

**CONVENIENCE TRANSLATION OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2021**

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

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TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 SEPTEMBER 2021

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

Assets	Notes	Unaudited	Audited
		30 September 2021	31 December 2020
Current assets		49,497,111	30,663,146
Cash and cash equivalents	4	20,797,151	19,825,292
Trade receivables	6	7,940,663	1,735,549
Due from related parties	6, 27	1,297,052	324,555
Trade receivables from third parties		6,643,611	1,410,994
Other receivables	7	24,345	18,690
Other receivables from third parties		24,345	18,690
Derivative Instruments	17	736,152	380,129
Inventories	8	16,259,918	7,700,630
Prepaid expenses	12	271,642	233,614
Other current assets	13	3,467,240	769,242
Non-current assets		31,571,831	30,505,376
Financial investments		5,960	3,696
Investments accounted for using the equity method	9	1,562,874	1,326,490
Property, plant and equipment	10	22,237,507	21,875,889
Right-of-use assets		189,720	199,005
Intangible assets	11	57,397	62,369
Other intangible assets		57,397	62,369
Derivative instruments	17	82,328	87,883
Prepaid expenses	12	102,153	134,786
Deferred tax assets	25	5,537,656	5,002,427
Other non-current assets	13	1,796,236	1,812,831
Total assets		81,068,942	61,168,522
Liabilities			
Current liabilities		49,222,272	28,340,528
Short-term financial liabilities	5	414,318	2,097,808
Current portion of long term financial liabilities	5	12,006,964	6,403,937
Trade payables	6	31,220,516	14,137,468
Due to related parties	6, 27	27,203	218,486
Trade payables, third parties		31,193,313	13,918,982
Liabilities for employee benefits	15	103,050	151,927
Other payables	16	39,543	64,113
Due to related parties	16, 27	-	30,763
Other payables to third parties		39,543	33,350
Derivative instruments	17	610,492	762,828
Deferred income		31,013	129,254
Current income tax liabilities	25	2,917	2,459
Provisions	14	304,380	142,088
Provisions for employee benefits		130,302	24,572
Other provisions		174,078	117,516
Other current liabilities	13	4,489,079	4,448,646
Non-current liabilities		18,046,365	21,155,469
Long-term financial liabilities	5	17,641,815	20,743,323
Provisions	14	355,952	356,405
Provisions for employee benefits		11,158	356,405
Deferred income		36,748	9,504
Derivative Instruments	17	692	45,490
Other non-current liabilities			747
Total liabilities		67,268,637	49,495,997
Equity		13,800,305	11,672,525
Share capital	19	250,419	250,419
Adjustment to share capital	19	1,344,243	1,344,243
Accumulated other comprehensive income/(expense) not to be reclassified to profit or loss		7,487,238	7,487,238
Gains/(losses) on revaluation and remeasurement		7,439,187	7,439,187
Gain on revaluation of properties		7,447,028	7,447,028
Actuarial gain/(loss) arising from defined benefit plans		(7,841)	(7,841)
Actuarial gain/(loss) arising from defined benefit plans using equity method that will not be reclassified to profit or loss		48,051	48,051
Accumulated other comprehensive income/(expense) to be reclassified to profit or loss		(1,762,034)	(1,923,330)
Currency translation differences		42,884	(9,822)
Hedging gains/(losses)		(2,145,933)	(2,243,649)
Cash flow hedge gains/(losses)		(2,145,933)	(2,243,649)
Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss		341,015	330,141
Restricted reserves	19	503,343	503,343
Retained earnings		3,784,488	6,277,999
Net income		1,927,338	(2,493,511)
Total equity attributable to equity holders of the parent		13,535,035	11,446,401
Non-controlling interests		265,270	226,124
Total equity and liabilities		81,068,942	61,168,522

The condensed interim consolidated financial statements as of and for the period ended 30 September 2021 has been approved for issue by the Board of Directors on 4 November 2021.

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

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE MONTHS INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

	Notes	Unaudited		Unaudited	
		1 January - 30 September 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
Revenue	20	94,501,535	40,992,827	43,254,101	17,034,983
Cost of sales (-)	20	(86,952,425)	(37,934,898)	(42,083,356)	(15,844,612)
Gross profit/(loss)		7,549,110	3,057,929	1,170,745	1,190,371
General administrative expenses (-)	21	(1,158,178)	(435,719)	(983,547)	(333,823)
Marketing, selling and distribution expenses (-)	21	(842,144)	(336,363)	(465,908)	(157,127)
Research and development expenses (-)	21	(29,556)	(10,190)	(27,384)	(8,684)
Other operating income	22	718,508	277,224	541,818	136,572
Other operating expenses (-)	22	(2,727,756)	(376,853)	(1,474,562)	(628,356)
Operating profit / (loss)		3,509,984	2,176,028	(1,238,838)	198,953
Income from investment activities	23	393	1,667	572	221
Income/(loss) from investments accounted by equity method	9	305,510	244,058	(148,036)	77,998
Operating profit before financial income/(expense)		3,815,887	2,421,753	(1,386,302)	277,172
Financial income	24	3,499,942	496,718	3,007,307	1,593,210
Financial expense (-)	24	(5,823,772)	(1,763,035)	(5,303,867)	(2,426,267)
Profit/(loss) before tax from continued operations		1,492,057	1,155,436	(3,682,862)	(555,885)
Tax income / (expense)		499,646	(145,079)	876,520	160,919
Taxes on income (-)		(11,672)	(3,374)	(12,035)	(7,919)
Deferred tax (expense)/income	25	511,318	(141,705)	888,555	168,838
Net profit/(loss) from continued operations		1,991,703	1,010,357	(2,806,342)	(394,966)
Other comprehensive income:					
Items to be reclassified to profit or loss		156,097	269,680	(459,693)	(62,866)
Currency translation differences		52,706	7,595	4,067	(18,423)
Share of other comprehensive income accounted for investment using equity method that will be reclassified to profit or loss		10,874	2,698	30,245	15,447
Gain/(loss) from translation of foreign currency of investments accounted for using equity method	9	10,874	2,698	30,245	15,447
Income/(expense) relating to avoidance of risk of cash flow		68,606	315,665	(591,203)	(74,095)
Income/(loss) of avoidance of risk of cash flow		68,606	315,665	(591,203)	(74,095)
Tax effect of other comprehensive income/(loss) to be reclassified to profit or loss		23,911	(56,278)	97,198	14,205
Deferred tax (expense)/income	25	23,911	(56,278)	97,198	14,205
Other comprehensive income/(expense)		156,097	269,680	(459,693)	(62,866)
Total comprehensive income/(expense)		2,147,800	1,280,037	(3,266,035)	(457,832)
Distribution of income/(expense) for the period:					
Non-controlling interests		64,365	22,387	63,637	25,164
Attributable to equity holders of the parent		1,927,338	987,970	(2,869,979)	(420,130)
Distribution of total comprehensive income					
Non-controlling interests		59,166	26,963	33,728	11,635
Attributable to equity holders of the parent		2,088,634	1,253,074	(3,299,763)	(469,467)
Earnings (loss) per share from continued operations					
Earnings/(loss) per share with nominal value kr. 1 each (kr.)	26	7.70	3.95	(11.46)	(1.68)

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

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS INTERIM PERIOD ENDED 30 SEPTEMBER 2021

(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				Retained earnings				Total equity
	Share capital	Adjustment to share capital	Gains/(losses) on valuation and remeasurement		Share of other comprehensive income of investments accounted for using equity method that will be not classified 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	
			Gain on revaluation of properties (loss)	Actuarial gains/(losses) arising from defined benefit plans			Cash flow gains/ (losses)								
Unaudited															
1 January 2020	250,419	1,344,243	6,425,788	(6,897)	18,245	3,192	(2,100,116)	246,619	503,343	5,752,162	525,837	12,962,835	173,705	13,136,540	
Transfers	-	-	-	-	-	-	-	-	-	525,837	(525,837)	-	-	-	
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
- Net profit/(loss) for the period	-	-	-	-	-	-	-	-	-	-	(2,869,979)	(2,869,979)	63,637	(2,806,342)	
- Other comprehensive income/(expense)	-	-	-	-	-	4,067	(464,096)	30,245	-	-	-	(429,784)	(29,909)	(459,693)	
Total comprehensive income/(expense)	-	-	-	-	-	4,067	(464,096)	30,245	-	-	(2,869,979)	(3,299,763)	33,728	(3,266,035)	
30 September 2020	250,419	1,344,243	6,425,788	(6,897)	18,245	7,259	(2,564,212)	276,864	503,343	6,277,999	(2,869,979)	9,663,072	207,433	9,870,505	
Unaudited															
1 January 2021	250,419	1,344,243	7,447,028	(7,841)	48,051	(9,822)	(2,243,649)	330,141	503,343	6,277,999	(2,493,511)	11,446,401	226,124	11,672,525	
Transfers	-	-	-	-	-	-	-	-	-	(2,493,511)	2,493,511	-	-	-	
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	(20,020)	(20,020)	
- Net profit/(loss) for the period	-	-	-	-	-	-	-	-	-	-	1,927,338	1,927,338	64,365	1,991,703	
- Other comprehensive income/(expense)	-	-	-	-	-	52,706	97,716	10,874	-	-	-	161,296	(5,199)	156,097	
Total comprehensive income/(expense)	-	-	-	-	-	52,706	97,716	10,874	-	-	1,927,338	2,088,634	59,166	2,147,800	
30 September 2021	250,419	1,344,243	7,447,028	(7,841)	48,051	42,884	(2,145,933)	341,015	503,343	3,784,488	1,927,338	13,535,035	265,270	13,800,305	

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

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE MONTHS INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

	Notes	Unaudited 1 January 30 September 2021	Unaudited 1 January 30 September 2020
Cash flows from operating activities		4,012,028	(5,528,990)
Profit/(loss) for the period		1,991,703	(2,806,342)
Adjustment for reconciliation of profit/(loss)		3,480,196	2,926,738
Adjustment for depreciation and amortisation expense	10,11	586,385	567,620
Adjustments for stock impairment(cancelation)		-	30,674
Adjustments for stock impairment		-	30,674
Adjustment for provisions	14	177,389	165,769
Adjustment for interest (income) and expense	24	296,152	853,361
Adjustment for unrealized foreign currency translation differences		(1,930,429)	(2,028,498)
Adjustment for fair value (gain) or loss		1,821,165	194,097
Adjustment for income of investments accounted by equity method	9	(305,510)	148,036
Adjustment for tax expenses (income)	25	(499,646)	(876,520)
Adjustment for (gain) / loss on sales of property, plant and equipment	23	(393)	(572)
Adjustment for other items related with cash flow of investment or financial activities	24	3,182,989	3,819,825
Other adjustments for reconciliation of profit/(loss)		152,094	52,946
Changes in working capital		(1,328,701)	(5,592,991)
Adjustment for decrease/(increase) in trade receivables		(6,226,847)	117,228
Adjustment for decrease/(increase) in other receivables related with operations		(2,719,509)	1,448,011
Adjustment for decrease/(increase) in assets of derivative instruments		(350,468)	(784,960)
Adjustment for decrease/(increase) in inventories		(8,559,288)	2,204,096
Adjustment for increase/(decrease) in trade payables		17,081,845	(8,498,140)
Adjustment for increase/(decrease) in other payables related with operations		(393,356)	(172,064)
Adjustment for decrease/(increase) in liabilities of derivative instruments		(161,078)	92,838
Cash flows from operating activities		4,143,198	(5,472,595)
Tax returns/(payments)		(11,214)	(6,603)
Other cash inflow/(outflow)		(119,956)	(49,792)
Cash flows from investing activities		(809,265)	(542,776)
Cash inflows from the sales of property, plant and equipment and intangible assets		1,367	22,201
Cash outflows from the purchase of property, plant and equipment and intangible assets		(888,368)	(681,281)
Dividends received	9	80,000	120,000
Cash outflow from the purchase of shares in other business or funds		(2,264)	(3,696)
Cash flow from financing activities		(4,561,092)	4,118,278
Cash inflows from financial liabilities	5	12,982,635	36,227,065
Cash outflows from financial liabilities	5	(15,481,506)	(31,294,726)
Cash inflows from derivative instruments		433,762	415,876
Cash outflows from derivative instruments		(2,261,918)	(518,717)
Cash outflows from payments of rent agreements	5	(23,358)	(42,948)
Dividends paid		(20,020)	-
Interest paid		(1,728,547)	(1,095,568)
Interest received		1,537,860	427,296
Net increase/(decrease) in cash and cash equivalents before the effect of foreign currency translation differences		(1,358,329)	(1,953,488)
Impact of foreign currency translation differences on cash and cash equivalents	24	1,930,429	2,028,498
Net increase/(decrease) in cash and cash equivalents		572,100	75,010
Cash and cash equivalents at beginning of period		17,506,177	8,740,795
Cash and cash equivalents at end of period	4	18,078,277	8,815,8054

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

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

1. Organization and nature of operations of the Group

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

- To provide and refine all kinds of crude oil, petroleum and chemical products, to sustain all kinds of commercial operations of produced and imported crude oil, petroleum and chemical products including export along with the storage and transportation activities during production and selling stages and to establish and operate domestic and foreign refineries for this purpose.
- To establish and operate factories and facilities in petrochemical and other related industries,
- To provide the necessary raw and supplementary materials and process, produce or trade these materials in order to obtain petrochemical and other related products,
- To package the products produced during various phases of production and to establish a packaging industry for this purpose, to evaluate and/or to sell waste, by products and substandard products, to establish and operate the necessary facilities for the destruction of the waste products,
- To establish and operate facilities and plants related with all kinds of energy and energy related industries within the framework of the laws and regulations. To obtain, use and trade all kinds of equipment, materials and chemical substances for this purpose,
- To purchase, sell, import, export, store, market all kinds of petroleum products, LPG and natural gas, to establish marketing and distributing companies or similar partnerships with legal entities or real persons or to acquire, transfer or sell the shares of partnerships, when necessary.

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

The Company is registered at the Capital Markets Board (“CMB”) of Turkey and its shares have been quoted at Borsa İstanbul A.Ş. (“BIST”) (previously known as Istanbul Stock Exchange (“ISE”)) since 1991. As at 30 September 2021, the shares quoted on the BIST are 49% of the total shares. As of 30 September 2021, the principal shareholders and their respective shareholdings in the Company are as follows (Note 19):

	(%)
Enerji Yatırımları A.Ş.	51.00
Publicly held	49.00
	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 CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS INTERIM PERIOD ENDED 30 SEPTEMBER 2021

(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
Körfez Ulaştırma A.Ş. ("Körfez")	Turkey	Air carriage and transportation
Tupras Trading Ltd. ("Tupras Trading")	England	Crude oil and petroleum products trade

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 September 2021 is 5,934. (31 December 2020 – 6,129).

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

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

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS INTERIM PERIOD ENDED 30 SEPTEMBER 2021

(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 June 2013 which is published on Official Gazette numbered 28676. In accordance with article 5th of the Communiqué, companies should apply Turkish Financial Reporting Standards (“TFRS”) and interpretations regarding these standards as published by the Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”).

The consolidated financial statements are presented in accordance with the formats specified in the "Announcement on TMS Taxonomy" published by the POA on 15 April 2020 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.

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 interim condensed consolidated financial statements are presented in TRY, which is the functional currency of Tüpraş and the presentation currency of the Group.

2.1.2 Amendments in Turkish Financial Reporting Standards (TFRS)

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the interim condensed consolidated financial statements as at 30 September 2021 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 2021. 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 September 2021:*

- **Amendment to IFRS 16, ‘Leases’ – Covid-19 related rent concessions Extension of the Practical expedient;** as of March 2021, this amendment extended till June 2022 and effective from 1 April 2021. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

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

2. Basis of presentation of consolidated financial statements

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

- **Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2;** effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.
- **Deferral of IFRS 9;** effective from 1 January 2023 or following reporting periods. These amendments have been postponed to 1 January 2023, the fixed date of the temporary exemption in TFRS 4 for the implementation date of TFRS 9 Financial Instruments.

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

b) *Standards, amendments and interpretations that are issued but not effective as at 30 September 2021:*

- **Amendments to IAS 1, Presentation of financial statements’ on classification of liabilities;** effective from 1 January 2022. These narrow-scope amendments to IAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the ‘settlement’ of a liability.
- **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;** effective from Annual periods beginning on or after 1 January 2022.
 - **Amendments to IFRS 3,** ‘Business combinations’ update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
 - **Amendments to IAS 16,** ‘Property, plant and equipment’ prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
 - **Amendments to IAS 37,** ‘Provisions, contingent liabilities and contingent assets’ specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, ‘First-time Adoption of IFRS’, IFRS 9, ‘Financial instruments’, IAS 41, ‘Agriculture’ and the Illustrative Examples accompanying IFRS 16, ‘Leases’.

- **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;** 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.

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

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(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)

2.1.3 Financial statements of joint ventures operating in foreign countries

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

2.1.4 Principles of consolidation

- The condensed consolidated financial statements for the interim period ended 30 September 2021 have been prepared in accordance with principles stated on the consolidated financial statements for the year ended 31 December 2020 and include financial statements of Tüpraş, and its Subsidiaries.
- At 30 September 2021, there are no changes in voting rights or proportion of effective interest on subsidiaries and joint ventures that are subject to consolidation from the information stated on consolidated financial statements for the year ended 31 December 2020.

	30 September 2021		31 December 2020	
	Direct and indirect voting right possessed by the company (%)	Proportion of effective interest (%)	Direct and indirect voting right possessed by the company (%)	Proportion of effective interest (%)
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
Körfez	100.00	100.00	100.00	100.00
Tupras Trading	100.00	100.00	100.00	100.00

The statement of financial position and statement of comprehensive income of the subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by the Company is eliminated against the related equity. Intercompany transactions and balances between the Company and its subsidiary are eliminated on consolidation. The cost of and the dividends arising from, shares held by the Company in its subsidiary are eliminated from equity and income for the year, respectively.

- 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 changes of the amount, not reflected on income or loss of the joint venture, on the equity of the joint venture can requisite an adjustment on the net book value of the joint venture in proportion of the Group’s share.

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(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)

The table below shows the total interest of the Group in its joint ventures accounted by equity method as at 30 September 2021 and 31 December 2020:

	30 September 2021		31 December 2020	
	Direct and indirect voting right possessed by the company (%)	Proportion of effective interest (%)	Direct and indirect voting right possessed by the company (%)	Proportion of effective interest (%)
Joint ventures accounted by equity method				
Opet	50.00	40.00	50.00	40.00
Opet International Limited (*)	50.00	40.00	50.00	40.00
Opet Trade B.V. (*)	50.00	40.00	50.00	40.00
Opet Trade Singapore (In liquidation)(*) (**)	50.00	40.00	50.00	40.00
Opet Market ve Akaryakıt İstasyon İşletmeciliği A.Ş. (*)	50.00	40.00	50.00	40.00
THY Opet Havacılık Yakıtları A.Ş. (*)	25.00	20.00	25.00	20.00
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş. (*)	25.00	20.00	25.00	20.00
Op Ay Akaryakıt Ticaret Ltd. Şti. (*)	25.00	20.00	25.00	20.00
Akdeniz Akaryakıt Depolama Nakliyat ve Tic. A.Ş. (*)	16.65	13.32	16.65	13.32
Opet Aygaz Gayrimenkul A.Ş. (*)	25.00	20.00	25.00	20.00

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

(**) The company discontinued its activities as of 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 interest.

2.2. Changes in accounting policies

2.2.1 Comparative information

The consolidated financial statements of the Group are prepared in comparison with the previous period in order to enable the determination of financial status and performance trends.

As of 30 September 2021, the Group prepared the consolidated statement of financial position prepared as of 31 December 2020 and the consolidated statement of comprehensive income for the period ended 30 September 2021, cash flow statement and statement of changes in equity as of 30 September 2020. prepared comparatively with the consolidated financial statements of the interim period.

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

Condensed consolidated financial statements for the period ended 30 September 2021, have been prepared in compliance with TAS 34, the TFRS standard on interim financial reporting. Furthermore, condensed consolidated financial statements as of 30 September 2021 have been prepared applying accounting policies which are consistent with the accounting policies used for the preparation of consolidated financial statements for the year ended 31 December 2020. Thus, these condensed consolidated financial statements must be evaluated together with the consolidated financial statements for the year ended 31 December 2020.

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3. Business Combinations

No business combinations occurred during the period 30 September 2021.

4. Cash and cash equivalents

	30 September 2021	31 December 2020
Cash at banks		
Demand deposits	414,726	141,440
Time deposit	17,576,569	17,354,252
Demand deposits (blocked)	86,982	10,485
Revenue share (blocked)	2,572,110	2,204,004
Time deposit interest accruals	146,764	115,111
Total	20,797,151	19,825,292

Revenue Share (blocked)

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 September 2021 and 31 December 2020 (Note 13).

There are blocked demand deposits of TRY86,982 thousand for additional banking transactions (31 December 2020 -TRY10,485).

Time deposits and other cash and cash equivalents

As at 30 September 2021 and 31 December 2020, the maturity and the currency information of the time deposits, is as follows:

30 September 2021

	Effective rate of interest (%)	Less than 1 month	1 - 3 months	Total
TRY	19.13	13,554,837	49,831	13,604,668
USD	0.70	3,930,574	30,089	3,960,663
EUR	0.05	9,693	-	9,693
GBP	0.05	1,545	-	1,545
Time deposit		17,496,649	79,920	17,576,569

31 December 2020

	Effective rate of interest (%)	Less than 1 month	1 - 3 months	Total
TRY	17.78	13,287,465	3,393,695	16,681,160
USD	3.66	124,297	516,405	640,702
EUR	1.16	30,268	-	30,268
GBP	0.20	2,122	-	2,122
Time deposit		13,444,152	3,910,100	17,354,252

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4. Cash and cash equivalents (Continued)

Cash and cash equivalents included in the consolidated statements of cash flows for the periods ended 30 September 2021 and 30 September 2020 are as follows:

	30 September 2021	30 September 2020
Cash and cash equivalents	20,797,151	10,891,062
Less: Blocked deposits (Revenue share)	(2,572,110)	(2,067,939)
Less: Time deposit interest accruals	(146,764)	(7,318)
Cash and cash equivalents	18,078,277	8,815,805

5. Financial liabilities

	30 September 2021	31 December 2020
Short-term financial liabilities:		
Short-term bank borrowings	408,010	2,084,018
Interest accruals of bank borrowings	6,308	13,790
Total	414,318	2,097,808
Short-term portion of long-term financial liabilities:		
Short-term portion of long-term bank borrowings	11,505,979	5,423,700
Bonds issued	-	650,000
Interest accruals of bank borrowings	287,863	227,494
Interest accruals of bonds issued	180,504	72,909
Lease liabilities	32,618	29,834
Total	12,006,964	6,403,937
Long-term financial liabilities:		
Long-term bank borrowings	9,359,039	14,882,553
Bonds issued	8,080,310	5,638,350
Interest accruals of bank borrowings	-	23,364
Lease liabilities	202,466	199,056
Total	17,641,815	20,743,323
Total financial liabilities	30,063,097	29,245,068

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5. Financial liabilities (Continued)

Tüpraş has issued a bond on 3 February 2021 with a nominal value of TRY1,100 million, with a maturity of 728 days, coupon payment every 3 months and repayment of principal and coupon at maturity, with 140 bps additional yields on 3MTLREF reference rate.

Tüpraş has issued a bond on 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 on 3MTLREF reference rate.

Tüpraş has issued a bond on 30 November 2020 with a nominal value of TRY500 million, with a maturity of 728 days, coupon payment every 3 months and repayment of principal and coupon at maturity, with 140 bps additional yields on 3MTLREF reference rate.

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 September 2021 the outstanding amount of the loans is USD481 million (31 December 2020 – USD576 million).

Tüpraş has issued a bond on 8 February 2020 with a nominal value of TRY400 million, with a maturity of 728 days, coupon payment every 3 months and repayment of principal and coupon at maturity, with 75 bps additional yields on 3MTRLIBOR reference rate. The bond was paid and redeemed on 5 February 2021.

Tüpraş has issued a bond on 25 January 2020 with a nominal value of TRY250 million, with a maturity of 728 days, coupon payment every 3 months and repayment of principal and coupon at maturity, with 75 bps additional yields on 3MTRLIBOR reference rate. The bond was paid and redeemed on 22 January 2021.

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5. Financial liabilities (Continued)

Foreign currency balances and effective interest rates for the short and long-term financial liabilities as at 30 September 2021 and 31 December 2020 are as follows:

		30 September 2021	
	Effective interest rate (%)	Original Currency	Thousand TRY
Short-term financial liabilities:			
TRY borrowings (*)	-	27,748,293	27,748
USD borrowings	2.67	43,000,000	380,262
			408,010
Interest accruals			6,308
			414,318
Short-term portion of long-term financial liabilities:			
TRY borrowings	11.42	6,284,034,000	6,284,034
USD borrowings	2.13	587,915,029	5,199,109
EUR borrowings	3.28	2,214,250	22,836
TRY lease liabilities	19.33	25,255,140	25,255
EUR lease liabilities	2.93	367,092	3,786
GBP lease liabilities	4.16	299,866	3,577
			11,538,597
Interest accruals			468,367
			12,006,964
Long-term financial liabilities:			
TRY borrowings	17.76	5,143,949,596	5,143,950
TRY bonds issued	21.22	1,890,000,000	1,890,000
USD borrowings	2.45	476,642,014	4,215,089
USD bonds issued	4.50	700,000,000	6,190,310
TRY lease liabilities	20.91	129,019,246	129,019
EUR lease liabilities	3.22	6,673,583	68,828
GBP lease liabilities	4.20	387,201	4,619
			17,641,815
Interest accruals			-
			17,641,815

(*) Banks provide interest-free loans to the Group for the payment of SCT, Customs and Social Security debts amounting to TRY27,748 thousand as of 30 September 2021 (31 December 2020 – TRY17,839 thousand).

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5. Financial liabilities (Continued)

			31 December 2020
	Effective interest rate (%)	Original Currency	Thousand TRY
Short-term financial liabilities:			
TRY borrowings (*)	8.79	1,217,838,682	1,217,839
USD borrowings	0.65	118,000,000	866,179
			2,084,018
Interest accruals			13,790
Total short-term financial liabilities			2,097,808
Short-term portion of long-term financial liabilities			
TRY borrowings	9.89	2,715,300,000	2,715,300
TRY bonds issued	16.57	650,000,000	650,000
USD borrowings	2.34	293,917,846	2,157,504
EUR borrowings	2.11	61,157,000	550,896
TRY lease liabilities	18.32	22,677,599	22,678
EUR lease liabilities	3.27	473,363	4,264
GBP lease liabilities	4.16	290,824	2,892
			6,103,534
Interest accruals			300,403
Total short-term portion long-term financial liabilities			6,403,937
Long-term financial liabilities:			
TRY borrowings	12.31	7,899,098,000	7,899,098
TRY bonds issued	18.07	500,000,000	500,000
USD borrowings	2.34	951,359,581	6,983,455
USD bonds issued	4.50	700,000,000	5,138,350
TRY lease liabilities	20.92	130,433,740	130,434
EUR lease liabilities	3.23	6,941,129	62,524
GBP lease liabilities	4.20	613,248	6,098
			20,719,959
Interest accruals			23,364
Total long-term financial liabilities			20,743,323

As at 30 September 2021 and 31 December 2020, the redemption schedule of long-term bank borrowings is as follows:

	30 September 2021	31 December 2020
1-2 years	9,367,934	12,424,887
2-3 years	1,573,902	2,247,467
3-4 years	6,320,594	5,714,105
4-5 years	47,030	100,516
Over 5 years	332,355	256,348
Total	17,641,815	20,743,323

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5. Financial liabilities (Continued)

The movement of borrowings as of 30 September 2021 and 2020 is as follows:

	2021	2020
1 January	29,245,068	19,075,794
New financial borrowings	12,982,635	36,227,065
Principal payments	(15,481,506)	(31,294,726)
Increase due to lease liabilities	18,535	28,709
Decrease due to payment of lease liabilities	(23,358)	(42,948)
Changes in interest accruals	137,118	142,441
Changes in foreign exchange rates	3,184,605	4,524,070
30 September	30,063,097	28,660,405

6. Trade receivables and payables

Short-term trade receivables:

	30 September 2021	31 December 2020
Trade receivables	6,675,055	1,421,103
Due from related parties (Note 27)	1,297,052	324,555
Doubtful trade receivables	5,528	5,264
Other trade receivables	6	7
Less: Unearned credit finance income	(31,450)	(10,116)
Less: Provision for doubtful receivables	(5,528)	(5,264)
Total short-term trade receivables (net)	7,940,663	1,735,549

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

As at 30 September 2021, Tüpraş has offsetted TRY2,515,867 thousand (31 December 2020 - TRY2,976,335 thousand) from trade receivables that are collected from factoring companies as part of the irrevocable factoring and TRY198,212 thousand (31 December 2020 – 1,127,270) deducted supplier financing transaction from trade receivables.

Movement of the provision for doubtful receivables for the periods ended 30 September 2021 and 2020 is as follows:

	2021	2020
1 January	5,264	5,243
Charge for the period	399	235
Payments during the period	(135)	(163)
30 September	5,528	5,315

Short-term trade payables:

	30 September 2021	31 December 2020
Trade payables	31,197,710	13,924,582
Due to related parties (Note 27)	27,203	218,486
Less: Unrealised credit finance charges	(4,397)	(5,600)
Total short term trade payables (net)	31,220,516	14,137,468

Tüpraş discounts short-term trade payables by using domestic government bonds rates.

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7. Other receivables and payables

Other short-term receivables:

	30 September 2021	31 December 2020
Receivable from personnel	19,312	14,284
Deposits and guarantees given	4,628	3,404
Other doubtful receivables	1,390	1,389
Receivable from insurance recoveries	405	1,002
Less: Provision for other doubtful receivables	(1,390)	(1,389)
Total	24,345	18,690

8. Inventories

	30 September 2021	31 December 2020
Raw materials and supplies	1,847,112	969,551
Work-in-progress	3,037,588	1,706,414
Finished goods	3,598,328	2,468,321
Trade goods	58,040	75,071
Goods in transit	7,620,831	2,414,477
Other	98,019	66,796
Total	16,259,918	7,700,630

Movement of the provision for inventories for the periods ended 30 September 2021 and 2020 is as follows:

	2021	2020
1 January	-	-
Charge for the period	-	1,034,554
Provisions no longer required	-	(1,003,880)
30 September	-	30,674

The sudden drop in crude oil price through pandemic caused inventory sales prices to remain below unit cost in 2020. However, as a result of the increase in crude oil prices reflected on product prices, the provision for inventories was mostly canceled on 30 September 2020.

9. Investments accounted for using the equity method

	30 September 2021		31 December 2020	
	Participation share (%)	Amount	Participation share (%)	Amount
OPET Petrolcülük A.Ş.	40.00	1,562,874	40.00	1,326,490
		1,562,874		1,326,490

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9. Investments accounted for using the equity method (Continued)

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

The movement in the investments accounted for using the equity method during the period ended 30 September 2021 and 2020 is as follows:

	2021	2020
1 January	1,326,490	1,362,777
Investments accounted for using the equity method:		
Shares in current year profit	305,510	(226,034)
Dividend payment	(80,000)	(120,000)
Currency translation differences	10,874	14,798
30 September	1,562,874	1,031,541

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

	30 September 2021	31 December 2020
Current assets	7,821,651	5,059,935
Non-current assets	3,811,326	3,701,575
Total assets	11,632,977	8,761,510
Short term liabilities	5,095,880	2,829,607
Long term liabilities	3,102,595	3,088,361
Equity	3,434,502	2,843,542
Total liabilities	11,632,977	8,761,510

	1 January - 30 September 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
Sales (net)	37,336,547	16,426,513	28,408,278	12,339,300
Gross profit	1,896,580	726,436	1,261,817	623,525
Operating profit	932,328	391,490	474,746	362,968
Net income for the period	763,774	610,143	(370,090)	194,995

With the decision of the Competition Board dated 27 August 2018; By determining the resale price of its dealers, an investigation was initiated against Opet to determine whether Article 4 of the Law on the Protection of Competition numbered 4054 was violated, and as a result of the investigation, the Authority sentenced Opet to a fine of TRY433,932 thousand. TRY 325.450 thousand, 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 and penalty. A lawsuit was filed by Opet for the annulment of the said decision and a stay of execution decision was made in the case. As a result of the trial, the Court decided to cancel the administrative fine in question and return it to Opet together with its legal interest. In September 2021, a fine of 325,450 thousand TL and a 22,550 thousand TL legal interest has been withdrawn. Competition Authority has applied to the court of appeal for the annulment of the first instance appeals court’s annulment decision, the proceedings are continuing.

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10. Property, plant and equipment

The movements in property, plant and equipment and related depreciation expenses as of 30 September 2021 and 2020 are as follows:

	1 January 2021	Currency translation differences	Additions	Transfers	Disposals	30 September 2021
Cost:						
Lands	8,341,191	-	-	-	-	8,341,191
Land improvements	3,903,485	-	12,832	-	(816)	3,915,501
Buildings	903,443	-	36,800	-	(1,640)	938,603
Machinery and equipment	13,273,886	863	67,573	1,536	(1,278)	13,342,580
Motor vehicles	2,093,006	-	16,884	-	(1,258)	2,108,632
Furniture and fixtures	166,378	-	24,967	-	(871)	190,474
Construction in progress	1,050,655	-	686,390	-	-	1,737,045
Special costs	3,730	-	56,555	-	-	60,285
Other tangible assets	2,835	-	-	-	-	2,835
	29,738,609	863	902,001	1,536	(5,863)	30,637,146
Accumulated depreciation:						
Land improvements	(1,745,480)	-	(118,018)	-	770	(1,862,728)
Buildings	(244,257)	-	(14,353)	-	1,357	(257,253)
Machinery and equipment	(5,435,214)	(104)	(319,150)	(333)	758	(5,754,043)
Motor vehicles	(339,551)	-	(62,245)	-	1,258	(400,538)
Furniture and fixtures	(95,267)	-	(19,252)	-	746	(113,773)
Special costs	(672)	-	(8,149)	-	-	(8,821)
Other tangible assets	(2,279)	-	(204)	-	-	(2,483)
	(7,862,720)	(104)	(541,371)	(333)	4,889	(8,399,639)
Net book value	21,875,889					22,237,507

	1 January 2020	Currency translation differences	Additions	Transfers	Disposals	30 September 2020
Cost:						
Lands	7,206,553	-	-	-	-	7,206,553
Land improvements	3,793,487	-	29,769	-	(21,660)	3,801,596
Buildings	839,908	-	13	-	12,477	852,398
Machinery and equipment	12,936,688	330	165,292	-	(13,681)	13,088,629
Motor vehicles	1,993,137	-	118,099	-	(30,579)	2,080,657
Furniture and fixtures	135,217	207	23,706	-	(888)	158,242
Construction in progress	651,346	-	404,269	-	2	1,055,617
Special costs	4,131	976	-	-	-	5,107
Other tangible assets	2,794	-	42	-	(2)	2,834
	27,563,261	1,513	741,190	-	(54,331)	28,251,633
Accumulated depreciation:						
Land improvements	(1,612,017)	-	(115,902)	-	21,653	(1,706,266)
Buildings	(227,940)	-	(13,332)	-	(12,499)	(253,771)
Machinery and equipment	(5,025,154)	(61)	(314,923)	-	6,655	(5,333,483)
Motor vehicles	(281,918)	-	(64,712)	-	16,387	(330,243)
Furniture and fixtures	(78,701)	(37)	(14,532)	-	527	(92,743)
Special costs	(818)	(213)	(729)	-	(1)	(1,761)
Other tangible assets	(1,998)	-	(214)	-	1	(2,211)
	(7,228,546)	(311)	(524,344)	-	32,723	(7,720,478)
Net book value	20,334,715					20,531,155

Total depreciation expense amounting to TRY541,371 thousand (30 September 2020 – TRY524,344 thousand) related to tangible fixed assets in the comprehensive consolidated income statement for the interim period ended as of 30 September 2021 has been allocated to cost of sales amounting to TRY419,464 thousand (30 September 2020 – TRY399,361 thousand), to marketing, amounting to TRY63,700 thousand (30 September 2020 – TRY73,138 thousand), to general administration expenses amounting to TRY 47,258 thousand (30 September 2020 – TRY42,126 thousand), to research and development expenses amounting to TRY10,949 thousand (30 September 2020 – 9,719 thousand).

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

10. Property, plant and equipment (Continued)

The depreciation expense related to right-of-use assets in the consolidated statement of comprehensive income for the interim period ended as of 30 September 2021 at TRY27,822 thousand (30 September 2020 – TRY26,948 thousand), is classified to general administrative expenses amounting to TRY18,794 thousand (30 September 2020 – TRY20,936 thousand) to marketing, amounting to TRY4,964 thousand (30 September 2020 – TRY3,983 thousand), and to cost of sales amounting to TRY4,064 thousand (30 September 2020 - TRY2,029 thousand).

As of 30 September 2021, there are no mortgage on property, plant and equipment (30 September 2020 : None). The Group has revaluated all of the lands to their fair values which assets’ cost value is amounting to TRY66,782 thousand in accordance with TAS 16, Property, Plant and Equipment as of 31 December 2020 and included the revaluation increase amounting to TRY8,274,409 thousand in consolidated financial statements (31 December 2020: TRY8,274,409 thousand).

11. Intangible assets

Other intangible assets:

The movements of intangible assets and related accumulated amortisation for the period ended 30 September 2021 and 2020 are as follows:

	1 January 2021	Additions	Transfers	Disposals	30 September 2021
Cost:					
Rights and software	109,460	9,708	-	-	119,168
Development expenses	115,194	3,715	(1,536)	-	117,373
	224,654	13,423	(1,536)	-	236,541
Accumulated amortisation:					
Rights and software	(79,919)	(9,171)	-	-	(89,090)
Development expenses	(82,366)	(8,021)	333	-	(90,054)
	(162,285)	(17,192)	333	-	(179,144)
Net book value	62,369				57,397
	1 January 2020	Additions	Transfers	Disposals	30 September 2020
Cost:					
Rights and software	99,713	2,449	-	(24)	102,138
Development expenses	92,498	13,633	-	-	106,131
	192,211	16,082	-	(24)	208,269
Accumulated amortisation:					
Rights and software	(67,510)	(9,381)	-	3	(76,888)
Development expenses	(72,957)	(6,947)	-	-	(79,904)
	(140,467)	(16,328)	-	3	(156,792)
Net book value	51,744				51,477

Total amortisation expenses amounting to TRY17,192 thousand (30 September 2020: TRY16,328 thousand) in the consolidated statement of comprehensive income for the period ended 30 September 2021 have been allocated to the general administration expenses amounting to TRY17,144 thousand (30 September 2020: TRY16,328 thousand) and the cost of sales amounting to TRY48 thousand (30 September 2020: None).

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12. Prepaid expenses

Short term prepaid expenses:

	30 September 2021	31 December 2020
Insurance and other expenses	221,430	132,483
Advances given	34,336	94,318
Advances given to third parties for property, plant and equipment	6,745	2,414
Other advances	9,131	4,399
Total	271,642	233,614

Long term prepaid expenses:

	30 September 2021	31 December 2020
Advances given to third parties for property, plant and equipment	89,062	130,621
Advances given to related parties for property, plant and equipment (Note 27)	9,884	2,126
Other prepaid expenses	3,207	2,039
Total	102,153	134,786

13. Other assets and liabilities

Other current assets:

	30 September 2021	31 December 2020
Deferred VAT	2,034,587	41,516
Deferred Value Added Tax (“VAT”)	1,072,065	382,032
Deferred Special Consumption Tax (“SCT”)	176,001	123,601
Taxes and funds to be offsetted	79,942	74,547
Spare parts and material stocks	67,660	89,655
Income accruals	16,280	16,793
Income accruals from commodity hedge (*)	-	22,746
Other current assets	20,705	18,352
Total	3,467,240	769,242

(*) As of 31 December 2020, income accruals of derivatives transactions consist of swap transactions for inventory of Tüpraş which are exposed to commodity price risk and zero cost corridor transaction expense accruals. The income accruals recognition made as of 31 December 2020 is recognized under cost of goods sold and collected as of 8 January 2021.

Other non-current assets:

	30 September 2021	31 December 2020
Spare parts and material stocks	1,789,605	1,763,686
Other	6,631	49,145
Total	1,796,236	1,812,831

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

13. Other assets and liabilities (Continued)

Other current liabilities:

	30 September 2021	31 December 2020
Revenue share	2,582,547	2,210,451
Deferred Value Added Tax (“VAT”)	1,072,065	382,032
SCT payable	548,041	1,090,914
Deferred Special Consumption Tax (“SCT”)	176,001	123,601
Other taxes and liabilities	36,976	79,550
VAT payable	27,320	269,314
Expense accruals from commodity hedge (*)	-	247,432
Other	46,129	45,352
Total	4,489,079	4,448,646

(*) As of 31 December 2020, expense accruals consist of commodity derivatives transactions for inventory of Tüpraş which are exposed to commodity price risk. The expense accruals recognition made as of 31 December 2020 is recognized under cost of goods sold and collected as of 8 January 2021.

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

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

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 TRY2,582,547 thousand accumulated as at 30 September 2021 (31 December 2020: TRY2,210,451 thousand) which is not recognized in the comprehensive income statement, has been classified as “Revenue Share” within “Other short-term liabilities”. TRY2,572,110 thousand is (31 December 2020: TRY2,204,004 thousand) blocked in banks as demand deposits with government debt securities interest rate and overnight interest rate related to the calculated revenue share has been classified as Revenue share “Blocked” within “Cash and cash equivalents”(Note 4).

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14. Provisions

Provision for employee benefits:

Short-term provision for employee benefits:

	30 September 2021	31 December 2020
Personnel bonus accruals	117,473	13,067
Seniority incentive bonus provision	12,829	11,505
Total	130,302	24,572

Long-term employee benefits:

	30 September 2021	31 December 2020
Provision for employment termination benefits	271,131	271,661
Provision for unused vacation	69,756	72,866
Seniority incentive bonus provision	15,065	11,878
Total	355,952	356,405

Seniority incentive bonus provision:

The Group has an employee benefit plan called “Seniority Incentive Bonus”, which is paid to the employees with a certain level of seniority.

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

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

	2021	2020
1 January	23,383	20,600
Charge for the period	16,991	8,353
Payments during the period	(12,480)	(5,160)
30 June	27,894	23,793

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.

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14. Provisions (Continued)

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 September 2021	31 December 2020
Discount rate (%)	4,63	4,63
Turnover rate to estimate probability of retirement (%)	99,37	99,38

The principal assumption is that maximum liability of employment termination benefits for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Employment termination benefits of the joint ventures of the Group, which are registered in Turkey are calculated from the maximum amount of TRY8,248.51 which is effective as at 1 July 2020 (31 December 2020: TRY7,638.96).

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

	2021	2020
1 January	271,661	232,075
Interest rate	16,778	20,949
Increase during the period	21,582	17,049
Payments during the period	(38,890)	(20,530)
30 September	271,131	249,543

Provision for unused vacation:

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

	2021	2020
1 January	72,866	71,754
Increase during the period	3,691	15,547
Payments during the period	(6,801)	(5,482)
30 June	69,756	81,819

Other short term provisions:

	30 September 2021	31 December 2020
EMRA participation share (*)	62,347	41,458
Provision for demurrage	38,041	48,820
Provisions for pending claims and law suits	23,238	21,981
Provisions for cost	16,580	1,135
Other	33,872	4,122
Total	174,078	117,516

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

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14. Provisions (Continued)

Other short term provisions (Continued)

Movement of the short-term provisions for the period ended 30 September 2021 and 2020 are as follow:

	Provision for pending claims and lawsuits	EMRA participation share	Provision for demurrage	Provision for cost	Other	Total
1 January 2021	21,981	41,458	48,820	1,135	4,122	117,516
Changes for the period, net	2,247	41618	29,287	15,445	29,750	118,347
Payments during the period, net	(990)	(20,729)	(40,066)	-	-	(61,785)
30 September 2021	23,238	62,347	38,041	16,580	33,872	174,078
1 January 2020	21,195	37,054	41,924	1,010	192	101,375
Changes for the period, net	(444)	30,523	20,799	24,359	28,634	103,871
Payments during the period, net	(93)	(18,527)	-	-	-	(18,620)
30 September 2020	20,658	49,050	62,723	25,369	28,826	186,626

15. Liabilities for employee benefits

	30 September 2021	31 December 2020
Due to the personnel	60,254	113,713
Social security withholdings payment	42,796	38,214
Total	103,050	151,927

16. Other payables

	30 September 2021	31 December 2020
Deposits and guarantees received	39,543	33,350
Other payables to related parties (Note 27)	-	30,763
Total	39,543	64,113

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17. Derivative instruments

	30 September 2021				31 December 2020			
	Purchase contract amount		Sales contract amount		Purchase contract amount		Sales contract amount	
			Assets	Liabilities			Assets	Liabilities
<i>Cash flow hedge</i>								
Interest rate swap	1,305,568	1,305,568	26,702	46,564	729,500	729,500	-	46,563
Cross currency swap	127,007	49,627	124,008	-	885,015	613,238	318,377	18,222
Commodity derivative	170,015	170,015	-	17,621	51,015	51,017	20,939	32,067
<i>Derivatives held for trading</i>								
Currency forwards	20,649,104	20,380,320	585,442	539	15,125,099	16,070,341	40,366	665,976
Commodity derivative	6,435,972	6,435,972	-	545,768	-	-	-	-
Interest rate swap	-	-	-	-	-	-	447	-
Short term derivative financial instruments			736,152	610,492			380,129	762,828
<i>Cash flow hedge</i>								
Interest rate swap	2,602,294	2,602,294	3,875	36,748	2,126,201	2,126,201	-	45,490
Cross currency swap	156,249	40,991	78,453	-	172,928	54,654	87,313	-
<i>Derivatives held for trading</i>								
Interest rate swap	-	-	-	-	750,000	750,000	570	-
Long term derivative financial instruments			82,328	36,748			87,883	45,490
Total			818,480	647,240			468,012	808,318

As of 30 September 2021, forward foreign exchange transactions consist of forward and currency swap transactions which generate a sales obligation of TRY20,380,320 thousand in exchange of USD 2,335,000 thousand which will expire in 2021. (As of 31 December 2020, forward, swap, futures and options market transactions consist of forward transactions which generate a sales obligation of TRY16,070,341 thousand in exchange of USD2,060,500 thousand which has expired on in January 2021).

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17. Derivative instruments (Continued)

As of 30 September 2021, interest rate swap consists of exchange of floating rate instalment payments of long term borrowings and bonds amounting to USD242,559 thousand (31 December 2020: USD289,615 thousand), EUR2,214 thousand (31 December 2020: EUR8,857) and TRY1,740,000 (31 December 2020: TRY750,000 thousand) thousand with fixed rate instalment payments for cash flow hedging.

As of 30 September 2021, cross currency swap transactions consist of swaps with fixed interest rate transaction of foreign currency indexed floating interest rate USD 29,448 thousand (31 December 2020: USD66,837) and fixed interest rate long-term borrowings amounting to TRY68,318 thousand (31 December 2020: TRY253,690) and indexed to Turkish Lira, swap of foreign currency indexed floating interest long-term borrowing of EUR2,214 thousand (31 December 2020: EUR4,429 thousand) and fixed interest rate long-term borrowings amounting to TRY2,522 thousand (31 December 2020: USD5,043 thousand) and USD indexed fixed interest payments.

Commodity future purchase and sales transactions consist of transactions of crack margin fixing and swap transactions as of 30 September 2021 and commodity derivative transactions and zero cost collar transactions as of 31 December 2020. Swap transactions for crude oil stocks are 4,500 thousand barrels in total and the weighted average fixed price of these transactions is USD 65.5/barrel (31 December 2020 - None). The weighted average purchase price of zero-cost collar option transactions made for a total of 3,000 thousand barrels of crude oil stocks and giving the right to sell is US\$ 70.0/barrel, and the weighted average selling price of the option transactions giving rise to a selling obligation is US\$ 74.3/barrel.

18. Commitments and contingent assets and liabilities

	30 September 2021		31 December 2020	
	Original currency(*):	TRY amount:	Original currency:	TRY amount:
Guarantees received:				
Letter of guarantess received		1,232,032		1,329,871
- Letter of guarantees in TRY	611,681	611,681	658,781	658,781
- Letter of guarantees in USD	19,789	175,004	36,186	265,624
- Letter of guarantees in EUR	43,045	443,945	44,517	401,005
- Letter of guarantees in other currencies	-	1,402	-	4,461
		423		679
Guarantee notes received		423	679	679
- Guarantee notes in TRY	423	423		
Guarantee letters received		500,717		417,926
- Guarantee letters received in TRY	50,000	50,000	50,000	50,000
- Guarantee letters received in USD	50,851	449,686	50,000	367,025
- Guarantee letters received in EUR	100	1,031	100	901
Guarantee letters of credit		120,424		205,520
- Letters of credit in USD	13,618	120,424	27,998	205,520
Direct debiting limits		582,812		407,475
- TRY direct debiting limits	582,812	582,812	407,475	407,475
Total guarantees received		2,436,408		2,361,471
Guarantees given:				
Letter of credits given		10,650,644		3,953,337
- Letter of credits in USD	1,202,960	10,638,140	535,781	3,932,903
- Letter of credits in EUR	961	9,911	2,268	20,434
Letter of guarantees given		1,414,938		1,423,999
- Letter of guarantees in TRY	1,228,567	1,228,567	1,264,460	1,264,460
- Letter of guarantees in USD	20,200	178,636	20,200	148,279
- Letter of guarantees in EUR	750	7,735	1,250	11,260
Letters of guarantee given to customs offices		743,462		897,796
- Letter of guarantees in TRY	681,581	681,581	843,749	843,749
- Letter of guarantees in EUR	6,000	61,881	6,000	54,047
Letters of guarantee given to banks		655,974		753,762
- Letter of guarantees in USD	71,002	627,895	89,322	655,667
- Letter of guarantees in EUR	2,723	28,079	10,890	98,095
Guarantorships in USD	104,000	919,703		
Total guarantees given		14,384,721		7,028,894

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

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

18. Commitments and contingent assets and liabilities (Continued)

As of 30 September 2021 and 31 December 2020, letter of guarantees received are composed of guarantees from customers and suppliers, Guarantees given are mainly composed of guarantees given to government entities and customs offices, As of 30 September 2021, letters of guarantee given to banks are given for loans which were used by Companies within scope of consolidation amounting to TRY614,747 thousand (31 December 2020: TRY92,365 thousand) and for derivative financial instruments amounting to TRY41.227 thousand (31 December 2020: TRY 7.847 thousand).

Collaterals, pledges, mortgages given by the Group as of 30 September 2021 and 31 December 2020 are as follows:

	30 September 2021	31 December 2020
A. CPMs given for companies in the name of its own legal personality	12,416,843	6,275,132
- TRY	1,910,148	2,108,209
- USD	10,424,575	4,081,182
- EUR	79,527	85,741
- Other	2,593	-
B. CPMs given on behalf of the fully consolidated companies	1,967,878	753,762
- USD	1,939,799	655,667
- EUR	28,079	98,095
C. CPMs given for continuation of its economic activities on behalf of third parties	-	-
D. Total amount of other CPMs	-	-
i) Total amount of CPMs given on behalf of the majority shareholder	-	-
ii) Total amount of CPMs given to on behalf of other Group companies which are not in scope of B and C,	-	-
iii) Total amount of CPMs given on behalf of third parties which are not in scope of C,	-	-
Total	14,384,721	7,028,894

19. Equity

The Company’s shareholders and their shareholding percentages as at 30 June 2021 and 31 December 2020 are as follows:

	30 September 2021	Share (%)	31 December 2020	Share (%)
Enerji Yatırımları A.Ş.	127,714	51	127,714	51
Publicly owned	122,705	49	122,705	49
Total	250,419	100	250,419	100
Adjustment to share capital	1,344,243		1,344,243	
Total paid-in capital	1,594,662		1,594,662	

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

Registered capital of the Company is TRY500,000 thousand and is divided into 50,000,000,000 shares with a registered nominal value of 1 Kuruş (“Kr”) (31 December 2020: 1Kr) each, The authorised and paid-in share capital of the Company comprises 25,041,919,999 Group A shares with a registered nominal value of 1Kr and one Group C share with privileges belonging to the Privatisation Administration.

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19. Equity (Continued)

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

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

Restricted reserves

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

In accordance with Turkish Financial Reporting Standards the aforementioned amounts should be classified under “Restricted Reserves”. At 30 September 2021, the restricted reserves of the Company amount to TRY503,343 thousand (31 December 2020 - TRY503,343 thousand).

Dividend distribution

Listed companies distribute dividend in accordance with the Communiqué No, II-19,1 issued by the CMB which is effective from 1 February 2014.

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

At the Ordinary General Assembly Meeting dated 31 March 2021, in the financial statements prepared in accordance with the Tax Procedural Law records; due to loss of amounting TRY3,070,278 thousand in the last year-ended result, it was decided to dividends will not be distributed and transfer the net period loss amounting to TRY2,493,511 thousand attributable to equity holders of the parent to the retained earnings in the related financial statements.

At the Ordinary General Assembly Meeting dated 1 April 2020, in the financial statements prepared in accordance with the Tax Procedural Law records; due to loss of amounting TRY1,139,413 thousand in the previous year-ended result, it was decided to dividends will not be distributed and transfer the net period profit amounting to TRY525,837 thousand attributable to equity holders of the parent to the retained earnings in the related financial statements.

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20. Revenue and cost of sales

	1 January - 30 September 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
Domestic revenue	78,762,590	35,990,822	35,871,883	15,229,957
Export revenue	16,868,877	5,551,896	8,078,159	2,091,850
Gross sales	95,631,467	41,542,718	43,950,042	17,321,807
Less: Sales discounts	(1,067,517)	(529,137)	(560,364)	(259,295)
Eksi: Sales returns	(62,415)	(20,754)	(135,577)	(27,529)
Sales (net)	94,501,535	40,992,827	43,254,101	17,034,983
Cost of goods sold	(86,952,425)	(37,934,898)	(42,083,356)	(15,844,612)
Gross profit	7,549,110	3,057,929	1,170,745	1,190,371

Cost of Sales:

	1 January - 30 September 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
Cost raw material, manufactured and consumable material	83,006,135	36,492,537	38,684,395	14,693,871
Energy expenses	1,760,490	711,061	1,550,734	565,373
Personnel expenses	802,562	283,179	710,044	240,656
Depreciation and amortization (Note 11)	423,576	143,958	401,390	139,526
Other production expenses	959,662	304,163	736,793	205,186
Cost of sales	86,952,425	37,934,898	42,083,356	15,844,612

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

General administrative expenses:

	1 January - 30 September 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
Personnel expenses	497,590	176,511	402,832	138,805
Insurance expenses	192,057	70,702	152,041	56,652
Tax duties and fees	101,904	47,574	97,957	27,285
Depreciation and amortization (Note 11)	83,196	25,783	79,390	21,029
Outsourced services	73,786	27,065	65,023	20,551
Office expenses	48,656	20,342	44,408	17,653
Subscription fees	47,345	17,438	34,690	15,066
Lawsuit and consultancy expenses	23,019	8,904	23,942	7,775
Donations	17,501	6,901	37,252	10,569
Transportation and travel expenses	3,655	2,047	3,562	954
Other	69,469	32,452	42,450	17,484
Total general administrative expenses	1,158,178	435,719	983,547	333,823

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

Marketing expenses:

	1 January - 30 September 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
Transportation, storage and insurance expenses	496,762	203,770	151,611	31,904
Personnel expenses	136,522	49,280	118,602	41,250
Depreciation and amortization (Note 10)	68,664	23,227	77,121	28,131
Outsourced services	44,936	27,201	38,258	26,560
Energy expenses	18,025	6,896	17,080	5,515
Advertising expenses	15,496	1,850	22,161	8,361
Other	61,739	24,139	41,075	15,406
Total marketing expenses	842,144	336,363	465,908	157,127

Research and development expenses:

	1 January - 30 September 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
Personnel expenses	12,762	3,473	11,283	2,857
Depreciation and amortization (Not 10)	10,949	3,743	9,719	3,436
Lawsuit and consultancy expenses	2,709	2,024	470	156
Outsourced services	504	120	710	259
Licence expenses	52	-	3,345	1,134
Other	2,580	830	1,857	842
Total research and development expenses	29,556	10,190	27,384	8,684

22. Other operating income/(expenses)

	1 January - 30 September 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
Other operating income:				
Credit finance gains	523,312	244,142	356,628	72,237
Foreign exchange gain from trade receivables	113,932	1,366	78,778	47,930
Provisions no longer required	432	-	90	15
Other	80,832	31,716	106,322	16,390
Total other operating income	718,508	277,224	541,818	136,572

	1 January - 30 September 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
Other operating expense:				
Foreign exchange loss from trade payables	(2,569,611)	(336,958)	(1,053,497)	(615,508)
Credit finance charges	(86,708)	(31,003)	(363,675)	(12,261)
Other	(71,437)	(8,892)	(57,390)	(587)
Total other operating expense	(2,727,756)	(376,853)	(1,474,562)	(628,356)

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23. Income/(expense) from investment activities

	1 January - 30 September 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
Gain/(loss) on sales of property plant and equipment and intangible assets	393	1,667	572	221
Total income/(expense) from investment activities	393	1,667	572	221

24. Financial income/(expenses)

	1 January - 30 September 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
Financial income:				
Foreign exchange gains on deposits	1,930,429	(62,352)	2,028,498	1,028,608
Interest income on deposits	1,569,513	559,070	384,648	89,738
Foreign exchange gains on derivative instruments	-	-	594,161	474,864
Total financial income	3,499,942	496,718	3,007,307	1,593,210
Financial expenses:				
Foreign exchange losses on borrowings	(3,182,989)	(473,732)	(3,819,825)	(1,836,247)
Interest expenses	(1,865,665)	(656,660)	(1,238,009)	(482,600)
Foreign exchange losses on derivative instruments	(772,536)	(631,922)	(195,887)	(59,645)
Other	(2,582)	(721)	(50,146)	(47,775)
Total financial expenses	(5,823,772)	(1,763,035)	(5,303,867)	(2,426,267)

25. Tax assets and liabilities

i) Corporate tax:

	30 September 2021	31 December 2020
Current period corporate tax provision	11,672	13,310
Current year tax assets	(8,755)	(10,851)
Corporation tax provision	2,917	2,459

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

The corporation tax rate for the fiscal year 2021 is 25% (2020: 22%). 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).

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25. Tax assets and liabilities (Continued)

The analysis of cumulative temporary differences and the related deferred tax assets and liabilities in respect of items for which deferred income tax has been provided as at 30 September 2021 and 31 December 2020 using the enacted tax rates are as follows:

	Cumulative temporary differences		Deferred tax (liability)/asset	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
Investment incentive income(*)	(35,189,393)	(29,724,926)	5,385,242	4,546,105
Accumulated deductible financial losses(**)	(3,014,384)	(4,176,390)	602,877	835,278
Difference between the carrying values and tax base of property, plant, equipment and intangible assets	(1,210,635)	(1,290,035)	242,127	258,007
Employment termination benefits and seniority incentive bonus provision	(289,301)	(268,153)	54,799	53,631
Inventory	(185,056)	(185,705)	46,264	37,141
Provision for unused vacation liability	(56,155)	(62,013)	11,231	12,403
Deferred financial income/(expense), (net)	(31,318)	(22,500)	7,829	4,500
Provisions for pending claims and lawsuits	(27,723)	(21,981)	6,931	4,396
Prepaid expenses	11,065	19,630	(2,766)	(3,926)
Fair value difference of derivative instruments	198,943	(313,375)	(49,736)	62,675
Gain on revaluation of property	8,274,475	8,274,475	(827,448)	(827,448)
Cash capital incentives	(23,790)	(31,400)	5,948	6,280
Other	(210,936)	(129,725)	54,358	13,385
Deferred tax asset – net			5,537,656	5,002,427

(*) 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%. 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.

(**) The Group's financial losses amounting to TRY3,014,384 (31 December 2020: TRY4,176,390) thousand are deferred tax assets of TRY602,877 thousand to be used in the next 5 years. (31 December 2020: TRY835,278 thousand)

The movement of deferred taxes is as follows:

	2021	2020
Deferred tax asset/(liability), net		
1 January	5,002,427	3,767,503
Charge for the period	511,318	888,555
Charge to equity:		
- Hedging cash flow gains/(losses)	23,911	97,198
30 June	5,537,656	4,753,256

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26. Earnings per share

	1 January - 30 September 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
Profit for the year attributable to shareholders of the Company	1,927,338	987,970	(2,869,979)	(420,130)
Weighted average number of Shares with nominal value of Kr1 each	25,041,920,000	25,041,920,000	25,041,920,000	25,041,920,000
Basic and diluted earnings per share in Kr	7.70	3.95	(11.46)	(1.68)

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 September 2021	31 December 2020
Yapı ve Kredi Bankası A.Ş. (2)	9,607,111	6,253,361
Total	9,607,111	6,253,361

b) Trade receivables:

	30 September 2021	31 December 2020
Opet Petrolcülük A.Ş. (1)	1,095,869	226,065
Aygaz A.Ş. (2)	110,612	24,516
THY OPET Havacılık Yakıtları A.Ş. (1)	84,682	51,113
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş. (1)	857	19,093
Other (2)	5,032	3,768
Total	1,297,052	324,555

As of 30 September 2021, Tüpraş has offset TRY230,000 thousand (31 December 2020: TRY250,000 thousand) from its trade receivables due from related parties that are collected from factoring companies as a part of irrevocable factoring agreements and TRY140,851 thousand supplier financing (31 December 2020 - TRY507,000 thousand) has been deducted from trade receivables from related parties.

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27. Related party transactions (Continued)

c) Trade payables:

	30 September 2021	31 December 2020
Zer Merkezi Hizmetler ve Ticaret A.Ş. (2)	11,986	16,368
Aygaz A.Ş. (2)	5,005	8,104
Opet Petrolcülük A.Ş. (1)	3,500	16,910
Koç Sistem Bilgi ve İletişim A.Ş. (2)	2,214	22,479
RAM Sigorta Aracılık Hizmetleri A.Ş. (2)	948	14,269
Setur Servis Turistik A.Ş. (2)	128	2,996
Otokoç Otomotiv Tic. ve San. A.Ş. (2)	75	4,922
Aygaz Doğalgaz Toptan Satış A.Ş. (2)	-	75,733
Ark İnşaat A.Ş. (2)	-	44,880
THY OPET Havacılık Yakıtları A.Ş. (1)	-	1,137
Diğer (2)	3,347	10,688
Total	27,203	218,486

d) Other payables:

	30 September 2021	31 December 2020
Koç Holding A.Ş. (3)	-	30,763
Total	-	30,763

e) Advances given for property, plant and equipment:

	30 September 2021	31 December 2020
Ark İnşaat A.Ş. (2)	9,878	2,126
Other (2)	6	-
Total	9,884	2,126

f) Bank loans:

	30 September 2021	31 December 2020
Yapı ve Kredi Bankası A.Ş. (2)	813,971	821,310
Total	813,971	821,310

g) Lease liabilities:

	30 September 2021	31 December 2020
Koç Ailesi (3)	67,195	63,286
Otokoç Otomotiv Tic. ve San. A.Ş. (2)	18,307	22,477
Zer Merkezi Hizmetler ve Ticaret A.Ş. (2)	19	31
Total	85,521	85,794

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27. Related party transactions (Continued)

h) Product and service sales:

	1 January - 30 September 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
Opet Petrolcülük A.Ş. (1)	15,076,384	7,178,658	7,561,544	3,275,945
THY OPET Havacılık Yakıtları A.Ş. (1)	2,159,824	1,079,267	1,225,093	464,792
Aygaz A.Ş. (2)	866,394	342,945	383,555	143,000
Opet Fuchs Madeni Yağ San. ve Tic. A.Ş. (1)	83,423	21,121	23,248	3,049
Other (2)	41,024	15,051	18,435	13,073
Total	18,227,049	8,637,042	9,211,875	3,899,859

i) Product and service purchases:

	1 January - 30 September 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
Aygaz Doğalgaz Toptan Satış A.Ş. (2)	393,250	196,625	470,143	170,942
Ram Sigorta Aracılık Hizmetleri A.Ş. (2) (*)	272,837	-	219,229	2,044
Opet Petrolcülük A.Ş. (1)	270,509	170,740	138,814	78,298
Aygaz A.Ş. (2)	186,380	134,140	65,210	26,641
Zer Merkezi Hizmetler ve Ticaret A.Ş. (2)	84,066	31,398	70,516	22,881
Koç Sistem Bilgi ve İletişim A.Ş. (2)	30,566	13,238	28,061	12,325
Koç Holding A.Ş. (3) (**)	27,160	8,372	24,192	7,946
Otokoç Otomotiv Tic. ve San. A.Ş. (2)	18,161	6,391	18,249	7,445
THY OPET Havacılık Yakıtları A.Ş. (1)	23	9	8,489	2,987
Other (2)	35,187	14,260	32,866	11,072
Total	1,318,139	575,173	1,075,769	342,581

(*) Includes paid and accrued insurance premiums in connection with insurance policies signed with insurance companies through RAM Sigorta Aracılık Hizmetleri A.Ş. acting as an intermediary insurance agent.

(**) 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 September 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
Ark İnşaat A.Ş. (2)	77,836	23,336	68,818	28,507
RMK Marine Gemi Yapım Sanayii ve Deniz Taşımacılığı İşletmesi A.Ş. (2)	-	-	103,595	-
Other (2)	11,647	8,728	7,644	955
Total	89,483	32,064	180,057	29,462

k) Remuneration of board of directors and executive management:

The senior management of the Company is determined as members and chair of the Board of Directors and General Manager and General Manager Deputies, The total amount of benefits provided to senior management is TRY14,497 thousand as of period ending on 30 September 2021 (30 September 2020 – TRY12,434 thousand). All of this amount consists of short term benefits. (30 September 2020 - All of this amount consists of short term benefit).

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27. Related party transactions (Continued)

l) Financial expenses paid to related parties:

	1 January - 30 September 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
Yapı ve Kredi Bankası A.Ş. (2)	67,950	22,168	34,202	13,723
Yapı Kredi Faktoring A.Ş. (2)	3,515	909	2,668	1,148
Yapı Kredi Bank Nederland N.V.(2)	-	-	835	1
Total	71,465	23,077	37,705	14,872

m) Time deposit interest income:

	1 January - 30 September 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
Yapı ve Kredi Bankası A.Ş. (2)	722,562	285,282	124,037	29,783
Total	722,562	285,282	124,037	29,783

n) Donations:

As of 30 September 2021, total donation in cash is amounting to TRY138 thousand (30 September 2020 – TRY14,191 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. Collectability of trade receivables are evaluated by management depending on their past experiences and current economic condition, and are presented in the consolidated financial statements net of adequate doubtful provision.

Credit risks of the Group for each financial instrument type as at 30 September 2021 and 31 December 2020 are as follows:

30 September 2021	Receivables				Bank deposits	Derivative instruments	Other
	Trade Receivables		Other Receivables				
	Related parties	Other parties	Related parties	Other parties			
Maximum exposed credit risk as of reporting date	1,297,052	6,643,611	-	24,345	20,797,151	818,480	-
- Secured portion of the maximum credit risk by guarantees, etc.	-	490,698	-	-	-	-	-
A. Net book value of financial asset either are not due or not impaired	1,297,052	6,593,241	-	24,345	20,797,151	818,480	-
B. Net book value of overdue but not impaired financial assets	-	50,370	-	-	-	-	-
C. Net book value of the impaired assets	-	-	-	-	-	-	-
- Overdue(gross book value)	-	5,528	-	1,390	-	-	-
- Impairment (-)	-	(5,528)	-	(1,390)	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-	-
- Not due yet (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-	-
D. Components which are including credit risk except financial statement	-	-	-	-	-	-	-

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28. Financial instruments and financial risk management (Continued)

Credit risk (Continued):

31 December 2020	Receivables				Bank deposits	Derivative instruments	Other
	Trade Receivables		Other Receivables				
	Related parties	Other parties	Related parties	Other parties			
Maximum exposed credit risk as of reporting date	324,555	1,410,994	-	18,690	19,825,292	468,012	-
- Secured portion of the maximum credit risk by guarantees, etc.	-	367,278	-	-	-	-	-
A. Net book value of financial asset either are not due or not impaired	324,555	1,221,413	-	18,690	19,825,292	468,012	-
B. Net book value of overdue but not impaired financial assets	-	189,581	-	-	-	-	-
C. Net book value of the impaired assets	-	-	-	-	-	-	-
- Overdue(gross book value)	-	5,264	-	1,389	-	-	-
- Impairment (-)	-	(5,264)	-	(1,389)	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-	-
- Not due yet (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured portion of the net value by guarantees, etc.	-	-	-	-	-	-	-
D. Components which are including credit risk except financial statement	-	-	-	-	-	-	-

30 September 2021	Receivables		Bank deposits	Derivative instruments	Other Trade receivables
	Trade receivables	Other Receivables			
Overdue (1-30 days)	11,806	-	-	-	-
Overdue (1-3 months)	13,729	-	-	-	-
Overdue (3-12 months)	21,842	-	-	-	-
Overdue (1-5 years)	2,993	-	-	-	-
31 December 2020	Receivables		Bank deposits	Derivative instruments	Other Trade receivables
Overdue (1-30 days)	150,374	-	-	-	-
Overdue (1-3 months)	22,675	-	-	-	-
Overdue (3-12 months)	11,475	-	-	-	-
Overdue (1-5 years)	5,057	-	-	-	-

During the impairment test of financial assets, the Group has considered the indicators regarding uncollectibility of receivables that are due. The Group has guarantees received amounting to TRY67,393 thousand (31 December 2020: TRY89,116 thousand) for trade receivables overdue but not impaired, Major part of receivables without guarantees are from government entities which regularly made sales, any collection risk is not projected.

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

The Group categorizes the details of credit quality of trade receivables that are neither past due nor impaired or receivables whose conditions are examined under four groups. The details of credit quality of such trade receivables as at 30 September 2021 and 31 December 2020 are as follows:

	30 September 2021	31 December 2020
Group 1	24,706	-
Group 2	3,637,781	589,771
Group 3	3,933,029	783,457
Group 4	294,778	172,740
Total	7,890,294	1,545,968

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28. Financial instruments and financial risk management (Continued)

Credit risk (Continued):

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 margin

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.

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.

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28. Financial instruments and financial risk management (Continued)

Foreign exchange risk (Devamı)

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 2021 and 31 December 2020:

	30 September 2021		31 December 2020	
	TRY	USD(*)	TRY	USD (*)
Monetary assets	5,158,395	583,311	1,173,619	159,883
Monetary liabilities	(46,570,405)	(5,266,179)	(29,337,009)	(3,996,595)
Monetary assets / (liabilities) foreign currency position	(41,412,010)	(4,682,868)	(28,163,390)	(3,836,712)
Non-monetary assets	17,580	1,988	105,732	14,404
Net foreign currency position of derivative financial instruments	20,910,061	2,364,509	16,095,327	2,192,674
Net foreign currency asset / (liability) position	(20,484,369)	(2,316,372)	(11,962,331)	(1,629,634)
Cash flow hedging (**)	3,851,783	435,560	4,360,123	593,982
Net foreign currency position after cash flow hedging	(16,632,586)	(1,880,812)	(7,602,208)	(1,035,652)
Inventory in natural hedge scope (***)	16,525,986	1,868,758	7,220,776	983,690
Net foreign currency position after cash flow hedging and natural hedge	(106,600)	(12,054)	(381,432)	(51,962)

(*) 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 USD435,560 thousand, which is equivalent to TRY3,851,783 thousand (USD593,982 thousand / TRY4,360,123 thousand in 31 December 2020) as prevention against USD/TRY spot foreign exchange risk of USD denominated export revenue, which is highly probable to be realized. Based on the outcome of effectiveness test performed on related process, the Group has considered that the process is fully effective and therefore applied cash flow hedge accounting. As of 30 September 2021, TRY2,661,259 (31 December 2020 - TRY2,736,854 thousand) thousand of 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 September 2021, the foreign exchange loss amounting to TRY936,765 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 September 2021, foreign exchange loss of these loans in 2021 amounting to TRY861,170 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 September 2021, the Group has crude oil and petroleum products inventories amounting to TRY16,525,986 thousand (31 December 2020: TRY7,220,776 thousand).

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28. Financial instruments and financial risk management (Continued)

	Foreign exchange position table									
	30 September 2021					31 December 2020				
	TRY equivalent (In terms of functional currency)	USD	EUR	GBP	Other	TRY equivalent (In terms of functional currency)	USD	EUR	GBP	Other
Trade receivables	684.924	77.422	25	-	-	358.951	45.743	2.568	1	40
Monetary financial assets (including cash, banks)	4.473.471	503.065	1.201	1.034	-	814.668	105.636	3.962	357	-
Other	14.351	891	415	183	6	103.077	13.540	255	139	-
Current assets	5.172.746	581.378	1.641	1.217	6	1.276,696	164.919	6,785	497	40
Monetary financial assets	-	-	-	-	-	-	-	-	-	-
Other	3.229	-	-	271	-	2,655	-	-	267	-
Non-current assets	3.229	-	-	271	-	2,655	-	-	267	-
Total assets	5.175.975	581.378	1.641	1.487	6	1.279,351	164.919	6,785	764	40
Trade payables	29.437.460	3.319.721	7.014	29	7.485	13,026,055	1,759,069	12,127	74	3,642
Financial liabilities	5.840.868	657.046	2.602	300	-	3,676,865	424,446	61,982	291	-
Other monetary liabilities	737.506	81.667	52	1.238	-	379,918	50,265	36	1,068	-
Current liabilities	36.015.834	4.058.434	9.668	1.567	7.485	17,082,838	2,233,780	74,145	1,433	3,642
Financial liabilities	10.521.350	1.181.448	6.674	387	-	12,208,681	1,653,846	6,941	613	-
Other monetary liabilities	33.221	3.757	-	-	-	45,490	6,197	-	-	-
Non-current liabilities	10.554.571	1.185.205	6.674	387	-	12,254,171	1,660,043	6,941	613	-
Total liabilities	46.570.405	5.243.639	16.342	1.954	7.485	29,337,009	3,893,823	81,086	2,046	3,642
Net asset/(liability) position of off-balance sheet foreign currency derivatives	20.910.061	2.361.926	2.214	-	-	16,095,327	2,117,625	61,157	-	-
Total amount of off-balance sheet derivative financial assets	29.228.980	3.302.629	2.214	-	-	17,901,631	2,363,699	61,157	-	-
Total amount of off-balance sheet derivative financial liabilities	(8.318.919)	(940.703)	-	-	-	(1,806,304)	(246,074)	-	-	-
Net foreign currency asset/(liability) position	(20.484.369)	(2.300.335)	(12.486)	(467)	(7.479)	(11,962,331)	(1,611,279)	(13,144)	(1,282)	(3,602)
Cash flow hedging	3.851.783	435.560	-	-	-	4,360,123	593,982	-	-	-
Net foreign currency position after cash flow hedging	(16.632.586)	(1.864.775)	(12.486)	(467)	(7.479)	(7,602,208)	(1,017,297)	(13,144)	(1,282)	(3,602)
Net monetary foreign currency asset/(liability) position	(41.412.010)	(4.663.153)	(15.115)	(920)	(7.485)	(28,163,390)	(3,742,444)	(74,556)	(1,688)	(3,602)
Fair value of derivative instruments										
Used for hedging	787.364	89.035	-	-	-	(238,142)	(32,442)	-	-	-

As at 30 September 2021, the Group has TRY106,600 thousand as net foreign currency deficit after natural hedging (31 December 2020: TRY381,432 thousand net foreign currency surplus).

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28. Financial instruments and financial risk management (Continued)

The table below summarizes the effect of foreign currency rate changes on net balance sheet foreign currency position of the Group as at 30 June 2021 and 31 December 2020.

Statement of foreign currency risk sensitivity				
30 September 2021				
	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	(4,123,766)	4,123,766	(376,033)	376,033
Amount hedged for USD risk (-)	2,464,756	(2,464,756)	-	-
USD net effect	(1,659,010)	1,659,010	(376,033)	376,033
10% change in EUR rate:				
Euro net assets/ liabilities	(15,589)	15,589	-	-
Amount hedged for Euro risk (-)	2,283	(2,283)	-	-
EUR net effect	(13,306)	13,306	-	-
Total	(1,672,316)	1,672,316	(376,033)	376,033
31 December 2020				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
10% change in USD rate:				
USD net assets/ liabilities	(2,747,141)	2,747,141	(420,058)	420,058
Amount hedged for USD risk (-)	1,974,501	(1,974,501)	-	-
USD net effect	(772,640)	772,640	(420,058)	420,058
10% change in EUR rate:				
Euro net assets/ liabilities	(67,159)	67,159	-	-
Amount hedged for Euro risk (-)	55,090	(55,090)	-	-
EUR net effect	(12,069)	12,069	-	-
TOTAL	(784,709)	784,709	(420,058)	420,058

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 September 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
Export				
USD (equivalent of thousand TRY)	15,577,606	5,431,191	8,002,393	2,016,808
Total	15,577,606	5,431,191	8,002,393	2,016,808
Import				
USD (equivalent of thousand TRY)	72,222,304	32,012,073	32,763,799	13,754,735
Total	72,222,304	32,012,073	32,763,799	13,754,735

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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 2021 and 31 December 2020 are as follows:

	30 September 2021	31 December 2020
Total financial liabilities (Note 5)	30,063,097	29,245,068
Less: Cash and cash equivalents (Note 4)	(18,225,041)	(17,621,288)
Net financial liabilities	11,838,056	11,623,780
Total shareholders’ equity	13,800,305	11,672,525
Total capital invested	25,638,361	23,296,305
Gearing ratio	%46,17	%49,90

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.

Following methods and assumptions were used to estimate the fair value of the financial instruments for which is practicable to estimate fair value:

Financial assets

The carrying amounts of foreign currency denominated monetary assets which are translated at year end exchange rates are considered to approximate their fair values.

The carrying values of cash and cash equivalents are estimated to be their fair values since they are short term.

The carrying values of trade receivables along with the related allowances for uncollectibility are estimated to be their fair values since they are short term.

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.

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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: Other valuation techniques includes direct or indirect observable inputs

Level 3: Valuation techniques does not contains observable market inputs

Fair value hierarchy table as at 30 June 2021 is as follows:

Financial assets at fair value in statement of financial position	Level 1	Level 2	Level 3
Derivative financial assets	-	818,480	-
Financial liabilities at fair value in statement of financial position			
Derivative financial liabilities	-	647,240	-

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

Financial assets at fair value in statement of financial position	Level 1	Level 2	Level 3
Derivative financial assets	-	468,012	-
Financial liabilities at fair value in statement of financial position			
Derivative financial liabilities	-	808,318	-

29. Subsequent events

None.

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