

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

**PETKİM PETROKİMYA HOLDİNG
ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE PERIOD
FROM JANUARY 1 TO MARCH 31, 2024**

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CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

Petkim Petrokimya Holding Anonim Şirketi and Its Subsidiaries

Condensed Consolidated Interim Balance Sheet as At March 31, 2024

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at March 31, 2024 unless otherwise indicated.)

		Unaudited	Audited
	Notes	March 31 , 2024	December 31,2023
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	4.225.696	4.648.189
Financial investments	5	346.600	343.986
Trade receivables		8.889.810	8.682.718
- Trade receivables from related parties	19	2.004.996	1.835.903
- Trade receivables from third parties	6	6.884.814	6.846.815
Other receivables		96.157	141.212
- Other receivables from related parties	19	50.390	4.774
- Other receivables from third parties		45.767	136.438
Inventories	7	5.948.187	7.065.933
Prepaid expenses		1.251.640	889.123
- Prepaid expenses to third parties	12	1.063.791	732.012
- Prepaid expenses to related parties	19	187.849	157.111
Derivative financial instruments		90.518	69.249
Other current assets		951.346	1.509.740
- Other current assets to third parties		951.346	1.509.740
Current tax assets	15	49.424	47.008
TOTAL CURRENT ASSETS		21.849.378	23.397.158
NON-CURRENT ASSETS			
Financial investments	5	76.114	76.114
Derivative financial assets		58.022	47.322
Investments accounted for using equity method	22	27.008.160	27.647.288
Other receivables		21.195	21.521
- Other receivables from related parties	19	21.195	21.444
- Other receivables from third parties		-	77
Investment properties	10	19.364.141	19.364.141
Property, plant and equipment	9	36.486.810	37.210.753
Right of use assets		851.767	1.009.107
Intangible assets		344.097	359.886
Prepaid expenses		381.907	436.808
- Prepaid expenses to related parties	19	31.500	39.442
- Prepaid expenses to third parties	12	350.407	397.366
Deferred tax assets	15	563.870	558.988
Other non-current assets		95.194	91.391
- Other non-current assets related to third parties		95.194	91.391
TOTAL NON - CURRENT ASSETS		85.251.277	86.823.319
TOTAL ASSETS		107.100.655	110.220.477

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

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Petkim Petrokimya Holding Anonim Şirketi and Its Subsidiaries

Condensed Consolidated Interim Balance Sheet as At March 31, 2024

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at March 31, 2024 unless otherwise indicated.)

		Unaudited	Audited
	Notes	March 31, 2024	December 31, 2023
LIABILITIES			
CURRENT LIABILITIES			
Short-term borrowings		16.114.470	15.298.239
- Short-term borrowings to third parties		16.043.768	15.157.395
- Bank borrowings	8	12.764.167	6.226.307
- Short term lease liabilities	8	43.078	43.778
- Other financial liabilities	8	3.236.523	8.887.310
- Short-term borrowings to related parties		70.702	140.844
- Short term lease liabilities to related parties	19	70.702	140.844
Short-term portion of long-term borrowings		4.295.532	4.108.354
- Short-term portion of long-term borrowings to third parties		4.295.532	4.108.354
- Bank borrowings	8	4.295.532	4.108.354
Derivative financial instruments		336	17.765
Trade payables		7.747.063	9.501.221
- Trade payables to related parties	19	5.198.100	5.153.746
- Trade payables to third parties	6	2.548.963	4.347.475
Payables related to employee benefits		193.523	135.827
Other payables		28.146	28.079
- Other payables to related parties	19	87	100
- Other payables to third parties		28.059	27.979
Deferred revenue		714.335	642.953
- Deferred revenue from related parties	19	233.889	75.210
- Deferred revenue from third parties	11	480.446	567.743
Short term provisions		988.162	916.917
- Provision for employee benefits	13	985.337	913.929
- Other short term provisions	20	2.825	2.988
Other current liabilities		145.230	133.268
- Other current liabilities related to third parties		145.230	133.268
TOTAL CURRENT LIABILITIES		30.226.797	30.782.623
NON-CURRENT LIABILITIES			
Long term financial liabilities		14.549.080	15.679.414
- Long term financial liabilities to third parties		14.329.230	15.246.468
- Bank borrowings	8	14.175.085	15.053.374
- Long-term lease liabilities to third parties	8	154.145	193.094
- Long-term borrowings to related parties		219.850	432.946
- Long term lease liabilities to related parties	19	219.850	432.946
Deferred revenue		1.367.236	1.450.804
- Deferred revenue from related parties	19	1.367.236	1.450.804
Long term provisions		1.126.982	868.413
- Provision for employee termination benefits	13	1.126.982	868.413
Deferred income tax liabilities	15	2.397.951	2.309.988
TOTAL NON - CURRENT LIABILITIES		19.441.249	20.308.619
TOTAL LIABILITIES		49.668.046	51.091.242

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Petkim Petrokimya Holding Anonim Şirketi and Its Subsidiaries

Condensed Consolidated Interim Balance Sheet as At March 31, 2024

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at March 31, 2024 unless otherwise indicated.)

		Unaudited	Audited
	Notes	March 31, 2024	December 31, 2023
EQUITY			
Equity attributable to owners of the parent company		57.160.022	58.841.378
Share capital	14	2.534.400	2.534.400
Adjustment to share capital	14	32.469.856	32.469.856
Share premium		576.125	576.125
Other comprehensive (expense) not to be reclassified to profit or loss		(1.065.740)	(514.634)
- Actuarial loss arising from defined benefit plan		(1.067.632)	(515.629)
Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss		1.892	995
Other comprehensive (expense)/income to be reclassified to profit or loss		(3.434.042)	(1.433.269)
- Currency translation differences		(921.241)	(549.418)
- (Loss)/ Gain on hedge reserves		(1.091.477)	(484.693)
- (Loss)/ Gain on cash flow hedges		(1.091.477)	(484.693)
Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss		(1.421.324)	(399.158)
Restricted reserves		3.104.186	3.104.186
Retained earnings		22.104.714	13.601.486
Net profit for the period		870.523	8.503.228
Non-controlling interest		272.587	287.857
TOTAL EQUITY		57.432.609	59.129.235
TOTAL LIABILITIES AND EQUITY		107.100.655	110.220.477

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CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

Petkim Petrokimya Holding Anonim Şirketi and Its Subsidiaries

Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income for Three Month Period Ended At March 31, 2024

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at March 31, 2024 unless otherwise indicated.)

		Unaudited January 1- March 31, 2024	Unaudited January 1- March 31, 2023
	Notes		
PROFIT OR LOSS			
Revenue		16.567.964	16.349.222
Cost of sales		(16.681.468)	(17.936.948)
GROSS LOSS		(113.504)	(1.587.726)
General administrative expenses	16	(783.678)	(737.564)
Selling, marketing and distribution expenses		(272.951)	(305.591)
Other operating income		671.835	249.082
Other operating expenses		(615.202)	(286.397)
OPERATING LOSS		(1.113.500)	(2.668.196)
Income from investing activities		115.224	849.506
Expense from investing activities		(96)	(24)
Income from investments accounted by equity method	22	667.902	-
OPERATING LOSS BEFORE FINANCIAL INCOME AND EXPENSE		(330.470)	(1.818.714)
Financial income	17	584.168	992.159
Financial expenses	17	(2.807.460)	(1.965.913)
Monetary gain (loss)		3.705.153	(76.281)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUED OPERATIONS		1.151.391	(2.868.749)
Tax (expense)/income from continuing operations		(317.721)	(480.273)
- Current tax (expense)/income	15	-	(26.557)
- Deferred tax (expense)/income	15	(317.721)	(453.716)
PROFIT (LOSS) FOR THE PERIOD FROM CONTINUED OPERATIONS		833.670	(3.349.022)
PROFIT (LOSS) FOR THE PERIOD		833.670	(3.349.022)
DISTRIBUTION OF INCOME FOR THE PERIOD			
- Non-controlling interest		(36.853)	(40.236)
- Owners of the parent company		870.523	(3.308.786)
Earnings per share		0,3435	(1,3056)
-Earnings per Kr1 number of 1 shares from continued operations	18	0,3435	(1,3056)

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Petkim Petrokimya Holding Anonim Şirketi and Its Subsidiaries

Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income for Three Month Period Ended At March 31, 2024

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at March 31, 2024 unless otherwise indicated.)

Notes	Unaudited January 1 - March 31, 2024	Unaudited January 1 - March 31, 2023
OTHER COMPREHENSIVE INCOME		
Items to be reclassified to profit or loss	(1.979.190)	276.528
Currency translation differences	(351.197)	291.841
Other comprehensive gain related to cash flow hedges	(786.279)	(19.141)
Taxes relating to gain on cash flow hedge loss from translation of foreign currency of investments using equity method	180.453	3.828
Gain on hedges from investments accounted with using equity method	(995.707)	-
	(26.460)	-
Items not to be reclassified to profit or loss	(551.106)	-
Defined benefit plans remeasurement losses	(716.887)	-
Taxes relating to remeasurements of defined benefit plans	164.884	-
Actuarial gain arising from defined benefit plans accounted for investment using equity method	897	-
OTHER COMPREHENSIVE (EXPENSE)/ INCOME	(2.530.296)	276.528
TOTAL COMPREHENSIVE EXPENSE	(1.696.626)	(3.072.494)
Attributable to:		
Non-controlling interests	(15.270)	(46.670)
Owners of the parent company	(1.681.356)	(3.025.824)

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Petkim Petrokimya Holding Anonim Şirketi and Its Subsidiaries

Condensed Consolidated Interim Statement of Changes in Equity for Three Months Interim Period 1 January – March 31, 2024
(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at March 31, 2024 unless otherwise indicated.)

	Other comprehensive (expense) / income not to be reclassified to profit or loss			Other comprehensive (expense) / income to be reclassified to profit or loss					Share Premium	Restricted Reserves	Net profit (loss) for the period	Retained Earnings	Equity attributable to owners of the parent company	Non Controlling interests	Total Equity
	Share capital	Adjustment to share capital	Actuarial loss arising from definit benefit plan	Shares of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss	(Loss) / gain on cash flow Hedges	Currency translation Differences	Shares of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss								
January 1, 2023	2.534.400	32.469.663	(482.022)	-	67.656	(817.262)	-	576.125	3.098.614	(1.473.435)	15.206.917	51.180.656	66.207	51.246.863	
Transfers	-	-	-	-	-	-	-	-	-	1.473.435	(1.473.435)	-	-	-	
Total comprehensive income/(expense)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
- Other comprehensive income/(expense)	-	-	-	-	(9.830)	292.792	-	-	-	-	-	282.962	(6.433)	276.529	
-Net (loss) for the period	-	-	-	-	-	-	-	-	-	(3.308.786)	-	(3.308.786)	(40.236)	(3.349.022)	
March 31, 2023	2.534.400	32.469.663	(482.022)	-	57.826	(524.470)	-	576.125	3.098.614	(3.308.786)	13.733.482	48.154.832	19.538	48.174.370	
January 1, 2024	2.534.400	32.469.856	(515.629)	995	(484.693)	(549.418)	(399.158)	576.125	3.104.186	8.503.228	13.601.486	58.841.378	287.857	59.129.235	
Transfers	-	-	-	-	-	-	-	-	-	(8.503.228)	8.503.228	-	-	-	
Total comprehensive income / (expense)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
- Other comprehensive income /(expense)	-	-	(552.003)	897	(606.784)	(371.823)	(1.022.166)	-	-	-	-	(2.551.879)	21.583	(2.530.296)	
- Net profit for the period	-	-	-	-	-	-	-	-	-	870.523	-	870.523	(36.853)	833.670	
March 31, 2024	2.534.400	32.469.856	(1.067.632)	1.892	(1.091.477)	(921.241)	(1.421.324)	576.125	3.104.186	870.523	22.104.714	57.160.022	272.587	57.432.609	

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Petkim Petrokimya Holding Anonim Şirketi and Its Subsidiaries

Condensed Consolidated Interim Statement of Cash Flow for Three Month Period Ended At March 31, 2024

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at March 31, 2024 unless otherwise indicated.)

		Unaudited January 1 - March 31, 2024	Unaudited January 1 - March 31, 2023
	Notes		
A. Cash flows from operating activities		(1.202.913)	(2.229.291)
Net profit (loss) for the period (I)		833.670	(3.349.022)
Adjustments related to reconciliation of net profit (loss) for the period: (II)		(1.843.665)	(332.407)
Adjustments for depreciation and amortization		1.171.972	1.208.474
Adjustments for impairments		(49.183)	(78.476)
- Adjustments (reversals) for impairment of inventories	7	(49.183)	(78.476)
Adjustments for provisions		265.398	426.312
- Adjustments (reversals) for provision employment termination benefits		265.398	426.312
Adjustments for interest (income) and expense		787.181	821.085
- Adjustments for interest income		(112.845)	(118.994)
- Adjustments for interest expense		900.026	940.079
Adjustments for unrealized foreign currency translation differences		876.601	1.792.405
Adjustments for tax losses		317.721	480.273
Adjustments for (gain) loss on sale of property, plant and equipment		(2.989)	(2.177)
Adjustments for fair value increase in financial investments		(60.020)	(123.231)
Adjustments for fair value increase in investment property		-	(699.250)
- Undistributed income of investments valued by equity method adjustments regarding profits		(667.902)	-
Monetary (gain)/loss		(3.739.212)	(4.156.947)
Adjustments for revenues from government grants		(743.232)	(875)
Changes in working capital (III)		(134.686)	2.077.331
Increase/(decrease) in trade receivables		(209.295)	1.930.897
(Increases)/decrease in other receivables		45.381	1.015
Increase/(decreases) in inventory		1.224.748	1.054.727
Decrease/(increase) in prepaid expenses		(330.232)	959.809
Decrease/(increase) in trade payables		(1.010.926)	(2.337.000)
Decrease/(increase) in other payable		67	2.125
Decrease/(increase) in payables to employees		(359.398)	140.836
Increase in deferred revenue		(12.186)	166.659
Decrease/(increase) in derivative financial instruments		(31.969)	3.781
Other decrease/(increase) in working capital		549.124	154.482
Cash flows from operating activities (I+II+III)		(1.144.681)	(1.604.098)
Employee termination benefits paid		(58.232)	(600.375)
Income taxes paid		-	(24.818)
B. Cash flows from investing activities		(692.394)	(9.916)
Cash outflows due to purchases of tangible and intangible assets		(667.442)	(568.708)
Proceeds from sale of property, plant and equipment and intangible assets		3.610	2.439
Cash outflows due to advances given to third parties		22.616	(168.995)
Other cash inflows/(outflows)		(51.178)	725.348
C. Cash flows from financing activities		1.949.025	(12.160.253)
Proceeds from borrowings	8	12.209.064	11.490.004
Repayments of borrowings	8	(4.820.182)	(869.371)
Proceeds from other financial liabilities	8	945.159	4.462.800
Repayments of other financial liabilities	8	(5.562.742)	(9.861.553)
Repayments of bond issued	8	-	(16.516.430)
Cash outflow related to lease agreements		(48.074)	(63.287)
Interest received		112.845	118.994
Interest paid		(887.045)	(921.410)
D. Net (decrease)/ increase in cash and cash equivalents before foreign currency translation differences (A+B+C)		53.718	(14.399.460)
E. Inflation impact on cash and equivalents		(615.351)	(2.157.576)
F. Effect of currency translation differences on cash and cash equivalents		139.140	138.668
Net increase in cash and cash equivalents (D+E+F)		(422.493)	(16.418.368)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	4	4.648.189	25.124.340
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	4.225.696	8.705.972

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Petkim Petrokimya Holding Anonim Şirketi and Its Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements for The Period Between 1 January 1 and March 31, 2024

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at March 31, 2024 unless otherwise indicated.)

1. Group's Organisation and nature of operations

Petkim Petrokimya Holding A.Ş. ("Petkim" or "the Company") was established on 3 April 1965. The Company started its investment activities in İzmit-Yarımca and initially established the Ethylene, Polyethylene, Chlorine Alkali, VCM and PVC plants in 1970 in the Yarımca Complex and in the following years, construction of other plants continued. In 1985, Aliğa Petrochemical Complex was established with advance technology and optimum capacity. The Company has 14 main plants, 1 bag production unit and 1 solid waste incineration facility. The Company operates its facilities in the petrochemical sector in Turkey.

The major operations of the Company and its subsidiaries are as follows:

- To establish and to operate factories, plants in Turkey home or abroad in relation to the petro-chemistry, chemistry and such other industrial sectors,
- To process and to treat the raw materials and supplementary/ auxiliary substances, materials and chemicals necessary for the production of petrochemicals, chemicals and such other materials/substances by procuring such materials/substances either from Turkey or abroad, to produce such materials/substances, and to carry out and to perform the domestic and international trading thereof,
- In accordance with the Law 4628 on the Electricity Market, and the related legislation thereto, to establish power plants as per the auto-producer's license in order to meet its own need for electricity and heat/thermal energy at first, to generate electricity and heat/ thermal energy, to sell the generated electricity and heat/thermal energy and/or the capacity to other legal persons holding the requisite licenses or to the eligible consumers as per the mentioned legislation in case of any surplus production, and to carry out and to perform the activities in relation to the obtainment of any and all kinds of equipment and fuel in relation to the electricity power/ generating plant provided that such activities are not of commercial nature,
- To carry out and to perform the activities in relation to the importation or purchase from domestic resources, of natural gas on wholesale and retail basis, utilization, storage of natural gas imported and purchased, in accordance with the legislation thereto,
- To carry out and to perform pilotage, trailer and mooring activities, to operate ports, cruise ports, passenger terminals, seaports, docks, harbors, berths, liquid fuel/liquefied petroleum pipeline and buoy systems, and such other similar onshore facilities/plants, and to be involved in port management activities, to offer port, agency, provision, bunkering services, and to provide that such services are offered by third parties either by way of leasing or such other methods when required, and to purchase, to have built and to lease, to sell the necessary vessels/naval platforms, and to establish either domestic or international partnerships in relation thereto, to operate warehouses, and to offer warehousing services,
- To support and to donate to the foundations, associations, educational institutions, which have been established for social purposes, and to such other persons, institutions and organizations in accordance with the principles prescribed by the Capital Markets Board.

The "Share Sales Agreement", with respect to the sale of 51% of shares of Petkim Petrokimya Holding A.Ş. (which has been in the privatization process for several years) to SOCAR & Turcas Petrokimya A.Ş. ("STPAŞ"), 44% of which previously owned by the Republic of Turkey Ministry Privatization Administration ("Administration") and 7% State Pension Fund ("Emekli Sandığı Genel Müdürlüğü") transferred to Republic of Turkey Social Security Institution, was signed on 30 May 2008.

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Notes to the Condensed Consolidated Interim Financial Statements for The Period Between January 1 and March 31, 2024

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at March 31, 2024 unless otherwise indicated.)

1. Group's Organisation and nature of operations (continued)

On 22 June 2012, the listed shares of 10.32% in the Company, which belonged to Prime Ministry Privatisation Administration, was sold to SOCAR İzmir Petrokimya A.Ş ("SİPAŞ"), the subsidiary of the Company's main shareholder, SOCAR Turkey Enerji A.Ş. ("STEAŞ"). STEAŞ and SİPAŞ merged on 22 September 2014 under STEAŞ.

As of March 31, 2024 and December 31, 2023 the ultimate controlling party of the Company is State Oil Company of Azerbaijan Republic ("SOCAR").

The Group is registered at the Capital Markets Board ("CMB") and have been quoted in Borsa İstanbul ("BİST") since July 9, 1990.

The consolidated financial statements were approved for publication by the decision of the Board of Directors dated May 30, 2024 and signed by General Manager Mr. Kanan Mirzayev and Chief Financial Officer Mr. Ahmet Gülhan on behalf of the Board of Directors. The general assembly and certain regulatory bodies have the authority to make changes to the statutory financial statements after they are published.

The registered address of the Company as of the date of preparation of the consolidated financial statements is as follows:

Siteler Mh. Necmettin Giritlioğlu Cd.
SOCAR Türkiye Aliağa Administration Building No: 6/1 Aliağa/ İZMİR

As of March 31, 2024, the Company's subsidiaries ("subsidiaries") the Company and its subsidiaries (hereinafter collectively referred to as the "Group") and their respective operating segments are as follows:

	Nature of Operations	Business Segment
1. Petlim Limancılık Ticaret A.Ş. ("Petlim")	Port Operations	Port
2. Petkim Specialities Mühendislik Plastikleri Sanayi ve Ticaret A.Ş.	Plastic Processing	Petrochemistry

As of March 31, 2024, the average number of employees working for the Group is 2.388. (December 31, 2023: 2.416).

The details of the employees as of March 31, 2024 and December 31, 2023 are as follows:

	March 31, 2024	December 31, 2023
Union (*)	1.714	1.718
Non - union (**)	679	665
	2.393	2.383

(*) Indicates the personnel who are members of Petrol İş Union.

(**) Indicates the personnel who are not members of Petrol İş Union.

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Notes to the Condensed Consolidated Interim Financial Statements for The Period Between 1 January and March 31, 2024

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at March 31, 2024 unless otherwise indicated.)

2. Basis of presentation of condensed consolidated interim financial statement (continued)

2.1 Basis of Presentation

The condensed consolidated interim financial statements are prepared in accordance with the Communiqué Serial II, No: 14.1, "Principals of Financial Reporting in Capital Markets" published in the Official Gazette numbered 28676 on June 13, 2013. According to the article 5 of the Communiqué, consolidated financial statements are prepared in accordance with Turkish Accounting Standards/ Turkish Financial Reporting Standards ("TAS"/ "TFRS") and its addendum and interpretations ("IFRIC") issued by the Public Oversight Accounting and Auditing Standards Authority ("POAASA") Turkish Accounting Standards Board.

The condensed consolidated interim financial statements are presented in accordance with "Announcement regarding with TAS Taxonomy" which was published on October 4, 2022 by POAASA and the format and mandatory information recommended by CMB.

The Group prepared its condensed interim consolidated financial statements for the period ended March 31, 2024 in accordance with ("TAS") 34, "Interim Financial Reporting" in the framework of the Communiqué Serial II, No: 14.1, and its related announcement. The condensed interim consolidated financial statements and its accompanying notes are presented in compliance with the format recommended by CMB including its mandatory information.

The Group's condensed consolidated interim financial statements do not include all disclosure and notes that should be included at year-end financial statements. Therefore the condensed consolidated interim financial statements should be read in conjunction with the Group's annual consolidated financial statements dated December 31, 2023 and group's public announcements during the financial year.

The Group maintains its accounting records and prepares its statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the uniform chart of account issued by the Ministry of Finance.

The consolidated consolidated financial statements, except for the financial investments, investment properties and derivatives, are maintained under historical cost conversion and presented in TRY which is the functional and reporting currency of the Group.

According to CMB Communiqué No:14.1 and announcements made by the CMB, it is obligatory for the foreign exchange position table of the companies preparing the summary financial statements in interim periods to present the hedging ratio of the total foreign exchange liability and the total export and total import amounts in the footnotes of the financial statements (Note 22).

The Group's financial statements in the interim condensed consolidated financial statements do not have any effect on the seasonality of the Group's operations.

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2. Basis of presentation of condensed consolidated interim financial statement (continued)

2.1 Basis of Presentation (Continued)

Financial reporting in hyperinflationary economy

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

As of March 31, 2024, adjustments have been made in accordance with the requirements of TAS 29 ("Financial Reporting in Hyperinflation Economies") regarding the changes in the general purchasing power of the Turkish Lira. TMS 29 requirements require that financial statements prepared in the currency in circulation in the economy with high inflation be presented at the purchasing power of this currency at the balance sheet date and that the amounts in previous periods are rearranged in the same way. One of the requirements that requires the application of TMS 29 is a three-year compound inflation rate approaching or exceeding 100%. The indexing process was carried out using the coefficient obtained from the Consumer Price Index in Turkey published by the Turkish Statistical Institute ("TURKSTAT"). The indices and correction coefficients used in the correction of the financial statements of the current and previous periods since January 1, 2005 are as follows:

Date	Index	Conversion Factor	Three year Inflation Rate
March 31, 2024	2.139,47	1,000	%211
December 31, 2023	1.859,38	1,151	%268
March 31, 2023	1.269,75	1,685	%152

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

- Current period consolidated financial statements prepared in TRY are expressed in terms of the purchasing power at the balance sheet date, and amounts from previous reporting periods are also adjusted and expressed in terms of the purchasing power at the end of the reporting period.
- Monetary assets and liabilities are not adjusted as they are already expressed in terms of the current purchasing power at the balance sheet date. In cases where the inflation-adjusted values of non-monetary items exceed their recoverable amount or net realizable value, the provisions of TAS 36 "Impairment of Assets" and TAS 2 "Inventories" are applied, respectively.
- Non-monetary assets and liabilities and equity items that are not expressed in terms of the current purchasing power at the balance sheet date have been adjusted using the relevant adjustment coefficients.
- All items in the comprehensive income statement, except for those that have an impact on the comprehensive income statement of non-monetary items on the balance sheet, have been indexed using the coefficients calculated for the periods when the income and expense accounts were first reflected in the financial statements.
- The effect of inflation on the Group's net monetary asset position in the current period is recorded in the monetary gain/loss account in the consolidated income statement.

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2. Basis of presentation of condensed consolidated interim financial statement (continued)

2.2 Summary of Significant Accounting Policies

Significant accounting policies applied in these condensed consolidated interim financial statements are consistent with the accounting policy applied in the consolidated financial statements for the period January 1 – December 31, 2023 except for the following:

Income tax expense is recognised in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

Expenses which are not evenly distributed through the year are recognized in the condensed consolidated interim financial statements only when they can be estimated or deferred appropriately.

2.3 Basis of Consolidation

The condensed consolidated interim financial statements include the accounts of the parent company, Petkim and its subsidiaries on the basis set out in sections below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with TFRS applying uniform accounting policies and presentation.

a) Subsidiaries

All companies that have control over the Group are affiliates of the Group. The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

Intercompany transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognized in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The non-controlling share in the net assets and results of subsidiaries for the period are separately classified as “non-controlling interest” in the consolidated balance sheet and statement of income.

The accounting policies of the subsidiaries have been changed where necessary to be consistent with the accounting policies accepted by the Group.

The table below sets out all subsidiaries included in the scope of consolidation together with the related voting rights and effective ownership rates at March 31, 2024 and December 31, 2023:

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2. Basis of presentation of condensed consolidated interim financial statement (continued)

2.2 Summary of Significant Accounting Policies (Continued)

Subsidiaries	Direct or Indirect Control Shareholding Rates of the Group (%)	
	March 31, 2024	December 31, 2023
Petlim	93,47	93,47
Petkim Specialities Mühendislik Plastikleri Sanayi ve Ticaret A.Ş.	100,00	100,00

b) Foreign currency conversion

i) Functional and presentation currency

Financial statement items for each company of the Group are measured in the currency of the main economy in which that company is located and in which it carries out its operations ('functional currency'). The functional currencies of Petlim, a subsidiary of the Group, and STAR, a subsidiary of Rafineri Holding, which became a subsidiary of the Group in 2023, are US Dollars. The consolidated financial statements are prepared in Turkish Lira (Turkish Lira), which is the functional currency of the parent company and the reporting currency of the Group. Prepared and presented in 'TL'.

ii) Transactions and balances

Transactions in foreign currencies have been translated into functional currency at the exchange rates prevailing at the date of the transaction. Exchange gains or losses arising from the settlement and translation of monetary assets and liabilities denominated in foreign currency at the exchange rates prevailing at the balance sheet dates are included in consolidated comprehensive income, except for the effective portion of foreign currency hedge of cash flow which are included under shareholders equity.

iii) Translation of financial statements of subsidiaries, whose functional currency is not Turkish Liras

The assets in the consolidated statement of financial position dated March 31, 2024 are 32.3436 TL = 1 USD, which are the foreign exchange buying rates valid as of March 31, 2024 announced by the Central Bank of the Republic of Turkey, and the liabilities are 32.3436 TL = 1 USD, which are the foreign exchange selling rates valid as of March 31, 2024 (foreign exchange buying rate for valid assets as of December 31, 2023: 29.4382 TL = 1 USD, foreign exchange selling rate 29.4913 = 1 USD).

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2. Basis of presentation of condensed consolidated interim financial statement (continued)

2.4 The new standards, amendments and interpretations

a. *New standards in force as of March 31, 2024, and amendments and interpretations to existing previous standards:*

The accounting policies adopted in preparation of the consolidated financial statements as of March 31, 2024 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2024 and thereafter. 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 of January 1, 2024 are as follows:

Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities

In March 2020 and January 2023, POA issued amendments to TAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in January 2023 if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. In addition, January 2023 amendments require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities. The amendments clarify that the requirement for the right to exist at the end of the reporting period applies to covenants which the entity is required to comply with on or before the reporting date regardless of whether the lender tests for compliance at that date or at a later date. The amendments also clarified that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. The amendments must be applied retrospectively in accordance with TAS 8.

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

Amendments to TFRS 16 - Lease Liability in a Sale and Leaseback

In January 2023, POA issued amendments to TFRS 16. The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. In applying requirements of TFRS 16 under "Subsequent measurement of the lease liability" heading after the commencement date in a sale and leaseback transaction, the seller lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in TFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with TAS 8. A seller-lessee applies the amendments retrospectively in accordance with TAS 8 to sale and leaseback transactions entered into after the date of initial application of TFRS 16.

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

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2. Basis of presentation of condensed consolidated interim financial statement (continued)

2.4 The new standards, amendments and interpretations (continued)

a. New standards in force as of March 31, 2024, and amendments and interpretations to existing previous standards (continued)

Amendments to TAS 7 and TFRS 7 - Disclosures: Supplier Finance Arrangements

The amendments issued by POA in September 2023 specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid. The amendments require an entity to provide information about terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those liabilities. In the context of quantitative liquidity risk disclosures required by TFRS 7, supplier finance arrangements are also included as an example of other factors that might be relevant to disclose.

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

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 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.

TFRS 17 - The new Standard for insurance contracts

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. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. In accordance with amendments issued by POA in December 2021, entities have transition option for a "classification overlay" to avoid possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of TFRS 17.

The mandatory effective date of the Standard for the following entities has been postponed to accounting periods beginning on or after January 1, 2025 with the announcement made by the POA:

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2. Basis of presentation of condensed consolidated interim financial statement (continued)

2.4 The new standards, amendments and interpretations (continued)

IFRS 17 - The new Standard for insurance contracts (continued)

Insurance, reinsurance and pension companies.

- Banks that have ownership/investments in insurance, reinsurance and pension companies and
- Other entities that have ownership/investments in insurance, reinsurance and pension companies.

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

iii) The amendments which are effective immediately upon issuance

Amendments to TAS 12 - International Tax Reform – Pillar Two Model Rules

In September 2023, POA issued amendments to TAS 12, which introduce a mandatory exception in TAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. The amendments clarify that TAS 12 applies to income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD). The amendments also introduced targeted disclosure requirements for entities affected by the tax laws. The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception apply immediately and retrospectively upon issue of the amendments.

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

iv) The new amendments that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

The following amendments to IAS 21 and IFRS 18 are issued by IASB but not yet adapted/issued by POA. Therefore, they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the amendments and new Standard are issued and become effective under TFRS.

Amendments to IAS 21 - Lack of exchangeability

In August 2023, IASB issued amendments to IAS 21. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

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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2. Basis of presentation of condensed consolidated interim financial statement (continued)

2.4 The new standards, amendments and interpretations (continued)

IFRS 18 – The new Standard for Presentation and Disclosure in Financial Statements

In April 2024, IASB issued IFRS 18 which replaces IAS 1. IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. IFRS 18 requires an entity to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified ‘roles’ of the primary financial statements and the notes. In addition, there are consequential amendments to other accounting standards, such as IAS 7, IAS 8 and IAS 34.

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

2.5 Comparative information and correction of prior period financial statements

The Group prepared its interim condensed consolidated interim financial statements on a comparative basis with the preceding financial period, which enables determination of trends in financial position and performance. The Group prepared its balance sheet at March 31, 2024 on a comparative basis with balance sheet at December 31, 2023; and statements of comprehensive income, cash flows and changes in equity for the period of January 1 – March 31, 2024 on a comparative basis with financial statements for the period of January 1 - March 31, 2023.

2.6 Significant Accounting Estimates, Judgments and Assumptions

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

a) Provision for lawsuits

Provision for lawsuits is evaluated by the Group based on opinions of Group Legal Counsel and legal consultants. The Group determines the amount of provisions based on best estimates. As of reporting date, provision for lawsuits is stated in Note 20.

b) Useful life of tangible and intangible assets and investment property

The Group determines useful lives of tangible and intangible assets and investment properties in line with opinions of technical experts and recognizes depreciation and amortization expenses during aforementioned useful lives. The Group reviews useful lives of assets subject to aforementioned depreciation in each reporting period and it is estimated that there exist no situation requiring any adjustment in useful lives as of March 31, 2024.

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2. Basis of presentation of condensed consolidated interim financial statement (continued)

2.6. Significant Accounting Estimates, Judgments and Assumptions

c) Deferred income tax assets

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business and significant judgment is required in determining the provision for income taxes. The Group recognizes tax liabilities for anticipated tax issues based on estimates of whether additional taxes will be due and recognizes tax assets for the tax losses carried forward and investment incentives to the extent that the realization of the related tax benefit through the future taxable profits is probable (Note 15). Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

d) Provision for employee benefits

Actuarial assumptions about discount rates, inflation rates, future salary increases, and employee turnover rates are used to calculate Group's provision for employee benefits. Such assumptions used in determination of the provision for defined benefit plans are disclosed in Note 13.

3. Segment reporting

Operating segments are identified on the same basis as financial information is reported internally to the Group's chief operating decision maker. The Company Board of Directors has been identified as the Group's chief operating decision maker who is responsible for allocating resources between segments and assessing their performances. The Group management determines operating segments by reference to the reports reviewed by the Board of Directors to make strategic decisions.

The operating segment of the Group are as follows;

- Petrochemical
- Port

The Board of Directors assesses the performance of operating segments with specific criteria and measurement units. This measurement criterion consists of net sales and operating profit. Assets and liabilities of the segment include all assets and liabilities of the Group.

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3. Segment Reporting (Continued)

a) Revenue

	January 1 - March 31, 2024	January 1- March 31, 2023
Petrochemical	16.401.079	16.177.882
Port	166.885	171.340
Total before eliminations and adjustments	16.567.964	16.349.222
Consolidation eliminations and adjustments	-	-
	16.567.964	16.349.222
b) Operating profit		
Petrochemical	(1.228.101)	(2.744.291)
Port	99.336	63.342
Total before eliminations and adjustments	(1.128.765)	(2.680.949)
Consolidation eliminations and adjustments	15.265	12.753
Operating profit/(loss)	(1.113.500)	(2.668.196)
Financial (expenses)/ income, net	1.481.861	(1.050.035)
Income from investing activities, net	783.030	849.482
Profit/(loss) before tax from continued operations	1.151.391	(2.868.749)
Tax income/(expense)	(317.721)	(480.273)
Profit/(loss) for the period	833.670	(3.349.022)

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3. Segment Reporting (Continued)

c) Total Assets

	March 31, 2024	December 31, 2023
Petrochemical	105.955.207	104.782.247
Port	10.491.234	10.974.903
Total before eliminations and adjustments	116.446.441	115.757.150
Consolidation eliminations and adjustments	(9.345.786)	(5.536.673)
	107.100.655	110.220.477

d) Total Liabilities

Petrochemical	43.692.144	44.624.194
Port	6.316.847	6.566.667
Total before eliminations and adjustments	50.008.991	51.190.861
Consolidation eliminations and adjustments	(340.945)	(99.619)
	49.668.046	51.091.242

4. Cash and Cash Equivalents

	March 31, 2024	December 31, 2023
Banks	4.225.613	4.648.161
- Demand deposits	33.311	112.724
- Turkish Liras	17.811	55.757
- Foreign currency	15.500	56.967
- Time deposits	4.192.302	4.535.437
- Turkish Liras	168.169	234.567
- Foreign currency	4.024.133	4.300.870
Other	83	28
	4.225.696	4.648.189

As of March 31, 2024, the weighted average effective interest rates of USD and Euro time deposits are 2.58% and 2.17% per annum (December 31, 2023: USD 3.37% and 2.73% per annum).

As of March 31, 2024, the TRY dominated time deposits consist of monthly and daily deposits and the weighted average effective interest rate is 50.09% per annum. (December 31, 2023: 40.63% per annum). The Group has no blocked deposits as of March 31, 2024 (December 31, 2023: None).

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5. Financial Investments

a) Short-term financial investments:

	March 31, 2024	December 31, 2023
Marketable securities	346.600	343.986
	346.600	343.986

b) Long-term financial investments:

	March 31, 2024		December 31, 2023	
	Amount	Shareholding Rate (%)	Amount	Shareholding Rate (%)
SOCAR Power Enerji Yatırımları A.Ş.	76.114	9,90	76.114	9,90
	76.114		76.114	

8,910,000 shares having a nominal price of TRY0,001 per share corresponding to 9.9% of capital of SOCAR Power Enerji Yatırımları A.Ş. (SOCAR Power) (TRY8,910) owned by SOCAR Turkey Elektrik Yatırımları Holding A.Ş. (Power Holding), which is a subsidiary of controlling shareholder of the Group, SOCAR Turkey Enerji A.Ş., in SOCAR Power are purchased by the Group on 26 January 2015.

6. Trade receivables and payables

a) Short-term trade receivables from third parties:

	March 31, 2024	December 31, 2023
Trade receivables	6.900.103	6.863.639
Provision for doubtful trade receivables (-)	(15.289)	(16.824)
	6.884.814	6.846.815

b) Short-term trade payables from third parties:

Trade payables	2.548.963	4.347.475
	2.548.963	4.347.475

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7. Inventories

	March 31, 2024	December 31, 2023
Raw materials	1.771.910	1.357.562
Work-in-progress	1.350.634	1.317.290
Finished goods	1.699.978	2.298.661
Trade goods	349.308	237.631
Goods in transit	224.937	822.897
Other inventories	574.835	1.104.490
Less: Provision for impairment on inventories	(23.415)	(72.598)
	5.948.187	7.065.933

Movements of provision for impairment on inventory for the periods ended January 1 – March 31, 2024 and 2023 were as follows:

	2024	2023
January 1	(72.598)	(172.845)
Realized due to sales of inventory	72.598	172.845
Current year additions	(23.415)	(94.369)
March 31	(23.415)	(94.369)

8. Borrowing and borrowing costs

	March 31, 2024	December 31, 2023
Short-term borrowings	12.764.167	6.226.307
Short-term portions of long-term borrowings	4.295.532	4.108.354
Short-term lease liabilities (**)	43.078	43.778
Other financial liabilities (*)	3.236.523	8.887.310
Short-term financial liabilities	20.339.300	19.265.749
Long-term borrowings (***)	14.175.085	15.053.374
Long-term lease liabilities (**)	154.145	193.094
Long-term borrowings	14.329.230	15.246.468
	34.668.530	34.512.217

(*) Other financial liabilities consist of letters of credits, naphta financing, murabaha loans and trade goods financing arising from naphtha and other goods purchases . The average remaining maturity of other financial liabilities is 115 days as of March 31, 2024 (December 31, 2023: Average remaining maturity is 59 days).

(**) The weighted average of the Group's incremental borrowing rates for US Dollar and TRY are 7%, and 21%, are respectively.

(***) On January 26, 2023, the loan agreement amounting to USD 300 million has been signed between Group and J.P. Morgan Securities PLC. The mentioned loan has a bullet maturity of 3 years and has interest rate of SOFR + 5.60%, per annum. Pursuant to the long-term loan agreement signed between the Group and JP Morgan Securities PLC on January 26, 2023, USD 300 million loan is swapped with the annual interest rate of SOFR +5.60% of the portion of USD 150 million with a fixed interest rate of 9.56 per annum.

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8. Borrowing and borrowing costs(Continued)

Bank borrowings and bond issued

	Effective weighted average		Original Currency		TRY Equivalent	
	Interest rate p.a. (%)		March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
	March 31, 2024	December 31, 2023				
Short-term borrowings:						
USD borrowings	6,70 - 10,40	7,00 - 10,55	394.643	183.484	12.764.167	6.226.307
Short-term portions of long-term borrowings						
USD borrowings	SOFR + 5,00 - 5,60, 6,90-12,17	SOFR + 4,67 - 5,60 7,00-10,55	132.809	107.115	4.295.532	3.634.831
EUR borrowings	-	7,73	-	12.611	-	473.523
Total short-term borrowings					17.059.699	10.334.661
Long-term borrowings						
USD borrowings	SOFR + 5,00 - 5,60	SOFR + 4,67 - 5,60	438.266	443.609	14.175.085	15.053.374
Total long-term borrowings					14.175.085	15.053.374
Total borrowings					31.234.784	25.388.035

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8. Borrowing and borrowing costs (continued)

The redemption schedule of long-term bank borrowings as of March 31, 2024 and December 31, 2023 is as follows:

	March 31, 2024
April 1, 2025 - March 31, 2026	11.703.760
April 1, 2026 – March 31, 2027	1.450.457
April 1, 2027 - March 31, 2028	899.579
Nisan 1, 2028 and above	121.289
	14.175.085
	December 31, 2023
2025	1.928.839
2026	11.765.715
2027	1.151.716
2028	207.104
	15.053.374

Fair values of the short-term bank borrowings and other financial liabilities approximate their carrying values due to their short-term nature and long-term borrowings due to having floating interest rate updated with market conditions.

Movements financial liabilities (excluding lease liabilities) as of March 31, 2024 and March 31, 2023 are as follows:

	2024	2023
January 1	29.627.156	26.753.228
Proceeds from financial liabilities	13.154.223	15.952.804
Repayments of financial liabilities	(10.382.924)	(27.247.354)
Changes in foreign exchange	2.435.152	741.033
Changes in interest accrual	(351.531)	(614.317)
Change in cash and cash equivalents and financial investments	(192.861)	14.604.701
Monetary (gain)/loss	(4.043.604)	(3.064.327)
March 31	30.245.611	27.125.768

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9. Property, plant and equipment

	January 1, 2024	Additions	Transfers	Disposals	Foreign Currency Translation Differences	March 31, 2024
<u>Cost</u>						
Land	694.241	-	-	-	(341)	693.900
Land improvements	3.624.310	-	-	-	(831)	3.623.479
Buildings	3.129.794	-	-	-	(324)	3.129.470
Machinery and equipment	133.283.131	-	82.079	-	-	133.365.210
Motor vehicles	184.276	-	-	(2.605)	-	181.671
Furniture and fixtures	1.719.127	-	20.519	(3.283)	(206)	1.736.157
Other fixed assets	18.719	-	-	-	-	18.719
Leasehold improvements	8.190	-	-	-	-	8.190
Assets subject to operating lease (**)	10.471.608	-	-	-	(266.756)	10.204.852
Construction in progress (*)	7.872.704	667.442	(102.688)	-	(95)	8.437.363
	161.006.100	667.442	(90)	(5.888)	(268.553)	161.399.011
<u>Accumulated depreciation:</u>						
Land improvements	(2.369.039)	(47.749)	-	-	639	(2.416.149)
Buildings	(2.368.979)	(17.123)	-	-	367	(2.385.735)
Machinery and equipment	(115.357.117)	(949.581)	-	-	-	(116.306.698)
Motor vehicles	(141.663)	(3.906)	-	2.588	-	(142.981)
Furniture and fixtures	(1.298.421)	(28.336)	-	2.679	419	(1.323.659)
Other fixed assets	(18.719)	-	-	-	-	(18.719)
Leasehold improvements	(8.190)	-	-	-	-	(8.190)
Assets subject to operating lease	(2.233.219)	(78.940)	-	-	2.089	(2.310.070)
	(123.795.347)	(1.125.635)	-	5.267	3.514	(124.912.201)
Net book value	37.210.753					36.486.810

(*) Construction in progress mainly consist of investments related to facility improvements.

(**) Assets subject to operating lease consists of port investment.

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9. Property, plant and equipment (continued)

	January 1,2023	Additions	Transfers	Disposals	Foreign Currency Translation Differences	March 31, 2023
<u>Cost</u>						
Land	695.822	-	-	-	(645)	695.177
Land improvements	3.613.444	-	-	-	(1.645)	3.611.799
Buildings	3.130.315	-	-	-	(595)	3.129.720
Machinery and equipment	130.334.485	-	377.363	-	-	130.711.848
Motor vehicles	422.417	-	27.091	-	-	449.508
Furniture and fixtures	1.686.308	-	21.497	(735)	(331)	1.706.739
Other fixed assets	18.719	-	-	-	-	18.719
Leasehold improvements	8.190	-	-	-	-	8.190
Assets subject to operating lease (**)	10.922.840	-	-	-	(916.271)	10.006.569
Construction in progress (*)	7.544.259	568.708	(450.527)	-	(589)	7.661.851
	158.376.799	568.708	(24.576)	(735)	(920.076)	158.000.120
<u>Accumulated depreciation:</u>						
Land improvements	(2.178.010)	(47.810)	-	-	1.120	(2.224.700)
Buildings	(2.300.624)	(17.181)	-	-	493	(2.317.312)
Machinery and equipment	(110.201.774)	(982.356)	-	-	-	(111.184.130)
Motor vehicles	(203.753)	(16.398)	-	-	-	(220.151)
Furniture and fixtures	(1.251.554)	(26.516)	-	473	311	(1.277.286)
Other fixed assets	(18.719)	-	-	-	-	(18.719)
Leasehold improvements	(8.190)	-	-	-	-	(8.190)
Assets subject to operating lease	(1.951.133)	(80.898)	-	-	155.350	(1.876.681)
	(118.113.757)	(1.171.159)	-	473	157.274	(119.127.169)
Net book value	40.263.042					38.872.951

(*) Construction in progress mainly consist of investments related to facility improvements.

(**) Assets subject to operating lease consists of port investment.

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10. Investment Properties

Fair value	January 1, 2024	Fair value Increase	Transfers	Disposals	March 31, 2024
Land	19.364.141	-	-	-	19.364.141
	19.364.141				19.364.141

Fair value	January 1, 2023	Fair value Increase	Transfers	Disposals	March 31, 2023
Land	10.667.031	8.698.247	-	(1.137)	19.364.141
	10.667.031				19.364.141

30 years right of construction of the land, that is 2.076.506 m², is given to the STAR by Group. The annual rent income from the land, that is located in Aliağa district, is USD4.6 million and the annual rent income will be increased at the rate of SOFR + 1% each year.

There are no pledges, collaterals and mortgages on investment properties.

11. Deferred Revenue

Short-term deferred revenue

	March 31, 2024	December 31, 2023
Advances received	479.345	566.184
Deferred revenue	1.101	1.559
	480.446	567.743

Advances received include the payments received by the Group from its customers for the sales to be made in the following periods, and it is anticipated that these advances will be closed within one year (December 31, 2023: It is expected to be closed within one year). The fair values of the advances received are estimated to approximate their carrying values.

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12. Prepaid expenses

a) Short-term prepaid expenses

	March 31, 2024	December 31, 2023
Advances given for inventory	893.398	678.873
Prepaid insurance and other expenses	168.043	49.631
Advances given for customs procedures	2.350	3.508
	1.063.791	732.012

b) Long-term prepaid expenses

Advances given for property, plant and equipment	348.822	371.438
Prepaid insurance and other expenses	1.585	25.928
	350.407	397.366

13. Employee benefits

a) Short-term employee benefits:

	March 31, 2024	December 31, 2023
Provision for bonus premium	917.929	848.444
Provision for seniority incentive bonus	67.408	65.485
	985.337	913.929

b) Long-term employee benefits:

	March 31, 2024	December 31, 2023
Provision for employment termination benefits	651.489	565.513
Provision for unused vacation rights	389.141	237.722
Provision for seniority incentive bonus	86.352	65.178
	1.126.982	868.413

Provision for employment termination benefits:

Under Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women).

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13. Employee benefits (continued)

b) Long-term employee benefits (continued):

Provision for employment termination benefits (continued)

The amount Payable consists of one month's salary limited to a maximum ceiling of TRY35.058,58 for each year of service as of March 31, 2024 (December 31, 2023: TRY23.489,83).

The provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees.

The provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees.

TAS 19 requires actuarial valuation methods to be developed to estimate the enterprises' obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	March 31, 2024	December 31,2023
Net discount rate (%)	1,98	1,98
Probability of retirement (%)	97,8	97,8

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of TRY35.058,58 which is effective from January 1, 2024 has been taken into consideration in the calculation of employment termination benefits of the Group (January 1, 2023: TRY 19.982,83).

Provision for seniority incentive bonus:

Seniority incentive bonus is a benefit provided to the personnel to promote their loyalty to the job and workplace.

The bonus amounting to 40 days of gross salary for 5 years seniority, 50 days of gross salary for 10 years seniority, 65 days of gross salary for 15 years seniority, 80 days of gross salary for 20 years seniority, 90 days of gross salary for 25 and 100 days of gross salary for 30, 105 days of gross salary for 35 and 110 days of gross salary for 40 years seniority is paid to the union personnel with the gross salary of the month when they are reached to the seniority level. In case of termination of employment for any reason that does not prevent gaining severance pay, 20% of seniority incentive which the employee will gain, for each year last first seniority incentive level. In this calculation the periods which are shorter than six months are not considered. Periods which are more than six months are considered as one year.

For the non-union personnel working at the Group, the bonus amounting to 40 days of gross salary for 5 years seniority, 50 days of gross salary for 10 years seniority, 65 days of gross salary for 15 years seniority, 80 days of gross salary for 20 years seniority, 90 days of gross salary for 25 years and 100 days for 30, 105 days of gross salary for 35 and 110 days of gross salary for 40 years seniority for the seniority levels in which they are entitled as of the aforementioned date and 30 days of gross salary for the following seniority levels that they are going to be entitled is paid with the gross salary of the month when they are reached to the seniority level. In case of termination of employment for any reason that does not prevent gaining severance pay, 20% of seniority incentive which the employee will gain, for each year last first seniority incentive level. In this calculation the periods which are shorter than six months are not considered. Periods which are more than six months are considered as one year.

The seniority incentive bonus provision is calculated by estimating the present value of the future probable obligation arising from the qualification of the employees for the bonus.

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13. Employee benefits (continued)

b) Long-term employee benefits (continued):

Provision for seniority incentive bonus:

TAS 19 requires that actuarial valuation methods to be developed to estimate the employee benefit provisions. The following actuarial assumptions have been used in the calculation of the total provision:

	March 31, 2024	December 31, 2023
Net discount rate (%)	1,98	1,98
Probability of retirement (%)	97,8	97,8

14. Equity

The shareholders of the Company and their shareholdings as of March 31, 2024 and December 31, 2023 were as follows:

Group:	Shareholder	March 31, 2024		December 31, 2023	
		Amount (TRY)	Share (%)	Amount (TRY)	Share (%)
A	SOCAR Turkey Petrokimya A.Ş.	1.292.544	51,00	1.292.544	51,00
B	Publicly traded and other	1.241.856	49,00	1.241.856	49,00
C	Privatization Administration	-	0,01	-	0,01
Total paid in share capital		2.534.400	100	2.534.400	100
Adjustments to share capital		32.469.856		32.469.856	
Total share capital		35.004.256		35.004.256	

Adjustment to share capital represents the difference between the amounts of cash and cash equivalents contributions, restated for inflation, to share capital and the amounts before the restatement.

15. Tax assets and liabilities

a) Corporate Tax:

Current tax asset at March 31, 2024 and December 31, 2023 are summarized below:

	March 31, 2024	December 31, 2023
Calculated corporation tax	-	-
Less: Prepaid taxes (-)	(49.424)	(47.008)
Total corporation tax asset	(49.424)	(47.008)

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15. Tax assets and liabilities (continued)

a) Corporate Tax (Continued):

Tax income/ (expenses) included in the income statement for the consolidated consolidated interim periods ended March 31, 2024 and 2023 are summarized below:

	January 1- March 31, 2024	January 1,- March 31, 2023
Deferred tax expense	(317.721)	(453.716)
Current period tax expense	-	(26.557)
Total tax expense	(317.721)	(480.273)

Turkish tax legislation does not permit a parent company, its subsidiaries and its subsidiaries to file a tax return on its consolidated financial statements. For this reason, the tax provisions reflected in the financial statements in this consolidated are separately calculated for the subsidiaries.

In accordance with the regulation numbered 7456, which entered into force after being published in the Official Gazette dated published in Official Gazette 15 July 2023, "On the Creation of Additional Motor Vehicle Tax for the Compensation of Economic Losses Caused by the Earthquakes That Occurred on 6/2/2023, and on Amending Certain Laws and the Decree Law No. 375". The corporate tax rate has been increased to 25% for advanced corporate tax to be submitted after October 2023. It will be applied as 25% starting from 2024. With the change in the law in question, with a 5-point base change in the export exemption rate, the Group re-evaluated the effective tax rate and determined the effective tax rate as 23% and calculated the deferred tax calculations based on this rate.

Meanwhile, the corporate tax exemption for gains from the sale of immovable properties acquired after July 15, 2023 and held in the assets of corporate taxpayers for at least 2 years has been completely abolished, while the corporate tax exemption on the sales gains of immovable properties acquired before this date has been reduced from 50% to 25%. It has been downloaded to. The regulation entered into force as of July 15, 2023.

b) Deferred taxes

The Group recognizes deferred income tax assets and liabilities based upon temporary differences arising between their financial statements as reported under the TAS and the statutory tax financial statements prepared in accordance with Corporate Tax Law.

Within the scope of the "Law on the Collection Procedure of Public Receivables and the Law on Amendments to Certain Laws" numbered 7316, which came into force after being published in the Official Gazette dated April 22, 2021. The corporate tax rate for provisional tax return to be submitted after July 1, 2021 has been increased from 20% to 25% and to 23% for 2023. It will be applied as 20% starting from 2024. At the same time, the exemption to be applied to corporate taxpayers on capital gains obtained from the sales of real estate that they have held for at least two years has been reduced from 75% to 50% with the regulation published in the Official Gazette dated December 5, 2017.

The effects of accumulated temporary differences and deferred tax assets and liabilities subject to deferred tax as of March 31, 2024 and December 31, 2023 are summarized below, using the tax rates valid as of the balance sheet date:

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15. Tax assets and liabilities (continued)

b) Deferred taxes (continued):

	Taxable temporary differences		Deferred Income Tax Assets/(Liabilities)	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Fair value increase in investment properties	(19.352.543)	(19.352.543)	(3.338.314)	(3.338.314)
Difference between the carrying values and tax base of property, plant, equipment and intangible assets	(4.034.587)	(4.412.752)	(902.146)	(998.467)
Fair value difference of derivative financial instruments	(148.204)	(98.807)	(35.758)	(24.280)
Other	(805.969)	(57.862)	(191.394)	(17.345)
Deferred income tax liabilities	(24.341.303)	(23.921.964)	(4.467.612)	(4.378.406)
Unused investment incentives	4.855.168	5.210.758	1.847.651	1.921.810
Provision for employee benefits	2.112.319	1.782.343	485.833	409.939
Carry forward tax losses	788.982	907.834	197.245	226.958
Deferred revenue related to the port rental agreement	372.571	201.894	93.143	50.474
Inventory provision	22.697	70.534	5.220	16.223
Rent allowance fee	16.704	5.707	3.842	1.313
Provision for legal cases	2.597	2.988	597	689
Deferred income tax assets	8.171.038	8.182.058	2.633.531	2.627.406
Deferred tax liabilities/assets- net			(1.834.081)	(1.751.000)

The movement of deferred income tax is as follows:

	2024	2023
January 1	(1.751.000)	203.166
Recognized in the profit or loss statement	(317.721)	(453.716)
Recognized in other comprehensive income	345.337	3.828
Foreign currency translation differences	(110.697)	(18.291)
March 31	(1.834.081)	(265.013)

The Group obtained a strategic investment incentive certificate from TC Ministry of Economy for PTA capacity increase project on January 4, 2013. The Group will be able to deduct 50% of the expenditures within the investment period that are in the scope of the investment incentives, from tax base, up to 90% as deduction from corporate tax. The Group has TRY20.300 unused investment incentive within the scope of strategic investment incentive certificate at of March 31, 2024. In this context, as of March 31, 2024 the Group has recognized deferred tax assets, that can be used in following periods, amounting to TRY 10.150.

The Group has obtained regional investment incentive certificates from T.C. Ministry of Economy for factory modernization investment at the date of June 15, 2012. The Group will be able to deduct 30% of the expenditures within the investment period that are in the scope of the investment incentives, from tax base, up to 70% deduction from corporate tax.

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15. Tax assets and liabilities (continued)

b) Deferred taxes (continued)

The group has TL 2.037.894 unused investment incentive within the scope of strategic investment incentive certificate as of March 31, 2024. In this context, as of March 31, 2024 the Group has recognized deferred tax asset, that can be used in following periods, amounting to TL 1.054.626.

The Group has obtained large scale of investment incentive certificate from T.C. Ministry of Economy for port project investments at the date of November 20, 2014. The Group will be able to deduct 25% of the expenditures within the investment period that are in the scope of the investment incentives, from tax base, up to 50% as deduction from corporate tax. The Group has TRY2.239.430 unused investment incentives within the scope of the port project investment certificate. In this context, as of March 31, 2024, the Group has recognized deferred tax asset, that can be used in following periods, amounting to TRY559.858.

The Group, within the scope of factory modernizations, It received a regional investment incentive certificate from the Ministry of Economy on November 2, 2023. Within the scope of the regional investment incentive, the Group will be able to deduct 40% of the expenditures made during the investment period at the rate of 80% of the tax rate. As of March 31, 2024, the Group has made a total investment expenditure of 557,544 TL within the scope of the regional investment certificate. In this context, as of March 31, 2024, the Group has a deferred tax asset of 223.017 TL, which is 80% of 40% of the fixed investment amount that it can use in future periods.

As a result of projections made as of March 31, 2024, total investment expenditures made within the scope of total investment incentive documents foreseen to be used in deduction of expected future financial income amounted to TRY4.855.168 (December 31, 2023: TRY5.210.758).

16. General administrative expenses

	January 1- March 31, 2024	January 1,- March 31, 2023
Personnel expenses	396.710	359.643
Outsourced services	195.815	160.773
Depreciation and amortization	81.375	83.267
Energy expenses	56.474	34.126
Taxes, funds and fees	27.250	2.389
Other	26.054	97.366
	783.678	737.564

17. Financial income and expenses

a) Financial income

	January 1- March 31, 2024	January 1,- March 31, 2023
Foreign exchange gains	454.351	856.203
Interest income	112.845	118.994
Other	16.972	16.962
	584.168	992.159

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17. Financial income and expenses (continued)

b) Financial expenses

	January 1- March 31, 2024	January 1,- March 31, 2023
Foreign exchange losses	(1.851.444)	(986.149)
Interest expense	(900.026)	(940.079)
Interest expense on employee benefits	(33.257)	(19.570)
Commission expense	(19.997)	(14.245)
Other	(2.736)	(5.870)
	(2.807.460)	(1.965.913)

18. Earnings per share

	January 1- March 31, 2024	January 1,- March 31, 2023
Net profit for the period of the equity holders of the parent	870.523	(3.308.786)
Weighted average number of shares with nominal value of Kr1 each (thousand)	253.440	253.440
Earnings per share (Kr)	0,3435	(1,3056)

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19. Transactions and balances with related parties

Summary of the intercompany balances as of March 31, 2024 and 31 December 2023 and significant intercompany transactions during the period were as follows:

i) Balances with related parties

a) Trade receivables from related parties:

	March 31, 2024	December 31, 2023
SOCAR Aliğa Liman İşletmeciliği A.Ş. ⁽²⁾	1.090.245	1.028.470
STAR ⁽²⁾	748.796	755.708
SOCAR Turkey Ortak Yönetim Hizmetleri A.Ş. ⁽²⁾	150.592	4.840
SOCAR Turkey Akaryakıt Depolama A.Ş. ⁽²⁾	10.631	23.152
SOCAR Turkey Araşt. Geliştirme ve İnovasyon A.Ş. ⁽²⁾	3.275	1.305
STEAS ⁽¹⁾	877	818
SCR Müşavirlik ve İnşaat A.Ş. ⁽²⁾	457	37
SOCAR Turkey Petrol Ticaret A.Ş. ⁽²⁾	122	40
Azoil Petrolcülük A.Ş. ⁽²⁾	1	46
SOCAR Turkey Doğalgaz Yatırım A.Ş. ⁽²⁾	-	90
SOCAR Enerji Ticaret A.Ş. ⁽²⁾	-	21.397
	2.004.996	1.835.903

b) Short term and long term other receivables from related parties :

Short Term

SOCAR Turkey Araşt. Geliştirme ve İnovasyon A.Ş. ⁽²⁾	40.000	-
STAR ⁽²⁾	9.701	3.481
Other ⁽²⁾	689	1.293
	50.390	4.774

Long Term

SOCAR Power ⁽²⁾	21.195	21.444
	21.195	21.444

c) Short term trade payables to related parties:

STAR ⁽²⁾	3.367.156	3.863.237
SOCAR Logistics DMCC ⁽²⁾	964.279	425.388
SOCAR Enerji Ticaret A.Ş. ⁽²⁾	611.618	546.911
SOCAR Turkey Araşt. Geliştirme ve İnovasyon A.Ş. ⁽²⁾	131.339	14.680
STEAS ⁽¹⁾	52.885	206.627
SOCAR Turkey Ortak Yönetim Hizmetleri A.Ş. ⁽²⁾	44.956	58.350
SOCAR Trading SA ⁽²⁾	7.879	-
SCR Müşavirlik ve İnşaat A.Ş. ⁽²⁾	6.442	33.250
SOCAR Sigorta ve Reasürans Brokerliği A.Ş. ⁽²⁾	4.996	58
SOCAR Turkey Petrol Ticaret A.Ş. ⁽²⁾	3.680	3.779
Azoil Petrolcülük A.Ş. ⁽²⁾	1.335	990
SOCAR Turkey Akaryakıt Depolama A.Ş. ⁽²⁾	441	102
Other ⁽²⁾	1.094	374
	5.198.100	5.153.746

(1) Shareholders of the Company

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19. Transactions and balances with related parties (continued)

i) Balances with related parties (continued)

Short term trade payables to related parties mainly consist of consultancy, service and goods purchases. Average maturity of short term trade payables is 18 days (December 31, 2023: 21 days).

d) Other payables to related parties:

	March 31, 2024	December 31,2023
Due to shareholders ⁽¹⁾	87	100
	87	100

e) Short term deferred revenue from related parties

	March 31, 2024	December 31,2023
STAR ⁽²⁾	164.952	11.336
SOCAR Aliağa Liman İşletmeciliği A.Ş. ⁽²⁾	55.833	63.483
SOCAR Turkey Akaryakıt Depolama A.Ş. ⁽²⁾	12.078	391
SCR Müşavirlik ve İnşaat A.Ş. ⁽²⁾	673	-
SOCAR Turkey Araştırma Geliştirme ve İnovasyon A.Ş. ⁽²⁾	353	-
	233.889	75.210

f) Long term deferred revenue from related parties:

	March 31, 2024	December 31,2023
SOCAR Aliağa Liman İşletmeciliği A.Ş. ^{(2) (*)}	1.362.899	1.445.749
STAR ⁽²⁾	4.261	4.964
SOCAR Turkey Akaryakıt Depolama A.Ş. ⁽²⁾	76	91
	1.367.236	1.450.804

(*) The balance is mainly consist of deferred revenue as a part of rental period of the port (32 years), in accordance with the operating agreement between the Group and SOCAR Aliağa Liman İşletmeciliği A.Ş. The Group recognizes these prepayments as revenue within the contractual period on a straight line basis.

g) Short term prepaid expense to related parties

	March 31, 2024	December 31,2023
SOCAR Logistics DMCC ⁽²⁾	71.609	29.212
STEAS ⁽¹⁾	70.665	80.981
SCR Müşavirlik ve İnşaat A.Ş. ⁽²⁾	31.528	87
SOCAR Trading SA ⁽²⁾	7.320	-
STAR ⁽²⁾	3.329	3.516
SOCAR Sigorta ve Reasürans Brokerliği A.Ş. ⁽²⁾	2.692	60
SOCAR Turkey Fiber Optik A.Ş. ⁽²⁾	612	-
SOCAR Turkey Ortak Yönetim Hizmetleri A.Ş. ⁽²⁾	90	42.900
SOCAR Overseas DMCC ⁽²⁾	4	-
SOCAR Turkey Akaryakıt Depolama A.Ş. ⁽²⁾	-	307
SOCAR Turkey Petrol Tic. A.Ş. ⁽²⁾	-	48
	187.849	157.111

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19. Transactions and balances with related parties(continued)

h) Long term prepaid expense to related parties

	March 31, 2024	December 31,2023
STAR ⁽²⁾	20.945	24.455
STEAŞ ⁽¹⁾	10.555	14.987
	31.500	39.442

i) Short term operational lease liabilities from related parties

STAR ⁽²⁾	49.372	9.310
STEAŞ ⁽¹⁾	21.330	14.314
SCR Müşavirlik ve İnşaat A.Ş. ⁽²⁾	-	117.220
	70.702	140.844

j) Long term operational lease liabilities from related parties:

STAR ⁽²⁾	161.263	5.967
STEAŞ ⁽¹⁾	58.587	41.938
SCR Müşavirlik ve İnşaat A.Ş. ⁽²⁾	-	385.041
	219.850	432.946

ii) Transactions with related parties

a) Other income/ (expenses), income from investing activities and finance income/ (expenses) from related party transactions - net:

	January 1- March 31, 2024	January 1,- March 31,2023
STAR ⁽²⁾	(312.141)	(64.916)
STEAŞ ⁽¹⁾	(11.634)	363.437
SOCAR Turkey Akaryakıt Depolama A.Ş. ⁽²⁾	(417)	(391)
SOCAR Logistics DMCC ⁽²⁾	(413)	(394)
SOCAR Trading SA ⁽²⁾	(165)	(50)
SOCAR Enerji Ticaret A.Ş. ⁽²⁾	(141)	-
SCR Müşavirlik ve İnşaat A.Ş. ⁽²⁾	(126)	(201)
SOCAR Turkey Fiber Optik A.Ş. ⁽²⁾	-	(1.727)
AZOIL Petrolcülük A.Ş. ⁽²⁾	-	3
SOCAR Turkey Ortak Yönetim Hizmetleri A.Ş. ⁽²⁾	-	29.637
SOCAR Turkey Petrol Ticaret A.Ş. ⁽²⁾	-	(19.891)
ENERVİS Enerji Servis San. ve Tic. A.Ş. ⁽²⁾	-	(35)
SOCAR Sigorta ve Reasürans Brokerliği A.Ş. ⁽²⁾	1	-
SOCAR Aliağa Liman İşletmeciliği A.Ş. ⁽²⁾	146	22
SOCAR Turkey Araştırma Geliştirme ve İnovasyon A.Ş. ⁽²⁾	1.806	(14)
SOCAR Power Enerji Yatırımları A.Ş. ⁽²⁾	2.258	1.248
	(320.826)	306.728

243.785 TL of the expenses arising from STAR consist of exchange rate difference expenses and 68.356 TL of other expenses 2.775 TL of the revenues obtained from STEAŞ consist of Exchange rate difference income and 8.859 TL of other expenses. Income from SOCAR Power consists of interest income.

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19. Transactions and balances with related parties(continued)

ii) Transactions with related parties (continued)

b) Service and rent purchases from related parties:

	January 1- March 31, 2024	January 1,- March 31,2023
STEAŞ ⁽¹⁾	136.493	76.338
SOCAR Sigorta ve Reasürans Brokerliği A.Ş. ⁽²⁾	64.470	71.134
SOCAR Turkey Ortak Yönetim Hizmetleri A.Ş. ⁽²⁾	25.831	157.555
STAR ⁽²⁾	25.631	16.644
SCR Müşavirlik ve İnşaat A.Ş. ⁽²⁾	8.946	48.425
SOCAR Trading SA ⁽²⁾	8.881	-
SOCAR Aliağa Liman İşletmeciliği A.Ş. ⁽²⁾	365	-
SOCAR Turkey Araştırma Geliştirme ve İnovasyon A.Ş. ⁽²⁾	143	2.026
Other ⁽²⁾	14	3
	270.774	372.125

c) Product purchase from related parties:

SOCAR Logistics DMCC ⁽²⁾	3.977.243	357.157
STAR ⁽²⁾	2.885.447	5.114.064
SOCAR Enerji Ticaret A.Ş. ⁽²⁾	1.632.200	1.526.737
Azoil Petrolcülük A.Ş. ⁽²⁾	2.916	2.227
SOCAR Turkey Petrol Ticaret A.Ş. ⁽²⁾	1.041	1.402
	8.498.847	7.001.587

Goods purchases from related parties consist of raw material and commercial product purchases. Purchases from STAR consist of 139.683 tons of TRY2.574.337 naphtha purchases, TRY311.110 other purchases.

d) Product and service sales to related parties:

STAR ⁽²⁾	1.436.903	1.134.978
SCR Müşavirlik ve İnşaat A.Ş. ⁽²⁾	365.729	1.013
SOCAR Aliağa Liman İşletmeciliği A.Ş. ⁽²⁾	362.398	185.924
SOCAR TURKEY Ortak Yönetim Hizmetleri A.Ş. ⁽²⁾	119.934	-
SOCAR Turkey Akaryakıt Depolama A.Ş. ⁽²⁾	2.634	3.316
SOCAR Enerji Ticaret AŞ. ⁽²⁾	2.176	71.340
SOCAR Turkey Araştırma Geliştirme ve İnovasyon A.Ş. ⁽²⁾	197	664
STEAŞ ⁽¹⁾	4	-
SOCAR Turkey Petrol Ticaret A.Ş. ⁽²⁾	2	207
Azoil Petrolcülük A.Ş. ⁽²⁾	-	112
SOCAR Azerikimya Production Union ⁽²⁾	-	277
	2.289.977	1.397.831

The breakdown of sales from STAR is as follows; TRY1.013.452 the sales of by product, TRY418.216 the sales of steam and the remaining are sales of other products.

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19. Transactions and balances with related parties(continued)

ii) Transactions with related parties (continued)

e) Rent income from related parties:

	January 1- March 31, 2024	January 1,- March 31,2023
STAR ⁽²⁾	59.396	53.876
SOCAR Turkey Akaryakıt Depolama A.Ş. ⁽²⁾	8.555	3.969
SOCAR Aliğa Liman İşletmeciliği A.Ş. ⁽²⁾	5.231	1.200
SCR Müşavirlik ve İnşaat A.Ş. ⁽²⁾	1.005	233
STEAŞ ⁽¹⁾	532	418
SOCAR Turkey Araştırma Geliştirme ve İnovasyon A.Ş. ⁽²⁾	426	382
SOCAR Turkey Ortak Yönetim Hizmetleri A.Ş. ⁽²⁾	212	275
Other ⁽²⁾	2	-
	75.359	60.353

f) Key management compensation:

• Key management compensation-short term:

Payments for salary and seniority incentives	31.358	157.379
	31.358	157.379

• Key management compensation-long term:

Provision for unused vacation	822	3.034
Provision for seniority incentives	472	(138)
Provision for employment termination benefits	186	33
	1.480	2.929
	32.838	160.308

The Group classifies the general manager, assistant general managers, and board of directors and audit committee members as executive management. Key management compensation consist of salary and travel payments; employment termination benefits, seniority incentive bonus and vacation pays made to the key management and their provisions for the period in which they incurred.

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20. Provisions, contingent assets and liabilities

a) Short term provisions:

	March 31, 2024	December 31, 2023
Provisions for legal cases	2.597	2.988
Other	228	-
	2.825	2.988

b) Guarantees recieved:

Receivable insurance	19.903.748	21.332.861
Bank guarantees within the context of DOCS	5.954.522	4.911.400
Letters of guarantee received from customers	1.996.530	2.036.845
Letters of guarantee received from suppliers	1.258.655	1.268.164
Letters of credit	145.752	175.323
Mortgages	2.000	2.301
	29.261.207	29.726.894

c) Guarantees given:

Mortgages given to banks (*)	4.361.660	4.827.917
Customs offices	290.730	329.388
Guarantees given to banks	-	140.130
Other	326.295	543.933
	4.978.685	5.841.368

(*) Mortgage amounting to USD 350 million is related with the borrowing for port investment amounting to USD 135 million as of March 31, 2024

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20. Provisions, contingent assets and liabilities (continued)

Collaterals, Pledges and Mortgages ('CPM') provided by the Group:

	March 31, 2024	December 31, 2023
A. Total amount of CPMs given for the Company's own legal personality	617.025	1.013.451
B. Total amount of CPMs given on behalf of fully consolidated companies	4.361.660	4.827.917
C. Total amount of CPMs given for continuation of its economic activities on behalf of third parties	-	-
D. Total amount of other CPMs		
i. Total amount of CPMs given on behalf of the majority shareholder	-	-
ii. Total amount of CPMs given to on behalf of other group companies which are not in scope of B and C	-	-
iii. Total amount of CPMs given to on behalf of third parties which are not in scope of C	-	-
	4.978.685	5.841.368

d) Operational leases

Annual income plans and amounts (not discounted) regarding to the operational lease income, which are not recognized in the consolidated financial statements of the Group as of March 31, 2024 and March 31, 2023 are as follows:

	March 31, 2024	March 31, 2023
0-5 years	3.472.716	3.964.079
5-10 years	5.075.955	4.744.684
10 years and more	16.812.749	16.501.042
Total	25.361.420	25.209.805

21. Financial Instruments And Financial Risk Management

Foreign exchange risk

The Group also uses some derivative financial instruments, mainly Naphtha, to hedge cash flow risk arising from raw material price risk. The Group is exposed to foreign exchange risk arising from exchange rate changes due to the conversion of amounts owed or receivable in foreign currency into TL. Existing risks are followed in meetings held by the Group's Audit Committee and Board of Directors and foreign currencies, closely in terms of the Group's foreign exchange position.

Although the raw materials, which comprise the significant portion of production and import volume, are foreign exchange denominated cost items, such exposure is limited with the sales prices impacted by foreign currencies.

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21. Financial Instruments And Financial Risk Management (Continued)

Foreign currency position

	March 31, 2024				December 31, 2023			
	TL equivalent	US Dollar	EUR	Other	TL equivalent	US Dolar	EUR	Other
1. Trade receivables	5.106.775	133.081	23.280	-	5.222.227	124.507	26.809	-
2a. Monetary financial assets (Cash, bank accounts included)	4.322.359	125.533	7.702	1.423	4.320.056	110.015	15.790	1.488
2b. Non-monetary financial assets	-	-	-	-	-	-	-	-
3. Current assets (1+2)	9.429.134	258.614	30.982	1.423	9.542.283	234.522	42.599	1.488
4. Trade receivables	-	-	-	-	-	-	-	-
5a. Monetary financial assets (Cash, bank Accounts included)	-	-	-	-	-	-	-	-
5b. Non-monetary financial assets	-	-	-	-	-	-	-	-
6. Other	-	-	-	-	-	-	-	-
7. Non-current assets (4+5+6)	-	-	-	-	-	-	-	-
8. Total Assets (3+7)	9.429.134	258.614	30.982	1.423	9.542.283	234.522	42.599	1.488
9. Trade payables	4.864.650	140.254	8.316	38.374	7.490.662	197.497	15.313	185.844
10. Financial liabilities	19.130.824	591.487	-	-	18.106.525	519.628	12.611	-
11a. Monetary other liabilities	386.080	2.186	-	315.375	157.693	3.876	-	22.735
11b. Non-monetary other liabilities	-	-	-	-	-	-	-	-
12. Short term liabilities (9+10+11)	24.381.554	733.927	8.316	353.749	25.754.880	721.001	27.924	208.579
13. Trade payables	-	-	-	-	-	-	-	-
14. Financial liabilities	10.978.558	339.435	-	-	11.340.524	334.195	-	-
15a. Monetary other liabilities	296.246	6.798	-	76.387	526.765	12.582	-	86.729
15b. Non-monetary other liabilities	-	-	-	-	-	-	-	-
16. Long term liabilities(13+14+15a+15b)	11.274.804	346.233	-	76.387	11.867.289	346.777	-	86.729
17. Total liabilities (12+16)	35.656.358	1.080.160	8.316	430.136	37.622.169	1.067.778	27.924	295.308
18. Net (liability)/ asset contract value of Derivative instruments (18a-18b)	(7.643.403)	(236.150)	-	-	(8.002.250)	(235.650)	-	-
18a. Amount of asset contract value of derivative instruments	3.029.985	93.850	-	-	3.178.960	93.850	-	-
18b. Amount of liability contract value of derivative instruments	10.673.388	330.000	-	-	11.181.210	329.500	-	-
19. Net foreign (liability)/ asset position (8-17+18)	(33.870.627)	(1.057.696)	22.666	(428.713)	(36.082.136)	(1.068.906)	14.675	(293.820)
20. Net foreign (liability)/ asset position of Monetary items (TFRS7.B23) (=1+2a+4+5a-9-10-11a-13-14-15a)	(26.227.224)	(821.546)	22.666	(428.713)	(28.079.886)	(833.256)	14.675	(293.820)
21. Total fair value of financial instruments used for Foreign currency hedging	1.458	45	-	-	(17.707)	(523)	-	-
22. Hedged amount for foreign currency assets	3.029.985	93.850	-	-	3.178.959	93.850	-	-
23. Hedged amount for foreign currency liabilities	10.673.388	330.000	-	-	11.181.210	329.500	-	-
24. Export	5.478.056	127.583	31.229	187.957	27.789.648	548.708	217.106	606.127
25. Import	5.720.857	155.947	16.071	20.060	24.861.411	562.687	143.728	155.304

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21. Financial Instruments And Financial Risk Management (Continued)

Table of sensitivity analysis for foreign currency risk

March 31, 2024

	Profit/(Loss)		Equity	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency	Appreciation of Foreign Currency	Depreciation of Foreign Currency
Change of USD by 10% against TRY:				
1- Asset/ Liability denominated in USD - net	(2.652.394)	2.652.394	(2.652.394)	2.652.394
2- The part hedged for USD risk (-)	-	-	276.040	(276.040)
3- USD effect - net (1+2)	(2.652.394)	2.652.394	(2.376.354)	2.376.354
Change of EUR by 10% against TRY:				
4- Asset/ Liability denominated in EUR - net	78.883	(78.883)	78.883	(78.883)
5- The part hedged for EUR risk (-)	-	-	-	-
6- EUR effect net (4+5)	78.883	(78.883)	78.883	(78.883)
Change of other currencies by 10% against TRY:				
7- Assets/ Liabilities denominated in other foreign currencies net	36.615	(36.615)	36.615	(36.615)
8- The part hedged for other foreign currency risk (-)	-	-	-	-
9- Other Foreign currency effect net (7+8)	36.615	(36.615)	36.615	(36.615)
Total (3+6+9)	(2.536.896)	2.536.896	(2.260.856)	2.260.856

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21. Financial Instruments And Financial Risk Management (Continued)

December 31, 2023

	Profit/(Loss)		Equity	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency	Appreciation of Foreign Currency	Depreciation of Foreign Currency
Change of USD by 10% against TRY:				
1- Asset/ Liability denominated in USD - net	(2.822.469)	2.822.469	(2.822.469)	2.822.469
2- The part hedged for USD risk (-)	-	-	269.289	(269.289)
3- USD effect - net (1+2)	(2.822.469)	2.822.469	(2.553.180)	2.553.180
Change of EUR by 10% against TRY:				
4- Asset/ Liability denominated in EUR - net	55.003	(55.003)	55.003	(55.003)
5- The part hedged for EUR risk (-)	-	-	-	-
6- EUR effect net (4+5)	55.003	(55.003)	55.003	(55.003)
Change of other currencies by 10% against TRY:				
7- Assets/ Liabilities denominated in other foreign currencies net	8.430	(8.430)	8.430	(8.430)
8- The part hedged for other foreign currency risk (-)	-	-	-	-
9- Other Foreign currency effect net (7+8)	8.430	(8.430)	8.430	(8.430)
Total (3+6+9)	(2.759.036)	2.759.036	(2.489.747)	2.489.747

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

Petkim Petrokimya Holding Anonim Şirketi and Its Subsidiaries

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(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at March 31, 2024 unless otherwise indicated.)

21. Financial Instruments And Financial Risk Management (Continued)

Fair value estimation

The Group's financials classification of fair value of asset and liabilities were as follows:

Level 1: Depend on registered price (unadjusted) in the active market.

Level 2: Depend on data that are explicitly (via price in active market) or implicitly (derivate from price in active market) observable.

Level 3: Not depend on observable market data.

March 31, 2024 and 2023, fair value and book value of financial statement were as follows:

March 31, 2024	Level 1	Level 2	Level 3	Total
Financial Investments				
- Derivative financial instruments	-	148.540	-	148.540
Investment properties- Land		19.364.141	-	19.364.141
Total Assets	-	19.512.681	-	19.512.681
Derivative financial liabilities	-	(336)	-	(336)
Total liabilities	-	(336)	-	(336)

December 31, 2023	Level 1	Level 2	Level 3	Total
Financial Investments				
- Derivative financial instruments	-	116.571	-	116.571
Investment properties- Land		19.364.141	-	19.364.141
Total Assets	-	19.480.712	-	19.480.712
Derivative financial liabilities	-	(17.765)	-	(17.765)
Total liabilities	-	(17.765)	-	(17.765)

22. Investments accounted for using equity method

	March 31, 2024		December 31, 2023	
	Participation rate (%)	Amount	Participation rate (%)	Amount
Rafineri Holding A.Ş.	20	27.008.160	20	27.647.288
		27.008.160		27.647.288

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22. Investments accounted for using equity method (continued)

As a result of the negotiations between the Group and its shareholder STEAŞ, a share sale and transfer agreement was signed on January 9, 2018 for the purchase of 30% shares of Rafineri Holding A.Ş. ("Rafineri Holding") from STEAŞ for 720 million US Dollars. SOCAR Turkey Yatırım A.Ş., of which Rafineri Holding is a joint venturer with a 60% share, fully owns STAR. The transfer of Rafineri Holding's shares subject to the contract will be completed by the Group on a date defined as the "Closing Date" in the contract, following the receipt of the necessary permissions, provided that the conditions specified in the contract are met. With the decision of Petkim's Board of Directors dated April 10, 2023, it was decided to sign a new protocol with STEAŞ in addition to the terms of the existing contract between Petkim and STEAŞ. In accordance with the protocol, Petkim's indirect shares in STAR will be reduced from 18% to 12%, and therefore the Rafineri Holding shares to be purchased from STEAŞ will be reduced from 30% to 20%, and in this context, the Share Transfer Fee will be reduced to 480 million US Dollar. It has been decided that no other payment will be made within the scope of the contract except the payment of 480 million US Dollar that has already been made to STEAŞ within the scope of the Petkim contract and the contract will be amended accordingly. Discussions were held with STEAŞ regarding this decision and parties are agreed. Petkim's acquisition of 20% of the shares of Rafineri Holding was completed on October 2, 2023, which is the transaction date. With the transaction, Petkim indirectly acquired a 12% share in STAR. The share purchase accounting of Rafineri Holding has been completed as of December 31, 2023.

The transaction is accounted based on the valuation report prepared by an independent valuation company licensed by the CMB. In the allocation of the purchase price in this valuation report, the valuation of tangible and intangible assets was taken into account and the determined values were subjected to impairment analysis. The cost method applied in the valuation studies for the purchase price allocation includes significant estimates and assumptions such as useful lives, technologic conditions, actual depreciation, commercial attributes and industrial conditions of the assets. Since the valuation is the evaluation of the refinery facility as a whole, in the light of market data to the extent applicable in the valuation of machinery, facilities and devices; The active and operating values within the entire refinery facility were made by taking into account the current status of the machines in question.

The movements of Rafineri Holding, one of the investments valued by the equity method, between 1 January and March 31,2024 are as follows:

	2024
January 1	27.647.288
Shares of profit and losses	667.902
Defined benefit plans	
remeasurement gain	897
Shares of other comprehensive income/expense	(42.304)
Foreign currency translation differences	(1.265.686)
March 31	27.008.160

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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22. Investments accounted for using equity method (continued)

Rafineri Holding's summary financial statement information (before effective interest) is as follows :

	March 31, 2024	December 31, 2023
Current assets	185	174
Non-current assets	135.041.968	138.237.235
Total Assets	135.042.153	138.237.409
Short-term liabilities	1.354	967
Long-term liabilities	-	-
Equity	135.040.799	138.236.442
Total liabilities and equity	135.042.153	138.237.409

Shares from profits of investments accounted by using the equity method

	March 31, 2024	December 31, 2023
Current period profit	667.902	3.675.509
Negative goodwill arising from the acquisition	-	7.744.389
	667.902	11.419.898

	January 1- March 31, 2024
Sales (net)	-
Gross profit	-
Operating profit	3.339.602
Net profit for the period	3.339.511

23. Events after balance sheet date

None.