission at an amount of TRY33,678 thousand is recognized as of 31 December 2021 related to letter of guarantees given in favor of partnerships included in full consolidation (31 December 2021 – 17,957 thousand, 31 December 2020 – TRY5,970 thousand).

### 19. EQUITY

The Company's shareholders and their shareholding percentages as at 31 December 2022, 31 December 2021 and 31 December 2020 are as follows:

	31 December 2022	Share (%)	31 December 2021	Share (%)	31 December 2020	Share (%)
Enerji Yatırımları A.Ş.	127,714	46.40	127,714	46.40	127,714	46.40
Koç Holding A.Ş.	17,471	6.35	17,471	6.35	17,471	6.35
Koç Family Members and Companies owned by Koç Family Members	1,308	0.47	1,308	0.47	1,308	0.47
Publicly held	128,764	46.78	128,764	46.78	128,764	46.78
<b>Paid-in Capital</b>	<b>275,257</b>	<b>100.00</b>	<b>275,257</b>	<b>100.00</b>	<b>275,257</b>	<b>100.00</b>
Adjustments to share capital	1,344,243		1,344,243		1,344,243	
<b>Total Capital</b>	<b>1,619,500</b>		<b>1,619,500</b>		<b>1,619,500</b>	

(\*) As a result of the acquisition of Entek shares by partial division, the Company's paid-in capital was increased from 250,419 thousand TL to 275,257 thousand TL and was registered in the trade registry on 26 August 2022.

Adjustment to share capital represents the difference between the inflation adjusted amounts of cash and cash equivalents of the paid-in capital and the amounts before the inflation adjustment.

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 2021: 1Kr) each. The authorised and paid-in share capital of the Company comprises 27,525,651,399 Group A shares with a registered nominal value of 1Kr and one Group C share with privileges belonging to the Privatisation Administration.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

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### 19. EQUITY (Continued)

As per the articles of association of the Company, one member of the Board of Directors should be nominated by the 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". At 31 December 2022, the restricted reserves of the Company amount to TRY503,343 thousand (31 December 2021 - TRY503,343 thousand, 31 December 2020 – TRY503,343 thousand).

#### *Dividend distribution*

Listed companies distribute dividend 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 dividend 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.

As of 31 December 2022, the total amount of resources that can be subject to dividend distribution after deducting accumulated losses and legal reserves that must be set aside without additional corporate tax burden in the legal records of Tüpraş is TRY 28,862,595 thousand.

At the Ordinary General Assembly Meeting dated 30 March 2022, in the financial statements prepared in accordance with the Tax Procedural Law records; although the operations in 2021 resulted in a current year profit of TRY676,189 thousand; due to the previous year loss of TRY4,201,409 thousand, it is declared that dividends will not be distributed and the net period profit which was obtained according to the financial statements prepared in accordance with TFRS amounting to TRY3,319,134 thousand attributable to the equity holders of the parent will be transferred to the retained earnings.

## TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

#### 20. REVENUE AND COST OF SALES

	1 January - 31 December 2022	1 January - 31 December 2021
Domestic revenue	397,295,142	120,259,146
Export revenue	91,291,312	34,211,922
<b>Gross revenue</b>	<b>488,586,454</b>	<b>154,471,068</b>
Less: Sales discounts	(6,664,017)	(1,883,693)
Less: Sales returns	(157,781)	(95,356)
<b>Sales (net)</b>	<b>481,764,656</b>	<b>152,492,019</b>
Cost of goods sold	(418,987,726)	(136,631,978)
<b>Gross profit</b>	<b>62,776,930</b>	<b>15,860,041</b>
<b>Cost of sales:</b>		
	1 January - 31 December 2022	1 January - 31 December 2021
Raw material, manufactured and consumable material	398,870,790	130,190,736
Energy expenses	13,727,750	3,197,225
Personnel expenses	1,945,231	1,180,719
Depreciation and amortization (Note 11-12)	649,532	638,541
Other production expenses	3,794,423	1,424,757
<b>Cost of sales</b>	<b>418,987,726</b>	<b>136,631,978</b>

#### 21. GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES AND RESEARCH AND DEVELOPMENT EXPENSES

##### General administrative expenses:

	1 January - 31 December 2022	1 January - 31 December 2021
Personnel expenses	1,708,477	736,174
Insurance expenses	461,920	266,189
Tax duties and fees	394,247	217,595
Depreciation and amortization (Note 11-12)	169,556	100,831
Outsourced services	436,603	154,325
Office expenses	255,502	87,022
Subscription fees	136,341	86,532
Lawsuit and consultancy expenses	124,296	54,754
Donations	269,521	31,006
Transportation and travel expenses	20,505	7,011
Other	243,406	128,097
<b>Total general administrative expenses</b>	<b>4,220,374</b>	<b>1,869,536</b>

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

### 21. GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES AND RESEARCH AND DEVELOPMENT EXPENSES (Continued)

#### Marketing expenses:

	1 January - 31 December 2022	1 January - 31 December 2021
Transportation, storage and insurance expenses	2,949,595	900,964
Personnel expenses	378,889	191,290
Energy expenses	163,843	32,634
Depreciation and amortization (Note 11)	101,461	99,578
Advertising expenses	86,791	30,671
Outsourced services	81,472	60,690
Other	177,130	93,249
<b>Total marketing expenses</b>	<b>3,939,181</b>	<b>1,409,076</b>

#### Research and development expenses:

	1 January - 31 December 2022	1 January - 31 December 2021
Personnel expenses	43,218	15,810
Depreciation and amortization (Not 11)	14,363	14,580
Energy expenses	5,632	1,157
Lawsuit and consultancy expenses	276	3,218
Outsourced services	873	1,114
Licence expenses	123	21
Other	10,907	3,066
<b>Total research and development expenses</b>	<b>75,392</b>	<b>38,966</b>

Depreciation expenses, which have been recorded under cost of goods sold between 1 January to 31 December 2021, have been appropriately allocated to cost centers as of 31 December 2022.

#### *Fees for Services Obtained from Independent Auditor/Independent Audit Firm*

The Group's explanation regarding the fees for the services received from the independent audit firms, which is based on the letter of POA dated 19 August 2021, the preparation principles of which are based on the Board Decision published in the Official Gazette on 30 March 2021, are as follows:

	2022(*)	2021(*)
Audit and assurance fee	9,076	2,869
Tax consulting fee	511	400
Other assurance services fee	565	18
Other service fee apart from audit	70	2
	<b>10,222</b>	<b>3,289</b>

(\*) The fees above have been determined through including the legal audit and other related service fees of all subsidiaries and joint ventures, and the foreign currency fees of foreign subsidiaries and affiliates have been converted into TL using the annual average rates of the relevant years.

## TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

#### 22. OTHER OPERATING INCOME/(EXPENSES)

	1 January - 31 December 2022	1 January - 31 December 2021
<b>Other operating income:</b>		
Credit finance gains	3,473,276	835,695
Foreign exchange gain from trade receivables	705,612	182,115
Rent expenses	11,174	7,696
Other	181,350	220,358
<b>Total other operating income</b>	<b>4,371,412</b>	<b>1,245,864</b>
<b>Other operating expense:</b>		
Foreign exchange loss from trade payables	(11,725,523)	(12,726,985)
Credit finance charges	(1,187,229)	(135,344)
Other	(393,996)	(149,437)
<b>Total other operating expense</b>	<b>(13,306,748)</b>	<b>(13,011,766)</b>

#### 23. INCOME/(EXPENSE) FROM INVESTMENT ACTIVITIES

	1 January - 31 December 2022	1 January - 31 December 2021
Gain/(loss) on sales of property plant and equipment and intangible assets	(13,170)	107,675
Financial investments fair value change	66,413	
Dividend income	55	79
<b>Total income/(expense) from investment activities</b>	<b>53,298</b>	<b>107,754</b>

#### 24. FINANCIAL INCOME/(EXPENSES)

	1 January - 31 December 2022	1 January - 31 December 2021
<b>Financial income:</b>		
Foreign exchange gains on deposits	4,561,528	10,880,229
Interest income on deposits	1,612,650	1,975,092
Interest income on derivative instruments	-	-
Financial investment interest income	12,715	-
<b>Total financial income</b>	<b>6,186,893</b>	<b>12,855,321</b>
<b>Financial expense:</b>		
Foreign exchange losses on borrowings	(8,486,100)	(8,181,852)
Interest expenses	(3,046,458)	(2,657,904)
Losses on derivative instruments	(654,052)	(1,112,949)
Other	(96,711)	(21,565)
<b>Total financial expense</b>	<b>(12,283,321)</b>	<b>(11,974,270)</b>

As of 31 December 2022, interest expense amounting to TRY 30,646 thousand (31 December 2021 - TRY 30,382 thousand) arising from leasing transactions is included in interest expense and foreign exchange loss amounting to TRY 37,987 thousand (31 December 2021 - TRY 47,798 thousand) arising from leasing transactions is included in foreign exchange loss on financial liabilities.

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

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

### 25. TAX ASSETS AND LIABILITIES

	31 December 2022	31 December 2021	31 December 2020
Current period corporate tax provision	2,714,126	79,907	13,310
Current year tax assets	(1,758,871)	(10,143)	(10,851)
	<b>955,255</b>	69,764	2,459

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.

The corporation tax rate for the fiscal year 2022 is 20% (2021: 25%, 2020:22%). The corporate tax rate for the 2023 year has been determined as 23%. 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 law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on 20 January 2022, It has been enacted with the number 7352 and it has been decided that the financial statements will not be subject to inflation adjustment in the 2022 and 2023 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the repeated Article 298 are met.

Reconciliation of the income before tax with the calculated corporate tax is as follows:

	2022	2021
Profit /(Loss) before taxation	39,875,557	2,358,355
Less: Shares in profit/loss of joint ventures	312,040	592,989
<b>Profit before tax (Excluding the profit/loss shares of Joint Ventures)</b>	<b>39,563,517</b>	<b>1,765,366</b>
Expected tax expense(*)	(9,099,609)	(441,342)
Investment incentive income	9,193,102	1,718,057
Deductions and exemptions	413,304	176,194
Changes in the tax rate	152,018	36,773
Effect on revaluation of fixed assets and other assets subject to depreciation (**)	1,225,188	124,205
Disallowable expenses and differences Not subject to taxation	(498,993)	(359,018)
<b>Taxation on income</b>	<b>1,385,010</b>	<b>1,254,869</b>

(\*) The current year tax rate is taken into account as 23%.

(\*\*) In accordance with the regulation numbered 7326, published in Official Gazette on 9 June 2021, the opportunity to revalue the immovable registered in assets and the economic assets subject to depreciation on the effective date of the law. The assets included in the scope will be depreciated over the revalued amount and a tax of 2% will be paid over the value increase amount. Within the scope of the aforementioned change in law, a deferred tax asset has been created in the statement of financial position based on the revaluation entries made for fixed assets in the statutory ledger and deferred tax income related to this asset has been recognized in consolidated other comprehensive income.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

### 25. 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 at 31 December 2022, 31 December 2021 and 31 December 2020 using the enacted tax rates are as follows:

	Cumulative temporary differences		Deferred tax (liability)/asset			
	31 December 2022	31 December 2021	31 December 2020	31 December 2022	31 December 2021	31 December 2020
Investment incentives(*)	(48,706,750)	(34,664,738)	29,592,896	9,741,350	6,278,887	4,557,566
Accumulated deductible financial losses (**)	(184,517)	(2,592,801)	(4,202,677)	36,904	520,799	840,535
Difference between the carrying values and tax base of property, plant, equipment and intangible assets	7,426,682	(4,735,231)	7,654,962	1,429,862	418,241	(689,583)
Employment termination benefits	(686,501)	(377,580)	(271,906)	137,493	71,384	54,382
Inventories	1,466,052	149,788	(185,705)	(293,210)	(34,451)	37,141
Provision for unused vacation liability	(99,863)	(55,089)	(62,013)	20,059	11,035	12,403
Deferred financial income (expense), net	(108,067)	(1,408,806)	(322,080)	28,090	320,740	69,394
Provision lawsuits	(33,818)	(20,087)	(27,080)	6,814	4,620	5,416
Fair value difference of derivative instruments	2,586,950	469,703	(332,804)	(508,507)	(103,347)	70,573
Gain on revaluation of tangibles	15,341,907	12,127,601	-	(1,534,191)	(1,212,767)	-
Cash capital incentives	(23,790)	(23,790)	-	4,758	4,758	-
Other	(669,613)	(366,617)	(67,102)	81,726	1,031	2,811
				9,151,148	6,280,930	4,960,638

(\*) 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 122,93% revaluation rate, which was announced for the second provisional tax period of 2021 by the Ministry of Finance. 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

(\*\*) Deferred tax assets amounting to TRY 36,904 thousand to be used in the next 5 years arising from deductible tax losses amounting to TRY 184,517 thousand realized on 31 December 2022. Deferred tax assets amounting to TRY 520,799 thousand to be used in the next 5 years arising from deductible tax losses amounting to TRY 2,592,801 thousand realized on 31 December 2021. Deferred tax assets amounting to TRY 840,535 thousand to be used in the next 5 years arising from deductible tax losses amounting to TRY 4,202,677 thousand realized on 31 December 2020.

## TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

#### 25. TAX ASSETS AND LIABILITIES (Continued)

The company has assessed that the necessary taxable profit will arise in the following periods, the deferred tax asset has been recognised in the current period.

The movement of deferred taxes is as follows:

	2022	2021
<b>Deferred tax asset/(liability), net</b>		
1 January	6,280,930	4,960,638
Charge for the period	4,064,319	1,351,549
Charge to equity:		
- Hedging cash flow gains/(losses)	(941,054)	363,233
- Actuarial gains/(losses) arising from defined benefit plans	71,213	1,120
- Acquisitions	-	(9,896)
- Revaluation of property gains/(losses)	(324,260)	(385,714)
	<b>9,151,148</b>	6.280.930

#### 26. EARNINGS PER SHARE

	1 January - 31 December 2022	1 January - 31 December 2021
Profit for the year attributable to shareholders	41,044,621	3,494,837
Weighted average number of Shares with nominal value of Kr1 each	27,525,651,400	27,525,651,400
<b>Basic and diluted earnings per share in Kr</b>	<b>149.11</b>	12.70



# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

### 27. 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 December 2022	31 December 2021	31 December 2020
Yapı ve Kredi Bankası A.Ş. (2)	10,785,491	7,152,649	6,288,137
<b>Total</b>	<b>10,785,491</b>	<b>7,152,649</b>	<b>6,288,137</b>

#### b) Trade receivables:

	31 December 2022	31 December 2021	31 December 2020
Opet Petrolcülük A.Ş. (1)	2,666,239	1,382,904	226,489
THY OPET Havacılık Yakıtları A.Ş. (1)	252,453	186,648	51,113
Aygaz A.Ş. (2)	108,337	75,814	24,516
Demir Export (2)	18,692	4,413	3,742
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş. (1)	23,502	21,993	19,237
Other (2)	118,649	73,753	35,834
<b>Total</b>	<b>3,187,872</b>	<b>1,745,525</b>	<b>360,931</b>

As of 31 December 2022, Tüpraş has deducted the amount of TRY 1,385,000 thousand collected from factoring companies from trade receivables from related parties (As of 31 December 2021, Tüpraş has deducted the amount of TRY 70,000 thousand collected from factoring companies from trade receivables from related parties. As of 31 December 2020, Tüpraş has deducted the amount of TRY 250,000 thousand collected from factoring companies from trade receivables from related parties. As of 31 December 2020, there is a supplier financing of TRY 153,100 thousand. As of 31 December 2020, there is a supplier financing of TRY 507,000 thousand).

#### c) Trade payables:

	31 December 2022	31 December 2021	31 December 2020
Opet Petrolcülük A.Ş. (1)	899,130	41,580	16,923
Koç Sistem Bilgi ve İletişim A.Ş. (2)	90,151	42,077	25,098
Zer Merkezi Hizmetler ve Ticaret A.Ş. (2)	66,168	28,830	16,566
Aygaz A.Ş. (2)	15,639	16,170	8,104
Setur Servis Turistik A.Ş. (2)	10,879	3,262	3,149
Otokoç Otomotiv Tic. ve San. A.Ş. (2)	7,163	5,721	5,086
RAM Sigorta Aracılık Hizmetleri A.Ş. (2)	807	5,357	15,431
Aygaz Doğalgaz Toptan Satış A.Ş. (2)	-	-	78,084
Ark İnşaat A.Ş. (2)	-	-	44,880
Other (2)	66,484	39,915	20,634
<b>Total</b>	<b>1,156,421</b>	<b>182,912</b>	<b>233,955</b>

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

### 27. RELATED PARTY TRANSACTIONS (Continued)

#### d) Other payables:

	31 December 2022	31 December 2021	31 December 2020
Koç Holding A.Ş. (3)	169,841	43,328	30,763
<b>Total</b>	<b>169,841</b>	<b>43,328</b>	<b>30,763</b>

#### e) Advances given for property, plant and equipment

	31 December 2022	31 December 2021	31 December 2020
Ark İnşaat A.Ş. (2)	291	5,643	2,126
<b>Total</b>	<b>291</b>	<b>5,643</b>	<b>2,126</b>

#### f) Bank loans:

	31 December 2022	31 December 2021	31 December 2020
Yapı ve Kredi Bankası A.Ş. (2)	-	837,391	821,310
<b>Total</b>	<b>-</b>	<b>837,391</b>	<b>821,310</b>

#### g) Lease liabilities:

	31 December 2022	31 December 2021	31 December 2020
Otokoç Otomotiv Tic. ve San. A.Ş. (2)	82,583	19,308	22,477
Koç Ailesi (3)	18,549	67,827	63,286
Temel Ticaret ve Yatırım A.Ş.	7,226	1,175	-
Zer Merkezi Hizmetler ve Ticaret A.Ş. (2)	-	20	31
<b>Total</b>	<b>108,358</b>	<b>88,330</b>	<b>85,794</b>

#### h) Product and service sales:

	1 January - 31 December 2022	1 January - 31 December 2021
Opet Petrolcülük A.Ş. (1)	89,800,411	32,434,706
THY OPET Havacılık Yakıtları A.Ş. (1)	7,486,998	3,326,389
Aygaz A.Ş. (2)	3,467,802	1,458,967
Opet Fuchs Madeni Yağ A.Ş. (1)	264,560	146,248
Other (2)	122,103	448,946
<b>Total</b>	<b>101,141,874</b>	<b>37,815,256</b>

## TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

#### 27. RELATED PARTY TRANSACTIONS (Continued)

##### i) Product and service purchases:

	1 January - 31 December 2022	1 January - 31 December 2021
Opet Petrolcülük A.Ş. (1)	7,307,930	476,462
Aygaz A.Ş. (2)	768,262	279,649
Ram Sigorta Aracılık Hizmetleri A.Ş. (2) (*)	586,615	279,358
Zer Merkezi Hizmetler ve Ticaret A.Ş. (2)	376,179	135,402
Koç Sistem Bilgi ve İletişim A.Ş. (2)	160,186	67,471
Ark İnşaat San. Tic. A.Ş. (2)	131,504	115,159
Koç Holding A.Ş. (3) (**)	131,318	51,172
THY OPET Havacılık Yakıtları A.Ş. (1)	73,013	68
Otokoç Otomotiv Tic. ve San. A.Ş. (2)	36,142	27,651
Opet Fuchs (1)	28,157	-
Aygaz Doğalgaz Toptan Satış A.Ş. (2)	-	393,250
Other (2)	196,162	178,943
<b>Total</b>	<b>9,795,468</b>	<b>2,004,585</b>

(\*) 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 December 2022	1 January - 31 December 2021
Koç Sistem Bilgi ve İletişim A.Ş. (2)	64,639	22,329
Ark İnşaat A.Ş. (2)	18,153	11,228
RMK Marine Gemi Yapım Sanayii ve Deniz Taşımacılığı İşletmesi A.Ş. (2)	11,720	4,549
Zer Merkezi Hizmetler ve Ticaret A.Ş. (2)	3,488	-
Other (2)	6,897	2,687
<b>Total</b>	<b>104,897</b>	<b>40,793</b>

##### k) Remuneration of board of directors and executive management:

The senior management of the Group is determined as members and chair of the Board of Directors and General Manager and General Manager Deputies. The total amount of benefits provided to senior management is TRY 283,306 thousand as of period ending on 31 December 2022 (31 December 2021 – TRY 102,536 thousand). All of this amount consists of short term benefits (2021: All of this amount consists of short term benefits).

## TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

#### 27. RELATED PARTY TRANSACTIONS (Continued)

##### l) Financial expenses paid to related parties:

	1 January - 31 December 2022	1 January - 31 December 2021
Yapı ve Kredi Bankası A.Ş. (2)	50.976	91.058
Yapı Kredi Faktoring A.Ş. (2)	27.957	3.515
Yapı Kredi Portföy Yönetimi	35	-
<b>Total</b>	<b>78.967</b>	<b>94.573</b>

##### m) Time deposit interest income:

	1 January - 31 December 2022	1 January - 31 December 2021
Yapı ve Kredi Bankası A.Ş. (2)	374,853	912,341
Yapı Kredi Portföy Yönetimi	32,898	-
<b>Total</b>	<b>407,751</b>	<b>912,341</b>

##### n) Donations:

As of 31 December 2022, total donation amount paid to related parties is TRY 241,069 thousand (31 December 2021 – TRY 2,162 thousand).

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

### 28. 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.

#### *Liquidity risk:*

The ability to fund the existing and prospective debt requirements is managed by maintaining the availability of adequate fund providers from high quality lenders.

Prudent liquidity risk management comprises maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out open positions.

The table below demonstrates the Group's future cash outflows due to financial liabilities as at 31 December 2022 and 31 December 2021. The amounts demonstrated are undiscounted cash flows on agreements and the Group manages its liquidity risk by taking into account its expected undiscounted cash flows.

#### 31 December 2022

Contractual maturities	Carrying value	Contractual cash outflows	Up to 3 months	3-12 months	1-5 years	More than 5 years
<b>Total liabilities (non derivative)</b>	86.230.109	88.122.144	58.452.638	9.689.197	19.281.994	698.315
Bank borrowings	18.314.113	19.726.892	3.867.427	9.374.865	6.138.694	345.905
Bonds and notes issued	14.627.164	14.627.164	1.416.995	121.359	13.088.810	-
Lease liabilities	327.673	611.682	11.809	192.973	54.490	352.410
Trade payables	52.698.764	52.894.012	52.894.012	-	-	-
Other liabilities	262.395	262.395	262.395	-	-	-
Contractual maturities	Carrying value	Contractual cash outflows	Up to 3 months	3-12 months	1-5 years	More than 5 years
<b>Derivative instruments (net)</b>	2.361.368	(46.957)	6.423	190.063	(254.742)	11.299
Derivative cash inflows	3.654.081	7.428.786	405.362	6.930.753	81.372	11.299
Derivative cash outflows	1.292.712	7.475.742	398.938	6.740.690	336.114	-

#### 31 December 2021

Contractual maturities	Carrying value	Contractual cash outflows	Up to 3 months	3-12 months	1-5 years	More than 5 years
<b>Total liabilities (non derivative)</b>	77.354.137	80.901.558	46.896.813	11.037.331	21.175.648	1.791.767
Bank borrowings	21.574.212	24.723.448	2.662.739	10.251.929	10.401.166	1.407.614,901
Bonds and notes issued	11.352.244	11.354.525	47.715	586.510	10.720.300	0
Lease liabilities	267.208	654.859	17.633	198.892	54.182	384.152
Trade payables	43.837.455	43.845.708	43.845.708	-	-	-
Other liabilities	323.018	323.018	323.018	-	-	-
Contractual maturities	Carrying value	Contractual cash outflows	Up to 3 months	3-12 months	1-5 years	More than 5 years
<b>Derivative instruments (net)</b>	328.283	1.149.160	876.118	167.996	105.046	-
Derivative cash inflows	3.867.913	21.581.368	18.136.864	2.168.367	1.276.137	-
Derivative cash outflows	3.539.630	20.432.208	17.260.746	2.000.371	1.171.091	-

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

### 28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

31 December 2020

Contractual maturities	Carrying value	Contractual cash outflows	Up to 3 months	3-12 months	1-5 years	More than 5 years
<b>Total liabilities (non derivative)</b>	44.194.888	46.899.012	17.938.515	7.102.970	21.529.628	327.899
Bank borrowings	23.088.185	24.626.097	2.713.636	6.696.450	15.216.011	-
Bonds and notes issued	6.361.259	7.278.922	698.060	296.884	6.283.978	-
Lease liabilities	232.500	475.448	8.274	109.636	29.639	327.899
Trade payables	14.204.175	14.209.776	14.209.776	-	-	-
Other liabilities	308.769	308.769	308.769	-	-	-
<b>Contractual maturities</b>						
	Carrying value	Contractual cash outflows	Up to 3 months	3-12 months	1-5 years	More than 5 years
<b>Derivative instruments (net)</b>	(377,930)	(683,868)	(737,173)	(22,263)	96,780	(21,212)
Derivative cash inflows	469,778	19,817,616	15,857,748	1,655,147	2,293,422	11,299
Derivative cash outflows	847,708	20,501,484	16,594,921	1,677,410	2,196,642	32,511

Cash outflows will be provided through cash inflows from sales and financing if deemed necessary.

#### **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.

The majority of Tüpraş's customers are financially strong fuel distribution companies or governmental organizations. As of December 31, 2022, 2021 and 2020, the share of the Group's receivables from its top 5 customers in total trade receivables is 61%, 68% and 57%, respectively. However, considering the amount of the Group's uncollectible receivables by years and considering the above reasons, the Group management is of the opinion that the credit risk arising from trade receivables is low. The Group applies the same credit risk management principles in the management of financial assets. Investments are made in instruments with the highest liquidity and the institutions with which the transactions are made are selected among financially strong banks. The Group does not consider that there is no impairment risk related to bank deposits as there are no bank deposits that are uncollectible, overdue or renegotiated.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira (“TRY”), unless otherwise indicated.)

### 28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Credit risks of the Group for each financial instrument type as at 31 December 2022, 31 December 2021 and 31 December 2020 are as follows:

31 December 2022	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	3,187,872	18,229,648	-	40,622	47,635,158	3,654,081	-
- Secured portion of the maximum credit risk by guarantees, etc.	-	2,906,682	-	-	-	-	-
A. Net book value of financial asset either are not due or not impaired	3,187,872	18,079,489	-	40,622	47,635,158	3,654,081	-
B. Net book value of overdue but not impaired financial assets	-	150,159	-	-	-	-	-
C. Net book value of the impaired assets	-	-	-	-	-	-	-
- Overdue(gross book value)	-	5,528	-	2,612	-	-	-
- Impairment (-)	-	(5,528)	-	(2,612)	-	-	-
- 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	-	-	-	-	-	-	-

31 December 2021	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	1,745,525	12,051,157	-	20,566	21,176,186	3,867,913	-
- Secured portion of the maximum credit risk by guarantees, etc.	-	803,208	-	-	-	-	-
A. Net book value of financial asset either are not due or not impaired	1,745,525	11,864,217	-	20,566	21,176,186	3,867,913	-
B. Net book value of overdue but not impaired financial assets	-	186,940	-	-	-	-	-
C. Net book value of the impaired assets	-	-	-	-	-	-	-
- Overdue(gross book value)	-	5,528	-	2,612	-	-	-
- Impairment (-)	-	(5,528)	-	(2,612)	-	-	-
- 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	-	-	-	-	-	-	-

31 December 2020	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	360,931	1,479,496	-	19,464	20,319,133	469,778	-
- Secured portion of the maximum credit risk by guarantees, etc.	-	367,278	-	-	-	-	-
A. Net book value of financial asset either are not due or not impaired	360,931	1,289,887	-	19,464	20,319,133	469,778	-
B. Net book value of overdue but not impaired financial assets	-	189,609	-	-	-	-	-
C. Net book value of the impaired assets	-	-	-	-	-	-	-
- Overdue(gross book value)	-	5,264	-	1,389	-	-	-
- Impairment (-)	-	(5,264)	-	(1,389)	-	-	-
- 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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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

### 28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

#### *Maturity analysis of past due and not impaired trade receivables*

31 December 2022	Receivables		Bank deposits	Derivative instruments	Other
	Trade Receivables	Other Receivables			
Overdue (1-30 days)	78,972	-	-	-	-
Overdue (1-3 months)	66,297	-	-	-	-
Overdue (3-12 months)	3,175	-	-	-	-
Overdue (1-5 years)	1,715	-	-	-	-
Overdue (5+ years)	-	-	-	-	-

  

31 December 2021	Receivables		Bank deposits	Derivative instruments	Other
	Trade receivables	Other Receivables			
Overdue (1-30 days)	133,507	-	-	-	-
Overdue (1-3 months)	6,081	-	-	-	-
Overdue (3-12 months)	36,404	-	-	-	-
Overdue (1-5 years)	10,948	-	-	-	-
Overdue (5+ years)	-	-	-	-	-

  

31 December 2020	Receivables		Bank deposits	Derivative instruments	Other
	Trade receivables	Other Receivables			
Overdue (1-30 days)	150,402	-	-	-	-
Overdue (1-3 months)	22,675	-	-	-	-
Overdue (3-12 months)	11,475	-	-	-	-
Overdue (1-5 years)	5,057	-	-	-	-
Overdue (5+ years)	-	-	-	-	-

During the impairment test of financial assets, the Group has considered the indicators regarding uncollectibility of receivables that are due. The Group has guarantees received amounting to TRY29,097 thousand (31 December 2021: TRY70,726 thousand, 31 December 2020: TRY:89,116 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.

#### *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 at 31 December 2022 and 31 December 2021 and 31 December 2020 are as follows:

	31 December 2022	31 December 2021	31 December 2020
Group 1	2.488	24.306	9.468
Group 2	4.503.595	3.329.855	591.137
Group 3	16.273.084	9.862.833	877.508
Group 4	488.194	392.748	172.705
<b>Toplam</b>	<b>21.267.361</b>	<b>13.609.742</b>	<b>1.650.818</b>

- 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)



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### 28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

#### 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 consituted 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 17).

#### 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 17).

#### Interest rate 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 at 31 December 2022, 31 December 2021 and 31 December 2020:

	31 December 2022	31 December 2021	31 December 2020
<b>Financial instruments with fixed interest rate</b>			
Financial assets			
Time deposits	44,066,024	19,166,629	19,673,367
Financial liabilities	23,138,186	21,416,491	20,003,939
<b>Financial instruments with floating interest rate</b>			
Financial liabilities (*)	10,130,765	11,777,173	9,241,129

(\*) As of 31 December 2022, there is interest rate swap and cross currency interest rate swap transactions for loans with floating interest rate amounting to USD 170,264 thousand (31 December 2021: USD241.230 thousand, 31 December 2020: USD442,895 thousand) and TRY490,000 thousand (31 December 2021: TRY1,740,000 thousand, 31 December 2020: TRY1,400,000 thousand). There are no EUR interest rate swap transactions as of 31 December 2021. (31 December 2020: EUR8,857 thousand) (Note 17).

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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### 28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

#### Interest rate risk (Continued)

As at 31 December 2022, had the interest rate for borrowings denominated in USD strengthened by 100 base points (1%), with all other variables held constant, profit before tax would be TRY 12,739 thousand lower/higher (31 December 2021: TRY15,756 thousand, 31 December 2020: TRY9,128 thousand). As at 31 December 2022, had the interest rate for borrowings denominated in EURO strengthened/weakened by 100 base points (1%), with all other variables held constant, profit before tax would not be changed (31 December 2020: None). As at 31 December 2022, had the interest rate for borrowings denominated in TRY strengthened/weakened by 100 base points (1%), with all other variables held constant, profit before tax would be TRY 5,206 thousand lower/higher (31 December 2021: TRY1,759, 31 December 2020: TRY1,344).

Expected repricing and maturity dates do not differ from the contract dates excluding borrowings; therefore no additional table is presented. The maturity groupings of borrowings at 31 December 2022, 2021 and 2020 based on their contractual repricing dates are disclosed in Note 7.

#### 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 at 31 December 2022, 31 December 2021 and 31 December 2020:

	31 December 2022		31 December 2021		31 December 2020	
	TRY	USD(*)	TRY	USD(*)	TRY	USD(*)
Monetary assets	24,961,804	1,334,977	16,778,466	1,258,794	1,527,988	208,159
Monetary liabilities	(70,242,219)	(3,756,610)	(64,579,085)	(4,845,006)	(29,577,085)	(4,029,301)
<b>Monetary assets / (liabilities) foreign currency position</b>	<b>(45,280,415)</b>	<b>(2,421,633)</b>	<b>(47,800,619)</b>	<b>(3,586,212)</b>	<b>(28,049,097)</b>	<b>(3,821,142)</b>
Non-monetary assets	434,631	23,244	14,358	1,077	105,732	14,404
Net foreign currency position of derivative financial instruments	5,215,079	278,907	17,833,889	1,337,977	16,032,087	2,184,059
<b>Net foreign currency asset / (liability) position</b>	<b>(39,630,705)</b>	<b>(2,119,482)</b>	<b>(29,952,372)</b>	<b>(2,247,158)</b>	<b>(11,911,278)</b>	<b>(1,622,679)</b>
Cash flow hedging (**)	3,833,336	205,010	5,809,043	435,820	4,360,123	593,982
<b>Net foreign currency position after cash flow hedging</b>	<b>(35,797,369)</b>	<b>(1,914,472)</b>	<b>(24,143,329)</b>	<b>(1,811,338)</b>	<b>(7,551,155)</b>	<b>(1,028,697)</b>
Inventory in natural hedge scope (***)	35,834,819	1,916,475	24,197,942	1,815,436	7,220,776	983,690
Payment commitments (-)	-	-	-	-	-	-
<b>Net foreign currency position after cash flow hedging and natural hedge</b>	<b>37,450</b>	<b>2,003</b>	<b>54,613</b>	<b>4,097</b>	<b>(330,379)</b>	<b>(45,007)</b>

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

(\*\*) The Group uses investment loans amounting to USD205,010 thousand, which is equivalent to TRY3,833,336 thousand (USD435,820 thousand / TRY5,809,043 thousand in 31 December 2021, USD593,982 thousand / TRY4,360,123 thousand in 31 December 2020) 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 December 2022, TRY3,153,308 thousand of (31 December 2021: TRY4,331,350, 31 December 2020: TRY2,736,854) 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 December 2022, the foreign exchange loss amounting to TRY2,686,207 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 December 2022, foreign exchange loss of these loans in 2022 amounting to TRY1,508,166 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 at 31 December 2022, the Group has crude oil and petroleum products inventories amounting to TRY35,834,819 thousand (31 December 2021: TRY24,197,942 thousand, 31 December 2020: TRY7,220,776 thousand)

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### 28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	Foreign exchange position table															
	31 December 2022					31 December 2021					31 December 2020					
	TRY equivalent (In terms of functional currency)	USD	EUR	GBP	Other	TRY equivalent (In terms of functional currency)	USD	EUR	GBP	Other	TRY equivalent (In terms of functional currency)	USD	EUR	GBP	Other	
Trade receivables	684,274	36,498	79	-	252	2,287,339	171,536	62	-	-	359,288	45,786	2,570	1	40	
Monetary financial assets (including cash, banks)	24,269,419	1,293,278	3,090	1,144	-	14,491,127	1,061,256	1,222	18,212	-	1,168,700	153,857	3,969	357	10	
Other	427,802	21,720	527	497	-	9,491	237	108	262	(6)	103,077	13,540	255	139	-	
<b>Current assets</b>	<b>25,381,495</b>	<b>1,351,496</b>	<b>3,696</b>	<b>1,641</b>	<b>252</b>	<b>16,787,957</b>	<b>1,233,029</b>	<b>1,392</b>	<b>18,474</b>	<b>(6)</b>	<b>1,631,065</b>	<b>213,183</b>	<b>6,794</b>	<b>497</b>	<b>50</b>	
Monetary financial assets	8,111	434	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other	6,829	-	-	304	-	4,867	-	-	271	-	2,655	-	-	267	-	
<b>Non-current assets</b>	<b>14,940</b>	<b>434</b>	<b>-</b>	<b>304</b>	<b>-</b>	<b>4,867</b>	<b>-</b>	<b>-</b>	<b>271</b>	<b>-</b>	<b>2,655</b>	<b>-</b>	<b>-</b>	<b>267</b>	<b>-</b>	
<b>Total assets</b>	<b>25,396,435</b>	<b>1,351,930</b>	<b>3,696</b>	<b>1,945</b>	<b>252</b>	<b>16,792,824</b>	<b>1,233,029</b>	<b>1,392</b>	<b>18,745</b>	<b>(6)</b>	<b>1,633,720</b>	<b>213,183</b>	<b>6,794</b>	<b>764</b>	<b>50</b>	
Trade payables	44,483,940	2,352,258	24,753	324	-	41,255,266	3,078,146	14,210	-	12,280	13,033,281	1,759,780	12,341	74	3,715	
Financial liabilities	6,095,967	325,289	333	310	-	4,372,467	327,227	359	303	-	3,689,682	426,152	62,015	291	-	
Other monetary liabilities	1,173,502	56,707	637	4,467	-	3,571,426	267,944	-	-	-	379,918	50,265	36	1,068	-	
Other payables	57,488	2,892	154	16	-	-	-	-	-	-	-	-	-	-	-	
<b>Current liabilities</b>	<b>51,810,897</b>	<b>2,737,146</b>	<b>25,877</b>	<b>5,117</b>	<b>-</b>	<b>49,199,159</b>	<b>3,673,317</b>	<b>14,569</b>	<b>303</b>	<b>12,280</b>	<b>17,102,881</b>	<b>2,236,197</b>	<b>74,392</b>	<b>1,433</b>	<b>3,715</b>	
Financial liabilities	18,431,322	979,055	6,253	-	-	15,356,392	1,144,231	6,586	310	-	12,428,714	1,683,816	6,945	613	-	
Other monetary liabilities	-	-	-	-	-	23,534	1,766	-	-	-	45,490	6,197	-	-	-	
<b>Non-current liabilities</b>	<b>18,431,322</b>	<b>979,055</b>	<b>6,253</b>	<b>-</b>	<b>-</b>	<b>15,379,926</b>	<b>1,145,997</b>	<b>6,586</b>	<b>310</b>	<b>-</b>	<b>12,474,204</b>	<b>1,690,013</b>	<b>6,945</b>	<b>613</b>	<b>-</b>	
<b>Total liabilities</b>	<b>70,242,219</b>	<b>3,716,201</b>	<b>32,130</b>	<b>5,117</b>	<b>-</b>	<b>64,579,085</b>	<b>4,819,314</b>	<b>21,155</b>	<b>613</b>	<b>12,280</b>	<b>29,577,085</b>	<b>3,926,210</b>	<b>81,337</b>	<b>2,046</b>	<b>3,715</b>	
<b>Net asset/(liability) position of off-balance sheet foreign currency derivatives</b>	<b>5,215,079</b>	<b>278,906</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,833,889</b>	<b>1,337,977</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,032,087</b>	<b>2,109,010</b>	<b>61,157</b>	<b>-</b>	<b>-</b>	
Total amount of off-balance sheet derivative financial assets	50,864,265	2,720,261	-	-	-	37,933,427	2,845,932	-	-	-	17,914,110	2,365,399	61,157	-	-	
Total amount of off-balance sheet derivative financial liabilities	(45,649,186)	(2,441,355)	-	-	-	(20,099,538)	(1,507,955)	-	-	-	(1,882,023)	(256,389)	-	-	-	
<b>Net foreign currency asset/(liability) position</b>	<b>(39,630,705)</b>	<b>(2,085,365)</b>	<b>(28,434)</b>	<b>(3,172)</b>	<b>252</b>	<b>(29,952,372)</b>	<b>(2,248,308)</b>	<b>(19,763)</b>	<b>18,132</b>	<b>(12,286)</b>	<b>(11,911,278)</b>	<b>(1,604,017)</b>	<b>(13,386)</b>	<b>(1,282)</b>	<b>(3,665)</b>	
<b>Cash flow hedging</b>	<b>3,833,336</b>	<b>205,010</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,809,043</b>	<b>435,820</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,360,123</b>	<b>593,982</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Net foreign currency position after cash flow hedging</b>	<b>(35,797,369)</b>	<b>(1,880,355)</b>	<b>(28,434)</b>	<b>(3,172)</b>	<b>252</b>	<b>(24,143,329)</b>	<b>(1,812,488)</b>	<b>(19,763)</b>	<b>18,132</b>	<b>(12,286)</b>	<b>(7,551,155)</b>	<b>(1,010,035)</b>	<b>(13,386)</b>	<b>(1,282)</b>	<b>(3,665)</b>	
<b>Net monetary foreign currency asset/(liability) position</b>	<b>(45,222,927)</b>	<b>(2,383,099)</b>	<b>(28,807)</b>	<b>(3,957)</b>	<b>252</b>	<b>(47,800,619)</b>	<b>(3,586,522)</b>	<b>(19,871)</b>	<b>17,599</b>	<b>(12,280)</b>	<b>(28,049,097)</b>	<b>(3,726,567)</b>	<b>(74,798)</b>	<b>(1,688)</b>	<b>(3,665)</b>	
<b>Fair value of derivative instruments Used for hedging</b>	<b>(277,565)</b>	<b>(14,844)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>889,896</b>	<b>81,253</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(236,376)</b>	<b>(76,093)</b>	<b>-</b>	<b>-</b>	<b>-</b>	

As at 31 December 2022, the Group has TRY37,450 thousand as net foreign currency surplus after natural hedging (31 December 2021: TRY54,613 thousand net foreign currency surplus, 31 December 2020: TRY330,379 thousand net foreign currency deficit) (Page 67).

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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### 28. 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 at 31 December 2022, 31 December 2021 and 31 December 2020.

Statement of foreign currency risk sensitivity				
31 December 2022				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>10% change in USD rate:</b>				
USD net assets/ liabilities	(4,455,990)	4,455,990	(399,352)	399,352
Amount hedged for USD risk (-)	897,647	(897,647)	-	-
<b>USD net effect</b>	<b>(3,558,343)</b>	<b>3,558,343</b>	<b>(399,352)</b>	<b>399,352</b>
<b>10% change in EUR rate</b>				
Euro net assets/ liabilities	(53,864)	53,864	-	-
Amount hedged for Euro risk (-)	-	-	-	-
<b>EUR net effect</b>	<b>(53,864)</b>	<b>53,864</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>(3,612,207)</b>	<b>3,612,207</b>	<b>(399,352)</b>	<b>399,352</b>
Statement of foreign currency risk sensitivity				
31 December 2021				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
<b>10% change in USD rate:</b>				
USD net assets/ liabilities	(4,780,475)	4,780,475	(500,711)	500,711
Amount hedged for USD risk (-)	2,325,622	(2,325,622)	-	-
<b>USD net effect</b>	<b>(2,454,853)</b>	<b>2,454,853</b>	<b>(500,711)</b>	<b>500,711</b>
<b>10% change in EUR rate</b>				
Euro net assets/ liabilities	(29,979)	29,979	-	-
Amount hedged for Euro risk (-)	-	-	-	-
<b>EUR net effect</b>	<b>(29,979)</b>	<b>29,979</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>(2,484,832)</b>	<b>2,484,832</b>	<b>(500,711)</b>	<b>500,711</b>

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#### 28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Statement of foreign currency risk sensitivity				
31 December 2020				
	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	(2,735,487)	2,735,487	(420,058)	420,058
Amount hedged for USD risk (-)	1,974,501	(1,974,501)	-	-
<b>USD net effect</b>	<b>(760,986)</b>	<b>760,986</b>	<b>(420,058)</b>	<b>420,058</b>
10% change in EUR rate				
Euro net assets/ liabilities	(67,377)	67,377	-	-
Amount hedged for Euro risk (-)	55,090	(55,090)	-	-
<b>EUR net effect</b>	<b>(12,287)</b>	<b>12,287</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>(773,273)</b>	<b>773,273</b>	<b>(420,058)</b>	<b>420,058</b>

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 US dollar in the statement of exchange rate sensitivity analysis.

#### Export and import

	1 January - 31 December 2022	1 January - 31 December 2021
<b>Export</b>		
USD (equivalent of thousand TRY)	73,938,150	25,747,806
EUR (equivalent of thousand TRY)	5,637	470
<b>Total</b>	<b>73,943,787</b>	<b>25,748,276</b>
<b>Import</b>		
USD (equivalent of thousand TRY)	328,062,876	117,751,750
<b>Total</b>	<b>328,062,876</b>	<b>117,751,750</b>

#### 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.

# TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

### 28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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 at 31 December 2022, 31 December 2021 and 31 December 2020 are as follows:

	31 December 2022	31 December 2021	31 December 2020
Total financial liabilities (Note 7)	<b>33,268,950</b>	33,193,664	29,681,944
Less: Cash and cash equivalents (Note 5)	<b>(40,808,616)</b>	(16,919,013)	(18,100,246)
Less: Financial investments (Note 6)	<b>(2,135,177)</b>	-	-
Net financial liabilities	<b>(9,674,843)</b>	16,274,651	11,581,698
Total shareholders' equity	<b>67,185,772</b>	19,081,000	12,925,433
<b>Total capital invested</b>	<b>57,510,929</b>	35,355,651	24,507,131
<b>Gearing ratio</b>	<b>(16.82%)</b>	46.45%	47.26%

#### 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.

#### 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 does not contains observable market inputs

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

### 28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Fair value hierarchy table as at 31 December 2022 is as follows:

<b>Financial assets at fair value in statement of financial position</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Derivative financial assets	-	<b>3,654,081</b>	-
Financial investments	-	<b>2,135,177</b>	-
<b>Financial liabilities at fair value in statement of financial position</b>			
Derivative financial liabilities	-	<b>1,292,712</b>	-

Fair value hierarchy table as at 31 December 2021 is as follows:

<b>Financial assets at fair value in statement of financial position</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Derivative financial assets	-	3,867,913	-
<b>Financial liabilities at fair value in statement of financial position</b>			
Derivative financial liabilities	-	3,539,630	-

Fair value hierarchy table as at 31 December 2020 is as follows:

<b>Financial assets at fair value in statement of financial position</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Derivative financial assets	-	469,778	-
<b>Financial liabilities at fair value in statement of financial position</b>			
Derivative financial liabilities	-	847,708	-

### 29. GOVERNMENT GRANTS

Government incentives and aids that the Group has are as follows:

- 100% customs duty exemption for imported machinery and equipment,
- VAT exemption for investment goods procured domestically and abroad,
- Incentives in the scope of research and development law (100% Corporate Tax exemption, Social Security Institution incentives, Stamp tax incentive, etc.),
- Cash supports received from Teydeb in return for research and development expenses,
- Discounted corporate tax incentive,
- Insurance premium employer share support,
- Corporate tax incentive within the scope of investment allowance exemption,
- Insurance premium employer's share, employment agency, minimum wage and trainee education supports
- Real estate tax incentive
- Interest support.

### 30. SUBSEQUENT EVENTS

None.

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