

TÜRKİYE PETROL RAFİNERİLERİ A.Ş.
REPORT OF RELATED PARTY TRANSACTIONS
REALIZED IN 2020 AND EXPECTED TO BE
REALIZED IN 2021 IN THE SAME CONDITIONS

This report has been prepared as per Article 10 of Corporate Governance Communiqué no. II.17.1 (the “**Communiqué**”) issued by Capital Markets Board (“**CMB**”). In respect of the aforesaid article, if the ratio of the amounts of the total frequent and continuous transactions between a company quoted in Borsa Istanbul and its affiliates and/or the affiliated persons in an accounting period,

- a) For a purchasing transaction; to the costs of goods sold and,
- b) For a sale transaction; to the revenues produced,

are estimated to be more than 10%, based on the recent publicly disclosed annual financial statements of such company, the board of directors of such publicly traded company shall prepare a report which covers the conditions of the relevant transactions and a comparison of the same with the market conditions and such report or its results section shall be disclosed before Public Disclosure Platform (KAP).

The purpose of this report is to disclose the terms of estimated transactions between Türkiye Petrol Rafinerileri A.Ş. (the Company) and its affiliates and the associated parties as defined by Turkish Accounting Standards (TMS 24) within the scope of CMB regulations and in 2020 exceeding the amount set forth by the Communiqué to the extent that they are not commercial secrets and show that any such transaction does not have a negative effect on the Company as compared to the market conditions.

The detailed information about related party transactions of our Company carried out in 2020 was announced to public in 27th footnote of financial statements concerning our activities in 2020. In this report, the transactions that are expected to exceed 10% range in 2021 were evaluated.

Information on Türkiye Petrol Rafinerileri A.Ş.

Türkiye Petrol Rafinerileri A.Ş. has been established on 16 November 1983. The Company is mainly engaged in the following fields:

- To procure and refine all kinds of crude oil, petroleum and chemical products, to conduct all kinds of commercial operations of produced and imported crude oil, petroleum and chemical products including export along with the storage and transportation activities during production and selling stages and to establish and operate domestic and foreign refineries for this purpose.
- To establish and operate factories and facilities in petrochemical and other related industries,
- To procure the necessary raw materials, semi products, equipment and chemicals and process or trade these materials in order to obtain petrochemical and other related products,

- To package the products produced during various phases of production and to establish a packaging industry for this purpose, to utilize and/or to sell waste, by semi products and substandard products, to establish and operate the necessary facilities for the destruction of the waste products,
- To establish and operate facilities and plants related with all kinds of energy and energy related industries within the framework of the laws and regulations. To obtain, use and trade all kinds of equipment, materials and chemical substances for this purpose,
- To purchase, sell, import, export, store, market, distribute or make distribute all kinds of petroleum products, LPG and natural gas. To construct, operate, make operate, take over, transfer, lease, franchise filling and maintenance stations, to transport through owned or leased vehicles for sales of these goods. To establish marketing and distribution companies (or similar partnerships) with legal entities /real persons or to operate on this purpose and topics. To acquire, sell stocks /documents representing stocks of current partnerships or to buy or transfer equity shares when necessary.

As of 31 December 2020, the issued capital of the company is TL 250,419,200.00 and information regarding the shareholding structure of the Company are as follows.

Name of Shareholder	Value (TL)	Number of Shares	Share (%)
Enerji Yatırımları A.Ş	127.713.792,22	12.771.379.222	51,00
Publicly Owned	122.705.407,77	12.270.540.777	49,00
Privatization Administration	0,01	1	0,00
Total	250.419.200,00	25.041.920.000	100,00

The summary of the financial tables of our Company for the years of 2018, 2019 and 2020 are as follows:

Thousand TL	31.12.2018	31.12.2019	31.12.2020
Total Assets	40.035.727	55.511.558	61.168.522
Equity Capital of the Parent Company	9.824.629	12.962.835	11.446.401

Thousand TL	01.01.2018-31.12.2018	01.01.2019-31.12.2019	01.01.2020-31.12.2020
Net Sales	88.552.170	89.600.776	63.243.815
COGS	79.327.847	84.716.489	(61.479.585)
Net Profit	3.761.445	585.330	(2.422.925)

Information on the Affiliated Company subject to the Report

OPET Petrolcülük A.Ş.

OPET Petrolcülük A.Ş. has been established by Öztürk family in 1992, OPET has been added to the Koç Group with 50% share since 2002. The Company operates in the fuel oil distribution sector via wholesale and retail sales, production and marketing of lube oil and sales of jet fuel, storage and international product trade. Türkiye Petrol Rafinerileri A.Ş. has 40% shares of OPET Petrolcülük A.Ş.

Tupras Trading LTD

As disclosed in its special circumstances disclosure dated 25.07.2018 our Company has decided to open an office in London, United Kingdom in order to do business with the purpose of contribution its import and export operations by way of following international market opportunities closely and gaining additional value from the supply and sale chains. This office has been transformed into a company, having a separate legal entity, which is 100% subsidiary of our Company and titled as Tupras Trading LTD in 2020. Tupras Trading LTD. The issued capital of the company is 25.000.000 USD.

In respect of its purposes and main activities, our Company has been carrying out certain supply and sales transactions through its London Office before such office is transformed into a company and after such office gaining a separate legal entity as of its establishment as a company, these transactions are foreseen to be continued.

Information about the conditions of the transactions to be carried out with affiliated persons and conformity of these transactions with market conditions

Between the dates 01.01.2020 and 31.12.2020;

- The sales of Company exceeding 10% of the total sales are OPET Petrolcülük A.Ş.

The information in these operations is as follows.

Information on transactions exceeding 10% of revenue			
Related party	Transaction value(TL)	Transaction nature	Transaction method
OPET Petrolcülük A.Ş.	10.584.797.751,02	Sales of Petroleum Products	Comparable price method

- A sales at the amount of 10.584.797.751,02 TL (this amount corresponds to 17% of total sales) has been performed in 2020 between our company and the related OPET Petrolcülük A.Ş. The pricing method determined in this process was the comparable price method.

As a result of the examination of the sales prices of our company in 2020; The prices are determined in accordance with the “closest accessible world free market conditions” within the framework of Article 10 of the Petroleum Market Law and within the framework of the Fuel Oil Price Methodology notified to EMRA as per the Petroleum Market Pricing Regulation. It is concluded that equal price is applied to all companies with equal status, including related companies.

The agreements on operations with Tupras Trading LTD are executed in 2021 after Tüpraş London office is transformed to Tupras Trading LTD. Accordingly, purchase/sale operations with Tupras Trading LTD that are proportioned to sales/cost of goods sold are not over 10% limit. However, it is expected that the operations in 2021 will be above the limit.

Our Company aims increasing its profitability and sales in the international markets by way of selling certain petroleum products to Tupras Trading LTD under the Supply Agreement concluded by and between Tüpraş and Tupras Trading LTD. Our Company also aims increasing its profitability and variety of product origins by way of purchasing certain petroleum products and crude oil from Tupras Trading LTD under the Sales Agreement concluded by and between Tüpraş and Tupras Trading LTD. Principal conditions of such agreements are as follows:

- Both contracts are for five years , Tüpraş has the right to terminate at any time during the contract period, as long as 1-month prior written notice provided that to Tupras Trading LTD.
- The pricing structure will be determined based on a fixed profit margin per tonne of product in the transactions made with Tupras Trading LTD.
- Tüpraş shall guarantee a minimum monthly product supply to Tupras Trading LTD under the Supply Agreement.

The pricing mechanism to be applied under Supply Agreement and Sales Agreement has been decided by considering similar transactions conducted in the market and it has been decided that fixed margin profit structure will be applicable for both agreements.

Information on transactions with affiliated persons the amount of which is foreseen to be exceeding 10% threshold foreseen under the Communiqué

The amount of o product sales and petroleum product and crude oil purchase transactions within the 2021 accounting period are expected to exceed 10% of the revenue / cost of goods sold with Tupras Trading LTD, a 100% subsidiary of our company. Additionally, OPET Petrolcülük A.Ş., a joint venture with 40% share, is expected to have related party transactions over 10% limit in 2021.

Affiliated Person	Transaction Nature	Pricing method
OPET Petrolcülük A.Ş.	Sales of Petroleum Products	Comparable price method
Tupras Trading LTD	Sales of Petroleum Products	Fixed margin profit
Tupras Trading LTD	Purchase of Petroleum Products and Crude Oil	Fixed margin profit

Conclusion

With respect to Article 10 of Capital Markets Board's (CMB) Declaration, numbered Serial II.17.1, (Declaration), since the ratio of the amount of the common and continuous product sales transactions of our Company with OPET Petrolcülük A.Ş. to the revenue amount, included in the annual financial statements to be publicly disclosed, reaches more than 10%, in 2020 and since the related party transaction is expected to be realized above the limit at the same conditions also in 2021 the conditions of the transactions made with OPET Petrolcülük A.Ş., the price determination method, and the rationale for the selection of this method are explained in this Report, and information is presented on the compliance of the transactions with market conditions.

Additionally, since it is expected that ratio of the amount of the common and continuous product sales transactions of our Company with Tupras Trading LTD, a 100% subsidiary of our company, to the revenue amount will reach more than 10% in 2021, the price determination method, and the rationale for the selection of this method are explained in this Report, and information is presented on the compliance of the transactions with market conditions.