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 2023 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 2023, 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 2023, 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 adopted within the framework of the regulations of the Capital Markets Board and 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 Independence Standards) (the "Ethical Rules") the ethical requirements regarding independent audit in regulations issued by the POA; the regulations of the Capital Markets Board; and other relevant legislation 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 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.

3. Key audit matters (continued)

Key Audit Matters	**How the key audit matter was addressed in the audit**
Application of TAS 29, "Financial Reporting in Hyperinflationary Economies"	
The Group applied TAS 29 "Financial reporting in hyperinflationary economies" ("TAS 29") in its consolidated financial statements as of and for the year ending 31 December 2023. According to TAS 29, the consolidated financial statements as of 31 December 2023 should be restated in accordance with 31 December 2023 purchasing power. Applying TAS 29 results in significant changes to financial statement items included in the Group's consolidated financial statements as of and for the year ending 31 December 2023, which have been restated for comparative purposes. The application of TAS 29 has a pervasive and material impact on the consolidated financial statements. In addition, considering the additional effort required to perform the audit of the application of TAS 29, we identified the application of TAS 29 as a key audit matter. The Group's accounting policies and related explanations regarding the application of TAS 29 are disclosed in Note 2.1.1.	We performed the following audit procedures in relation to the application of TAS 29: • Understanding and evaluating the process and controls related to application of TAS 29 designed and implemented by management, • Verifying whether management's determination of monetary and non-monetary items is in compliance with TAS 29, • Obtaining detailed lists of non-monetary items and testing original entry dates and amounts on a sample basis, • Verifying the general price index rates used in calculations correspond with the coefficients in the "Consumer Price Index in Turkey" published by the Turkish Statistical Institute, • Testing the mathematical accuracy of non-monetary items, income statement, and cash flow statement adjusted for inflation effects, • Evaluating the adequacy of disclosures related to the application of TAS 29 in the notes to the consolidated financial statements in accordance with TFRS.

3. Key audit matters (continued)

<table>
<tr><th>Key Audit Matters</th><th>How the key audit matter was addressed in the audit</th></tr>
<tr><td>Fair value of land recognized using the revaluation method</td><td></td></tr>
<tr><td>As further explained in Note 2.3, the Group started to account for its land classified under property, plant and equipment using the revaluation method starting from 31 March 2019. As of 31 December 2023, the Group made a revaluation study of its land to reflect the changes in market conditions.

The valuations completed by an independent real estate appraisal firm resulted in the total fair value of land as of 31 December 2023 amounting to TRY25,849,849 thousand, a fair value increase of TRY309,453 thousand in 2023 recognized in the consolidated financial statements.

As further described in Note 2.3, the accounting policy for land classified under property, plant and equipment is the use of the revaluation method. The fair values of these assets are determined by an independent valuation institution accredited by the Capital Markets Board (“CMB”) and are recognized in the consolidated financial statements following Group management’s assessment. The fair value of land 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, the specifications of each piece of land, its physical condition, and geographic location.

Since the value of land is material to the consolidated financial statements, and in the determination of fair value of land the benchmarking analysis approach (market) is used, which include inputs and assumptions that can lead to changes in the fair value of the land, the “fair value of land recognized using the revaluation method” has been identified as a key audit matter.</td><td>We performed the following audit procedures in relation to accounting for land using the revaluation method:

• Assessing the capability, competency, and objectivity of the independent property valuation institution appointed by the Group in accordance with SIA 500,

• Checking the completeness of the land subject to revaluation by comparing accounting records to valuation reports,

• Testing the deeds and ownership ratios of land using the sampling method,

• An independent property valuation institution accredited by the CMB and holding a license was appointed as an “auditor’s expert” to support the audit process. The following audit procedures were performed using the sampling method with the support of the auditor’s expert:

    o Comparing the location, tenant, and square meter information for the land included in reports with the land registers,
    o Evaluating the nature of the land,
    o Evaluating the appropriateness of the benchmarking analysis method used in revaluation of the relevant land,
    o Determining whether the land that was the subject of calculations using the benchmark comparison method have features similar to the Group’s land or not,
    o Checking whether the valuation reports were prepared in line with the main principles,

• Comparing the fair values in the valuation reports with the notes, to assess the consistency of the amounts disclosed in the notes and consolidated financial statements and evaluating whether the disclosures in the notes are adequate in accordance with TFRSs.</td></tr>
</table>

3. Key audit matters (continued)

<table>
<tr><th>Key Audit Matters</th><th>How the key audit matter was addressed in the audit</th></tr>
<tr><td>Recoverability of deferred tax assets recognised from investment incentives</td><td></td></tr>
<tr><td>As of 31 December 2023, the Group’s consolidated financial statements include deferred tax assets recognised from investment incentives amounting to TRY7,625,022 thousand.

The Group’s accounting policies and other related disclosures on deferred tax assets and liabilities are disclosed in Note 2.3 and Note 26 of the accompanying consolidated financial statements.

The business model and future taxable profit projections used in assessing recoverability of deferred tax assets recognised for investment incentives are based on critical management estimates. These estimates, by their nature, involve uncertainties as to their realization in future years and the content of the investment incentives subject to deferred tax assets requires expertise and is material to the Group's consolidated financial statements, the recoverability of deferred tax assets arising from investment incentives is considered as a key audit matter.</td><td>The following summarizes the audit procedures performed:

• Holding meetings with Group management to understand the nature of related temporary differences and the investment incentives that form the basis of the deferred tax assets,

• Evaluating the corporate tax calculation and investment incentive practices with the support of our tax specialists,

• Reviewing the business model used to assess the recoverability of deferred tax assets recognized for investment incentives and critical management estimates using the following procedures:

o Testing the mathematical accuracy of the business model,
o Comparing the sales tonnage and price estimations used in the model against prior periods’ actuals and other independent data sources,
o Comparing future foreign exchange rate estimations used in the business model against exchange rate estimations in the approved Group budget/long term plans and independent data sources,
o Testing management’s sensitivity analysis of key assumptions for future utilisation of investment incentives,

• Checking the consistency of the disclosures related to deferred tax assets and liabilities in the notes to the consolidated financial statements in accordance with TFRSs.</td></tr>
</table>

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.

5. Auditor’s responsibilities for the audit of the consolidated financial statements

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 2023 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 4 March 2024.

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

Cihan Harman, SMMM
Independent Auditor

Istanbul, 4 March 2024

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

		Audited	Audited
ASSETS	**Notes**	**31 December 2023**	31 December 2022
Current Assets		**201,149,421**	197,509,966
Cash and cash equivalents	5	**97,321,744**	78,489,840
Financial investments	6	**701,824**	3,518,193
Trade receivables	8	**40,439,432**	35,290,273
Due from related parties	8, 28	**6,530,348**	5,252,750
Trade receivables from third parties		**33,909,084**	30,037,523
Other receivables		**127,632**	66,934
Other receivables from third parties		**127,632**	66,934
Derivative instruments	18	**2,064,355**	5,926,936
Inventories	9	**44,464,007**	59,452,710
Prepaid expenses	13	**1,278,124**	1,433,309
Other current assets	14	**14,752,303**	13,331,771
Non-Current Assets		**165,644,252**	150,190,516
Financial investments		**349,430**	130,334
Investments accounted for using the equity method	10	**8,293,884**	7,571,139
Property, plant and equipment	11	**133,839,201**	128,588,094
Right of use asset		**692,540**	670,850
Intangible assets		**4,255,217**	2,808,805
Goodwill		**2,150**	2,045
Other intangible assets	12	**4,253,067**	2,806,760
Derivative instruments	18	**36,926**	94,000
Prepaid expenses	13	**1,814,657**	1,119,227
Deferred tax assets	26	**6,465,989**	706,494
Other non-current assets	14	**9,896,408**	8,501,573
Total Assets		**366,793,673**	347,700,482
LIABILITIES			
Current liabilities		**155,270,974**	130,003,677
Short-term financial liabilities	7	**2,357,601**	1,422,514
Current portion of long term financial liabilities	7	**27,610,435**	18,341,159
Trade payables	8	**97,956,168**	86,838,700
Due to related parties	8, 28	**985,054**	1,905,469
Trade payables, third parties		**96,971,114**	84,933,231
Liabilities for employee benefits	16	**797,190**	688,169
Other payables	17	**492,666**	432,356
Due to related parties	17, 28	**363,736**	279,852
Other payables to third parties		**128,930**	152,504
Derivative instruments	18	**532,712**	1,638,686
Deferred income		**156,225**	191,547
Current income tax liabilities	26	**1,353,491**	1,574,002
Short-term provisions	15	**1,226,423**	874,167
Short-term provisions for employee benefits		**59,999**	78,439
Other provisions		**1,166,424**	795,728
Other current liabilities	14	**22,788,063**	18,002,377
Non-current liabilities		**8,581,932**	38,284,238
Long Term Barrowings	7	**5,358,081**	35,054,547
Long-term provisions	15	**2,074,068**	1,960,989
Long-term provisions for employee benefits		**2,074,068**	1,960,989
Deferred income		**13,762**	5,271
Derivative Instruments	18	**469,247**	491,353
Deferred Tax Liability	26	**655,110**	770,900
Other Long Term Liabilities		**11,664**	1,178
Total liabilities		**163,852,906**	168,287,915
Equity		**202,940,767**	179,412,567
Share capital	20	**1,926,796**	275,257
Adjustment to share capital	20	**24,621,222**	25,833,444
Accumulated other comprehensive income/(expense) not to be reclassified to profit or loss		**132,333**	(394,444)
Gains/ losses on revaluation and remeasurement		**(314,620)**	(492,579)
Gain on revaluation of properties		**114,788**	-
Actuarial gain/(loss) arising from defined benefit plans		**(429,408)**	(492,579)
Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss		**446,953**	98,135
Accumulated other comprehensive income/(expense) to be reclassified to profit or loss		**2,136,111**	(886,588)
Currency translation differences		**359,397**	178,362
Hedging gains/(losses)		**771,914**	(1,790,814)
Cash flow hedge gains/(losses)		**771,914**	(1,790,814)
Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss		**1,004,800**	725,864
Restricted reserves	20	**6,401,291**	2,978,503
Retained earnings		**111,968,164**	88,764,593
Net income		**53,577,336**	61,313,713
Total equity attributable to equity holders of the parent		**200,763,253**	177,884,478
Non-controlling interests		**2,177,514**	1,528,089
Total equity and liabilities		**366,793,673**	347,700,482

This consolidated financial information as of and for the year ended 31 December 2023 has been approved for issue by the Board of Directors on 4 March 2024. Consolidated financial statements will be set after approved by the General Assembly.

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

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

	Notes	**Audited 1 January - 31 December 2023**	Audited 1 January - 31 December 2022
Revenue	21	**686,528,507**	916,751,060
Cost of sales	21	**(576,796,119)**	(803,671,342)
Gross profit (loss)		**109,732,388**	113,079,718
General administrative expenses	22	**(12,860,091)**	(8,653,399)
Marketing expenses	22	**(6,415,821)**	(7,291,676)
Research and development expenses	22	**(279,964)**	(214,081)
Other operating income	23	**12,764,857**	8,892,140
Other operating expenses	23	**(29,313,595)**	(29,559,912)
Operating profit (loss)		**73,627,774**	76,252,790
Income/ (expenses) from investment activities	24	**82,225**	(7,548,033)
Income (loss) from investments accounted by equity method	10	**1,051,484**	(15,540)
Operating profit before financial income (expense)		**74,761,483**	68,689,217
Financial income	25	**19,809,187**	13,727,260
Financial expense	25	**(25,002,978)**	(27,187,983)
Monetary Gain/Loss		**(11,747,334)**	13,279,702
Profit (loss) before tax from continued operations		**57,820,358**	68,508,196
Tax income (expense)		**(3,948,197)**	(6,962,959)
Taxes on income (expense)		**(10,969,370)**	(5,349,170)
Deferred tax income (expense)	26	**7,021,173**	(1,613,789)
Net income (loss) from continued operations		**53,872,161**	61,545,237
Other comprehensive income:			
Items not to be reclassified to profit or loss		**529,903**	(399,005)
Revaluation gain (loss) on property		**138,446**	-
Actuarial gain (loss) arising from defined benefit plans		**44,088**	(616,144)
Share of other comprehensive income accounted for investment using equity method that will be not reclassified to profit or loss		**348,818**	98,135
Actuarial gain (loss) arising from defined benefit plans accounted for investment using equity method	10	**7,397**	(50,408)
Revaluation gain (loss) on property of investments accounted with using equity method	10	**341,421**	148,543
Tax effect of other comprehensive income (loss) not to be reclassified to profit or loss		**(1,449)**	119,004
Deferred tax income (expense)		**(1,449)**	119,004
Items to be reclassified to profit or loss		**3,148,143**	10,075,271
Currency translation differences related to the translation of foreign businesses		**181,035**	(215,549)
Gains (losses) on foreign currency translation differences related to the translation of foreign operations		**181,035**	(215,549)
Share of other comprehensive income accounted for investment using equity method that will be reclassified to profit or loss		**278,936**	201,596
Gain (loss) from translation of foreign currency of investments using equity method	10	**278,936**	201,596
Income (expense) relating to avoidance of risk of cash flow		**3,185,341**	12,735,728
Income (loss) of avoidance of risk cash flow		**3,185,341**	12,735,728
Tax effect of other comprehensive income (loss) to be reclassified to profit or loss		**(497,169)**	(2,646,504)
Deferred tax income (expense)	26	**(497,169)**	(2,646,504)
Other comprehensive income (expense)		**3,678,046**	9,676,266
Total comprehensive income (expense)		**57,550,207**	71,221,503
Distribution of income for the period:			
Non-controlling interests		**294,825**	231,524
Attributable to equity holders of the parent		**53,577,336**	61,313,713
Distribution of total comprehensive income			
Non-controlling interests		**423,395**	293,676
Attributable to equity holders of the parent		**57,126,812**	70,927,827
Earnings (loss) per share from continued operations			
Earnings per share with nominal value Kr1 each (Kr)	27	**36.71**	42.01

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 PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

				Accumulated other comprehensive income/(expense) not to be reclassified to profit or loss		Accumulated other comprehensive income/(expense) that will be reclassified to profit or loss					Total retained earnings			
				Gains/(losses) on valuation and remeasurement			Hedge gains/ (losses)							
	Share Capital	Adjustments to share capital	Gain on revaluation of properties	Actuarial gains/(losses) arising from defined benefit plans	Share of other comprehensive income of investments accounted for using equity method that will be not reclassified to profit or loss	Currency translation differences	Cash flow hedge gains/(losses	Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss	Restricted reserves	Retained earnings	Net income/ (expense)	Equity holders of parent	Non controlling interest	Total equity
Audited														
1 January 2022	275,257	25,833,444	-	-	-	393,911	(11,813,325)	524,268	2,978,503	88,764,593	-	106,956,651	1,303,093	108,259,744
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	(68,681)	(68,681)
- Net profit for the period	-	-	-	-	-	-	-	-	-	-	61,313,713	61,313,713	231,524	61,545,237
- Other comprehensive income	-	-	-	(492,579)	98,135	(215,549)	10,022,511	201,596	-	-	-	9,614,114	62,152	9,676,266
Total comprehensive income	-	-	-	(492,579)	98,135	(215,549)	10,022,511	201,596	-	-	61,313,713	70,927,827	293,676	71,221,503
31 December 2022	275,257	25,833,444	-	(492,579)	98,135	178,362	(1,790,814)	725,864	2,978,503	88,764,593	61,313,713	177,884,478	1,528,089	179,412,567
Audited														
1 January 2023	**275,257**	**25,833,444**	**-**	**(492,579)**	**98,135**	**178,362**	**(1,790,814)**	**725,864**	**2,978,503**	**88,764,593**	**61,313,713**	**177,884,478**	**1,528,089**	**179,412,567**
Transfers	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**61,313,713**	**(61,313,713)**	**-**	**-**	**-**
Increase of capital	**1,651,539**	**(1,212,222)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(439,317)**	**-**	**-**	**-**	**-**
Transactions with non-controlling shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**226,030**	**226,030**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,422,788**	**(37,670,825)**	**-**	**(34,248,037)**	**-**	**(34,248,037)**
- Net profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**53,577,336**	**53,577,336**	**294,825**	**53,872,161**
- Other comprehensive income	**-**	**-**	**114,788**	**63,171**	**348,818**	**181,035**	**2,562,728**	**278,936**	**-**	**-**	**-**	**3,549,476**	**128,570**	**3,678,046**
Total comprehensive income	**-**	**-**	**114,788**	**63,171**	**348,818**	**181,035**	**2,562,728**	**278,936**	**-**	**-**	**53,577,336**	**57,126,812**	**423,395**	**57,550,207**
31 December 2023	**1,926,796**	**24,621,222**	**114,788**	**(429,408)**	**446,953**	**359,397**	**771,914**	**1,004,800**	**6,401,291**	**111,968,164**	**53,577,336**	**200,763,253**	**2,177,514**	**202,940,767**

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

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

	Notes	**Audited** **1 January -** **31 December 2023**	Audited 1 January - 31 December 2022
Cash flows from operating activities		**85,276,324**	82,493,808
Profit/(loss) for the period		**53,872,161**	61,545,237
Adjustment for reconciliation of profit/(loss) for the period		**15,383,612**	50,944,314
Adjustment for depreciation and amortisation expense	11, 12	**6,063,534**	6,281,617
Adjustments for Impairment Loss (Reversal of Impairment Loss)		**(625,306)**	771,660
Adjustments for Impairement Loss (Reversal of Impairment Loss) of Receivables	9	**(625,306)**	771,660
Adjustment for provisions	15	**3,803,687**	1,923,544
Adjustment for interest (income) and expense	25	**(7,432,119)**	3,883,958
Adjustment for unrealized foreign currency translation differences		**4,830,827**	2,864,840
Adjustment for fair value (gain) or loss		**(6,833,822)**	34,238,677
Adjustment for undistributed profit accounted by equity method	10	**(1,051,484)**	15,540
Adjustment for tax expenses(income)		**3,948,197**	6,962,958
Adjustment for (gain)/loss on sales of property, plant and equipment	24	**(74,437)**	40,163
Adjustment for other items related with cash flow of investment or financial activities	25	**8,226,193**	5,344,328
Other adjustments for reconciliation of profit/(loss)		**(730,339)**	764,102
Monetary Gain/Loss		**5,258,681**	(12,147,073)
Changes in working capital		**26,585,016**	(25,948,342)
Adjustment for decrease/(increase) in trade receivables		**(5,297,596)**	4,040,596
Adjustment for decrease/(increase) in other receivables related with operations		**(3,647,893)**	(3,636,957)
Adjustment for decrease/(increase) in derivative assets		**3,919,655**	4,448,416
Adjustment for decrease/(increase) in inventories		**15,614,009**	4,168,827
Adjustment for increase/(decrease) in trade payables		**11,443,128**	(33,498,727)
Adjustment for increase/(decrease) in other payables related with operations		**5,681,793**	5,980,244
Adjustment for decrease/(increase) in derivative liabilities		**(1,128,080)**	(7,450,741)
Cash flows from operating activities		**95,840,789**	86,541,209
Tax returns/(payments)		**(8,767,882)**	(3,086,974)
Other cash inflow/(outflow)		**(1,796,583)**	(960,427)
Cash flows from investing activities		**(9,549,350)**	(7,567,821)
Dividends received		**795,019**	529,080
Cash inflows from the sales of property, plant and equipment and intangible assets		**9,411**	1,015,614
Cash outflows from the purchase of property, plant and equipment and intangible assets		**(12,393,820)**	(5,298,390)
Cash outflows from the purchase of shares in other businesses or funds		**(784,114)**	(295,932)
Other cash inflow/(outflow)		**2,824,154**	(3,518,193)
Cash flows from financing activities		**(34,774,711)**	(38,282,848)
Cash inflows from financial liabilities	7	**9,155,207**	34,002,112
Cash outflows from financial liabilities	7	**(19,031,619)**	(47,434,012)
Cash inflows from derivative instruments		**4,283,301**	4,933,982
Cash outflows from derivative instruments		**(149,098)**	(26,137,213)
Cash outflows from payments of rent agreements	7	**(77,415)**	(160,915)
Dividends paid		**(34,247,534)**	(68,681)
Interest paid		**(4,813,882)**	(6,736,372)
Interest received		**10,106,329**	3,318,251
Net increase/(decrease) in cash and cash equivalents before the effect of foreign currency translation differences		**40,952,263**	36,643,139
Inflation effect on cash and cash equivalents		**(30,121,782)**	(25,091,686)
Impact of foreign currency translation differences on cash and cash equivalents		**7,131,106**	10,769,746
Net increase/(decrease) in cash and cash equivalents		**17,961,587**	22,321,199
Cash and cash equivalents at the beginning of the period		**68,078,625**	45,757,426
Cash and cash equivalents at the end of the period	5	**86,040,212**	68,078,625

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

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

1. Orgaziation and nature of operations of the group

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

- To provide and refine all kinds of crude oil, petroleum, and chemical products, to sustain all kinds of commercial operations of produced and imported crude oil, petroleum and chemical products including export along with the storage and transportation activities during production and selling stages and to establish and operate domestic and foreign refineries for this purpose.

- To establish and operate factories and facilities in petrochemical and other related industries,

- To provide the necessary raw and supplementary materials and process, produce or trade these materials in order to obtain petrochemical and other related products,

- To package the products produced during various phases of production and to establish a packaging industry for this purpose, to evaluate and/or to sell waste, by products and substandard products, to establish and operate the necessary facilities for the destruction of the waste products,

- To establish and operate facilities and plants related with all kinds of energy and energy related industries within the framework of the laws and regulations. To obtain, use and trade all kinds of equipment, materials and chemical substances for this purpose,

- Domestic and foreign wholesale and retail purchase, sale, import, export, storage, marketing of all kinds of petroleum products, LPG and natural gas, with other real and legal persons to operate partially or completely in these purposes and subjects, such as distribution and marketing company or similar other establishing partnerships or appropriating the stocks and documents representing the shares of existing partnerships, selling them when necessary, buying or transferring the participation shares.

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

The Company is registered at the Capital Markets Board (“CMB”) of Turkey and its shares have been quoted at Borsa İstanbul A.Ş. (“BIST”) since 1991. As of 31 December 2023, the principal shareholders and their respective shareholdings in the Company are as follow (Note 20):

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

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

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

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

Subsidiaries	Country of incorporation	Nature of business
Ditaş Deniz İşletmeciliği ve Tankerciliği A.Ş. ("Ditaş")	Turkey	Crude oil and petroleum products transportation
Üsküdar Tankercilik A.Ş. ("Üsküdar")	Turkey	Crude oil and petroleum products transportation
T Damla Denizcilik A.Ş. ("Damla")	Turkey	Mooring and tug service
Kadıköy Tankercilik A.Ş. ("Kadıköy")	Turkey	Crude oil and petroleum products transportation
Beykoz Tankercilik A.Ş. ("Beykoz")	Turkey	Crude oil and petroleum products transportation
Sarıyer Tankercilik A.Ş. ("Sarıyer")	Turkey	Crude oil and petroleum products transportation
Kartal Tankercilik A.Ş. ("Kartal")	Turkey	Crude oil and petroleum products transportation
Maltepe Tankercilik A.Ş. ("Maltepe")	Turkey	Crude oil and petroleum products transportation
Salacak Tankercilik A.Ş. ("Salacak")	Turkey	Crude oil and petroleum products transportation
Karşıyaka Tankercilik A.Ş. ("Karşıyaka")	Turkey	Crude oil and petroleum products transportation
Bakırköy Tankercilik A.Ş. ("Bakırköy")	Turkey	Crude oil and petroleum products transportation
Karaköy Tankercilik A.Ş. ("Karaköy")	Turkey	Crude oil and petroleum products transportation
Çengelköy Tankercilik A.Ş. ("Çengelköy")	Turkey	Crude oil and petroleum products transportation
Pendik Tankercilik A.Ş. ("Pendik")	Turkey	Crude oil and petroleum products transportation
Tuzla Tankercilik A.Ş. ("Tuzla")	Turkey	Crude oil and petroleum products transportation
Göztepe Tankercilik A.Ş. ("Göztepe")	Turkey	Crude oil and petroleum products transportation
Kuruçeşme Tankercilik A.Ş. ("Kuruçeşme")	Turkey	Crude oil and petroleum products transportation
Balat Tankercilik A.Ş. ("Balat")	Turkey	Crude oil and petroleum products transportation
Florya Tankercilik A.Ş. ("Florya")	Turkey	Crude oil and petroleum products transportation
Tarabya Tankercilik A.Ş. ("Tarabya")	Turkey	Crude oil and petroleum products transportation
Körfez Ulaştırma A.Ş. ("Körfez")	Turkey	Air, sea, land and rail transportation
Tupras Trading Ltd. ("Tupras Trading")	England	Crude oil and petroleum products trade
Entek Elektrik Üretimi A.Ş. ("Entek")	Turkey	Electricity and steam production and trade
Eltek Elektrik Enerjisi İthalat İhracat ve Toptan Ticaret A.Ş. ("Eltek")	Turkey	Electricity trade
Menzelet Kılavuzlu Elektrik Üretimi A.Ş. ("Menzelet Kılavuzlu")	Turkey	Electricity production and trade
Enspire Enerji Yatırımları ve Hizmetleri A.Ş. (''Enspire'')	Turkey	Establishing a power generation facility
Enkar Doğal Enerji Üretim ve Sanayi Ticaret A.Ş. ("Enkar")	Turkey	Establishing a power generation facility
Esinti Enerji Üretim Ticaret ve Sanayi A.Ş. ("Esinti")	Turkey	Electricity production and trade
Tüpraş Enerji Girişimleri A.Ş. ("Tüpraş Ventures")	Turkey	Technology and venture investments

Joint ventures	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 and retail
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş.	Turkey	Lube oil trading
Op Ay Akaryakıt Ticaret Ltd. Şti.	Turkey	Petroleum products trading
Akdeniz Akaryakıt Depolama Nakliyat ve Tic. A.Ş.	Turkey	Petroleum products trading
Opet Aygaz Gayrimenkul A.Ş.	Turkey	Real estate
WAT Mobilite Çözümleri Teknoloji ve Ticaret A.Ş.	Turkey	Electric vehicle charging stations

(*) Ceased its activities since 15 July 2015.

The average number of employees of the Group as of 31 December 2023 is 6,055 (31 December 2022 – 6,043).

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

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

2. Basis of presantation of consolidated financial statements

2.1. Basis of presentation

2.1.1. Financial reporting standards

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

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

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

Financial reporting in hyperinflationary economy

With the announcements made by the Public Oversight Accounting and Auditing Standards Authority (POA) on 23 November 2023, entities applying TFRSs have started to apply inflation accounting in accordance with TAS 29 Financial Reporting in Hyperinflation Economies as of financial statements for the annual reporting period ending on or after 31 December 2023. TAS 29 is applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy. According to the standard, financial statements prepared in the currency of a hyperinflationary economy are presented in terms of the purchasing power of that currency at the balance sheet date. Prior period financial statements are also presented in the current measurement unit at the end of the reporting period for comparative purposes. The Group has therefore presented its consolidated financial statements as of 31 December 2022, on the purchasing power basis as of 31 December 2023.

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

The adjustments made in accordance with TAS 29 were made using the adjustment coefficient obtained from the Consumer Price Index ("CPI") of Turkey published by the Turkish Statistical Institute ("TURKSTAT"). As of 31 December 2023, the indices and adjustment coefficients used in the adjustment of the consolidated financial statements are as follows:

Date	Index	Conversion Factor	Three-year Inflation Rate
31 Aralık 2023	1.859,38	1,00000	%268
31 Aralık 2022	1.128,45	1,64773	%156
31 Aralık 2021	686,95	2,70672	%74

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

2.1. Basis of presentation (Continued)

2.1.1. Financial reporting standards (Continued)

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

- Current period consolidated financial statements prepared in TRY are expressed in terms of the purchasing power at the balance sheet date, and amounts from previous reporting periods are also adjusted and expressed in terms of the purchasing power at the end of the reporting period.

- Monetary assets and liabilities are not adjusted as they are already expressed in terms of the current purchasing power at the balance sheet date. In cases where the inflation-adjusted values of non-monetary items exceed their recoverable amount or net realizable value, the provisions of TAS 36 "Impairment of Assets" and TAS 2 "Inventories" are applied, respectively.

- Non-monetary assets and liabilities and equity items that are not expressed in terms of the current purchasing power at the balance sheet date have been adjusted using the relevant adjustment coefficients.

- All items in the comprehensive income statement, except for those that have an impact on the comprehensive income statement of non-monetary items on the balance sheet, have been indexed using the coefficients calculated for the periods when the income and expense accounts were first reflected in the financial statements.

- The Group accounts for lands with the fair value method, and the effect of this value on equity funds was classified into retained earnings in the opening balance sheet dated 31 December 2021. As of 31 December 2022, the revaluation decrease of TRY7,617,521 thousand due to the fair value of lands being below the carried indexed value has been accounted under the expense item from investment activities. As of 31 December 2023, the portion of the fair value of lands exceeding the indexation effect, amounting to TRY114,788 thousand, has been accounted as property, plant and equipments value increase fund under shareholders' equity (Note 2.3, Note 24).

- The effect of inflation on the Group's net monetary asset position in the current period is recorded in the monetary gain/loss account in the consolidated income statement.

Functional and presentation currency

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

2. Basis of presantation 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 of 31 December 2023 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and IFRIC (International Financial Reporting Interpretations Committee) interpretations effective as of 1 January 2023. 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 2023:

- **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.

- **Amendment to TAS 12 - International tax reform -Pillar Two Model Rules;** Temporary exception is effective for yearends ending on or after 31 December 2023. The disclosure requirements are effective for annual periods beginning on or after 1 January 2023, with early application permitted. This amendment clarifies the application of IAS 12 to income taxes arising from tax laws enacted or substantively enacted to implement the OECD's Pillar Two Model Rules. The amendment also introduces specific disclosure requirements for entities affected by such tax laws. The exception to not recognize and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, along with the disclosure requirement that the exception has been applied, is effective upon issuance of the amendment. However, the specific disclosure requirements introduced by the amendment are not required to be applied for interim periods ending before 31 December 2023.

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 2023:

- **TFRS 17, 'Insurance Contracts';** effective from annual periods beginning on or after 1 January 2025. This standard replaces IFRS 4, which permited a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts.

- **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 IFRS 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. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

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

2.1. Basis of presentation (Continued)

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

b) Standards, amendments and interpretations that are issued but not effective as of 31 December 2023 (Continued):

- **Amendments to TAS 7 and TFRS 7 on Supplier finance arrangements;** effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's (International Accounting Standards Board) response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

- **TFRS S1, 'General requirements for disclosure of sustainability-related financial information;** effective from annual periods beginning on or after 1 January 2024. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.

- **TFRS S2, 'Climate-related disclosures';** effective from annual periods beginning on or after 1 January 2024. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

  However, in the Board Decision of the KGK published in the Official Gazette dated 29 December 2023, it was announced that certain businesses will be subject to mandatory sustainability reporting as of 1 January 2024. Businesses that fall within the scope of sustainability practice are counted for the purpose of determining businesses that will be subject to sustainability reporting within the scope of the "Board Decision Regarding the Scope of Application of Turkish Sustainability Reporting Standards (TSRS)" dated 5 January 2024.

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

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

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

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

2. Basis of presantation 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 2023 have been prepared in accordance with principles stated on the consolidated financial statements for the year ended 31 December 2022 and include financial statements of Tüpraş, and its Subsidiaries.

b) As of 31 December 2023, and 31 December 2022, the voting rights and effective partnership shares of the subsidiaries and joint ventures that were consolidated are as follows.

	31 December 2023		31 December 2022	
	Direct and indirect voting right possessed by the company (%)	**Proportion of effective interest (%)**	Direct and indirect voting right possessed by the company (%)	Proportion of effective interest (%)
Subsidiary				
Ditaş	**79.98**	**79.98**	79.98	79.98
Üsküdar	**79.98**	**79.98**	79.98	79.98
Damla	**79.98**	**79.98**	79.98	79.98
Beykoz	**79.98**	**79.98**	79.98	79.98
Kadıköy	**79.98**	**79.98**	79.98	79.98
Sarıyer	**79.98**	**79.98**	79.98	79.98
Kartal	**79.98**	**79.98**	79.98	79.98
Maltepe	**79.98**	**79.98**	79.98	79.98
Salacak	**79.98**	**79.98**	79.98	79.98
Karşıyaka	**79.98**	**79.98**	79.98	79.98
Bakırköy	**79.98**	**79.98**	79.98	79.98
Karaköy	**79.98**	**79.98**	79.98	79.98
Çengelköy	**79.98**	**79.98**	79.98	79.98
Pendik	**79.98**	**79.98**	79.98	79.98
Tuzla	**79.98**	**79.98**	79.98	79.98
Göztepe	**79.98**	**79.98**	79.98	79.98
Kuruçeşme	**79.98**	**79.98**	79.98	79.98
Balat (**)	**79.98**	**79.98**	-	-
Florya (**)	**79.98**	**79.98**	-	-
Tarabya (**)	**79.98**	**79.98**	-	-
Körfez	**100.00**	**100.00**	100.00	100.00
Tupras Trading	**100.00**	**100.00**	100.00	100.00
Entek	**99.23**	**99.23**	99.23	99.23
Eltek	**99.23**	**99.23**	99.23	99.23
Menzelet Kılavuzlu	**99.23**	**99.23**	99.23	99.23
Süloğlu (*)	**-**	**-**	99.23	99.23
Enspire	**99.23**	**99.23**	99.23	99.23
Enkar (**)	**99.23**	**99.23**	-	-
Esinti (**)	**86.92**	**84.84**	-	-
Tüpraş Ventures	**100.00**	**100.00**	100.00	100.00

(*) Süloğlu Elektrik Üretimi A.Ş. merged with Entek Elektrik Üretimi A.Ş. with the registration dated 10 November 2023.
(**) Balat Tankercilik A.Ş. was established on 4 October 2023, and Florya Tankercilik A.Ş. and Tarabya Tankercilik A.Ş. were established on 21 December 2023. Enkar Doğal Enerji Üretim A.Ş. were purchased by Entek Elektrik Üretim A.Ş. on 7 November 2023. 75% of Esinti shares was purchased by Entek and 25% shares eas purchased by Opet on 7 November 2023.

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

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

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

2.1. Basis of presentation (Continued)

2.1.4. Principles of consolidation (Continued)

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

The table below shows the total interest of the Group in its joint ventures accounted by using the equity method as at 31 December 2023 and 31 December 2022:

	31 December 2023		31 December 2022	
	Direct and indirect voting right possessed by the company (%)	**Proportion of effective interest (%)**	Direct and indirect voting right possessed by the company (%)	Proportion of effective interest (%)
Joint ventures accounted by equity method				
Opet	**50.00**	**41.67**	50.00	41.67
Opet International Limited (*)	**50.00**	**41.67**	50.00	41.67
Opet Trade B.V.(*)	**50.00**	**41.67**	50.00	41.67
Opet Trade Singapore (In liquidation) (*) (***)	**50.00**	**41.67**	50.00	41.67
Opet Market ve Akaryakıt İstasyon İşletmeciliği A.Ş. (*)	**50.00**	**41.67**	50.00	41.67
THY Opet Havacılık Yakıtları A.Ş. (**)	**25.00**	**20.84**	25.00	20.84
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş. (**)	**25.00**	**20.84**	25.00	20.84
Op Ay Akaryakıt Ticaret Ltd. Şti.(**)	**25.00**	**20.84**	25.00	20.84
Akdeniz Akaryakıt Depolama Nakliyat ve Tic. A.Ş. (**)	**16.65**	**13.88**	16.65	13.88
Opet Aygaz Gayrimenkul A.Ş. (**)	**25.00**	**20.84**	25.00	20.84
WAT Mobilite Çözümleri Teknoloji ve Ticaret A.Ş. (**)	**12.00**	**10.00**	12.00	10.00

(*) Related companies are accounted by consolidation in Opet's financial statements.
(**) Related companies are accounted by equity method in Opet's financial statements.
(***) Ceased its activities since 15 July 2015.

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

2.2. Changes in accounting policies

2.2.1. Comparative informations

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

The Group has prepared the consolidated statement of financial position as of 31 December 2023 in comparative with the consolidated statement of financial position prepared as of 31 December 2022. 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 2023 have been presented comparatively with the period ended 31 December 2022.

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

2.2. Changes in accounting policies (Continued)

2.2.2. Offsetting

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

2.3. Summary of significant accounting policies

The significant accounting policies followed in the preparation of consolidated financial statements are summarized below:

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. 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.

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 assests 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 18).

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 18).

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.

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 28).

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 indexed 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.

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 indexed cost less indexed 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 relevant revaluation fund 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.

Intangible assets

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

a) Rights and software

Rights and software are carried at indexed cost less indexed 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.

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 on 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

a) 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.

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 indexed 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 asses 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.

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.

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 enforcable 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)

b) 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 26).

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.

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 seperate 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 19).

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

The segment reporting prepared by the Group for the refining and electricity sectors, which are determined as its fields of activity, is presented in the consolidated financial statements (Note 4).

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.

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 30).

Business combinations and goodwill

Business combinations are accounted for using the acquisition method in accordance with TFRS 3. The cost of a business combination 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 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.

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.

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 assesses 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 26).

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

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

2.5. Changes in accounting policies, accounting estimates and errors (Continued)

b) Cash flow hedge:

As explained in Note 29, the Group uses investment credit amounting to USD23,586 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 the 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).

3. Business combinations

Süloğlu merged with Entek with the registration dated 10 November 2023. Entek, a subsidiary of the Group, purchased 100% of Enkar's shares on 7 November 2023. 75% of Esinti shares are owned by Entek, a subsidiary of the Group; Opet, 25% of which was joint ventures accounted by equity method, was purchased on 7 November 2023. Tüpraş started to consolidate on a line-by-line basis after the transaction date.

The purchase price, the fair values of the acquired assets and liabilities used provisionally within the scope of TFRS 3 are summarized in the table below:

	7 November 2023 (*)
Cash and cash equivalents	309,544
Trade receivables	7,912
Other receivables	294
Other current assets	5,077
Property, plant and equipment (Note 11)	1,244,791
Intangible assets (Note 12)	1,304,683
Borrowings (Note 7)	(598,513)
Trade payables and other payables	(43,645)
Other liabilities	(4,876)
Deferred Tax Liability (Note 26)	(647,270)
Total value of identifiable net assets (100%)	**1,577,996**
Group's Share	**1,165,852**
Goodwill	(2,681)
Total purchase price	**1,163,171**

(*) The purchase price dated 7 November 2023, the fair values of the acquired assets and liabilities are expressed according to the purchasing power as of 31 December 2023.

The details of the cash outflow resulting from the acquisition are as follows:

Total purchase price – cash	1,093,657
Cash and cash equivalents - acquired	(309,544)
Cash outflow from acquisition (net)	**784,114**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

4. Segment reporting

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

a) Analysis of information by segments

1 January - 31 December 2023	**Refining**	**Electric**	**Cross-section correction**	**Consolidated Total**
Revenue	678,575,747	7,952,760	-	686,528,507
Cost of sales	(570,569,593)	(6,226,526)	-	(576,796,119)
Gross profit (loss)	**108,006,154**	**1,726,234**	**-**	**109,732,388**
Operating expenses	(18,970,879)	(584,997)	-	(19,555,876)
Other operating income	12,728,735	36,122	-	12,764,857
Other operating expenses	(29,287,012)	(26,583)	-	(29,313,595)
Operating profit	**72,476,998**	**1,150,776**	**-**	**73,627,774**
Income/ (expenses) from investment activities	74,252	7,973	-	82,225
Income (loss) from investments accounted by equity method	1,051,484	-	-	1,051,484
Operating profit before financial income (expense)	**73,602,734**	**1,158,749**	**-**	**74,761,483**
Financial income	18,432,839	1,376,348	-	19,809,187
Financial expense	(23,551,576)	(1,451,402)	-	(25,002,978)
Monetary Gain/Loss	(11,710,269)	(37,065)	-	(11,747,334)
Profit (loss) before tax from continued operations	**56,773,728**	**1,046,630**	**-**	**57,820,358**
Tax (expense) income from continued operations	(4,210,460)	262,263	-	(3,948,197)
Net income (loss) from continued operations	**52,563,268**	**1,308,893**	**-**	**53,872,161**

1 January- 31 December 2022	Refining	Electric	Cross-section correction	Consolidated Total
Revenue	902,607,406	14,143,654	-	916,751,060
Cost of sales	(792,170,909)	(11,500,433)	-	(803,671,342)
Gross profit (loss)	110,436,497	2,643,221	-	113,079,718
Operating expenses	(15,763,409)	(395,747)	-	(16,159,156)
Other operating income	8,834,789	57,351	-	8,892,140
Other operating expenses	(29,434,365)	(125,547)	-	(29,559,912)
Operating profit	74,073,512	2,179,278	-	76,252,790
Income/ (expenses) from investment activities	(7,555,840)	(7,733)	15,540	(7,548,033)
Income (loss) from investments accounted by equity method	(15,540)	-	-	(15,540)
Operating profit before financial income (expense)	66,502,132	2,171,545	15,540	68,689,217
Financial income	12,921,179	806,081	-	13,727,260
Financial expense	(25,507,733)	(1,680,250)	-	(27,187,983)
Monetary Gain/Loss	12,327,784	951,918	-	13,279,702
Profit (loss) before tax from continued operations	66,243,362	2,249,294	15,540	68,508,196
Tax (expense) income from continued operations	(8,214,294)	1,251,336	-	(6,962,958)
Net income (loss) from continued operations	58,029,068	3,500,630	15,540	61,545,238

b) Assets by segments

	31 December 2023	31 December 2022
Refining	**347,886,571**	330,170,304
Electric	**18,907,102**	17,514,638
Cross-section correction	**-**	15,540
Total Assets	**366,793,673**	347,700,482

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

5. Cash and cash equivalents

	31 December 2023	31 December 2022
Cash at banks		
Demand deposits	**1,543,439**	1,421,990
Time deposits	**84,496,773**	66,656,635
Demand deposits (blocked)	**4,143,974**	4,458,976
Time deposits (blocked)	**2,908**	1,237
Revenue share (blocked)	**4,827,145**	5,552,689
Time deposit interest accruals	**2,307,505**	398,313
Total	**97,321,744**	78,489,840

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 2023, and 31 December 2022 (Note 14). In addition, demand blocked deposits amounting to TRY4,143,974 thousand are available for derivative transactions carried out in foreign exchanges.(31 December 2022 – TRY4,458,976 thousand). Time blocked deposits amounting to TRY2,908 thousand are available for time electricity market and renewable energy resources guarantee system (31 December 2022 – TRY1,237 thousand).

Time deposits and other cash and cash equivalents

As of 31 December 2023 and 31 December 2022 the maturity and the currency information of the time deposits, are as follows:

31 December 2023

	Effective rate of interest (%)	**Less than 1 month**	**1 - 3 months**	**Total**
TRY	**44.62**	**44,051,532**	**12,064,947**	**56,116,479**
USD	**4.49**	**27,988,478**	**81,859**	**28,070,337**
EUR	**0.02**	**305,432**	**-**	**305,432**
GBP	**0.05**	**4,525**	**-**	**4,525**
Time deposit		**72,349,967**	**12,146,806**	**84,496,773**

31 December 2022

	Effective rate of interest (%)	Less than 1 month	1 - 3 months	Total
TRY	25.48	37,914,003	823,865	38,737,868
USD	3.71	27,709,042	108,243	27,817,285
EUR	0.10	86,507	-	86,507
GBP	0.05	14,975	-	14,975
Time deposit		65,724,527	932,108	66,656,635

Cash and cash equivalents included in the consolidated statements of cash flows for the periods ended 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023	31 December 2022
Cash and cash equivalents	**97,321,744**	78,489,840
Less: Blocked deposits (Revenue share)	**(4.827.145)**	(5,552,689)
Less: Blocked deposits (Revenue share)	**(4.143.974)**	(4,458,976)
Less: Blocked time deposits	**(2,908)**	(1,237)
Less: Time deposit interest accruals	**(2.307.505)**	(398,313)
Cash and cash equivalents	**86,040,212**	68,078,625

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

6. Financial investments

Short-term Financial Investments:

	31 December 2023	31 December 2022
Time deposits (*)	**501,874**	-
Currency protected deposits (**)	**196,990**	3,518,193
Investment fund	**2,960**	-
Total	**701,824**	3,518,193

(*) The effective interest rate of time deposit is 48%.
(**) Currency protected time deposit account is a deposit product that offers foreign exchange rate protection in case the US Dollar exchange rate increases more than the interest rate at maturity. Currency protected deposit accounts are accounted for as financial assets at fair value through profit or loss.

As of 31 December 2023, and 31 December 2022, the nominal amount and fair values of the currency protected deposits that are Exchange-rate protected TRY time deposits are as follows:

		31 December 2023	
	Nominal amount (original currency)	**Fair value (TL equivalent)**	**Term**
TRY	189,202	196,990	1-3 months
		196,990	

		31 December 2022	
	Nominal amount (original currency)	Fair value (TL equivalent)	Term
TRY	3,408,663	3,518,193	1-3 months
		3,518,193	

As of 31 December 2023 and 2022, the movement table of financial investments that are currency protected deposits is as follows:

	2023	2022
1 January	**3,518,193**	-
Principal collected during the period	**(2,433,141)**	-
Received during the period	**487,166**	3,408,663
Fair value difference	**7,788**	109,530
Monetary Gain/Loss	**(1,383,016)**	-
31 December	**196,990**	3,518,193

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

7. Financial liabilities

	31 December 2023	31 December 2022
Short-term borrowings:		
Short-term bank borrowings	**2,351,036**	1,384,818
Interest accruals of bank borrowings	**6,565**	37,696
Total	**2,357,601**	1,422,514
Short-term portion of long-term borrowings:		
Short-term portion of long-term bank borrowings	**6,335,088**	15,209,206
Bonds issued	**20,643,910**	2,290,344
Interest accruals of bank borrowings	**393,939**	504,917
Interest accruals of bonds issued	**150,867**	244,447
Lease liabilities	**86,631**	92,245
Total	**27,610,435**	18,341,159
Long-term borrowings:		
Long-term bank borrowings	**4,913,632**	13,036,016
Bonds issued	**-**	21,566,814
Interest accruals of bank borrowings	**9,254**	4,045
Lease liabilities	**435,195**	447,672
Total	**5,358,081**	35,054,547
Total borrowings	**35,326,117**	54,818,220

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. The said bond was redeemed and paid on 3 February 2023. Tüpraş has issued a bond on 21 January 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. The said bond was redeemed and paid on 20 January 2023.

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 repayment of the loans has started in 2015 and as of 15 October 2023 the loans were closed (31 December 2022 – USD 193 millions).

Tüpraş has fulfilled its financial commitments arising from its borrowings as of 31 December 2023 and 31 December 2022.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, 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 2023 and 31 December 2022 are as follows:

			31 December 2023
	Effective interest rate (%)	Original currency	Thousand TRY
Short-term borrowings:			
TRY bank borrowings	39.82	215,200,000	215,200
USD bank borrowing	-	72,422,579	2,135,836
			2,351,036
Interest accruals			6,565
Total short-term financial liabilities			2,357,601
Short-term portion of long term borrowings:			
TRY borrowings	19.08	831,978,004	831,978
USD bank borrowings	6.59	182,677,225	5,385,843
USD bonds issued	4.55	700,000,000	20,643,910
EUR bank borrowings	4.67	3,600,030	117,267
TRY lease liabilities	27.96	61,364,000	61,364
EUR lease liabilities	3.20	324,491	10,589
GBP lease liabilities	4.55	392,023	14,678
			27,065,629
Interest accruals			544,806
Total short term portion of long-term borrowings			27,610,435
Long-term borrowings:			
TRY borrowings	21.51	1,821,955,499	1,821,955
USD borrowings	7.74	87,088,207	2,563,723
EUR borrowings	4.67	16,207,879	527,954
TRY lease liabilities	28.03	177,579,869	177,580
EUR lease liabilities	3.23	5,928,458	193,461
GBP lease liabilities	4.55	1,713,437	64,154
			5,348,827
Interest accruals			9,254
Total long-term borrowings			5,358,081

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

7. Financial liabilities (Continued)

			31 December 2022
	Effective interest rate (%)	Original currency	Thousand TRY
Short-term borrowings:			
TRY bank borrowings	17.02	306,477,629	306,478
USD bank borrowing	4.09	57,670,494	1,078,340
			1,384,818
Interest accruals			37,696
Total short-term financial liabilities			1,422,514
Short-term portion of long-term borrowings:			
TRY borrowings	17.12	6,859,502,400	6,859,502
TRY bonds issued	12.10	2,290,343,569	2,290,344
USD bank borrowings	5.36	446,548,849	8,349,704
TRY lease liabilities	24.38	69,813,546	69,814
EUR lease liabilities	3.04	548,310	10,931
GBP lease liabilities	4.16	511,335	11,500
			17,591,795
Interest accruals			749,364
Total short-term portion of long-term borrowings			18,341,159
Long-term borrowings:			
TRY borrowings	18.47	4,442,441,345	4,442,441
USD borrowings	5.92	459,591,270	8,593,575
USD bonds issued	4.55	1,153,410,430	21,566,814
TRY lease liabilities	27.30	242,280,697	242,281
EUR lease liabilities	3.23	10,303,091	205,391
			35,050,502
Interest accruals			4,045
Total long-term borrowings			35,054,547

As of 31 December 2023, and 31 December 2022 the redemption schedule of long-term bank borrowings is as follows:

	31 December 2023	31 December 2022
1-2 years	**2,487,227**	28,858,906
2-3 years	**509,951**	3,149,000
3-4 years	**524,652**	484,663
4-5 years	**498,840**	485,708
Over 5 years	**1,337,411**	2,076,270
Total	**5,358,081**	35,054,547

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

7. Financial liablities (Continued)

The movement of borrowings as of 31 December 2023 and 31 December 2022 is as follows:

	2023	2022
1 January	**54,818,220**	89,845,896
New financial borrowings	**8,399,530**	33,802,001
Increase due to subsidiary acquisitions	**598,513**	-
Principal payments	**(19,031,619)**	(47,434,012)
Increase due to lease liabilities	**157,164**	200,111
Decrease due to payment of lease liabilities	**(77,415)**	(160,915)
Changes in interest accruals	**(230,480)**	105,100
Changes in foreign exchange rates	**11,961,933**	13,634,586
Monetary Gain/Loss	**(21,269,729)**	(35,174,547)
31 December	**35,326,117**	54,818,220

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

	31 December 2023	31 December 2022
1-90 days	**4.803.925**	15.040.362
91-365 days	**25.518.565**	8.261.684
1-5 years	**3.666.381**	29.439.897
Over 5 years	**1.337.246**	2.076.277
Total	**35.326.117**	54.818.220

8. Trade receivables and payables

Short-term trade receivables:

	31 December 2023	31 December 2022
Trade receivables	**34,190,457**	30,172,319
Due from related parties (Note 28)	**6,530,348**	5,252,750
Doubtful trade receivables	**7,474**	9,264
Other trade receivables	**18**	10
Less: Unearned credit finance expense	**(281,391)**	(134,806)
Less: Expected credit loss	**(7,474)**	(9,264)
Total short-term trade receivables (net)	**40,439,432**	35,290,273

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

As of 31 December 2023, TRY6,495,000 thousand collected from factoring companies within the scope of irrevocable factoring has been deducted from trade receivables (31 December 2022 – TRY10,234,046 thousand).

Movement of the provision for doubtful receivables for the years ended 31 December 2023 and 2022 is as follows:

	2023	2022
1 January	**9,264**	15,225
Charge for the period	**1,872**	-
Payments during the period	**(20)**	(3)
Monetary Gain/Loss	**(3,642)**	(5,958)
31 December	**7,474**	9,264

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

8. Trade receivables and payables (Continued)

Short-term trade payables:

	31 December 2023	31 December 2022
Trade payables	**97,618,490**	85,254,947
Due to related parties (Note 28)	**985,054**	1,905,469
Less: Unrealised credit finance charges trade payables	**(647,376)**	(321,716)
Total short-term trade receivables (net)	**97,956,168**	86,838,700

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

9. Inventories

	31 December 2023	31 December 2022
Raw materials and supplies	**7,365,285**	11,807,891
Work-in-progress	**9,851,268**	15,117,085
Finished goods	**12,246,878**	14,539,994
Trade goods	**589,459**	2,467,283
Goods in transit (*)	**14,214,367**	15,686,108
Other inventories	**343,104**	606,009
Total	**44,610,361**	60,224,370
Provision for impairment of inventory	**(146,354)**	(771,660)
Total	**44,464,007**	59,452,710

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

As of 31 December 2023, and 2022, movements of provision for inventory impairment are as follows:

	2023	2022
1 January	**771,660**	-
Changes in period	**146,354**	771,660
Provisions no longer required	**(771,660)**	-
31 December	**146,354**	771,660

As a result of the decrease in various product prices as of 31 December 2023, sales prices remained below costs and a stock impairment provision of TRY146,354 thousand was allocated (31 December 2022: TRY771,660 thousand TL).

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

10. Investments accounted for using the equity method

	31 December 2023		31 December 2022	
	Participation share (%)	Amount	Participation share (%)	Amount
OPET Petrolcülük A.Ş.	**41.67**	**8,293,884**	41.67	7,571,139
		8,293,884		7,571,139

On 8 December 2022, the shares corresponding to 1.67% of Opet's capital were purchased for a total cash price of TRY 295,932 thousand and added to the participation value.

The movement in the investments accounted for using the equity method during the period ended 31 December 2023 and 2022 is as follows:

	2023	2022
1 January	**7,571,139**	7,519,974
Investments accounted for using the equity method;		
Shares in current period profit	**1,077,505**	43,852
Dividend payment	**(795,019)**	(528,958)
Gain on revaluation of property	**341,421**	148,543
Actuarial gain/(loss) arising from defined benefit plans	**7,397**	(50,408)
Gain/(loss) on revaluation and remeasurement	**(26,021)**	(59,392)
Equity rate change effect	**-**	295,932
Currency translation differences	**278,936**	201,596
Transactions with non-controlling shareholders	**(161,474)**	-
	8,293,884	7,571,139

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

	31 December 2023	31 December 2022
Current assets	**31,560,707**	37,354,210
Non-current assets	**22,184,916**	20,326,901
Total assets	**53,745,623**	57,681,111
Short term liabilities	**28,386,339**	30,387,703
Long term liabilities	**5,068,054**	9,105,391
Equity	**20,291,230**	18,188,017
Total liabilities	**53,745,623**	57,681,111

	1 January - 31 December 2023	1 January - 31 December 2022
Sales (net)	**277,852,527**	339,167,350
Gross profit	**9,977,344**	6,575,392
Operating profit	**3,403,699**	809,974
Net (loss)/income for the period	**2,523,360**	(38,850)

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, 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 2023 and 2022 is as follows:

	1 January 2023	**Revaluation gains(*)**	**Currency translation differences**	**Additions**	**Acquisitions(**)**	**Transfers**	**Disposals**	**31 December 2023**
Cost:								
Lands	**25,540,396**	**309,453**	**-**	**-**	**-**	**-**	**-**	**25,849,849**
Land improvements	**38,245,525**	**-**	**-**	**1,103,907**	**121,320**	**13,498**	**(1,938)**	**39,482,312**
Buildings	**9,182,170**	**-**	**-**	**281,120**	**3,508**	**-**	**(14)**	**9,466,784**
Machinery and equipment	**142,994,630**	**-**	**-**	**2,801,370**	**1,116,584**	**(3,221)**	**(8,339)**	**146,901,024**
Motor vehicles	**14,470,270**	**-**	**-**	**2,850,230**	**3,195**	**-**	**(7,736)**	**17,315,959**
Furniture and fixtures	**1,561,476**	**-**	**-**	**169,919**	**184**	**112**	**(8,142)**	**1,723,549**
Construction in progress	**6,806,756**	**-**	**-**	**1,842,527**	**-**	**(29,566)**	**-**	**8,619,717**
Special costs	**228,771**	**-**	**-**	**40,584**	**-**	**-**	**-**	**269,355**
Other tangible assets	**203,874**	**-**	**-**	**136,739**	**-**	**15,513**	**(308)**	**355,818**
	239,233,868	**309,453**	**-**	**9,226,396**	**1,244,791**	**(3,664)**	**(26,477)**	**249,984,367**
Accumulated depreciation:								
Land improvements	**(23,275,773)**	**-**	**-**	**(1,082,230)**	**-**	**(75)**	**908**	**(24,357,170)**
Buildings	**(3,648,951)**	**-**	**-**	**(310,752)**	**-**	**-**	**14**	**(3,959,689)**
Machinery and equipment	**(79,153,849)**	**-**	**550**	**(3,365,478)**	**-**	**75**	**3,046**	**(82,515,656)**
Motor vehicles	**(3,514,302)**	**-**	**-**	**(544,694)**	**-**	**-**	**4,832**	**(4,054,164)**
Furniture and fixtures	**(922,498)**	**-**	**265**	**(142,217)**	**-**	**-**	**9,460**	**(1,054,990)**
Special costs	**(92,532)**	**-**	**1,016**	**(50,214)**	**-**	**-**	**-**	**(141,730)**
Other tangible assets	**(37,869)**	**-**	**-**	**(23,905)**	**-**	**-**	**7**	**(61,767)**
	(110,645,774)	**-**	**1,831**	**(5,519,490)**	**-**	**-**	**18,267**	**(116,145,166)**
Net book value	**128,588,094**							**133,839,201**

(*) While the revaluation increases of TRY121,425 thousand of lands for the period ending on 31 December 2023 are accounted for in the property, plant and equipment value increase fund under equity, TRY188,028 thousand of the increase in the value in the financial statements prepared in accordance with the Tax Procedure Law ("TPL") is accumulated with the financial statements prepared in accordance with TFRS. It is accounted in the statement of comprehensive income by netting off the deferred tax income calculated from the temporary differences.

(**) Due to acqusition of Esinti realized at 7 November 2023 (Note 3).

	1 January 2022	Revaluation loss(*)	Currency translation differences	Additions	Transfers	Disposals	31 December 2022
Cost:							
Lands	33,122,628	(7,582,232)	-	-	-	-	25,540,396
Land improvements	37,858,323	-	-	387,693	1,300	(1,791)	38,245,525
Buildings	9,062,507	-	-	119,791	(16)	(112)	9,182,170
Machinery and equipment	142,800,613	-	-	238,051	61,833	(105,867)	142,994,630
Motor vehicles	13,219,730	-	-	1,255,368	-	(4,828)	14,470,270
Furniture and fixtures	1,160,064	-	-	409,418	2,446	(10,452)	1,561,476
Construction in progress	5,932,474	-	-	1,923,063	(71,449)	(977,332)	6,806,756
Special costs	224,749	-	-	4,022	-	-	228,771
Other tangible assets	156,765	-	-	53,286	5,800	(11,977)	203,874
	243,537,853	(7,582,232)	-	4,390,692	(86)	(1,112,359)	239,233,868
Accumulated depreciation:							
Land improvements	(22,032,967)	-	-	(1,244,558)	(31)	1,783	(23,275,773)
Buildings	(3,461,372)	-	-	(187,668)	(8)	97	(3,648,951)
Machinery and equipment	(75,443,171)	-	(64)	(3,747,032)	(89)	36,507	(79,153,849)
Motor vehicles	(3,083,696)	-	-	(432,109)	-	1,503	(3,514,302)
Furniture and fixtures	(767,791)	-	(30)	(160,473)	128	5,668	(922,498)
Special costs	(43,054)	-	(104)	(49,374)	-	-	(92,532)
Other tangible assets	(32,513)	-	-	(16,377)	-	11,021	(37,869)
	(104,864,564)	-	(198)	(5,837,591)	-	56,579	(110,645,774)
Net book value	138,673,289						128,588,094

(*) Revaluation increases of TRY35,289 of lands for the period ending on 31 December 2022 are accounted in the property, plant and equipments value increase fund under equity, while the decrease in the value of TRY7,617,521 thousand in the financial statements prepared in accordance with the Tax Procedure Law ("TPL") is reflected in the financial statements prepared in accordance with TFRS. It is accounted in the statement of comprehensive income by netting off the deferred tax income calculated from the accumulated temporary differences. (Note 24)

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

11. Property, plant and equipment (Continued)

Total depreciation expense amounting to TRY5,519,490 thousand (31 December 2022 – TRY5,837,591 thousand) related to tangible fixed assets in the comprehensive consolidated income statement for the period ended as of 31 December 2023 has been allocated to cost of goods sold amounting to TRY3,715,527 thousand (31 December 2022 – TRY4,201,124 thousand), to general administration expenses amounting to TRY1,142,200 thousand (31 December 2022 – TRY879,688 thousand), to marketing, amounting to TRY498,560 thousand (31 December 2022 – TRY655,231 thousand), to research and development expenses amounting to TRY163,203 thousand (31 December 2022 – TRY101,548).

The depreciation expense related to right-of-use assets in the consolidated statement of comprehensive income for the period ended as of 31 December 2023 at TRY350,917 thousand (31 December 2022 – TRY254,171 thousand), is classified to general administrative expenses amounting to TRY177,396 thousand (31 December 2022 – TRY 114,118 thousand), to marketing, amounting to TRY89,875 thousand (31 December 2022 TRY85,174), and to cost of goods sold amounting to TRY83,646 thousand (31 December 2022 – TRY54,879).

As of 31 December 2023, there are no pledge on property, plant and equipment (31 December 2022: None). The Group has revaluated all of the lands to their fair values which assets' cost value is amounting to TRY763,306 thousand in accordance with TAS 16, Property, Plant and Equipment as of 31 December 2023 and included the revaluation increase amounting to TRY25,779,377 thousand in consolidated financial statements (31 December 2022: TRY25,424,278 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 and Aden Gayrimenkul Değerleme ve Danışmanlık A.Ş. CMB accredited company; 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 2023, the Group has no capitalized borrowing costs associated with its investments (31 December 2022: None).

	Fair value level as of reporting date			
	31 December 2023	**Level 1**	**Level 2**	**Level 3**
Lands	**25,849,849**	-	**25,849,849**	-

	Fair value level as of reporting date			
	31 December 2022	Level 1	Level 2	Level 3
Lands	25,540,396	-	25,540,396	-

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

12. Intangible assets

Other intangible assets:

The movements of intangible assets and related accumulated amortisation for the period ended 31 December 2023 and 2022 are as follows:

	1 January 2023	Acquisitions(*)	Additions	Transfers	Disposals	31 December 2023
Cost:						
Rights and software	**999,709**	**-**	**173,297**	**-**	**(6,120)**	**1,166,886**
Development expenses	**924,107**	**-**	**143,588**	**-**	**-**	**1,067,695**
Other intangible assets	**3,129,962**	**1,304,683**	**15,403**	**3,664**	**-**	**4,453,712**
	5,053,778	**1,304,683**	**332,288**	**3,664**	**(6,120)**	**6,688,293**
Accumulated amortisation:						
Rights and software	**(808,188)**	**-**	**(58,942)**	**-**	**4,919**	**(862,211)**
Development expenses	**(792,390)**	**-**	**(63,121)**	**-**	**-**	**(855,511)**
Other intangible assets	**(646,440)**	**-**	**(71,064)**	**-**	**-**	**(717,504)**
	(2,247,018)	**-**	**(193,127)**	**-**	**4,919**	**(2,435,226)**
Net book value	**2,806,760**					**4,253,067**

(*) Acquisitions relates to the determination of the license fee resulting from the purchase of Esinti shares on 7 November 2023 (Note 3).

	1 January 2022	Additions	Transfers	Disposals	31 December 2022
Cost:					
Rights and software	913,409	86,300	-	-	999,709
Development expenses	884,614	39,493	-	-	924,107
Other intangible assets	3,126,403	3,803	86	(330)	3,129,962
	4,924,426	129,596	86	(330)	5,053,778
Accumulated amortisation:					
Rights and software	(741,026)	(67,175)	-	13	(808,188)
Development expenses	(738,160)	(54,230)	-	-	(792,390)
Other intangible assets	(578,312)	(68,450)	-	322	(646,440)
	(2,057,498)	(189,855)	-	335	(2,247,018)
Net book value	2,866,928				2,806,760

Total amortisation expenses amounting to TRY193,127 thousand (31 December 2022: TRY189,855 thousand) in the consolidated statement of comprehensive income for the period ended 31 December 2023 have been allocated to the general administration expenses amounting to TRY129,135 thousand (31 December 2022: TRY127,920 thousand) and the cost of sales amounting to TRY63,992 thousand (31 December 2022: TRY61,935 thousand).

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

13. Prepaid expenses

Short term prepaid expenses

	31 Aralık 2023	31 December 2022
Insurance and other expenses	**867,624**	679,700
Advances given	**405,828**	753,609
Advances given to third parties for property, plant and equipment	**4,672**	-
Total	**1,278,124**	1,433,309

Long term prepaid expenses:

	31 Aralık 2023	31 December 2022
Advances given to third parties for property, plant and equipment	**1,417,790**	1,087,926
Other prepaid expenses	**366,136**	30,805
Advances given to related parties for property, plant and equipment (Note 28)	**30,731**	496
Total	**1,814,657**	1,119,227

14. Other assets and liabilities

Other current assets:

	31 Aralık 2023	31 Aralık 2022
Deferred Value Added Tax ("VAT")	**9,334,175**	3,906,349
VAT to be refunded	**3,204,980**	4,362,263
Deferred Special Consumption Tax ("SCT")	**622,880**	1,214,742
Taxes and funds to be offsetted	**480,875**	2,954,612
Spare parts and material stocks	**301,952**	138,625
Income accruals from commodity hedge (*)	**240,757**	474,670
Income accruals	**184,906**	123,047
Deferred VAT	**57,973**	49,087
Other current assets	**323,805**	108,376
Total	**14,752,303**	13,331,771

(*) As of 31 December 2023, and 31 December 2022, 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 8 January 2024 (31 December 2022 – Paid on 9 January 2023).

Other non-current assets:

	31 Aralık 2023	31 Aralık 2022
Spare parts and material stocks	**9,895,296**	8,491,910
Other	**1,112**	9,663
Total	**9,896,408**	8,501,573

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

14. Other assets and liabilities (Continued)

Other short-term liabilities:

	31 December 2023	31 December 2022
Deferred Value Added Tax ("VAT")	**9,334,175**	3,906,349
SCT payable	**6,445,767**	3,312,860
Revenue share	**4,857,548**	5,575,670
Taxes and liabilities payable	**735,702**	3,218,519
Deferred Special Consumption Tax ("SCT")	**622,880**	1,214,742
VAT payable	**347,242**	299,560
Expense accruals	**15,653**	132,037
Expense accruals from commodity hedge (*)	**-**	130,245
Other	**429,096**	212,395
Total	**22,788,063**	18,002,377

(*) As of 31 December 2022, 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.

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

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

The Group has been collecting the revenue share over the sales of petroleum products and non-refinery imports of petroleum products since 1 January 2005, the date the relevant article of the regulation came into force. The Group has been collecting revenue share for LPG sales since 16 September 2005 in addition to the revenue share collected for petroleum products, in accordance with the Liquefied Petroleum Gas ("LPG") Market Regulation.

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

As a result of these regulations, the revenue share amounting to TRY4,857,548 thousand accumulated as at 31 December 2023 (31 December 2022: TRY5,575,670 thousand) which is not recognized in the comprehensive income statement, has been classified as "Revenue Share" within "Other short-term liabilities". TRY4,827,145 thousand is (31 December 2022: TRY5,552,689 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).

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

15. Provisions

Provision for employee benefits:

Short-term provision for employee benefits:

	31 December 2023	31 December 2022
Personnel bonus accruals	**34,884**	16,804
Seniority incentive bonus provision	**25,115**	61,635
Total	**59,999**	78,439

Long-term employee benefits:

	31 December 2023	31 December 2022
Provision for employment termination benefits	**1,794,792**	1,733,989
Provision for unused vacation	**214,587**	204,337
Seniority incentive bonus provision	**64,689**	22,663
Total	**2,074,068**	1,960,989

Seniority incentive bonus provision:

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

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

	2023	2022
1 January	**84,298**	75,501
Charge for the period	**131,176**	117,989
Payments during the period	**(81,766)**	(72,599)
Monetary Gain/Loss	**(43,904)**	(36,593)
31 December	**89,804**	84,298

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 December 2023, 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:

	31 December 2023	31 December 2022
Discount rate (%)	**2.90%**	0.55%
Turnover rate to estimate probability of retirement (%)	**99.13%**	99.24%

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

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

	2023	2022
1 January	**1,733,989**	1,004,830
Interest expense	**57,497**	78,462
Actuarial (gain)/loss	**(18,913)**	607,559
Charge for the period	**1,135,297**	503,871
Payments during the period	**(224,610)**	(61,861)
Monetary Gain/Loss	**(888,468)**	(398,872)
31 December	**1,794,792**	1,733,989

	31 December 2023		31 December 2022	
	Net discount rate		Net discount rate	
Sensitivity analysis	**100 Base Increase**	**100 Base Decrease**	100 Base Increase	100 Base Decrease
Ratio	**3.90%**	**1.90%**	1.55%	(0.45%)
Provision for employee termination benefit adjustment	**6,290**	**(11,705)**	207,452	(263,721)

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

15. Provisions (Continued)

Provision for unused vacation:

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

	2023	2022
1 January	**204,337**	185,948
Charge for the period	**155,998**	120,696
Payments during the period	**(40,398)**	(12,783)
Monetary Gain/Loss	**(105,350)**	(89,524)
31 December	**214,587**	204,337

Other short-term provisions:

	31 Aralık 2023	31 December 2022
Provision for demurrage	**883,487**	442,010
EMRA participation share (*)	**186,595**	198,011
Provisions for pending claims and law suits	**24.948**	55,723
Other	**71,394**	99,984
	1,166,424	795,728

(*) 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 2023 and 2022 are as follow:

	Provision for pending claims and lawsuits	**EMRA participation share**	**Provision for demurrage**	**Other**	**Total**
1 January 2023	**55,723**	**198,011**	**442,010**	**99,984**	**795,728**
Changes for the period, net	**(8,963)**	**238,574**	**1,747,131**	**346,975**	**2,323,717**
Payments during the period	**(2,379)**	**(153,647)**	**(960,505)**	**333,276**	**(1,449,807)**
Monetary Gain/Loss	**(19,433)**	**(96,343)**	**(345,149)**	**(42,289)**	**(503,214)**
31 December 2023	**24,948**	**186,595**	**883,487**	**71,394**	**1,166,424**
1 January 2022	56,781	211,585	197,485	74,894	540,745
Changes for the period, net	29,160	234,445	774,520	64,402	1,102,527
Payments during the period	(4,110)	(152,502)	(393,519)	-	(550,131)
Monetary Gain/Loss	(26,108)	(95,517)	(136,476)	(39,312)	(297,413)
31 December 2022	55,723	198,011	442,010	99,984	795,728

16. Liabilities for employee benefits

	31 December 2023	31 December 2022
Social security withholdings payment	**484,387**	417,014
Due to the personnel	**312,803**	271,155
Total	**797,190**	688,169

17. Other payables

	31 December 2023	31 December 2022
Other payables to related parties (Note 28)	**363,736**	279,852
Deposits and guarantees received	**128,427**	152,504
Dividend payables to third parties	**503**	-
Total	**492,666**	432,356

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

18. Derivative instruments

	31 December 2023				31 December 2022				
	Fair values				Fair values				
	Purchase contract amount	**Sales contract amount**	**Assets**	**Liabilities**	Purchase contract amount	Sales contract amount		Assets	Liabilities
Cash flow hedge									
Interest rate swap	**445,884**	**445,884**	**39,621**	**-**	3,584,098	3,584,098		84,611	13,788
Cross currency swap	**-**	**-**	**-**	**-**	381,103	85,079		377,640	-
Commodity derivative	**31,887,756**	**31,887,756**	**2,004,959**	**110,581**	70,582,333	70,582,333		5,337,862	1,153,554
Derivatives held for trading									
Currency forwards	**34,898,155**	**37,863,720**	**9,913**	**369,992**	9,178,031	9,197,779		-	343,639
Commodity derivative	**4,842,919**	**4,842,919**	**9,862**	**-**	608,673	795,575		126,823	127,705
Cross currency swap	**19,876**	**70,183**	**-**	**52,139**	-	-		-	-
Short term derrivative instruments			**2,064,355**	**532,712**				5,926,936	1,638,686
Cash flow hedge									
Interest rate swap	**461,785**	**461,785**	**36,903**	**-**	1,760,485	1,760,485	-	94,000	-
Cross currency swap	**-**	**-**	**-**	**-**	327,503	720,947	-	-	491,353
Derivatives held for trading									
Currency forwards	**2,103**	**634,626**	**23**	**-**	-	-	-	-	-
Cross currency swap	**178,884**	**631,644**	**-**	**469,247**	-	-	-	-	-
Long term derrivative instruments			**36,926**	**469,247**				94,000	491,353
Total derrivative instruments			**2,101,281**	**1,001,959**				6,020,936	2,130,039

As of 31 December 2023, forward foreign exchange transactions consist of forward transactions which generate a sales obligation of TRY38,398,346 thousand in exchange of USD1,185,543 thousand (As of 31 December 2022, forward foreign exchange transactions consist of forward and currency swap transactions which generate a sales obligation of adjusted by 2023 purchasing power TRY9,197,779 thousand for in exchange of USD297,894 thousand).

As of 31 December 2023, interest rate swap consists of exchange of floating rate instalment payments of long-term borrowings and bonds amounting to USD30,883 thousand (31 December 2022: USD147,265 thousand and adjusted by 2023 purchasing power TRY807.387 thousand) thousand with fixed rate installment payments for cash flow hedging.

As of 31 December 2023, cross currency swap transactions consist of swaps with fixed interest rate transaction of foreign currency indexed floating interest rate USD6,752 thousand (31 December 2022: USD22,999 thousand) and fixed interest rate long-term borrowings amounting to TRY701,827 thousand (31 December 2022: Adjusted by 2023 purchasing power TRY806,026 thousand).

As of 31 December 2023, and 31 December 2022, goods purchase and sale transactions consist of 43,549 thousand barrels (31 December 2022 – 97,742 thousand barrels) crude oil purchase and sale transactions realized in various maturities to hedge the risk of crude oil price changes in the Group's highly probable future sales. There is no ineffective portion of these derivative instrument transactions.

19. Commitments and contingent assets and liabilities

		31 December 2023	31 December 2022	
Guarantees received:	**Original currency(*):**	**TRY amount:**	Original currency(*):	TRY amount (**):
Letter of guarantees received		**6,622,484**		8,930,604
- Letter of guarantees in TRY	***2,903,795***	***2,903,795***	*5,696,056*	*5,696,057*
- Letter of guarantees in USD	***90,051***	***2,650,944***	*80,355*	*2,475,730*
- Letter of guarantees in EUR	***31,258***	***1,018,187***	*21,692*	*712,522*
- Letter of guarantees in other currencies	**-**	**49,558**	-	46,295
Guarantee notes received		**4,633**		697
- Guarantee notes in TRY	***423***	***423***	*697*	*697*
- Guarantee notes in USD	***143***	***4,210***	-	-
Guarantee letters received		**1,496,948**		1,649,077
- Guarantee letters received in TRY	**-**	**-**	*82,386*	*82,386*
- Guarantee letters received in USD	***50,851***	***1,496,948***	*50,851*	*1,566,691*
Guarantee letters of credit		**5,548,103**		533,840
- Letters of credit in USD	***188,466***	***5,548,103***	*17,327*	*533,840*
Direct debiting limits		**1,130,639**		1,482,856
- TRY direct debiting limits	***1,130,639***	***1,130,639***	*1,482,856*	*1,482,856*
Total guarantees received		**14,802,807**		12,597,074
Guarantees given:				
Letter of credits given		**28,327,115**		16,119,654
- Letter of credits in USD	***917,680***	***27,014,863***	*523,200*	*16,119,654*
- Letter of credits in EUR	***52***	***1,683***	-	-
- Letter of credits in other currencies	***63,170***	***1,310,569***	-	-
Letter of guarantees given		**6,272,314**		13,882,377
- Letter of guarantees in TRY	***6,266,423***	***6,266,423***	*13,876,211*	*13,876,211*
- Letter of guarantees in USD	***200***	***5,891***	*200*	*6,166*
Letters of guarantee given to customs offices		**2,994,463**		*2,913,304*
- Letter of guarantees in TRY	***2,799,020***	***2,799,020***	*2,716,221*	*2,716,221*
- Letter of guarantees in EUR	***6,000***	***195,443***	*6,000*	*197,083*
Guarantee bond		**20,008**		*36,393*
-Guarantee bond in TRY	***193***	***193***	*2,678*	*2,678*
-Guarantee bond in USD	***599***	***17,633***	*1,094*	*33,715*
-Guarantee bond in EUR	***67***	***2,182***	-	-
Letters of guarantee given to banks		**842,190**		*1,435,110*
- Letter of guarantees in USD	***28,609***	***842,190***	*46,580*	*1,435,110*
Guarantees		**2,936,720**		*3,204,212*
-Guarantees in USD	**98,487**	**2,899,278**	104,000	*3,204,212*
- Guarantees in other currencies	**1,000**	**37,442**	-	-
Total guarantees given		**41,392,810**		37,591,050

(*) Original balance amounts are expressed in thousands of currencies.
(**) Previous year's TL equivalent amounts of guarantees with original balance amounts in foreign currency have been prepared on the basis of 2023 purchasing power.

As of 31 December 2023, and 31 December 2022, 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 of 31 December 2023, letters of guarantee given to banks are given for loans which were used by Companies within scope of consolidation amounting to TRY785,837 thousand (31 December 2022: TRY1,346,643 thousand) and for derivative financial instruments amounting to TRY56,353 thousand (31 December 2022: TRY84,085 thousand).

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

19. Commitments and contingent assets and liabilities (Continued)

Collaterals, pledges, mortgages given by the Group as at 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023	31 December 2022
A. CPMs given for companies in the name of its own legal personality	**37,613,901**	32,951,727
- TRY	***9,065,637***	*16,595,111*
- USD	***27,038,386***	*16,159,533*
- EUR	***199,309***	*197,083*
- Other	***1,310,569***	-
B. CPMs given on behalf of the fully consolidated companies	**3,778,909**	4,639,323
- USD	***3,741,467***	*4,639,323*
- Other	***37,442***	-
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.	-	-
Total	**41,392,810**	37,591,050

A commission at an amount of TRY55,015 thousand is recognized as of 31 December 2023 related to letter of guarantees given in favor of partnerships included in full consolidation (31 December 2022 – TRY65,703 thousand).

20. Equity

The Company’s shareholders and their shareholding percentages as at 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023	**Share (%)**	31 December 2022	Share (%)
Enerji Yatırımları A.Ş.	**893,997**	**46.40**	127,714	46.40
Koç Holding A.Ş.	**122,298**	**6.35**	17,471	6.35
Koç Family Members and Companies owned by Koç Family Members	**9,153**	**0.47**	1,308	0.47
Publicly held	**901,348**	**46.78**	128,764	46.78
Paid-in Capital	**1,926,796**	**100.00**	275,257	100.00
Adjustments to share capital (*)	**24,621,222**		25,833,444	
Total Capital	**26,548,018**		26,108,701	

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

It was announced with the Public Disclosure Platform (“PDP”) statement dated 14 February 2023 that the capital of the company, amounting to TRY275,257 thousand, would be increased by TRY1,651,539 thousand to TRY1,926,796 thousand, fully covered by internal resources. Following the approval of the capital increase application by the CMB, the amendment of the "Capital" article of the Company's Articles of Association was registered by the Istanbul Trade Registry on 14 April 2023.

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 2022: 1Kr) each. The authorised and paid-in share capital of the Company comprises 192,679,559,799 (31 December 2022: 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.

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

20. Equity (Continued)

Restricted reserves

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

In accordance with Turkish Financial Reporting Standards the aforementioned amounts should be classified under "Restricted Reserves". On 31 December 2023, the restricted reserves of the Company amount to TRY6,401,291 thousand (31 December 2022 – TRY2,978,503).

Dividend distribution

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

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

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

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

At the Extraordinary General Assembly Meeting held on 26 September 2023, the Company decided to distribute a total of nominal TRY14,500,000 thousands as gross cash dividends from the remaining balance after the second legal funds are set aside from the 2022 net distributable profit for the year according to the legal records. While making the relevant distribution shareholders, that are full taxpayer institutions and limited taxpayer institutions that obtain dividends through a workplace or permanent representative in Turkey, will receive dividend payout with a ratio of 752.54% and TRY7,525 gross = net profit share for each share with a nominal value of TRY1.00; and the rest of the shareholders will receive gross dividend payout with a ratio of 752.54% and TRY7,525 gross profit share, a net dividend payout with a ratio of 677.29% and TRY6,773 net profit share for each share with a nominal value of TRY1.00.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

21. Revenue and cost of sales

	1 January - 31 December 2023	1 January - 31 December 2022
Domestic revenue	**573,868,431**	750,008,955
Export revenue	**123,161,118**	179,649,830
Gross revenue	**697,029,549**	929,658,785
Less: Sales discounts	**(9,604,042)**	(12,616,036)
Less: Sales returns	**(897,000)**	(291,689)
Sales (net)	**686,528,507**	916,751,060
Cost of goods sold	**(576,796,119)**	(803,671,342)
Gross profit	**109,732,388**	113,079,718

Cost of sales:

	1 January - 31 December 2023	1 January - 31 December 2022
Raw material, manufactured and consumable material	**544,649,267**	762,088,726
Energy expenses	**13,727,444**	26,285,158
Personnel expenses	**4,836,503**	3,697,667
Depreciation and amortization (Note 11-12)	**3,863,165**	4,317,938
Other production expenses	**9,719,740**	7,281,853
Cost of sales	**576,796,119**	803,671,342

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

General administrative expenses:

	1 January - 31 December 2023	1 Janury - 31 December 2022
Personnel expenses	**4,040,865**	3,197,834
Depreciation and amortization (Note 11-12)	**1,448,731**	1,121,726
Donations	**1,447,979**	456,665
Insurance expenses	**1,161,731**	871,641
Outsourced services	**1,073,299**	780,350
Tax duties and fees	**1,028,155**	723,144
Office expenses	**430,719**	482,200
Lawsuit and consultancy expenses	**295,310**	232,473
Subscription fees	**270,747**	261,017
Transportation and travel expenses	**65,037**	40,649
Other	**1,597,518**	485,700
Total general administrative expenses	**12,860,091**	8,653,399

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

22. General administrative expenses, marketing expenses and research and development expenses (Continued)

Marketing expenses:

	1 January - 31 December 2023	1 Janury - 31 December 2022
Transportation, storage and insurance expenses	**3,511,171**	4,785,361
Personnel expenses	**892,818**	715,775
Depreciation and amortization (Note 11)	**588,435**	740,405
Outsourced services	**466,812**	240,652
Advertising expenses	**229,579**	161,128
Energy expenses	**187,599**	307,120
Other	**539,407**	341,235
Total marketing expenses	**6,415,821**	7,291,676

Research and development expenses:

	1 January - 31 December 2023	1 Janury - 31 December 2022
Depreciation and amortization (Not 11)	**163,203**	101,548
Personnel expenses	**90,592**	78,995
Tax duties and fees	**15,392**	1,234
Outsourced services	**2,139**	1,725
Energy expenses	**1,284**	10,870
Other	**7,354**	19,709
Total research and development expenses	**279,964**	214,081

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:

	2023 (*)	2022 (*)
Audit and assurance fee	**16,475**	17,706
Tax consulting fee	**10**	997
Other assurance services fee	**4,656**	1,103
Other service fee apart from audit	**72**	136
	21,213	19,942

(*) 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.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

23. Other operating income /(expenses)

Other operating income:	1 January - 31 December 2023	1 January - 31 December 2022
Foreign exchange gain from trade receivables	**6,461,609**	1,875,737
Credit finance gains	**5,351,957**	6,652,379
Rent expenses	**26,852**	21,572
Other	**924,439**	342,452
Total other operating income	**12,764,857**	8,892,140

Other operating expense:	1 January - 31 December 2023	1 January - 31 December 2022
Foreign exchange loss from trade payables	**(24,538,394)**	(26,695,734)
Credit finance charges	**(3,861,128)**	(2,216,926)
Other	**(914,073)**	(647,252)
Total other operating expense	**(29,313,595)**	(29,559,912)

24. Income/(expenses) from investment activities

	1 January - 31 December 2023	1 January - 31 December 2022
Gain/(loss) on sales of property plant and equipment and intangible assets	**74,437**	(40,163)
Financial investments fair value change	**7,788**	109,530
Fair value change of property, plant and equipment	**-**	(7,617,521)
Dividend income	**-**	121
Total income/(expense) from investment activities	**82,225**	(7,548,033)

25. Financial income/(expenses)

	1 January - 31 December 2023	1 January - 31 December 2023
Financial income:		
Interest incomes on deposits	**12,015,521**	2,957,514
Foreign exchange gains on deposits	**7,131,106**	10,769,746
Incomes on derivative instruments	**662,560**	-
Total financial income	**19,809,187**	13,727,260
Financial expense:		
Foreign exchange losses on borrowings	**(20,188,126)**	(18,978,914)
Interest expenses	**(4,583,402)**	(6,841,472)
Losses on derivative instruments	**-**	(1,119,327)
Other	**(231,450)**	(206,276)
Total financial expense	**(25,002,978)**	(27,187,983)

As of 31 December 2023, interest expense amounting to TRY 79,929 thousand (31 December 2022 - TRY 75,089 thousand) arising from leasing transactions is included in interest expense and foreign exchange loss amounting to TRY 117,670 thousand (31 December 2022 – TRY 78,878 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.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

26. Tax assets and liabilities

	31 December 2023	31 December 2022
Current period corporate tax provision	**8,547,371**	4,472,145
Current year tax assets	**(7,193,880)**	(2,898,143)
	1,353,491	1,574,002

(*) In accordance with the Law No. 7440 on the "Restructuring of Certain Receivables and Amending Certain Laws" published in the Official Gazette on 12 March 2023, the exemption and deduction subject to corporate income deduction in accordance with the regulations in the laws, by being shown in the corporate tax return for the year 2022. An additional tax of 10% should be calculated over the deduction amounts and tax bases subject to reduced corporate tax, without being associated with the period's income, and 5% over the exempted earnings. As of 31 December 2023, the amount accrued by the Company for the related tax in addition to the corporate tax is TRY3,798,937 thousand, and the payment for the said tax made in two installments.

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

Corporate tax rate in Turkey as of 31 December 2023 is 25% (2022: %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 tax amounts reflected in the profit or loss statements for the years ending 31 December 2023 and 31 December 2022 are summarized below:

	1 January - 31 December 2023	1 January - 31 December 2022
Tax Income/ (expenses)		
Current tax expense	**(10,969,370)**	(5,349,170)
Deffered tax income	**7,021,173**	(1,613,789)
	(3,948,197)	(6,962,959)

The analysis of cumulative temporary differences and the related deferred tax assets and liabilities in respect of items for which deferred income tax has been provided as of 31 December 2023 and 31 December 2022 using the enacted tax rates are as follows:

	2023	2022
Profit /(Loss) before taxation	**57,820,358**	68,508,196
Less: Shares in profit/loss of joint ventures	**1,051,484**	(15,540)
Profit before tax (Excluding the profit/loss shares of Joint Ventures)	**56,768,874**	68,523,735
Expected tax expense	**(14,192,219)**	(15,760,459)
Investment incentive income	**10,437,138**	10,327,340
Deductions and exemptions	**880,100**	626,149
Changes in the tax rate	**77,842**	239,886
Effect on revaluation of fixed assets and other assets subject to depreciation (*)	**-**	2,018,778
Deductible financial losses	**73,630**	(264,582)
Additional tax impact due to earthquake	**(3,798,937)**	-
Non-taxable inflation adjustments	**(10,411,223)**	(5,538,248)
Disallowable expenses and differences not subject to taxation	**(336,287)**	(1,474,938)
Arising from inflation accounting according to legal provisions deferred tax effect calculated regarding temporary differences (**)	**19,843,488**	-
Monetary gain/loss	**(6,521,729)**	2,863,116
Taxation on income	**(3,948,197)**	(6,962,959)

(*) 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.

(**) Arises from the deferred tax effect of temporary differences created by the adjustments made to inflation accounting in accordance with the Communiqué No. 32415 (2nd. Repetition) dated 30 December 2023 of the Tax Procedure Law.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

26. Tax assets and liabilities (Continued)

The analysis of cumulative temporary differences and the related deferred tax assets and liabilities in respect of items for which deferred income tax has been provided as of 31 December 2023 and 31 December 2022 using the enacted tax rates are as follows:

	Cumulative temporary differences		**Deferred tax (liability)/asset**	
	31 December 2023	31 December 2022	**31 December 2023**	31 December 2022
Investment incentives(*)	**(38,125,110)**	(80,255,591)	**7,625,022**	16,051,118
Accumulated deductible financial losses (**)	**(244,909)**	(304,034)	**61,227**	60,808
Difference between the carrying values and tax base of property, plant, equipment and intangible assets	**701,815**	57,342,673	**(294,466)**	(11,659,613)
Employment termination benefits	**(1,256,939)**	(1,157,261)	**314,491**	231,770
Inventories	**(10,249,552)**	6,439,813	**2,585,797**	(1,287,962)
Provision for unused vacation liability	**(179,095)**	(164,547)	**44,774**	33,052
Deferred financial income (expense), net	**58,309**	179,627	**(14,577)**	(25,253)
Provision lawsuits	**(24,948)**	(55,723)	**4,990**	11,228
Fair value difference of derivative instruments	**1,536,444**	4,600,063	**(267,776)**	(837,882)
Gain on revaluation of tangibles	**25,510,549**	25,279,308	**(4,783,228)**	(2,527,931)
Cash capital incentives	**(23,790)**	-	**5,948**	-
Other	**(3,288,253)**	(978,894)	**528,677**	(113,741)
			5,810,879	(64,406)

(*) 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 58,46% revaluation rate. In addition to the government contribution within the scope of Strategic Investment Incentive, the Company benefits from VAT exemption, VAT refund, customs duty exemption, incentive for employer share of insurance premium and interest incentive from this certificate.

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

(**) The deferred tax effect of deductible financial losses is calculated separately for each company within the scope of consolidation of the Group a deferred tax asset of 61,227 thousand TL is created from the deductible financial losses of 244,909 thousand TL on 31 December 2023, to be used within the next 5 years. (31 December 2022: Deductible financial losses: 304,034 thousand TL, deferred tax asset: 60,808 thousand TL)

Tax Advantages Obtained Under the Investment Incentive System:

Earnings of the Group that are derived from investments linked to an investment incentive certificate are subject to corporate tax at discounted rates for a certain period, which starts when the investment starts to partly or fully operate and ends when the maximum investment contribution amount is reached. Within this scope, the Group has accounted for TRY7,625,022 thousand (December 31, 2022: TRY16,051,118 thousand) of tax advantages as deferred tax assets which are expected to be recovered in the foreseeable future in the consolidated financial statements as of 31 December 2023. TRY8,426,096 thousand of deferred tax loss is recognized in the consolidated profit or loss statement for the period between 1 January – 31 December 2023, from accounting of such deferred tax assets.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

26. Tax assets and liabilities (Continued)

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

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

In the sensitivity analysis performed as of 31 December 2023 and 31 December 2022, when the inputs of key macroeconomic and sectoral assumptions that form the business plans are increased/decreased by 10%, there is no change in the projected 5-year recovery periods of deferred tax assets related to investment incentives.

The movement of deferred taxes is as follows:

	2023	2022
Deferred tax asset/(liability), net		
1 January	**(64,406)**	4,076,883
Charge for the period	**7,021,173**	(1,613,789)
Charge to equity:		
- Hedging cash flow gains/(losses)	**(497,169)**	(2,646,504)
- Actuarial gains/(losses) arising from defined benefit plans	**21,318**	119,004
- Acquisitions	**(647,270)**	-
- Revaluation of property gains/(losses)	**(22,767)**	-
	5,810,879	(64,406)

27. Earnings per share/(loss)

	1 January - 31 December 2023	1 January - 31 December 2022
Profit (loss) for the year attributable to shareholders of the Group	**53,577,336**	61,313,713
Weighted average number of Shares with nominal value of Kr1 each	**145,946,448,357**	145,946,448,357
Basic and diluted earnings loss per share in Kr	**36.71**	42.01

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

28. Related party transactions

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

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

a) Deposits:

	31 December 2023	31 December 2022
Yapı ve Kredi Bankası A.Ş. (2)	**14,191,895**	17,771,568
Total	**14,191,895**	17,771,568

b) Due from related parties:

	31 December 2023	31 December 2022
Opet Petrolcülük A.Ş. (1)	**5,326,357**	4,393,240
THY OPET Havacılık Yakıtları A.Ş. (1)	**612,739**	415,974
Aygaz A.Ş. (2)	**395,156**	178,510
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş. (1)	**62,923**	38,725
Demir Export (2)	**9,760**	30,799
Diğer (2)	**123,413**	195,502
Total	**6,530,348**	5,252,750

As of 31 December 2023, Tüpraş deducted TRY1,900,000 thousand collected from factoring companies from trade receivables from related parties (31 December 2022 - TRY2,282,105 thousand).

c) Trade payables:

	31 December 2023	31 December 2022
Opet Petrolcülük A.Ş. (1)	**330,958**	1,481,523
Zer Merkezi Hizmetler ve Ticaret A.Ş. (2)	**182,022**	109,027
Koç Sistem Bilgi ve İletişim A.Ş. (2)	**105,562**	148,544
KocDigital Çözümler A.Ş. (2)	**73,284**	12,097
Ark İnşaat San. Tic. A.Ş. (2)	**48,217**	55,786
Aygaz A.Ş. (2)	**43,206**	25,769
Divan Turizm İşletmeleri Anonim Şirketi (2)	**32,444**	3,430
RAM Sigorta Aracılık Hizmetleri A.Ş. (2)	**24,881**	1,330
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş. (1)	**12,723**	13,079
Other (2)	**131,757**	54,884
Total	**985,054**	1,905,469

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

28. Related party transactions (Continued)

d) Other payables:

	31 December 2023	31 December 2022
Koç Holding A.Ş. (3)	**363,735**	279,852
Enerji Yatırımları A.Ş. (3)	**1**	-
Total	**363,736**	279,852

e) Advances given for property, plant and equipment

	31 December 2023	31 December 2022
Ark İnşaat A.Ş. (2)	**30,731**	496
Total	**30,731**	496

f) Lease liabilities:

	31 December 2023	31 December 2022
Otokoç Otomotiv Tic. ve San. A.Ş. (2)	**124,905**	136,074
Koç Ailesi (3)	**33,066**	30,564
Temel Ticaret ve Yatırım A.Ş.	**6,125**	11,906
Zer Merkezi Hizmetler ve Ticaret A.Ş. (2)	**4,400**	-
Total	**168,496**	178,544

g) Product and service sales:

	1 January - 31 December 2023	1 January - 31 December 2022
Opet Petrolcülük A.Ş. (1)	**155,773,414**	164,860,718
THY OPET Havacılık Yakıtları A.Ş. (1)	**15,377,759**	13,974,256
Aygaz A.Ş. (2)	**4,837,573**	6,636,070
Ford Otomotiv Sanayi A.Ş. (2)	**1,056,566**	-
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş. (1)	**508,982**	498,771
Demir Export (2)	**143,683**	112,079
Other (2)	**1,455,313**	126,136
Total	**179,153,290**	186,208,030

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

28. Related party transactions (Continued)

h) Product and service purchases:

	1 January - 31 December 2023	1 January - 31 December 2022
Opet Petrolcülük A.Ş. (1)	**10,934,904**	14,257,259
Ram Sigorta Aracılık Hizmetleri A.Ş. (2) (*)	**1,432,750**	1,144,445
Aygaz A.Ş. (2)	**1,062,572**	1,498,825
Zer Merkezi Hizmetler ve Ticaret A.Ş. (2)	**961,556**	733,899
Koç Holding A.Ş. (3) (**)	**568,836**	256,192
Koç Sistem Bilgi ve İletişim A.Ş. (2)	**563,170**	312,512
Ark İnşaat San. Tic. A.Ş. (2)	**512,671**	256,555
Arçelik A.Ş. (2)	**183,007**	68
Arçelik Pazarlama A.Ş. (2)	**163,808**	40,546
Other (2)	**1,002,944**	609,970
Total	**17,386,218**	19,110,271

(*) 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.

i) Fixed asset purchases:

	1 January - 31 December 2023	1 January - 31 December 2022
RMK Marine Gemi Yapım Sanayii ve Deniz Taşımacılığı İşletmesi A.Ş (2)	**810,323**	22,865
Koç Sistem Bilgi ve İletişim A.Ş. (2)	**131,473**	126,106
Other (2)	**123,600**	55,676
Total	**1,065,396**	204,647

j) Remuneration of board of directors and executive management:

The Company's senior executives have been determined as the Chairman and Members of the Board of Directors, the General Manager, Assistant General Managers and Directors directly reporting to the General Manager. For the period ending on 31 December 2023, the total amount of benefits provided to the Company's top executives is adjusted by 2023 purchasing power TRY671,585 thousand (31 December 2022 – adjusted by 2023 purchasing power TRY482,709 thousand). Adjusted by 2023 purchasing power TRY43,230 thousand (31 December 2022 - None) of this amount is related to the payments made due to leaving the job, and the remaining part consists of short-term benefits.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

28. Related party transactions (Continued)

k) Financial expenses paid to related parties:

	1 January - 31 December 2023	1 January - 31 December 2022
Yapı Kredi Faktoring A.Ş. (2)	**62,080**	54,541
Yapı ve Kredi Bankası A.Ş. (2)	**6,044**	99,450
Total	**68,124**	153,991

l) Time deposit interest income:

	1 January - 31 December 2023	1 January - 31 December 2022
Yapı ve Kredi Bankası A.Ş. (2)	**2,342,629**	731,312
Total	**2,342,629**	731,312

m) Donations:

As of 31 December 2023, total donation amount paid to related parties is TRY992,094 thousand (31 December 2022 – TRY402,855 thousand).

29. Financial instruments and financial risk management

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

***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 of 31 December 2023 and 31 December 2022. 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.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

29. Financial instruments and financial risk management (Continued)

31 December 2023

Contractual maturities	**Carrying value**	**Contractual cash outflows**	**Up to 3 months**	**3-12 months**	**1-5 years**	**More than 5 years**
Total liabilities (non-derivative)	133,774,951	136,259,835	103,911,101	26,380,194	4,556,083	1,412,457
Bank borrowings	14,009,514	14,872,269	4,793,560	4,585,391	4,441,877	1,051,441
Bonds and notes issued	20,794,777	21,739,236	-	21,739,236	-	-
Lease liabilities	521,826	552,120	21,331	55,567	114,206	361,016
Trade payables	97,956,168	98,603,544	98,603,544	-	-	-
Other liabilities	492,666	492,666	492,666	-	-	-

Contractual maturities	**Carrying value**	**Contractual cash outflows**	**Up to 3 months**	**3-12 months**	**1-5 years**	**More than 5 years**
Derivative instruments (net)	1,099,322	(3,421,840)	(1,026,321)	(1,939,229)	(456,290)	-
Derivative cash inflows	2,101,281	35,392,168	21,094,970	13,894,280	402,918	-
Derivative cash outflows	1,001,959	38,814,008	22,121,291	15,833,509	859,208	-

31 December 2022

Contractual maturities	Carrying value	Contractual cash outflows	Up to 3 months	3-12 months	1-5 years	More than 5 years
Total liabilities (non-derivative)	142,089,276	145,201,429	96,314,118	15,965,173	31,771,504	1,150,634
Bank borrowings	30,176,698	32,504,575	6,372,473	15,447,239	10,114,905	569,958
Bonds and notes issued	24,101,605	24,101,605	2,334,824	199,967	21,566,814	-
Lease liabilities	539,917	1,007,886	19,458	317,967	89,785	580,676
Trade payables	86,838,700	87,155,007	87,155,007	-	-	-
Other liabilities	432,356	432,356	432,356	-	-	-

Contractual maturities	Carrying value	Contractual cash outflows	Up to 3 months	3-12 months	1-5 years	More than 5 years
Derivative instruments (net)	3,890,897	(77,373)	10,583	313,172	(419,746)	18,618
Derivative cash inflows	6,020,936	12,240,628	667,927	11,420,004	134,079	18,618
Derivative cash outflows	2,130,039	12,318,001	657,344	11,106,832	553,825	-

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, 2023 and 2022, the share of the Group's receivables from its top 5 customers in total trade receivables is 70% and 61%, 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.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

29. Financial instruments and financial risk management (Continued)

Credit risks of the Group for each financial instrument type as of 31 December 2023 and 31 December 2022 are as follows:

31 December 2023	**Receivables**				**Bank deposits**	**Deriative instruments**	**Other**
	Trade Receivables		**Other Receivables**				
	Related Parties	**Other Parties**	**Related Parties**	**Other Parties**			
Maximum exposed credit risk as of reporting date	**6,530,348**	**33,909,084**	**-**	**127,632**	**97,823,618**	**2,101,281**	**-**
- Secured portion of the maximum credit risk by guarantees, etc.	**-**	**3,382,844**	**-**	**-**	**-**	**-**	**-**
A. Net book value of financial asset either are not due or not impaired	**6,530,348**	**33,684,598**	**-**	**127,632**	**97,823,618**	**2,101,281**	**-**
B. Net book value of overdue but not impaired financial assets	-	**224,486**	-	-	-	-	-
C. Net book value of the impaired assets	-	-	-	-	-	-	-
- Overdue(gross book value)	-	**7,474**	-	**3,696**	-	-	-
- Impairment (-)	-	**(7,474)**	-	**(3,696)**	-	-	-
- 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 2022	Receivables				Bank deposits	Deriative instruments	Other
	Trade Receivables		Other Receivables				
	Related Parties	Other Parties	Related Parties	Other Parties			
Maximum exposed credit risk as of reporting date	5,252,750	30,037,523	-	66,934	78,489,840	6,020,936	-
- Secured portion of the maximum credit risk by guarantees, etc.	-	4,789,425	-	-	-	-	-
A. Net book value of financial asset either are not due or not impaired	5,252,750	29,790,102	-	66,934	78,489,840	6,020,936	-
B. Net book value of overdue but not impaired financial assets	-	247,421	-	-	-	-	-
C. Net book value of the impaired assets	-	-	-	-	-	-	-
- Overdue(gross book value)	-	9,264	-	4,304	-	-	-
- Impairment (-)	-	(9,264)	-	(4,304)	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-	-
- Not due yet (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-	-
D. Components which are including credit risk except financial statement	-	-	-	-	-	-	-

Maturity analysis of past due and not impaired trade receivables

31 December 2023	**Receivables**		**Bank deposits**	**Deriative instruments**	**Other**
	Trade Receivables	**Other Receivables**			
Overdue (1-30 days)	**86,412**	**-**	**-**	**-**	**-**
Overdue (1-3 months)	**104,831**	**-**	**-**	**-**	**-**
Overdue (3-12 months)	**31,356**	**-**	**-**	**-**	**-**
Overdue (1-5 years)	**1,887**	**-**	**-**	**-**	**-**
Overdue (5+ years)	**-**	**-**	**-**	**-**	**-**

31 December 2022	Receivables		Bank deposits	Deriative instruments	Other
	Trade Receivables	Other Receivables			
Overdue (1-30 days)	130,124	-	-	-	-
Overdue (1-3 months)	109,240	-	-	-	-
Overdue (3-12 months)	5,232	-	-	-	-
Overdue (1-5 years)	2,825	-	-	-	-
Overdue (5+ years)	-	-	-	-	-

During the impairment test of financial assets, the Group considered the indicators regarding uncollectibility of receivables that are due. The Group has guarantees received amounting to TRY104,375 thousand (31 December 2022: TRY116,537 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.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

29. Financial instruments and financial risk management (Continued)

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

The Group categorizes the details of credit quality of trade receivables that are neither past due nor impaired or receivables whose conditions are examined under four groups. The details of credit quality of such trade receivables as of 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023	31 December 2022
Group 1	**7,530**	4,100
Group 2	**3,711,868**	7,420,705
Group 3	**35,754,200**	26,813,635
Group 4	**741,348**	804,412
Total	**40,214,946**	35,042,852

Group 1 - New customers (less than three months)
Group 2 - State owned enterprises
Group 3 - Existing customers with no payment defaults in previous periods (have been customers by more than three months)
Group 4 - Customers with previous record of collection delays but from which all receivables due are collected (Excluding Group 1 and 2)

Market risk:

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

Commodity price risk

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

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

Since instability in crude oil prices may cause unwanted and unexpected fluctuations in net profit and cash flows, the Company has 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 18).

Product crack risk

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

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.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

29. Financial instruments and financial risk management (Continued)

The table below summarizes the net balance sheet foreign currency position risk and components that are managed within the risk tracking system of the Group as of 31 December 2023, 31 December 2022:

	31 December 2023	31 December 2022
Financial instruments with fixed interest rate		
Financial assets		
Time deposits	**92,136,205**	72,608,874
Financial liabilities	**28,539,177**	38,125,464
Financial instruments with floating interest rate		
Financial assets	**-**	-
Financial liabilities (*)	**6,786,940**	16,692,756

(*) As of 31 December 2023, the Group's variable interest rate borrowings include a total of USD 37,585 thousand (31 December 2022 - USD 170,264 thousand and 31 December 2022 - TRY 807,387 thousand) of interest rate swap transactions and cross-currency interest rate swap transactions.

As of 31 December 2023, 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 TRY6,343 thousand lower/higher (31 December 2022: TRY20,990 thousand). As of 31 December 2023, had the interest rate for borrowings denominated in EUR strengthened by 100 base points (1%), with all other variables held constant, profit before tax would be TRY1,087 thousand lower/higher (31 December 2022: none). As of 31 December 2023, 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 TRY4,474 thousand lower/higher (31 December 2022: TRY8,578).

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 on 31 December 2023 and 2022 based on their contractual repricing dates are disclosed in Note 7.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

29. Financial instruments and financial risk management (Continued)

Foreign exchange risk

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

The table below summarizes the net balance sheet foreign currency position risk and components that are managed within the risk tracking system of the Group as at 31 December 2023 and 31 December 2022.

	31 December 2023		31 December 2022	
	TRY	**USD(*)**	TRY(**)	USD(*)
Monetary assets	**42,335,108**	**1,438,101**	41,130,293	1,334,977
Monetary liabilities	**(121,973,974)**	**(4,135,931)**	(115,740,154)	(3,756,610)
Monetary assets / (liabilities) foreign currency position	**(79,638,866)**	**(2,697,830)**	(74,609,861)	(2,421,633)
Non-monetary assets	**934,421**	**31,742**	716,154	23,244
Net foreign currency position of derivative financial instruments	**34,198,431**	**1,161,491**	8,593,038	278,907
Net foreign currency asset / (liability) position	**(44,506,014)**	**(1,504,597)**	(65,300,669)	(2,119,482)
Cash flow hedging (***)	**694,329**	**23,586**	6,316,300	205,010
Net foreign currency position after cash flow hedging	**(43,811,685)**	**(1,481,011)**	(58,984,369)	(1,914,472)
Inventory in natural hedge scope (****)	**44,598,942**	**1,515,002**	59,046,077	1,916,475
Net foreign currency position after cash flow hedging and natural hedge	**787,257**	**33,991**	61,708	2,003

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

(**) Previous year's TRY equivalent amounts of guarantees with original balance amounts in foreign currency have been prepared on the basis of 2023 purchasing power.

(***) The Group uses investment loans amounting to USD23,586 thousand, which is equivalent to TRY694,329 thousand (31 December 2022 - USD205,010 thousand equivalents to TRY6,316,300 thousand as adjusted by 2023 purchasing power) as prevention against USD/TRY spot foreign exchange risk of USD denominated export revenue, which is highly probable to be realized. Based on the outcome of effectiveness test performed on related process, the Group has considered that the process is fully effective and therefore applied cash flow hedge accounting. As of 31 December 2023, TRY604,270 thousand of (31 December 2022 – TRY5,195,798 thousand) foreign exchange loss that arose from investment loans is classified under equity "Cash flow hedge gains (losses)" which has no effect on current year income statement. As of 31 December 2023, the foreign exchange loss amounting to TRY2,632,041 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 2023, foreign exchange loss of these loans in 2023 amounting to TRY16,241 thousand were added to the "Cash flow hedge gains (losses)" account under equity.

(****) The Group manages its foreign currency risk arising from foreign currency denominated financial liabilities and trade payables by regularly considering and reflecting the foreign exchange rate changes in the determination of petroleum product prices. As of 31 December 2023, the Group has crude oil and petroleum products inventories amounting to TRY44,598,942 thousand (31 December 2022: TRY59,046,077 thousand).

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

29. Financial instruments and financial risk management (Continued)

	31 December 2023					31 December 2022				
	TRY equivalent (In terms of functional currency	**USD**	**EUR**	**GBP**	**Other**	TRY equivalent (In terms of functional currency(*)	USD	EUR	GBP	Other
Trade receivables	6,420,539	217,966	123	-	-	1,127,498	36,498	79	-	252
Monetary financial assets (including cash, banks)	35,909,077	1,208,667	9,429	560	2	39,989,430	1,293,278	3,090	1,144	-
Other	318,322	6,983	1,041	2,106	-	704,902	21,720	527	497	-
Current assets	**42,647,938**	**1,433,616**	**10,593**	**2,666**	**2**	41,821,830	1,351,496	3,696	1,641	252
Monetary financial assets	5,492	187	-	-	-	13,365	434	-	-	-
Other	616,099	20,928	-	-	-	11,252	-	-	304	-
Non-current assets	**621,591**	**21,115**	**-**	**-**	**-**	24,617	434	-	304	-
Total assets	**43,269,529**	**1,454,731**	**10,593**	**2,666**	**2**	41,846,447	1,351,930	3,696	1,945	252
Trade payables	71,417,546	2,373,486	40,259	2,066	171	73,297,486	2,352,258	24,753	324	-
Financial liabilities	28,629,292	965,518	4,356	392	-	10,044,503	325,289	333	310	-
Other monetary liabilities	18,398,331	622,463	933	1,129	-	1,933,613	56,707	637	4,467	-
Other payables	159,202	5,177	203	6	-	94,725	2,892	154	16	-
Current liabilities	**118,604,371**	**3,966,644**	**45,751**	**3,593**	**171**	85,370,327	2,737,146	25,877	5,117	-
Financial liabilities	3,369,603	87,429	22,136	1,988	-	30,369,827	979,055	6,253	-	-
Non-current liabilities	**3,369,603**	**87,429**	**22,136**	**1,988**	**-**	30,369,827	979,055	6,253	-	-
Total liabilities	**121,973,974**	**4,054,073**	**67,887**	**5,581**	**171**	115,740,154	3,716,201	32,130	5,117	-
Net asset/(liability) position of off-balance sheet foreign currency derivatives	**34,198,431**	**1,158,653**	**4,519**	**-**	**-**	8,593,038	278,906	-	-	-
Total amount of off-balance sheet derivative financial assets	71,829,691	2,435,017	4,519	-	-	83,810,534	2,720,261	-	-	-
Total amount of off-balance sheet derivative financial liabilities	(37,631,260)	(1,276,364)	-	-	-	(75,217,496)	(2,441,355)	-	-	-
Net foreign currency asset/(liability) position	**(44,506,014)**	**(1,440,689)**	**(52,775)**	**(2,915)**	**(169)**	(65,300,669)	(2,085,365)	(28,434)	(3,172)	252
Cash flow hedging	**694,329**	**23,586**	**-**	**-**	**-**	6,316,300	205,010	-	-	-
Net foreign currency position after cash flow hedging	**(43,811,685)**	**(1,417,103)**	**(52,775)**	**(2,915)**	**(169)**	(58,984,369)	(1,880,355)	(28,434)	(3,172)	252
Net monetary foreign currency asset/(liability) position	**(79,479,664)**	**(2,622,076)**	**(58,132)**	**(5,015)**	**(169)**	(74,515,136)	(2,383,099)	(28,807)	(3,957)	252
Fair value of derivative instruments Used for hedging	**(360,079)**	**(12,210)**	**-**	**-**	**-**	(457,352)	(14,844)	-	-	-

(*) Previous year's TRY equivalent amounts of guarantees with original balance amounts in foreign currency have been prepared based on 2023 purchasing power.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

29. Financial instruments and financial risk management (Continued)

The table below summarizes the effect of foreign currency rate changes on net balance sheet foreign currency position of the Group as of 31 December 2023 and 31 December 2022.

	31 December 2023			
	Profit/Loss		**Equity**	
	Appreciation of foreign currency	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
	10% change in USD rate:			
USD net assets/ liabilities	(7,718,922)	7,718,922	(189,464)	189,464
Amount hedged for USD risk (-)	3,623,665	(3,623,665)	-	-
USD net effect	**(4,095,257)**	**4,095,257**	**(189,464)**	**189,464**
	10% change in EUR rate			
Euro net assets/ liabilities	(189,362)	189,362	-	-
Amount hedged for Euro risk (-)	13,302	(13,302)	-	-
EUR net effect	**(176,060)**	**176,060**	**-**	**-**
TOTAL	**(4,271,317)**	**4,271,317**	**(189,464)**	**189,464**

	31 December 2022			
	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	(4,455,990)	4,455,990	(399,352)	399,352
Amount hedged for USD risk (-)	897,647	(897,647)	-	-
USD net effect	(3,558,343)	3,558,343	(399,352)	399,352
	10% change in EUR rate			
Euro net assets/ liabilities	(53,864)	53,864	-	-
Amount hedged for Euro risk (-)	-	-	-	-
EUR net effect	(53,864)	53,864	-	-
TOTAL	(3,612,207)	3,612,207	(399,352)	399,352

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

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

29. Financial instruments and financial risk management (Continued)

Export and import

	1 January - 31 December 2023	1 January - 31 December 2022
Export		
USD (equivalent of thousand TRY)	**118,479,956**	126,620,001
EUR (equivalent of thousand TRY)	**2,013**	9,288
Total	**118,481,969**	126,629,289
Import		
USD (equivalent of thousand TRY)	**485,199,339**	584,658,993
Total	**485,199,339**	584,658,993

Capital risk management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The gearing ratios as of 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023	31 December 2022
Total financial liabilities (Note 7)	**35,326,117**	54,818,220
Less: Cash and cash equivalents (Note 5)	**(88,347,717)**	(68,476,938)
Less: Financial investments (Note 6)	**(701,824)**	(3,518,193)
Net financial liabilities	**(53,723,424)**	(17,176,911)
Total shareholders' equity	**202,940,767**	179,412,567
Total capital invested	**149,217,343**	162,235,656
Gearing ratio	**-36.00%**	-10.59%

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.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 December 2023, unless otherwise indicated.)

29. Financial instruments and financial risk management (Continued)

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 contain observable market inputs

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

Financial assets at fair value in statement of financial position	**Level 1**	**Level 2**	**Level 3**
Derivative financial assets	**-**	**2,101,281**	-
Financial invenstments	-	**701,824**	-
Financial liabilities at fair value in statement of financial position			
Derivative financial liabilities	**-**	**1,001,959**	**-**

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

Financial assets at fair value in statement of financial position	Level 1	Level 2	Level 3
Derivative financial assets	-	6,020,936	-
Financial invenstments	-	3,518,193	-
Financial liabilities at fair value in statement of financial position			
Derivative financial liabilities	-	2,130,039	-

30. Government Grants

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

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

31. Subsequent Events

None.

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