

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

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
TOGETHER WITH AUDITOR'S REVIEW REPORT
FOR THE PERIOD 1 JANUARY - 30 JUNE 2023**



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

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

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

Introduction

1. We have reviewed the accompanying condensed consolidated statement of financial position of Türkiye Petrol Rafinerileri A.Ş. (the "Company") and its subsidiaries (collectively referred as the "Group") as at 30 June 2023 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended. The management of the Group is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with Turkish Accounting Standard 34 ("TAS 34") "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

2. We conducted our review in accordance with the Standard on Review Engagements ("SRE") 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and the objective of which is to express an opinion on the consolidated financial statements. Consequently, a review on the interim condensed consolidated financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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



Additional explanation for convenience translation into English

4. Turkish Financial Reporting Standards differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board with respect to the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of 30 June 2023. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position and results of operations of the Group in accordance with IFRS.

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

Cihan Harman, SMMM
Partner

Istanbul, 31 July 2023

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

TABLE OF CONTENTS

PAGE

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION.....1

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND
OTHER CONDENSED COMPREHENSIVE INCOME.....2

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY..... 3

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW.....4

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION.....5 - 51

NOTE 1	ORGANIZATION OF THE GROUP AND NATURE OF OPERATIONS.....	5-6
NOTE 2	BASIS OF PRESENTATION OF INTERIM CONDENSED CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION.....	7-12
NOTE 3	BUSINESS COMBINATIONS.....	12
NOTE 4	SEGMENT REPORTING.....	13-14
NOTE 5	CASH AND CASH EQUIVALENTS.....	15
NOTE 6	FINANCIAL INVESTMENTS.....	16
NOTE 7	FINANCIAL LIABILITIES.....	17-20
NOTE 8	TRADE RECEIVABLES AND PAYABLES.....	20-21
NOTE 9	INVENTORIES.....	21
NOTE 10	INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD.....	22
NOTE 11	PROPERTY, PLANT AND EQUIPMENT.....	23-24
NOTE 12	INTANGIBLE ASSETS.....	24
NOTE 13	PREPAID EXPENSES.....	25
NOTE 14	OTHER ASSETS AND LIABILITIES.....	25-26
NOTE 15	PROVISIONS.....	27-29
NOTE 16	LIABILITIES FOR EMPLOYEE BENEFITS.....	29
NOTE 17	DERIVATIVE INSTRUMENTS.....	30-31
NOTE 18	COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES.....	32-33
NOTE 19	EQUITY.....	33-34
NOTE 20	REVENUE AND COST OF SALES.....	35
NOTE 21	GENERAL ADMINISTRATIVE EXPENSES MARKETING SELLING AND DISTRIBUTION EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES.....	35-36
NOTE 22	OTHER OPERATING INCOME/(EXPENSES).....	36
NOTE 23	INCOME FROM INVESTMENT ACTIVITIES.....	37
NOTE 24	FINANCIAL INCOME/(EXPENSES).....	37
NOTE 25	TAX ASSETS AND LIABILITIES.....	37-39
NOTE 26	EARNINGS PER SHARE /(LOSS).....	39
NOTE 27	RELATED PARTY TRANSACTIONS.....	40-43
NOTE 28	FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT.....	43-51
NOTE 29	SUBSEQUENT EVENTS.....	51

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ENDED 30 JUNE 2023

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

ASSETS	Notes	Reviewed	Audited
		30 June 2023	31 December 2022
Current Assets		128,564,158	119,710,705
Cash and cash equivalents	5	46,342,824	47,635,158
Financial investments	6	66,140	2,135,177
Trade receivables	8	30,630,746	21,417,520
Due from related parties	8, 27	5,856,825	3,187,872
Trade receivables from third parties		24,773,921	18,229,648
Other receivables	-	81,321	40,622
Other receivables from third parties		81,321	40,622
Derivative instruments	17	1,892,174	3,597,033
Inventories	9	39,449,976	36,046,008
Prepaid expenses	13	600,671	748,787
Other current assets	14	9,500,306	8,090,400
Non-Current Assets		53,388,010	49,181,630
Financial investments		196,915	66,325
Investments accounted for using the equity method	10	3,488,531	2,962,632
Property, plant and equipment	11	35,384,906	32,904,315
Right of use asset		241,909	219,531
Intangible assets		584,099	556,630
Goodwill		599	599
Other intangible assets	12	583,500	556,031
Derivative instruments	17	45,056	57,048
Prepaid expenses	13	664,106	618,384
Deferred tax assets	25	9,777,899	9,195,612
Other non-current assets	14	3,004,589	2,601,153
Total Assets		181,952,168	168,892,335
LIABILITIES			
Current liabilities		85,487,521	78,895,410
Short-term financial liabilities	7	3,335,393	863,318
Current portion of long term financial liabilities	7	6,818,128	11,131,173
Trade payables	8	59,046,795	52,698,764
Due to related parties	8, 27	871,433	1,156,421
Trade payables, third parties		58,175,362	51,542,343
Liabilities for employee benefits	16	297,456	417,647
Other payables		80,616	262,395
Due to related parties	27	-	169,841
Other payables to third parties		80,616	92,554
Derivative instruments	17	600,857	994,512
Deferred income		130,303	116,249
Current income tax liabilities	25	1,543,486	955,255
Short-term provisions	15	1,460,427	530,528
Short-term provisions for employee benefits		339,472	47,604
Other provisions		1,120,955	482,924
Other current liabilities	14	12,174,060	10,925,569
Non-current liabilities		28,108,395	22,811,153
Long Term Borrowings	7	26,166,154	21,274,459
Long-term provisions	15	1,452,606	1,190,116
Long-term provisions for employee benefits		1,452,606	1,190,116
Deferred income		11,519	3,199
Derivative Instruments	17	432,376	298,200
Deferred Tax Liability	25	44,464	44,464
Other Long Term Liabilities		1,276	715
Total liabilities		113,595,916	101,706,563
Equity		68,356,252	67,185,772
Share capital	19	1,926,796	275,257
Adjustment to share capital	19	-	1,344,243
Share premium		1,000,699	1,000,699
Accumulated other comprehensive income/(expense) not to be reclassified to profit or loss		13,901,774	13,901,774
Gains/ losses on revaluation and remeasurement		13,622,714	13,622,714
Gain on revaluation of properties		13,928,679	13,928,679
Actuarial gain/(loss) arising from defined benefit plans		(305,965)	(305,965)
Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss		279,060	279,060
Accumulated other comprehensive income/(expense) to be reclassified to profit or loss		736,211	1,169,774
Currency translation differences		1,209,004	622,209
Hedging gains/(losses)		(1,680,075)	(423,080)
Cash flow hedge gains/(losses)		(1,680,075)	(423,080)
Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss		1,207,282	970,645
Restricted reserves	19	1,751,966	503,343
Retained earnings		34,492,270	7,503,568
Net income		13,965,317	41,044,621
Total equity attributable to equity holders of the parent		67,775,033	66,743,279
Non-controlling interests		581,219	442,493
Total equity and liabilities		181,952,168	168,892,335

This interim condensed consolidated financial information as of and for the year ended 30 June 2023 have been approved for issue by the Board of Directors on 31 July 2023.

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

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER CONDENSED COMPREHENSIVE INCOME

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

	Notes	Reviewed		Restated (*) reviewed	
		1 January - 30 June 2023	1 April- 30 June 2023	1 January - 30 June 2022	1 April- 30 June 2022
Revenue	20	197,231,550	104,405,175	215,130,065	137,484,387
Cost of sales	20	(165,760,592)	(86,931,471)	(191,317,066)	(119,366,667)
Gross profit (loss)		31,470,958	17,473,704	23,812,999	18,117,720
General administrative expenses	21	(3,101,214)	(1,622,435)	(1,395,891)	(772,885)
Marketing expenses	21	(1,678,928)	(984,780)	(1,738,012)	(1,294,595)
Research and development expenses	21	(69,345)	(36,450)	(27,068)	(12,613)
Other operating income	22	3,993,607	3,437,533	2,361,755	1,554,793
Other operating expenses	22	(11,021,712)	(9,845,296)	(7,422,596)	(5,093,162)
Operating profit (loss)		19,593,366	8,422,276	15,591,187	12,499,258
Income/ (expenses) from investment activities	23	(1,250)	(10,581)	32,898	30,665
Income (loss) from investments accounted by equity method	10	539,282	282,082	334,211	125,549
Operating profit before financial income (expense)		20,131,398	8,693,777	15,958,296	12,655,472
Financial income	24	7,842,697	6,168,334	2,855,210	342,624
Financial expense	24	(10,750,355)	(8,324,002)	(6,301,563)	(1,817,803)
Profit (loss) before tax from continued operations		17,223,740	6,538,109	12,511,943	11,180,293
Tax income (expense)		(3,099,603)	793,371	(512,978)	(326,392)
Taxes on income		(3,388,187)	(350,761)	(1,703,621)	(1,662,203)
Deferred tax income (expense)	25	288,584	1,144,132	1,190,643	1,335,811
Net income (loss) from continued operations		14,124,137	7,331,480	11,998,965	10,853,901
Other comprehensive income:					
Items to be reclassified to profit or loss		(453,657)	(468,451)	(1,251,229)	1,548,109
Currency translation differences related to the translation of foreign businesses		586,795	552,074	222,762	117,781
Gains (losses) on foreign currency translation differences related to the translation of foreign operations		586,795	552,074	222,762	117,781
Share of other comprehensive income accounted for investment using equity method that will be reclassified to profit or loss		236,637	220,963	84,285	48,726
Gain (loss) from translation of foreign currency of investments using equity method	10	236,637	220,963	84,285	48,726
Income (expense) relating to avoidance of risk of cash flow		(1,570,792)	(1,515,499)	(2,009,266)	1,970,374
Income (loss) of avoidance of risk cash flow		(1,570,792)	(1,515,499)	(2,009,266)	1,970,374
Tax effect of other comprehensive income (loss) to be reclassified to profit or loss		293,703	274,011	450,990	(588,772)
Deferred tax income (expense)	25	293,703	274,011	450,990	(588,772)
Other comprehensive income (expense)		(453,657)	(468,451)	(1,251,229)	1,548,109
Total comprehensive income (expense)		13,670,480	6,863,029	10,747,736	12,402,010
Distribution of income for the period:					
Non-controlling interests		158,820	114,236	97,140	54,805
Attributable to equity holders of the parent		13,965,317	7,217,244	11,901,825	10,799,096
Distribution of total comprehensive income					
Non-controlling interests		138,726	85,602	85,376	45,715
Attributable to equity holders of the parent		13,531,754	6,777,427	10,662,360	12,356,295
Earnings (loss) per share from continued operations					
Earnings per share with nominal value Kr1 each (Kr)	26	14.22	4.31	43.24	39.23

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

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

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira (“TRY”), 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				
	Share Capital	Adjustments to share capital	Premiums related to shares	Gain on revaluation of properties	Actuarial gains/(losses) arising from defined benefit plans	Share of other comprehensive income of investments accounted for using equity method that will be not reclassified to profit or loss	Currency translation differences	Hedge gains/(losses)		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
Gains/(losses) on valuation and remeasurement								Cash flow hedge gains/(losses)							
Reviewed															
31 December 2021	250,419	1,344,243	-	10,957,223	(12,462)	88,998	297,679	(3,575,726)	599,871	503,343	3,784,488	3,319,134	17,557,210	270,307	17,827,517
Transactions under common control	24,838	-	1,000,699	53,322	(259)	-	-	(226,798)	-	-	224,243	175,703	1,251,748	1,735	1,253,483
1 January 2022 (Restated) (*)	275,257	1,344,243	1,000,699	11,010,545	(12,721)	88,998	297,679	(3,802,524)	599,871	503,343	4,008,731	3,494,837	18,808,958	272,042	19,081,000
Transfers	-	-	-	-	-	-	-	-	-	-	3,494,837	(3,494,837)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Net profit for the period	-	-	-	-	-	-	-	-	-	-	-	11,901,825	11,901,825	97,140	11,998,965
- Other comprehensive income	-	-	-	-	-	222,762	-	(1,546,512)	84,285	-	-	-	(1,239,465)	(11,764)	(1,251,229)
Total comprehensive income	-	-	-	-	-	222,762	-	(1,546,512)	84,285	-	-	11,901,825	10,662,360	85,376	10,747,736
30 June 2022	275,257	1,344,243	1,000,699	11,010,545	(12,721)	88,998	520,441	(5,349,036)	684,156	503,343	7,503,568	11,901,825	29,471,318	357,418	29,828,736
Reviewed															
1 January 2023	275,257	1,344,243	1,000,699	13,928,679	(305,965)	279,060	622,209	(423,080)	970,645	503,343	7,503,568	41,044,621	66,743,279	442,493	67,185,772
Transfers	-	-	-	-	-	-	-	-	-	1,248,623	39,795,998	(41,044,621)	-	-	-
Increase of capital	1,651,539	(1,344,243)	-	-	-	-	-	-	-	-	(307,296)	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	(12,500,000)	-	(12,500,000)	-	(12,500,000)
- Net profit for the period	-	-	-	-	-	-	-	-	-	-	-	13,965,317	13,965,317	158,820	14,124,137
- Other comprehensive income	-	-	-	-	-	586,795	-	(1,256,995)	236,637	-	-	-	(433,563)	(20,094)	(453,657)
Total comprehensive income	-	-	-	-	-	586,795	-	(1,256,995)	236,637	-	-	13,965,317	13,531,754	138,726	13,670,480
30 June 2023	1,926,796	-	1,000,699	13,928,679	(305,965)	279,060	1,209,004	(1,680,075)	1,207,282	1,751,966	34,492,270	13,965,317	67,775,033	581,219	68,356,252

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

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

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30 JUNE 2023

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

	Notes	Reviewed	Restated (*) Audited
		1 January - 30 June 2023	1 January - 30 June 2022
Cash flows from operating activities		5,837,888	30,834,296
Profit/(loss) for the period		14,124,137	11,998,965
Adjustment for reconciliation of profit/(loss) for the period		572,084	13,522,358
Adjustment for depreciation and amortisation expense	11, 12	539,703	453,594
Adjustments for Impairment Loss (Reversal of Impairment Loss)		(456,200)	39,026
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Receivables	9	(456,200)	39,026
Adjustment for provisions	15	1,538,381	446,185
Adjustment for interest (income) and expense	24	(1,183,023)	1,231,430
Adjustment for unrealized foreign currency translation differences		(3,809,704)	(2,493,806)
Adjustment for fair value (gain) or loss		(8,105,168)	8,750,787
Adjustment for undistributed profit accounted by equity method	10	(539,282)	(334,211)
Adjustment for tax expenses(income)		3,099,603	512,978
Adjustment for (gain)/loss on sales of property, plant and equipment	23	3,400	(2,168)
Adjustment for other items related with cash flow of investment or financial activities	24	9,038,972	4,599,995
Other adjustments for reconciliation of profit/(loss)		445,402	318,548
Changes in working capital		(5,406,714)	5,490,062
Adjustment for decrease/(increase) in trade receivables		(9,194,641)	(13,831,809)
Adjustment for decrease/(increase) in other receivables related with operations		(1,883,661)	(3,163,316)
Adjustment for decrease/(increase) in derivative assets		1,716,851	1,214,403
Adjustment for decrease/(increase) in inventories		(2,947,768)	(23,189,194)
Adjustment for increase/(decrease) in trade payables		6,462,723	39,993,478
Adjustment for increase/(decrease) in other payables related with operations		699,261	3,468,391
Adjustment for decrease/(increase) in derivative liabilities		(259,479)	998,109
Cash flows from operating activities		9,289,507	31,011,385
Tax returns/(payments)		(2,799,956)	(81,535)
Other cash inflow/(outflow)		(651,663)	(95,554)
Cash flows from investing activities		(752,674)	(672,147)
Dividends received		250,020	240,000
Cash inflows from the sales of property, plant and equipment and intangible assets		2,631	4,606
Cash outflows from the purchase of property, plant and equipment and intangible assets		(3,076,513)	(916,753)
Other cash inflow/(outflow)		2,071,188	-
Cash flows from financing activities		(10,659,431)	(18,930,115)
Cash inflows from financial liabilities	7	3,418,298	13,550,233
Cash outflows from financial liabilities	7	(8,359,647)	(16,948,032)
Cash inflows from derivative instruments		5,606,440	1,371,456
Cash outflows from derivative instruments		(75,800)	(15,593,571)
Cash outflows from payments of rent agreements	7	(28,682)	(58,746)
Dividends paid		(12,500,000)	-
Interest paid		(1,367,387)	(1,606,940)
Interest received		2,647,347	355,485
Net increase/(decrease) in cash and cash equivalents before the effect of foreign currency translation differences		(5,574,217)	11,232,034
Impact of foreign currency translation differences on cash and cash equivalents		3,809,704	2,493,806
Net increase/(decrease) in cash and cash equivalents		(1,764,513)	13,725,840
Cash and cash equivalents at the beginning of the period		41,316,635	16,905,131
Cash and cash equivalents at the end of the period	5	39,552,122	30,630,971

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

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

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

1. ORGANIZATION AND NATURE OF OPERATIONS OF THE GROUP

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

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

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

The Company is registered at the Capital Markets Board (“CMB”) of Turkey and its shares have been quoted at Borsa İstanbul A.Ş. (“BİST”) since 1991. As of 30 June 2023, the principal shareholders and their respective shareholdings in the Company are as follow (Note 19, Note 2.2.1):

	(%)
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

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

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

1. ORGANIZATION AND NATURE OF OPERATIONS OF THE GROUP (Continued)

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

Subsidiaries	Country of incorporation	Nature of business
Ditaş Deniz İşletmeciliği ve Tankerciliği A.Ş. (“Ditaş”)	Turkey	Crude oil and petroleum products transportation
Üsküdar Tankercilik A.Ş. (“Üsküdar”)	Turkey	Crude oil and petroleum products transportation
T Damla Denizcilik A.Ş. (“Damla”)	Turkey	Mooring and tug service
Kadıköy Tankercilik A.Ş. (“Kadıköy”)	Turkey	Crude oil and petroleum products transportation
Beykoz Tankercilik A.Ş. (“Beykoz”)	Turkey	Crude oil and petroleum products transportation
Sarıyer Tankercilik A.Ş. (“Sarıyer”)	Turkey	Crude oil and petroleum products transportation
Kartal Tankercilik A.Ş. (“Kartal”)	Turkey	Crude oil and petroleum products transportation
Maltepe Tankercilik A.Ş. (“Maltepe”)	Turkey	Crude oil and petroleum products transportation
Salacak Tankercilik A.Ş. (“Salacak”)	Turkey	Crude oil and petroleum products transportation
Karşıyaka Tankercilik A.Ş. (“Karşıyaka”)	Turkey	Crude oil and petroleum products transportation
Bakırköy Tankercilik A.Ş. (“Bakırköy”)	Turkey	Crude oil and petroleum products transportation
Karaköy Tankercilik A.Ş. (“Karaköy”)	Turkey	Crude oil and petroleum products transportation
Çengelköy Tankercilik A.Ş. (“Çengelköy”)	Turkey	Crude oil and petroleum products transportation
Pendik Tankercilik A.Ş. (“Pendik”)	Turkey	Crude oil and petroleum products transportation
Tuzla Tankercilik A.Ş. (“Tuzla”)	Turkey	Crude oil and petroleum products transportation
Göztepe Tankercilik A.Ş. (“Göztepe”)	Turkey	Crude oil and petroleum products transportation
Kuruçeşme Tankercilik A.Ş. (“Kuruçeşme”)	Turkey	Crude oil and petroleum products transportation
Körfez Ulaştırma A.Ş. (“Körfez”)	Turkey	Air carriage and transportation
Tupras Trading Ltd. (“Tupras Trading”)	England	Crude oil and petroleum products trade
Entek Elektrik Üretimi A.Ş. (“Entek”)	Turkey	Electricity and steam production and trade
Eltak Elektrik Enerjisi İthalat		
İhracat ve Toptan Ticaret A.Ş. (“Eltak”)	Turkey	Electricity trade
Menzelet Kılavuzlu Elektrik		
Üretimi A.Ş. (“Menzelet Kılavuzlu”)	Turkey	Electricity production and trade
Süloğlu Elektrik Üretimi A.Ş. (“Süloğlu”)	Turkey	Electricity production and trade
Enspire Enerji Yatırımları ve Hizmetleri A.Ş. (“Enspire”)	Turkey	Establishing a power generation facility
Tüpraş Enerji Girişimleri A.Ş. (“Tüpraş Ventures”)	Turkey	Technology and venture investments

Joint ventures	Country of Incorporation	Nature of business
OPET Petrolcülük A.Ş. (“Opet”)	Turkey	Petroleum products retail distribution
THY Opet Havacılık Yakıtları A.Ş.	Turkey	Jet fuel supply services
Opet International Limited	England	Petroleum products trading
Opet Trade B.V.	The Netherlands	Petroleum products trading
Opet Trade Singapore (In liquidation) (*)	Singapore	Petroleum products trading
Opet Market ve Akaryakıt İstasyon İşletmeciliği A.Ş.	Turkey	Petroleum products trading
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş.	Turkey	Lube oil trading
Op Ay Akaryakıt Ticaret Ltd. Şti.	Turkey	Petroleum products trading
Akdeniz Akaryakıt Depolama Nakliyat ve Tic. A.Ş.	Turkey	Petroleum products trading
Opet Aygaz Gayrimenkul A.Ş.	Turkey	Real estate

(*) Ceased its activities since 15 July 2015.

The average number of employees of the Group as at 30 June 2023 is 6,005 (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

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1. Basis of presentation

2.1.1. Financial reporting standards

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

The consolidated financial statements are presented in accordance with the formats specified in the "Announcement 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.

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

Functional and presentation currency

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1. Basis of presentation (Continued)

2.1.2. Amendments in Turkish Financial Reporting Standards (TFRS)

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at 30 June 2023 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and IFRIC 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 at 30 June 2023:

- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 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 IAS 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 IAS 12 - International tax reform - pillar two model rules;** The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023. These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development’s (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.
- **IFRS 17, ‘Insurance Contracts’;** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

b) Standards, amendments and interpretations that are issued but not effective as at 30 June 2023:

- **Amendment to IAS 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.
- **Amendment to IFRS 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.

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1. Basis of presentation (Continued)

2.1.2. Amendments in Turkish Financial Reporting Standards (TFRS)

b) Standards, amendments and interpretations that are issued but not effective as at 30 June 2023 (Continued):

- **Amendments to IAS 7 and IFRS 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 TASB’s response to investors’ concerns that some companies’ supplier finance arrangements are not sufficiently visible, hindering investors’ analysis.
- **IFRS S1, ‘General requirements for disclosure of sustainability-related financial information;** effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity’s value chain.
- **IFRS S2, ‘Climate-related disclosures’;** effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

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

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

Financial statements of subsidiaries and joint ventures operating in foreign countries are prepared according to the legislation of the country in which they operate, and adjusted to the Turkish Financial Reporting Standards to reflect the proper presentation and content. In this context, Tupras Trading, a subsidiary of the Group, prepares its financial statements in US Dollar functional currency. Tupras Trading’s assets and liabilities are translated into TRY with the foreign exchange rate at the balance sheet date. Exchange differences arising from the retranslation of the opening net assets of foreign undertakings and differences between the average and balance sheet date rates are included in the statements of other comprehensive income and shareholders’ equity.

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1. Basis of presentation (Continued)

2.1.4. Principles of consolidation

- a) The interim condensed consolidated financial information for the interim period ended 30 June 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 30 June 2023 and 31 December 2022, the voting rights and effective partnership shares of the subsidiaries and joint ventures that were consolidated are as follows.

	30 June 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
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	99.23	99.23
Enspire (*)	99.23	99.23	99.23	99.23
Tüpraş Ventures	100.00	100.00	100.00	100.00

(*) The financial statements of Entek and its Subsidiaries, which were acquired in 2022, have been consolidated retrospectively in the financial statements using the “Consolidation of Rights” method published by Public Oversight Accounting and Auditing Standards Authority (Note 2.2.1).

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

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1. Basis of presentation (Continued)

2.1.4. Principles of consolidation (Continued)

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

The table below shows the total interest of the Group in its joint ventures accounted by using the equity method as at 30 June 2023 and 31 December 2022:

	30 June 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

(*) 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 information and restatement of prior period financial statements

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

The Group has prepared the consolidated statement of financial position as of 30 June 2023, the consolidated statement of financial position prepared as of 31 December 2022 and the consolidated statement of comprehensive income for the interim period 30 June 2022 prepared comparatively with the interim consolidated financial statements.

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

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.2. Changes in accounting policies (Continued)

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

Tüpraş took over Entek shares with a nominal value of TRY942,727 thousand corresponding to 99.23% of Entek shares, from Koç Holding and Aygaz through a partial division. Tüpraş capital increased from TRY 250,419 thousand to TRY275,257 thousand. In accordance with the principle of "Accounting for Business Combinations Subject to Joint Control" published in the Gazette of Republic of Turkey dated 21 July 2018 by the Public Oversight Accounting and Auditing Standards Authority (POA), the “Consolidation of Rights method” was used to reflect the takeover on the Group’s financial statements. Accordingly, the book values of the assets and liabilities of the acquiree, which were included in the financial statements of the company holding joint control as of the acquisition date, is reflected in the financial statements retrospectively as of the beginning of the period which has been disclosed comparatively.

2.2.2. Offsetting

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

2.3. Summary of significant accounting policies

The condensed interim consolidated financial statements for the period ended 30 June 2023 have been prepared in accordance with TAS 34 for the preparation of interim financial statements of TFRS. In addition, the condensed interim consolidated financial statements as of 30 June 2023 have been prepared by applying the accounting policies that are consistent with the accounting policies applied during the preparation of the consolidated financial statements for the year ended 31 December 2022, except for the accounting policy changes effective from 1 January 2023. Therefore, these condensed interim consolidated financial statements should be evaluated together with the consolidated financial statements for the year ended 31 December 2022.

3. BUSINESS COMBINATIONS

No business combinations occurred during the period ended 30 June 2023.

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), 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 July - 30 June 2023	Refining	Electric	Consolidated Total
Revenue	194,340,561	2,890,989	197,231,550
Cost of sales	(163,483,253)	(2,277,339)	(165,760,592)
Gross profit (loss)	30,857,308	613,650	31,470,958
Operating expenses	(4,692,635)	(156,852)	(4,849,487)
Other operating income	3,981,041	12,566	3,993,607
Other operating expenses	(11,009,709)	(12,003)	(11,021,712)
Operating profit	19,136,005	457,361	19,593,366
Income/ (expenses) from investment activities	(3,492)	2,242	(1,250)
Income (loss) from investments accounted by equity method	539,282	-	539,282
Operating profit before financial income (expense)	19,671,795	459,603	20,131,398
Financial income	7,236,141	606,556	7,842,697
Financial expense	(10,077,675)	(672,680)	(10,750,355)
Profit (loss) before tax from continued operations	16,830,261	393,479	17,223,740
Tax (expense) income from continued operations	(3,018,901)	(80,702)	(3,099,603)
Net income (loss) from continued operations	13,811,360	312,777	14,124,137

1 April - 30 June 2023	Refining	Electric	Consolidated Total
Revenue	103,092,583	1,312,592	104,405,175
Cost of sales	(85,983,494)	(947,977)	(86,931,471)
Gross profit (loss)	17,109,089	364,615	17,473,704
Operating expenses	(2,556,997)	(86,668)	(2,643,665)
Other operating income	3,431,245	6,288	3,437,533
Other operating expenses	(9,836,882)	(8,414)	(9,845,296)
Operating profit	8,146,455	275,821	8,422,276
Income/ (expenses) from investment activities	(981)	(9,600)	(10,581)
Income (loss) from investments accounted by equity method	282,082	-	282,082
Operating profit before financial income (expense)	8,427,556	266,221	8,693,777
Financial income	5,629,007	539,327	6,168,334
Financial expense	(7,766,012)	(557,990)	(8,324,002)
Profit (loss) before tax from continued operations	6,290,551	247,558	6,538,109
Tax (expense) income from continued operations	839,816	(46,445)	793,371
Net income (loss) from continued operations	7,130,367	201,113	7,331,480

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

4. SEGMENT REPORTING (Continued)

a) Analysis of information by segments (Continued)

1 July - 30 June 2022	Refining	Electric	Consolidated Total
Revenue	212,326,082	2,803,983	215,130,065
Cost of sales	(189,284,943)	(2,032,123)	(191,317,066)
Gross profit (loss)	23,041,139	771,860	23,812,999
Operating expenses	(3,097,073)	(63,898)	(3,160,971)
Other operating income	2,342,191	19,564	2,361,755
Other operating expenses	(7,370,851)	(51,745)	(7,422,596)
Operating profit	14,915,406	675,781	15,591,187
Income/ (expenses) from investment activities	1,259	31,639	32,898
Income (loss) from investments accounted by equity method	334,211	-	334,211
Operating profit before financial income (expense)	15,250,876	707,420	15,958,296
Financial income	2,687,838	167,372	2,855,210
Financial expense	(5,923,667)	(377,896)	(6,301,563)
Profit (loss) before tax from continued operations	12,015,047	496,896	12,511,943
Tax (expense) income from continued operations	(413,865)	(99,113)	(512,978)
Net income (loss) from continued operations	11,601,182	397,783	11,998,965

1 April - 30 June 2022	Refining	Electric	Consolidated Total
Revenue	135,784,856	1,699,531	137,484,387
Cost of sales	(118,048,048)	(1,318,619)	(119,366,667)
Gross profit (loss)	17,736,808	380,912	18,117,720
Operating expenses	(2,046,783)	(33,310)	(2,080,093)
Other operating income	1,536,642	18,151	1,554,793
Other operating expenses	(5,067,601)	(25,561)	(5,093,162)
Operating profit	12,159,066	340,192	12,499,258
Income/ (expenses) from investment activities	(37)	30,702	30,665
Income (loss) from investments accounted by equity method	125,549	-	125,549
Operating profit before financial income (expense)	12,284,578	370,894	12,655,472
Financial income	251,657	90,967	342,624
Financial expense	(1,583,350)	(234,453)	(1,817,803)
Profit (loss) before tax from continued operations	10,952,885	227,408	11,180,293
Tax (expense) income from continued operations	(288,114)	(38,278)	(326,392)
Net income (loss) from continued operations	10,664,771	189,130	10,853,901

b) Assets by segments

Assets by Segmenting	30 June 2023	31 December 2022
Refining	175,371,776	162,732,988
Electric	6,580,392	6,149,916
Cross-section correction	-	9,431
Total	181,952,168	168,892,335

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

5. CASH AND CASH EQUIVALENTS

	30 June 2023	31 December 2022
Cash at banks		
Demand deposits	968,075	863,000
Time deposits	38,584,047	40,453,635
Demand deposits (blocked)	2,652,666	2,706,134
Time deposits (blocked)	3,343	751
Revenue share (blocked)	3,945,770	3,369,904
Time deposit interest accruals	188,923	241,734
Total	46,342,824	47,635,158

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 30 June 2023, and 31 December 2022 (Note 14). In addition, demand blocked deposits amounting to TRY2,652,666 thousand are available for derivative transactions carried out in foreign exchanges. (31 December 2022 – TRY2,706,134 thousand). Time blocked deposits amounting to TRY3,343 thousand are available for time electricity market and renewable energy resources guarantee system (31 December 2022 – TRY751 thousand).

Time deposits and other cash and cash equivalents

As at 30 June 2023 and 31 December 2022 the maturity and the currency information of the time deposits, are as follows:

30 June 2023

	Effective rate of interest (%)	Less than 1 month	1 - 3 months	Total
TRY	43.02	8,273,868	32,400	8,306,268
USD	4.28	30,233,812	-	30,233,812
EUR	0.10	31,920	-	31,920
GBP	0.05	12,047	-	12,047
Time deposit		38,551,647	32,400	38,584,047

31 December 2022

	Effective rate of interest (%)	Less than 1 month	1 - 3 months	Total
TRY	25.48	23,009,851	500,000	23,509,851
USD	3.71	16,816,503	65,692	16,882,195
EUR	0.10	52,501	-	52,501
GBP	0.05	9,088	-	9,088
Time deposit		39,887,943	565,692	40,453,635

Cash and cash equivalents included in the consolidated statements of cash flows for the periods ended 30 June 2023 and 2022 are as follows:

	30 June 2023	30 June 2022
Cash and cash equivalents	46,342,824	38,619,530
Less: Blocked deposits (Revenue share)	(3,945,770)	(3,010,862)
Less: Blocked deposits (Revenue share)	(2,652,666)	(4,844,171)
Less: Blocked time deposits	(3,343)	(116,071)
Less: Time deposit interest accruals	(188,923)	(17,455)
Cash and cash equivalents	39,552,122	30,630,971

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

6. FINANCIAL INVESTMENTS

Short-term Financial Investments:

	30 June 2023	31 December 2022
Currency protected deposits (*)	66,126	2,135,177
Investment Fund	14	-
Total	66,140	2,135,177

(*) 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 30 June 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:

	Nominal amount (original currency)	30 June 2023	
		Fair value (TL equivalent)	Term
TRY	53,798	66,126	1-3 months
		66,126	

	Nominal amount (original currency)	31 December 2022	
		Fair value (TL equivalent)	Term
TRY	2,068,764	2,135,177	1-3 months
		2,135,177	

The financial investment movement table is as follows:

	2023	2022
1 January	2,135,177	-
Withdrawals	(2,228,695)	-
Nominal amount	135,479	493,925
Fair value difference	24,165	-
	66,126	493,925

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

7. FINANCIAL LIABILITIES

	30 June 2023	31 December 2022
Short-term borrowings:		
Short-term bank borrowings	3,334,659	840,440
Interest accruals of bank borrowings	734	22,878
Total	3,335,393	863,318
Short-term portion of long-term borrowings:		
Short-term portion of long-term bank borrowings	6,319,742	9,230,404
Bonds issued	-	1,390,000
Interest accruals of bank borrowings	267,011	306,432
Interest accruals of bonds issued	164,945	148,354
Lease liabilities	66,430	55,983
Total	6,818,128	11,131,173
Long-term borrowings:		
Bonds issued	7,747,923	7,911,504
Long-term bank borrowings	18,076,170	13,088,810
Interest accruals of bank borrowings	1,667	2,455
Lease liabilities	340,394	271,690
Total	26,166,154	21,274,459
Total borrowings	36,319,675	33,268,950

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 third loan has 7 years to maturity and there will be no principal payment in the first four years. The repayment of the loans has started in 2015 and as at 30 June 2023 the outstanding amount of the loans is USD 96 millions (31 December 2022 – USD 193 millions).

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

7. FINANCIAL LIABILITIES (Continued)

Foreign currency balances and effective interest rates for the short and long-term financial liabilities as at 30 June 2023 and 31 December 2022 are as follows:

			30 June 2023
	Effective interest rate (%)	Original currency	Thousand TRY
Short-term borrowings:			
TRY bank borrowings (*)	14.53	1,981,288,834	1,981,289
USD bank borrowing	7.27	52,409,277	1,353,370
			3,334,659
Interest accruals			734
Total short-term financial liabilities			3,335,393
Short-term portion of long term borrowings:			
TRY borrowings	18.69	1,638,602,289	1,638,602
USD bank borrowings	6.19	181,277,201	4,681,140
TRY lease liabilities	25.84	52,379,044	52,379
EUR lease liabilities	3.20	319,422	8,993
GBP lease liabilities	4.16	154,172	5,058
			6,386,172
Interest accruals			431,956
Total short term portion of long-term borrowings			6,818,128
Long-term borrowings:			
TRY borrowings	18.33	1,860,021,453	1,860,021
USD borrowings	6.20	228,009,069	5,887,902
USD bonds issued	4.55	700,000,000	18,076,170
TRY lease liabilities	27.54	168,881,292	168,881
EUR lease liabilities	3.23	6,091,959	171,513
			26,164,487
Interest accruals			1,667
Total long-term borrowings			26,166,154

(*) Banks provide interest-free loans to the Group for the payment of SCT, Customs and Social Security debts amounting to TRY1,916,209 thousand as of 30 June 2023 (31 December 2022: None).

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira (“TRY”), 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	186,000,000	186,000
USD bank borrowing	4.09	34,999,983	654,440
			840,440
Interest accruals			22,878
Total short-term financial liabilities			863,318
Short-term portion of long-term borrowings:			
TRY borrowings	17.12	4,163,003,794	4,163,004
TRY bonds issued	12.10	1,390,000,000	1,390,000
USD bank borrowings	5.36	271,008,642	5,067,400
TRY lease liabilities	24.38	42,369,551	42,371
EUR lease liabilities	3.04	332,733	6,633
GBP lease liabilities	4.16	310,327	6,979
			10,676,387
Interest accruals			454,786
Total short term portion of long-term borrowings			11,131,173
Long-term borrowings:			
TRY borrowings	18.47	2,696,099,203	2,696,099
USD borrowings	5.92	278,924,064	5,215,405
USD bonds issued	4.50	700,000,000	13,088,810
TRY lease liabilities	27.30	147,039,149	147,039
EUR lease liabilities	3.23	6,252,903	124,651
			21,272,004
Interest accruals			2,455
Total long-term borrowings			21,274,459

As at 30 June 2023 and 31 December 2022 the redemption schedule of long-term bank borrowings is as follows:

	30 June 2023	31 December 2022
1-2 years	23,555,442	17,514,350
2-3 years	499,909	1,911,115
3-4 years	393,703	294,140
4-5 years	353,807	294,774
Over 5 years	1,363,293	1,260,080
Total	26,166,154	21,274,459

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

7. FINANCIAL LIABILITIES (Continued)

The movement of borrowings as of 30 June 2023 and 2022 is as follows:

	2023	2022
1 January	33,268,950	33,193,664
New financial borrowings	3,366,632	13,541,950
Principal payments	(8,359,647)	(16,948,032)
Increase due to lease liabilities	51,666	8,283
Decrease due to payment of lease liabilities	(28,682)	(58,746)
Changes in interest accruals	(44,126)	16,452
Changes in foreign exchange rates	8,064,882	4,521,075
30 June	36,319,675	34,274,646

8. TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables:

	30 June 2023	31 December 2022
Trade receivables	24,833,379	18,311,455
Due from related parties (Note 27)	5,856,825	3,187,872
Doubtful trade receivables	7,505	5,622
Other trade receivables	4	6
Less: Unearned credit finance income	(59,462)	(81,813)
Less: Expected credit loss	(7,505)	(5,622)
Total short-term trade receivables (net)	30,630,746	21,417,520

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

As of 30 June 2023, TRY1,400,000 thousand collected from factoring companies within the scope of irrevocable factoring has been deducted from trade receivables (December 31, 2022 – TRY6,211,000 thousand).

Movement of the provision for doubtful receivables for the years ended 30 June 2023 and 2022 is as follows:

	2023	2022
1 January	5,622	5,625
Charge for the period	1,902	-
Payments during the period	(19)	-
30 July	7,505	5,625

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

8. TRADE RECEIVABLES AND PAYABLES (Continued)

Short-term trade payables:

	30 June 2023	31 December 2022
Trade payables	58,485,302	51,737,591
Due to related parties (Note 27)	871,433	1,156,421
Less: Unrealised credit finance charges trade payables	(309,940)	(195,248)
Total short-term trade receivables (net)	59,046,795	52,698,764

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

9. INVENTORIES

	30 June 2023	31 December 2022
Raw materials and supplies	9,333,152	7,151,989
Work-in-progress	8,163,020	9,174,496
Finished goods	10,050,790	8,824,262
Trade goods	1,157,043	1,497,384
Goods in transit	10,573,337	9,527,620
Other inventories	184,751	338,574
Total	39,462,093	36,514,325
Provision for impairment of inventory	(12,117)	(468,317)
Total	39,449,976	36,046,008

As of 30 June 2023 and 2022, movements of provision for inventory impairment are as follows:

	2023	2022
1 January	468,317	-
Changes in period	12,117	39,026
Provisions no longer required	(468,317)	-
30 July	12,117	39,026

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	30 June 2023		31 December 2022	
	Participation share (%)	Amount	Participation share (%)	Amount
OPET Petrolçülük A.Ş.	41.67	3,488,531	41.67	2,962,632
		3,488,531		2,962,632

Goodwill amounting to TRY 189,073 thousand arising from the purchase of Opet shares on 28 December 2006 has been reclassified to investments accounted for using the equity method in the financial statements. On 8 December 2022, the shares corresponding to 1.67% of Opet's capital were purchased for a total cash price of TRY 179,600 thousand and added to the participation value.

The movement in the investments accounted for using the equity method during the period ended 30 June 2023 and 2022 is as follows:

	2023	2022
1 January	2,962,632	2,150,156
Investments accounted for using the equity method;		
Shares in current period profit	539,282	334,211
Dividend payment	(250,020)	(240,000)
Currency translation differences	236,637	84,285
	3,488,531	2,328,652

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

	30 June 2023	31 December 2022
Current assets	25,215,858	22,749,707
Non-current assets	7,712,303	6,920,789
Total assets	32,928,161	29,670,496
Short term liabilities	23,101,754	18,460,825
Long term liabilities	2,339,347	4,724,773
Equity	7,487,060	6,484,898
Total liabilities	32,928,161	29,670,496

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 July 2022	1 April - 30 July 2022
Sales (net)	79,488,001	41,074,481	72,883,920	45,881,077
Gross profit	4,628,368	3,068,581	2,824,175	1,413,221
Operating profit	2,826,738	2,122,864	1,749,562	843,902
Net (loss)/income for the period	1,294,174	676,943	835,526	313,871

Competition Authority investigation:

With the decision of the Competition Board dated 27 August 2018; By determining the resale price of its dealers, an investigation was initiated against Opet to determine whether Article 4 of the Law on the Protection of Competition numbered 4054 was violated, and as a result of the investigation, the Authority sentenced Opet to a fine of TRY 433,932. TRY 325,450, which is three-fourths of the administrative fine calculated within the framework of article 17 of the Misdemeanor Law No. 5326, was paid by Opet to the Large Taxpayers Tax Office, without prejudice to all legal rights regarding the relevant decision. A lawsuit was filed by Opet for the annulment of the aforementioned decision, and a stay of execution decision was made in the aforementioned case. As a result of the trial, the Court decided to cancel the administrative fine and return it to Opet together with its legal interest. In September 2021, a penalty of TRY 325,450 and legal interest of TRY 22,550 were withdrawn. The Competition Authority's application, dated 13 September 2021, to the court of appeal for the annulment of the first instance court's annulment decision was unanimously rejected by the decision of the 8th Administrative Case Division of the Ankara Regional Administrative Court, dated 20 April 2022. The defendant administration appealed the decision of appeal on 30 May 2022. With the decision of the 13th Civil Chamber of the Council of State dated 14 June 2023, it was unanimously decided to reject the appeal of the defendant party and to approve the decision of the 8th Administrative Case Division of the Ankara Regional Administrative Court, dated 20 April 2022.

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

11. PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment and related accumulated depreciation for the period ended 30 June 2023 and 2022 is as follows:

	1 January 2023	Currency translation differences	Additions	Transfers	Disposals	30 June 2023
Cost:						
Lands	15,500,361	-	-	-	-	15,500,361
Land improvements	4,431,480	-	110,327	-	(1,519)	4,540,288
Buildings	1,096,789	-	30,188	-	(2)	1,126,975
Machinery and equipment	16,252,055	1,219	172,991	-	(2,931)	16,423,334
Motor vehicles	2,678,713	-	1,084,073	-	(341)	3,762,445
Furniture and fixtures	400,893	562	45,723	-	(5,139)	442,039
Construction in progress	2,080,539	-	1,520,117	(3,664)	-	3,596,992
Special costs	65,792	2,582	-	-	-	68,374
Other tangible assets	68,670	-	782	-	(133)	69,319
	42,575,292	4,363	2,964,201	(3,664)	(10,065)	45,530,127
Accumulated depreciation:						
Land improvements	(2,097,759)	-	(90,463)	-	716	(2,187,506)
Buildings	(302,029)	-	(11,153)	-	1	(313,181)
Machinery and equipment	(6,589,149)	(1,179)	(276,719)	-	1,875	(6,865,172)
Motor vehicles	(469,433)	-	(50,809)	-	341	(519,901)
Furniture and fixtures	(163,330)	(411)	(35,715)	-	4,840	(194,616)
Special costs	(26,776)	(1,798)	(6,948)	-	-	(35,522)
Other tangible assets	(22,501)	-	(6,827)	-	5	(29,323)
	(9,670,977)	(3,388)	(478,634)	-	7,778	(10,145,221)
Net book value	32,904,315					35,384,906

	1 January 2022	Currency translation differences	Additions	Transfers	Disposals	30 June 2022
Cost:						
Lands	12,257,773	-	-	-	-	12,257,773
Land improvements	4,256,802	-	2,866	663	(13)	4,260,318
Buildings	1,055,492	-	1,623	-	(55)	1,057,060
Machinery and equipment	15,854,944	521	46,474	(663)	(3,483)	15,897,793
Motor vehicles	2,251,927	-	172,443	-	(253)	2,424,117
Furniture and fixtures	226,286	264	9,779	-	(608)	235,721
Construction in progress	1,150,442	50	602,650	(1,062)	-	1,752,080
Special costs	63,845	1,211	50	-	-	65,106
Other tangible assets	36,531	-	13,177	1,010	(2,357)	48,361
	37,154,042	2,046	849,062	(52)	(6,769)	37,998,329
Accumulated depreciation:						
Land improvements	(1,930,097)	-	(83,605)	(7)	13	(2,013,696)
Buildings	(280,491)	-	(10,772)	-	52	(291,211)
Machinery and equipment	(6,081,573)	(1,809)	(257,946)	7	1,420	(6,339,901)
Motor vehicles	(395,470)	-	(41,168)	-	253	(436,385)
Furniture and fixtures	(125,267)	(852)	(15,900)	-	514	(141,505)
Special costs	(11,229)	(2,699)	(5,902)	-	-	(19,830)
Other tangible assets	(13,616)	-	(5,459)	-	2,096	(16,979)
	(8,837,743)	(5,360)	(420,752)	-	4,348	(9,259,507)
Net book value	28,316,299					28,738,822

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

11. PROPERTY, PLANT AND EQUIPMENT (Continued)

Total depreciation expense amounting to TRY478,634 thousand (30 June 2022 – TRY420,752 thousand) related to tangible fixed assets in the comprehensive consolidated income statement for the period ended as of 30 June 2023 has been allocated to cost of goods sold amounting to TRY264,246 thousand (30 June 2022 – TRY302,270 thousand), to general administration expenses amounting to TRY150,103 thousand (30 June 2022 – TRY66,043 thousand), to marketing, amounting to TRY50,985 thousand (30 June 2022 – TRY45,392 thousand), to research and development expenses amounting to TRY13,300 thousand (30 June 2022 – TRY7,047).

The depreciation expense related to right-of-use assets in the consolidated statement of comprehensive income for the period ended as of 30 June 2023 at TRY31,014 thousand (30 June 2022 – TRY11,882 thousand), is classified to general administrative expenses amounting to TRY18,801 thousand (30 June 2022 – TRY 5,387 thousand), to marketing, amounting to TRY6,670 thousand (30 June 2022 TRY3,398), and to cost of goods sold amounting to TRY5,543 thousand (30 June 2022 – TRY3,097).

As of 30 June 2023, there are no pledge on property, plant and equipment (30 June 2022 : None). As of 30 June 2023, the Group has no capitalized borrowing costs associated with its investments (31 December 2022 : None).

12. INTANGIBLE ASSETS

Other intangible assets:

The movements of intangible assets and related accumulated amortisation for the period ended 30 June 2023 and 2022 are as follows:

	1 January 2023	Additions	Transfers	Disposals	30 June 2023
Cost:					
Rights and software	162,587	9,833	-	(4,140)	168,280
Development expenses	127,242	43,815	-	-	171,057
Other intangible assets	572,016	556	3,664	(155)	576,081
	861,845	54,204	3,664	(4,295)	915,418
Accumulated amortisation:					
Rights and software	(109,379)	(12,017)	-	3,943	(117,453)
Development expenses	(103,213)	(8,418)	-	-	(111,631)
Other intangible assets	(93,222)	(9,620)	-	8	(102,834)
	(305,814)	(30,055)	-	3,951	(331,918)
Net book value	556,031				583,500
	1 January 2022	Additions	Transfers	Disposals	30 June 2022
Cost:					
Rights and software	128,623	328	-	(17)	128,934
Development expenses	124,603	1,186	-	-	125,789
Other intangible assets	571,039	763	52	-	571,854
	824,265	2,277	52	(17)	826,577
Accumulated amortisation:					
Rights and software	(93,657)	(6,816)	-	-	(100,473)
Development expenses	(92,749)	(5,364)	-	-	(98,113)
Other intangible assets	(75,673)	(8,780)	-	-	(84,453)
	(262,079)	(20,960)	-	-	(283,039)
Net book value	562,186				543,538

Total amortisation expenses amounting to TRY30,055 thousand (30 June 2022: TRY20,960 thousand) in the consolidated statement of comprehensive income for the period ended 30 June 2022 have been allocated to the general administration expenses amounting to TRY21,785 thousand (30 June 2022: TRY13,101 thousand) and the cost of sales amounting to TRY8,270 thousand (30 June 2022: TRY7,859 thousand).

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

13. PREPAID EXPENSES

Short term prepaid expenses

	30 June 2023	31 December 2022
Advances given	363,411	457,313
Insurance and other expenses	237,260	291,474
Total	600,671	748,787

Long term prepaid expenses:

	30 June 2023	31 December 2021
Advances given to third parties for property, plant and equipment	642,491	603,734
Advances given to related parties for property, plant and equipment (Note 27)	12,842	291
Other prepaid expenses	8,773	14,359
Total	664,106	618,384

14. OTHER ASSETS AND LIABILITIES

Other current assets:

	30 June 2023	31 December 2022
Deferred Value Added Tax (“VAT”)	4,807,508	2,370,747
VAT to be refunded	2,326,270	2,647,439
Deferred Special Consumption Tax (“SCT”)	885,798	737,222
Deferred VAT	692,698	29,791
Income accruals	253,346	74,677
Spare parts and material stocks	136,894	84,131
Taxes and funds to be offsetted	105,477	1,793,142
Income accruals from commodity hedge (*)	18,767	288,075
Other current assets	273,548	65,176
Total	9,500,306	8,090,400

(*) As of 30 June 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 10 July 2023 (31 December 2022-Paid on 9 January 2023).

Other non-current assets:

	30 June 2023	31 December 2022
Spare parts and material stocks	3,002,099	2,595,286
Other	2,490	5,867
Total	3,004,589	2,601,153

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

14. OTHER ASSETS AND LIABILITIES (Continued)

Other short-term liabilities:

	30 June 2023	31 December 2022
Deferred Value Added Tax (“VAT”)	4,807,508	2,370,747
Revenue share	3,975,333	3,383,851
SCT payable	1,764,635	2,010,561
Deferred Special Consumption Tax (“SCT”)	885,798	737,222
VAT payable	318,040	181,802
Other taxes and liabilities	157,012	1,953,306
Expense accruals	15,653	80,133
Expense accruals from commodity hedge (*)	-	79,045
Other	250,081	128,902
	12,174,060	10,925,569

(*) 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 January 9, 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 TRY3,975,333 thousand accumulated as at 30 June 2023 (31 December 2022: TRY3,383,851 thousand) which is not recognized in the comprehensive income statement, has been classified as “Revenue Share” within “Other short-term liabilities”. TRY3,945,770 thousand is (31 December 2022: TRY3,369,904 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).

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

15. PROVISIONS

Provision for employee benefits:

Short-term provision for employee benefits:

	30 June 2023	31 December 2022
Seniority incentive bonus provision	315,869	10,198
Personnel bonus accruals	23,603	37,406
Total	339,472	47,604

Long-term employee benefits:

	30 June 2023	31 December 2022
Provision for employment termination benefits	1,245,859	1,052,351
Provision for unused vacation	170,399	124,011
Seniority incentive bonus provision	36,348	13,754
Total	1,452,606	1,190,116

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	51,160	27,894
Charge for the period	34,514	17,592
Payments during the period	(25,723)	(3,964)
30 June	59,951	41,522

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

15. PROVISIONS (Continued)

Provision for employment termination benefits:

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

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

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

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

	30 June 2023	31 December 2022
Discount rate (%)	0.55%	0.55%
Turnover rate to estimate probability of retirement (%)	99.22%	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 TRY23,489.83 which is effective as at 1 July 2023 (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	1,052,351	371,235
Interest expense	55,775	10,883
Increase during the period	253,576	167,796
Payments during the period	(115,843)	(21,233)
30 June	1,245,859	528,681

Provision for unused vacation:

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

	2023	2022
1 January	124,011	68,699
Charge for the period	64,464	36,473
Payments during the period	(18,076)	(3,924)
30 June	170,399	101,248

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

15. PROVISIONS (Continued)

Other short term provisions:

	30 June 2023	31 December 2022
Provision for demurrage	568,661	268,254
Provisions for dotation	202,057	-
EMRA participation share (*)	141,101	120,172
Provisions for pending claims and law suits	24,257	33,818
Other	184,879	60,680
	1,120,955	482,924

(*) 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 30 June 2023 and 2022 are as follow:

	Provision for pending claims and lawsuits	EMRA participation share	Provision for demurrage	Provision for donation	Other	Total
1 January 2023	33,818	120,172	268,254	-	60,680	482,924
Changes for the period, net	(9,305)	81,014	467,996	466,148	124,199	1,130,052
Payments during the period, net	(256)	(60,085)	(167,589)	(264,091)	-	(492,021)
30 June 2023	24,257	141,101	568,661	202,057	184,879	1,120,955
1 January 2022	20,978	78,170	72,961	-	27,670	199,779
Changes for the period, net	1,202	52,723	134,220	19,595	3,780	211,520
Payments during the period, net	(537)	(39,085)	(23,254)	(2,595)	-	(65,471)
30 June 2022	21,643	91,808	183,927	17,000	31,450	345,828

16. LIABILITIES FOR EMPLOYEE BENEFITS

	30 June 2023	31 December 2022
Social security withholdings payment	212,609	164,563
Due to the personnel	84,847	253,084
Total	297,456	417,647

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

17. DERIVATIVE INSTRUMENTS

	30 June 2023				31 December 2022			
	Fair values		Assets	Liabilities	Fair values		Assets	Liabilities
	Purchase contract amount	Sales contract amount			Purchase contract amount	Sales contract amount		
<i>Cash flow hedge</i>								
Interest rate swap	1,298,281	1,298,281	43,066	-	2,175,174	2,175,174	51,350	8,368
Cross currency swap	356,367	646,094	150,182	11,578	231,290	51,634	229,188	-
Commodity derivative	51,261,965	51,261,965	516,632	521,139	42,836,125	42,836,125	3,239,526	700,087
<i>Derivatives held for trading</i>								
Currency forwards	7,579,078	6,520,745	1,182,294	-	5,570,109	5,582,094	-	208,553
Commodity derivative	6,197,925	6,016,332	-	68,140	369,401	482,831	76,969	77,504
Short term derrivative instruments			1,892,174	600,857			3,597,033	994,512
<i>Cash flow hedge</i>								
Interest rate swap	1,058,792	1,058,792	45,056	-	1,068,431	1,068,431	57,048	-
Cross currency swap	204,281	632,432	-	432,376	198,760	437,540	-	298,200
Long term derrivative instruments			45,056	432,376			57,048	298,200
Total derrivative instruments			1,937,230	1,033,233			3,654,081	1,292,712

As of 30 June 2023, forward foreign exchange transactions consist of forward transactions which generate a sales obligation of TRY6,520,745 thousand in exchange of USD293,500 thousand (As of 31 December 2022, forward foreign exchange transactions consist of forward and currency swap transactions which generate a sales obligation of TRY5,582,094 thousand in exchange of USD297,894 thousand).

As of 30 June 2023, interest rate swap consists of exchange of floating rate instalment payments of long-term borrowings and bonds amounting to USD91,278 thousand (31 December 2022: USD147,265 thousand and 31 December 2022: TRY490,000 thousand) thousand with fixed rate installment payments for cash flow hedging.

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

17. DERIVATIVE INSTRUMENTS (Continued)

As of 30 June 2023, cross currency swap transactions consist of swaps with fixed interest rate transaction of foreign currency indexed floating interest rate USD13,800 thousand (31 December 2022: USD22,999 thousand) and fixed interest rate long-term borrowings amounting to TRY646,094 thousand (31 December 2022 TRY489,174).

As of 30 June 2023, and 31 December 2022, it consists of forward goods purchase and sale transactions and product crack margin fixing transactions. Fixing the product crack margin of future sales is not available for the 3rd quarter of 2023 (31 December 2022 – None). Goods purchase and sale transactions consist of 75,344 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.

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

18. COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

	30 June 2023		31 December 2022	
	Original currency(*):	TRY amount:	Original currency(*):	TRY amount:
Guarantees received:				
Letter of guarantees received		5,349,192		5,419,947
- Letter of guarantees in TRY	2,415,284	2,415,284	3,456,913	3,456,913
- Letter of guarantees in USD	78,816	2,035,283	80,355	1,502,511
- Letter of guarantees in EUR	29,770	838,148	21,692	432,427
- Letter of guarantees in other currencies	-	60,477	-	28,096
Guarantee notes received		4,116		423
- Guarantee notes in TRY	423	423	423	423
- Guarantee notes in USD	143	3,693	-	-
Guarantee letters received		1,363,118		1,000,818
- Guarantee letters received in TRY	50,000	50,000	50,000	50,000
- Guarantee letters received in USD	50,851	1,313,118	50,851	950,818
Guarantee letters of credit		3,525,323		323,985
- Letters of credit in USD	136,518	3,525,323	17,327	323,985
Direct debiting limits		997,581		899,939
- TRY direct debiting limits	997,581	997,581	899,939	899,939
Total guarantees received		11,239,330		7,645,112
Guarantees given:				
Letter of credits given		15,841,825		9,782,951
- Letter of credits in USD	609,152	15,730,183	523,200	9,782,951
- Letter of credits in EUR	216	6,069	-	-
- Letter of credits in other currencies	5,870	105,573	-	-
Letter of guarantees given		7,998,328		8,425,157
- Letter of guarantees in TRY	7,993,160	7,993,160	8,421,415	8,421,415
- Letter of guarantees in USD	200	5,168	200	3,742
Letters of guarantee given to customs offices		1,680,629		1,768,072
- Letter of guarantees in TRY	1,511,705	1,511,705	1,648,463	1,648,463
- Letter of guarantees in EUR	6,000	168,924	6,000	119,609
Guarantee bond		17,788		22,088
- Guarantee bond in TRY	428	428	1,626	1,626
- Guarantee bond in USD	599	15,468	1,094	20,462
- Guarantee bond in EUR	67	1,892	-	-
Letters of guarantee given to banks		970,800		870,962
- Letter of guarantees in USD	37,594	970,800	46,580	870,962
- Letter of guarantees in EUR	-	-	-	-
Guarantess		2,615,118		1,944,623
- Guarantess in USD	100,000	2,582,310	104,000	1,944,623
- Guarantess in other currencies	1,000	32,808	-	-
Total guarantees given		29,124,488		22,813,853

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

As at 30 June 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 at 30 June 2023, letters of guarantee given to banks are given for loans which were used by Companies within scope of consolidation amounting to TRY909,009 thousand (31 December 2022: TRY817,272) and for derivative financial instruments amounting to TRY61,791 thousand (31 December 2022: TRY53,691 thousand).

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

18. COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES (Continued)

Collaterals, pledges, mortgages given by the Group as at 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023	31 December 2022
A. CPMs given for companies in the name of its own legal personality	25,538,570	19,998,267
- TRY	9,505,293	10,071,504
- USD	15,750,819	9,807,154
- EUR	176,885	119,609
- Other	105,573	-
B. CPMs given on behalf of the fully consolidated companies	3,585,918	2,815,586
- USD	3,553,110	2,815,586
- Other	32,808	-
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	29,124,488	22,813,853

19. EQUITY

The Company's shareholders and their shareholding percentages as at 30 June 2023 and 31 December 2022 are as follows:

	30 June 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	-	-	1,344,243	-
Total Capital	1,926,796	-	1,619,500	-

It was decided at the Board of Directors meeting dated February 14, 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 April 14, 2023.

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.

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.

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

19. EQUITY (Continued)

As per the articles of association of the Company, one member of the Board of Directors should be nominated by Group C shareholders. Board of Directors’ decisions on the supply needs of petroleum products of the Turkish Military Forces requires the consent of the member representing the Group C shareholders.

Retained earnings, as per the statutory financial statements other than legal reserves, are available for distribution, subject to the legal reserve requirement referred to below.

Restricted reserves

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

In accordance with Turkish Financial Reporting Standards the aforementioned amounts should be classified under “Restricted Reserves”. At 30 June 2023, the restricted reserves of the Company amount to TRY1,751,966 thousand (31 December 2022 - TRY503,343).

Dividend distribution

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

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

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

In the interim period ending on 30 June 2023, it has been committed and paid to distribute a total of 12,500,000 thousand TL 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 4.541.22% is given to full-fledged corporations and limited taxpayer partners who receive dividends through a workplace or permanent representative in Turkey. TRY45,412 gross, TRY45,412 net dividend payment to other shareholders at a rate of 4.541,22% and a cash dividend of TRY45,412 gross and TRY40,871 net cash dividend was paid for one share with a nominal value of TRY1.00.

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

20. REVENUE AND COST OF SALES

	1 January - 30 June 2023	1 April- 30 June 2023	1 January - 30 June 2022	1 April- 30 June 2022
Domestic revenue	171,603,079	90,539,581	164,928,925	105,421,469
Export revenue	28,522,068	15,284,525	52,973,490	33,739,262
Gross revenue	200,125,147	105,824,106	217,902,415	139,160,731
Less: Sales discounts	(2,703,913)	(1,390,956)	(2,725,449)	(1,670,320)
Less: Sales returns	(189,684)	(27,975)	(46,901)	(6,024)
Sales (net)	197,231,550	104,405,175	215,130,065	137,484,387
Cost of goods sold	(165,760,592)	(86,931,471)	(191,317,066)	(119,366,667)
Gross profit	31,470,958	17,473,704	23,812,999	18,117,720
Cost of sales:				
	1 January - 30 June 2023	1 April- 30 June 2023	1 January - 30 June 2022	1 April- 30 June 2022
Raw material, manufactured and consumable material	153,445,648	81,062,828	183,505,098	115,081,083
Energy expenses	6,298,212	2,528,009	5,168,506	2,956,441
Personnel expenses	1,675,046	931,659	943,693	488,503
Depreciation and amortization (Note 11-12)	278,059	154,072	313,226	151,081
Other production expenses	4,063,627	2,254,903	1,386,543	689,559
Cost of sales	165,760,592	86,931,471	191,317,066	119,366,667

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

General administrative expenses:

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Personnel expenses	1,046,232	595,764	606,571	314,277
Donations (*)	466,148	118,336	19,598	9,096
Insurance expenses	383,727	251,875	184,385	115,789
Tax duties and fees	270,737	167,915	115,264	61,637
Outsourced services	254,572	129,546	123,079	76,926
Depreciation and amortization (Note 11-12)	190,689	85,226	84,531	39,937
Office expenses	146,255	69,911	94,764	54,684
Subscription fees	93,688	59,471	59,120	34,223
Lawsuit and consultancy expenses	68,885	41,258	42,571	23,448
Transportation and travel expenses	18,604	9,049	7,469	4,894
Other	161,677	94,084	58,539	37,974
Total general administrative expenses	3,101,214	1,622,435	1,395,891	772,885

(*) Donations and aids include the donations and aid expenditure amounts to the earthquake area and the provision amounts for donations and aids to be made within this scope.

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

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

Marketing expenses:

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Transportation, storage and insurance expenses	1,003,320	665,574	1,321,079	1,054,657
Personnel expenses	331,458	154,902	149,835	79,714
Energy expenses	74,014	29,654	58,766	34,782
Advertising expenses	61,544	29,338	26,427	15,565
Depreciation and amortization (Note 11)	57,655	28,473	48,790	24,562
Outsourced services	25,049	12,019	61,110	36,494
Other	125,888	64,820	72,005	48,821
Total marketing expenses	1,678,928	984,780	1,738,012	1,294,595

Research and development expenses:

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Personnel expenses	38,767	14,514	14,581	6,647
Depreciation and amortization (Not 11)	13,300	6,773	7,047	3,538
Other	17,278	15,163	5,440	2,428
Total research and development expenses	69,345	36,450	27,068	12,613

22. OTHER OPERATING INCOME/(EXPENSES)

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Other operating income:				
Foreign exchange gain from trade receivables	2,829,893	2,717,162	640,209	395,581
Credit finance gains	987,740	588,212	1,625,265	1,091,703
Rent expenses	8,718	3,860	4,835	2,461
Other	167,256	128,299	91,446	65,048
Total other operating income	3,993,607	3,437,533	2,361,755	1,554,793

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Other operating expense:				
Foreign exchange loss from trade payables	(9,659,001)	(8,990,449)	(6,874,265)	(4,741,621)
Credit finance charges	(826,205)	(540,361)	(467,352)	(331,572)
Other	(536,506)	(314,486)	(80,979)	(19,969)
Total other operating expense	(11,021,712)	(9,845,296)	(7,422,596)	(5,093,162)

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

23. INCOME/(EXPENSE) FROM INVESTMENT ACTIVITIES

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Gain/(loss) on sales of property plant and equipment and intangible assets	(3,400)	(895)	2,168	(10)
Financial investments fair value change	2,150	(9,686)	30,675	30,675
Dividend income	-	-	55	-
Total income/(expense) from investment activities	(1,250)	(10,581)	32,898	30,665

24. FINANCIAL INCOME/(EXPENSES)

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Financial income:				
Foreign exchange gains on deposits	3,809,704	3,478,425	2,493,806	153,296
Interest income on deposits	2,594,536	1,264,215	359,058	186,982
Interest income on derivative instruments	1,438,457	1,425,694	2,346	2,346
Total financial income	7,842,697	6,168,334	2,855,210	342,624
Financial expense:				
Foreign exchange losses on borrowings	(9,038,972)	(7,669,281)	(4,599,995)	(2,650,804)
Interest expenses	(1,411,513)	(622,358)	(1,590,488)	(866,447)
Losses on derivative instruments	(236,658)	-	(47,274)	1,718,232
Other	(63,212)	(32,363)	(63,806)	(18,784)
Total financial expense	(10,750,355)	(8,324,002)	(6,301,563)	(1,817,803)

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

25. TAX ASSETS AND LIABILITIES

	30 June 2023	31 December 2022
Current period corporate tax provision (*)	3,388,187	2,714,126
Current year tax assets	(1,844,701)	(1,758,871)
	1,543,486	955,255

(*) 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 March 2023, the amount accrued by the Company for the related tax in addition to the corporate tax is TRY2,594,252 thousand, and the payment for the said tax will be made in two installments. The first installment of the said tax was paid in May and the second installment will be paid in the 4th month after the first payment.

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.

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

25. TAX ASSETS AND LIABILITIES (Continued)

Corporate tax rate in Turkey as of 30 June 2023 is 20% (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 analysis of cumulative temporary differences and the related deferred tax assets and liabilities in respect of items for which deferred income tax has been provided as at 30 June 2023 and 31 December 2022 using the enacted tax rates are as follows:

	Cumulative temporary differences		Deferred tax (liability)/asset	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Investment incentives(*)	(47.734.230)	(48.706.750)	9.546.846	9.741.350
Accumulated deductible financial losses (**)	(67.461)	(184.517)	14.725	36.904
Difference between the carrying values and tax base of property, plant, equipment and intangible assets	(6.767.273)	(7.426.682)	1.350.328	1.429.862
Employment termination benefits	(887.206)	(686.501)	177.684	137.493
Inventories	(137.523)	1.466.052	27.505	(293.210)
Provision for unused vacation liability	(126.201)	(99.863)	25.240	20.059
Deferred financial income (expense), net	(81.985)	(108.067)	22.874	28.090
Provision lawsuits	(22.574)	(33.818)	4.515	6.814
Fair value difference of derivative instruments	917.844	2.586.950	(188.166)	(508.507)
Gain on revaluation of tangibles	15.341.907	15.341.907	(1.534.191)	(1.534.191)
Other	(1.785.970)	(693.407)	286.075	86.484
			9.733.435	9.151.148

(*) 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 18,95% revaluation rate, which was announced for the second provisional tax period of 2021 by the Ministry of Finance. In addition to the government contribution within the scope of Strategic Investment Incentive, the Company benefits from VAT exemption, VAT refund, customs duty exemption, incentive for employer share of insurance premium and interest incentive from this certificate.

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

(**) The deferred tax effect of deductible tax losses is calculated separately for each company included in the consolidation of the group. Deferred tax assets amounting to TRY 14,725 thousand (31 December 2022 - TRY36,904 thousand) to be used within the next 5 years are formed from the deductible tax losses of TRY 67,461 thousand (31 December 2022 - TRY184,517 thousand) realized on 30 June 2023.

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 TRY9,546,846 thousand (December 31, 2022: TRY9,741,350 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 June 30, 2023. TRY194,504 thousand of deferred tax loss is recognized in the consolidated profit or loss statement for the period between January 1 - June 30, 2023, from accounting of such deferred tax assets.

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

25. 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 June 30, 2023, when the inputs of key macroeconomic and sectoral assumptions that form the business plans are increased/decreased by 10%, there is no change in the projected 5-year recovery periods of deferred tax assets related to investment incentives.

The movement of deferred taxes is as follows:

	2023	2022
Deferred tax asset/(liability), net		
1 January	9,151,148	6,280,930
Charge for the period	288,584	1,190,643
Charge to equity:		
- Hedging cash flow gains/(losses)	293,703	450,990
30 June	9,733,435	7,922,563

26. EARNINGS PER SHARE

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
(Loss) profit for the year attributable to shareholders of the Group	13,965,317	7,217,244	11,901,825	10,799,096
Weighted average number of shares with nominal value of Kr1 each	98,174,823,327	167,271,266,200	27,525,651,400	27,525,651,400
Basic and diluted (loss) earnings per share in Kr	14.22	4.31	43.24	39.23

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

27. RELATED PARTY TRANSACTIONS

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

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

a) Deposits:

	30 June 2023	31 December 2022
Yapı ve Kredi Bankası A.Ş. (2)	760,871	10,785,491
Total	760,871	10,785,491

b) Due from related parties:

	30 June 2023	31 December 2022
Opet Petrolcülük A.Ş. (1)	5,002,778	2,666,239
THY OPET Havacılık Yakıtları A.Ş. (1)	716,230	252,453
Aygaz A.Ş. (2)	71,624	108,337
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş. (1)	30,097	23,502
Demir Export (2)	9,641	18,692
Diğer (2)	26,455	118,649
Total	5,856,825	3,187,872

As of 30 June 2023, Tüpraş deducted TRY 100,000 thousand collected from factoring companies from trade receivables from related parties (31 December 2022 - TRY 1,385,000 thousand).

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

27. RELATED PARTY TRANSACTIONS (Continued)

c) Trade payables:

	30 June 2023	31 December 2022
Opet Petrolcülük A.Ş. (1)	311,854	899,130
Aygaz A.Ş. (2)	249,334	15,639
Arçelik Pazarlama A.Ş. (2)	120,750	729
Zer Merkezi Hizmetler ve Ticaret A.Ş. (2)	72,711	66,168
Koç Sistem Bilgi ve İletişim A.Ş. (2)	31,822	90,151
Otokoç Otomotiv Tic. ve San. A.Ş. (2)	28,372	7,163
RAM Sigorta Aracılık Hizmetleri A.Ş. (2)	24,220	807
Sendeo Dağıtım Hizmetleri A.Ş. (2)	10,127	-
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş. (1)	4,340	7,938
Diğer (2)	17,903	68,696
Total	871,433	1,156,421

d) Other payables:

	30 June 2023	31 December 2022
Koç Holding A.Ş. (3)	-	169,841
Total	-	169,841

e) Advances given for property, plant and equipment

	30 June 2023	31 December 2022
Ark İnşaat A.Ş. (2)	12,842	291
Total	12,842	291

f) Bank loans:

	30 June 2023	31 December 2022
Yapı ve Kredi Bankası A.Ş. (2)	1,916,210	-
Total	1,916,210	-

g) Lease liabilities:

	30 June 2023	31 December 2022
Otokoç Otomotiv Tic. ve San. A.Ş. (2)	100,071	82,583
Koç Ailesi (3)	11,957	18,549
Temel Ticaret ve Yatırım A.Ş. (3)	7,226	7,226
Zer Merkezi Hizmetler ve Ticaret A.Ş. (2)	701	-
Toplam	119,955	108,358

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

27. RELATED PARTY TRANSACTIONS (Continued)

h) Product and service sales:

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Opet Petrolcülük A.Ş. (1)	43,225,053	23,042,312	33,187,990	18,615,629
THY OPET Havacılık Yakıtları A.Ş. (1)	4,484,640	2,385,802	2,443,653	1,783,742
Aygaz A.Ş. (2)	1,119,395	599,794	1,824,826	710,539
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş. (1)	136,789	96,116	122,289	60,142
Diğer (2)	41,969	24,938	334,333	175,767
Total	49,007,846	26,148,962	37,913,091	21,345,819

i) Product and service purchases:

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Opet Petrolcülük A.Ş. (1)	2,634,873	1,084,786	1,558,493	836,529
Ram Sigorta Aracılık Hizmetleri A.Ş. (2) (*)	692,532	691,485	120,643	119,429
Aygaz A.Ş. (2)	554,230	228,250	195,191	105,643
Zer Merkezi Hizmetler ve Ticaret A.Ş. (2)	298,437	186,136	127,704	77,659
Koç Sistem Bilgi ve İletişim A.Ş. (2)	141,602	74,420	25,355	7,646
Arçelik A.Ş. (2)	141,004	107,539	-	-
Koç Holding A.Ş. (3) (**)	67,946	39,475	48,225	35,950
Ark İnşaat San. Tic. A.Ş. (2)	63,688	59,340	29,514	28,237
Otokoç Otomotiv Tic. ve San. A.Ş. (2)	30,916	15,574	13,252	6,259
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş. (1)	25,624	14,053	11,538	6,127
Diğer (2)	208,481	153,616	28,487	12,685
Total	4,859,333	2,654,674	2,158,402	1,236,164

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

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

j) Fixed asset purchases:

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Koç Sistem Bilgi ve İletişim A.Ş. (2)	14,137	1,884	15,766	3,424
Ark İnşaat A.Ş. (2)	-	-	37,350	13,277
Diğer (2)	839	249	409	298
Total	14,976	2,133	53,525	16,999

k) Remuneration of board of directors and executive management:

The Company's senior executives have been determined as the Chairman and Members of the Board of Directors, the General Manager, Assistant General Managers and Directors directly reporting to the General Manager. For the period ending on 30 June 2023, the total amount of benefits provided to the Company's top executives is TRY29,833 thousand (30 June 2022 - TRY13,576 thousand). TRY5,231 thousand (20 June 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.

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

27. RELATED PARTY TRANSACTIONS (Continued)

l) Financial expenses paid to related parties:

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Yapı Kredi Faktoring A.Ş. (2)	24,152	7,849	15,535	10,748
Yapı ve Kredi Bankası A.Ş. (2)	-	-	39,941	14,779
Total	24,152	7,849	55,476	25,527

m) Time deposit interest income:

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Yapı ve Kredi Bankası A.Ş. (2)	620,968	230,553	128,049	48,561
Total	620,968	230,553	128,049	48,561

n) Donations:

As of 30 June 2023, total donation amount paid to related parties is TRY2,781 thousand (30 June 2022 – TRY1,348 thousand).

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

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. The 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.

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Credit risks of the Group for each financial instrument type as at 30 June 2023 and 31 December 2022 are as follows:

30 June 2023	Receivables				Bank deposits	Derivative instruments	Other
	Trade Receivables		Other Receivables				
	Related Parties	Other Parties	Related Parties	Other Parties			
Maximum exposed credit risk as of reporting date	5,856,825	24,773,921	-	81,321	46,342,824	1,937,230	-
- Secured portion of the maximum credit risk by guarantees, etc.	-	2,732,362	-	-	-	-	-
A. Net book value of financial asset either are not due or not impaired	5,856,825	24,165,694	-	81,321	46,342,824	1,937,230	-
B. Net book value of overdue but not impaired financial assets	-	608,227	-	-	-	-	-
C. Net book value of the impaired assets	-	-	-	-	-	-	-
- Overdue(gross book value)	-	7,370	-	2,860	-	-	-
- Impairment (-)	-	(7,370)	-	(2,860)	-	-	-
- 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	Derivative instruments	Other
	Trade Receivables		Other Receivables				
	Related Parties	Other Parties	Related Parties	Other Parties			
Maximum exposed credit risk as of reporting date	3,187,872	18,229,648	-	40,622	47,635,158	3,654,081	-
- Secured portion of the maximum credit risk by guarantees, etc.	-	2,906,682	-	-	-	-	-
A. Net book value of financial asset either are not due or not impaired	3,187,872	18,079,489	-	40,622	47,635,158	3,654,081	-
B. Net book value of overdue but not impaired financial assets	-	150,159	-	-	-	-	-
C. Net book value of the impaired assets	-	-	-	-	-	-	-
- Overdue(gross book value)	-	5,622	-	2,612	-	-	-
- Impairment (-)	-	(5,622)	-	(2,612)	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-	-
- Not due yet (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-	-
D. Components which are including credit risk except financial statement	-	-	-	-	-	-	-

Maturity analysis of past due and not impaired trade receivables

30 June 2023	Receivables		Bank deposits	Derivative instruments	Other
	Trade Receivables	Other Receivables			
Overdue (1-30 days)	515,613	-	-	-	-
Overdue (1-3 months)	66,489	-	-	-	-
Overdue (3-12 months)	25,205	-	-	-	-
Overdue (1-5 years)	920	-	-	-	-
Overdue (5+ years)	-	-	-	-	-

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

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 TRY517,239 thousand (31 December 2022: TRY29,097 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.

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

28. 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 at 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023	31 December 2022
Group 1	226	2,488
Group 2	4,916,549	4,503,595
Group 3	24,496,023	16,273,084
Group 4	609,721	488,194
Total	30,022,519	21,267,361

Group 1 - New customers (less than three months)

Group 2 - State owned enterprises

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

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

Market risk:

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

Commodity price risk

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

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

Since instability in crude oil prices may cause unwanted and unexpected fluctuations in net profit and cash flows, the Company has constituted hedging policy in order to eliminate this risk, Within this framework, short and long term hedging transactions are made by using various derivative instruments (Note 17).

Product crack risk

Besides the fluctuations in crude oil prices, in order to eliminate fluctuation risk in product prices profit margins of the products (crack) can be fixed by using various derivative instruments (hedging). Therefore, a hedging policy has been created by comparing historical price levels and by hedging a certain percentage of the total sales volume at certain crack levels (Note 17).

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.

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

28. 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 at 30 June 2023 and 31 December 2022.

	30 June 2023		31 December 2022	
	TRY	USD(*)	TRY	USD(*)
Monetary assets	35,471,830	1,373,647	24,961,804	1,334,977
Monetary liabilities	(85,080,196)	(3,294,732)	(70,242,219)	(3,756,610)
Monetary assets / (liabilities) foreign currency position	(49,608,366)	(1,921,085)	(45,280,415)	(2,421,633)
Non-monetary assets	200,822	7,777	434,631	23,244
Net foreign currency position of derivative financial instruments	7,280,325	281,931	5,215,079	278,907
Net foreign currency asset / (liability) position	(42,127,219)	(1,631,377)	(39,630,705)	(2,119,482)
Cash flow hedging (**)	2,496,521	96,678	3,833,336	205,010
Net foreign currency position after cash flow hedging	(39,630,698)	(1,534,699)	(35,797,369)	(1,914,472)
Inventory in natural hedge scope (***)	39,432,007	1,527,005	35,834,819	1,916,475
Net foreign currency position after cash flow hedging and natural hedge	(198,691)	(7,694)	37,450	2,003

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

(**) The Group uses investment loans amounting to USD96,678 thousand, which is equivalent to TRY2,496,521 thousand (31 December 2022 - USD205,010 thousand equivalent to TRY3,833,336 thousand) 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 30 June 2023, TRY2,161,589 thousand of (31 December 2022 - TRY3,153,308 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 30 June 2023, the foreign exchange loss amounting to TRY1,918,628 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 30 June 2023, foreign exchange loss of these loans in 2023 amounting to TRY926,908 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 at 30 June 2023, the Group has crude oil and petroleum products inventories amounting to TRY39,432,007 thousand (31 December 2022: TRY35,834,819 thousand).

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	Foreign exchange position table									
	30 June 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	1,952,374	75,579	25	-	-	684,274	36,498	79	-	252
Monetary financial assets (including cash, banks)	33,509,884	1,295,478	1,256	648	-	24,269,419	1,293,278	3,090	1,144	-
Other	196,223	4,576	1,485	1,105	-	427,802	21,720	527	497	-
Current assets	35,658,481	1,375,633	2,766	1,753	-	25,381,495	1,351,496	3,696	1,641	252
Monetary financial assets	9,572	371	-	-	-	8,111	434	-	-	-
Other	4,599	178	-	-	-	6,829	-	-	304	-
Non-current assets	14,171	549	-	-	-	14,940	434	-	304	-
Total assets	35,672,652	1,376,182	2,766	1,753	-	25,396,435	1,351,930	3,696	1,945	252
Trade payables	42,838,929	1,645,921	11,544	339	-	44,483,940	2,352,258	24,753	324	-
Financial liabilities	6,434,919	248,649	319	154	-	6,095,967	325,289	333	310	-
Other monetary liabilities	11,491,028	445,416	191	(498)	-	1,173,502	56,707	637	4,467	-
Other payables	178,068	6,720	155	5	-	57,488	2,892	154	16	-
Current liabilities	60,942,944	2,346,706	12,209	-	-	51,810,897	2,737,146	25,877	5,117	-
Financial liabilities	24,137,252	928,074	6,092	-	-	18,431,322	979,055	6,253	-	-
Non-current liabilities	24,137,252	928,074	6,092	-	-	18,431,322	979,055	6,253	-	-
Total liabilities	85,080,196	3,274,780	18,301	-	-	70,242,219	3,716,201	32,130	5,117	-
Net asset/(liability) position of off-balance sheet foreign currency derivatives	7,280,325	281,931	-	-	-	5,215,079	278,906	-	-	-
Total amount of off-balance sheet derivative financial assets	66,770,808	2,585,701	-	-	-	50,864,265	2,720,261	-	-	-
Total amount of off-balance sheet derivative financial liabilities	(59,490,483)	(2,303,770)	-	-	-	(45,649,186)	(2,441,355)	-	-	-
Net foreign currency asset/(liability) position	(42,127,219)	(1,616,667)	(15,535)	1,753	-	(39,630,705)	(2,085,365)	(28,434)	(3,172)	252
Cash flow hedging	2,496,521	96,678	-	-	-	3,833,336	205,010	-	-	-
Net foreign currency position after cash flow hedging	(39,630,698)	(1,519,989)	(15,535)	1,753	-	(35,797,369)	(1,880,355)	(28,434)	(3,172)	252
Net monetary foreign currency asset/(liability) position	(49,430,298)	(1,896,632)	(16,865)	653	-	(45,222,927)	(2,383,099)	(28,807)	(3,957)	252
Fair value of derivative instruments Used for hedging	888,522	34,408	-	-	-	(277,565)	(14,844)	-	-	-

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2023

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

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The table below summarizes the effect of foreign currency rate changes on net balance sheet foreign currency position of the Group as at 30 June 2023 and 31 December 2022.

Statement of foreign currency risk sensitivity				
30 June 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	(4,897,692)	4,897,692	(317,542)	317,542
Amount hedged for USD risk (-)	1,007,691	(1,007,691)	-	-
USD net effect	(3,890,001)	3,890,001	(317,542)	317,542
10% change in EUR rate				
Euro net assets/ liabilities	(47,482)	47,482	-	-
Amount hedged for Euro risk (-)	-	-	-	-
EUR net effect	(47,482)	47,482	-	-
TOTAL	(3,937,483)	3,937,483	(317,542)	317,542

Statement of foreign currency risk sensitivity				
31 December 2022				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
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

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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

Export and import

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Export				
USD (equivalent of thousand TRY)	27,945,099	17,364,360	37,363,883	23,870,075
EUR (equivalent of thousand TRY)	1,344	-	4,420	4,420
Total	27,946,443	17,364,360	37,368,303	23,874,495
Import				
USD (equivalent of thousand TRY)	136,505,964	76,188,263	152,654,974	91,983,444
Total	136,505,964	76,188,263	152,654,974	91,983,444

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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

	30 June 2023	31 December 2022
Total financial liabilities (Note 7)	36,319,675	33,268,950
Less: Cash and cash equivalents (Note 5)	(39,741,045)	(41,558,369)
Less: Financial investments (Note 6)	(66,140)	(2,135,177)
Net financial liabilities	(3,487,510)	(10,424,596)
Total shareholders’ equity	68,356,252	67,185,772
Total capital invested	64,868,742	56,761,176
Gearing ratio	-5.38%	-18.37%

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.

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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

28. 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 contains observable market inputs

Fair value hierarchy table as at 30 June 2023 is as follows:

Financial assets at fair value in statement of financial position	Level 1	Level 2	Level 3
Derivative financial assets	-	1,937,230	-
Financial investments	-	66,140	-
Financial liabilities at fair value in statement of financial position			
Derivative financial liabilities	-	1,033,233	-

Fair value hierarchy table as at 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	-	3,654,081	-
Financial investments	-	2,135,177	-
Financial liabilities at fair value in statement of financial position			
Derivative financial liabilities	-	1,292,712	-

29. SUBSEQUENT EVENTS

According to “A Law on the Establishment of an Additional Motor Vehicle Tax to Compensate for the Economic Losses Caused by the Earthquakes Occurred” published in the Official Gazette on July 15, 2023, The Corporate Tax Rate Law increased from 20% to 25% (from 25% to 30% for Financial Institutions). The new rate is effective for declarations that must be submitted as of October 1, 2023. The Group continues to assess the potential impact of the law on its consolidated financial statements as of the date of publication of these financial statements.