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

PETKİM PETROKİMYA HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024 TOGETHER WITH INDEPENDENT AUDITORS' REPORT

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PETKİM PETROKİMYA HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Petkim Petrokimya Holding A.Ş.

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Petkim Petrokimya Holding A.Ş. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company Group as at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards ("TFRS").

2) Basis for Opinion

We conducted our audit in accordance with the Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") and adopted within the framework of Capital Markets Board ("CMB") regulations. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated Financial Statements* section of our report. We are independent of the *Group* in accordance with the *Code of Ethics for Independent Auditors* ("Code of Ethics") as issued by the POA and other ethical principles included in CMB legislation, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Other Matters

The consolidated financial statements of the Group were prepared in accordance with the TFRS published by the POA as of December 31, 2023, were audited by another audit firm whose independent auditor's report thereon dated March 26, 2024 expressed an unqualified opinion.

4) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the *consolidated* financial statements of the current period. These matters were addressed in the context of our audit of the *consolidated* financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Key audit matters	How the key audit matter addressed in the audit
Application of the hyperinflationary accounting	
As stated in Note 2.1 to the consolidated financial statements, the Group has started to apply "TAS 29 Financial Reporting in Hyperinflation Economies" since the functional currency of the Company ("Turkish Lira") is the currency of a hyperinflationary economy as of December 31, 2024. In accordance with TAS 29, consolidated financial statements and corresponding figures for previous periods have been restated for the changes in the general purchasing power of Turkish Lira and, as a result, are expressed in terms of purchasing power of Turkish Lira as of the reporting date. In accordance with TAS 29, the Group utilised the Türkiye consumer price indices to prepare inflation adjusted financial statements. The principles applied for inflation adjustment is explained in Note 2.1. Given the significance of the impact of TAS 29 on the reported result and financial position of the Group, we have assessed the hyperinflation accounting as a key audit matter.	Our audit procedures included the following; - Meeting with the management responsible for financial reporting and reviewing the principles taken into account during the implementation of TAS 29, the determination of non-monetary accounts and the tests performed on the designed TAS 29 models, - Testing the inputs and indices used to ensure the completeness and accuracy of the calculations, - Checking the restatements of corresponding figures as required by TAS 29, - Assessing the adequacy of the information provided in inflation adjusted financial statements for compliance with TAS 29.

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<table>
<tr><th>Key audit matters</th><th>How the key audit matter addressed in the audit</th></tr>
<tr><td>Valuation of investment properties and important information disclosed</td><td></td></tr>
<tr><td>As explained in Note 2 and Note 10, after the initial recognition, the Group recognized its investment properties with fair value method. As of December 31, 2024, the fair value of investment properties amounting to TRY 24.361.465 has been determined by independent valuation company with CMB license.

The investment properties constitute a significant portion of the Group's total assets and that the valuation methods applied for determining fair value involve significant estimates and assumptions, the valuation of investment properties is considered a key audit matter by us.</td><td>Our audit procedures for valuation of investment properties with fair value method included the following;

- We have evaluated the qualifications, competencies and impartiality of the real estate appraisers appointed by the management. In our audit, the appropriateness of the methods used by the valuation experts in the aforementioned valuation reports, which constitute the basis for the fair values of the relevant tangible fixed assets measured according to the revaluation model, has been evaluated.

- In order to check the compatibility of the assumptions used by the independent valuation experts during the valuation with the market data, the valuation experts of another organization, which is included in the same audit network as our organization, were included in the studies. In this framework, as a result of the studies and examinations carried out by the experts on the real estate valuation calculations in question, we have evaluated whether the estimations and assumptions used in the valuation report are within an acceptable range of fair value, as assessed by the Group's independent valuation experts.

- The accuracy of the valuation method used was checked together by evaluating the relevant assets and their intended use.

In addition, within the scope of the above-mentioned assessments, TAS 40 included in the footnotes in the table and explanatory notes were questioned and evaluated.</td></tr>
</table>

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

Key Audit Matters	**How the key audit matter addressed in the audit**
Impairment on assets subject to operating lease	
As of December 31, 2024, the net book value of the assets subject to operating leases included in the Group's consolidated financial statements is TRY 3,586,632. TAS 36 "Impairment of Assets" standard states that at the end of each reporting period, the Group must assess whether there are any significant indications that an asset may be impaired. In this context, if there is an indication of significant impairment, the Group estimates the recoverable amount of the relevant asset. As of December 31, 2024, based on the Group's assessments, an impairment loss of TRY 4,652,686 has been recognized in the consolidated statement of profit or loss for the current period for the assets subject to operating leases, taking into account the determined recoverable amount for these assets. The significant value of assets subject to operating leases in the consolidated financial statements necessitates the use of critical estimates and assumptions during the impairment testing conducted by management. These estimates and assumptions are particularly sensitive to future expected market conditions and include factors such as earnings before interest, taxes, depreciation, and amortization (EBITDA), growth expectations, long-term growth rates, and discount rates applied to cash flows. Given these considerations, the impairment of assets related to operating leases has been identified as a key audit matter.	Our audit procedures included the following; - Discussions with management have been conducted to evaluate future plans and statements within the context of macroeconomic data. - To ensure the appropriateness of the assumptions used by independent valuation experts during the valuation process in relation to market data, valuation experts from another organization that is part of the same audit network as our organization have been included in the review. The fundamental structure and calculations of the models used for the analysis of discounted cash flows have been examined. The prepared cash flow forecasts have been assessed for reasonableness by comparing them with historical financial performance results. Additionally, the appropriateness of the discount rates used has been evaluated, including comparisons with the average Weighted Average Cost of Capital (WACC) in the relevant sectors. - The adequacy of the disclosures related to impairment in the notes to the consolidated financial statements has been assessed, including the explanations regarding key assumptions, judgments, and sensitivities.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

5) Responsibilities of Management and Those Charged with Governance for the consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the *consolidated* financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of *consolidated* financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the *consolidated* financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

6) Auditor's Responsibilities for the Audit of the consolidated Financial Statements

In an independent audit, our responsibilities as the auditors are:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

B) Report on Other Legal and Regulatory Requirements

1) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on March 6, 2025.

2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2014 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.

3) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Cem Uçarlar.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Cem Uçarlar, SMMM
Partner

March 6, 2025
İstanbul, Türkiye

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PETKİM PETROKİMYA HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2024

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

	Notes	Audited 31 December 2024	Audited 31 December 2023
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	8,168,876	5,832,413
Financial investments	6	478,634	431,624
Trade receivables		8,374,636	10,894,825
- Trade receivables from related parties	28	1,632,259	2,303,638
- Trade receivables from third parties	7	6,742,377	8,591,187
Other receivables		35,294	177,189
- Other receivables from related parties		410	5,990
- Other receivables from third parties	8	34,884	171,199
Inventories	5	7,435,482	8,866,129
Prepaid expenses		1,331,859	1,115,646
- Prepaid expenses to third parties	15	610,762	918,508
- Prepaid expenses to related parties	28	721,097	197,138
Derivative financial instruments	18	81,029	86,892
Other current assets		1,119,192	1,894,372
- Other current assets to third parties	17	1,119,192	1,894,372
Current tax assets	20	107,239	58,985
TOTAL CURRENT ASSETS		**27,132,241**	**29,358,075**
NON-CURRENT ASSETS			
Financial investments	6	95,506	95,506
Derivative financial assets	18	-	59,379
Investments accounted for using the equity method	33	30,175,623	34,691,022
Other receivables		-	27,005
- Other receivables from related parties	28	-	26,908
- Other receivables from third parties		-	97
Investment properties	10	24,361,465	24,297,568
Property, plant and equipment	11	40,057,744	46,690,983
Right of use assets	11	1,182,076	1,266,198
Intangible assets	12	527,157	451,575
Prepaid expenses		430,206	548,094
- Prepaid expenses to related parties	28	25,378	49,490
- Prepaid expenses to third parties	15	404,828	498,604
Deferred tax assets	20	458,506	701,402
Other non-current assets		132,161	114,674
- Other non-current assets related to third parties	17	132,161	114,674
TOTAL NON-CURRENT ASSETS		**97,420,444**	**108,943,406**
TOTAL ASSETS		**124,552,685**	**138,301,481**

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
PETKİM PETROKİMYA HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2024
(Amounts expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

	Notes	Audited 31 December 2024	Audited 31 December 2023
LIABILITIES			
CURRENT LIABILITIES			
Short-term borrowings		18,420,375	19,195,792
- Short-term borrowings to third parties		18,343,097	19,019,065
- Bank borrowings	9	13,464,083	7,812,592
- Short term lease liabilities	9	79,773	54,932
- Other financial liabilities	9	4,799,241	11,151,541
- Short-term borrowings to related parties		77,278	176,727
- Short term lease liabilities to related parties	28	77,278	176,727
Short-term portion of long-term borrowings		6,454,135	5,155,045
- Short-term portion of long-term borrowings to third parties		6,454,135	5,155,045
- Bank borrowings	9	6,454,135	5,155,045
Derivative financial instruments	18	21,992	22,291
Trade payables		13,486,500	11,921,859
- Trade payables to related parties	28	11,414,048	6,466,773
- Trade payables to third parties	7	2,072,452	5,455,086
Payables related to employee benefits	16	114,427	170,432
Other payables		25,303	35,233
- Other payables to related parties	28	-	126
- Other payables to third parties	8	25,303	35,107
Deferred revenue		1,363,581	806,760
- Deferred revenue from related parties	28	57,157	94,372
- Deferred revenue from third parties	14	1,306,424	712,388
Short term provisions		536,341	1,150,522
- Provision for employee benefits	16	533,745	1,146,772
- Other short term provisions	30	2,596	3,750
Other current liabilities		227,321	167,220
- Other current liabilities related to third parties	17	227,321	167,220
TOTAL CURRENT LIABILITIES		**40,649,975**	**38,625,154**
NON-CURRENT LIABITIES		19,496,618	19,674,077
Long term financial liabilities		19,301,858	19,130,829
- Long term financial liabilities to third parties	9	18,987,338	18,888,541
- Bank borrowings	9	314,520	242,288
- Long-term lease liabilities to third parties		194,760	543,248
- Long-term borrowings to related parties	28	194,760	543,248
- Long term lease liabilities to related parties		890,441	1,820,427
Deferred revenue	28	890,441	1,820,427
- Deferred revenue from related parties		1,248,694	1,089,660
Long term provisions			
- Provision for employee termination benefits	16	1,248,694	1,089,660
Deferred tax liabilities	20	3,943,251	2,898,506
TOTAL NON-CURRENT LIABILITIES		**25,579,004**	**25,482,670**
TOTAL LIABILITIES		**66,228,979**	**64,107,824**

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

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

	Notes	Audited 31 December 2024	Audited 31 December 2023
EQUITY			
Equity attributable to owners of the parent company		**58,368,698**	**73,832,462**
Share capital	19	2,534,400	2,534,400
Adjustment to share capital	19	41,387,934	41,387,934
Share premium		722,906	722,906
Other comprehensive (expense) not to be reclassified to profit or loss		(1,628,925)	(645,742)
- Actuarial loss arising from defined benefit plan		(748,900)	(646,991)
Shares that wil not be classified in profit or loss from other comprehensive income of investments valued using the equity method		(880,025)	(1,249)
-Other shares from other comprehensive income of investments valued using the equity method, after tax		(880,025)	(1,249)
Other comprehensive (expense)/income to be reclassified to profit or loss		(9,935,349)	(1,798,431)
- Currency translation differences		(2,021,222)	(689,400)
- (Loss)/ Gain on hedge reserves		(1,988,924)	(608,179)
- (Loss)/ Gain on cash flow hedges		(1,988,924)	(608,179)
Shares that will be classified in profit or loss from other comprehensive income of investments valued using the equity method		(5,925,203)	(500,852)
Restricted reserves		3,895,044	3,895,044
Retained earnings		27,736,351	17,066,752
Net profit/(loss) for the year		(6,343,663)	10,669,599
Non-controlling interest		**(44,992)**	**361,195**
TOTAL EQUITY		**58,323,706**	**74,193,657**
TOTAL LIABILITIES AND EQUITY		**124,552,685**	**138,301,481**

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

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

	Notes	Audited 1 January - 31 December 2024	Audited 1 January - 31 December 2023
PROFIT OR LOSS			
Revenue	21	77,380,795	87,264,493
Cost of sales	21	(78,623,327)	(90,626,043)
GROSS LOSS		**(1,242,532)**	**(3,361,550)**
General administrative expenses	22	(3,601,877)	(4,160,939)
Selling, marketing and distribution expenses	23	(1,423,665)	(1,688,104)
Other operating income	24	1,984,005	4,828,322
Other operating expense	24	(6,684,395)	(5,191,586)
OPERATING LOSS		**(10,968,464)**	**(9,573,857)**
Income from investing activities	25	671,484	12,347,885
Expense from investing activities	25	(1,402)	(5,001)
Income from investments accounted by equity method	33	1,790,226	14,329,360
OPERATING PROFIT (LOSS) BEFORE FINANCIAL INCOME		**(8,508,156)**	**17,098,387**
Financial income	26	2,115,878	16,731,096
Financial expenses	26	(10,274,907)	(26,326,454)
Monetary gain	34	11,866,106	5,891,618
PROFIT/(LOSS) BEFORE TAX FROM CONTINUED OPERATIONS		**(4,801,079)**	**13,394,647**
- Current tax expense	20	(25,324)	(27,575)
- Deferred tax expense	20	(1,967,400)	(2,663,342)
PROFIT/(LOSS) FOR THE PERIOD CONTINUED OPERATIONS		**(6,793,803)**	**10,703,730**
Distribution of Income For the Period			
- Non-controlling interest		(450,140)	34,131
- Owners of the parent company		(6,343,663)	10,669,599
Earnings/(Loss) Per Share		**(2.0530)**	**4.2099**
- Earnings per shares from continued operations	27	(2.0530)	4.2099

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENT ORIGINALLY ISSUED IN TURKISH
PETKİM PETROKİMYA HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED OTHER COMPREHENSIVE INCOME
FOR THE PERIODS 1 JANUARY- 31 DECEMBER 2024 AND 2023

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

	Notes	Audited 1 January - 31 December 2024	Audited 1 January - 31 December 2023
PROFIT/(LOSS) FOR THE PERIOD		**(6,793,803)**	**10,703,730**
OTHER COMPREHENSIVE (EXPENSE)/ INCOME			
Items to be reclassified to profit or loss		**(8,092,965)**	**(973,606)**
Currency translation differences		(1,286,211)	240,612
Other comprehensive gain/ (loss) related to cash flow hedges		(1,796,208)	(926,461)
- Tax relating to gain on cash flow hedge		413,805	213,095
Shares that will be classified in profit or loss from other comprehensive income of investments valued using the equity method		(5,424,351)	(500,852)
- Foreign currency translation aains (losses), after tax		(5,424,351)	(500,852)
Items not to be reclassified to profit or loss		**(103,893)**	**(40,917)**
Defined benefit plans remeasurement losses		(132,347)	(54,749)
Taxes relating to remeasurements of defined benefit plans		30,438	12,589
Actuarial gain arising from defined benefit plans accounted for investment using equity method		(1,984)	1,243
OTHER COMPREHENSIVE (EXPENSE)/INCOME		**(8,196,858)**	**(1,014,523)**
TOTAL COMPREHENSIVE INCOME/(ENSE)		**(14,990,661)**	**9,689,207**
Attributable to:			
Non-controlling interests		(406,187)	48,253
Owners of parent company		(14,584,474)	9,640,954

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH
PETKİM PETROKİMYA HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIODS 1 JANUARY - 31 DECEMBER 2024 AND 2023

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

			Other comprehensive (expense) not to bereclassifiedto profitor loss		Othercomprehensive(expense)/ incometo be reclassified to profit or (loss)									
	Share capital	Adjustment to share capital	Actuarial loss arising from defined benefit plan	Shares from other comprehensive income of investments valued using the equity method, after tax	(Loss)/ gain on cash flow hedges	Currency translation differences	Shares that wil be classified in profit or loss from other comprehensive income of investments valued using the equity method	Share premium	Restricted reserves	Net profit/(loss) for the year	Retained earnings	Equity attributable to owners of the parentcompany	Non-controlling interest	Total equity
1 January 2023	**2,534,400**	**41,387,934**	**(604,831)**	**-**	**84,893**	**(1,025,478)**	**-**	**722,906**	**3,888,073**	**(1,848,835)**	**19,081,311**	**64,220,373**	**83,070**	**64,303,443**
Transfers	-	-	-	-	-	-	-	-	6,971	1,848,835	(1,855,806)	-	-	-
Transactions with non-controlling interest shareholders	-	-	-	-	20,271	109,617	-	-	-	-	(158,753)	(28,865)	229,872	201,007
Total comprehensive income	-	-	(42,160)	1,249	(713,343)	226,461	(500,852)	-	-	10,669,599	-	9,640,954	48,253	9,689,207
- Other comprehensive income/ (expense)	-	-	(42,160)	1,249	(713,343)	226,461	(500,852)	-	-	-	-	(1,028,645)	14,122	(1,014,523)
- Net profit for the year	-	-	-	-	-	-	-	-	-	10,669,599	-	10,669,599	34,131	10,703,730
31 December 2023	**2,534,400**	**41,387,934**	**(646,991)**	**1,249**	**(608,179)**	**(689,400)**	**(500,852)**	**722,906**	**3,895,044**	**10,669,599**	**17,066,752**	**73,832,462**	**361,195**	**74,193,657**
1 January 2024	**2,534,400**	**41,387,934**	**(646,991)**	**1,249**	**(608,179)**	**(689,400)**	**(500,852)**	**722,906**	**3,895,044**	**10,669,599**	**17,066,752**	**73,832,462**	**361,195**	**74,193,657**
Transfers	-	-	-	-	-	-	-	-	-	(10,669,599)	10,669,599	-	-	-
Effect of business combinations under common control (Note 33)	-	-	-	(879,290)	-	-	-	-	-	-	-	(879,290)	-	(879,290)
Total comprehensive income/ (expense)	-	-	(101,909)	(1,984)	(1,380,745)	(1,331,822)	(5,424,351)	-	-	(6,343,663)	-	(14,584,474)	(406,187)	(14,990,661)
- Other comprehensive income/ (expense)	-	-	(101,909)	(1,984)	(1,380,745)	(1,331,822)	(5,424,351)	-	-	-	-	(8,240,811)	43,953	(8,196,858)
- Net loss for the year	-	-	-	-	-	-	-	-	-	(6,343,663)	-	(6,343,663)	(450,140)	(6,793,803)
31 December 2024	**2,534,400**	**41,387,934**	**(748,900)**	**(880,025)**	**(1,988,924)**	**(2,021,222)**	**(5,925,203)**	**722,906**	**3,895,044**	**(6,343,663)**	**27,736,351**	**58,368,698**	**(44,992)**	**58,323,706**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS 1 JANUARY- 31 DECEMBER 2024 AND 2023

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

	Notes	Audited 1 January - 31 December 2024	Audited 1 January - 31 December 2023
A. Cash flows from operating activities:		**2,829,510**	**2,364,827**
Net profit/loss for the year (I)		(6,793,803)	10,703,730
Adjustments related to reconciliation of net profit (loss) for the year (II)		**4,523,000**	**(12,605,349)**
Adjustments for depreciation and amortization	11,12	5,184,742	6,148,033
Adjustments for impairments			
- Adjustments regarding impairment (cancellation) of receivables		-	(10,969)
- Adjustments for impairment of inventories	5	(6,963)	(125,785)
- Adjustments related to other impairments (cancellations)	24	4,652,686	1,605,812
Adjustments for provisions			
- Adjustments for provision employee benefits		1,033,937	1,668,753
Adjustments for interest income/(expense)			
- Adjustments for interest income	26	(678,696)	(802,700)
- Adjustments for interest expense	26	4,291,805	4,996,603
Adjustments for unrealized foreign currency translation differences		3,377,741	13,066,352
Adjustments for tax income/(losses)	20	1,992,724	2,690,917
Adjustments for gain/(losses) on sale of property, plant and equipment	25	(122,290)	(730,273)
Arising from the disposal of investment properties			
adjustments for losses (gains)	25	-	(1,179)
Adjustments for income from government incentives	13	(1,400)	(12,082)
Adjustments for fair value gain			
- Adjustments for fair value gain in financial assets		(252,040)	(474,969)
- Adjustments for fair value gain in investment property	25	(63,897)	(10,914,312)
- Undistributed income of investments valued by equity method			
Adjustments regarding profits	33	(1,790,226)	(14,329,360)
Monetary gain/loss		(13,095,123)	(15,380,190)
Changes in working capital (III)		**6,083,796**	**5,257,880**
Adjustments related to decrease/ (increase) in trade receivables		2,520,189	397,285
Adjustments related to increase in other receivables		168,900	(114,016)
Adjustments related to increase in inventory		1,517,784	2,389,083
Adjustments for increase in prepaid expenses		(163.181)	1,047,691
Adjustments for increase in trade payables		1,566,041	1,448,654
Adjustments for increase in other payables from operating activities		(9,930)	(7,402)
Increase in payables related to employee benefits		(25,567)	27,785
Adjustments for increase/(decrease) in deferred revenue		(373,165)	(180,862)
Changes in derivative financial instruments		64,943	(3,468)
Adjustments related to other increase/(decrease) in working capital		817,782	253,130
Cash flows from operating activities (I+II+III)		**3,812,993**	**3,356,261**
Employee benefits paid		(850,920)	(932,449)
Income taxes paid	20	(132,563)	(58,985)
B. Cash flows from investing activıties		**(4,786,804)**	**(1,603,073)**
Cash outflows from purchases of property, plant and equipment and intangible assets	11	(4,985,568)	(4,554,850)
Proceeds from sale of property, plant and equipment and intangible assets		127,436	934,875
Other cash advances and payables given		64,856	(320,635)
Cash inflows from sales of investment properties		-	2,606
Other cash inflows (outflows)		6,472	2,334,931
C. Cash flows from financing activities		**6,193,211**	**(21,298,701)**
Proceeds from borrowings	9	29,640,871	30,528,271
Repayments of borrowings	9	(15,873,693)	(19,177,449)
Cash outflows of debt instruments issued		-	(20,886,973)
Proceeds from other financial liabilities	9	5,168,478	14,222,293
Repayments of other financial liabilities	9	(9,051,831)	(21,626,893)
Increase in other debts received from related parties		-	3,664,522
Decrease in other debts received from related parties		-	(3,664,522)
Interest received		678,696	802,700
Interest paid		(4,201,034)	(4,871,621)
Cash outflow related to lease agreements		(168,276)	(289,029)
D. Net decrease / (increase) in cash and cash equivalents before foreign currency translation differences (A+B+C)		**4,235,917**	**(20,536,947)**
E. Inflation impact on cash and equivalents		**(1,965,293)**	**(8,075,538)**
F. Effect of currency translation differences on cash and cash equivalents		**65,839**	**2,919,495**
Net (increase)/decrease in cash and cash equivalents (D+E+F)		**2,336,463**	**(25,692,990)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**4**	**5,832,413**	**31,525,403**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**4**	**8,168,876**	**5,832,413**

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

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS

Petkim Petrokimya Holding A.Ş. ("Petkim" or "the Company") was established on April 3, 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, Aliağa 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.

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

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

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 May 30, 2008.

On June 22, 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 December 31, 2024 and 31 December 2023 the ultimate parent of the Company is State Oil Company of Azerbaijan Republic ("SOCAR"), and mainshareholder is Socar Turkey Petrokimya A.Ş.

The Group is registered at the Capital Markets Board ("CMB") and have been quoted in Borsa İstanbul ("BIST") since July 9, 1990. (Note 19)

The consolidated financial statements were approved for publication by the decision of the Board of Directors dated March 6, 2025 and signed by General Manager Mr. Kanan Mirzayev and Vice President of Financial Affairs 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 December 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

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

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS (Continued)

As of December 31, 2024, the average number of employees working for the Group is 2,419 (December 31, 2023: 2,416). The details of the employees as of December 31, 2024 and December 31, 2023 are as follows:

	31 December 2024	31 December 2023
Union (*)	1,695	1,718
Non - union (**)	738	665
	2,433	**2,383**

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

The accompanying consolidated 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 ("TFRS") and its addendum and interpretations ("IFRIC") issued by the Public Oversight Accounting and Auditing Standards Authority ("POAASA") Turkish Accounting Standards Board.

The consolidated financial statements are presented in accordance with the formats specified in the announcement "Announcement on TAS Taxonomy" published by the POA on July 3, 2024, as well as the financial statement samples and usage guide published by Capital Market Board.

The group and its subsidiaries comply with the requirements of the Turkish Commercial Code ('TCC'), tax legislation, and the Uniform Chart of Accounts issued by the Ministry of Finance in maintaining accounting records and preparing statutory financial statements. The consolidated financial statements have been prepared based on the indexed historical cost basis, except for financial assets, investment properties, and liabilities that are presented at fair values.

Financial reporting in hyperinflationary economy

With the announcements made by the Public Oversight Accounting and Auditing Standards Authority (POA) on November 23, 2023, entities applying TFRSs have started to apply inflation accounting in accordance with TAS 29 Financial Reporting in Hyperinflation Economies as of financial statements for the annual reporting period ending on or after December 31, 2024. TAS 29 is applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy. According to the standard, financial statements prepared in the currency of a hyperinflationary economy are presented in terms of the purchasing power of that currency at the balance sheet date. Prior period financial statements are also presented in the current measurement unit at the end of the reporting period for comparative purposes. The Group has therefore presented its consolidated financial statements as of December 31, 2023, on the purchasing power basis as of December 31, 2024.

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

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

2.1 Basis of Presentation (Continued)

Financial reporting in hyperinflationary economy (Continued)

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.

The adjustments made in accordance with TAS 29 were made using the adjustment coefficient obtained from the Consumer Price Index ("CPI") of Turkey published by the Turkish Statistical Institute ("TURKSTAT"). As of December 31, 2024, the indices and adjustment coefficients used in the adjustment of the consolidated financial statements are as follows:

Date	Index	Conversion Factor	Three-year Inflation Rate
31 December 2024	2,684.55	1.00000	%291
31 December 2023	1,859.38	1.44379	%268
31 December 2021	1,128.45	2.37897	%156

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.

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

2.1 Basis of Presentation (Continued)

Going Concern

The Group incured a net period loss of TRY 6,793,803 for the current period ending on December 31, 2024, and as of the same date, the Group's current liabilities exceed its current assets by TRY 13,517,734. In response, considering the Group's strong equity structure as well as its credibility with foreign and domestic financial institutions, it is not anticipated that there will be any issues regarding the ability of the Group to make the necessary payments on time within the framework of the prepared short- cash flows by the Group management.

Additionally, the Group Management is working on various short-term and long-term planning to increase the efficiency of production operations and to improve profitability in terms of financial results, and brief explanations are provided below.

As stated in the decision of the Group's Board of Directors dated December 13, 2024, and in the announcement made on the same date on the Public Disclosure Platform ("KAP"), the Group aims to implement a new project (hereinafter referred to as the "Master Plan") in the near future, which includes the establishment of new production units (ethylene, polypropylene, high-density/linear low-density polyethylene) and the modernization of the existing aromatic complex, phthalic anhydride, low-density polyethylene units, and utility facilities, provided that all necessary approvals are obtained following the evaluations below.

The Group has completed the initial feasibility study in 2024, and at this stage, it is planned to conduct detailed technical and commercial analyses by moving to the Pre-FEED (Front-End Engineering Design Preparation) phase and then to the FEED (Front-End Engineering Design) phase.

The Group also aims to work on (i) the project structure, (ii) various financing and legal alternatives, (iii) identifying the necessary steps including investment/financing, and (iv) these matters/steps for the implementation of the Master Plan. Following the completion of these studies and evaluations, the final decision regarding the Master Plan investment will be submitted for approval to the Board of Directors and other relevant authorities, and all significant matters will be shared with our investors.

Considering all these evaluations, the Group's consolidated financial statements as of December 31, 2024, have been prepared in accordance with the principle of going concern.

Changes and interpretations made to the new standards in effect as of December 31, 2024, and the existing previous standards:

The accounting policies applied in the preparation of the consolidated financial statements for the period ending on December 31, 2024, have been consistently applied with those used in the previous year, except for the new and amended TFRS and TFRS interpretations effective as of January 1, 2024, summarized below. The effects of these standards and interpretations on the Group's financial position and performance are explained in the relevant paragraphs.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.2 Amendments in Turkish Financial Reporting Standards (Continued)

i) New standards, amendments, and interpretations effective from January 1, 2024.

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.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.2 Amendments in Turkish Financial Reporting 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.

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. The mandatory effective date of the Standard postponed to accounting periods beginning on or after January 1, 2026 with the announcement made by the POA.

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.2 Amendments in Turkish Financial Reporting Standards (Continued)

Amendments to TAS 21 - Lack of exchangeability

In May 2024, POA issued amendments to TAS 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 amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The Group is in the process of assessing the impact of the amendments 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 Group is in the process of assessing the impact of the amendments on 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 two amendments to IFRS 9 and IFRS 7 and Annual Improvements to IFRS Accounting Standards as well as IFRS 18 and IFRS 19 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.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.2 Amendments in Turkish Financial Reporting Standards (Continued)

Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

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

Annual Improvements to IFRS Accounting Standards – Volume 11

In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards – Volume 11, amending the followings:

- *IFRS 1 First-time Adoption of International Financial Reporting Standards – Hedge Accounting by a First-time Adopter:* These amendments are intended to address potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9.

- *IFRS 7 Financial Instruments: Disclosures – Gain or Loss on Derecognition:* The amendments update the language on unobservable inputs in the Standard and include a cross reference to IFRS 13.

- *IFRS 9 Financial Instruments – Lessee Derecognition of Lease Liabilities and Transaction Price:* IFRS 9 has been amended to clarify that, when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply derecognition requirement of IFRS 9 and recognise any resulting gain or loss in profit or loss. IFRS 9 has been also amended to remove the reference to 'transaction price".

- *IFRS 10 Consolidated Financial Statements – Determination of a 'De Facto Agent':* The amendments are intended to remove the inconsistencies between IFRS 10 paragraphs.

- *IAS 7 Statement of Cash Flows – Cost Method:* The amendments remove the term of "cost method" following the prior deletion of the definition of 'cost method'.

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.2 Amendments in Turkish Financial Reporting Standards (Continued)

Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity

In December 2024, the Board issued Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7). The amendment clarifies the application of the "own use" requirements and permits hedge accounting if these contracts are used as hedging instruments. The amendment also adds new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

The Group expects no significant impact on its balance sheet and equity.

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.

IFRS 19 – Subsidiaries without Public Accountability: Disclosures

In May 2024, IASB issued IFRS 19, which allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards. An entity that is a subsidiary, does not have public accountability and has a parent (either ultimate or intermediate) which prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards may elect to apply IFRS 19.

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

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.3 Basis of consolidation

The consolidated 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

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 December 31, 2024 and 2023:

Subsidiaries	**Direct or Indirect Control Shareholding Rates of the Group (%)**	
	31 December 2024	**31 December 2023**
Petlim	93.47	93.47
Petkim Specialities Mühendislik Plastikleri Sanayi ve Ticaret A.Ş.	100.00	100.00

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

2.3 Basis of consolidation (Continued)

b) Investments in subsidiaries

Investments in subsidiaries were accounted for at cost on the date they were first recorded, and in subsequent periods using the equity method. These are entities in which the Group generally holds 20% to 50% of the voting rights or in which the Group has significant influence, but not control, over the company's activities. Unrealized profits arising from transactions between the Group and the subsidiary have been adjusted to the extent of the Group's share in the subsidiary, and unrealized losses have been adjusted if the transaction does not indicate that the transferred asset has been impaired. According to the equity method, after-tax net profit/(loss) of the subsidiaries after the acquisition are reflected in the Group's net profit for the period to the extent of the Group's share in the subsidiary.

The equity method is not continued when the registered value of the investment in the subsidiary becomes zero or the Group's significant influence ceases, unless the Group has undertaken an obligation or made a commitment in this regard regarding the subsidiary. After the Group's share in the subsidiary decreases to zero, additional provision for losses and recognition of debt amounts are only possible if the Group has been exposed to legal or constructive liability or has made payments on behalf of the subsidiary. If the subsidiaries make a profit in subsequent periods, the Group can reflect its share of the profit in the financial statements only after its share of the subsidiary's profit is equal to its share of the losses not reflected in the financial statements.

As a result of the negotiations between the Group and its main 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 Rafineri A.Ş. ("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 partnership 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% shares of STAR. The share purchase accounting of Rafineri Holding has been completed as of December 31, 2023.

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

2.3 Basis of consolidation (Continued)

b) Investments in Associates (continued)

By the Board of Directors' decision dated December 27, 2024, STAR Rafineri has purchased the shares of SOCAR Turkey Akaryakıt Depolama A.Ş. from STEAŞ for USD 299,4 million. According to the purchase agreement, the transfer was completed on the payment and contract signing date of December 27, 2024. Thus, STAR Rafineri gained control of SOCAR Turkey Akaryakıt Depolama A.Ş. in 2024 and started to consolidated SOCAR Turkey Akaryakıt Depolama A.Ş. in its consolidated financial statements as of December 31, 2024, in accordance with the principle decision published by the Public Oversight Accounting and Auditing Standards Authority ("POA") numbered 2013-2 regarding the "Accounting for Business Combinations Under Common Control." Additionally, as a result of the revisions made to the articles of association of SOCAR Turkey Yatırım A.Ş. and changes in voting rights parallel to the representation on the Board of Directors, Rafineri Holding has consolidated SOCAR Turkey Yatırım A.Ş. using the full consolidation method in accordance with the same POA principle decision, which indirectly resulted in the consolidation of STAR as well. In this context, this effect is also included among the investments that the Group consolidates using the equity method.

c) 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 'TRY'.

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.

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

2.4 Basis of consolidation (Continued)

c) Foreign currency conversion (Continued)

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

The assets in the consolidated statement of financial position dated December 31, 2024 are TRY 35.2803 TRY = 1 USD, which are the foreign exchange buying rates valid as of December 31, 2024 announced by the Central Bank of the Republic of Turkey, and the liabilities are TRY 35.3438 = 1 USD, which are the foreign exchange selling rates valid as of December 31, 2024 (foreign exchange buying rate for valid assets as of December 31, 2023: TRY 29.4382 = 1 USD, foreign exchange selling rate TRY 29.4913 = 1).

Comprehensive income statement items for the year ending 31 December 2024 of the Group's partnerships whose functional currency is US dollar have been translated into TRY using the average exchange rates calculated on a quarterly basis. The retranslation of the opening net assets of these partnerships and the differences arising from the average exchange rates and the exchange rates at the balance sheet date are followed under 'Foreign currency translation differences' under shareholders' equity.

2.4. Comparative information and correction of prior period financial statements

In order to enable the identification of financial position and performance trends, the Group's consolidated financial statements are prepared in comparison with the previous period. As of December 31, 2024, the Group has prepared its consolidated balance sheet in comparison with the consolidated balance sheet prepared as of December 31, 2024 and 2023; the consolidated income statement, consolidated other comprehensive income, consolidated cash flow statement, and statement of changes in equity for the year ending December 31, 2024, have been arranged in comparison with the relevant consolidated financial statements for the years ending December 31, 2023.

2.5. Significant accounting policies

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

a. Inventories

lnventories are valued at the lower of cost and net realizable value. The cost of inventory consists of purchase materials, cost of conversion and other costs that are necessary to bring the inventories to their present location and condition. The costs of inventories are determined on a weighted average basis by the Group.

Net realizable value is the estimated selling price in the ordinary course of business, Iess cost of cornpletion and selling expenses (Note 5).

Spare parts in the forms of operating supplies are presented in the other inventory. These inventories are valued at the lower of cost and net realizable value Spare parts and material inventory are valued at the lower of cost and net recoverable value. The cost af spare parts and material inventory consist of purchase materials and other costs that are necessary to bring them to their present location and condition. The costs of spare parts and material stocks are determined on a weighted average basis by the Group (Note 5).

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

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

2.6. Significant accounting policies (Continued)

b. Property, plant and equipment

Property, plant and equipment are carried at indexed cost less accumulated depreciation and impairment losses if any. Historical costs include the costs directly related to the acquisition of property plant and equipment. Land is not depreciated as it is deemed to have an indefinite useful life.

Buildings, machinery and equipment are capitalized and depreciated when they are in the condition necessary for operations in the manner intended by the management. Residual values of property, plant and equipment are deemed as insignificant. Expected useful life, residual value and depreciation method are reviewed annually to determine the probable effects of changes in estimates.

The useful lives of property, plant and equipment are as follows:

	Useful lifes
Land improvements	4-50 years
Buildings	18-50 years
Machinery and equipment	4-50 years
Motor vehicles	5 years
Furniture and fixtures	3-20 years
Other fixed assets	5 years
Leasehold Improvements	at the lower of 3 years or lease term
Assets subject to operating lease (*)	32-50 years

(*) The Group determines useful lives of property, plant and equipment and intangible assets in line with opinions of technical experts and recognizes depreciation and amortization expenses during aforementioned useful lives. Useful lives of land improvements related to port project are estimated by considering leasing period granted by Petlim in via operator agreement dated February 22, 2013.

Expenses after the capitalization are added to the cost of related asset and reflected in financial statements as a separate asset if they shall mostly provide an economic benefit and their cost is measured in a trustable manner.

Tangible assets are reviewed for impairment if there are conditions showing that the securities are more than amount recoverable. Assets are grouped at the lowest level which is cash-generating unit in order to determine impairment. Carrying amount of a tangible asset and recoverable value is the one which is higher than the net sales price following the deduction of commensurable value for the sale of the asset. Useful life of assets are reviewed as of date of balance sheet and adjusted, if required.

Maintenance and repair expenses are recorded as expense to the income statement of the related period. The Company omits the carrying values of the changed pieces occurred with respect to renovations from the balance sheet without considering whether they are subject to depreciation in an independent manner from other sections. Main renovations are subject to deprecation based on the shortest of residual life of the related tangible asset or useful life of the renovation itself.

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

2.5 Significant accounting policies (Continued)

b. Property, plant and equipment (Continued)

Advances paid related to purchasing of tangible assets are monitored in prepaid expenses under fixed assets until the related asset is capitalized or recognized under on-going investments. Advances paid in foreign currency are evaluated based on being monetary or non-monetary items and measured accordingly. It is evaluated that a significant part of advances paid in foreign currency are in nature of non-monetary item and tracked over exchange rate on the date of advance payment. Impairment regarding advances given is evaluated in accordance with the impairment of non-financial assets policy and recognized on profit and loss statement of the related period.

Spare parts and material stocks qualify as property, plant and equipment when they are expected to be used more than one period and only in connection with an item of property, plant and equipment. Spare parts and material stocks are carried at cost less the accumulated depreciation which is calculated over the remaining useful life of the related item of property, plant and equipment.

Gains or losses on disposals of property, plant and equipment are included in the other operating income and expense accounts, in the consolidated statement of comprehensive income as appropriate.

c. Intangible assets

<u>Rights and software</u>

Intangible assets comprise acquired rights, information systems and software and capitalized development costs. Intangible assets are amortized on a straight-line basis over their estimated useful lives from the date of acquisition. In case of impairment, the carrying values of the intangible assets are written-down to their recoverable amounts (Note 12).

The estimated useful lives of intangible assets are as follows:

	Useful life
Rights and software	3-15 years

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

2.5 Significant accounting policies (Continued)

d. Leases

The Group - as a lessee

At inception of a contract, the Group assesses whether a contract is or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset. The Group assess whether:

- The contract involved the use of an identified asset – this may be specified explicitly or implicitly.
- The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset, If the supplier has a substantive substitution right, the asset is not identified.
- The Group has the right to obtain substantially all the economic benefits from the use of an asset throughout the period of use; and
- The Group has the right to direct use of the asset, The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:

    i. The Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or,
    ii. The Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component based on their relative stand-alone prices.

Right of use asset

The right of use asset is initially recognized at cost comprising of:

a) Amount of the initial measurement of the lease liability,
b) Any lease payments made at or before the commencement date, less any lease incentives received,
c) Any initial direct costs incurred by the Group; and an estimate of costs to be incurred by the lessee for restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories).

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

2.5 Significant accounting policies (Continued)

d. Leases (Continued)

The Group re-measure the right of use asset:

a) After netting-off depreciation and reducing impairment losses from right of use asset.
b) Adjusted for certain re-measurements of the lease liability recognized at the present value.

The Group applies TAS16 "Property, Plant and Equipment" to amortize the right of use asset and to assess for any impairment.

TAS 36 Impairment on assets standard is applied to determine whether the right of use asset has been impaired to account any impairment loss.

Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease liabilities are discounted to present value by using the interest rate implicit in the lease if readily determined or with the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

a) Fixed payments, including in-substance fixed payments,
b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date,
c) The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewable period if the Group is reasonably certain to exercise an extension option. and penalties for early termination of a lease unless the Group is reasonably certain to terminate early.

After the actual start date of the lease, the Group measures the lease liability as follows:

a) Increasing the carrying amount to reflect interest on lease liability,
b) Reducing the carrying amount to reflect the lease payments made and
c) Remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Variable lease payments

Group's lease contracts also include variable lease payments which are not in the scope of TFRS 16. Variable lease payments are recognised in profit or loss in the related period.

The Group - as a lessor

Rental income from operating leases that the group is lessor is recorded as income by linear method during the lease period. The relevant leased asset is included in the statement of financial position according to its nature. The direct costs incurred during the operating lease are added to the book value of the asset and are accounted as expense during the lease term in the same manner as the rental income. These leased assets are included in the balance sheet according to their qualifications. As a lessor as a result of applying the new lease standard, the group did not have to make any adjustments to the accounting of the assets.

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

2.5 Significant accounting policies (Continued)

e. Investment properties

According to TAS 40 "Investment Properties" standard, real estate held for the purpose of generating rental income or for capital appreciation, or both, rather than for use in the production of goods and services, for administrative purposes, or for sale in the ordinary course of business, is classified as "Investment Property" and is reflected in the financial statements at its fair value. Gains or losses arising from changes in the fair value of investment properties are recognized in the income statement for the relevant period. Investment properties have been reflected in the consolidated financial statements based on the fair value determined through valuation studies conducted by an independent professional appraisal company holding a "Real Estate Valuation License" issued by the Capital Markets Board ("CMB") as of December 31, 2024. Changes in the fair value of investment properties have been accounted for under income/expenses from investment activities in the consolidated statement of profit or loss and other comprehensive income.

The derecognition, disposal of investment property, or the withdrawal of an investment property and its disposal occurs when no future economic benefits are expected. Profit or loss resulting from the disposal of investment properties is recognized in the relevant income and expense accounts in the period in which the disposal process takes place.

f. Impairment of non-financial assets

At each reporting date, the Group assesses whether there is an impairment indication for the assets, except for the deferred income tax asset and financial assets stated at fair values.

The Group assesses whether there is any indication that the book value of tangible and intangible assets, calculated by the acquisition cost less accumulated amortization, may be impaired. When an indication of impairment exists, the Group estimates the recoverable values of such assets. When the individual recoverable value of assets cannot be measured, the recoverable value of the profit-generating unit of that asset is measured.

The recoverable amount is the higher of the fair value less costs to sell or the value in use. When calculating the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the specific risks associated with the asset.

When the recoverable amount of an asset (or a cash-generating unit) is lower than its carrying value, the asset's (or cash-generating unit's) carrying value is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of comprehensive income.

An impairment loss recognized in prior periods for an asset is reversed if the subsequent increase in the asset's recoverable amount is caused by a specific event since the last impairment loss was recognized. Such a reversal amount cannot be higher than the previously recognized impairment and is recognized in the consolidated statement of comprehensive income.

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

2.5 Significant accounting policies (Continued)

g. Financial investments

The Group determines that the effective part of the gain or loss arising from the hedging instrument related to the net investments in its indirect subsidiary STAR, whose functional currency is US Dollar, is directly recognized in equity, and the ineffective part is recognized in the statement of profit or loss. In case the relevant subsidiary is disposed of, the amount recognized in equity regarding the hedging instrument is recognized as profit or loss (Note 33).

h. Hedging of net investments

The group that is determined to be effective on the gain or loss arising from the hedging instrument related to net investments in its indirect subsidiary STAR, whose functional currency is US Dollar, is recognized directly in equity, and the ineffective part is recognized in the statement of profit or loss. In case of disposal of the subsidiary, the amount recognized in equity regarding the hedging instrument is recognized in profit or loss (Note 31).

i. Financial assets carried at amortized cost

Financial assets for which management has adopted a business model of collecting contractual cash flows and whose contract terms include only principal and interest payments arising from the principal balance at specific dates, with fixed or predetermined payments, that are not actively traded in a market and are not derivative instruments, are classified as assets measured at amortized cost. If their maturities are less than 12 months from the balance sheet date, they are classified as current assets; if more than 12 months, they are classified as non-current assets. Assets measured at amortized cost include 'trade receivables,' 'other receivables,' and 'cash and cash equivalents' in the balance sheet.

Impairment

Group has applied simplified approach and used provision matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component.

In accordance with this method, if any provision to the trade receivables as a result of a specific event, Group measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected loss is performed based on the past experience of the Group and its expectations for the future indications.

Trade receivables

Trade receivables are recorded based on invoice amounts and are subsequently accounted for after deducting provisions for doubtful trade receivables. The Group uses the expected credit loss model for trade receivables under TFRS 9 in cases where trade receivables have not been impaired for specific reasons, along with recognized impairment losses. The expected credit loss calculation is made based on the expected credit loss rate determined by the Group's historical credit loss experiences and forward-looking macroeconomic indicators. The calculated expected credit losses have not been recognized in the consolidated financial statements in accordance with the principle of materiality.

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

2.5 Significant accounting policies (Continued)

i. Financial assets carried at amortized cost (Continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three-months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The carrying amount of these assets approximates their fair value.

j. Financial assets carried at fair value

Assets for which management has adopted a business model of collecting contractual cash flows and/or selling are classified as assets measured at fair value. If management does not intend to dispose of the relevant assets within 12 months from the balance sheet date, those assets are classified as non-current assets. For equity-based financial investments, at initial recognition, the Group makes a choice between financial assets that reflect the fair value difference in other comprehensive income or financial assets that reflect the fair value difference in the profit or loss statement, in such a way that it cannot change the subsequent measurement method.

Financial assets carried at fair value through profit or loss

Financial assets carried at fair value through profit or loss comprise of "derivative instruments" in the statement of financial position. Derivative instruments are recognized as asset when the fair value of the instrument is positive, as liability when the fair value of the instrument is negative.

Financial assets carried at fair value through other comprehensive income

Financial assets carried at fair value through other comprehensive income comprise of "financial assets" in the statement of financial position. When the financial assets carried at fair value through other comprehensive income are sold fair value gain or loss classified in other comprehensive income is classified to retained earnings.

Cash flow hedge

The Group defines cash flow hedges as transactions that provide protection against changes in cash flows resulting from a specific risk that can be associated with an asset or liability at the date a derivative contract is entered into, and probable transactions that may affect profit/loss.

The Group presents the gains and losses related to cash flow hedging transactions that are classified as effective in equity as 'hedging gains/(losses).' The ineffective portion is defined as profit or loss in the period. In the event that the commitment hedged against financial risk or a future probable transaction becomes an asset or liability, the gains or losses related to these transactions, which are tracked among equity items, are included in the acquisition cost or carrying amount of the relevant asset or liability. Otherwise, the amounts accounted for under equity items are transferred to the income statement in the period in which the future probable transaction hedged against financial risk affects the income statement, and are reflected as profit or loss.

If the future probable transaction is no longer expected to occur, the accumulated gains and losses previously accounted for under equity are transferred to the income statement. In the event that the financial risk hedging instrument matures, is sold, terminated, or used, or if the definition of financial risk hedging is canceled, without another instrument being designated in accordance with the documented financial risk hedging strategy, the gains and losses previously accounted for under other comprehensive income continue to be classified under equity until the firm commitment or estimated transaction affects the income statement.

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

2.5 Significant accounting policies

j. Financial assets carried at fair value (Continued)

Financial liabilities

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities are classified as either financial liabilities' at fair value through profit or loss' or other financial liabilities.

Borrowings

Bank borrowings are recognized initially at the proceeds received, net of transaction costs incurred. In subsequent periods, borrowings are measured at amortized cost using the effective interest method; any difference between proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of comprehensive income over the period of the borrowings.

If the maturity of the bank borrowings is less than 12 months at the balance sheet date, these are classified in current liabilities; and if more than 12 months, they are classified under non-current liabilities (Note 9).

Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method (Note 7).

Other financial liabilities

Other financial liabilities are initially accounted at fair value, net of transaction costs.

Subsequently other financial liabilities are accounted at amortized cost using the effective interest method, with interest expense recognized on an effective interest rate basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating the interest expense to therelevant period. The effective interest rate is the rate that exactly discounts the estimated cash flows.

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

2.5 Significant accounting policies (Continued)

k. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets.

All other borrowing costs are expensed in the consolidated statement of comprehensive income in the period they incurred.

l. Government grants

All government grants, including non-monetary government grants followed up at fair values, are taken into account in the financial statements when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received or when the grant is actually received by the Group. Government grants shall be recognized in profit or loss on a systematic and pro rata basis over periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate.

m. Statement of cash flow

Cash flows during the period are classified and reported as operating, investing and financing activities in the consolidated statement of cash flows.

Cash flows from operating activities represent the Group's cash flows from the sale of petrochemical products and port operations.

Cash flows arising from investment activities represent the cash flows that are used in or provided by the investing activities of the Group.

Cash flows arising from financing activities represent the cash proceeds from the financing activities and financial investments of the Group and the repayments of thesefunds.

n. Related parties

Parties are considered related to the Group if;

(a) A person or a close member of that person's family is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity,
- (ii) has significant influence over the reporting entity,
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

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

2.5 Significant accounting policies (Continued)

n. Related parties (Continued)

(b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others),
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member),
- (iii) Both entities are joint ventures of the same third party,
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity,
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity,
- (vi) The entity is controlled or jointly controlled by a person identified in (a),
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity

A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged.

Key management personnel are identified as Board of Directors, general manager and vice general managers (Note 28).

o. Taxation and deferred income taxes

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the consolidated financial statements, have been calculated on a separate-entity basis.

Income tax expense represents the sum of the current tax and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in future and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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

2.5 Significant accounting policies (Continued)

o. Taxation and deferred income taxes (Continued)

Deferred tax

Deferred tax is determined by calculating the temporary differences between the carrying amounts of assets/liabilities in the financial statements and the corresponding tax bases, used in the computation of the taxable profit, using currently enacted tax rates. Deferred tax liabilities are generally recognized for all taxable temporary differences where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized if it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurementof deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred income tax is determined using tax rates that have been enacted by the balance sheet date. Tax is recognized in the consolidated statement of comprehensive income, except to the extent that it relates to items recognized in equity. Taxes arisen on items recognized in equity are recognized directly in equity.

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

2.5 Significant accounting policies (Continued)

o. Taxation and deferred income taxes (Continued)

Deferred income tax liabilities are recognized for all taxable temporary differences; whereas deferred income tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Deferred income tax asset is recognized to the extent that it is probable that the entity will have sufficient taxable profit in the same period as the reversal of the deductible temporary difference arising from tax losses carried forward.

Deferred income tax assets and deferred income tax liabilities related to income taxes levied by the same taxation authority are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities. Deferred income tax assets and deferred income tax liabilities are classified as long-term in the consolidated financial statements. (Note 20)

p. Employee benefits

Defined benefit plans

The Group is obligated to pay a certain amount of severance pay to personnel who have served for at least one year and who have left their job due to retirement or reasons other than resignation and misconduct, in accordance with the current labor law. Additionally, there is a benefit provided by the Group under the name 'Seniority Incentive Bonus' ('Bonus') paid to employees with a certain level of seniority.

The Group has calculated the severance pay provision in the consolidated financial statements using the 'Projection Method' and based on the experiences gained in previous years regarding the completion of the personnel service period and entitlement to severance pay, and has recorded its discounted value as of the balance sheet date. All calculated actuarial gains have been reflected under equity.

Defined contribution plan

The Group pays contributions to the Social Security Institution on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as an employee benefit expense when they are due.

Unused vacation

Liabilities arising from unused leave rights defined as long-term provisions provided to employees are accrued in the periods in which they are earned and are accounted for at a discounted value if the effect is significant.

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

2.5 Significant accounting policies (Continued)

q. Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions, as of the balance sheet date, are recorded with the best estimate of management in order to provide for the estimated obligation and are discounted, if they are material for the consolidated financial statement.

r. Contingent assets and liabilities

Contingent assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Group, are not included in the consolidated financial statements and are treated as contingent assets or liabilities (Note 30).

Contingent liabilities are not recognized in the consolidated financial statements, and disclosed only, unless the possibility of an outflow of resources embodying economic benefits is probable. A contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is mostly probable.

s. Revenue recognition

Group recognizes revenue in accordance with TFRS 15 "Revenue from contracts with customers" standard when the goods or services is transferred to the customer and when performance obligation is fulfilled based on the following main principles:

- Identification of customer contracts,
- Identification of performance obligations,
- Determination of transaction price in the contract,
- Allocation of price to performance obligations,
- Recognition of revenue when the performance obligations are fulfilled.

The Group assess the goods or services promised in a contract with a customer and identify as a performance obligation each promise to transfer to the customer.

For each performance obligation identified, the entity determines at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time. If the Group transfers control of a good or service over time and therefore satisfies a performance obligation and recognises revenue over time. However, almost all of the Group's sales of goods and services include a single performance obligation.

The Group recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to the customer. An asset is transferred when the customer obtains control of that asset or service.

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

2.5 Significant accounting policies (Continued)

s. Revenue recognition (Continued)

Group recognized revenue from its customers only when all of the following criteria are met:

a) The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
b) Group can identify each party's rights regarding the goods or services to be transferred,
c) Group can identify the payment terms for the goods or services to be transferred,
d) The contract has commercial substance,
e) is probable that Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due.

The Group does not adjust the promised amount of consideration for the effects of a significant financing component since the Group expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less. If the financing component is significant in revenue, future collections are discounted by the interest rate in financing component. The difference is recognised as income from operating activities in current period.

Revenue from port operations

The Group commenced port operations as of January 1, 2017. The fixed rental income that the Group would receive under the contract was accounted for as rental income over the contract term, updated annually based on the relevant inflation index specified in the contract using the straight-line method. According to the amendment to the operational contract dated February 28, 2025, the fixed shared rental model has been revised to a variable model based on the revenue generated from port operations.

t. The effects of foreign exchange rate changes

The financial statements of each of the Group's entities are prepared in the currency that is prevalent in the primary economic environment in which they operate. The financial position and results of operations of each entity are expressed in TRY, which is the presentation currency for the Group's consolidated financial statements.

During the preparation of the financial statements of each entity, transactions in foreign currencies are recorded using the exchange rates at the transaction date. Monetary assets and liabilities indexed to foreign currencies in the balance sheet are translated using the exchange rates applicable at the balance sheet date. Non-monetary items measured at fair value that are recorded in foreign currencies are translated using the exchange rates at the date when the fair value is determined. Non-monetary items in foreign currencies measured at historical cost are not subject to retranslation.

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

2.5 Significant accounting policies (Continued)

t. The effects of foreign exchange rate changes (Continued)

Exchange differences are recognized in the profit or loss of the period when they occur except for below stated circumstances:

- Exchange differences considered as the correction item in the interest costs on the debts associated with the assets built for the purpose of future use and indicated in foreign currency and included in the cost of such assets,

- Exchange differences resulted from the transactions realized for the purpose of financial protection against the risks rising from foreign currency.

u. Share capital and dividends

Ordinary shares are classified as equity. Dividends payable on ordinary shares are recognized as an appropriation of the profit in the period they are declared.

v. Share premiums

Share premium represents differences resulting from the sale of the Company's subsidiaries and associates' shares at a price exceeding the face values of those shares or differences between the face values and the fair value of shares issued for acquired companies.

w. Events after balance sheet date

Subsequent events and announcements related to net profit or even declared after other selective financial information has been publicly announced; include all events that take place between the balance sheet date and the date when the balance sheet is authorized for issue.

In the case that events requiring an adjustment to the financial statements occur subsequent to the balance sheet date, the Group makes the necessary corrections on the consolidated financial statements. Post period end events that are not adjusting events are disclosed in the notes when material.

x. Earnings per share

Basic gain / (lost) per share are calculated by dividing the net profit by the weighted average number of ordinary shares outstanding during the year.The companies can increase their share capital by making a pro-rata distribution of shares ("Bonus Shares") to existing shareholders without consideration for amounts resolved to be transferred to share capital from retained earnings. For the purpose of the earnings per share calculation such Bonus Share issues are regarded as stock dividends. Accordingly, the weighted average number of shares used in earnings per share calculation is derived by giving retroactive effect to the issue of such shares.

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

2.5 Significant accounting policies (Continued)

y. Segment reporting

Reporting of operating segments is arranged in a manner consistent with reporting to the competent boards of the operating decision-makers. It is the responsibility of the business operator to make decisions on the decision-making mechanisms related to the activities or on the resources to be allocated to the competent division in this regard and to evaluate the performance of the division. The Board of Directors of the Company has been designated as the competent authority to decide on the activities of the company.

x. Netting

Financial assets and liabilities are presented in the statement of financial position on a net basis when there is a legal right to offset and an intention to settle or realize the financial assets and liabilities on a net basis or simultaneously.

z. Business mergers and goodwill

Business combinations are accounted for by the purchase method within the scope of TFRS 3,"Business Combinations" standard. The difference between the purchase price and the acquired company's (i) value of net identifiable assets and contingent liabilities in its balance sheet prepared at the date of purchase in accordance with the provisions of TFRS 3, (ii) value of non-controlling interests and (iii) fair value of previously held shares, is recognized as goodwill. If this difference is negative, no goodwill occurs, and the difference is recognized in the "Income from investment activities" account as the gain resulting from the bargain purchase.

Under this method, the purchase price is measured at the fair value of the cash or other assets given, capital instruments issued, or liabilities assumed at the date of acquisition. If the business combination agreement contains provisions stipulating that the purchase price may be adjusted depending on future events; If this adjustment is probable and its value can be determined, this adjustment is included in the purchase price at the merger date. Purchase-related costs are expensed in the period in which they are incurred.

Identifiable assets, liabilities and contingent liabilities of the purchased business are measured at their fair values in the balance sheet of the purchased business as of the date of acquisition and prepared in accordance with the provisions of TFRS 3.

2.6 Significant accounting estimates, judgments and assumptions

a) Provision for lawsuits

The Group Management determines the provision amounts related to ongoing lawsuits by considering the opinions of the Legal Advisors within the Group and external tax law experts, based on the probabilities of losing these lawsuits and the potential liabilities that would arise in the event of a loss, relying on the best estimate of possible cash outflows by management (Note 30).

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

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

2.6 Significant accounting estimates, judgments and assumptions (Continued)

b) The useful life and provision related to impairment of tangible and intangible assets

The Group determines useful lives of tangible and intangible assets 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 depreciation in each reporting period and it is estimated that there exist no situation requiring any adjustment in useful lives as of December 31, 2024.

In 2013, the Group's subsidiary, Petlim Limancılık Ticaret A.Ş., initiated port leasing activities by signing an operating agreement using a revenue-sharing method for the operation of Petlim Port over a 28-year operating period. At this stage, it has been understood that the revenues in the Operation Agreement are not compatible with current macroeconomic conditions due to differences between the macroeconomic conditions and expectations on the mentioned date and the macroeconomic conditions after the agreement, the negative effects of events such as the increase in U.S. Dollar interest rates, the Russia-Ukraine war, and threat of the Houthis in Yemen to the maritime trade routes, on the revenue of the port and this issue has also been evaluated in the report dated February 21, 2025, prepared by an third party independent valuation company licensed by the Capital Markets Board. In this context, Our Company, Petlim Limancılık Ticaret A.Ş. and port operator SOCAR Aliağa Liman İşletmeciliği A.Ş have signed the amendment protocol regarding the revision of the Operating Agreement between the mentioned companies in line with the renewed revenue expectations. The Group has reviewed its investments related to port operations for potential impairment as of December 31, 2024, in terms of recoverability based on the amendment conditions in the operation agreement. The recoverable amount of cash-generating units has been determined based on value-in-use calculations. The Group management has assessed the port operation as a cash-generating unit, and as a result of the impairment tests conducted on cash-generating units, the assessed impairment has been reflected in the financial statements as of the reporting date.

The Group management has calculated the value in use of the cash-generating unit using the discounted cash flow method, and the relevant calculation includes significant estimates and assumptions made by the Group management. The estimates used include projections of future cash flows that will be generated in accordance with long-term business plans approved by the Group management, as well as certain financial assumptions. The key assumptions used in the valuation are as follows;

-Growth rate
-Weighted average cost of capital

Cash-generating unit	Currency in which cash flows are projected	Growth rate	Discount rate (WACC)
Port operations	US Dollar	%2.2	%10

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

b) Provisions related to the useful life and impairment of tangible and intangible assets (Continued)

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. 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. (Note 20)

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 16.

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

e) Fair value measurement of investment properties

The frequency of revaluation studies is determined to ensure that the carrying amounts of the investment properties being revalued do not differ significantly from their fair values as of the end of the relevant reporting period. The frequency of revaluation studies is dependent on changes in the fair values of the investment properties. In cases where the fair value of a revalued asset is considered to differ significantly from its carrying amount, it is necessary to repeat the revaluation study. On the other hand, for investment properties where changes in fair value are insignificant, it is not deemed necessary to repeat the revaluation studies every year.

In this context, as a result of the assessments made by the Group management, investment properties as of December 31, 2024, have been reflected in the financial statements at their fair value determined by an independent professional valuation company holding a Real Estate Valuation License issued by the Capital Markets Board ("CMB").

Details of the methods and assumptions used within the scope of the valuation studies are as follows.

- In fair value calculations, the most effective and efficient use was evaluated and the current usage purposes were determined as the most effective and efficient use, and the precedent comparison method was used for lands and plots.

- Current market information was used in the comparable comparison method, price adjustments were made within the framework of criteria that may affect the market value, taking into account similar real estate recently put on the market in the region, and the average m2 market value was determined for the lands subject to the report. The comparables found were compared according to criteria such as location, size, zoning status and physical characteristics, real estate marketing companies were consulted for an up-to-date evaluation of the real estate market, and the existing information of an independent professional valuation company was used.

NOTE 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.

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

NOTE 3 - SEGMENT REPORTING (Continued)

a) Revenue

	1 January - 31 December 2024	1 January - 31 December 2023
Petrochemical	76,656,876	86,439,743
Port	723,919	824,750
Total before eliminations and adjustments	**77,380,795**	**87,264,493**
Consolidation eliminations and adjustments	-	-
	77,380,795	**87,264,493**

b) Operating profit

Petrochemical	(6,537,618)	(10,586,343)
Port	(4,485,991)	962,510
Total before eliminations and adjustments	**(11,023,609)**	**(9,623,833)**
Consolidation eliminations and adjustments	55,145	49,976
Operating loss	**(10,968,464)**	**(9,573,857)**
Financial (expenses)/income, net	(8,159,029)	(9,595,358)
Monetary gain/loss	11,866,106	5,891,618
Income from investing activities, net	2,460,308	26,672,244
Profit/loss before tax from continued operations	**(4,801,079)**	**13,394,647**
Tax (expense)/Income	(1,992,724)	(2,690,917)
Profit/loss for the period	**(6,793,803)**	**10,703,730**

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

NOTE 3 - SEGMENT REPORTING (Continued)

c) Total assets	**31 December 2024**	**31 December 2023**
Petrochemical	135,043,585	131,477,752
Port	6,089,338	13,770,993
Total before eliminations and adjustments	**141,132,923**	**145,248,745**
Consolidation eliminations and adjustments	(16,580,238)	(6,947,264)
	124,552,685	**138,301,481**
d) Total liabilities		
Petrochemical	61,236,765	55,993,156
Port	6,778,224	8,239,665
Total before eliminations and adjustments	**68,014,989**	**64,232,821**
Consolidation eliminations and adjustments	(1,786,010)	(124,997)
	66,228,979	**64,107,824**

NOTE 4 - CASH AND CASH EQUIVALENTS

	31 December 2024	**31 December 2023**
Banks	8,167,008	5,832,379
- Demand deposits	5,566	141,443
- Turkish Liras	702	69,962
- Foreign currency	4,864	71,481
- Time deposits	8,161,442	5,690,936
- Turkish Liras	4,457,305	294,328
- Foreign currency	3,704,137	5,396,608
Other	1,868	34
	8,168,876	**5,832,413**

As of December 31, 2024, the weighted average effective interest rate for monthly term deposits in US Dollars and Euros is 4.31% and 2.41% per annum, respectively (December 31, 2023: 3.37% and 2.73% for US Dollars and Euros).

As of December 31, 2024, Turkish Lira term deposits consist of monthly and daily deposits, and the weighted average effective interest rate is 48.68% per annum (December 31, 2023: 40.63%). The Group has no blocked deposits as of December 31, 2024 (December 31, 2023: None).

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

NOTE 5 - INVENTORIES

	31 December 2024	31 December 2023
Raw materials	1,651,082	1,703,430
Work-in-progress	1,308,952	1,652,898
Finished goods	2,766,953	2,884,294
Trade goods	292,948	298,172
Goods in transit	531,520	1,032,548
Other inventories	968,159	1,385,882
Less: Provision for impairment on inventories	(84,132)	(91,095)
	7,435,482	**8,866,129**

Movements of provision for impairment on inventory for the periods ended 31 December 2024 and 2023 were as follows:

	2024	2023
1 January	**(91,095)**	**(216,880)**
Realized due to sales of inventory	91,095	216,880
Current year additions	(84,132)	(91,095)
31 December	**(84,132)**	**(91,095)**

NOTE 6 - FINANCIAL INVESTMENTS

a) Short-term financial investments

	31 December 2024	31 December 2023
Marketable securities	478,634	431,624
	478,634	**431,624**

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

NOTE 6 - FINANCIAL INVESTMENTS (Continued)

b) Long-term financial investments

	31 December 2024		31 December 2023	
	Amount	**Shareholding rate (%)**	**Amount**	**Shareholding rate (%)**
SOCAR Power Enerji Yatırımları A.Ş.	95,506	9.90	95,506	9.90
	95,506		**95,506**	

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.

NOTE 7 - TRADE RECEIVABLES AND PAYABLES

a) Short-term trade receivables from third parties:

	31 December 2024	31 December 2023
Trade receivables	6,757,666	8,612,297
Provision for doubtful trade receivables (-)	(15,289)	(21,110)
	6,742,377	**8,591,187**

The average maturity of trade receivables is 30 days (December 31, 2023: 30 days).

The Group's other disclosures regarding credit risk are explained in Note 31. Due to the Group's broad and diversified customer portfolio, the concentration risk of trade receivables is limited. As per the sales policy, the Group requires 100% collateral on all trade receivables from customers for all sales made. Considering the Group's past experience in collecting trade receivables and future forecasts, the necessary provision has been made. Therefore, management believes that no additional credit risk exist beyond the Group's trade receivables, which have been identified as doubtful receivable and have been fully provided.

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

NOTE 7 - TRADE RECEIVABLES AND PAYABLES (Continued)

Letters of guarantee received for trade receivables

As of December 31, 2024, there are guarantees totaling TRY 34,289,177 from domestic and foreign customers (December 31, 2023: TRY 35,709,196) in the form of letters of guarantee, mortgages, direct orders and collection systems ("DOCS"), receivables insurance, policies, and letters of credit (Note 30).

	2024	2023
1 January	**(21,110)**	**(48,918)**
Provisions no longer required	1,493	10,969
Monetary gain/loss	4,328	16,839
31 December	**(15,289)**	**(21,110)**

b) Trade payables

	31 December 2024	31 December 2023
Trade payables	2,072,452	5,455,086
	2,072,452	**5,455,086**

The average maturity of trade payables is 33 days (December 31, 2023: 33 days).

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

a) Other short-term receivables:

	31 December 2024	31 December 2023
Receivables from third parties	36,475	173,497
	36,475	**173,497**
Provision for other doubtful receivables (-)	(1,591)	(2,298)
	34,884	**171,199**

b) Other short-term payables:

Deposits and guarantees received	9,895	19,491
Other	15,408	15,616
	25,303	**35,107**

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

NOTE 9 - BORROWINGS AND BORROWING COSTS

	31 December 2024	31 December 2023
Short-term borrowings	13,464,083	7,812,592
Short-term portions of long-term borrowings	6,454,135	5,155,045
Short-term lease liabilities (***)	79,773	54,932
Other financial liabilities (*)	4,799,241	11,151,541
Short-term financial liabilities	**24,797,232**	**24,174,110**
Long-term borrowings(**)	18,987,338	18,888,541
Long-term lease liabilities (***)	314,520	242,288
Long-term borrowings	**19,301,858**	**19,130,829**
	44,099,090	**43,304,939**

(*) 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 liabilitiesis 146 days as of December 31, 2024 (December 31, 2023: Average remaining maturity is 59 days).

(**) On January 26, 2023, the Group signed a loan agreement with J.P. Morgan Securities PLC ('JP Morgan') for an amount of USD 300 million with a maturity of 3 years. This credit agreement was amended on December 17, 2024, increasing the amount by USD 100 million to a total of USD 400 million, extending the maturity to December 2027, and updating the annual interest rate to SOFR + 3.95% from . Additionally, as of December 17, 2024, the Group also revised its swap agreement with JP Morgan, fixing the portion amounting to USD 100 million at an interest rate of 7.81%.

(***) The weighted average of the Group's incremental borrowing rates for US Dollar and TRY are respectively 6.7% and 20%.

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

NOTE 9 - BORROWINGS AND BORROWING COSTS (Continued)

Bank borrowings and bonds issued:

	Weighted average Interest rate p.a. (%)		Original currency		TRY equivalent	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Short-term borrowings:						
TRY borrowings	42.50 – 49.00	-	3,153,844	-	3.153,844	-
USD borrowings	5.90 – 7.45	7.00 – 10.55	291,713	183,484	10,310,239	7,812,592
Short-term portions of long-term borrowings and bond issued:						
USD borrowings	SOFR + 5.00 - 5.60	SOFR + 4.67 – 5.60				
	6.90-10.99	7.00-10.55	182,610	107,115	6,454,135	4,560,882
Euro borrowings		7.73		12,611		594,163
Total short-term borrowings					**19,918,218**	**12,967,637**
Long-term borrowings and bond issued:						
USD borrowings	SOFR + 5.00 - 5.60	SOFR + 4.67 – 5.60	537,218	443,609	18,987,338	18,888,541
Total long-term borrowings					**18,987,338**	**18,888,541**
Total borrowings					**38,905,556**	**31,856,178**

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

NOTE 9 - BORROWINGS AND BORROWING COSTS (Continued)

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

	31 December 2024
2026	3,447,081
2027	15,324,547
2028	215,710
	18,987,338

	31 December 2023
2025	2,420,251
2026	14,763,281
2027	1,445,140
2028	259,869
	18,888,541

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.

Under the amended loan agreement between the Group and JP Morgan, the Group is required to maintain certain financial ratios within specified limits from June 30, 2025, until the loan repayment is completed, based on its semi-annual and annual consolidated financial statements. There is no obligation to calculate any financial ratios based on the consolidated financial statements as of December 31, 2024.

As of December 31 2024, the collaterals given by the Group against US Dollar and Euro loans held are explained in Note 30.

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

NOTE 9 - BORROWINGS AND BORROWING COSTS (Continued)

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

	2024	2023
1 January	37,175,306	33,569,182
Proceeds from financial liabilities	34,809,349	44,750,564
Repayments of financial liabilities	(24,925,524)	(61,691,315)
Changes in foreign exchange	5,504,930	16,634,046
Changes in interest accrual	676,602	2,641,516
Less: Change in cash and cash equivalents and financial investments	(4,259,851)	23,458,863
Monetary gain/loss	(13,444,891)	(22,187,550)
31 December	**35,535,921**	**37,175,306**

NOTE 10 - INVESTMENT PROPERTIES

Fair value	1 January 2024	Fair value increase	Transfers	Disposals	31 December 2024
Land	24,297,568	63,897	-	-	24,361,465
	24,297,568				**24,361,465**

Fair value	1 January 2023	Fair value increase	Transfers	Disposals	31 December 2023
Land	13,384,684	10,914,312	-	(1,428)	24,297,568
	13,384,684				**24,297,568**

STAR has established a right of superficies for a period of 30 years in 2014 on a total area of 2,076,506 m² located in the Aliağa District, which is owned by the Group, for an annual fee of USD 4,6 million. The fee for the right of superficies is increased annually by SOFR + 1%, and as of 2024, the annual rental fee is USD 6,5 million.

According to the valuation report prepared by a real estate valuation company authorized by the Capital Markets Board ("CMB") as of December 31, 2024, the fair value of the related land has been determined.

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

As of December 31, 2024, the Group's lands with the right of construction have been measured with their fair values determined by an independent professional valuation company using other valuation techniques that contain direct or indirect observable inputs (Note 32).

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS

	1 January 2024	Additions	Transferler	Disposals	Impairment (***)	Foreign currency translation differences	31 December 2024
Cost:							
Land	872,725	-	-	(9)	-	(3,142)	869,574
Land improvements	4,546,068	-	4,727,027	-	-	(2,119)	9,270,976
Buildings	3,927,175	-	82,923	-	-	(1,341)	4,008,757
Machinery and equipment	167,239,843	-	1,823,072	-	-	-	169,062,915
Motor vehicles	231,224	-	2,670	(6,472)	-	-	227,422
Furniture and fixtures	2,157,112	-	46,076	(11,582)	-	(1,612)	2,189,994
Other fixed assets	23,488	-	-	-	-	-	23,488
Leasehold improvements	10,277	-	-	-	-	-	10,277
Assets subject to operating lease (**)	13,139,472	-	-	-	-	(2,063,354)	11,076,118
Construction in progress (*)	9,878,442	4,985,568	(6,826,376)	-	-	(279)	8,037,355
	202,025,826	**4,985,568**	**(144,608)**	**(18,063)**	**-**	**(2,071,847)**	**204,776,876**
Accumulated depreciation (-):							
Land improvements	(2,972,602)	(224,972)	-	-	-	2,838	(3,194,736)
Buildings	(2,972,527)	(85,780)	-	-	-	1,321	(3,056,986)
Machinery and equipment	(144,746,796)	(4,243,089)	-	-	-	-	(148,989,885)
Motor vehicles	(177,755)	(17,242)	-	3,728	-	-	(191,269)
Furniture and fixtures	(1,629,222)	(143,224)	-	9,188	-	253	(1,763,005)
Other fixed assets	(23,488)	-	-	-	-	-	(23,488)
Leasehold improvements	(2,802,176)	(344,668)	-	-	(4,652,686)	310,044	(7,489,486)
Assets subject to operating lease (**)	(10,277)	-	-	-	-	-	(10,277)
	(155,334,843)	**(5,058,975)**	**-**	**12,916**	**(4,652,686)**	**314,456**	**(164,719,132)**
Net book value	**46,690,983**						**40,057,744**

(*) Construction in progress mainly consist of investments related to facility improvements.
(**) Assets subject to operating lease consists of port investment.
(***) Refer to note 24.

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS

	1 January 2023	Additions	Transferler	Disposals	Impairment (***)	Foreign currency translation differences	31 December 2023
Cost:							
Land	873,103	-	-	-	-	(378)	872,725
Land improvements	4,534,072	-	14,628	(1,611)	-	(1,021)	4,546,068
Buildings	3,927,852	-	-	-	-	(677)	3,927,175
Machinery and equipment	163,540,862	-	3,926,879	(227,898)	-	-	167,239,843
Motor vehicles	530,040	-	44,051	(342,867)	-	-	231,224
Furniture and fixtures	2,115,944	-	116,371	(81,320)	-	6,117	2,157,112
Other fixed assets	23,488	-	-	-	-	-	23,488
Leasehold improvements	10,277	-	-	-	-	-	10,277
Assets subject to operating lease (**)	13,705,741	-	-	-	-	(566,269)	13,139,472
Construction in progress (*)	9,466,372	4,554,850	(4,134,911)	(5,260)	-	(2,609)	9,878,442
	198,727,751	4,554,850	(32,982)	(658,956)	-	(564,837)	202,025,826
Accumulated depreciation / Impairment (-):							
Land improvements	(2,732,920)	(147,570)	-	-	(92,336)	224	(2,972,602)
Buildings	(2,886,773)	(86,085)	-	-	-	331	(2,972,527)
Machinery and equipment	(138,278,784)	(5,182,434)	-	227,898	(1,513,476)	-	(144,746,796)
Motor vehicles	(255,663)	(71,263)	-	149,171	-	-	(177,755)
Furniture and fixtures	(1,570,425)	(136,274)	-	77,286	-	191	(1,629,222)
Other fixed assets	(23,488)	-	-	-	-	-	(23,488)
Leasehold improvements	(2,448,236)	(367,310)	-	-	-	13,370	(2,802,176)
Assets subject to operating lease (**)	(10,277)	-	-	-	-	-	(10,277)
	(148,206,566)	(5,990,936)	-	454,355	(1,605,812)	14,116	(155,334,843)
Net book value	**50,521,185**						**46,690,983**

(*) Construction in progress mainly consist of investments related to facility improvements.
(**) Assets subject to operating lease consists of port investment.
(***) Refer note 24.

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS (Continued)

In 2024, the Group has not borrowing cost, that are eligible for capitalization related with its investments. (December 31, 2023: None).

Property, plant and equipments and intangible assets depreciation charges amounting to TRY 5,127,897 (December, 31 2023: TRY 6,091,401) were allocated to cost of sales by TRY 4,601,803 (December 31, 2023: TRY 5,355,215), to inventories by TRY 80,175 (December 31, 2023: TRY 116,978), to general administrative expenses by TRY 414,450 (December 31, 2023: TRY 547,655), to marketing, selling and distribution expenses by TRY 31,470 (December 31, 2023: TRY 71,557).

As of December 31, 2024, Petlim Limancılık Ticaret A.Ş. has given 1st degree mortgage in favor of creditor on its land amounting to USD 350 million on the date of November 20, 2015 (December 31, 2023: USD 350 million).

As of December 31, 2024 and 2023 the details of the right of use assets that are accounted in the consolidated financial statements are as follows:

	31 December 2024	**31 December 2023**
Land	837,379	694,034
Buildings	301,648	514,663
Motor vehicles	43,049	57,501
Total right of use assets	**1,182,076**	**1,266,198**

Additions to the right-of-use assets for the period ending December 31, 2024, are TRY 281,295, and depreciation expenses are TRY 137,019 (December 31, 2023 additions: TRY 31,629, December 31, 2023 depreciation expenses: TRY 173,606).

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

NOTE 12 - INTANGIBLE ASSETS

	1 January 2024	Additions	Transfers	Disposals	Foreign currency translation differences	31 December 2024
Cost:						
Rights and software	1,081,796	-	48,431	-	(4,587)	1,125,640
Capitalized development costs	165,661	-	96,177	-	-	261,838
	1,247,457	**-**	**144,608**	**-**	**(4,587)**	**1,387,478**
Accumulated amortization (-):						
Rights and software	(708,895)	(62,840)	-	-	4,483	(767,252)
Capitalized development costs	(86,987)	(6,082)	-	-	-	(93,069)
	(795,882)	**(68,922)**	**-**	**-**	**4,483**	**(860,321)**
Net book value	**451,575**					**527,157**

	1 January 2023	Additions	Transfers	Disposals	Foreign currency translation differences	31 December 2023
Cost:						
Rights and software	1,067,423	-	14,890	-	(517)	1,081,796
Capitalized development costs	147,570	-	18,091	-	-	165,661
	1,214,993	**-**	**32,981**	**-**	**(517)**	**1,247,457**
Accumulated amortization (-):						
Rights and software	(615,356)	(94,056)	-	-	517	(708,895)
Capitalized development costs	(80,578)	(6,409)	-	-	-	(86,987)
	(695,934)	**(100,465)**	**-**	**-**	**517**	**(795,882)**
Net book value	**519,059**					**451,575**

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

NOTE 13 - GOVERNMENT GRANTS

As of December 31, 2024, government incentives and grants include incentives and grants amounting to TRY 1,400 received under the Turquality program and from other institutions (December 31, 2023: TRY 12,082). The discounted corporate tax incentives owned by the Group are explained in Note 20

NOTE 14 - DEFERRED REVENUE

a) Short-term deferred revenue

	31 December 2024	31 December 2023
Advances received	1,304,347	710,431
Deferred revenue	2,077	1,957
	1,306,424	**712,388**

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.

NOTE 15 - PREPAID EXPENSES

a) Short-term prepaid expenses

	31 December 2024	31 December 2023
Advances given for inventory	536,886	851,831
Prepaid insurance and other expenses	71,270	62,275
Advances given for customs procedures	2,606	4,402
	610,762	**918,508**

b) Long-term prepaid expenses

Advances given for property, plant and equipment	401,214	466,070
Prepaid insurance and other expenses	3,614	32,534
	404,828	**498,604**

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

NOTE 16 - EMPLOYEE BENEFITS

a) Liabilities for employee benefits:

	31 December 2024	31 December 2023
Social security contribution	113,536	169,390
Due to personnel	891	1,042
	114,427	**170,432**

b) Short-term employee benefits:

Provision for bonus Premium	388,319	1,064,603
Provision for seniority incentive bonus	145,426	82,169
	533,745	**1,146,772**

c) Long-term employee benefits:

	31 December 2024	31 December 2023
Provision for employment termination benefits	773,754	709,590
Provision for unused vacation rights	394,251	298,287
Provision for seniority incentive bonus	80,689	81,783
	1,248,694	**1,089,660**

Provision for unused vacation

Movements of the provision for unused vacation rights are as follows:

	2024	2023
1 January	**298,287**	**219,827**
Changes in the period, net	239,016	338,111
Monetary gain/loss	(143,052)	(259,651)
31 December	**394,251**	**298,287**

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).

The compensation payable is equivalent to one month's salary for each year of service, and this amount is limited to a nominal TRY 41,828.42 as of December 31, 2024 (December 31, 2023: nominal TRY 23,489.83).

The severance pay obligation is not subject to any legal funding and there are no funding conditions.

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

NOTE 16 - EMPLOYEE BENEFITS (Continued)

c) Long-term employee benefits (Continued):

Provision for employment termination benefits (Continued):

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:

	31 December 2024	31 December 2023
Net discount rate (%)	2.50	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 TRY Nominal 46,655.43 which is effective from January 1, 2025 has been taken into consideration in the calculation of employment termination benefits of the Group (January 1, 2024: TRY Nominal 35,058.58).

Movements of the employment termination benefits are as follows:

	2024	2023
1 January	**709,590**	**947,022**
Interest cost	149,940	111,721
Payments during the period (-)	(50,276)	(27,528)
Service cost	92,556	124,451
Actuarial (gain)/ loss	122,776	26,838
Monetary gain/(loss)	(250,832)	(472,914)
31 December	**773,754**	**709,590**

Sensitivity analysis of the assumptions, that are used in order to calculate the provision of the employment termination benefits as December, 31 2024 and 2023 are follows:

	31 December 2024		31 December 2023	
	Net discount rate		Net discount rate	
Sensitivity analysis	100 Basis point increase	100 Basis point decrease	100 Basis point increase	100 Basis point decrease
Rate	3.5	1.5	2.98	0.98
Change in liability of employment termination benefit	(88,951)	108,834	(75,829)	90,357

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

NOTE 16 - EMPLOYEE BENEFITS (Continued)

c) Long-term employee benefits (Continued):

Provision for seniority incentive bonus:

The Group provides a benefit under the name 'Seniority Incentive Bonus' to employees with a certain level of seniority.

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 and100 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.

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:

	31 December 2024	31 December 2023
Net discount rate (%)	2.5	1.98
Used rate related to retirement probability (%)	97.8	97.8

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

NOTE 16 - EMPLOYEE BENEFITS (Continued)

c) Long-term employee benefits (Continued):

The movements of the provision for seniority incentive bonus are as follows:

	2024	2023
1 January	**163,952**	**112,997**
Interest cost	33,308	26,685
Payments during the period (-)	(90,412)	(77,595)
Service cost	185,323	203,437
Actuarial loss	9,571	27,911
Monetary gain/loss	(75,627)	(129,483)
31 December	**226,115**	**163,952**

NOTE 17 - OTHER ASSETS AND LIABILITIES

a) Other current assets

	31 December 2024	31 December 2023
Value added tax ("VAT") receivable	1,108,342	1,879,070
Other	10,850	15,302
	1,119,192	**1,894,372**

b) Other non-current assets

Spare parts	131,584	113,957
Other	577	717
	132,161	**114,674**

c) Other liabilities

Taxes and funds payable and other deductions	227,047	162,269
Other	274	4,951
	227,321	**167,220**

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

NOTE 18 - DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2024			31 December 2023		
	Fair value (TRY)			Fair value (TRY)		
	Nominal contract amount (TRY)	Assets	(Liabilities)	Nominal contract amount (TRY)	Assets	(Liabilities)
Foreign currency forward transactions	2,827,504	-	21,992	2,767,759	-	22,291
Interest rate swap transactions (*)	2,102,179	81,029	-	2,160,474	146,271	-
	4,929,683	**81,029**	**21,992**	**4,928,233**	**146,271**	**22,291**

(*) The Group has an interest rate swap derivative contract made to fix the interest expenses arising from its variable interest rate and foreign currency bank loan. The Group applies hedge accounting for these contracts. As a result of the effectiveness test conducted in this context, it has determined that the entire transaction is effective, and hedge accounting for cash flow risk continues to be applied.

NOTE 19 - EQUITY

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

		31 December 2024		31 December 2023	
Group:	**Shareholder:**	**Amount (TRY)**	**Share (%)**	**Amount (TRY)**	**Share (%)**
A	SOCAR Turkey Petrokimya A.Ş.	1,292,544	51.00	1,292,544	51.00
A	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**
Adjustment to share capital		41,387,934		41,387,934	
Total share capital		**43,922,334**		**43,922,334**	

Adjustment to share capital represents the difference between inflation adjusted amounts of the cash and cash eqivalents of the paid in capital and the amounts before the inflation adjusment. .

Approved and issued capital of the Company consist of 253,440,000,000 Group A shares, each of them having a registered nominal price of KR 1, and 1 Group C preferred stock belonging to Management (December 2023 - Approved and issued capital of the Company consist of 253,440,000,000 Group A shares, each of them having a registered nominal price of Kr 1, and 1 Group C preferred stock belonging to Management).

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

NOTE 19 - EQUITY (Continued)

The historical values and the effects of inflation adjustments for the accounts listed under the Company's equity as of December 31, 2024, in accordance with TFRS and VUK financial statements, are as follows:

31.12.2024 (TFRS)	Historic cost	Inflation adjustment effect	Indexed value
Share capital	2,534,400	41,387,934	43,922,334
Legal reserves	646,142	3,248,902	3,895,044

31.12.2024 (VUK)	Historic cost	Inflation adjustment effect	Indexed value
Share capital	2,534,400	722,919	3,257,319
Legal reserves	646,142	4,774,631	5,420,773

Capital of the Company is composed of all registered shares.

The following matters are subject to the approval of the member of the Board of Directors representing the C type share:

- The amendments on the articles of association affecting the privileges of type C,
- The recording of the transfer of the registered shares in the stock ledger,
- The determination of the form of the certificate of authority stated in the 31st clause of the Articles of Association,
- The decision related with the reduction of the capacity of any plant by 10% owned by the Company,
- The foundation of new company or partnership, acquisition of a company being a partner of existing companies and/or merging with them, spin-off, changes of the titles, annulment and winding-up.

Dividend distribution

Listed companies shall distribute their profit in accordance with the Capital Market Board's Communiqué on Dividends II-19.1 which is effective from 1 February 2014.

Companies shall distribute their profits as part of the profit distribution policies to be determined by their general assemblies and in accordance with the related regulation provisions. A minimum distribution rate has not been determined in these regulations. The companies pay dividends as determined in their main agreements or profit distribution policies. Furthermore, dividends may be paid in instalments with same or different amounts and profit share advances may be distributed over the profit in the financial statements.

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

NOTE 19 - EQUITY (Continued)

The dividend distribution policy of the Company has been determined in accordance with the Communiqué on Dividends II-19-1 as follows:

- In line with the determination of Profit Distribution Policy in 2019 and in the forthcoming years; the Company, in principle, accepts to distribute profits in cash to shareholders at the maximum level without disregarding its medium term and long-term strategies, investment and financial plans, market conditions, and economic developments.

- According to the Article numbered 37 of Association of the Company, dividends in advance can be distributed.

- In the event that distributable profit is available in accordance with the relevant communiqués; within the framework of the provisions of the Capital Markets Board and the Turkish Commercial Code, at least 50% of the annual distributable profit of the Company is aimed to be distributed in cash and / or shares and / or in installments. This rate is determined each year by the Board of Directors, depending on national and global economic conditions, the Company's medium and long-term growth and investment strategies, and cash requirements.

- According to the Articles of Association of the Company, the amount to be determined by the General Assembly, not exceeding the 0,1% of distributable profits remaining after distribution of first dividend shall be distributed to Board Members.

- A consistent policy shall be followed between the benefits of the shareholders' and the company in the application of Profit Distribution Policy.

- The date of distribution shall be decided by General Assembly upon proposal of the Board. Profit distribution payments shall be completed within legal terms. For other methods of profit distribution, relevant legislation, communiqués, and regulations of CMB shall be followed.

- In the event that calculated "net distributable profit for the year" is below 5% of issued capital, no profit shall be distributed.

- When no profit is distributed, the Board of Directors shall inform the shareholders at General Assembly meeting about the reasons and how the undistributed profits would be allocated.

A provision in the main agreement is required for dividend to be distributable to holders of privileged shares, holders of usufruct right certificate, to the members of the board of directors, to the employees of the company and to non-shareholders. If, despite the fact that a provision is present in the main agreement regarding dividend distribution to these persons, a rate has not been determined, the dividend to be distributed to these persons may not exceed one fourth of the dividend distributed to shareholders under any circumstance except for those arising from privilege.

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

NOTE 20 - TAX ASSETS AND LIABILITIES

a) Corporate tax:

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

	31 December 2024	31 December 2023
Calculated corporation tax	25,324	-
Less: Prepaid taxes (-)	(132,563)	(58,985)
Total corporation tax (asset)/liabilities	**(107,239)**	**(58,985)**

Tax expenses included in the consolidated income statement for the interim accounting periods ending January 1- December 31, 2024 and 2023 are summarized below:

	1 January - 31 December 2024	1 January - 31 December 2023
Deferred tax (expense)/income	(1,967,400)	(2,663,342)
Current year tax expense	(25,324)	(27,575)
Total tax expense	**(1,992,724)**	**(2,690,917)**

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 Turkey, the corporate tax rate is 25% for the year 2024 (2023: 25%). The corporate tax rate is applied to the tax base found by adding non-deductible expenses according to tax laws to the commercial income of corporations, and by deducting exemptions (such as participation income exemption, investment incentive exemption, etc.) and deductions (such as R&D deduction) specified in tax laws.

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

NOTE 20 - TAX ASSETS AND LIABILITIES (Continued)

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 TFRS and tax procedural law, the statutory tax financial statements prepared in accordance with Corporate Tax Law.

In accordance with the regulation numbered 7456, which entered into force after being published in the Official Gazette dated published in Official Gazette July 15, 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 temporary tax declarations to be submitted after 1 October 2023. It will be applied as 25% starting from 2024. With the change in the mentioned law and, with a 5-point base change in the export exemption rate, the Group re-evaluated its 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%.. The regulation entered into force as of July 15, 2023.

Details of cumulative temporary differences and the resulting deferred income tax assets and liabilities provided as of December 31, 2024 and December 31, 2023 are as follows:

	Taxable Temporary Differences		**Deferred Income Tax Assets/ (Liabilities)**	
	31 December 2024	**31 December 2023**	**31 December 2024**	**31 December 2023**
Fair value increase in investment properties	(24,359,984)	(24,283,014)	(4,567,497)	(4,188,820)
Difference between the carrying values and tax base of property, plant, equipment and intangible assets	(7,271,316)	(5,536,994)	(1,679,763)	(1,252,847)
Fair value difference of derivative financial instruments	(10,726)	(123,980)	(2,467)	(30,465)
Other	(1,271,856)	(72,604)	(302,056)	(21,761)
Deferred income tax liabilities	**(32,913,882)**	**(30,016,592)**	**(6,542,253)**	**(5,493,893)**
Unused investment incentives	11,348,997	6,538,310	2,646,950	2,411,432
Provision for employee benefits	1,782,439	2,236,432	409,961	514,379
Carry forward tax losses	-	1,139,124	-	284,780
Deferred revenue related to the port rental agreement	-	253,330	-	63,333
Inventory provision	-	88,504	-	20,356
Rent allowance fee	-	7,161	-	1,647
Provision for legal cases	2,597	3,750	597	862
Deferred income tax assets	**13,134,033**	**10,266,611**	**3,057,508**	**3,296,789**
Deferred tax assets/(liabilities) - net			**(3,484,745)**	**(2,197,104)**

NOTE 20 - TAX ASSETS AND LIABILITIES (Continued)

b) Deferred taxes (Continued):

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 TRY 240,878 unused investment incentive within the scope of strategic investment incentive certificate at of December 31, 2024. In this context, as of December 31, 2024 the Group has recognized deferred tax assets, that can be used in following periods, amounting to TRY 50,592.

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. The group has TRY 4,046,793 unused investment incentive within the scope of strategic investment incentive certificate as of December 31, 2024. In this context, as of December 31, 2024 the Group has recognized deferred tax asset, that can be used in following periods, amounting to TRY 1,411,354.

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 TRY 2,234,312 unused investment incentives within the scope of the port project investment certificate. In this context, as of December 31, 2024, the Group has recognized deferred tax asset, that can be used in following periods, amounting to TRY 458,506.

The Group, within the scope of factory modernizations, It received a regional investment incentive certificate from the Ministry of Economy on November 20, 2024. 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 December 31, 2024, the Group has made a total investment expenditure of TRY 1,814,167 within the scope of the regional investment certificate. In this context, as of December 31, 2024, the Group has a deferred tax asset of TRY 726,498, which is 80% of 40% of the fixed investment amount that it can use in future periods.

As a result of projections made by the Group management as of December 31, 2024, total unused investment expenditures made within the scope of investment incentive certificate, which are expected to be utilized in the deduction of future taxable profits and on which deferred tax assets have been calculated amounted to TRY 2,646,950 (December 31, 2023: TRY 2,411,432).

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

NOTE 20 - TAX ASSETS AND LIABILITIES (Continued)

b) Deferred taxes (Continued)

The reconciliations of the taxation on income for the years ended December 31, 2024 and 2023 were as follows:

	1 January - 31 December 2024	**1 January - 31 December 2023**
Profit /(Loss) before taxation	(4,801,079)	13,394,647
Less: Shares in profit of investments accounted for using equity method	(1,790,226)	(14,329,360)
Loss before tax (Excluding the profit/loss shares)	**(6,591,305)**	**(934,713)**
Statutory tax rate	%25	%25
Calculated tax expense based on statutory tax rate	1,647,827	233,677
Reconciliation between the tax provision and calculated tax:		
Effect of unused tax losses for which no deferred tax asset was recognized	(3,321,729)	(2,534,559)
Tax rate difference	(603,288)	858,050
Utilised investment incentives during the year Income exempt from tax	(378,677)	1,421,593
Non-deductible expense	(187,079)	(1,090,163)
Inflation effect according to Tax Procedures Law provisions (*)	934,534	3,784,057
Monetary gain/loss	(10,230)	(5,552,206)
Income exempt from tax	35,483	274,769
Other	(109,565)	(86,135)
Total tax expense reported in the profit or loss statement	**(1,992,724)**	**(2,690,917)**

(*) It consists of the deferred tax effect of the temporary differences created by the adjustments made regarding inflation accounting, together with the notification of the Tax Procedure Law dated 30/12/2023 and numbered 32415.

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

NOTE 20 - TAX ASSETS AND LIABILITIES (Continued)

b) Deferred taxes (Continued)

The movement of deferred income tax is as follows:

	2024	2023
1 January	**(2,197,104)**	**254,927**
Recognized in the profit or loss statement	(1,967,400)	(2,663,342)
Recognized in other comprehensive income	444,234	225,684
Foreign currency translation differences	235,516	(14,373)
31 December	**(3,484,745)**	**(2,197,104)**

The total amount of the Group's unrecognized deductible taxable losses for deferred tax assets is TRY thousand 12,700, of which TRY thousand 4,300 has an expiration date of 2028, and TRY thousand 8,400 has an expiration date of 2029

Tax Advantages Obtained Within the Scope of Investment Incentive System:

The gains obtained from the investments tied to the Group's incentive certificate are subject to corporate tax at discounted rates until the investment reaches the contribution amount, starting from the accounting period in which the investment is partially or fully put into operation. In this context, as of December 31, 2024, the Group has recognized a tax advantage of TRY 2,646,950 (December 31, 2023: TRY 2,411,432) as a deferred tax asset in the consolidated financial statements. As a result of the recognition of this tax advantage as of December 31, 2024, a deferred tax income of TRY 235,518 has been generated in the consolidated income statement for the period from January 1 to December 31, 2024.

Deferred tax assets are recorded if it is determined that taxable income is likely to occur in future years. In cases where it is probable that taxable income will be generated, deferred tax assets are calculated on the basis of deductible temporary differences, taxable losses and tax advantages earned due to investment allowances with an indefinite life that allow the payment of reduced corporate tax. In this context, the Group bases the reflection of deferred tax assets arising from investment incentives on the consolidated financial statements on long-term plans, and evaluates the recoverability of deferred tax assets related to such investment incentives as of each balance sheet date, based on business models containing taxable profit estimates. The deferred tax assets in question are deducted from the balance sheet date. It is expected to be recovered within 8-10 years.

In the sensitivity analysis carried out as of December 31, 2024, when the inputs in the basic macroeconomic and sectoral assumptions that form the business plans were increased/decreased by 10%, there was no change in the expected recovery periods of deferred tax assets related to investment incentives within the range of 8-10 years.

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

NOTE 21 - REVENUE AND COST OF SALES

	1 January - 31 December 2024	1 January - 31 December 2023
Domestic sales	47,131,449	52,167,195
Export sales	31,851,960	36,964,618
Other sales	488,255	835,689
Sales discounts (-)	(2,090,869)	(2,703,009)
Net sales	**77,380,795**	**87,264,493**
Direct raw materials and supplies	(40,569,399)	(49,120,346)
Cost of trade goods sold	(19,983,214)	(20,747,966)
Energy	(7,093,784)	(7,348,356)
Labour costs	(4,734,780)	(4,228,002)
Depreciation and amortization	(4,624,586)	(5,417,257)
Changes in work in progress and finished goods	461,287	(1,210,470)
Other	(2,078,851)	(2,553,646)
Cost of sales	**(78,623,327)**	**(90,626,043)**

NOTE 22 - GENERAL ADMINISTRATIVE EXPENSES

	1 January - 31 December 2024	1 January - 31 December 2023
Personnel expense	1,377,601	1,826,395
Outsourced services	1,313,938	1,203,613
Depreciation and amortization	508,259	613,275
Energy expenses	219,182	163,027
Taxes, funds and fees	60,165	60,996
Other	122,732	293,633
	3,601,877	**4,160,939**

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

NOTE 22 - GENERAL ADMINISTRATIVE EXPENSES (Continued)

Fees for Services Obtained from Independent Auditor/ Independent Audit Firm

The Group's explanation regarding the fees for the services received from the independent audit firms, which is based on the letter of POAASA dated August 19, 2021, the preparation principles of which are based on the Board Decision published in the Official Gazette on March 30, 2021, are as follows:

	1 January - 31 December 2024	1 January - 31 December 2023
Independent audit fee for the reporting period	5,145	4,243
Fees for tax advisory services	-	1,042
Fee for other assurance services	402	275
	5,547	**5,560**

NOTE 23 - MARKETING, SELLING AND DISTRIBUTION EXPENSES

	1 January - 31 December 2024	1 January - 31 December 2023
Outsourced services	682,263	739,889
Personnel expense	500,036	713,783
Depreciation and amortization	51,897	117,501
Other	189,469	116,931
	1,423,665	**1,688,104**

NOTE 24 - OTHER INCOME/EXPENSES FROM OPERATING ACTIVITIES

a) Other operating income:

	1 January - 31 December 2024	1 January - 31 December 2023
Foreign exchange gains	1,327,833	4,270,433
Rent income	193,641	122,296
Term sales income	35,287	44,873
Other	427,244	390,720
	1,984,005	**4,828,322**

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

NOTE 24 - OTHER INCOME/EXPENSES FROM OPERATING ACTIVITIES (Continued)

b) Other operating expenses:

	1 January - 31 December 2024	1 January - 31 December 2023
Provision for impairment regarding property plant equipment	(4,652,686)	(1,605,812)
Foreign exchange losses	(1,478,120)	(3,027,039)
Term purchase expense	(193,550)	(150,639)
Other	(360,039)	(408,096)
	(6,684,395)	**(5,191,586)**

NOTE 25 - INCOME/ (EXPENSES) FROM INVESTMENT ACTIVITIES

a) Income from investment activities

	1 January - 31 December 2024	1 January - 31 December 2023
Fair value increase in financial investments	254,474	474,969
Rent income	229,421	222,151
Gain on sale of property, plant and equipments	123,692	735,274
Fair value increase in investment properties	63,897	10,914,312
Gain on sale of investments properties	-	1,179
	671,484	**12,347,885**

b) Expenses from investment activities

	1 January - 31 December 2024	1 January - 31 December 2023
Loss on sale of property, plant and equipment	(1,402)	(5,001)
	(1,402)	**(5,001)**

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

NOTE 26 - FINANCIAL INCOME/ EXPENSES

a) Finance income

	1 January - 31 December 2024	1 January - 31 December 2023
Foreign exchange gains	1,374,101	15,819,328
Interest income	678,696	802,700
Other	63,081	109,068
	2,115,878	**16,731,096**

b) Finance expense

Foreign exchange loss	(5,670,076)	(20,932,853)
Interest expense	(4,291,805)	(4,996,603)
Interest expense on employee benefits	(185,594)	(95,082)
Commision expense	(99,876)	(265,346)
Other	(27,556)	(36,570)
	(10,274,907)	**(26,326,454)**

NOTE 27 - EARNINGS PER SHARE

	1 January - 31 December 2024	1 January - 31 December 2023
Net (loss) / profit for the period of the equity holders of the parent	(6,343,663)	10,669,599
Weighted average number of shares with nominal value of Kr 1 each (thousand)	253,440	253,440
Earnings/(loss) per share (share with a nominal value of 1 TL)	**(2,5030)**	**4,2099**

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

NOTE 28 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

i) Balances with related parties

a) Short-term trade receivables from related parties:

	31 December 2024	31 December 2023
SOCAR Aliağa Liman İşletmeciliği A.Ş. (2)	941,521	1,290,494
STAR Rafineri A.Ş. ("STAR") (2)	587,204	948,241
SOCAR Turkey Ortak Yönetim Hizmetleri A.Ş. (2)	81,378	6,073
SOCAR Enerji Ticaret A.Ş. (2)	10,986	26,849
SOCAR Turkey Akaryakıt Depolama A.Ş. (2)	6,605	29,050
SOCAR Turkey Araştırma Geliştirme ve İnovasyon A.Ş. (2)	2,533	1,637
SOCAR Turkey Petrol Ticaret A.Ş. (2)	965	51
SCR Müşavirlik ve İnşaat A.Ş. (2)	601	46
SOCAR Turkey Enerji A.Ş.("STEAŞ") (1)	407	1,027
Azoil Petrolcülük A.Ş. (2)	59	58
SOCAR Turkey Doğalgaz Yatırım A.Ş. (2)	-	112
	1,632,259	**2,303,638**

b) Long-term other receivables from related parties:

	31 December 2024	31 December 2023
SOCAR Power Enerji Yatırımları A.Ş. (2)	-	26,908
	-	**26,908**

c) Short-term trade payables to related parties:

	31 December 2024	31 December 2023
STAR Rafineri A.Ş. ("STAR") (2)	7,012,624	4,847,482
SOCAR Logistics DMCC (2)	2,104,023	533,765
SOCAR Enerji Ticaret A.Ş. (2)	1,915,875	686,248
SOCAR Turkey Enerji A.Ş.("STEAŞ") (1)	328,438	259,270
SOCAR Turkey Araştırma Geliştirme ve İnovasyon A.Ş. (2)	31,538	18,420
SOCAR Turkey Ortak Yönetim Hizmetleri A.Ş. (2)	9,792	73,216
SCR Müşavirlik ve İnşaat A.Ş. (2)	8,229	41,721
SOCAR Turkey Petrol Ticaret A.Ş. (2)	2,355	4,741
Azoil Petrolcülük A.Ş. (2)	1,137	1,242
SOCAR Sigorta ve Reasürans Brokerlığı A Ş. (2)	37	-
SOCAR Turkey Akaryakıt Depolama A.Ş. (2)	-	128
SOCAR Turkey Fiber Optik A.Ş. (2)	-	3
Other	-	537
	11,414,048	**6,466,773**

Short-term trade payables to related parties are mainly consist of consultancy, service and goods purchases. Average maturity of short-term trade payables is 15 days (December 31, 2023: 21 days).

(1) Shareholders of the Company.
(2) Shareholders of the Company or SOCAR's subsidiaries.

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

NOTE 28 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

i) Balances with related parties (Continued)

	31 December 2024	31 December 2023
d) Other payables to related parties:		
Due to shareholders [1]	-	126
	-	**126**
e) Short-term deferred revenue from related parties:		
SOCAR Aliağa Liman İşletmeciliği A.Ş. [2]	40,740	79,657
STAR Rafineri A.Ş. ("STAR") [2]	16,147	14,224
SOCAR Turkey Akaryakıt Depolama A.Ş. [2]	208	491
SOCAR Turkey Araştırma Geliştirme ve İnovasyon A.Ş. [2]	62	-
	57,157	**94.372**
f) Long-term deferred revenue from related parties:		
SOCAR Aliağa Liman İşletmeciliği A.Ş. [2] (*)	886,186	1,814,085
STAR Rafineri A.Ş. ("STAR") [2]	4,187	6,229
SOCAR Turkey Akaryakıt Depolama A.Ş. [2]	68	113
	890,441	**1,820,427**

(*) 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:

	31 December 2024	31 December 2023
SOCAR Logistics DMCC [2]	565,622	36,652
SOCAR Turkey Enerji A.Ş.("STEAŞ") (*)[2]	83,462	101,612
SOCAR Sigorta ve Reasürans Brokerlığı A Ş. [2]	71,780	53,775
STAR Rafineri A.Ş. ("STAR") [2]	157	4,412
SCR Müşavirlik ve İnşaat A.Ş. [2]	76	110
SOCAR Turkey Ortak Yönetim Hizmetleri A.Ş. [2]	-	130
Other [2]	-	447
	721,097	**197,138**

(*) Refer to note 2.3

(1) Shareholders of the Company.
(2) Shareholders of the Company or SOCAR's subsidiaries

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

NOTE 28 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

i) Balances of related parties (Continued)

h) Long-term prepaid expense to related parties

	31 December 2024	31 December 2023
STAR Rafineri A.Ş. ("STAR") [2]	14,019	30,685
SOCAR Turkey Enerji A.Ş.("STEAŞ") [1]	11,359	18,805
	25,378	**49,490**

i) Short-term leasing payables to related parties:

STAR Rafineri A.Ş. ("STAR") [2]	53,963	11,680
SOCAR Turkey Enerji A.Ş.("STEAŞ") [1]	23,315	17,963
SCR Müşavirlik ve İnşaat A.Ş. [2]	-	147,084
	77,278	**176,727**

j) Long-term leasing payables to related parties:

STAR Rafineri A.Ş. ("STAR") [2]	144,051	7,487
SOCAR Turkey Enerji A.Ş.("STEAŞ") [1]	50,709	52,623
SCR Müşavirlik ve İnşaat A.Ş. [2]	-	483,138
	194,760	**543,248**

(1) Shareholders of the Company.
(2) Shareholders of the Company or SOCAR's subsidiaries.

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

NOTE 28 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

ii) Transactions with related parties

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

	1 January - 31 December 2024	1 January - 31 December 2023
SOCAR Power Enerji Yatırımları A.Ş. [2]	13,243	8,178
SOCAR Turkey Araştırma Geliştirme ve İnovasyon A.Ş.[2]	2,375	(113)
SOCAR Aliağa Liman İşletmeciliği A.Ş. [2]	260	(5,753)
SOCAR Turkey Akaryakıt Depolama A.Ş. [2]	38	(2,651)
SOCAR Turkey Petrol Ticaret A.Ş. [2]	13	(87,170)
STAR Rafineri A.Ş. ("STAR") [2]	(925,922)	(1,100,446)
SOCAR Enerji Ticaret A.Ş. [2]	(51,141)	(188,811)
SOCAR Turkey Enerji A.Ş.("STEAŞ") [1]	(14,517)	8,164,169
SCR Müşavirlik ve İnşaat A.Ş. [2]	(4,733)	(366,059)
SOCAR Logistics DMCC [2]	(220)	(4,004)
SOCAR Sigorta ve Reasürans Brokerlığı A Ş. [2]	(125)	(103,638)
SOCAR Turkey Doğalgaz Yatırım A.Ş.	-	(2,435)
SOCAR Turkey Fiber Optik A.Ş. [2]	-	(214)
Other [2]	(15)	(51)
	(980,744)	**6,311,002**

TRY 784,059 of the expenses arising from STAR consist of exchange rate difference expenses and TRY 141,863 of other expenses, TRY 5,380 of the revenues obtained from STEAŞ consist of exchange rate difference income and TRY 9,137 of other expenses. Income from SOCAR Power consists of interest income.

(1) Shareholders of the Company.
(2) Shareholders of the Company or SOCAR's subsidiaries.

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

NOTE 28 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

ii) Transactions with related parties (Continued)

b) Service and rent purchases from related parties:

	1 January - 31 December 2024	1 January - 31 December 2023
SOCAR Turkey Ortak Yönetim Hizmetleri A.Ş. (2)	1,751,304	1,202,528
SOCAR Turkey Enerji A.Ş.("STEAŞ") (1)	872,361	447,654
SOCAR Sigorta ve Reasürans Brokerlığı A Ş. (2)	869,694	367,449
STAR Rafineri A.Ş. ("STAR") (2)	181,201	72,944
SCR Müşavirlik ve İnşaat A.Ş. (2)	52,366	209,835
SOCAR Turkey Petrol Ticaret A.Ş. (2)	31,447	80,224
SOCAR Turkey Akaryakıt Depolama A.Ş. (2)	13,746	521
SOCAR Turkey Doğalgaz Yatırım A.Ş. (2)	4,084	-
SOCAR Aliağa Liman İşletmeciliği A.Ş. (2)	3,538	-
SOCAR Turkey Araştırma Geliştirme ve İnovasyon A.Ş. (2)	988	4,703
SOCAR Turkey Fiber Optik A.Ş. (2)	247	-
Other (2)	96	70
	3,781,072	**2,385,928**

The purchases from SCR Müşavirlik ve İnşaat A.Ş., STAR and STEAŞ mainly consist of rent and other services purchases.

c) Product purchase from related parties:

	1 January - 31 December 2024	1 January - 31 December 2023
SOCAR Logistics DMCC (2)	16,643,872	4,748,519
STAR Rafineri A.Ş. ("STAR") (2)	15,347,671	22,775,878
SOCAR Enerji Ticaret A.Ş. (2)	7,090,871	3,592,483
SOCAR Trading SA (2)	1,775,835	-
SOCAR Turkey Akaryakıt Depolama A.Ş. (2)	87,710	-
Azoil Petrolcülük A.Ş. (2)	14,007	12,271
SOCAR Turkey Petrol Ticaret A.Ş. (2)	6,287	8,229
SOCAR Turkey Araştırma Geliştirme ve İnovasyon A.Ş. (2)	1,935	-
SOCAR Turkey Fiber Optik A.Ş. (2)	-	1,402
	40.968,188	**31.138.782**

Purchases from related parties consist of raw material and commercial product purchases. Purchases from STAR consist of TRY 14,566,725 corresponding to 615,204 tons of naphtha purchases and TRY 780,947 from other purchases.

(1) Shareholders of the Company.
(2) Shareholders of the Company or SOCAR's subsidiaries.

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

NOTE 28 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

ii) Transactions with related parties (Continued)

d) Product and service sales to related parties:

	1 January - 31 December 2024	1 January - 31 December 2023
STAR Rafineri A.Ş. ("STAR") (2)	6,252,833	7,917,662
SOCAR Turkey Ortak Yönetim Hizmetleri A.Ş. (2)	2,348,816	879,757
SOCAR Aliağa Liman İşletmeciliği A.Ş. (2)	787,909	878,556
SCR Müşavirlik ve İnşaat A.Ş. (2)	338,521	2,302
SOCAR Enerji Ticaret A.Ş. (2)	134,170	473,833
SOCAR Turkey Enerji A.Ş.("STEAŞ") (1)	113,196	31,817
SOCAR Turkey Petrol Ticaret A.Ş. (2)	91,135	791
SOCAR Turkey Akaryakıt Depolama A.Ş. (2)	45,082	36,980
SOCAR Turkey Araştırma Geliştirme ve İnovasyon A.Ş.(2)	7,925	8,811
Azeri M-I Drilling Fluids MMC (2)	-	18,515
SOCAR Oil Refinery named after Heydar Aliyev (2)	-	7,342
Azoil Petrolcülük A.Ş. (2)	-	500
SOCAR Azerikimya Production Union (2)	-	369
Other (2)	6,018	-
	10,125,605	**10,257,235**

The breakdown of sales from STAR is as follows; TRY 4,181,393 the sales of by product, TRY 1,785,182 the sales of steam sales and the remaining sales of other products sales.

e) Rent income from related parties:

	1 January - 31 December 2024	1 January - 31 December 2023
STAR Rafineri A.Ş. ("STAR") (2)	315,349	240,738
SOCAR Turkey Akaryakıt Depolama A.Ş. (2)	40,387	38,354
SOCAR Aliağa Liman İşletmeciliği A.Ş. (2)	6,564	5,302
SOCAR Turkey Enerji A.Ş.("STEAŞ") (1)	4,623	4,189
SOCAR Turkey Araştırma Geliştirme ve İnovasyon A.Ş(2)	2,841	2,384
SCR Müşavirlik ve İnşaat A.Ş. (2)	1,273	1,028
SOCAR Turkey Ortak Yönetim Hizmetleri A.Ş. (2)	1,186	1,680
Other (2)	10	-
	372,233	**293,675**

(1) Shareholders of the Company.
(2) Shareholders of the Company or SOCAR's subsidiaries.

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

NOTE 28 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

ii) Transactions with related parties (Continued)

f) Fixed assets purchases from related parties:

	1 January - 31 December 2024	1 January - 31 December 2023
SOCAR Turkey Enerji A.Ş.("STEAŞ") [(1)]	161,890	279,061
SOCAR Turkey Araştırma Geliştirme ve İnovasyon A.Ş. [(2)]	297,307	43,184
SCR Müşavirlik ve İnşaat A.Ş. [(2)]	12,024	16,280
SOCAR Turkey Ortak Yönetim Hizmetleri A.Ş. [(2)]	10,680	15,228
STAR Rafineri A.Ş. ("STAR") [(2)]	1,709	12
SOCAR Aliağa Liman İşletmeciliği A.Ş. [(2)]	202	3
	483,812	**353,768**

g) Key management compensation:

Payments for salary and seniority incentives	342,142	388,898
	342,142	**388,898**

h) Key management compensation - long-term:

Provision for unused vacation	5,158	6,523
Provision for seniority incentives	(660)	1,610
Provision for employment termination benefits	551	402
	5,049	**8,535**
	347.191	**397,433**

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

(1) Shareholders of the Company.
(2) Shareholders of the Company or SOCAR's subsidiaries.

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

NOTE 29 - COMMITMENTS

a) Commitments

None.

NOTE 30 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Short-term provisions:

	31 December 2024	31 December 2023
Provision for legal cases	2,596	3,750
	2,596	**3,750**

b) Guarantees received:

Receivable insurance	26,051,456	26,767,861
Bank guarantees within the context of DOCS (*)	5,863,289	6,162,683
Letters of guarantee received from customers	2,272,738	2,555,774
Letters of guarantee received from suppliers	1,345,685	1,591,256
Letters of credit	99,694	219,990
Mortgages	2,000	2,888
	35,634,862	**37,300,452**

(*) Direct order and collection system

c) Guarantees given:

Mortgages given to banks (*)	3,867,078	6,057,932
Custom offices	444,605	413,307
Guarantees given to banks	-	175,831
Other	1,523,534	682,512
	5,835,217	**7,329,582**

(*) Mortgage amounting to USD 350 million is related with the borrowing for port investment amounting to USD 109 million as of 31 December 2024.

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

NOTE 30 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

c) Guarantees given (Continued):

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

	31 December 2024	31 December 2023
A. Total amount of CPMs given for the Company's own legal personality	1,968,139	1,271,650
B. Total amount of CPMs given on behalf of fully consolidated companies (*)	3,867,078	6,057,932
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	-	-
	5,835,217	**7,329,582**

(*) The guarantee given for the loan used by Petlim is related to pledge and mortgage. Used by Petlim, which has Petkim's guarantee and a pledge of Petlim's shares amounting to 2,818 million TRY. 4,195,854 TRY of the credit limit of 212 million USD has been used as of December 31, 2024. Within the scope of the loan in question, Petlim shares in the nominal amount of 2,818 million TRY were pledged by Petkim in the first stage. Later, on November 20, 2015, a mortgage of 350 million USD was established on the land sold by Petkim to Petlim for 5,650 TRY. It is considered that it would be appropriate to take the land price into consideration instead of the mortgage amount in terms of the risk posed by the given mortgage.

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 December 31, 2024 and December 31, 2023 are as follows:

	31 December 2024	31 December 2023
0-5 years	5,126,727	6,001,078
5-10 years	5,648,470	6,372,957
10 years and more	16,027,152	20,325,953
Total	**26,802,349**	**32,699,988**

NOTE 31 - NATURE AND LEVEL OF RISK DERIVING FROM FINANCIAL INSTRUMENTS

a) Credit risk:

Holding of financial assets involves the risk that counterparties may be unable to meet the terms of the agreements. These risks are managed by collecting collaterals and by restricting the average risk range for counterparties (except intercompany) in every agreement. As part of its sales policy, the Group obtains collateral at an amount of 100% of total outstanding trade receivables from its customers. The Group manages this risk, which may arise from direct customers, by frequently updating the designated credit limits. The use of credit limits is regularly monitored and financial position of the customers, past experiences, reputation in the market and other factors are considered by the Management in order to evaluate the quality of the credits.

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

NOTE 31 - NATURE AND LEVEL OF RISK DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

a) Credit risk (Continued):

The credit risk exposure in terms of financial instruments as of December 31, 2024:

	31 December 2024			
	Other receivables from related parties	**Trade receivables from related parties**	**Trade receivables from third parties (1)**	**Cash and cash equivalents**
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) (2)	**410**	**1,632,259**	**6,742,377**	**8,168,876**
- The part of maximum credit risk covered with guarantees etc	-	-	3,529,525	-
A. Net book value of financial assets neither past due nor impaired (3)	410	1,632,259	6,445,569	8,168,876
B. Net book value of financial assets whose conditions are renegotiated otherwise will be classified as past due or impaired (3)	-	-	-	-
C. Net book value of assets past due but not impaired (4)	-	-	293,474	-
- The part covered by guarantee etc.			21,113	
D. Net book value of assets impaired	-	-	3,334	-
- Past due (gross book value)	-	-	18,623	-
- Impairment amount	-	-	(15,289)	-
- The part of net value covered with guarantees etc	-	-	-	-
E. Off-balance items exposed to credit risk	-	-	-	-

(1) Trade receivables of the Group are mainly composed of thermoplastic and fiber material sales.
(2) Unearned credit finance income and covered parts of due and overdue receivables are taken into consideration while determining aforementioned amounts.
(3) Considering the past experiences, the Group management believes that no additional credit risk for the collection of these receivables.
(4) Considering the past experience of the Group management, it is foreseen that no problem will be encountered in the collection of past financial assets and the aging of the related amounts is as follows:

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

NOTE 31 - NATURE AND LEVEL OF RISK DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

b) Credit risk (Continued):

The credit risk exposure in terms of financial instruments as of December 31, 2023:

	31 December 2023			
	Other receivables from related parties	**Trade receivables from related parties**	**Trade receivables from third parties (1)**	**Cash and cash equivalents**
Maximum amount of credit risk exposed as of reporting date (A+B+C+D+E) (2)	**32,898**	**2,303,638**	**8,591,187**	**5,832,413**
- The part of maximum credit risk covered with guarantees etc	-	-	4,788,029	-
A. Net book value of financial assets neither past due nor impaired (3)	32,898	2,303,638	7,975,873	5,832,413
B. Net book value of financial assets whose conditions are renegotiated otherwise will be classified as past due or impaired (3)	-	-	-	-
C. Net book value of assets past due but not impaired (4)	-	-	610,594	-
- The part covered by guarantee etc.	-	-	35,163	-
D. Net book value of assets impaired	-	-	4,720	-
- Past due	-	-	25,829	-
- Impairment amount	-	-	(21,109)	-
- The part of net value covered with guarantees etc	-	-	-	-
E. Off-balance items exposed to credit risk	-	-	-	-

(1) Trade receivables of the Group are mainly composed of thermoplastic and fiber material sales.
(2) Unearned credit finance income and covered parts of due and overdue receivables are taken into consideration while determining aforementioned amounts.
(3) Considering the past experiences, the Group management believes that no additional credit risk for the collection of these receivables.
(4) Considering the past experience of the Group management, it is foreseen that no problem will be encountered in the collection of past financial assets and the aging of the related amounts is as follows:

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

NOTE 31 - NATURE AND LEVEL OF RISK DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

a) Credit risk (Continued):

31 December 2024		**Receivables**	
	Related parties	**Third parties**	**Total**
1-30 days overdue	-	222,316	222,316
1-3 months overdue	-	46,570	46,570
3 months and over	-	24,588	24,588
The part covered by the guarantees	-	(21,113)	(21,113)
			272,361

31 December 2023		**Receivables**	
	Related parties	**Third parties**	**Total**
1-30 days overdue	-	533,899	533,899
1-3 months overdue	-	73,932	73,932
3 months and over	-	2,764	2,764
The part covered by the guarantees	-	(35,163)	(35,163)
			575,432

b) Liquidity Risk:

Prudent liquidity risk management comprises maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The ability to fund the existing and prospective debt requirements is managed by maintaining the availability of fund providers' lines from high-quality lenders and ensuring that the funds generated from operations are maintained at sufficient levels. In order to maintain liquidity, the Group management closely monitors the collection of trade receivables on time in order to and to prevent any financial burden that may result from late collections and arranges cash and non-cash credit lines with banks for the use of the Group. The Group's financial liabilities and liquidity analysis into relevant maturity groupings based on the remaining period as of December 31, 2024 and 2023 are as follows:

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

NOTE 31 - NATURE AND LEVEL OF RISK DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

b) Liquidity Risk (Continued)

			31 December 2024		
	Value carried	Total cash outflow (=I+II+III)	Less than 3 months (I)	3 months-1 year (II)	1 - 5 years and above (III)
Contract due date:					
Bank credits	38,905,556	42,199,223	9,377,968	12,627,772	20,193,483
Other financial liabilities	4,799,241	4,923,406	1,154,886	3,768,520	-
Trade payables to third parties	2,072,452	2,072,452	2,072,452	-	-
Due to related parties	11,414,048	11,414,102	11,414,102	-	-
Lease liabilities	666,331	2,145,439	71,470	92,728	1,981,241
	57,857,628	**62,754,622**	**24,090,878**	**16,489,020**	**22,174,724**

			31 December 2023		
	Value carried	Total cash outflow (=I+II+III)	Less than 3 months (I)	3 months-1 year (II)	1 - 5 years and above (III)
Contract due date:					
Bank credits	31,856,178	36,696,810	4,805,180	9,964,800	21,926,830
Other financial liabilities	11,151,541	11,286,085	8,370,401	2,915,684	-
Trade payables to third parties	5,455,086	5,455,086	5,455,086	-	-
Due to related parties	6,466,899	6,466,901	6,466,901	-	-
Lease liabilities	1,017,195	2,144,615	92,539	50,430	2,001,646
	5,946,899	**62,049,497**	**25,190,107**	**12,930,914**	**23,928,476**

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

NOTE 31 - NATURE AND LEVEL OF RISK DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

b) Liquidity Risk (Continued)

The following table analyzes the Group's derivative financial instruments as of balance sheet date. Amounts shown in the table are undiscounted cash movements related to the contract. Amounts that will be collected within 12 months are presented at their carrying value, as the discount amount would have be insignificant.

	31 December 2024				
	Value carried	**Total cash outflow (=I+II+III)**	**Less than 3 months (I)**	**3 months-1 year (II)**	**1 - 5 year and above (III)**
Contract due date:					
Derivative financial instruments	59,037	(4,929,683)	(2,996,094)	(580,699)	(1,352,890)

	31 December 2023				
	Value carried	**Total cash outflow (=I+II+III)**	**Less than 3 months (I)**	**3 months-1 year (II)**	**1 - 5 year and above (III)**
Contract due date:					
Derivative financial instruments	123,980	(7,115,334)	(4,086,331)	(496,475)	(2,532,528)

c) Market risk:

i) Foreign exchange 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 TRY. The Group follows a policy of balancing its foreign exchange position to mitigate currency risk. 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 cost and import volume, are foreign exchange denominated cost items, such exposure is limited with the sales prices impacted by foreign currencies.

Hedging of net investments

In order to hedge the exchange rate risk arising from the conversion of the net investments of STAR, whose functional currency is the US Dollar, into Turkish Lira, the Group has defined a portion of its US Dollar-denominated loans as a hedging instrument. The effective part of the value change arising from exchange rate of the loan defined for the hedging of net investments from financial risk is shown in "Cash Flow Hedging Gains/(Losses)" under equity to be offset from the foreign exchange rate differences arising from the translation of the net assets of the subsidiary into Turkish Lira. Before tax effect of bank loans as of December 31, 2024 The portion of USD 425,000 thousand is defined as the foreign exchange hedge of the subsidiary's net investment.

(Amounts expressed in thousands of Turkish Lira (“TRY”) in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

NOTE 31 - NATURE AND LEVEL OF RISK DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

c) Market risk (continued):

i) Foreign exchange risk (Continued)

Foreign currency position

	31 December 2024				31 December 2023			
	TRY equivalent	USD Dollar	Euro	Other	TRY equivalent	USD Dollar	Euro	Other
1. Trade receivables	5,496,191	148,784	6,725	-	6,552,700	124,507	26,809	-
2a. Monetary financial assets (Cash, bank accounts included)	5,191,923	132,537	13,898	5,418	5,420,682	110,015	15,790	1,488
2b. Non-monetary financial assets	-	-	-	-	-	-	-	-
3. Current assets (1+2)	**10,688,114**	**281,321**	**20,623**	**5,418**	**11,973,382**	**234,522**	**42,599**	**1,488**
4. Trade receivables	-	-	-	-	-	-	-	-
5a. Monetary financial assets	-	-	-	-	-	-	-	-
5b. Non-monetary financial assets	-	-	-	-	-	-	-	-
6. Other	-	-	-	-	-	-	-	-
7. Non-current assets (4+5+6)	-	-	-	-	-	-	-	-
8. Total assets (3+7)	**10,688,114**	**281,321**	**20,623**	**5,418**	**11,973,382**	**234,522**	**42,599**	**1,488**
9. Trade payables	10,433,313	246,900	17,102	1,077,522	9,399,067	197,497	15,313	185,844
10. Financial liabilities	20,103,063	568,786	-	-	22,719,547	519,628	12,611	-
11a. Monetary other liabilities	303,823	2,187	-	226,542	197,869	3,876	-	22,735
11b. Non-monetary other liabilities	-	-	-	-	-	-	-	-
12. Short term liabilities (9+10+11)	**30,840,199**	**817,873**	**17,102**	**1,304,064**	**32,316,483**	**721,001**	**27,924**	**208,579**
13. Trade payables	-	-	-	-	-	-	-	-
14. Financial liabilities	16,580,549	469,122	-	-	14,229,763	334,195	-	-
15a. Monetary other liabilities	331,252	5,511	-	136,486	660,970	12,582	-	86,729
15b. Non-monetary other liabilities	-	-	-	-	-	-	-	-
16. Long term liabilities (13+14+15a+15b)	**16,911,801**	**474,633**	**-**	**136,486**	**14,890,733**	**346,777**	**-**	**86,729**
17. Total liabilities (12+16)	**47,752,000**	**1,292,506**	**17,102**	**1,440,550**	**47,207,216**	**1.067,778**	**27,924**	**295,308**
18. Net (liability)/asset contract value of derivative instruments (18a-18b)	**(12,198,691)**	**(345,000)**	**-**	**-**	**(10,040,993)**	**(235,650)**	**-**	**-**
18a. Amount of asset contract value of derivative İnstruments	**2,822,424**	**80,000**	**-**	**-**	**3,988,867**	**93,850**	**-**	**-**
18b. Amount of liability contract value of derivative İnstruments	**15,021,115**	**425,000**	**-**	**-**	**14,029,860**	**329,500**	**-**	**-**
19. Net foreign (liability)/ asset position (8-17+18)					**(31,358,319)**	**(1,068,906)**	**14,675**	**(409,501)**
20. Net foreign currency (liability)/asset	**(49,262,577)**	**(1.356,185)**	**3,521**	**(1,435,132)**	**(45.274,827)**	**(1,068.906)**	**14,675**	**(293,820)**
Position of monetary items (TFRS 7.B23) (=1+2a+4+5a-9-10-11a-13-14-15a)	**(37,063,886)**	**(1.011,185)**	**3,521**	**(1,435,132)**	**(35.233,834)**	**(833,256)**	**14,675**	**(298,820)**
21. Total fair value of financial instruments used for foreign currency hedging	**(21,917)**	**(622)**	**-**	**-**	**(22,218)**	**(523)**	**-**	**-**
22. Hedged amount for foreign currency assets	**2,822,424**	**80,000**	**-**	**-**	**3,988.867**	**93,850**	**-**	**-**
23. Hedged amount for foreign currency liabilities	**15,021,115**	**425,000**	**-**	**-**	**14,029.860**	**329,500**	**-**	**-**
24. Export	**30,352,908**	**585,842**	**181,869**	**430,174**	**34,869.651**	**548,708**	**217,106**	**606,127**
25. Import	**27,169,165**	**625,853**	**76,596**	**164,254**	**31,195.384**	**562,687**	**143,728**	**155,304**

(*) Previous year's Turkish Lira equivalent amounts have been prepared on the basis of 2024 purchasing power.

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

NOTE 31 - NATURE AND LEVEL OF RISK DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

c) Market risk (continued):

Table of sensitivity analysis for foreign currency risk

31 December 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	(3,567,491)	3,567,491	(3,567,491)	3,567,491
2- The part hedged for USD risk (-)	-	-	282,242	(282,242)
3- USD effect - net (1+2)	**(3,567,491)**	**3,567,491**	**(3,285,249)**	**3,285,249**
Change of EUR by 10% against TRY:				
4- Asset/ (Liability) denominated in EUR - net	12,935	(12,935)	12,935	(12,935)
5- The part hedged for EUR risk (-)	-	-	-	-
6- Avro effect - net (4+5)	**12,935**	**(12,935)**	**12,935**	**(12,935)**
Change of other currencies by 10% against TRY:				
7- Assets/ (Liabilities) denominated in othe foreign currencies - net	34,119	(34,119)	34,119	(34,119)
8- The part hedged for other foreign currency risk (-)	-	-	-	-
9- Other foreign currency effect - net (7+8)	**34,119**	**(34,119)**	**34,119**	**(34,119)**
Total (3+6+9)	**(3,520,437)**	**3,520,437**	**(3,238,195)**	**3,238,195**

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

NOTE 31 - NATURE AND LEVEL OF RISK DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

c) Market risk (continued):

Table of sensitivity analysis for foreign currency risk (continued)

31 December 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	(3,541,553)	3,541,553	(3,541,553)	3,541,553
2- The part hedged for USD risk (-)	-	-	337,896	(337,896)
3- USD effect - net (1+2)	**(3,541,553)**	**3,541,553**	**(3,203,657)**	**3,203,657**
Change of EUR by 10% against TRY:				
4- Asset/(Liability) denominated in EUR - net	69,016	(69,016)	69,016	(69,016)
5- The part hedged for EUR risk (-)	-	-	-	-
6- Avro effect - net (4+5)	**69,016**	**(69,016)**	**69,016**	**(69,016)**
Change of other currencies by 10% against TRY:				
7- Assets/(Liabilities) denominated in othe foreign currencies - net	10,577	(10,577)	10,577	(10,577)
8- The part hedged for other foreign currency risk (-)	-	-	-	-
9- Other foreign currency effect - net (7+8)	**10,577**	**(10.577)**	**10,577**	**(10,577)**
Total (3+6+9)	**(3,461,960)**	**3,461,960**	**(3,124,064)**	**3,124,064**

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

NOTE 31 - NATURE AND LEVEL OF RISK DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

c) Market risk (continued):

The Group's interest rate position as of December 31, 2024 and 2023 is presented below:

	31 December 2024	31 December 2023
Financial instruments with fixed interest rate		
Financial liabilities		
USD Financial liabilities	16,764,374	18,964,132
EUR Financial liabilities	-	594,163
TRY Financial liabilities	3,153,844	-
Financial instruments with variable interest rate		
USD Financial liabilities	23,786,579	23,449,424
EUR Financial liabilities	-	-

If the rates of variable interest rate loans were 100 basis points higher/lower after deducting the loans with fixed interest rates through contracts for hedging purposes from the Group's variable interest rate financial liabilities and all other variables remained constant, interest expenses would be +/ (-) TRY 160,034 will change TRY (December 31, 2023: TRY 88,169).

d) Price risk

The Group's operational profitability and cash inflows from its operations are exposed to risk arising from fluctuations in naphtha prices which are affected by competition in the petrochemical sector and raw material prices. The Group management manages the risk by regularly reviewing the amount of inventory held on hand and takes action for cost reduction to decrease the pressure of cost on the prices. Existing risks are monitored through regular meetings by the Group's Board of Directors.

The Group sets its sales prices considering certain indicators of petrochemical products in domestic and foreign markets. The changes in foreign markets are monitored through the worldwide publications comparing most attainable competitive market prices of Western Europe, Asia and US contract, spot and factory prices and computing actual import costs to Turkey. While the Group determines the domestic market prices, it considers the indicators such as price information obtained from the market players and sector publications and Group's production levels, stock levels and order amounts received.

e) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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

NOTE 31 - NATURE AND LEVEL OF RISK DERIVING FROM FINANCIAL INSTRUMENTS (Continued)

d) Capital risk management (Continued)

The Group monitors capital on the basis of debt/equity ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total liabilities (including short-term financial liabilities, current portion of long-term financial liabilities, long-term financial liabilities as presented on balance sheet) less cash and cash equivalents.

	31 December 2024	31 December 2023
Total financial debt (Note 9)	43,704,797	43,007,719
Less: Cash and cash equivalents and Financial investment	(8,168,876)	(5,832,413)
Net debt	35,535,921	37,175,306
Total equity	58,323,706	74,193,657
Net debt/equity ratio	**61%**	**50%**

NOTE 32 - FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES)

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group can realize in a current market exchange.

The methods and assumptions stated below are used in the estimation of the fair values of the financial instruments of which fair values are measurable:

Financial assets

The fair values of balances denominated in foreign currencies, which are translated at year-end exchange rates, are considered to approximate to their carrying values. Cash and cash equivalents are carried at their fair values. The fair values of trade receivables and due from related parties are considered to approximate their respective carrying values due to their short-term nature. If there are financial investments not listed on the stock exchange, the impairment-adjusted values are considered as their fair values.

Financial liabilities

Trade payables, payables to related parties and other monetary liabilities are estimated to be presented with their discounted carrying amounts, they are considered to approximate to their fair values, and the fair values of balances denominated in foreign currencies, which are translated at year-end exchange rates, are considered to approximate carrying values.

Fair values of short-term bank borrowings and other financial liabilities are assumed to approximate their carrying values due to their short-term. Long-term floating rate bank loans' interest rates are updated according to the changing market conditions, it is assumed to represent the value of the fair value is the carrying value of these loans. Long-term fixed-rate loan, when evaluated with a fixed interest rate as of the balance sheet date, it is observed its fair value is close to the carrying value.

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

NOTE 32 - FINANCIAL INSTRUMENTS (FAIR VALUE AND FINANCIAL RISK MANAGEMENT DISCLOSURES) (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.

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

31 December 2024	Level 1	Level 2	Level 3	Total
Derivative financial instruments	-	81,029	-	81,029
Investment properties- Land	-	24,361,465	-	24,361,465
Total assets	**-**	**24,442,494**	**-**	**24,442,494**
Derivative financial liabilities	-	(21,992)	-	(21,992)
Total liabilities	**-**	**(21,992)**	**-**	**(21,992)**

31 December 2023	Level 1	Level 2	Level 3	Total
Derivative financial instruments	-	146,271	-	146,271
Investment properties- Land	-	24,297,568	-	24,297,568
Total assets	**-**	**24,443,839**	**-**	**24,443,839**
Derivative financial liabilities	-	(22,291)	-	(22,291)
Total liabilities	**-**	**(22,291)**	**-**	**(22,291)**

In financial statements, the fair values of investment properties consisting of land measured in accordance with the revaluation model have been determined based on real estate appraisal reports prepared by real estate valuation companies authorized by the Capital Markets Board ("CMB") and assessment has been updated as of December 31, 2024.

The methods used to determine the fair values of land and plots measured at fair value, along with significant unobservable assumptions, are as follows:

31 December 2024				
			31 December 2024	31 December 2023
Investment properties	**Valuation Method**	**Important inputs**	**Weighted average**	**Weighted average**
Land	Market Approach	Comparable sales price (TRY/m2)	8.0	7.9

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

NOTE 33 - INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	31 December 2024		31 December 2023	
	Participation rate (%)	Amount	Participation rate (%)	Amount
Rafineri Holding A.Ş.	20	30,175,623	20	34,691,022
		30,175,623		**34,691,022**

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 USD 720 million. 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 USD 480 million. It has been decided that no other payment will be made within the scope of the contract except the payment of USD 480 million 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 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.

Rafineri Holding A.Ş. holds a 60% stake in SOCAR Turkey Yatırım A.Ş, which owns 100% of STAR. Previously, Rafineri Holding A.Ş. accounted for its investment in SOCAR Turkey Yatırım A.Ş using the equity method. However, as of December 27, 2024, following the Ordinary General Assembly meeting registered on December 31, 2024, Rafineri Holding A.Ş. has gained control over the operations of SOCAR Turkey Yatırım A.Ş. In this context, Rafineri Holding A.Ş will consolidate SOCAR Turkey Yatırım A.Ş using the full consolidation method, and indirectly, the consolidation of STAR will also take place. Consequently, the impact of this consolidation will be included in the investments that the Group accounts for using the equity method.

(Amounts expressed in thousands of Turkish Lira (“TRY”) in terms of the purchasing power of the TRY at 31 December 2024, unless otherwise indicated.)

NOTE 33 - INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Continued)

The movements of Rafineri Holding, one of the investments valued by the equity method, between 2 October 2023 and 31 December 2024 are as follows:

	1 January 2024	**2 October 2023**
Opening	**34,691,022**	**-**
Purchase price	**-**	20,861,232
Gains from purchase transactions	**-**	9,717,422
Shares of profits and losses	1,790,226	4,611,938
Foreign currency translation differences	(5,394,250)	(518,267)
Defined benefit plans remeasurement gain	(1,984)	1,249
Shares of other comprehensive income/expenses	(30,101)	17,448
Other (*)	(879,290)	-
Closing – 31 December	**30,175,623**	**34,691,022**

(*) Effect of business combinations under comman control in investments valued using the equity method.

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

	31 December 2024	**30 December 2024(*)**
Current assets	86,641,499	128,457,627
Non-current assets	305,138,128	328,503,138
Total Assets	**391,779,627**	**456,960,765**
Short-term liabilities	89,683,401	96,884,213
Long-term liabilities	50,945,356	65,943,726
Equity	150,878,116	176,751,733
Non-controlling interests	100,272,755	117,381,093
Total liabilities and equity	**391,779,627**	**456,960,765**

(*) Condensed consolidated financial statements restated by Rafineri Holding through the consolidation of the business combination under common control.

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

NOTE 33 - INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Continued)

Shares from profits of investments valued by equity method (continued)

	1 January- 31 December 2024	2 October 31 December 2023
Sales (net)	279,704,061	-
Gross Profit	20,737,370	-
Operating Profit	15,062,743	23,059,620
Net profit for the period	14,918,553	23,059,578
Net profit of the main shareholder	8,951,132	23,059,578

NOTE 34 – MONETARY GAIN / (LOSS)

Non-monetary items	31 December 2024
Financial statement items	**(3,865,046)**
Inventories	396,761
Other current assets	58,303
Financial investments	3,017,918
Investments accounted for using the equity method	7,720,416
Property, plant and equipment	24,928,248
Right of use assets	358,016
Intangible assets	347,215
Other non-current assets	108,596
Deferred revenue	(50,822)
Deferred tax liabilities	(5,974,364)
Adjustment to share capital	(41,148,946)
Other comprehensive (expense) not to be reclassified to profit or loss	(267,289)
Other comprehensive (expense)/income to be reclassified to profit or loss	70
Gain (loss) on cash flow hedge	5,012,319
Restricted reserves	(3,248,901)
Retained earnings	4,877,414
Profit or loss statement items	**15,731,152**
Revenue	(11,118,281)
Cost of sales	16,148,002
Selling, marketing and distribution expenses	215,784
General administrative expenses	734,957
Other operating income	(196,652)
Other operating expense	277,160
Income from investing activities	7,277,086
Expense from investing activities	186
Financial income	(306,630)
Financial expenses	1,545,058
Deferred tax (expense)/income	1,154,482
Monetary gain/(loss), net	**11,866,106**

NOTE 35 - SUBSEQUENT EVENTS

As of January 31, 2025, a loan agreement amounting to USD 140 million has been signed between the Group's subsidiary, Petlim Limancılık Ticaret A.Ş., and J.P. Morgan, guaranteed by Petkim. The loan has a maturity of 3 years and is payable at maturity, with an annual interest rate of SOFR + 4.35%. This loan agreement has been signed for the purpose of refinancing the loan used under the credit agreement amounting to USD 212 million, which was signed in 2015 by Petlim Limancılık Ticaret A.Ş. with AKBANK T.A.Ş., guaranteed by Petkim, and the repayment of this loan has been completed.

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