

TURCAS PETROL A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 1 JANUARY - 30 SEPTEMBER 2021**

(ORIGINALLY ISSUED IN TURKISH)

TURCAS PETROL A.Ş.

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

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TURCAS PETROL A.Ş.**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION AT 30 SEPTEMBER 2021 AND 31 DECEMBER 2020**

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

		(Not Audited)	(Audited)
		Current Period	Prior Period
	Notes	30 September 2021	31 December 2020
ASSETS			
Current assets			
Cash and cash equivalents	4	127,705,668	101,777,296
Trade receivables		6,349,752	8,808,630
- Trade receivables from third parties		6,349,752	8,808,630
Other receivables		74,974,904	1,653,178
- Other receivables from related parties	19	73,879,504	1,028,750
- Other receivables from third parties		1,095,400	624,428
Prepaid expenses		3,159,463	1,836,251
Financial assets	5, 19	32,796,009	74,544,027
Assets related to current period tax	17	261,308	560,080
Other current assets		63,003	2,180,988
Total currents assets		245,310,107	191,360,450
Non-current assets			
Other receivables		531,894	73,131,653
- Other receivables from related parties	19	-	72,600,000
- Other receivables from third parties		531,894	531,653
Financial investments	5	17,274,747	10,334,327
Financial assets	5, 19	32,046,096	46,150,391
Investments accounted by equity method	7	827,364,602	689,028,150
Property, plant and equipment		228,987,396	229,175,227
Intangible assets		48,417,005	49,839,264
Deferred tax assets	17	28,917,819	22,361,144
Total non-current assets		1,183,539,559	1,120,020,156
TOTAL ASSETS		1,428,849,666	1,311,380,606

These condensed consolidated interim financial statements as at and for the period ended 30 September 2021 have been approved for issue by the Board of Directors decision dated 9 November 2021.

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

TURCAS PETROL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION AT 30 SEPTEMBER 2021 AND 31 DECEMBER 2020

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

		(Not Audited)	(Audited)
		Current Period	Prior Period
	Notes	30 September 2020	31 December 2019
LIABILITIES			
Current liabilities			
Short term portions of long term financial liabilities	6	200,885,738	169,948,156
Trade payables		43,492,264	38,513,681
- Trade payables to related parties	19	1,824	42,739
- Trade payables to third parties		43,490,440	38,470,942
Short term liabilities for employee benefits		475,777	311,942
Other payables		2,186,527	2,184,089
- Other payables to related parties	19	378,222	1,402,710
- Other payables to third parties		1,808,305	781,379
Short term provisions		2,669,004	2,847,908
- Short term provisions for employee benefits		756,404	935,308
- Provisions for lawsuit		1,912,600	1,912,600
Total current liabilities		249,709,310	213,805,776
Non-current liabilities			
Financial liabilities	6	751,063,770	715,324,894
Trade payables		18,683,251	16,190,799
- Trade payables to third parties		18,683,251	16,190,799
Long term provisions		790,979	614,437
- Long term provisions for employee benefits		790,979	614,437
Other non-current liabilities		776,389	776,389
Total non-current liabilities		771,314,389	732,906,519
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		(7,279,079)	(7,169,975)
Actuarial gains / (losses) on defined benefit plans		(7,279,079)	(7,169,975)
Restricted reserves	10	39,311,954	39,311,954
Other comprehensive income / (expense) to be reclassified to profit or loss		(63,464,552)	(39,348,448)
- Gains / (losses) on cash flow hedges		(63,464,552)	(39,348,448)
Other reserves		(7,256,169)	(7,256,169)
Retained earnings		90,734,077	214,738,175
Net profit / (loss) for year		67,382,864	(124,004,098)
Equity attributable to equity holders of the parent		407,825,967	364,668,311
Non-controlling interest		-	-
Total equity		407,825,967	364,668,311
TOTAL LIABILITIES AND EQUITY		1,428,849,666	1,311,380,606

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

TURCAS PETROL A.Ş.

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

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

	Notes	(Not Audited)		(Not Audited)	
		1 January – 30 September 2021	1 January – 30 September 2020	1 July – 30 September 2021	1 July – 30 September 2020
Revenue	11	56,665,627	39,824,906	18,048,100	16,854,898
Cost of sales (-)	11	(20,736,218)	(16,394,605)	(7,629,014)	(5,921,759)
GROSS PROFIT / (LOSS)		35,929,409	23,430,301	10,419,086	10,933,139
General administrative expenses (-)	12	(21,759,144)	(17,722,673)	(6,205,650)	(5,478,774)
Other operating income	13	13,412,759	23,142,079	3,602,525	507,629
Other operating expenses (-)	13	(12,579,897)	(14,023,250)	(2,500,469)	(7,474,117)
OPERATING (LOSS) / PROFIT		15,003,127	14,826,457	5,315,492	(1,512,123)
Income from investment activities	14	9,033,924	71,778,224	498,420	14,032,550
Expenses from investment activities (-)	14	(13,573,551)	-	1,221,725	-
Income from investments accounted by equity method	7	137,759,459	(76,631,284)	117,483,305	48,792,543
OPERATING PROFIT BEFORE FINANCIAL INCOME / (EXPENSES)		148,222,959	9,973,397	124,518,942	61,312,970
Financial income	15	133,420,389	62,634,672	55,597,727	20,193,656
Financial expenses (-)	16	(220,789,245)	(270,483,551)	(56,498,597)	(135,273,075)
(LOSS) / PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		60,854,103	(197,875,482)	123,618,072	(53,766,449)
Tax income / (expense) from continued operations					
- Current income tax expense (-)	17	-	-	-	-
- Deferred tax income / expense (-)	17	6,528,761	14,199,068	(978,296)	7,504,319
(LOSS) / PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		67,382,864	(183,676,414)	122,639,776	(46,262,130)
Attributable to:					
Equity holders of the parent		67,382,864	(183,676,414)	122,639,776	(46,262,130)
Non-controlling shares		-	-	-	-
(Loss) / earnings per share	18	0.264	(0.719)	0.480	(0.181)

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

TURCAS PETROL A.Ş.

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

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

	(Not Audited)		(Not Audited)	
	1 January – 30 September 2021	1 January – 30 September 2020	1 July – 30 September 2021	1 July – 30 September 2020
(LOSS) / PROFIT FOR THE PERIOD	67,382,864	(183,676,414)	122,639,776	(46,262,130)
Other comprehensive income / (expense) not to be reclassified to profit or loss				
Actuarial gains / (losses) on defined benefit plans	(139,573)	(173,192)	(239,602)	(56,687)
Deferred tax income / (expense) 17	27,914	34,638	47,920	11,337
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	3,194	-	(12,805)	-
Deferred tax income / (expense)	(639)	-	2,561	-
Total	(109,104)	(138,554)	(201,926)	(45,350)
Other comprehensive income / (expense) to be reclassified to profit or loss				
Other comprehensive income (loss) related with cash flow hedges	(24,116,104)	(38,293,202)	(3,468,753)	(19,697,966)
Deferred tax income / (expense)	-	-	-	-
Total	(24,116,104)	(38,293,202)	(3,468,753)	(19,697,966)
Other comprehensive income / (expense)	(24,225,208)	(38,431,756)	(3,670,679)	(19,743,316)
TOTAL COMPREHENSIVE (LOSS) / INCOME	43,157,656	(222,108,170)	118,969,097	(66,005,446)
Equity holders of the parent	43,157,656	(222,108,170)	118,969,097	(66,005,446)
Non-controlling interests	-	-	-	-
(Loss) / earnings per share	0.169	(0.869)	0.465	(0.258)

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

TURCAS PETROL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY AT 30 SEPTEMBER 2021 AND 30 SEPTEMBER 2020

(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 2020	255,600,000	41,247,788	(8,450,916)	39,311,954	(1,123,877)	(13,656,155)	(7,256,169)	243,417,512	(28,679,337)	520,410,800	-	520,410,800
Transfers	-	-	-	-	-	-	-	(28,679,337)	28,679,337	-	-	-
Net profit / (loss)	-	-	-	-	-	-	-	-	(183,676,414)	(183,676,414)	-	(183,676,414)
Other comprehensive income / (expense)	-	-	-	-	(138,554)	(38,293,202)	-	-	-	(38,431,756)	-	(38,431,756)
Total comprehensive income / (expense)	-	-	-	-	(138,554)	(38,293,202)	-	-	(183,676,414)	(222,108,170)	-	(222,108,170)
30 September 2020 (*)	255,600,000	41,247,788	(8,450,916)	39,311,954	(1,262,431)	(51,949,357)	(7,256,169)	214,738,175	(183,676,414)	298,302,630	-	298,302,630
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)	-	-	-	-	-	-	-	-	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

(*) Not Audited.

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

TURCAS PETROL A.Ş.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW FOR THE
NINE MONTH PERIODS ENDED 30 SEPTEMBER 2021 AND 2020**

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

		(Not Audited)	(Not Audited)
	Notes	1 January- 30 September 2021	1 January- 30 September 2020
A. Cash flows from operating activities			
Net (loss) / income for the period		52,541,025	48,652,547
Adjustments to reconcile net (loss) / income for the period			
Adjustments related to tax (income) / expense	17	(6,528,761)	(14,199,068)
Adjustment related to unrealized foreign currency translation differences		120,349,978	229,396,742
Adjustments related to depreciation and amortization expenses		9,311,724	8,500,156
Adjustments related to losses / (gains) resulting from the disposal of the tangible assets		13,061	-
Other adjustments related to profit and (loss) reconciliation	5	(5,903,181)	(71,769,058)
Adjustments related to provisions / (reversals) for employee termination benefits		68,847	225,962
Adjustments related to undistributed profit/losses of investments accounted by the equity method	7	(137,759,459)	76,631,284
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)	(20,320,274)
Adjustments related to interest income	15	(13,245,523)	(9,455,915)
Adjustments related to interest expense	16	24,747,673	24,115,595
Changes in working capital			
Adjustments related to decrease / (increase) in trade receivables		2,458,878	(1,335,768)
Decrease / (Increase) in prepaid expenses		794,773	(1,561,893)
Adjustments related to increase / (decrease) in trade payables		7,471,035	7,669,478
Decrease / (increase) in other assets related to operations		(2,742,173)	2,716,134
Increase / (decrease) in other liabilities related to operations		166,272	2,477,512
Cash used in operations			
		87,990	(187,488)
Employment termination benefits paid		(210,782)	(260,733)
Tax refunds / (payments)		298,772	73,245
B. Net cash (resulted from) / generated by investing activities			
Cash outflow resulted from acquisition of tangible and intangible assets	8	(7,714,695)	(18,893,376)
Dividend received	5	63,775,700	41,010,000
Other inflows / (outflows) of cash	13	6,618,115	20,320,274
Interest received		13,339,062	9,429,073
C. Net cash generated / (used) in financing activities			
Proceeds from borrowings	6	-	15,334,389
Repayment of bank borrowings	6	(85,495,210)	(55,875,559)
Interest paid	6	(17,042,086)	(16,157,016)
Net increase in cash and cash equivalents			
		26,021,911	43,820,332
Cash and cash equivalents balance at the beginning of the period			
	4	101,678,425	133,406,565
Cash and cash equivalents balance at the end of the period			
	4	127,700,336	177,226,897

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

TURCAS PETROL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

NOTE 1 - GROUP’S ORGANISATION AND NATURE OF OPERATIONS

Turcas Petrol A.Ş. and its subsidiaries (“The Group”) consist of Turcas Petrol A.Ş. (“The Company” or “Turcas”), 1 subsidiary and 2 associates.

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 Group at the end of the period is 82 (31 December 2020: 86).

Subsidiary	Country	Nature of business
Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş.	Turkey	Energy, electricity

The Company’s wholly owned subsidiary Turcas Kuyucak Geothermal Power Generation (TKG) 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.

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, 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.

Based on the resolution of the Board of Directors of the Company dated 7 June 2004, the Company’s subsidiary Marmara Petrol ve Rafineri İşleri A.Ş. and the other ATAŞ partners returned their Certificate of Refinery to the General Directorate of Petroleum Affairs, put an end to the refining operations of ATAŞ and obtained a Terminal License for ATAŞ from the Energy Market Regulatory Authority (“EMRA”). 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.

TURCAS PETROL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Financial reporting standards

The accompanying condensed interim consolidated financial statements of the Group have been prepared in accordance with Turkish Accounting Standards / Turkish Financial Reporting Standards (“TAS/TFRS”) promulgated by the Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”) that are set out in the 5th article of the communiqué numbered II-14.1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (“the Communiqué”) announced by the Capital Markets Board (“CMB”) on 13 June 2013 and published in Official Gazette numbered 28676.

The Group has prepared its condensed interim financial statements as of 30 September 2021 in accordance with Communiqué Serial II, No:14.1, “Principles of Financial Reporting in Capital Markets” and TAS 34. Condensed interim consolidated financial statements and notes have been prepared in accordance with the minimum requirements published by CMB.

With the decision taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for companies operating in Turkey and preparing their financial statements in accordance with the accounting and financial reporting principles issued by the CMB. Accordingly, the Group’s interim condensed consolidated financial statements have been prepared in this respect.

The Group maintains its books of account and prepares its statutory financial statements 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 Capital Market Board (“CMB”). The consolidated financial statements, except for the financial asset and liabilities presented with their fair values, are maintained under historical cost conversion, these consolidated 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 condensed interim consolidated financial statements whether full set or condensed. In this framework, Group preferred to present its condensed interim consolidated financial statements in condensed form.

The Group’s interim condensed consolidated financial statements does not contain the entire explanations and notes of the year-end financial statements. Therefore, the interim condensed consolidated financial statements should be examined together with the year-end consolidated financial statements as of 31 December 2020.

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2021**

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

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

2.2 Summary of the Significant Accounting Policies

The accounting policies applied during the preparation of these interim condensed consolidated financial statements are consistent with the accounting policies applied for the financial year between 1 January - 31 December 2020. These condensed interim consolidated financial statements should be read on a comparative basis with annual financial statements for the year between 1 January - 31 December 2020.

There is no difference in the accounting policy applied to the condensed consolidated interim financial statements from the annual consolidated 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.

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the interim consolidated financial statements as at September 30, 2021 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, 2021. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at January 1, 2021 are as follows:

Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, TAS 39, IFRS 7, IFRS 4 and IFRS 16

In December 2020, the POA issued Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, TAS 39, IFRS 7, IFRS 4 and IFRS 16 to provide temporary reliefs which address the financial reporting effects when an interbank offering rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR), amending the followings. The amendments are effective for periods beginning on or after 1 January 2021. Earlier application is permitted and must be disclosed.

Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Under this practical expedient, if the interest rates applicable to financial instruments change as a result of the IBOR reform, the situation is not considered as a derecognition or contract modification; instead, this would be determined by recalculating the carrying amount of the financial instrument using the original effective interest rate to discount the revised contractual cash flows.

The practical expedient is required for entities applying IFRS 4 Insurance Contracts that are using the exemption from IFRS 9 Financial Instruments (and, therefore, apply TAS 39 Financial Instruments: Classification and Measurement) and for IFRS 16 Leases, to lease modifications required by IBOR reform.

**CONVENIENCE TRANSLATION INTO ENGLISH OF
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2021**

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

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

Relief from discontinuing hedging relationships

- The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR.
- For the TAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero.
- The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued.
- As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform.

Separately identifiable risk components

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

Additional disclosures

Amendments need additional TFRS 7 Financial Instruments disclosures such as; how the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform, quantitative information about financial instruments that have yet to transition to RFRs and if IBOR reform has given rise to changes in the entity’s risk management strategy, a description of these changes.

The amendments are mandatory, with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods.

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

Amendments to IFRS 16 - Covid-19-Related Rent Concessions and Covid-19-Related Rent Concessions beyond 30 June 2021

In June 2020, the POA issued amendments to TFRS 16 Leases to provide relief to lessees from applying TFRS 16 guidance on lease modifications to rent concessions arising a direct consequence of the Covid-19 pandemic. In April 7, 2021, POA extended the exemption to include concessions that cause a decrease in lease payments whose maturity expired on or before June 30, 2022.

A lessee will apply the amendment for annual reporting periods beginning on or after 1 April 2021. Early application of the amendments is permitted.

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

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED 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 consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated 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 Group will wait until the final amendment to assess the impacts of the changes.

Amendments to TFRS 3 – Reference to the Conceptual Framework

In July 2020, the POA issued amendments to TFRS 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 TFRS 3. At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments issued to TFRS 3 which are effective for periods beginning on or after 1 January 2022 and must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in TFRS standards (March 2018).

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

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 issued to TAS 16 which are effective for periods beginning on or after 1 January 2022. 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.

There is no transition relief for the first time adopters.

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

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

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 issued to TAS 37 which are effective for periods beginning on or after 1 January 2022, to 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 retrospectively 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). Earlier application is permitted and must be disclosed.

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

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 Group and will not have an impact on the financial position or performance of the Group.

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

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, they clarify how entities use measurement techniques and inputs to develop accounting estimates. 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.

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

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

Amendments to TAS 1 - Disclosure of Accounting Policies

In August 2021, the Board 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 Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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.

Improvements are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted for all.

The Group is in the process of assessing the impact of the improvements on financial position or performance of the Group.

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STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2021**

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

iii) The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued by the POA, thus they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the new standards and interpretations are issued and become effective under TFRS.

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

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments issued to IAS 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 Group is in the process of assessing the impact of the amendments / improvements on financial position or performance of the Group.

2.3 Comparatives and restatement of prior year financial statements

The Group prepares comparative consolidated 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 Group, 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

The preparation of the financial statements requires the use of estimates and assumptions that may affect the amounts of assets and liabilities reported as of balance sheet date, the explanation of contingent assets and liabilities and the amounts of income and expenses reported during the period. Accounting assessments, estimates and assumptions are continuously assessed based on past experience, other factors and reasonable expectations about future events with respect to those circumstances. Although these estimates and assumptions are based on the management's best knowledge of current events and transactions, accounting estimates may not result in the same amounts as the actual results of the circumstances. The estimates and assumptions that could cause material adjustments in the carrying value of assets and liabilities in the next financial reporting period are as follows:

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

Deferred Taxes:

Group accounts the deferred tax assets and liabilities for the temporary differences arising from the timing differences between the statutory financial statements and the financial statements prepared in accordance with the Turkish Accounting Standards. Subsidiaries of the Group have deferred tax assets consisting of carry forward tax losses which may be deducted from the future taxable income and other deductible temporary differences. Amount of the deferred tax assets which may be partially or completely recovered are anticipated according to the current conditions. During the projections, future taxable income, current period losses, expiration dates of the carry forward tax losses, other tax assets and the tax planning strategies, if necessary, are taken into account.

The Group has unused accumulated losses which can be deducted from future taxable profits of TL 487,138,599 (31 December 2020: TL 492,922,315) at the balance sheet date. Since the Group anticipates that is going to generate taxable profit amounting to TL 31,734,904 within the next five years, deferred tax asset amounting to TL 6,346,981 has been generated (31 December 2020: deferred tax assets amounting to TL 31,734,904 has been recognized for total TL 6,346,981) (Note 17).

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 11.2% in USD terms.

2.5 Comparative Information and Restatement of Prior Period Financial Statements

The financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. In order to maintain comparability when the presentation or classification of financial statement items changes, prior period financial statements are also classified accordingly.

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 consolidated 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 separately 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.

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NOTE 3 - SEGMENT REPORTING (Continued)

- a) Operating 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 expense	-	(67,369,079)	(153,420,166)	(220,789,245)
Depreciation and amortisation expense	-	(7,211,569)	(2,100,156)	(9,311,725)
Income / (expense) 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

- b) Operating segments which have been prepared in accordance with the reportable segments as of 30 September 2020 are as follows:

	Oil	Electricity	Other	Total
Revenue from external customers	-	39,824,906	-	39,824,906
EBITDA	-	16,198,605	7,128,007	23,326,612
Financial income	-	10,767,969	51,866,703	62,634,672
Financial expense	-	(63,673,403)	(206,810,148)	(270,483,551)
Depreciation and amortisation expense	-	(6,539,948)	(1,960,208)	(8,500,156)
Income / (expense) from associates	(66,770,100)	(9,861,184)	-	(76,631,284)
Purchase of tangible and intangible assets	-	17,589,437	1,303,939	18,893,376

- c) Operating 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 expense	-	(19,693,438)	(36,805,159)	(56,498,597)
Depreciation and amortisation expense	-	(2,407,525)	(708,517)	(3,116,042)
Income / (expense) from associates	80,268,000	37,215,305	-	117,483,305
Purchase of tangible and intangible assets	-	124,230	845,966	970,196

- d) Operating segments which have been prepared in accordance with the reportable segments as of 1 July - 30 September 2020 are as follows:

	Oil	Electricity	Other	Total
Revenue from external customers	-	16,854,898	-	16,854,898
EBITDA	-	5,144,097	(3,830,156)	1,313,941
Financial income	-	1,657,828	18,535,828	20,193,656
Financial expense	-	(27,904,005)	(107,369,070)	(135,273,075)
Depreciation and amortisation expense	-	(2,148,474)	(677,590)	(2,826,064)
Income / (expense) from associates	38,492,400	10,300,143	-	48,792,543
Purchase of tangible and intangible assets	-	4,057,519	551,497	4,609,016

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NOTE 3 - SEGMENT REPORTING (Continued)

e) Operating segment information as of 30 September 2021 are shown below:

	Oil	Electricity	Other	Eliminations	Total
Segment assets (*)	-	317,484,787	304,282,362	(20,282,085)	601,485,064
Associates	425,057,700	402,306,902	-	-	827,364,602
Segment liabilities	-	398,179,357	623,073,445	(229,103)	1,021,023,699

f) Operating segment information as of 31 December 2020 are shown below:

	Oil	Electricity	Other	Eliminations	Total
Segment assets (*)	-	293,710,413	295,765,612	32,876,431	622,352,456
Investments accounted by equity method	331,552,800	357,475,350	-	-	689,028,150
Segment liabilities	-	349,484,138	597,254,223	(26,066)	946,712,295

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

g) Reconciliation between reportable segment income is as follows:

	1 January – 30 September 2021	1 January – 30 September 2020	1 July – 30 September 2021	1 July – 30 September 2020
Revenue				
Segment Revenue	56,665,627	39,824,906	18,048,100	16,854,898
Consolidated Revenue	56,665,627	39,824,906	18,048,100	16,854,898
EBITDA				
EBITDA of segment	35,295,047	16,198,605	12,516,244	5,144,097
Other EBITDA	(10,980,195)	7,128,008	(4,084,710)	(3,830,156)
Consolidated EBITDA	24,314,852	23,326,613	8,431,534	1,313,941
Financial income	133,420,389	62,634,672	55,597,727	20,193,656
Financial expense	(220,789,245)	(270,483,551)	(56,498,597)	(135,273,075)
Income from investment activities	(4,539,627)	71,778,224	1,720,145	14,032,550
Income / (loss) from investments accounted by equity method, net	137,759,459	(76,631,284)	117,483,305	48,792,543
Depreciation and amortisation expense	(9,311,725)	(8,500,156)	(3,116,042)	(2,826,064)
Consolidated (loss) / profit before tax	60,854,103	(197,875,482)	123,618,072	(53,766,449)

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NOTE 4 - CASH AND CASH EQUIVALENTS

	30 September 2021	31 December 2020
Cash	65,364	55,946
Banks		
- time deposits	127,515,674	101,659,915
- demand deposits	124,630	61,435
	127,705,668	101,777,296

The maturities of cash and cash equivalents are as follows:

Up to 30 days	38,595,065	39,019,034
Up to 60 days	89,110,603	62,758,262
	127,705,668	101,777,296

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

	30 September 2021	31 December 2020
TL	10.43	9.63
USD	0.17	1.26
EUR	0.20	0.20

Cash and cash equivalents as of 30 September 2021, 31 December 2020 and 30 September 2020, as seen in condensed interim consolidated cash flow statements, are as follows:

	30 September 2021	31 December 2020	30 September 2020
Cash and cash equivalents	127,705,668	101,777,296	177,277,650
Less: Interest accrual	(5,332)	(98,871)	(50,753)
	127,700,336	101,678,425	177,226,897

The Group has no blocked deposits as of 30 September 2021 (31 December 2020: None).

NOTE 5 - FINANCIAL INVESTMENTS AND FINANCIAL ASSETS

a) Financial Investments:

	30 September 2021		31 December 2020	
	Participation amount	Participation rate (%)	Participation amount	Participation rate (%)
ATAŞ (*)	17,224,747	5	10,284,327	5
Enerji Piyasaları İşletme Anonim Şirketi (**)	50,000	0.08	50,000	0.08
	17,274,747		10,334,327	

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NOTE 5 - FINANCIAL INVESTMENTS AND FINANCIAL ASSETS (Continued)

- (*) According to TFRS 9 Financial Instruments, ATAŞ is recognized at fair value. As of 30 June 2021, the "fair value difference" resulting from the valuation is accounted for under "Income from Investing Activities" (Note 14) in the consolidated statement of profit or loss.
- (**) It consists of Group C 50.000 shares of Enerji Piyasaları İşletme A.Ş. (EPIAŞ) with a nominal value of TL 50,000 owned by Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş.

b) Financial assets

	30 September 2021	31 December 2020
Currents Financial Assets (*)	32,796,009	74,544,027
Non-Current Financial Assets (*)	26,749,358	44,954,511
Non-Current Financial Assets (**)	5,296,738	1,195,880
Total	64,842,105	120,694,418

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 59,545,367.
- (**) It consists of Turcas' investment at a venture capital investment fund.

	2021	2020
1 January	120,694,418	41,701,166
Usufruct Certificates collection (-)	(63,775,700)	(41,010,000)
Addition	2,020,206	-
Foreign exchange gains	17,396,080	-
Fair value difference	(11,492,899)	71,500,279
30 September	64,842,105	72,191,445

NOTE 6 - FINANCIAL LIABILITIES

	30 September 2021	31 December 2020
Short-term bank borrowings	200,885,738	169,948,156
Long-term bank borrowings	751,063,770	715,324,894
	951,949,508	885,273,050

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NOTE 6 - FINANCIAL LIABILITIES (continued)

		30 September 2021	
	Yearly average effective interest rate (%)	Original amount	TL
EUR borrowings			
- Floating interest rate (*)	6Month Euribor + %1.65		
	6Month Euribor + %5.40	14,311,283	147,575,089
- Fixed interest rate (***)	%4.75	1,543,295	15,914,147
USD borrowings			
- Floating interest rate (**)	6Month Libor + %4.75	4,204,452	37,396,502
Total short term financial liabilities			200,885,738
EUR borrowings			
- Floating interest rate (*)	6Month Euribor + %1.65		
	6Month Euribor + %5.40	45,147,306	465,549,990
- Interest accrual of EUR floating rate loan (*)		375,292	3,869,933
- Fixed interest rate (***)	%4.75	8,097,080	83,495,473
- Interest accrual of EUR fixed rate loan (***)		115,667	1,192,734
USD borrowings			
- Floating interest rate (**)	6Month Libor + %4.75	21,825,252	194,124,704
- Interest accrual of USD floating rate loan (**)		318,279	2,830,936
Total long term financial liabilities			751,063,770
Total financial liabilities			951,949,508

(*) 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 440,749,188 (EUR 42,742,216) including its accrued interest, which is recognized through the deduction of ECA premium fee amounting to TL 7,732,969 (EUR 749,915) and arrangement fee amounting to TL 1,431,265 (EUR 138,799) 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 186,225,881 (EUR 18,059,493) including its accrued interest, which is recognized through deducting the arrangement fee amounting to TL 815,823 (EUR 79,115) from total credit amount. The aforementioned commission amount is amortized throughout the maturity of the loan.

(**) According to the loan agreement signed on February 25, 2016 by TSKB and Turcas Kuyucak Jeotermal Elektrik Üretim, which is the 100% subsidiary of the Group, for the financing of geothermal power plant investment, the total maturity is 14 years and grace period is 30 months with a total loan limit of USD 40.5 million and EUR 15 million. As of 30 September 2021, the balance of the loan, which is utilized from the limit allocated in USD, is around TL 234,958,060 (USD 26,416,107) including accrued interest. It is recognized through deducting the arrangement fee amounting to TL 483,525 (USD 54,362) and commitment fee amounting the TL 122,394 (USD 13,761) respectively from total loan amount. The aforementioned commission amounts will be amortized throughout the term of the loan.

(***) Aforementioned loan limit for Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. as of 30 September 2021, the amount of the loan used in the EUR limit is TL 100,859,548 (EUR 9,780,984) including the accrued interest. The arrangement fee amounting to TL 197,137 (EUR 19,118) and the commitment fee amounting to TL 60,057 (EUR 5,824) have been shown for this loan by deducting from the total loan amount. Such commission amounts are amortized over the term of the loan.

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NOTE 6 - FINANCIAL LIABILITIES (continued)

		31 December 2020	
	Yearly average effective interest rate (%)	Original amount	TL
EUR borrowings			
- Floating interest rate (*)	6M Euribor + %1.65		
- Fixed interest rate (***)	6M Euribor + %5.40 %4.75	13,850,441 1,550,190	124,763,386 13,963,953
USD borrowings			
- Floating interest rate (**)	6M Libor + %4.75	4,245,051	31,160,797
TL borrowings			
- Fixed interest rate (****)	%16.36	60,020	60,020
Total short term financial liabilities			169,948,156
EUR borrowings			
- Floating interest rate (*)	6M Euribor + %1.65		
- Interest accrual of EUR floating rate loan (*)	6M Euribor + %5.40	51,752,948	466,185,383
- Fixed interest rate (***)	%4.75	16,378	147,527
- Interest accrual of EUR fixed rate loan (***)		8,653,244	77,947,554
		1,364	12,284
USD borrowings			
- Floating interest rate (**)	6M Libor + %4.75	23,295,953	171,003,941
- Interest accrual of USD floating rate loan (**)		3,842	28,205
Total long term financial liabilities			715,324,894
Total financial liabilities			885,273,050

(*) 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 431,928,522 (EUR 47,949,969) including its accrued interest, which is recognized through the deduction of ECA premium fee amounting to TL 8,820,676 (EUR 979,216) and arrangement fee amounting to TL 1,431,265 (EUR 158,890) 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 170,257,857 (EUR 18,900,949) including its accrued interest, which is recognized through deducting the arrangement fee amounting to TL 838,142 (EUR 93,045) from total credit amount. The aforementioned commission amount is amortized throughout the maturity of the loan.

(**) According to the loan agreement signed on February 25, 2016 by TSKB and Turcas Kuyucak Jeotermal Elektrik Üretim, which is the 100% subsidiary of the Group, for the financing of geothermal power plant investment, the total maturity is 14 years and grace period is 30 months with a total loan limit of USD 40.5 million and EUR 15 million. As of 31 December 2020, the balance of the loan, which is utilized from the limit allocated in USD, is around TL 202,785,548 (USD 27,625,577) including accrued interest. It is recognized through deducting the arrangement fee amounting to TL 470,210 (USD 64,057) and commitment fee amounting the TL 122,395 (USD 16,674) respectively from total loan amount. The aforementioned commission amounts will be amortized throughout the term of the loan.

(***) Aforementioned loan limit for Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. as of 31 December 2020, the balance of the loan which is utilized from the limit allocated in EUR is TL 92,176,529 (EUR 10,232,854) including the accrued interest. The arrangement fee amounting to TL 192,680 (EUR 21,390) and the commitment fee amounting to TL 60,058 (EUR 6,667) have been shown for this loan by deducting from the total loan amount. The aforementioned commission amounts will be amortized throughout the term of the loan.

(****) It consists of commercial loan with a balance of TL 60,020 including the accrued interest from Türkiye İş Bankası with 16.36% fixed interest rate.

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NOTE 6 - FINANCIAL LIABILITIES (continued)

Foreign currency denominated floating rate borrowings are converted to TL by using the exchange rates prevailing at the end of the period. The interest rates of floating rate borrowings are being re-determined in 6-month periods and it is envisaged that the values carried forward will converge to reasonable values.

The redemption schedule of financial liabilities is as follows:

	30 September 2021	31 December 2020
Within 1 year	200,885,738	169,948,156
1 - 2 years	204,400,726	169,751,780
2 - 3 years	204,318,253	175,547,495
3 - 4 years	196,363,214	169,931,873
4 - 5 years	37,841,330	97,931,434
After 5 years	108,140,247	102,162,312
	951,949,508	885,273,050

The following is the information compiled regarding the loans made available 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 Group, 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 6M Euribor + 1.65%, under the guarantee of Euler Hermes German Export Loan Agency,
- The loan agreement was entered into 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 6M Libor + 3.40%.

In accordance with the amendment agreement signed between Turcas Petrol A.Ş. ("TPAŞ") and TSKB, Bayern LB and EAA (Erste Abwicklungsanstalt) (Consortium Banks), maturities of loans obtained from Consortium Banks for the financing of Denizli Combined Cycle Gas Power Plant with an installed capacity of 800 MW (TPAŞ's stake: 30%) have been extended by 2 years. Therefore, maturity of the loan obtained from TSKB is extended from 2020 to 2022. Meanwhile, maturity of the loan obtained from Bayern LB and EAA (Erste Abwicklungsanstalt) is extended from 2023 to 2025.

Turcas Petrol A.Ş. and TSKB has signed an additional agreement on 7th August, 2019. According to the mentioned agreement; maturity of the loan was extended to 30.06.2025 from 21.12.2022; repayment plan was updated with the first principal repayment to be realized in 30.06.2021; outstanding USD denominated loan balance was converted into Euro.

The outstanding amount of the loan received from the bank consortium formed by Bayern LB and EAA (Erste Abwicklungsanstalt) is EUR 42,742,216 and the outstanding amount of the loan received from TSKB is EUR 18,059,493 as of 30 September 2021.

A loan agreement having 14 years of maturity with a grace period of 30 months amounting to USD 40.5 million and EUR 15 million was signed on February 25, 2017 with TSKB for the financing of geothermal power plant investment within the body of Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş., which is the 100% subsidiary of the Group. As of 30 September 2021, the outstanding loan balance is around USD 26,416,107 and EUR 9,780,984 including its accrued interest.

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NOTE 6 - FINANCIAL LIABILITIES (continued)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group'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 Group's consolidated statement of cash flows as cash flows from financing activities:

	Cash Changes			Non-cash changes		30 September 2021
	31 December 2020	Principal Payments	Interest Payments	Cash Flow from borrowings	Interest accruals & translation adjustments	
Bank loans	885,273,050	(85,495,210)	(17,042,086)	-	169,213,754	951,949,508
Financial liabilities	885,273,050	(85,495,210)	(17,042,086)	-	169,213,754	951,949,508

NOTE 7 - INVESTMENTS ACCOUNTED BY EQUITY METHOD

	(%)	30 September 2021	(%)	31 December 2020
STAŞ	30	425,057,700	30	331,552,800
RWE & Turcas Güney Elektrik Üretim A.Ş.	30	402,306,902	30	357,475,350
		827,364,602		689,028,150
		30 September 2021		30 September 2020
Balance at the beginning of the year		689,028,150		763,201,048
Income and losses from associates (net) (*)		137,759,459		(76,631,284)
Transactions with associates (**)		574,438		574,438
Actuarial gain / losses		2,555		-
Balance at the end of the period		827,364,602		687,144,202

(*) The Group's net incomes from associates amounting to TL 137,759,459 consist of income from Shell & Turcas Petrol A.Ş. amounting to TL 93,504,900, and income from RWE&Turcas Güney Elektrik Üretim A.Ş. amounting to TL 44,254,559.

(**) 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 Group in order to finance Denizli Power Plant investment of RWE&Turcas Güney Elektrik Üretim A.Ş.

STAŞ

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., which has 30% of shareholder of Turcas, has become operational on 1 July 2006. As of 30 September 2021, STAŞ is one of the leading companies in Turkish fuel distribution sector with 1,113 fuel stations, lubricant production facilities, retail and commercial sale.

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NOTE 7 - INVESTMENTS ACCOUNTED BY EQUITY METHOD (Continued)

In accordance with the agreements signed on 25.08.2017 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.
- (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 Group has recognized financial assets, which is generated as a result of this Agreement, as Financial Asset (Note 5), amounting to TL 59,545,367 according to the valuation.

The summarized financial information of STAS, which is an associate of the Group accounted using the equity method is as follows:

STAS	30 September 2021	31 December 2020
Total assets	10,473,362,500	7,811,422,000
Total liabilities	(9,056,503,500)	(6,706,246,000)
Net assets	1,416,859,000	1,105,176,000
Group's share of associate's net assets	425,057,700	331,552,800
	1 January - 30 September 2021	1 January - 30 September 2020
Net sales revenue	36,288,364,000	24,967,196,000
Comprehensive income / (expense)	311,683,000	(222,567,000)
Group's share in total comprehensive income / (expense)	93,504,900	(66,770,100)

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NOTE 7 - INVESTMENTS ACCOUNTED BY EQUITY METHOD (Continued)

RWE&Turcas Güney Elektrik Üretim A.Ş.

Turcas has established a joint venture company in 2007 named RWE & Turcas Güney Elektrik Üretim A.Ş. with RWE AG's subsidiary. Natural gas combined cycle power plant with a 800 MW installed capacity, which is established in Denizli by RWE & Turcas Güney Elektrik Üretim A.Ş. has become operational with completion of temporary admission process conducted by the Ministry as of 24 June 2013. Currently, shareholding ratio of Turcas Petrol A.Ş. is 30% and shareholding ratio of RWE Generation SE is 70% in this joint venture.

RWE&Turcas	30 September 2021	31 December 2020
Total assets	1,597,908,017	1,477,883,753
Total liabilities	(235,897,178)	(263,396,624)
Net assets	1,362,010,839	1,214,487,129
Group's share of associate's net assets	408,603,252	364,346,139
Intra-group finance expense elimination	(6,296,350)	(6,870,789)
Group's share, net	402,306,902	357,475,350
	1 January -	1 January -
	30 September 2021	30 September 2020
Net sales revenue	1,392,091,850	1,118,342,241
Comprehensive income / (expense)	147,523,711	(32,870,616)
Group's share in total comprehensive income / (expense)	44,257,114	(9,861,184)

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 2021 is TL 7,714,695 (30 September 2020: TL 18,893,376).

The amount of tangible and intangible assets sold for the period ending as of 30 September 2021 is TL 13,061 (30 September 2020: None).

For the nine month interim periods ending as of 30 September 2021 and 30 September 2020, all of the depreciation and amortisation expenses are included in the general administrative expenses and cost of sales.

As of 30 September 2021, Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş., which is the 100% subsidiary of the Group, has a mortgage on property, plant and equipment and pledge on business licence on behalf of TSKB A.Ş. (31 December 2020: Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş., which is the 100% subsidiary of the Group, has a on property, plant and equipment and pledge on business licence on behalf of TSKB A.Ş.).

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NOTE 9 - PROVISIONS, COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

Contingent assets and liabilities of Turcas

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

	Currency	30 September 2021		31 December 2020	
		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	25,255,132	25,255,132	24,802,442	24,802,442
	USD	50,600	450,062	50,600	371,429
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	809,399,500	91,000,000	667,985,500
	EUR	6,902,113	71,173,206	7,040,847	63,423,243
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		-	-	-	-
			906,277,900		756,582,614

(*) It consists of the guarantees that Turcas Petrol has given to district governorships and Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. has given to EMRA and Türkiye Elektrik İletim A.Ş. (TEİAŞ).

(**) A loan agreement having 14 years of maturity with a grace period of 30 months amounting to USD 40.5 million and EUR 15 million was signed on February 25, 2016 with TSKB for the financing of geothermal power plant investment within the body of Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. Surety of Turcas Petrol A.Ş. amounting to USD 91 million has been given for the aforementioned loan. The aforementioned surety will expire when the following conditions are satisfied: the revenues from the project operations will be recognized, the minimum subsequent four principal and interest payments will be made and the other conditions stated in the Loan Contract are performed by the loan borrower. 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) and amounting to EUR 149,351,984, a DSRA Standby Letter of Credit was arranged by Türkiye Garanti Bankası 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 5,572,568, with a maturity of 31 January 2022 (DSRA Standby Letter of Credit). Additionally, Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. has given a standby letter of credit amounting to EUR 1,329,545 to Exergy S.P.A. within the scope of the construction of the 18.16 MW Geothermal Power Plant ("GPP") in Kuyucak district of Aydın province.

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

	30 September 2021	31 December 2020
Letter of guarantees received (*)	37,964,705	34,710,343
Letter of other guarantees received	40,750	40,750
	38,005,455	34,751,093

(*) It consists of a guarantee letter of EUR 3,594,800 (TL 37,002,355) from Exergy S.P.A. within the scope of the construction of the 18.16 MW Geothermal Power Plant ("GPP") in Kuyucak district of Aydın province.

In 2020, the accounts of Turcas Petrol A.Ş. were subjected to the full investigation for 2018 and within the scope of the aforementioned review; a total of TL 7,989,632.62 (TL 3,991,966.31 original tax fine, TL 3,991,966.31 tax loss and TL 5,700 special irregularity penalty) has been issued on behalf of Turcas Petrol A.Ş. on 06.05.2021 by the Maslak Tax Office Directorate, of which TL 3,168,000 corporate tax and the same amount of tax loss penalty, TL 823,966.31 income tax withholding and the same amount of tax loss penalty and the amount of TL 5,700 special irregularity penalty. In case the payment is made, an additional delay interest will be calculated over the tax originals. With the entry into force of the Law no. 7326 "Law on Restructuring of Certain Receivables and Amending Some Laws" on 09.06.2021, Turcas Petrol A.Ş. has decided to benefit from the regulations of this law. Within this scope, the tax debt was paid on 29.09.2021 as TL 2,014,601.56 with its default interest. In addition, the special irregularity penalty of TL 5,700 was reduced to TL 2,850 as a result of early payment and this amount was paid by Turcas Petrol A.Ş. on 26.07.2021.

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

The contingent assets and liabilities of the Group related to STAS are follows:

	30 September 2021	31 December 2020
Letters of guarantee given to the customs office	931,531,500	931,531,500
Letters of guarantee given to the tax office	255,541,200	246,943,500
Letters of guarantee given to the EMRA	15,000,000	15,000,000
Other	18,618,000	11,430,000
	1,220,690,700	1,204,905,000

	30 September 2021	31 December 2020
Mortgages taken	845,493,600	777,245,400
Letters of guarantees received	454,202,700	325,675,500
Other guarantees received	247,589,100	95,233,800
	1,547,285,400	1,198,154,700

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

STAŞ has committed to pay TL 2,539,896,000 to the station owners for the station improvement in the periods mentioned below (31 December 2020: TL 2,876,147,000). The payment terms of Group’s share of warranty are as follows:

	30 September 2021	31 December 2020
Within 1 year	201,471,000	257,048,100
1-5 years	479,711,400	503,455,800
5-22 years	80,786,400	102,340,200
	761,968,800	862,844,100

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 consolidated financial statements.

Energy Market Regulatory Authority (“EMRA”) sent a letter to STAŞ dated 3 March 2021 and entitled Fuel Sale Prices and stated that, Eşel Mobil System has been adopted as per the Council of Minister’s decision dated 17 May 2018 and numbered 2018/11818, refinery issue prices on the date of 17 May 2018 are being based upon and refinery issue prices on the relevant date have caused decline or increase in the Special Consumption Taxes and EMRA initiated an investigation pursuant to Article 11 of the Petroleum Market Law no.5015. STAŞ did not set aside any provision in the financial tables due to the reason that it is at the early stages of the investigation and the monetary impacts thereof cannot be estimated.

In 2020, a full scope tax investigation was conducted related to year 2018. An investigation closure minute that covers the service charges from intragroup service companies and withholding tax applications was signed on 14 January 2021. The Company has requested Report Review Committee meeting and the meeting was held on 31 March 2021. As a result of the Report Review Committee meeting, the report was returned to the inspector with the request for reconsideration, the examination was closed without assessment.

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 the Company 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. The company initiated legal action against the fine and is expecting to win the case. For this reason, no provisions were set aside regarding the case and the payment which was made was accounted under “other non-current assets”.

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

Contingent assets and liabilities of Turcas Petrol A.Ş. regarding RWE & Turcas Güney Elektrik Üretim A.Ş.

The contingent assets and liabilities of the Group related to RWE & Turcas Güney Elektrik Üretim A.Ş. are follows:

	30 September 2021	31 December 2020
Letters of guarantees given for EPIAŞ	1,907,844	1,907,844
Letters of guarantees given for TEİAŞ	3,738,699	3,738,699
Letters of guarantees given for BOTAS	1,845,000	1,200,000
Other	37,702	177,535
	7,529,245	7,024,078

NOTE 10- EQUITY

a) Paid in capital/repurchased shares

Shareholders	Group	Allocation (%)	30 September 2021	Allocation (%)	31 December 2020
Aksoy Girişimcilik, Enerji ve Turizm A.Ş.	A/C Group	54.45	139,175,892	54.45	139,175,892
Free Float	A Group	28.25	72,197,346	28.14	71,914,371
Turcas Petrol A.Ş., publicly traded on Borsa İstanbul	A Group	0.03	71,336	0.03	71,336
Other	A/B Group	17.28	44,155,426	17.39	44,438,401
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 2021 is composed of 255,600,000 shares (31 December 2020: 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.

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NOTE 10- EQUITY (Continued)

b) Restricted reserves

	30 September 2021	31 December 2020
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. In accordance with the Turkish Commercial Code, legal reserves can be used for offsetting the losses as long as they do not exceed 50% of the paid in capital. Apart from that, they cannot be used in anyhow. These amounts should be classified under “Restricted Reserves” as per CMB Financial Reporting standards.

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 consolidated financial statements, calculate the net distributable profit amount by taking into account the net profits for the period in the consolidated 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.

TURCAS PETROL A.Ş.**CONVENIENCE TRANSLATION INTO ENGLISH OF
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2021**

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

NOTE 11 - REVENUE AND COST OF SALES

	1 January - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2021	1 July - 30 September 2020
Electricity sales	56,665,627	39,824,906	18,048,100	16,854,898
	56,665,627	39,824,906	18,048,100	16,854,898
Cost of sales	1 January - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2021	1 July - 30 September 2020
Depreciation and amortization	7,211,569	6,539,948	2,407,525	2,148,475
Personnel expenses	4,897,063	4,099,295	1,483,790	1,357,269
Electricity cost	2,978,293	1,731,138	1,381,685	1,061,209
Maintenance and repair costs	1,573,210	859,179	780,263	328,954
Insurance expenses	1,246,573	885,595	640,331	298,215
Transmission capacity and service cost	1,152,436	787,221	363,100	258,963
Outsourced benefits and services	1,030,646	820,331	354,399	193,904
Other	646,428	671,898	217,921	274,770
	20,736,218	16,394,605	7,629,014	5,921,759

NOTE 12 - OPERATING EXPENSES

	1 January - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2021	1 July - 30 September 2020
Personnel expenses	12,407,705	10,730,630	3,281,156	2,908,688
Outsourced services	2,717,599	1,355,432	531,330	548,686
Depreciation and amortization expenses	2,100,156	1,960,208	708,516	677,590
Repair and maintenance expenses	1,459,331	1,010,439	447,002	398,975
Taxes and other liabilities	235,204	171,881	105,003	79,248
Travel expenses	142,909	185,547	90,493	52,554
Rent expenses	81,931	133,203	30,278	50,142
Aid expenses	19,642	277,799	19,142	125,700
Other	2,594,667	1,897,534	992,730	637,191
	21,759,144	17,722,673	6,205,650	5,478,774

TURCAS PETROL A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

NOTE 13 – OTHER OPERATING INCOME / EXPENSE

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.

For the nine-month period ending as of September 30, 2020, other operating income amounting to TL 23,142,079 consists of the Joint Venture Agreement amounting to TL 20,320,274, rent and service income amounting to TL 2,434,287 and exchange rate differences arising from trade payables amounting to TL 387,518.

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, 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.

For the nine-month period ending as of September 30, 2020, other operating expenses amounting to TL 14,023,250 consist of exchange rate differences arising from trade payables amounting to TL 13,608,787 and other expenses amounting to TL 414,463.

NOTE 14 – INCOME / EXPENSE FROM INVESTMENT ACTIVITIES

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 EPIAŞ amounting to TL 12,852.

For the nine-month period ending as of September 30, 2020, income from investment activities amounting to TL 71,778,224 consist of fair value difference of usufruct certificates amounting to TL 71,500,279, fair value difference of venture capital investment fund valuation amounting to TL 268,779 and dividend income from EPIAŞ amounting to TL 9,166.

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.

For the nine-month period ending as of September 30, 2020, there is no expense from investment activities.

NOTE 15 - FINANCIAL INCOME

	1 January - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2021	1 July - 30 September 2020
Foreign exchange gains	120,174,866	53,178,757	51,073,980	17,390,861
Interest income	13,245,523	9,455,915	4,523,747	2,802,795
	133,420,389	62,634,672	55,597,727	20,193,656

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

NOTE 16 - FINANCIAL EXPENSE

	1 January - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2021	1 July - 30 September 2020
Foreign exchange losses	193,416,412	244,717,832	47,919,886	127,092,101
Interest expenses	24,747,673	24,115,595	7,696,135	7,862,171
Other	2,625,160	1,650,124	882,576	318,803
	220,789,245	270,483,551	56,498,597	135,273,075

NOTE 17 - TAX ASSETS AND LIABILITIES

Current tax liability	30 September 2021	31 December 2020
Prepaid tax and funds	261,308	560,080
Corporate tax provision	-	-
Prepaid tax and funds / (current tax liability), net	261,308	560,080

Tax income / (expense) is comprised of the following:

	1 January - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2021	1 July - 30 September 2020
Deferred tax income / (expenses)	6,528,761	14,199,068	(978,296)	7,504,319
	6,528,761	14,199,068	(978,296)	7,504,319

Corporate Tax

The Group is subject to taxation in accordance with the tax regulation and the legislation effective in Turkey.

In Turkey, the corporate tax rate is 20%. However, in accordance with the addition of temporary 13th article to the Corporate Tax Law, 25% corporate tax rate will be applied to the profits of the entities related to their 2021 taxation period and 23% corporate tax rate related to their 2022 taxation period rather than 20%. This rate is applicable to the tax base derived upon exemptions and deductions stated in the tax legislation and by addition of disallowable expenses to the commercial revenues of the companies with respect to the tax legislation. Corporate tax losses can be carried forward to be deducted from taxable profit for a maximum period of 5 years following the year in which the losses were incurred. But these losses cannot be deducted retrospectively from profits incurred in previous periods.

In Turkey, there is no implementation such as agreement with the tax authorities for tax payables. Corporate tax is required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid by the end of the fourth month.

The tax legislation provides for a temporary tax of 20% (will be applied as 25% for 2021, 23% for 2022 taxation periods and 20% for the following years) to be calculated based on earnings generated for each quarter. Temporary tax is declared by the 14th day of the second month following each quarter and corresponding tax is payable by the 17th day of the same month. The amounts thus calculated and paid are offset against the final corporate tax liability for the year. If there is excess temporary tax paid even if it is already offset, this amount may be refunded or offset.

TURCAS PETROL A.Ş.

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

NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

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 resident companies in Turkey and Turkish branches of foreign companies. The rate of income withholding tax is 15 %. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

Deferred tax assets and liabilities

The Group, 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 20% and 22% depending on the periods that temporary differences disappears (31 December 2020: 22%).

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 2021	31 December 2020	30 September 2021	31 December 2020
Carry forward tax loss	(31,734,904)	(31,734,904)	6,346,981	6,346,981
Interest accrual	3,846,216	4,567,750	(769,243)	(913,550)
Tangible and intangible assets	(151,933,036)	(118,106,440)	30,386,607	23,621,288
Provision for employment termination benefits	(790,979)	(614,437)	158,196	122,887
Unused vacation pay liability	(756,404)	(935,308)	151,281	187,062
Provision for lawsuit	(1,912,600)	(1,912,600)	382,520	382,520
Effect of business combinations	28,462,702	28,462,702	(5,692,540)	(5,692,540)
Sales revenues extend to the next month	(45,739)	(73,028)	9,147	14,606
Effect of intra-group transactions	7,358,351	7,358,351	(1,471,670)	(1,471,671)
Fair value differences	11,669,191	4,728,771	(583,460)	(236,438)
Deferred tax asset, net			28,917,819	22,361,144

The expiration dates of recognized carry-forward tax losses on which deferred tax asset has been calculated are as follows:

	30 September 2021	31 December 2020
2021	145,230	145,230
2022	486,909	486,909
2023	12,784,601	12,784,601
2024	8,406,668	8,406,668
2025	9,911,496	9,911,496
	31,734,904	31,734,904

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NOTE 17 - TAX ASSETS AND LIABILITIES (Continued)

The movement of deferred tax assets and liabilities as of 30 September 2021 and 2020 are as follows:

	1 January - 30 September 2021	1 January - 30 September 2020
Opening balance	22,361,144	11,022,155
Presented in statement of profit or loss	6,528,761	14,199,068
Presented in other comprehensive income	27,914	34,638
Closing balance	28,917,819	25,255,861

NOTE 18 – (LOSS) / EARNINGS PER SHARE

For the years 30 September 2021 and 2020, the weighted average number of shares and earnings / loss per share is as follows:

	1 January - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2021	1 July - 30 September 2020
Weighted average number of outstanding shares	255,600,000	255,600,000	255,600,000	255,600,000
(Loss) / profit attributable to the equity holders of the parent	67,382,864	(183,676,414)	122,639,776	(46,262,130)
(Loss) / Earnings per share	0.264	(0.719)	0.480	(0.181)

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NOTE 19 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

	30 September 2021									
	Financial Assets		Receivables				Payables			
	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.	-	-	-	33,772	-	-	-	-	-	-
Shell & Turcas Petrol A.Ş. (*)	32,796,009	26,749,358	-	73,536,491	-	-	-	-	-	-
Other related entities										
Dividend payable to real person shareholders	-	-	-	-	-	-	-	187,987	-	-
Ataş Anadolu Tasfiyehanesi A.Ş.	-	-	-	-	-	-	-	183,579	-	-
Conrad Yeditepe Beyn.Otelcilik Turz.Ve Tic. A.Ş.	-	-	-	-	-	-	-	4,379	-	-
Aksoy Taşınmaz Yatırımları A.Ş.	-	-	-	14,941	-	-	-	-	-	-
Aksoy Holding A.Ş.	-	-	-	540	-	-	-	-	-	-
Daytona Turizm ve Danışmanlık Ltd.Şti.	-	-	-	22,900	-	-	-	-	-	-
Aksoy Girişimcilik Enerji Ve Turizm A.Ş.	-	-	-	131,111	-	-	-	-	-	-
Aksoy Enternasyonal Tic. A.Ş.	-	-	-	112,969	-	-	-	-	-	-
YTC Turizm ve Enerji A.Ş.	-	-	-	-	-	-	1,824	2,277	-	-
Tas.Hal.Transbalkan Denizyolları Deniz Taş. A.Ş.	-	-	-	22,900	-	-	-	-	-	-
Horizonist Dış Tic.Ltd.Sti.	-	-	-	3,880	-	-	-	-	-	-
	32,796,009	26,749,358	-	73,879,504	-	-	1,824	378,222	-	-

(*) 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 17.09.2019. 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 59,545,367 in total, amounting to TL 32,796,009 as short term and TL 26,749,358 as long term.

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

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

	31 December 2020									
	Financial Assets		Receivables				Payables			
	Short Term	Long Term	Short Term		Long Term		Short Term		Long Term	
			Trading	Non- Trading	Trading	Non- Trading	Trading	Non- Trading	Trading	Non- Trading
Balances with related parties										
Associates										
RWE & Turcas Güney Elektrik Üretim A.Ş.	-	-	-	12,096	-	-	32,927	-	-	-
Shell Turcas Petrol A.Ş. (*)	74,544,027	44,954,511	-	788,509	-	72,600,000	-	6,725	-	-
Other related entities										
Ataş Anadolu Tasfiyehanesi A.Ş.	-	-	-	-	-	-	-	1,056,407	-	-
Dividend payable to shareholders	-	-	-	-	-	-	-	187,987	-	-
Aksoy Maslak Taşınmaz Yatırımları A.Ş.	-	-	-	-	-	-	-	72,867	-	-
YTC Turizm ve Enerji A.Ş.	-	-	-	-	-	-	9,812	1,149	-	-
Aksoy Holding A.Ş.	-	-	-	540	-	-	-	-	-	-
Aksoy Enternasyonal Tic. A.Ş.	-	-	-	21,807	-	-	-	-	-	-
Aksoy Girişimcilik Enerji Ve Turizm A.Ş.	-	-	-	166,918	-	-	-	-	-	-
Horizonist Dis Tic.Ltd.Sti.	-	-	-	2,800	-	-	-	-	-	-
Daytona Turizm Ve Danışmanlık Ltd.Şti.	-	-	-	18,040	-	-	-	-	-	-
Tas.Hal.Transbalkan Denizyollari Deniz Taş.A.Ş.	-	-	-	18,040	-	-	-	-	-	-
Aksoy Petrol Taşınmaz Yatırımları A.Ş.	-	-	-	-	-	-	-	77,575	-	-
	74,544,027	44,954,511	-	1,028,750	-	72,600,000	42,739	1,402,710	-	-

(*) TL 72,600,000 of the long 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 17.09.2019. 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 119,498,538 in total, amounting to TL 74,544,027 as short term and TL 44,954,511 as long term.

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

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

Transactions with related parties	1 January - 30 September 2021							
	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								
Conrad Yeditepe Beyn.Otelcilik Turz.Ve Tic A.Ş.	-	-	-	-	-	-	-	9,432
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 Girişimcilik Enerji Ve Turizm A.Ş.	-	-	-	-	4,500	-	1,014,532	15,298
Aksoy Enternasyonal Tic. A.Ş.	-	-	-	-	216,297	-	524,734	80,402
YTC Turizm ve Enerji A.Ş.	-	-	-	-	-	-	-	50,115
The Shell Company of Turkey Ltd. (**)	-	-	-	-	-	-	6,618,115	-
Tas.Hal.Transbalkan Denizyolları Deniz Taş. A.Ş.	-	-	-	-	4,500	-	-	-
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 17.09.2019. 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)

	1 January - 30 September 2020							
Transactions with related parties	Purchases	Sales	Interest received	Interest paid	Rent income	Dividend income	Other income	Other expenses
Associates								
Shell & Turcas Petrol A.Ş. (*)	-	-	6,513,473	-	-	-	41,010,000	79,131
RWE & Turcas Güney Elektrik Üretim A.Ş.	368,627	302,322	-	-	-	-	125,672	47,330
Other related entities								
Yeditepe Beyn.Otelcilik Turz.Ve Tic A.Ş.	-	-	-	-	-	-	-	50,464
Ataş Anadolu Tasfiyehanesi A.Ş.	-	-	-	-	311,286	-	7,514	233,576
Aksoy Petrol Taşınmaz Yatırımları A.Ş.	-	-	-	-	4,500	-	58,540	-
Aksoy Maslak Taşınmaz Yatırımları A.Ş.	-	-	-	-	4,500	-	11,708	600,533
Daytona Turizm ve Danışmanlık Ltd.Şti.	-	-	-	-	4,500	-	-	-
Aksoy Holding A.Ş.	-	-	-	-	2,500	-	51,872	-
Aksoy Girişimcilik Enerji Ve Turizm A.Ş.	-	-	-	-	2,000	-	93,663	-
Aksoy Enternasyonal Tic. A.Ş.	-	-	-	-	4,500	-	341,164	13,091
Aksoy Bodrum Taşınmaz Yatırımları A.Ş.	-	-	-	-	2,500	-	71,548	-
Pronegy Gayrimenkul ve Enerji Yatırımları A.Ş.	-	-	-	-	4,500	-	58,540	-
YTC Turizm ve Enerji A.Ş.	-	-	-	-	-	-	-	143,979
The Shell Company Of Turkey Ltd. (**)	-	-	-	-	-	-	20,320,274	-
Tas.Hal.Transbalkan Denizyolları Deniz Taş. A.Ş.	-	-	-	-	4,500	-	-	-
Horizonist Dış Tic.Ltd.Sti.	-	-	-	-	4,500	-	-	-
	368,627	302,322	6,513,473	-	349,786	-	62,150,495	1,168,104

(*) 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 17.09.2019. Other income consists of usufruct certificates income amounting to TL 41,010,000.

(**) It consists of Joint Venture Agreement income amounting to TL 20,320,274.

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

Total compensation provided to key management personnel during the current period is as follows:

	1 January - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2021	1 July - 30 September 2020
Salaries and other short term benefits	7,805,533	5,339,050	2,109,100	1,506,983

NOTE 20 - FOREIGN CURRENCY POSITION

(i) Foreign currency risk management

Foreign currency transactions cause foreign currency risk.

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

Effective hedge accounting applied in accordance with TFRS 9, in order to ensure that the effects of the foreign exchange gains and losses are reflected on the financial statements of the Group’s subsidiary Turcas Kuyucak Jeotermal Elektrik Üretim A.Ş. in accordance with the periodicity principle of accounting. The Group uses investment loans amounting to USD 17,466,026, which is equivalent to TL 155,351,568 as prevention against USD/TL spot foreign exchange risk of USD denominated revenue, which is highly probable to be realized. Based on the outcome of effectiveness test performed on related process, the Group has considered that process is fully effective and therefore applied cash flow hedge accounting. As of 30 September 2021, TL 63,464,552 of foreign exchange loss that arose from investment loans is classified under equity “Cash flow hedge gains (losses)” which has no effect on current year income statement.

TURCAS PETROL A.Ş.

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NOTE 20 - FOREIGN CURRENCY POSITION (Continued)

The Group is primarily exposed to risks from USD and EUR, other currency's effects are immaterial.

	30 September 2021			
	TL Equivalent (Functional currency)	USD	EUR	Other
1- Trade receivables	-	-	-	-
2a- Monetary financial assets	121,885,794	2,769,210	9,452,680	10
2b- Non-monetary financial assets	-	-	-	-
3- Other	-	-	-	-
4- Current assets (1+2+3)	121,885,794	2,769,210	9,452,680	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)	121,885,794	2,769,210	9,452,680	10
10- Trade payables	35,176,578	-	3,411,294	-
11- Financial liabilities	200,885,738	4,204,452	15,854,578	-
12a-Other monetary liabilities	-	-	-	-
12b-Other non-monetary liabilities	-	-	-	-
13- Current Liabilities (10+11+12)	236,062,316	4,204,452	19,265,872	-
14- Trade payables	18,534,429	-	1,797,400	-
15- Financial liabilities	751,063,770	22,143,531	53,735,345	-
16a-Other monetary liabilities	-	-	-	-
16b-Other non-monetary liabilities	-	-	-	-
17- Non-current liabilities (14+15+16)	769,598,199	22,143,531	55,532,745	-
18- Total liabilities (13+17)	1,005,660,515	26,347,983	74,798,617	-
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)	(883,774,721)	(23,578,773)	(65,345,937)	10
21- Net foreign currency asset / liability position of (1+2a+5+6a+10+11-12a-14-15-16a)	(883,774,721)	(23,578,773)	(65,345,937)	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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CONVENIENCE TRANSLATION INTO ENGLISH OF NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

NOTE 20 - FOREIGN CURRENCY POSITION (Continued)

The Group is primarily exposed to risks from USD and EUR, other currency's effects are immaterial.

	31 December 2020			
	TL Equivalent (Functional currency)	USD	EUR	Other
1- Trade receivables	-	-	-	-
2a- Monetary financial assets	99,949,264	12,343,606	1,036,972	10
2b- Non-monetary financial assets	-	-	-	-
3- Other	-	-	-	-
4- Current assets (1+2+3)	99,949,264	12,343,606	1,036,972	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)	99,949,264	12,343,606	1,036,972	10
10- Trade payables	31,200,955	-	3,463,732	-
11- Financial liabilities	169,888,136	4,245,051	15,400,630	-
12a-Other monetary liabilities	-	-	-	-
12b-Other non-monetary liabilities	-	-	-	-
13- Current Liabilities (10+11+12)	201,089,091	4,245,051	18,864,362	-
14- Trade payables	16,190,799	-	1,797,400	-
15- Financial liabilities	715,324,894	23,299,795	60,423,933	-
16a-Other monetary liabilities	-	-	-	-
16b-Other non-monetary liabilities	-	-	-	-
17- Non-current liabilities (14+15+16)	731,515,693	23,299,795	62,221,333	-
18- Total liabilities (13+17)	932,604,784	27,544,846	81,085,695	-
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)	(832,655,520)	(15,201,240)	(80,048,723)	10
21- Net foreign currency asset / liability position of (1+2a+5+6a+10+11-12a-14-15-16a)	(832,655,520)	(15,201,240)	(80,048,723)	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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CONVENIENCE TRANSLATION INTO ENGLISH OF NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

NOTE 20 - FOREIGN CURRENCY POSITION (Continued)

Foreign currency sensitivity

	30 September 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	(20,976,570)	20,976,570	(6,346,455)	6,346,455
2- Hedged from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	(20,976,570)	20,976,570	(6,346,455)	6,346,455
+/-10% fluctuation of EUR rate				
4- EUR net asset / liability	(67,400,911)	67,400,911	-	-
5- Hedged from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	(67,400,911)	67,400,911	-	-
TOTAL (3+6)	(88,377,481)	88,377,481	(6,346,455)	6,346,455
	31 December 2020			
	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	(11,158,466)	11,158,466	(3,934,845)	3,934,845
2- Hedged from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	(11,158,466)	11,158,466	(3,934,845)	3,934,845
+/-10% fluctuation of EUR rate				
4- EUR net asset / liability	(72,107,087)	72,107,087	-	-
5- Hedged from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	(72,107,087)	72,107,087	-	-
TOTAL (3+6)	(83,265,553)	83,265,553	(3,934,845)	3,934,845

NOTE 21 - SUBSEQUENT EVENTS

None.