

TURCAS PETROL A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30
SEPTEMBER 2022**

(ORIGINALLY ISSUED IN TURKISH)

TURCAS PETROL A.Ş.

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2022

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TURCAS PETROL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION AT 30 SEPTEMBER 2022 AND 31 DECEMBER 2021

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

		(Not Audited)	(Audited)
		Current Period	Prior Period
		30 September	31 December
	Notes	2022	2021
ASSETS			
Current assets			
Cash and cash equivalents	4	148,546,733	20,666,234
Trade receivables		442,487	553,192
- <i>Trade receivables from third parties</i>		442,487	553,192
Other receivables		1,082,423	74,200,741
- <i>Other receivables from related parties</i>	19	345,346	73,719,885
- <i>Other receivables from third parties</i>	21	737,077	480,856
Prepaid expenses		1,083,758	477,927
Financial assets	5	135,986,650	96,421,598
Assets related to current period tax	17	54,454	225,261
Other current assets		10,073,622	47,013
Total		297,270,127	192,591,966
Assets held for sale	21	-	384,022,607
Total currents assets		297,270,127	576,614,573
Non-current assets			
Other receivables		27,955	27,955
- <i>Other receivables from third parties</i>		27,955	27,955
Financial investments	5	17,081,916	17,081,916
Financial assets	5	145,627,274	83,863,269
Investments accounted by equity method	7	1,409,006,018	860,707,429
Property, plant and equipment		22,282,294	20,463,415
Intangible assets		285,061	66,971
Deferred tax assets	17	2,946,017	5,098,488
Total non-current assets		1,597,256,535	987,309,443
TOTAL ASSETS		1,894,526,662	1,563,924,016

These condensed interim financial statements as at and for the period ended 30 September 2022 have been approved for issue by the Board of Directors decision dated 31 October 2022.

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

TURCAS PETROL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION AT 30 SEPTEMBER 2022 AND 31 DECEMBER 2021

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

		(Not Audited)	(Audited)
		Current Period	Prior Period
		30 September	31 December
	Notes	2022	2021
LIABILITIES			
Current liabilities			
Short term portions of long term financial liabilities	6	140,199,373	221,491,238
Trade payables		1,628,085	938,054
- Trade payables to third parties		1,628,085	938,054
Short term liabilities for employee benefits		425,106	252,624
Other payables		1,958,069	1,744,553
- Other payables to related parties	19	1,039,575	1,238,596
- Other payables to third parties		918,494	505,957
Short term provisions		2,159,047	1,998,195
- Short term provisions for employee benefits		570,947	370,271
- Provisions for lawsuit		1,588,100	1,588,100
- Other provisions		-	39,824
Total		146,369,680	226,424,664
Liabilities related to the asset held for sale	21	-	558,950,456
Total current liabilities		146,369,680	785,375,120
Non-current liabilities			
Financial liabilities	6	370,949,035	586,306,214
Long term provisions		1,286,637	552,923
- Long term provisions for employee benefits		1,286,637	552,923
Other non-current liabilities		776,389	776,389
Total non-current liabilities		373,012,061	587,635,526
EQUITY			
Paid-in capital	10	255,600,000	255,600,000
Adjustment to share capital	10	41,247,788	41,247,788
Repurchased shares (-)	10	(8,450,916)	(8,450,916)
Other comprehensive income/(expense) not to be reclassified to profit or loss		(17,697,995)	(10,485,044)
- Actuarial gains/ (losses) on defined benefit plans		(17,697,995)	(10,485,044)
Restricted reserves	10	39,311,954	39,311,954
Other comprehensive income/(expense) to be reclassified to profit or loss		-	(129,688,954)
- Gains/(losses) on cash flow hedges		-	(129,688,954)
Other reserves		(7,256,169)	(7,256,169)
Retained earnings		10,634,711	90,734,077
Net profit / (loss) for year		1,061,755,548	(80,099,366)
Equity attributable to equity holders of the parent		1,375,144,921	190,913,370
Total equity		1,375,144,921	190,913,370
TOTAL LIABILITIES AND EQUITY		1,894,526,662	1,563,924,016

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

TURCAS PETROL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022 AND 2021

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

PROFIT OR LOSS	Notes	(Not Reviewed)		(Not Reviewed)	
		1 January – 30 September 2022	1 January – 30 September 2021	1 July – 30 September 2022	1 July – 30 September 2021
CONTINUED OPERATIONS					
Sales	11	-	56,665,627	-	18,048,100
Cost of sales (-)	11	-	(20,736,218)	-	(7,629,014)
GROSS PROFIT		-	35,929,409	-	10,419,086
General and administrative expenses (-)	12	(34,930,221)	(21,759,144)	(11,874,320)	(6,205,650)
Other operating income	13	5,120,985	13,412,759	1,892,958	3,602,525
Other operating expenses (-)	13	(52,375,275)	(12,579,897)	(43,491)	(2,500,469)
OPERATING PROFIT		(82,184,511)	15,003,127	(10,024,853)	5,315,492
Income from investment activities	14	479,092,465	9,033,924	18,198,709	498,420
Expenses from investment activities (-)	14	-	(13,573,551)	-	1,221,725
Income/(Loss) from investments accounted by equity method	7	636,936,595	137,759,459	(207,304,747)	117,483,305
OPERATING PROFIT / (LOSS) BEFORE FINANCIAL INCOME / (EXPENSE)		1,033,844,549	148,222,959	(199,130,891)	124,518,942
Financial income	15	181,091,854	133,420,389	28,292,096	55,597,727
Financial expenses (-)	16	(207,554,123)	(220,789,245)	(31,658,919)	(56,498,597)
PROFIT / (LOSS) BEFORE TAX FROM CONTINUED OPERATIONS		1,007,382,280	60,854,103	(202,497,714)	123,618,072
Tax income / (expense) from continued operations					
Current period tax expense	17	-	-	-	-
Deferred tax income / (expense)	17	(2,301,973)	6,528,761	2,562,968	(978,296)
NET PROFIT / (LOSS) FROM CONTINUED OPERATIONS		1,005,080,307	67,382,864	(199,934,746)	122,639,776
NET PROFIT / (LOSS) FROM DISCONTINUED OPERATIONS		56,675,241	-	-	-
NET PROFIT / (LOSS)		1,061,755,548	67,382,864	(199,934,746)	122,639,776
Attributable to:					
Equity holders of the parent		1,061,755,548	67,382,864	(199,934,746)	122,639,776
Non-controlling interest		-	-	-	-
Profit/(Loss) per share	18	4.154	0.264	(0.782)	0.480
Profit/(Loss) per share from continued operations		3.932	0.264	(0.782)	0.480
Profit/(Loss) per share from discontinued operations		0.222	-	-	-

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

TURCAS PETROL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022 AND 2021

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated)

	Notes	(Not Reviewed)		(Not Reviewed)	
		1 January – 30 September 2022	1 January – 30 September 2021	1 July – 30 September 2022	1 July – 30 September 2021
PROFIT / (LOSS) FOR THE PERIOD		1,061,755,548	67,382,864	(199,934,746)	122,639,776
Other comprehensive income / (expense) not to be reclassified to profit or loss					
Actuarial gains / (losses) on defined benefit plans		(650,009)	(139,573)	(446,371)	(239,602)
Deferred tax income / (expense)	17	149,502	27,914	102,665	47,920
Other comprehensive income of shares from investments accounted by the equity method not to be reclassified to profit or loss					
Revaluation gains / (losses) of defined benefit plans of investments accounted by equity method		(8,390,555)	3,194	(8,220,592)	(12,805)
Deferred tax income / (expense)		1,678,111	(639)	1,644,118	2,561
Total		(7,212,951)	(109,104)	(6,920,180)	(201,926)
Other comprehensive income / (expense) to be reclassified to profit or loss					
<i>Other comprehensive income / (loss) related to cash flow hedging</i>		(3,352,767)	(24,116,104)	-	(3,468,753)
<i>Deferred tax income / (expense)</i>		-	-	-	-
Total		(3,352,767)	(24,116,104)	-	(3,468,753)
Other comprehensive income / (expense)		(10,565,718)	(24,225,208)	(6,920,180)	(3,670,679)
TOTAL COMPREHENSIVE INCOME / (LOSS)		1,051,189,830	43,157,656	(206,854,926)	118,969,097
Attributable to:					
Equity holders of the parent		1,051,189,830	43,157,656	(206,854,926)	118,969,097
Non-controlling interests		-	-	-	-
Earnings / (Loss) per share		4.113	0.169	(0.809)	0.465
Number of shares		255,600,000	255,600,000	255,600,000	255,600,000

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

TURCAS PETROL A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022 AND 2021**

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

					Other comprehensive income/expense not to be reclassified to profit or loss	Other comprehensive income/expense to be reclassified to profit or loss						
	Paid in Capital	Adjustment to share capital	Repurchased Shares (-)	Restricted reserves	Actuarial gains / (losses) on defined benefit plans	Other comprehensive income / (loss) related with cash flow hedges	Other reserves	Retained earnings	Net Income/(loss) for the period	Equity holders of the parent	Non- controlling interest	Total Equity
1 January 2021	255,600,000	41,247,788	(8,450,916)	39,311,954	(7,169,975)	(39,348,448)	(7,256,169)	214,738,175	(124,004,098)	364,668,311	-	364,668,311
Transfers	-	-	-	-	-	-	-	(124,004,098)	124,004,098	-	-	-
Net profit / (loss) for period	-	-	-	-	-	-	-	-	67,382,864	67,382,864	-	67,382,864
Other comprehensive income / (expense)	-	-	-	-	(109,104)	(24,116,104)	-	-	-	(24,225,208)	-	(24,225,208)
Total comprehensive income / (expense)	-	-	-	-	(109,104)	(24,116,104)	-	-	67,382,864	43,157,656	-	43,157,656
30 September 2021 (*)	255,600,000	41,247,788	(8,450,916)	39,311,954	(7,279,079)	(63,464,552)	(7,256,169)	90,734,077	67,382,864	407,825,967	-	407,825,967
1 January 2022	255,600,000	41,247,788	(8,450,916)	39,311,954	(10,485,044)	(129,688,954)	(7,256,169)	90,734,077	(80,099,366)	190,913,370	-	190,913,370
Transfers	-	-	-	-	-	-	-	(80,099,366)	80,099,366	-	-	-
Acquisition or disposal of subsidiary	-	-	-	-	-	133,041,721	-	-	-	133,041,721	-	133,041,721
Net profit / (loss) for period	-	-	-	-	-	-	-	-	1,061,755,548	1,061,755,548	-	1,061,755,548
Other comprehensive income / (expense)	-	-	-	-	(7,212,951)	(3,352,767)	-	-	-	(10,565,718)	-	(10,565,718)
Total comprehensive income / (expense)	-	-	-	-	(7,212,951)	(3,352,767)	-	-	1,061,755,548	1,051,189,830	-	1,051,189,830
30 September 2022 (*)	255,600,000	41,247,788	(8,450,916)	39,311,954	(17,697,995)	-	(7,256,169)	10,634,711	1,061,755,548	1,375,144,921	-	1,375,144,921

(*) Not Reviewed.

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

TURCAS PETROL A.Ş

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM STATEMENTS OF CASH FLOW FOR THE NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022 AND 2021

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	1 January – 30 September 2022	1 January – 30 September 2021
A. Cash flows from operating activities		61,289,562	52,541,025
Net income / (loss) for the period		1,061,755,548	67,382,864
Net income / (loss) for the period from continued operations		1,005,080,307	67,382,864
Net income / (loss) for the period from discontinued operations		56,675,241	-
Adjustments to reconcile net income/(loss)		(1,085,191,195)	(23,078,614)
Adjustments related to tax (income) / expense	17	2,301,973	(6,528,761)
Adjustment related to unrealized foreign currency translation differences		118,488,949	120,349,978
Adjustments related to depreciation and amortization expenses		1,790,404	9,311,724
Adjustments related to provisions / (reversals) for employee termination benefits		346,063	68,847
Adjustments related to losses / (gains) resulting from the disposal of the tangible assets		-	13,061
Other adjustments related to (profit) and loss reconciliation		(235,811,512)	(5,903,181)
Adjustments related to undistributed profit/losses of investments accounted by the equity method	7	(636,936,595)	(137,759,459)
Adjustments related to undistributed profits of associates	7	(574,438)	(574,438)
Adjustments related to fair value losses (gains) of financial assets		-	(6,940,420)
Adjustments related to other items causing cash flows from investing activities		-	(6,618,115)
Adjustments related to losses / (gains) on disposal of subsidiaries or joint operations		(317,802,586)	-
Adjustments related to interest income	15	(30,625,985)	(13,245,523)
Adjustments related to interest expense	16	13,632,532	24,747,673
Changes in working capital		84,616,084	8,148,785
Adjustments related to decrease / (increase) in trade receivables		110,705	2,458,878
Decrease / (increase) in prepaid expenses		(10,632,440)	794,773
Adjustments related to increase / (decrease) in trade payables		690,031	7,471,035
Decrease / (increase) in other assets related to operations		68,988,149	(2,742,173)
Increase / (decrease) in other liabilities related to operations		385,998	166,272
Net cash flows from discontinued operations		25,073,641	-
Cash flow used in operations		109,125	87,990
Employment termination benefits paid		(61,682)	(210,782)
Tax refunds / (payments)		170,807	298,772
B. Net cash generated by investing activities		463,315,023	76,018,182
Cash outflow resulted from acquisition of tangible and intangible assets	8	(3,827,373)	(7,714,695)
Cash inflows related to sales that causing loss of control of subsidiaries		215,402,000	-
Dividends received		138,572,800	63,775,700
Cash inflows from sales of shares or capital decrease of associates or joint ventures		82,500,000	-
Other cash inflows / (outflows)		-	6,618,115
Interest received		30,602,348	13,339,062
Net cash flows from discontinued operations		65,248	-
C. Cash flow from financing activities		(433,424,416)	(102,537,296)
Repayment of bank borrowings	6	(424,028,736)	(85,495,210)
Interest paid	6	(9,395,680)	(17,042,086)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)		91,180,169	26,021,911
CASH AND CASH EQUIVALENTS BALANCE AT THE BEGINNING OF THE PERIOD	4	57,342,888	101,678,425
CASH AND CASH EQUIVALENTS BALANCE AT THE END OF THE PERIOD	4	148,523,057	127,700,336

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

TURCAS PETROL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 1 - COMPANY’S ORGANIZATION AND NATURE OF OPERATIONS

Turcas Petrol A.Ş. (“Company” or “Turcas”) is an investment company that participates in companies operating in the oil and energy sector.

The Company is incorporated in Turkey and the address of the registered office is as follows:

Ahi Evran Cad. No: 6 Aksoy Plaza. Kat: 7 34398 Maslak/Sarıyer/İstanbul

The shares of the Company have been traded on Borsa İstanbul since 1992.

The Company’s main shareholder is Aksoy Girişimcilik Enerji ve Turizm A.Ş. The capital structure of the Company as of the related balance sheet dates have been provided at Note 10.

The number of employees of the Company at the end of the period is 41 (31 December 2021: 87).

Associates	Company	Nature of business
Shell & Turcas Petrol A.Ş. (“STAŞ”)	Turkey	Petroleum products
RWE&Turcas Güney Elektrik Üretim A.Ş. (“RWE&Turcas Güney” or “RTG”)	Turkey	Energy, electricity

30% shares of STAŞ were owned by Turcas Petrol A.Ş. and 70% of shares were owned by The Shell Company of Turkey Ltd (“Shell Türkiye”). STAŞ operates in every aspect of the purchase, sale, import, export, storage and distribution of all types of fuel and lubricants.

RTG which 30% of shares were owned by Turcas and %70 of shares were owned by RWE Generation SE. RTG is the owner and operator of the natural gas-fired combined cycle power plant in Denizli with an installed capacity of 800 MW.

The detailed information about the investments accounted by equity method is given in Note 7.

ATAŞ is established in Mersin Province. The entity continues its storage and service operations as of the balance sheet date and is recognized under non-current financial investments in the financial statements of Turcas Petrol A.Ş. The Company directly owns 5% of the ATAŞ. Other partners of ATAŞ include STAŞ with %27 of its shares. The Company’s total direct and indirect (through STAŞ) ownership at ATAŞ is %13.1.

Assets held for sale	Country	Nature of business
Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş.	Turkey	Energy, electricity

The Company’s wholly owned subsidiary Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. (TKJ) which also operates in the field of renewable energy, is the owner and operator of the geothermal power plant in Aydın with an installed capacity of 18 MW. The power plant commenced its commercial operations in full capacity following the acceptance by EMRA on 07.12.2017. Turcas Petrol A.Ş. has signed a Share Purchase Agreement dated 21 December 2021 regarding the sale of 100% of its shares in Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. and since the share transfer took place on 14 February 2022, Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. has been evaluated within the scope of TFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” standard.

**CONVENIENCE TRANSLATION INTO ENGLISH OF NOTES
TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE
INTERIM PERIOD ENDED 30 SEPTEMBER 2022**

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

Financial reporting standards

The accompanying financial statements are prepared in accordance with Communiqué Serial II, No:14.1, “Principles of Financial Reporting in Capital Markets” (“the Communiqué”) published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, financial statements are prepared in accordance with the Turkish Accounting Standards issued by Public Oversight Accounting and Auditing Standards Authority (“POAASA”). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards (“TFRS”) and its addendum and interpretations.

The accompanying financial statements are presented in accordance with the “Announcement regarding to TAS Taxonomy” which was published on 15 April 2019 by POA and the format and mandatory information recommended by CMB.

In accordance with the CMB resolution issued on 17 March 2005, listed companies operating in Turkey are not subject to inflation accounting effective from 1 January 2005. Therefore, the financial statements of the financial statements of the Company have been prepared accordingly.

The Company maintains its books of account and prepares its statutory financial statements in TL in accordance with the Turkish Commercial Code (“TCC”), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance and accounting principles issued by the CMB. The financial statements, except for the financial asset and liabilities presented with their fair values, are maintained under historical cost conversion, these financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the TAS.

In compliance with the TAS 34, entities have preference in presenting their interim financial statements whether full set or condensed. In this framework, Company preferred to present its interim financial statements in condensed form.

The Company’s interim condensed financial statements does not contain the entire explanations and notes of the year-end financial statements. Therefore, the interim condensed financial statements should be examined together with the year-end financial statements as of 31 December 2021.

The preparation of financial statements in conformity with Turkish Accounting Standards requires management to exercise its judgement in the process of applying the Company’s accounting policies. The significant assumptions and estimates applied in the preparation of the financial statements are disclosed in Note 2.4.

**CONVENIENCE TRANSLATION INTO ENGLISH OF NOTES
TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE
INTERIM PERIOD ENDED 30 SEPTEMBER 2022**

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of the Significant Accounting Policies

The accounting policies applied during the preparation of these interim condensed financial statements are consistent with the accounting policies applied for the financial year between 1 January - 31 December 2021. These condensed interim financial statements should be read on a comparative basis with annual financial statements for the year between 1 January - 31 December 2021.

There is no difference in the accounting policy applied to the condensed interim financial statements from the annual financial statements which have been prepared within the framework of Communiqué II, No: 14.1 and related promulgations to this Communiqué as issued by the CMB in accordance with CMB Financial Reporting Standards which is based on TAS/IFRS.

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of an hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. TAS 29 describes characteristics that may indicate that an economy is hyperinflationary and it recommends all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. In the announcement published by the Public Oversight Accounting and Auditing Standards Authority (POB) on January 20, 2022, it is stated that TAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the IFRS financial statements as of December 31, 2021. Nevertheless, the Authority has not published any announcement on whether the entities would restate their financial statements for the accounting period ending on 30 September 2022 in accordance with TAS 29. In this context, since there is no consensus on the application of inflation accounting in IFRS financial statements throughout the country, and it is expected that POB will delay the application of TAS 29, financial statements as of September 30, 2022 are not adjusted for inflation in accordance with TAS 29 in order to ensure comparability.

The Company is in the process of assessing the impact of TAS 29 on financial position or performance of the Company.

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the interim financial statements as of September 30, 2022 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of January 1, 2022 and thereafter. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as of 1 January 2022 are as follows:

Amendments to IFRS 3 – Reference to the Conceptual Framework

In July 2020, the POA issued amendments to IFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of IFRS 3. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments must be applied prospectively.

The amendments did not have a significant impact on the financial position or performance of the Company.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

Amendments to TAS 16 – Proceeds before intended use

In July 2020, the POA issued amendments to TAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment.

The amendments did not have a significant impact on the financial position or performance of the Company.

Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract

In July 2020, the POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a “directly related cost approach”. Amendments must be applied prospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

Annual Improvements – 2018–2020 Cycle

In July 2020, the POA issued Annual Improvements to TFRS Standards 2018–2020 Cycle, amending the followings:

- *TFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter*: The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.

- *TFRS 9 Financial Instruments – Fees in the “10 per cent test” for derecognition of financial liabilities*: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other’s behalf.

- *TAS 41 Agriculture – Taxation in fair value measurements*: The amendment removes the requirement in paragraph 22 of TAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of TAS 41.

The Company is in the process of assessing the impact of the amendments / improvements on financial position or performance of the Company.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

ii) Standards issued but not yet effective and not early adopted

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

Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

The Company will wait until the final amendment to assess the impacts of the changes.

TFRS 17 - The new Standard for insurance contracts

The POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted.

The standard is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

Amendments to TAS 1- Classification of liabilities as current and non-current liabilities

On January 15, 2021, the POA issued amendments to TAS 1 Presentation of Financial Statements. The amendments issued to TAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted.

The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

Amendments to TAS 8 - Definition of Accounting Estimates

In August 2021, the POA issued amendments to TAS 8, in which it introduces a new definition of ‘accounting estimates’. The amendments issued to TAS 8 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA. The amendments apply to

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. Earlier application is permitted.

The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

Amendments to TAS 1 - Disclosure of Accounting Policies

In August 2021, the POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments issued to TAS 1 are effective for annual periods beginning on or after 1 January 2023. In the absence of a definition of the term ‘significant’ in TFRS, the POA decided to replace it with ‘material’ in the context of disclosing accounting policy information. ‘Material’ is a defined term in TFRS and is widely understood by the users of financial statements, according to the POA. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.

The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

Amendments to TAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In August 2021, the POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments issued to TAS 12 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized.

The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

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NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Comparatives and restatement of prior year financial statements

The Company prepares comparative financial statements, to enable readers to determine financial position and performance trends. For the purposes of effective comparison, comparative financial statements can be reclassified when deemed necessary by the Company, where descriptions on significant differences are disclosed.

In the event of changes in accounting policies and accounting estimates, significant changes and significant accounting errors are applied retrospectively, and the prior period financial statements are restated. The effect of changes in accounting estimates affecting the current period is recognised in the current period; the effect of changes in accounting estimates affecting current and future periods is recognised in the current and future periods.

2.4 Critical accounting estimates and judgements policies

The preparation of financial statements requires estimates and assumptions to be made regarding the amounts for the assets and liabilities at the balance sheet date, and explanations for the contingent assets and liabilities as well as the amounts of income and expenses realised in the reporting period. Evaluation, estimates and assumptions of accounting are continuously reviewed through taking past experiences, other factors and reasonable expectations as of current date and future events into account. The Company makes estimates and assumptions concerning the future. The accounting estimates and assumptions, by definition, may not be equal the related actual results. The estimates and assumptions that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Deferred taxes:

Deferred tax is provided, using the liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Tax bases of assets and liabilities comprise of the amounts that will impact taxable income in future periods based on the tax legislation. Currently enacted tax rates, which are expected to be effective during the periods when the deferred tax assets will be utilized or deferred tax liabilities will be settled, are used to determine deferred tax.

Deferred tax assets and liabilities are recognized to the extent that they will impact taxes to be paid in the periods that temporary differences will disappear. Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Carrying value of deferred tax assets are decreased to the extent necessary, if future taxable profits are not expected to be available to utilize deferred tax assets partially or fully.

In determining the fair value of financial assets disclosed in Note 5, the probability of collecting usufructs is considered as 50% and the discount rate is used as 12.1% in USD terms.

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NOTE 3 - SEGMENT REPORTING

The reportable segments of Turcas have been organized by management as oil and electricity. The products which are included in oil are fuel products, lubricants and engine oil. Electricity group consists of power generation.

Accounting policies applied by each operational segment of Turcas are the same as those are applied in Turcas's financial statements prepared in accordance with Public Oversight Financial Reporting Standards. Turcas's reportable segments are strategical business units which presents various products and services. Each of these segments are administrated seperately by the necessity of requiring different technologies and marketing strategies.

Information regarding to each segment has been presented below. Earnings before interest, tax, depreciation and amortisation (EBITDA) have been taken into consideration for evaluation of the performance of the operational segments. Management considers EBITDA as the most adequate indicator for making comparison with competitors in the sector.

- a) Operational segments which have been prepared in accordance with the reportable segments as of 30 September 2022 are as follows:

	Oil	Electricity	Other	Total
Revenue from external customers	-	-	-	-
EBITDA	-	-	(80,394,107)	(80,394,107)
Financial income	-	-	181,091,854	181,091,854
Financial expenses	-	-	(207,554,123)	(207,554,123)
Amortization and depreciation expenses	-	-	(1,790,404)	(1,790,404)
Income/ (loss) from Associates	493,498,200	143,438,395	-	636,936,595
Purchase of tangible and intangible assets	-	-	3,827,373	3,827,373

- b) Operational segments which have been prepared in accordance with the reportable segments as of 30 September 2021 are as follows:

	Oil	Electricity	Other	Total
Revenue from external customers	-	56,665,627	-	56,665,627
EBITDA	-	35,295,047	(10,980,195)	24,314,852
Financial income	-	30,569,322	102,851,067	133,420,389
Financial expenses	-	(67,369,079)	(153,420,166)	(220,789,245)
Amortization and depreciation expenses	-	(7,211,569)	(2,100,156)	(9,311,725)
Income/ (loss) from Associates	93,504,900	44,254,559	-	137,759,459
Purchase of tangible and intangible assets	-	5,832,696	1,881,999	7,714,695

- c) Operational segments which have been prepared in accordance with the reportable segments as of 1 July - 30 September 2022 are as follows:

	Oil	Electricity	Other	Total
Revenue from external customers	-	-	-	-
EBITDA	-	-	(9,267,559)	(9,267,559)
Financial income	-	-	28,292,096	28,292,096
Financial expenses	-	-	(31,658,919)	(31,658,919)
Amortization and depreciation expenses	-	-	(757,294)	(757,294)
Income/ (loss) from Associates	(246,572,400)	39,267,653	-	-
Purchase of tangible and intangible assets	-	-	2,013,141	2,013,141

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NOTE 3 - SEGMENT REPORTING (Continued)

d) Operational segments which have been prepared in accordance with the reportable segments as of 1 July - 30 September 2021 are as follows:

	Oil	Electricity	Other	Total
Revenue from external customers	-	18,048,100	-	18,048,100
EBITDA	-	12,516,244	(4,084,710)	8,431,534
Financial income	-	15,207,937	40,389,790	55,597,727
Financial expenses	-	(19,693,438)	(36,805,159)	(56,498,597)
Amortization and depreciation expenses	-	(2,407,525)	(708,517)	(3,116,042)
Income/ (loss) from Associates	80,268,000	37,215,305	-	117,483,305
Purchase of tangible and intangible assets	-	124,230	845,966	970,196

e) Operating segment information as of 30 September 2022 is shown below:

	Oil	Electricity	Other	Eliminations	Total
Segment assets (*)	-	398,240,936	103,588,348	(16,308,640)	485,520,644
Investments accounted by equity method	875,733,600	533,272,418	-	-	1,409,006,018
Segment liabilities	-	539,540,734	515,772,958	(535,931,951)	519,381,741

f) Operating segment information as of 31 December 2021 is shown below:

	Oil	Electricity	Other	Eliminations	Total
Segment assets (*)	-	370,353,937	235,233,872	97,628,778	703,216,587
Investments accounted by equity method	388,779,000	471,928,429	-	-	860,707,429
Segment liabilities	-	559,120,548	808,241,304	5,648,794	1,373,010,646

(*) Through deducting investment amounts of associates which are accounted by equity method.

g) Reconciliation between reportable segment incomes is as follows:

	1 January – 30 September 2022	1 January – 30 September 2021	1 July – 30 September 2022	1 July – 30 September 2021
Revenue				
Segment revenue	-	56,665,627	-	18,048,100
Revenue	-	56,665,627	-	18,048,100
EBITDA				
EBITDA of Segment	-	35,295,047	-	12,516,244
Other EBITDA	(80,394,107)	(10,980,195)	(9,267,559)	(4,084,710)
EBITDA	(80,394,107)	24,314,852	(9,267,559)	8,431,534
Financial income	181,091,854	133,420,389	28,292,096	55,597,727
Financial expense	(207,554,123)	(220,789,245)	(31,658,919)	(56,498,597)
Income from investment activities	479,092,465	(4,539,627)	18,198,709	1,720,145
Income/(loss) from investments accounted by equity method	636,936,595	137,759,459	(207,304,747)	117,483,305
Depreciation and amortization expense	(1,790,404)	(9,311,725)	(757,294)	(3,116,042)
Profit / (loss) before tax	1,007,382,280	60,854,103	(202,497,714)	123,618,072

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NOTE 4 - CASH AND CASH EQUIVALENTS

	30 September 2022	31 December 2021
Cash	125,546	93,089
Banks		
- time deposits	148,290,500	20,491,519
- demand deposits	130,687	81,626
	148,546,733	20,666,234

The maturities of cash and cash equivalents are as follows:

	30 September 2022	31 December 2021
Up to 30 days	130,407,233	5,573,231
Up to 60 days	18,139,500	15,093,003
	148,546,733	20,666,234

The effective interest rates (%) of time deposits are as follows:

	30 September 2022	31 December 2021
TL	-	16.50
US Dollars	-	0.15
EUR	0.61	0.02

Cash and cash equivalents as of 30 September 2022, 31 December 2021 and 30 September 2021, as seen in condensed interim cash flow statements, are as follows:

	30 September 2022	31 December 2021	30 September 2021
Cash and cash equivalents	148,546,733	20,666,234	127,705,668
Less: interest accrual	(23,676)	(39)	(5,332)
Assets held for sale			
Cash and cash equivalents	-	36,678,167	-
Less: interest accrual	-	(1,474)	-
	148,523,057	57,342,888	127,700,336

As of 30 September 2022, the Company has blocked deposits of EUR 1,000,000 at Türkiye Garanti Bankası A.Ş., based on the loan terms used by the Bayern LB and EAA (Erste Abwicklungsanstalt) banks consortium to finance the Denizli natural gas power plant (31 December 2021: EUR 1,000,000).

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NOTE 5 - FINANCIAL INVESTMENTS

a) Financial Investments:

	30 September 2022		31 December 2021	
	Participation amount	Participation rate (%)	Participation amount	Participation rate (%)
ATAŞ (*)	17,081,916	5	17,081,916	5
	17,081,916		17,081,916	

(*) According to TFRS 9 Financial Instruments, ATAŞ is recognized at fair value.

b) Financial Assets:

	30 September 2022	31 December 2021
Currents Financial Assets (*)	135,986,650	96,421,598
Non-Current Financial Assets (*)	109,413,557	66,660,327
Non-Current Financial Assets (**)	36,213,717	17,202,942
Total	281,613,924	180,284,867

Financial assets are recognized at fair value.

(*) The financial asset originating from the agreements signed between Turcas and Shell Company of Turkey Ltd. (Shell) on 25.08.2017 is subject to valuation and disclosed in the financial statements as TL 245,400,207 (Note 7).

(**) It consists of Turcas' investment at a venture capital investment fund.

	2022	2021
1 January	180,284,867	120,694,418
Usufruct Certificates collection (-)	(138,572,800)	(63,775,700)
Foreign exchange gains	53,919,807	17,396,080
Interest income	20,562,002	-
Additions	4,130,169	2,020,206
Fair value difference	161,289,879	(11,492,899)
30 September	281,613,924	64,842,105

NOTE 6 - FINANCIAL LIABILITIES

	30 September 2022	31 December 2021
Short-term bank borrowings	140,199,373	221,491,238
Long-term bank borrowings	370,949,035	586,306,214
	511,148,408	807,797,452

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NOTE 6 - FINANCIAL LIABILITIES (Continued)

		30 September 2022	
	Yearly average effective interest rate (%)	Original amount	TL
EUR borrowings			
- Floating interest rate (*)	6M Euribor + %1.65- 6M Euribor + %5.40	7,715,047	140,199,373
Total short term financial liabilities			140,199,373
EUR borrowings			
- Floating interest rate (*)	6M Euribor + %1.65- 6M Euribor + %5.40	20,167,536	366,488,490
- Interest accrual of EUR floating rate loan (*)	-	245,460	4,460,545
Total long term financial liabilities			370,949,035
Total financial liabilities			511,148,408

(*) The outstanding loan balance used for the long-term financing of Denizli natural gas power plant from Bayern LB and EAA (Erste Abwicklungsanstalt) banks consortium is TL 332,009,341 (EUR 18,270,179) including its accrued interest, which is recognized through the deduction of ECA premium fee amounting to TL 2,426,639 (EUR 133,536) and arrangement fee amounting to TL 1,431,265 (EUR 78,761) respectively from the total amount of the loan. The aforementioned commission amounts are amortized throughout the maturity of the loan. The outstanding loan balance used for the financing of Denizli natural gas power plant from TSKB, is TL 183,452,286 (EUR 10,095,216) including its accrued interest, which is recognized through deducting the arrangement fee amounting to TL 455,315 (EUR 25,056) from total credit amount. The aforementioned commission amount is amortized throughout the maturity of the loan.

		31 December 2021	
	Yearly average effective interest rate (%)	Original amount	TL
EUR borrowings			
- Floating interest rate (*)	6M Euribor + %1.65- 6M Euribor + %5.40	14,654,804	221,491,238
Total short term financial liabilities			221,491,238
EUR borrowings			
- Floating interest rate (*)	6M Euribor + %1.65- 6M Euribor + %5.40	38,777,716	586,082,521
- Interest accrual of EUR floating rate loan (*)	-	14,800	223,693
Total long term financial liabilities			586,306,214
Total financial liabilities			807,797,452

(*) The outstanding loan balance used for the long-term financing of Denizli natural gas power plant from Bayern LB and EAA (Erste Abwicklungsanstalt) banks consortium is TL 563,660,915 (EUR 37,294,207) including its accrued interest, which is recognized through the deduction of ECA premium fee amounting to TL 6,590,910 (EUR 436,083) and arrangement fee amounting to TL 1,431,265 (EUR 94,699) respectively from the total amount of the loan. The aforementioned commission amounts are amortized throughout the maturity of the loan. The outstanding loan balance used for the financing of Denizli natural gas power plant from TSKB, is TL 252,929,606 (EUR 16,734,900) including its accrued interest, which is recognized through deducting the arrangement fee amounting to TL 770,894 (EUR 51,006) from total credit amount. The aforementioned commission amount is amortized throughout the maturity of the loan.

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NOTE 6 - FINANCIAL LIABILITIES (Continued)

Floating interest rated financial debts denominated in foreign currencies are translated to TL using effective exchange rates at period end, Interest rates of floating interest rated financial debts are redetermined in 6 month periods, therefore carrying values are considered to approximate their fair values.

The redemption schedule of financial liabilities is as follows:

	30 September 2022	31 December 2021
Within 1 year	140,199,373	221,491,238
1 - 2 years	167,451,596	238,087,101
2 - 3 years	203,497,439	233,882,032
3 - 4 years	-	114,337,081
	511,148,408	807,797,452

The following is the information compiled regarding the loans utilized for the 800 MW Natural Gas Combined Cycle Power Plant investment, within the scope of financing corresponding to the share of RWE Turcas&Güney Elektrik Üretim A.Ş., an associate of the Company, in the Denizli Project:

- The loan agreement was entered into with the bank consortium composing of Bayerische Landesbank (“Bayern LB”) and EAA (Erste Abwicklungsanstalt) with respect to the amount EUR 149,351,984, with a maturity of 13 years and no-payback (grace) period of three years at the interest rate Euribor + 1.65%, under the guarantee of Euler Hermes German Export Loan Agency (final maturity: June 2025),
- The loan agreement was signed with Türkiye Sınai Kalkınma Bankası A.Ş. (“TSKB”) with respect to the amount USD 55,000,000, with a maturity of 10 years and no-payback (grace) period of three years at the interest rate Libor + 3.40% (final maturity: June 2025).

Reconciliation of liabilities arising from financing activities

The table below details changes in the Company’s liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company’s statement of cash flows as cash flows from financing activities:

		Cash changes			Non-cash changes	
	31 December 2021	Principal Payments	Interest Payments	Cash Flow from borrowings	Interest accruals & translation adjustments	30 September 2022
Bank loans	807,797,452	(424,028,736)	(9,395,680)	-	136,775,372	511,148,408
Financial liabilities	807,797,452	(424,028,736)	(9,395,680)	-	136,775,372	511,148,408

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NOTE 7 - INVESTMENTS ACCOUNTED BY EQUITY METHOD

	%	30 September 2022	%	31 December 2021
STAŞ	30	875,733,600	30	388,779,000
RWE & Turcas Güney Elektrik Üretim A.Ş.	30	533,272,418	30	471,928,429
		1,409,006,018		860,707,429
		30 September 2022		31 December 2021
Balance at the beginning of the year		860,707,429		689,028,150
Income and losses from associates (net) (*)		636,936,595		174,143,062
Transactions with associates (**)		574,438		765,917
Actuarial gain / losses		(6,712,444)		(3,229,700)
Capital decrease of associates (***)		(82,500,000)		-
Balance at the end of the year		1,409,006,018		860,707,429

(*) The Company's income and loss balances from associates amounting to TL 636,936,595 consist of income balance from Shell & Turcas Petrol A.Ş. amounting to TL 493,498,200, income balance from RWE&Turcas Güney Elektrik Üretim A.Ş. amounting to TL 143,438,395.

(**) The balance consists of the consolidation adjustment for capitalized finance expenses by RWE&Turcas Güney Elektrik Üretim A.Ş. related to the borrowing from the Company in order to finance Denizli Plant investment of RWE&Turcas Güney Elektrik Üretim A.Ş.

(***) It consists of capital decrease of RWE&Turcas Güney Elektrik Üretim A.Ş. and collected on 9 May 2022.

STAS

As explained in Note 1, STAŞ operates for the sales, purchase, export and import, storage and distribution of each kind of fuel products and lubricants.

Shell & Turcas Petrol A.Ş. (STAŞ), in which Turcas has a 30% share (share of Shell Company of Turkey Ltd. is 70%), has become operational on 1 July 2006. As of 30 September 2022, STAŞ is one of the leading companies in Turkish fuel distribution sector with 1,129 fuel stations, lubricant production facilities, retail and commercial sale.

In accordance with the agreements signed on 25 August 2017 between Turcas and Shell Company of Turkey;

- (i) Shell has been granted the right, but not the obligation, exercisable at any time and only by Shell, after a 2 year lock-up period, to trigger a calculation of the Fair Market Value (FMV) of STAS for the purpose of purchasing Turcas' 30% shares. If upon calculation of FMV Shell makes an offer to purchase Turcas' shares in STAS, Turcas has the right to counter offer to purchase Shell's 70% shares in STAS, which could then effectively trigger an auction between the parties where each party has the right either to agree to sell its shares at the last offer or make an increased counter-offer to purchase the other party's shares. Shell has the ability to cancel the auction process at any time before acceptance of any offer. If Shell stops the process, all the offers made up to that time will be null and void and each party's shareholding in STAS will not change. But if it elects to do so, a 2 year lock up period will again be imposed.

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NOTE 7 - INVESTMENTS ACCOUNTED BY EQUITY METHOD (Continued)

- (ii) In return for Turcas providing Shell with the option to trigger an exit, Shell shall cause STAS to issue 125 Usufruct Certificates to Turcas, which shall each entitle Turcas to USD 64,000 of preferred dividends per annum to be valid from financial year 2016 and with first payment to be realized in 2017.

The Company has valued the financial asset resulting from this agreement as TL 245,400,207 in the financial statements (Note 5).

STAŞ	30 September 2022	31 December 2021
Total assets	23,293,364,500	12,764,862,500
Total liabilities	(20,374,252,500)	(11,468,932,500)
Net assets	2,919,112,000	1,295,930,000
Company's share of associate's net assets	875,733,600	388,779,000
	1 January - 30 September 2022	1 January - 30 September 2021
Net sales	117,553,046,000	36,288,364,000
Comprehensive income / (expense)	1,623,182,000	311,683,000
Company's share in total comprehensive income / (expense)	486,954,600	93,504,900

RWE&Turcas Güney Elektrik Üretim A.Ş.

RWE & Turcas Güney Elektrik Üretim A.Ş., in which Turcas has a 30% share (share of RWE Generation SE is 70%), is the owner and operator of a natural gas combined cycle power plant with an installed capacity of 800 MW in Denizli. The power plant has become operational with completion of temporary admission process conducted by the Ministry as of 24 June 2013.

RWE&Turcas	30 September 2022	31 December 2021
Total assets	3,010,333,391	2,101,034,866
Total liabilities	(1,214,323,880)	(507,590,528)
Net assets	1,796,009,511	1,593,444,338
Company's share of associate's net assets	538,802,853	478,033,301
Inter-group finance expense elimination	(5,530,435)	(6,104,872)
Company's share, net	533,272,418	471,928,429
	1 January - 30 September 2022	1 January - 30 September 2021
Net sales	4,583,528,408	1,392,091,850
Comprehensive income / (expense)	477,565,172	147,523,711
Company's share in total comprehensive income / (expense)	143,269,551	44,257,114

TURCAS PETROL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2022

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NOTE 8 - PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The amount of tangible and intangible assets purchased for the period ending as of 30 September 2022 is TL 3,827,373 (31 December 2021: TL 3,245,383).

There is no tangible and intangible assets sold for the period ending as of 30 September 2022 (31 December 2021: TL 13,062).

For the nine month interim periods ending as of 30 September 2022 and 30 September 2021, all depreciation and amortisation expenses have been added to general administrative expenses (2021: All depreciation and amortisation expenses have been added to general administrative expenses. All depreciation and amortization expenses of Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş., which is evaluated within the scope of TFRS 5, are classified under the "Net profit / (loss) from discontinued operations").

NOTE 9 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Contingent assets and liabilities related with Turcas

Collaterals, pledges, mortgages (CPM) given by the Company, as of 30 September 2022 and 31 December 2021 are as follows:

	Currency	30 September 2022		31 December 2021	
		Original Amount	TL Amount	Original Amount	TL Amount
GPM's given by the Company (Guarantee-Pledge-Mortgage)					
A. GPM's given for companies					
Own legal personality (*)	TL	22,999,786	22,999,786	23,937,583	23,937,583
	USD	33,800	627,061	50,600	675,662
B. GPM's given on behalf of fully consolidated companies	TL	-	-	-	-
	USD	-	-	-	-
	EUR	-	-	-	-
C. GPM's given for continuation of its economic activities on behalf of third parties (**)	USD	-	-	91,000,000	1,215,123,000
	EUR	5,524,986	100,401,146	5,572,568	84,223,235
D. Total amount of other GPM's					
i) Total amount GPM's given on behalf of the majority shareholders		-	-	-	-
ii) Total amount of GPM's given to on behalf of other group companies which are not in scope of B and C		-	-	-	-
iii) Total amount of GPM's given on behalf of third parties which are not in scope of C		-	-	-	-
			124,027,993		1,323,959,480

(*) It consists of the guarantees given by Turcas Petrol to Official Institutions.

(**) Project Completion Guarantee amounting to USD 91 million has been given by Turcas Petrol A.Ş. for the financing of geothermal power plant investment within the body of Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. based on the loan agreement having 14 years of maturity with a grace period of 30 months amounting to USD 40.5 million and EUR 15 million signed on February 25, 2016 with TSKB. Turcas Petrol A.Ş. has signed a Share Purchase Agreement dated 21 December 2021 regarding the sale of 100% of its shares in Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. and the share transfer took place on 14 February 2022 due the Agreement. Therefore, the mentioned Project Completion Guarantee has disappeared as of 14 February 2022.

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NOTE 9 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

In relation to Company's share of financing the investment of 800 MW Natural Gas Fired Combined-Cycle Power Plant; as stated in Note 6, within the scope of the loan contract which is signed with Bayern LB and EAA (Erste Abwicklungsanstalt) amounting to EUR 149,351,984, a DSRA Standby Letter of Credit was arranged by Akbank T.A.Ş. on behalf of Turcas Petrol A.Ş with Bayern LB and EAA (Erste Abwicklungsanstalt) as the drawee bank in the amount of EUR 5,524,986, with a maturity of 31 January 2023.

	30 September 2022	31 December 2021
Letter of guarantees received	100,235	90,047
Letter of other guarantees received	27,000	45,000
	127,235	135,047

Contingent assets and liabilities of Turcas Petrol A.Ş. regarding STAŞ

The contingent assets and liabilities of the Company related to STAŞ are follows:

	30 September 2022	31 December 2021
Letters of guarantee given to the customs office	958,508,096	931,531,500
Letters of guarantee given to the tax office	329,171,258	267,000,300
Letters of guarantee given to the EMRA	15,000,000	15,000,000
Other	15,015,841	13,013,700
	1,317,695,195	1,226,545,500

	30 September 2022	31 December 2021
Mortgages taken	1,232,364,000	876,773,400
Letters of guarantees received	978,213,300	517,883,100
Other guarantees received	120,155,700	121,056,300
	2,330,733,000	1,515,712,800

STAŞ has committed to pay TL 3,203,600,000 to the station owners for the station improvement in the periods mentioned below (31 December 2021: TL 2,630,280,000). The payment terms of Company's share of warranty are as follows:

	30 September 2022	31 December 2021
Within 1 year	235,733,400	214,945,800
1-5 years	621,084,300	489,552,300
5-22 years	104,262,600	84,585,900
	961,080,300	789,084,000

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NOTE 9 - COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES (Continued)

According to the environmental laws in effect, Shell & Turcas Petrol A.Ş. (“STAŞ”) is responsible for any environmental pollution that may arise as a result of its operations. In the case that STAŞ causes an environmental pollution, STAŞ may be required to recover the damages. There are no environmental lawsuits claimed against STAŞ as of the balance sheet date, however in the case of abandoning the currently operating terminals in the future, STAŞ may be charged for the soil clean-up costs for these terminals. On the other hand, according to the BCA, any environmental liabilities that have arisen prior to the acquisition date are the responsibility of shareholders. STAŞ is accountable only for the environmental liabilities that occur subsequent to the Acquisition Date. However, STAŞ management does not foresee any liabilities that should be reflected in these financial statements.

As a result of the investigation initiated by the Competition Authority against STAŞ on 26 September 2018, on the grounds of determining whether Article 4 of the Law on the Protection of Competition no.4054 has been violated or not by maintaining the resale prices of the dealers, a notification was sent to STAŞ on 13 March 2020, stating that a fine in the amount of TL 348 million was imposed on STAŞ. The payment regarding the fine was made with reservation on 21 October 2020 by means of benefiting from 25% early payment discount as TL 261 million. An action for annulment was filed against the decision to the Ankara Administrative Court on 14.01.2021. As a result of the negative outcome of the annulment case, the decision has been appealed to the District Administrative Court and the decision of the appeal court is awaited. No provisions were set aside regarding the case and the payment which was made was accounted under “other non-current assets”.

Commitment and contingent assets and liabilities of Turcas regarding of RWE & Turcas Güney Elektrik Üretim A.Ş.

Commitment and contingent assets and liabilities of Turcas regarding of RWE & Turcas Güney Elektrik Üretim A.Ş. are as follows:

	30 September 2022	31 December 2021
Letters of guarantees given for EPIAŞ	15,407,844	1,907,844
Letters of guarantees given for TEİAŞ	3,155,199	3,738,699
Letters of guarantees given for BOTAŞ	1,845,000	1,845,000
Other	970,531	37,702
	21,378,574	7,529,245
	30 September 2022	31 December 2021
Letters of guarantees received	900,000	-
	900,000	-

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NOTE 10 – EQUITY

a) Paid in capital/treasury shares

Shareholders	Group	Allocation (%)	30 September 2022	Allocation (%)	31 December 2021
Aksoy Girişimcilik Enerji ve Turizm A.Ş.	A/C Group	54.45	139,175,892	54.45	139,175,892
Free Float	A Group	28.31	72,372,326	28.25	72,200,440
Turcas Petrol A.Ş., publicly traded on Borsa İstanbul	A Group	0.03	71,336	0.03	71,336
Other	A/B Group	17.21	43,980,446	17.27	44,152,332
Total		100	255,600,000	100	255,600,000
Repurchased shares			(8,450,916)		(8,450,916)
Inflation adjustment			41,247,788		41,247,788
Adjusted capital			288,396,872		288,396,872

The issued capital of the Company in 30 September 2022 is composed of 255,600,000 shares (31 December 2021: 255,600,000 shares). The nominal value of shares is TL 1 per share.

At least three members of the Board of Directors are elected among the candidates nominated by Group “B” shareholders. At least two members of the Board of Directors are elected among the candidates nominated by Group C shareholders, Group C shareholders have at least forty percent (40%) right, Group A shareholders have the right of nominating and electing three (3) members of the Board of Directors at the General Assembly Meeting where the members of the Board of Directors are elected. However, the remaining members of the Board of Directors are nominated and elected by the Group B shareholders.

At least one of the Group C shareholders is required to vote in the affirmative for some critical decisions determined in the establishment agreement of the Company.

There is no privilege assigned to any group of shares in terms of dividend distribution.

b) Restricted reserves

	30 September 2022	31 December 2021
Legal reserves	39,311,954	39,311,954
	39,311,954	39,311,954

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 be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital. These amounts should be classified under “Restricted Reserves” as per CMB Financial Reporting standards.

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NOTE 10 – EQUITY (Continued)**Dividend distribution**

Dividends are distributed according to Communiqué Serial: IV, No: 27 on “Principles Regarding Distribution of Interim Dividends for quoted entities subject to Capital Market Board Law”, principles on corporate articles and dividend distribution policy which is declared by Companies.

In addition to the CMB, it is stipulated that companies which have the obligation to prepare financial statements, calculate the net distributable profit amount by taking into account the net profits for the period in the financial statements that will be prepared and announced to the public in accordance with the Communiqué II-14.1 that sufficient reserves exists in the unconsolidated statutory books.

It is allowed to pay dividends to shareholders as bonus share which shall be issued through the addition of dividends to equity or in cash or distributing to shareholders at a certain ratio in cash and at a certain rate as bonus share depending upon the resolutions taken in the general assemblies of companies provided that it is decided to realize dividend payment and also to remain the amount in question in partnership body without distribution if the amount of determined first dividend is less than 5% of paid/issued capital but it has become obligatory for the joint stock companies, which shall pay dividends from net income for the period as a result of their activities and having their shares separated as “old” and “new” since they have made a capital increase without realizing dividend payment related to previous period, to pay the first dividend, which shall be calculated, in cash.

NOTE 11 - SALES AND COST OF SALES

	1 January – 30 September 2022	1 January – 30 September 2021	1 July – 30 September 2022	1 July – 30 September 2021
Electricity sales (*)	-	56,665,627	-	18,048,100
	-	56,665,627	-	18,048,100

(*) As of 30 September 2022, electricity sales for the period from 1 January 2022 to 14 February 2022 amounting to TL 22,323,433 that belongs to Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş., which is evaluated within the scope of TFRS 5, are classified under the “Net profit / (loss) from discontinued operations”.

	1 January – 30 September 2022	1 January – 30 September 2021	1 July – 30 September 2022	1 July – 30 September 2021
Cost of Sales (*)				
Depreciation and amortization expenses	-	7,211,569	-	2,407,525
Personnel expenses	-	4,897,063	-	1,483,790
Electricity cost	-	2,978,293	-	1,381,685
Maintenance and repair costs	-	1,573,210	-	780,263
Insurance expenses	-	1,246,573	-	640,331
Transmission capacity and service cost	-	1,152,436	-	363,100
Outsourced benefits and services	-	1,030,646	-	354,399
Other	-	646,428	-	217,921
	-	20,736,218	-	7,629,014

(*) As of 30 September 2022, cost of sales for the period from 1 January 2022 to 14 February 2022 amounting to TL 2,709,869 that belongs to Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş., which is evaluated within the scope of TFRS 5, are classified under the “Net profit / (loss) from discontinued operations”.

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NOTE 12 – GENERAL AND ADMINISTRATIVE EXPENSES

General and Administrative Expenses (*)	1 January – 30 September 2022	1 January – 30 September 2021	1 July – 30 September 2022	1 July – 30 September 2021
Personnel expenses	18,920,204	12,407,705	5,636,533	3,281,156
Outsourced services	6,445,682	2,717,599	2,738,253	531,330
Depreciation and amortization expenses	1,790,404	2,100,156	757,294	708,516
Repair and maintenance expenses	2,955,789	1,459,331	1,217,090	447,002
Taxes and other liabilities	580,024	235,204	50,742	105,003
Travel expenses	303,590	142,909	84,746	90,493
Rent expenses	110,308	81,931	56,221	30,278
Aid expenses	-	19,642	-	19,142
Other	3,824,220	2,594,667	1,333,441	992,730
	34,930,221	21,759,144	11,874,320	6,205,650

(*) As of 30 September 2022, general and administrative expenses for the period from 1 January 2022 to 14 February 2022 amounting to TL 169,622 that belongs to Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş., which is evaluated within the scope of TFRS 5, are classified under the "Net profit / (loss) from discontinued operations".

NOTE 13 - OTHER OPERATING INCOME / EXPENSE

For the nine-month period ending as of September 30, 2022, other operating income amounting to TL 5,120,985 consists of rent and service income amounting to TL 4,218,339 and other income amounting to TL 902,646. As of 30 September 2022, other operating income for the period from 1 January 2022 to 14 February 2022 amounting to TL 45,442,940 that belongs to Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş., which is evaluated within the scope of TFRS 5, are classified under the "Net profit / (loss) from discontinued operations".

For the nine-month period ending as of September 30, 2021, other operating income amounting to TL 13,412,759 consists of the Joint Venture Agreement amounting to TL 6,618,115, rent and service income amounting to TL 3,108,663 and exchange rate differences arising from trade payables amounting to TL 3,685,981.

Joint Venture Agreement gives Turcas the right to redeem a predetermined amount from Shell Turkey, if administration expenses reflected to STAŞ by Shell Turkey's main shareholder exceed a certain amount.

For the nine-month period ending as of September 30, 2022, other operating expense amounting to TL 52,375,275 consists of the Joint Venture Agreement amounting to TL 52,331,784 and other expenses amounting to TL 43,491. As of 30 September 2022, other operating expenses for the period from 1 January 2022 to 14 February 2022 amounting to TL 3,112,987 that belongs to Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş., which is evaluated within the scope of TFRS 5, are classified under the "Net profit / (loss) from discontinued operations".

For the nine-month period ending as of September 30, 2021, other operating expenses amounting to TL 12,579,897 consist of exchange rate differences arising from trade payables amounting to TL 10,477,571 and other expenses amounting to TL 2,102,326.

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NOTE 14 - INCOME / EXPENSE FROM INVESTMENT ACTIVITIES

For the nine-month period ending as of September 30, 2022, income from investment activities amounting to TL 479,092,465 consists of profit on sale of subsidiary (Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş.) amounting to TL 317,802,586, fair value difference of venture capital investment fund valuation amounting to TL 14,880,606 and fair value difference of usufruct certificates amounting to TL 146,409,273.

For the nine-month period ending as of September 30, 2021, income from investment activities amounting to TL 9,033,924 consist of fair value difference of venture capital investment fund valuation amounting to TL 2,080,652, fair value difference of Ataş valuation amounting to TL 6,940,420 and dividend income from EPİAŞ amounting to TL 12,852.

For the nine-month period ending as of September 30, 2022, there is no expense from investment activities.

For the nine-month period ending as of September 30, 2021, expense from investment activities amounting to TL 13,573,551 consists of fair value difference of usufruct certificates.

NOTE 15 - FINANCIAL INCOME

	1 January – 30 September 2022	1 January – 30 September 2021	1 July – 30 September 2022	1 July – 30 September 2021
Financial Income (*)				
Foreign exchange gains	150,465,869	120,174,866	16,829,773	51,073,980
Interest income	30,625,985	13,245,523	11,462,323	4,523,747
	181,091,854	133,420,389	28,292,096	55,597,727

(*) As of 30 September 2022, financial income for the period from 1 January 2022 to 14 February 2022 amounting to TL 15,402,025 that belongs to Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş., which is evaluated within the scope of TFRS 5, are classified under the "Net profit / (loss) from discontinued operations".

NOTE 16 - FINANCIAL EXPENSE

	1 January – 30 September 2022	1 January – 30 September 2021	1 July – 30 September 2022	1 July – 30 September 2021
Financial Expense (*)				
Foreign exchange losses	181,544,397	193,416,412	25,081,392	47,919,886
Interest expenses	13,632,532	24,747,673	4,262,123	7,696,135
Other	12,377,194	2,625,160	2,315,404	882,576
	207,554,123	220,789,245	31,658,919	56,498,597

(*) As of 30 September 2022, financial expense for the period from 1 January 2022 to 14 February 2022 amounting to TL 21,458,305 that belongs to Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş., which is evaluated within the scope of TFRS 5, are classified under the "Net profit / (loss) from discontinued operations".

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NOTE 17 - TAX ASSETS AND LIABILITIES

Current tax liability	30 September 2022	31 December 2021
Prepaid tax and funds	54,454	225,261
Corporate tax provision	-	-
Prepaid tax and funds / (Current tax liability), net	54,454	225,261

Tax expense is comprised of the following:

	1 January – 30 September 2022	1 January – 30 September 2021	1 July – 30 September 2022	1 July – 30 September 2021
Deferred tax income / (expense)	(2,301,973)	6,528,761	2,562,968	(978,296)
Corporate tax expense	-	-	-	-
	(2,301,973)	6,528,761	2,562,968	(978,296)

Corporate Tax

The Company is subject to Turkish corporate taxes. A provision is made in the accompanying financial statements for the estimated charge based on the Company’s results for the period.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting the tax-exempt earnings, other exempt income and other deductions (losses of previous periods, investment incentives utilized).

Valid rate of corporate tax in 2022 is 23% (31 December 2021: 25%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate is 20%. In accordance with Provisional Article 13 added to the Corporate Tax Law No. 5520, 25% corporate tax rate will be applied to the profits related to their 2021 tax periods and as 23% corporate tax rate to the profits related to their 2022 tax periods. The amendment will be valid for the taxable corporate income starting from 1 January 2021, beginning with the advance Corporate Tax Declarations which must be declared as of 1 July 2021. The companies apply 25% tax rate over their quarterly profits (23% for the year 2022 and 22% for the year 2023 and onwards) when calculating their temporary tax payables which they are obliged to declare via Advance Corporate Tax Declaration by the end of the 14th and pay by the end of the 17th of the 2 month following the related period. Quarterly Advance Corporate Tax payments made within a year are deducted from the Corporate Income Tax calculated for the same fiscal year. Following the netting-off, if there is still remaining Advance Corporate Tax balance, it can be deducted from any other financial debt owed to the State or can be received in the form of a cash refund.

With the “Law Amending the Tax Procedure Law and the Corporate Tax Law”, which was accepted on the agenda of the Turkish Grand National Assembly on January 20, 2022, the application of inflation accounting was postponed starting from the balance sheet dated on December 31, 2023.

Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. Tax carry back is not allowed.

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NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. The corporate tax return is submitted until the evening of the 25th day of the fourth month following the month in which the accounting period is closed and is paid until the end of the month.

Income withholding tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied is 10% (31 December 2021: 10%). Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Deferred tax assets and liabilities

The Company, recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with Turkish Financial Reporting Standards and their statutory financial statements. These temporary differences usually result in the recognition of revenue and expenses in different reporting periods for Turkish Financial Reporting Standards and tax purposes.

The rate applied in the calculation of deferred tax assets and liabilities is 25% and 23% depending on the periods that temporary differences disappears (2021: 25%).

The breakdowns of cumulative temporary differences and the resulting deferred tax assets/liabilities using principal tax rates are as follows:

	Total temporary differences		Deferred tax asset/(liability)	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Interest accrual	(6,689,925)	(19,617,751)	1,538,683	4,904,438
Tangible and intangible assets	(5,554,753)	(1,146,499)	1,277,593	286,625
Provision for employment termination benefits	(1,286,637)	(552,923)	295,926	138,231
Unused vacation pay liability	(570,947)	(370,271)	131,318	92,568
Provision for lawsuit	(1,588,100)	(1,588,100)	365,263	397,025
Fair value differences	11,526,360	11,526,360	(662,766)	(720,399)
Deferred tax asset, net			2,946,017	5,098,488

The movement of deferred tax assets and liabilities as of 30 September 2022 and 2021 are as follows:

	1 January - 30 September 2022	1 January - 30 September 2021
Opening balance	5,098,488	22,361,144
Amount in statement of profit or loss	(2,301,973)	6,528,761
Amount in other comprehensive income	149,502	27,914
Closing balance	2,946,017	28,917,819

TURCAS PETROL A.Ş.

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(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 18 – EARNINGS / (LOSS) PER SHARE

For the years 30 September 2022 and 2021, the number of shares and earnings / loss per share is as follows:

	1 January – 30 September 2022	1 January – 30 September 2021	1 July – 30 September 2022	1 July – 30 September 2021
Number of outstanding shares	255,600,000	255,600,000	255,600,000	255,600,000
Net profit / (loss) of shareholders	1,061,755,548	67,382,864	(199,934,746)	122,639,776
Earnings / (loss) per share	4.154	0.264	(0.782)	0.480

TURCAS PETROL A.Ş.**CONVENIENCE TRANSLATION INTO ENGLISH OF NOTES
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NOTE 19 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

	30 September 2022									
	Financial Assets		Receivables				Payables			
	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term
Balances with related parties			Trading	Non- Trading	Trading	Non- Trading	Trading	Non- Trading	Trading	Non- Trading
Associates										
RWE & Turcas Güney Elektrik Üretim A.Ş.	-	-	-	12,220	-	-	-	-	-	-
Shell Turcas Petrol A.Ş. (*)	135,986,650	109,413,557	-	-	-	-	-	36,042	-	-
Other related entities										
Ataş Anadolu Tasfiyehanesi A.Ş.	-	-	-	-	-	-	-	517,867	-	-
Dividend payable to shareholders	-	-	-	-	-	-	-	187,987	-	-
YTC Turizm ve Enerji A.Ş.	-	-	-	-	-	-	-	3,814	-	-
Aksoy Holding A.Ş.	-	-	-	540	-	-	-	-	-	-
Aksoy Enternasyonal Tic. A.Ş.	-	-	-	87,802	-	-	-	-	-	-
Aksoy Girişimcilik Enerji Ve Turizm A.Ş.	-	-	-	176,297	-	-	-	-	-	-
Horizonist Dis Tic. Ltd. Şti.	-	-	-	3,980	-	-	-	-	-	-
Daytona Turizm Ve Danışmanlık Ltd.Şti.	-	-	-	29,980	-	-	-	-	-	-
Tas.Hal.Transbalkan Denizyollari Deniz Taş.A.Ş.	-	-	-	29,980	-	-	-	-	-	-
Aksoy Taşınmaz Yatırımları A.Ş.	-	-	-	-	-	-	-	293,865	-	-
Gode Tekstil ve Tasarım Hizmetleri LTD. Şti.	-	-	-	4,547	-	-	-	-	-	-
	135,986,650	109,413,557	-	345,346	-	-	-	1,039,575	-	-

(*) The financial asset originating from the agreements signed between Turcas and Shell Company of Turkey Ltd. (Shell) on 25 August 2017 is subject to valuation and disclosed in the financial statements as TL 245,400,207 in total, amounting to TL 135,986,650 as short term and TL 109,413,557 as long term.

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NOTE 19 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	31 December 2021									
	Financial Assets		Receivables				Payables			
	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term	Long Term		
Balances with related parties			Trading	Non- Trading	Trading	Non- Trading	Trading	Non- Trading	Trading	Non- Trading
Associates										
RWE & Turcas Güney Elektrik Üretim A.Ş.	-	-	-	10,046	-	-	-	-	-	-
Shell Turcas Petrol A.Ş. (*)	96,421,598	66,660,327	-	73,285,182	-	-	-	-	-	-
Other related entities										
Ataş Anadolu Tasfiyehanesi A.Ş.	-	-	-	-	-	-	-	940,640	-	-
Dividend payable to shareholders	-	-	-	-	-	-	-	187,987	-	-
YTC Turizm ve Enerji A.Ş.	-	-	-	-	-	-	-	12,080	-	-
Aksoy Holding A.Ş.	-	-	-	1,130	-	-	-	-	-	-
Aksoy Enternasyonal Tic. A.Ş.	-	-	-	100,575	-	-	-	-	-	-
Aksoy Girişimcilik Enerji Ve Turizm A.Ş.	-	-	-	270,812	-	-	-	-	-	-
Horizonist Dis Tic. Ltd. Sti.	-	-	-	2,800	-	-	-	-	-	-
Daytona Turizm Ve Danışmanlık Ltd.Şti.	-	-	-	24,670	-	-	-	-	-	-
Tas.Hal.Transbalkan Denizyollari Deniz Taş.A.Ş.	-	-	-	24,670	-	-	-	-	-	-
Conrad Yeditepe Beyn.Otelcilik Turz. Tic.A.Ş.	-	-	-	-	-	-	-	33,474	-	-
Aksoy Taşınmaz Yatırımları A.Ş.	-	-	-	-	-	-	-	64,415	-	-
	96,421,598	66,660,327	-	73,719,885	-	-	-	1,238,596	-	-

(*) TL 72,600,000 of the short term non-trading receivables balance consist of the shareholder loan receivable with maximum 3 years maturity and TL Libor+2,1% interest rate (floating interest) given to Shell & Turcas Petrol A.Ş. on 17 September 2019. The financial asset originating from the agreements signed between Turcas and Shell Company of Turkey Ltd. (Shell) on 25 August 2017 is subject to valuation and disclosed in the financial statements as TL 163,081,925 in total, amounting to TL 96,421,598 as short term and TL 66,660,327 as long term.

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NOTE 19 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Transactions with related parties	1 January - 30 September 2022							
	Purchases	Sales	Interest received	Interest paid	Rent income	Dividend income	Other income	Other expenses
Associates								
Shell & Turcas Petrol A.Ş. (*)	-	-	9,116,034	-	-	-	138,632,752	433,161
RWE & Turcas Güney Elektrik Üretim A.Ş.	-	-	-	-	-	-	94,254	110,308
Other related entities								
Aksoy Holding A.Ş.	k	-	-	-	4,500	-	3,000	-
Aksoy Enternasyonal Ticaret.A.Ş.	-	-	-	-	4,500	-	758,480	16,225
Ataş Anadolu Tasfiyehanesi A.Ş.	-	-	-	-	520,272	-	52,177	641,208
Daytona Turizm ve Danışmanlık Ltd.Şti.	-	-	-	-	4,500	-	-	-
Tas.Hal.Transbalkan Denizyollari Deniz Taş.A.Ş.	-	-	-	-	4,500	-	-	-
Aksoy Taşınmaz Yatırımları A.Ş.	-	-	-	-	4,500	-	189,398	1,305,513
YTC Turizm ve Enerji A.Ş.	-	-	-	-	-	-	-	187,528
Conrad Yeditepe Beyn.Otelcilik Turz.Ve Tic A.Ş.	-	-	-	-	-	-	-	22,298
Horizonist Dis Tic.Ltd.Sti.	-	-	-	-	4,500	-	-	-
Aksoy Girişimcilik Enerji Ve Turizm A.Ş.	-	-	-	-	255,620	-	1,690,254	431,254
The Shell Company of Turkey LTD. (**)	-	-	-	-	-	-	-	52,331,784
Gode Tekstil ve Tasarım Hizmetleri LTD. Şti.	-	-	-	-	3,850	-	-	4
	-	-	9,116,034	-	806,742	-	141,420,315	55,479,283

(*) It consists of interest income related to shareholder loan receivable with maximum 3 years maturity and TL Libor+2,1% interest rate (floating interest) given to Shell & Turcas Petrol A.Ş. on 17 September 2019. Other income consists of usufruct certificates income amounting to TL 138,572,800.

(**) It consists of Joint Venture Agreement expense.

TURCAS PETROL A.Ş.**CONVENIENCE TRANSLATION INTO ENGLISH OF NOTES
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NOTE 19 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

	1 January - 30 September 2021							
Transactions with related parties	Purchases	Sales	Interest received	Interest paid	Rent income	Dividend income	Other income	Other expenses
Associates								
Shell & Turcas Petrol A.Ş. (*)	-	-	11,122,280	-	-	-	63,859,711	115,992
RWE & Turcas Güney Elektrik Üretim A.Ş.	492,098	396,622	-	-	-	-	94,254	57,927
Other related entities								
The Shell Company of Turkey LTD. (**)	-	-	-	-	-	-	6,618,115	-
Ataş Anadolu Tasfiyehanesi A.Ş.	-	-	-	-	356,160	-	15,451	380,604
Aksoy Taşınmaz Yatırımları A.Ş.	-	-	-	-	4,500	-	115,606	767,019
Daytona Turizm ve Danışmanlık Ltd.Şti.	-	-	-	-	4,500	-	-	-
Aksoy Holding A.Ş.	-	-	-	-	4,500	-	-	-
Aksoy Enternasyonal Tic. A.Ş.	-	-	-	-	216,297	-	524,734	80,402
Aksoy Girişimcilik Enerji Ve Turizm A.Ş.	-	-	-	-	4,500	-	1,014,532	15,298
YTC Turizm ve Enerji A.Ş.	-	-	-	-	-	-	-	50,115
Tas.Hal.Transbalkan Denizyolları Deniz Taş. A.Ş.	-	-	-	-	4,500	-	-	-
Conrad Yeditepe Beyn.Otelcilik Turz.Ve Tic A.Ş.	-	-	-	-	-	-	-	9,432
Horizonist Dış Tic.Ltd.Sti.	-	-	-	-	4,500	-	-	-
	492,098	396,622	11,122,280	-	599,457	-	72,242,403	1,476,789

(*) It consists of interest income related to shareholder loan receivable with maximum 3 years maturity and TL Libor+2,1% interest rate (floating interest) given to Shell & Turcas Petrol A.Ş. on 17 September 2019. Other income consists of usufruct certificates income amounting to TL 63,775,700.

(**) It consists of Joint Venture Agreement income amounting to TL 6,618,115.

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NOTE 19 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Total compensation provided to key management personnel during the years ended 30 September 2022 and 2021 is as follows:

	1 January – 30 September 2022	1 January – 30 September 2021	1 July – 30 September 2022	1 July – 30 September 2021
Salaries and other short term benefits	10,247,546	7,805,533	2,481,793	2,109,100

NOTE 20 - FOREIGN CURRENCY POSITION

(i) Foreign currency risk management

Foreign currency transactions cause foreign currency risk.

The Company has foreign currency risk, due to the fluctuations in exchange rates used in foreign currency transactions. The foreign currency risk arises from future trade transactions and the difference between recorded assets and liabilities. Under such circumstances, the company controls this risk by netting off the foreign currency assets and liabilities. The management analyses the Company's foreign currency position and takes necessary precautions when needed.

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NOTE 20 - FOREIGN CURRENCY POSITION (Continued)

The Company is primarily exposed to risks from USD and EUR, other currencies’ effects are immaterial.

	TL Equivalent (Functional currency)	30 September 2022		
		USD	EUR	Other
1- Trade receivables	-	-	-	-
2a- Monetary financial assets	148,304,939	1,572	8,174,185	10
2b- Non-monetary financial assets	-	-	-	-
3- Other	-	-	-	-
4- Current assets (1+2+3)	148,304,939	1,572	8,174,185	10
5- Trade receivables	-	-	-	-
6a- Monetary financial assets	-	-	-	-
6b- Non-monetary financial assets	-	-	-	-
7- Other	-	-	-	-
8- Non-current assets (5+6+7)	-	-	-	-
9- Total Assets (4+8)	148,304,939	1,572	8,174,185	10
10- Trade payables	-	-	-	-
11- Financial liabilities	140,199,373	-	7,715,047	-
12a-Other monetary liabilities	-	-	-	-
12b-Other non-monetary liabilities	-	-	-	-
13- Current Liabilities (10+11+12)	140,199,373	-	7,715,047	-
14- Trade payables	-	-	-	-
15- Financial liabilities	370,949,035	-	20,412,995	-
16a-Other monetary liabilities	-	-	-	-
16b-Other non-monetary liabilities	-	-	-	-
17- Non-current liabilities (14+15+16)	370,949,035	-	20,412,995	-
18- Total liabilities (13+17)	511,148,408	-	28,128,042	-
19- Net asset / liability position of off-balance sheet derivatives (19a-19b)	-	-	-	-
19a-Off-balance sheet foreign currency derivative assets	-	-	-	-
19b-Off-balance sheet foreign currency derivative liabilities	-	-	-	-
20- Net foreign currency asset liability position (9-18+19)	(362,843,469)	1,572	(19,953,857)	10
21- Net foreign currency asset / liability position of (1+2a+5+6a+10+11-12a-14-15-16a)	(362,843,469)	1,572	(19,953,857)	10
22- Fair value of foreign currency hedged financial assets	-	-	-	-
23- Hedged foreign currency assets	-	-	-	-
24- Hedged foreign currency liabilities	-	-	-	-
25- Exports	-	-	-	-
26- Imports	-	-	-	-

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NOTE 20 - FOREIGN CURRENCY POSITION (Continued)

	31 December 2021			
	TL Equivalent (Functional currency)	USD	EUR	Other
1- Trade receivables	-	-	-	-
2a- Monetary financial assets	20,475,413	90,238	1,277,449	10
2b- Non-monetary financial assets	-	-	-	-
3- Other	-	-	-	-
4- Current assets (1+2+3)	20,475,413	90,238	1,277,449	10
5- Trade receivables	-	-	-	-
6a- Monetary financial assets	-	-	-	-
6b- Non-monetary financial assets	-	-	-	-
7- Other	-	-	-	-
8- Non-current assets (5+6+7)	-	-	-	-
9- Total Assets (4+8)	20,475,413	90,238	1,277,449	10
10- Trade payables	-	-	-	-
11- Financial liabilities	221,491,238	-	14,654,804	-
12a-Other monetary liabilities	-	-	-	-
12b-Other non-monetary liabilities	-	-	-	-
13- Current Liabilities (10+11+12)	221,491,238	-	14,654,804	-
14- Trade payables	-	-	-	-
15- Financial liabilities	586,306,214	-	38,792,516	-
16a-Other monetary liabilities	-	-	-	-
16b-Other non-monetary liabilities	-	-	-	-
17- Non-current liabilities (14+15+16)	586,306,214	-	38,792,516	-
18- Total liabilities (13+17)	807,797,452	-	53,447,320	-
19- Net asset / liability position of off-balance sheet derivatives (19a-19b)	-	-	-	-
19a-Off-balance sheet foreign currency derivative assets	-	-	-	-
19b-Off-balance sheet foreign currency derivative liabilities	-	-	-	-
20- Net foreign currency asset liability position (9-18+19)	(787,322,039)	90,238	(52,169,871)	10
21- Net foreign currency asset / liability position of (1+2a+5+6a-10-11-12a-14-15-16a)	(787,322,039)	90,238	(52,169,871)	10
22- Fair value of foreign currency hedged financial assets	-	-	-	-
23- Hedged foreign currency assets	-	-	-	-
24- Hedged foreign currency liabilities	-	-	-	-
25- Exports	-	-	-	-
26- Imports	-	-	-	-

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NOTE 20 - FOREIGN CURRENCY POSITION (Continued)

Foreign currency sensitivity

	30 September 2022			
	Gain/Loss		Equity	
	Appreciation of foreign currency	Devaluation of foreign currency	Appreciation of foreign currency	Devaluation of foreign currency
+/-10% fluctuation of USD rate				
1- USD net asset / liability	2,911	(2,911)	-	-
2- Hedged from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	2,911	(2,911)	-	-
+/-10% fluctuation of EUR rate				
4- EUR net asset / liability	(36,287,277)	36,287,277	-	-
5- Hedged from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	(36,287,277)	36,287,277	-	-
TOTAL (3+6)	(36,284,366)	36,284,366	-	-
	31 December 2021			
	Gain/Loss		Equity	
	Appreciation of foreign currency	Devaluation of foreign currency	Appreciation of foreign currency	Devaluation of foreign currency
+/-10% fluctuation of USD rate				
1- USD net asset / liability	120,278	(120,278)	(12,968,895)	12,968,895
2- Hedged from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	120,278	(120,278)	(12,968,895)	12,968,895
+/-10% fluctuation of EUR rate				
4- EUR net asset / liability	(78,852,496)	78,852,496	-	-
5- Hedged from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	(78,852,496)	78,852,496	-	-
TOTAL (3+6)	(78,732,218)	78,732,218	(12,968,895)	12,968,895

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NOTE 21 – ASSETS HELD FOR SALE

Turcas Petrol A.Ş. has signed a Share Purchase Agreement dated 21 December 2021 regarding the sale of 100% of its shares in Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. and since the share transfer took place on 14 February 2022, Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. has been evaluated within the scope of TFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" standard.

Following the fulfillment of the requirements of TFRS 5, assets and liabilities related to this subsidiary are classified as "Assets held for sale" and "Liabilities related to the assets held for sale".

The Company's assets and liabilities held for sale regarding to the sales of Turcas Kuyucak are as follows:

	30 September 2022	31 December 2021
Cash and cash equivalents	61,815,582	36,678,167
Trade receivables	22,323,432	14,660,180
Prepaid expenses	1,455,490	1,553,338
Other current assets	134,684	93,927
Other receivables	585,761	599,006
Financial investments	50,000	50,000
Property, plant and equipment, and intangible assets	254,838,327	254,838,327
Deferred tax assets	76,507,288	75,549,662
Assets held for sale	417,710,564	384,022,607
Financial liabilities	474,948,319	464,512,051
Trade payables	59,721,882	90,670,145
Other payables	3,581,570	2,772,653
Provisions	1,097,654	850,889
Liabilities for employee benefits	191,309	144,718
Liabilities related to the assets held for sale	539,540,734	558,950,456
Net assets disposed of held for sale	(121,830,170)	-
Gains / (losses) on cash flow hedges	(133,041,721)	-
Sale price	329,014,137	-
Profit on sale of the subsidiary (Note 14)	317,802,586	-

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NOTE 22 – POST-BALANCE SHEET EVENTS

As previously announced in our Company's Public Disclosure dated 19 October 2022, a cooperation agreement regarding the high speed EV charging investment has been signed between Shell & Turcas, our 30% subsidiary, and Trugo, established by TOGG, a global technology brand of Turkey serving in the field of mobility, in order to provide a seamless experience to all electric vehicle users. Within the scope of the cooperation, Shell & Turcas and Trugo will collaborate together to serve all EV users via high-speed EV chargers having 180kWh+ capacity at 400 Shell branded stations. Of the 400 Shell branded stations to be determined, Trugo will be responsible for the installation of 320 and Shell & Turcas will be responsible for the installation of 80 EV chargers. The number of high-speed EV chargers to be installed at these 400 locations will be more than 600. It is expected that mentioned cooperation agreement and the investment to be made will significantly contribute to the sustainability of the company in the medium and long term by expanding the Shell & Turcas operations as well as the electric vehicle transformation of our country.

The Company has made an early repayment on October 27, 2022, amounting to EUR 5,326,291 which is the scheduled principal amount due on December 22, 2022, for the loan used from Bayern LB and EAA (Erste Abwicklungsanstalt) banks consortium. After this early repayment, the total current loan balance of the Company (Bayern LB and EAA banks consortium and TSKB in total) decreased to 22,761,207 Euros.