



**TURCAS PETROL A.Ş. 2023 ORDINARY GENERAL MEETING DATED 15  
MAY 2024 – Q&A**

**Question 1 : Can you give general information regarding investments?**

**Answer 1 :** As you already know, our company Turcas has two major subsidiaries and they are Shell & Turcas Petrol and RWE & Turcas Electricity.

We continue our investments by strengthening our market leader position and brand strength on the Shell & Turcas side. Although Shell & Turcas has fewer number of stations than its two nearest competitors; it is the market leader in both sales per station and retail fuel sales, which are defined as under canopy, by creating a much higher sales volume per station. Around the world, energy companies are going through a transformation process and investing in alternative fuel products. Our company is investing in fast charging units for electric vehicles at Shell & Turcas stations across Türkiye, with TRUGO, an affiliate of the domestic electric vehicle manufacturer TOGG, taking into consideration the increase in electrification, i.e., the use of electric vehicles, which is on the agenda of both the world and our country. The installation of 230 of the electric charging units that we plan to install at a total of 400 Shell & Turcas stations in the first stage has already been completed with the investments of Trugo and Shell & Turcas. In addition to all these, the major area in which we, as Shell & Turcas, invest and prioritize is non-fuel sales. We now define and position our company as a retail company rather than a fuel distribution company. In addition to fuel sales of 8.2 million m<sup>3</sup> in 2023, Shell & Turcas sold 14.7 Million coffees, 6 Million sandwiches and 6 Million bakery products and has reached an important position in the retail business. We offer a wide range of products to consumers with our Shell Select Shops operating in almost all of our stations. In summary, we are making a major investment in the evolution of Shell & Turcas towards retail and we believe that this will definitely be reflected in the company value.

On the RWE & Turcas side, based on our right to invest in a Hybrid SPP (Solar Power Plant) with an installed power equivalent to the internal consumption of our power plant, our detailed feasibility studies are continuing to establish a facility with an installed power of around 20 MW on our own land.

While we focus on the organic growth of our subsidiaries through their own investments; we will also evaluate investment opportunities within Turcas, because we believe that attractive opportunities will emerge as our economy grows and industrial production increases.

**Question 2: Are you considering a capital increase by bonus issue in the future?**

**Answer 2:** A capital increase by bonus issue may be considered, but we have prioritized the distribution of cash dividends, which will be more attractive to our investors.

**Question 3: As Shell & Turcas, you have thousands of stations. Is it possible for these stations to produce their own energy?**

**Answer 3:** As Shell & Turcas, we installed solar power plants on the roofs of some of the stations we operate and our lubricant production facility in Derince. We also encourage our dealers to make such investments.

**Question 4: You once initiated works to bring Israeli gas to Türkiye. Has the current conjuncture made any difference in your works on this subject? Is the issue still on your agenda?**

**Answer 4:** This issue has not been on our agenda for a long time. On the other hand, as a power plant investor generating energy from natural gas, diversifying our country's natural gas supply sources is important for both supply security and reducing raw material costs. In this context, we believe that not only Eastern Mediterranean gas, but also natural gas that may come from Iraq and other producing countries are of strategic importance for our country. In the current situation, it does not seem possible to conduct works on Eastern Mediterranean gas due to international relations.

**Question 5: The Net Debt / Total Shareholders Equity ratio stated on page 116 of your Annual Report appears to have decreased to 3.65% in 2023. Can you give information about this? What is your target for 2024?**

**Answer 5:** Thanks to our company's significant debt repayment performance in the last 7 years, our loan balance has almost reached zero. The Net Debt / Total Assets ratio as of end of 2023 also reflects this situation. As of end of 2023, we have reached a position of financing 94% of our Total Assets amounting to 6.8 Billion TL with our Equity. Currently, our loan balance has decreased to 6 Million EUR. This shows that we are one of the companies with the lowest debt among the companies traded at Borsa Istanbul. With the dividend payments we expect from Shell & Turcas as of June 2024, Turcas will now shift from net debt to net cash position. After these collections, we can also repay our loan early. However, since there is approximately 1 year left until the loan maturity date and the loan has been used at a lower rate than the current financing rates; we may choose to pay dividends to our shareholders in the coming period instead of repaying the remaining loan balance.

**Question 6: With the increase of electric vehicles, closures of gas stations are expected. How many stations do you plan to close in 5 years?**

**Answer 6:** With the increase in electric vehicles, I do not think we will close stations in the next 5 years. It may be in the long term, that is, within 15-20 years; but our number of stations will not decrease in the foreseeable near term, since our number of stations has already been determined and managed in a very optimum way. We have never adopted a maximization strategy, but rather an optimized perspective that protects the income of our dealers. In addition, with the agreement made with TOGG subsidiary TRUGO, we enable fast charging of electric vehicles at our stations. Therefore, the increase in electric vehicles is not negative for us and we think it will have a positive impact. As Shell & Turcas, our biggest priority is not to increase the number of stations, but to increase the sales of our dealers, maintain their leading positions in their regions, and maintain our nationwide retail sales leadership as a company. We give attention to make all our location choices accordingly and position our stations as mobility centers far beyond fuel sales points.

**Question 7: You say that you are ahead of your competitors in the retail field. Some of your competitors stand out in terms of cleanliness. How do you want to make a difference and raise awareness on this issue?**

**Answer 7:** The cleanliness of our stations and toilets is particularly important to us. Our colleagues at all our stations receive detailed trainings in this regard, and our dealers are subject to performance evaluation in these and similar areas. We follow the relevant performances and apply the necessary actions or incentives. In addition to cleanliness, we also strongly emphasize friendly and quality service, safety, security, environmental and health issues in our advertisements and highlight the importance given to these issues. We are receiving very positive feedback from our last campaign. On the other hand, as Shell & Turcas, we had a target and commitment to reach 5,000 female employees in 5 years, based on our cooperation with İŞKUR. We achieved this in 4 years and became one of the biggest supporters of women's employment in Türkiye. We will continue to improve ourselves in all these matters in the coming period.

**Question 8: You said that you started to see yourself as a retail company. Together with this, what kind of changes are you planning in your sustainability goals?**

**Answer 8:** Sustainability is one of the most important issues on our agenda. In our Turcas 2022 Sustainability Report, which we published for the first time in 2023, we explain all the work we have done and plan to do, starting from all our subsidiaries and including the Turcas level. This report, which we have published for the first time, is an important milestone for our company. Our goal is not just to prepare the report; but to internalize the goals in this report, make them a part of our daily lives and take relevant actions to improve ourselves.

We are the partners of two giant companies of the world (Shell and RWE) in Türkiye, and these companies emphasize that they invest in a sustainable future on a global scale. As Turcas, we also make our investment decisions not only by looking at profitability; but also by looking at both financial and operational sustainability. The mentioned retail operations, new fuel alternatives, cleaning and quality service provided at stations and the renewable energy projects we are developing are also important parts of our sustainability goals.

**Question 9: What are the risk factors you see for the coming period? What policy will you follow in cash / debt balance?**

**Answer 9:** The biggest mitigant we took against risks in recent years was to repay our foreign currency debts and switch to a net cash position. In this way, we are in a position to distribute dividends in the next few quarters. Shell & Turcas has no foreign currency debt and the company's debt ratio is low (below 1.0) compared to its annual EBITDA. In addition, the bond issuance we did at Shell & Turcas last year provided us with an alternative financing source. On the RWE & Turcas side, we do not have any loans and we are in a cash position. We strengthened this position with the cash generated by RWE & Turcas in the last 3 years.

Regarding operational risks, since we sell commodity products on both the fuel and electricity businesses, we are affected by the decisions of regulatory institutions. Therefore, our profit margins may be low. On the fuel side, we can create economies of scale and maintain our profitability to some extent due to our high sales volume, market leader position and high efficiency. On the electricity side, flexibility opportunities are lower due to the current market structure. In this regard, it is necessary to switch to a market-based cost structure and the country's industrial growth should reach potentially higher levels. The growth has not been at the levels we have wanted for the last 5 years. However, we expect a turn to a more positive situation in the coming period.

**Question 10: Are you planning investments in the field of renewable energy in the coming period?**

**Answer 10:** We have developed strong muscles in this subject with the investment we made in the field of geothermal energy in the past. Currently, our focus is on the Hybrid Solar Power Plant investment that we plan to make up to 20 MW installed power at our RWE & Turcas Denizli power plant and the rooftop Solar Power Plant applications at the stations on the Shell & Turcas side.