

Our Energy Spreads Across the World





**WE ARE PROUD AND THRILLED TO BE ADVANCING FOR  
A CENTURY ON THE PATH LED BY THE GREAT LEADER ATATÜRK,  
IN THE LIGHT OF THE REPUBLIC.**

As Koç Group, we believe that the best way to celebrate our Republic is through work, production and the achievement of excellence.

We continue, with the same determination, to serve with love and devotion for our country, to protect and defend the Republic entrusted to us by Atatürk, along with its principles and values, acting with the responsibility of carrying the values of the Republic to future generations.



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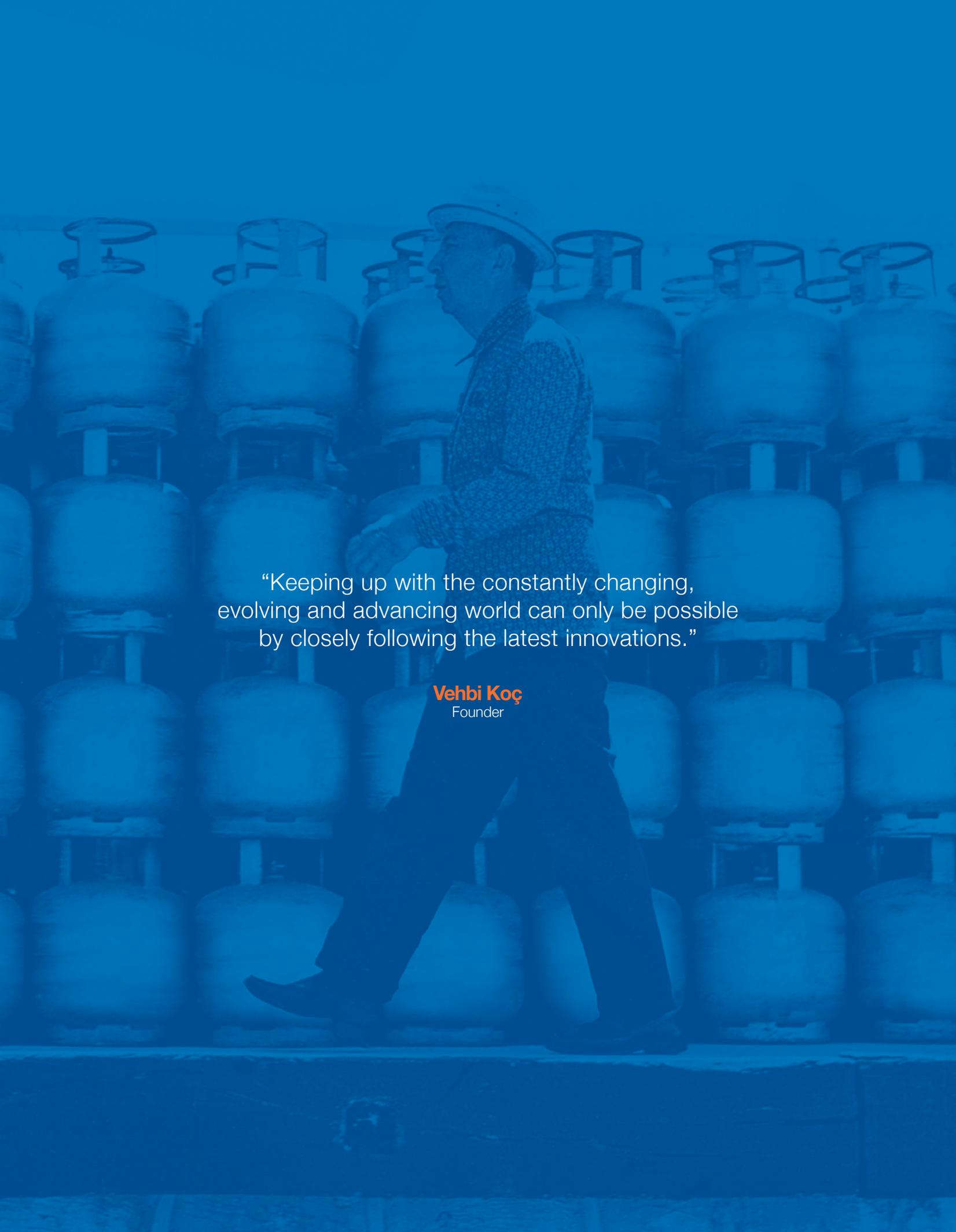
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“Keeping up with the constantly changing,  
evolving and advancing world can only be possible  
by closely following the latest innovations.”

**Vehbi Koç**  
Founder



Sixty-three years ago, an energy was born on this land.

An energy that brought meals to the tables, warmth to homes, power to factories, and fuel to journeys.

The energy of Aygaz spread to all corners of Türkiye.

As Aygaz grew, its energy spanned every facet and every moment of life.

It transcended geographical borders.

The energy of Aygaz began to extend beyond today into the future.

**And the power of Aygaz...  
evolved into an energy  
that spread beyond Türkiye  
to the world.**

## Aygaz at a Glance

### In Brief

Founded in  
1961

Koç Group's first  
company in the  
energy sector

Integrated  
LPG company

The first R&D  
center in the sector

### Main Fields of Operation

Procurement,  
storage, filling, and  
sales of LPG

Production and sales of  
pressurized containers  
and LPG equipment

Maritime  
transportation  
of LPG

### Facilities



Ambarlı Terminal



Aliğa Terminal



Yarımca Terminal



Dört Yol Terminal



Samsun Terminal



Gebze Plant

5  
sea  
terminals

5  
filling  
plants\*

1  
pressurized  
container and  
accessory  
manufacturing plant

8  
distribution  
centers

approximately  
4,000  
dealers across Türkiye

\*Excluding the filling plants in the Terminals

## Subsidiaries

### AYGAZ DOĞAL GAZ

<b>Field of Operation</b>	: Natural gas and liquefied natural gas (LNG) sales
<b>Participation rate:</b>	: 100%
<b>Founded in</b>	: 2004
<b>Sales volume</b>	: 78.5 million m <sup>3</sup> of LNG

### ANADOLUHİSARI TANKERCİLİK

<b>Field of Operation</b>	: LPG transportation by sea
<b>Participation rate</b>	: 50%
<b>Founded in</b>	: 2010
<b>Number of vessels</b>	: 3
<b>Transportation capacity</b>	: 28,800 m <sup>3</sup>
<b>Fleet's Average Age</b>	: 18

### SENDEO

<b>Field of Operation</b>	: Courier and last mile delivery services
<b>Participation rate:</b>	: 55%
<b>Incorporated in</b>	: 2020
<b>Distribution centers</b>	: 25

### AKPA

<b>Field of Operation</b>	: LPG, fuel products and bottled water marketing and sales
<b>Participation rate:</b>	: 100%
<b>Founded in:</b>	: 2001

### BAL KAYNAK SU (PÜRSU)

<b>Field of Operation</b>	: Drinking water production and sales
<b>Participation rate</b>	: 100%
<b>Acquired in</b>	: 2019
<b>Sales volume</b>	: 198 million liters

## Joint Ventures

### UNITED AYGAZ LPG

<b>Field of Operation</b>	: LPG transportation by sea
<b>Participation rate</b>	: 50%
<b>Formed in</b>	: 2021
<b>Sales volume</b>	: 59 thousand tons

### OPET AYGAZ GAYRİMENKUL

<b>Field of Operation</b>	: Property purchasing to operate fuel and autogas stations
<b>Participation rate</b>	: 50%
<b>Formed in</b>	: 2013
<b>Stations</b>	: 16

## Affiliates and Financial Investments

### ENERJİ YATIRIMLARI (EYAŞ)

<b>Field of Operation</b>	: Energy
<b>Participation rate:</b>	: 20%
<b>Founded in</b>	: 2005

Indirect share in the capital of TÜPRAŞ\*: 9.3%

### KOÇ FİNANSAL HİZMETLER

<b>Field of Operation:</b>	Financial Services
<b>Participation rate:</b>	3.93%
<b>Indirect share in the capital of Yapı Kredi Bank:</b>	1.6%

\*Türkiye Petrol Rafinerileri A.Ş.

## Aygaz in Numbers - 2023

2.7

million tons

LPG sales volume

2,182

cylinder gas dealers

1,830

autogas stations

27<sup>th</sup>

largest industrial  
enterprise in Türkiye\*

\*İstanbul Chamber of Commerce  
Top 500 Industrial Enterprises Türkiye (2022)

1

billion \$

year-end market value

9.66

Corporate Governance  
Rating Score\*

\*out of 10

1,659

average number of  
employees

178

thousand m<sup>3</sup>

the largest LPG storage  
capacity in Türkiye

46

million km

the distance traveled on land  
with LPG logistics operations

240

thousand

vehicles filled with  
Aygaz Otogaz per day

40

thousand

Aygaz cylinders distributed  
to households per day

1.4

million

downloads of the  
Aygaz Mobile app

34

million \$

Aygaz Gebze Plant's export revenues

220

thousand packages

highest number of deliveries by Sendeo per day in November

23.7

million

packages delivered by Sendeo

28,800

m<sup>3</sup>

total transportation capacity of the LPG vessels owned by Anadoluhisari Tankercilik

~1,450

Sendeo delivery points

~450

Sendeo agents

61

million \$

United Aygaz LPG's capital\*

\*USD equivalent on the days the capital was paid.

4 11

spheres

thousand tons

United Aygaz LPG's installed capacity

59

thousand tons

United Aygaz LPG's total LPG sales

7,000

United Aygaz LPG sales points

78.5

million m<sup>3</sup>

Natural gas sales of Aygaz Doğal Gaz

198

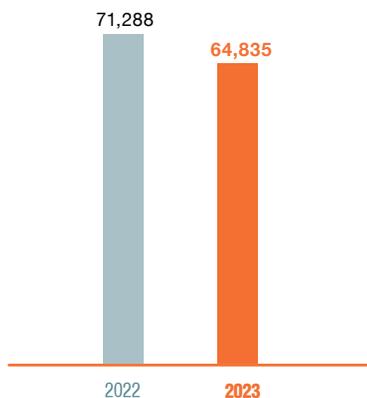
million liters

Pürsu's water sales in carboys, plastic and glass bottles

## Financial and Operational Outlook

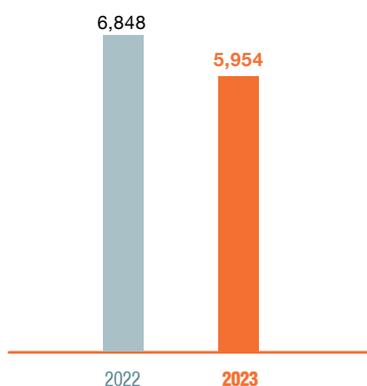
### Consolidated Sales Revenues

(TL M)



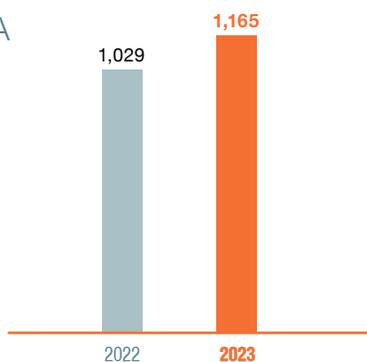
### Net Profit\*

(TL M)



### EBITDA

(TL M)



### Summary Financial Indicators

(TL M)

	2023	2022
Sales revenues	64,835	71,288
Gross profit	4,963	3,858
Operating profit	211	-28
Profit before tax	5,466	6,494
Net profit*	5,954	6,848
EBITDA	1,165	1,029
Gross profit margin	7.7%	5.4%
Operating profit margin	0%	0%
Net profit margin	9.2%	9.6%
EBITDA margin	1.8%	1.4%
Current assets	10,143	12,304
Fixed assets	36,045	33,467
Total assets	46,189	45,771
Short term liabilities	9,036	12,466
Long term liabilities	630	2,444
Shareholders' equity	36,169	30,599
Total equity and liabilities	46,189	45,771
Return on equity (ROE)	16.5%	22.4%
Current ratio	1.1	1

\* Parent company's share

### Shareholding Structure

51.2%

Koç Group

24.5%

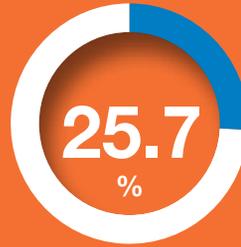
Liquid Petroleum Gas Development Company (LPGDC)

24.3%

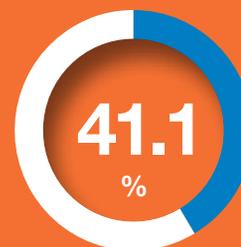
Free Float

### Market Shares\*

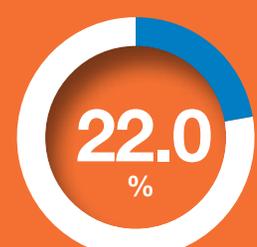
LPG Market Share



Cylinder Gas Market Share



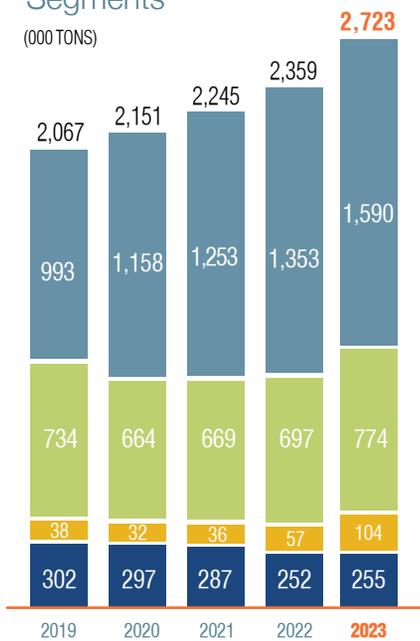
Autogas Market Share



\* According to EMRA's December 2023 Report

### LPG Sales Volume By Segments

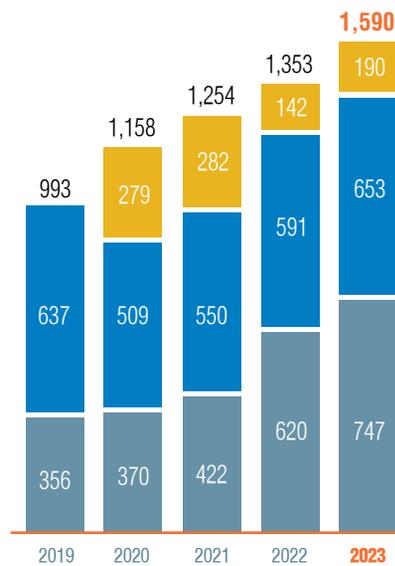
(000 TONS)



● CYLINDER GAS ● AUTOGAS  
● BULK GAS\*\* ● OTHER LPG SALES

### Other LPG Sales

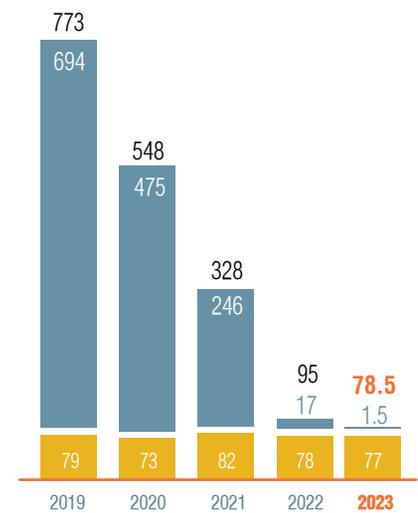
(000 TONS)



● WHOLESALE ● INTERNATIONAL ● AYGAZ UK TRADING

### Natural Gas Sales Volume

(MCM)



● PNG SALES ● LNG SALES

\*\*Petrochemical sales included

# VISION

To be the brand that keeps life in motion with its outstanding competencies in the energy and distribution sectors, exceptional solutions, and closeness to its customers.

# MISSION

To offer the best products and services in all fields of operation and particularly in LPG by prioritizing high quality and safety standards with work principles that align with corporate values of the Koç Group and always respecting the community and the environment.

# STRATEGIC PRIORITIES

- Promising to deliver the essential needs for the continuity of life with the assurance of Aygaz
- Becoming a globally powerful mobile energy brand like in Türkiye
- Building an agile working culture on continuous learning and innovation
- Offering innovative solutions for a sustainable future
- Being close to the mind, heart and life of the customer

# CORPORATE VALUES

## **CUSTOMER-CENTRIC**

We constantly strive to be a trusted brand.

## **AGILE AND INNOVATIVE**

We follow and define the dynamics of the moment.

## **COMMITTED AND RESPONSIBLE**

We focus on the target, overcome the obstacles and move forward.

## **COLLABORATIVE**

We teach and share to empower each other and always charge ahead.

## Agenda for ordinary General Assembly Meeting of Aygaz A.Ş. to be held on April 01, 2024

1. Opening and election of the Chairman of the Meeting,
2. Reading, discussing and approving the 2023 Annual Report prepared by the Board of Directors,
3. Reading the summary of Independent Audit Report Summary for 2023 accounting period,
4. Reading, discussing and approving of the Financial Statements related to 2023 accounting period,
5. Acquittal of each member of the Board of Directors in relation to the activities of Company in 2023,
6. Acceptance, acceptance after amendment or refusal of the proposal of the Board of Directors in accordance with the Company's profit distribution policy regarding the distribution of the profits of 2023 and the date of the distribution of profits,
7. Determining the number and duty term of the Members of the Board of Directors, making elections in accordance with the determined number of members, selecting the Independent Members of the Board of Directors,
8. Informing and approval of the Shareholders about the Remuneration Policy for the Members of the Board of Directors and Executive Management and the payments made within the scope of the policy in accordance with the Corporate Governance Principles,
9. Determining the annual gross salaries of the members of the Board of Directors,
10. Approval of the Independent Auditing Institution selection made by the Board of Directors in accordance with the Turkish Commercial Code and the Capital Markets Board regulations,
11. Informing the shareholders of the donations made by the Company in 2023 and resolution of an upper limit for donations to be made for 2024 as per the "Donation and Sponsorship Policy",
12. Informing the shareholders about the collaterals, pledges, mortgages and surety granted in favour of third parties and the income and benefits obtained in 2023 by the Company and subsidiaries in accordance with Capital Markets Board regulations,
13. Authorising the shareholders holding management capacity, the Members of the Board of Directors, executive managers and their spouses and relatives by blood and marriage up to the second degree within the framework of the articles 395th and 396th of Turkish Commercial Code and informing shareholders about transactions performed within the scope during 2023 as per the Corporate Governance Communiqué of Capital Markets Board,
14. Wishes and opinions.

## Convenience Translation Into English of Independent Auditor's Report on the Board of Directors' Annual Report Originally Issued in Turkish

To the General Assembly of Aygaz A.Ş.

### 1. Opinion

We have audited the annual report of Aygaz A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") for the 1 January - 31 December 2023 period.

In our opinion, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Group's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set consolidated financial statements and with the information obtained in the course of independent audit.

### 2. Basis for Opinion

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the "TSA") adopted within the framework of the regulations of the Capital Markets Board and issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA and the regulations of the Capital Markets Board and other relevant legislation that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

### 3. Our Audit Opinion on the Full Set Consolidated Financial Statements

We expressed an unqualified opinion in the auditor's report dated 4 March 2024 on the full set consolidated financial statements for the 1 January - 31 December 2023 period.

### 4. Board of Director's Responsibility for the Annual Report

Group management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") are as follows:

- a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;

- b) to prepare the annual report to reflect the Group's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Group may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.
- c) to include the matters below in the annual report:
- events of particular importance that occurred in the Company after the operating year,
  - the Group's research and development activities,
  - financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Ministry of Trade and other relevant institutions.

### 5. Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of TCC and Communiqué provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated financial statements of the Group and with the information we obtained in the course of independent audit.

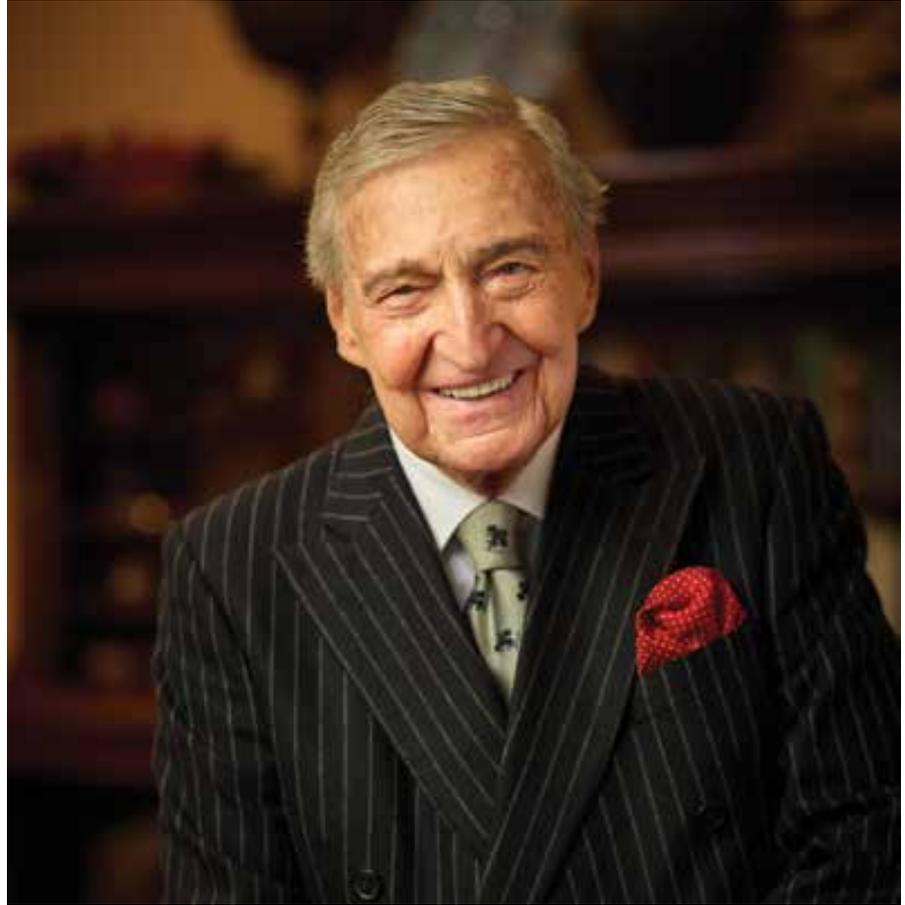
Our audit was conducted in accordance with the TSAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited[consolidated] financial statements and with the information obtained in the course of audit.

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

Cihan Harman, SMMM  
Independent Auditor

Istanbul, 8 March 2024

## The Board of Directors' Report and Chairman's Message



### Esteemed Shareholders,

Welcome to the 63<sup>rd</sup> General Assembly of Aygaz. On behalf of the Board of Directors, I would like to welcome you all, and I look forward to holding a productive meeting.

The year 2023 was marked with mixed emotions for our country. Early into the year, we experienced a devastating disaster that deeply affected us all. However, it was during this trying time that our nation rose to the challenge in the spirit of unity and solidarity. At Koç Group, guided by the profound wisdom of the late Vehbi Koç, who said, "I exist, if my country exists," we rallied to extend our support and assistance from the first day after the earthquake. Through initiatives such as the establishment of

Hope Cities in five provinces destroyed by the earthquake, housing nearly 20 thousand individuals each, and various projects undertaken by our Group companies, we stood by our people. Moving forward, we remain committed to addressing the ongoing needs of the affected region.

The year we left behind was also marked by the excitement of celebrating the centennial of our Republic, a legacy entrusted to us by our visionary leader, Mustafa Kemal Atatürk. As a longstanding witness to our country's history, Koç Group takes immense pride in contributing to Türkiye's journey toward contemporary civilization. We will continue to work with all our might to

further elevate and uphold the principles and values of our Republic.

On the global economic front, the measures implemented to curb inflation started to yield promising results in 2023. While inflation rates in developed countries remained slightly above target, they decreased to around 3% by year-end. According to the latest IMF data, global economic growth, which stood at 3.5% in 2022, slowed down to 3% in 2023. Despite this deceleration, the sustained reduction in inflation and the maintenance of a reasonable growth trend indicate to a relatively positive performance of the global economy. However, regional disparities prevailed, particularly in Europe where growth rates

fell short of expectations. Additionally, geopolitical tensions emerged as a prominent factor affecting economies worldwide.

The long-standing conflict between Israel and Palestine, causing regional instability, has tragically escalated into a devastating war, claiming the lives of more than 25 thousand lives to date. Violations of international law pose a challenge in stabilizing the Middle East, while the ongoing conflict between Russia and Ukraine shows little sign of coming to an end in the near future.

Along with the ongoing geopolitical tensions, various factors including the increasing cost of living, rising interest rates, the melting of excess savings amassed during the pandemic, and a decrease in China's import demand contributed to limited growth in Europe. Conversely, the USA exhibited a more robust economic outlook, supported by strong consumer demand and the impact of large-scale stimulus packages. Moreover, 2023 witnessed a resurgence of protectionist policies worldwide, primarily driven by competition between major economies such as China, the USA, and the EU. These policies contributed to global growth falling below its potential.

China, the world's second largest economy, experienced a slowdown in growth compared to previous years, attributed to deflationary pressures and weaker domestic consumption. Nevertheless, China emerged as a leader in automotive exports, demonstrating its weight in international trade. Meanwhile, India, another key Asian economy, faced limitations in fully realizing its potential due to bureaucratic hurdles despite increasing investments.

In 2023, the Turkish economy faced a series of challenges. Despite efforts to ease credit access through low-interest policies in the first half of the year, access to credit became increasingly difficult due to subsequent measures. Following the elections, the new economic administration pursued a shift toward

rational policies to address economic imbalances. This included bolstering confidence among both domestic and foreign investors through Central Bank policy rate adjustments, easing credit accessibility, and reducing market interventions. If these policies persist, significant strides toward restoring economic balance may be anticipated in 2024.

The worldwide push to limit global warming to 1.5°C has accelerated efforts toward energy transition. Particularly, the heavy industry sector, responsible for 70% of industrial greenhouse gas emissions, faces the urgent task of aligning with the 2050 net zero emission target. The effort that we once put into heating has now shifted, with the countries trying to cool the world. As a more environmentally friendly fuel compared to other fossil fuels, LPG will remain an important energy source in the foreseeable future. According to the World Liquid Gas Association's (WLGA) data for 2023, global LPG consumption reached 342 million tons, an indication to the heightened importance of combating climate change.

Türkiye, holding an 8% share in the global LPG market, ranks second in Europe and tenth globally in energy usage. In WLGA's report, Türkiye stands as the world's second largest autogas market and among the top three countries with the highest autogas consumption, alongside Russia and South Korea. Türkiye leads globally with an LPG vehicle park of 5.1 million.

Keeping its focus on developing new business lines in domestic and international markets, Aygaz maintained its position as the leader of the Turkish LPG sector throughout 2023, as confirmed by the Energy Market Regulatory Authority (EMRA). According to EMRA's December report, Aygaz captured a 41.1% market share in the cylinder gas segment and a 22.0% market share in the autogas segment, achieving consolidated revenues of TL 64.8 billion and a net period profit after tax of TL 6 billion.

Striving to establish itself as a global LPG player, Aygaz achieved sales of 59 thousand tons in 2023 through United Aygaz LPG, its joint venture in Bangladesh. Investments aimed at expanding operations nationwide and enhancing storage capacity are ongoing. Furthermore, Sendeo, another Aygaz venture, delivered 23.7 million packages in 2023 through its 25 facilities, nearly 450 agents, and around 1,450 delivery points.

In addition to investing in the future with projects supporting the UN Sustainable Development Goals, Aygaz also joined the Koç Group initiative to promote women's participation in technology and innovation in alignment with UN Women's Generation Equality Forum. Furthermore, Aygaz was among the organizations contributing to the Women's Solidarity Centers, which we launched in partnership with UN Women Türkiye to support women and girls in Hope Cities in the earthquake-affected region.

In 2023, Aygaz continued its activities, guided by Koç Group's long-term value creation and global growth vision, contributing to Türkiye's development, business partners, and the industry at large. I am confident that our company will forge ahead with determination and success in 2024, as we enter our Republic's second century. I want to express my heartfelt gratitude to all stakeholders, starting with our employees, dealers, suppliers, customers, unions, supply industry, and shareholders, for their invaluable contributions, trust, and loyalty to Aygaz. Looking forward to meeting again in good health next year, I extend my warmest regards.

**Rahmi M. Koç**  
Chairman

## Independent Auditor’s Report on Financial Statements (Opinion)

### Opinion\*

We have audited the accompanying consolidated financial statements of Aygaz Anonim Şirketi (the “Company”) and its subsidiaries (collectively referred to as the “Group”) which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (“TFRS”).

\*Please see page 120-122 for full Independent Auditor’s Report and Opinion.

## Consolidated Balance Sheet\*

(Thousand TL)	2023	2022
Total Current Assets	10,143,202	12,303,960
Total Fixed Assets	36,045,382	33,467,004
Total Assets	46,188,584	45,770,964
Total Short Term Liabilities	9,035,505	12,465,945
Total Long Term Liabilities	629,768	2,444,214
Total Shareholders' Equity	36,169,335	30,598,666
Total Equity and Liabilities	46,188,584	45,770,964

## Consolidated Income Statement\*

(Thousand TL)	2023	2022
Revenues	64,834,645	71,287,651
Cost of Sales	-59,871,852	-67,429,654
Gross Profit	4,962,793	3,857,997
Operating Profit	211,439	-27,563
Profit Before Tax	5,465,872	6,494,211
Net Profit	5,540,645	6,525,671
Net Profit – Parent Company Shares	5,953,903	6,848,121
Return per Share (Kr)	27,0877	25,0602

\*All amounts expressed in terms of the purchasing power as of December 31, 2023.





Mustafa Rahmi Koç  
Chairman



Mehmet Ömer Koç  
Vice Chairman



Alexandre François  
Julien Picciotto  
Member



Dr. Bülent Bulgurlu  
Member



Levent Çakıroğlu  
Member



Yağız Eyüboğlu  
Member



Kutsan Çelebican  
Independent Member



Kemal Ege Cansen  
Independent Member



Dr. Şadan Kaptanoğlu Dikici  
Independent Member

## AYGAZ A.Ş. Dividend Policy

Our Company distributes profits within the framework of the provisions of the Turkish Commercial Code, Capital Market Regulations, Tax Regulations and other relevant regulations, as well as the article on profit distribution of our Articles of Association. In line with Corporate Governance Principles, a balanced and consistent policy is followed between the interests of the Shareholders and the Company.

In principle, as long as related regulations and financial resources allow, taking into consideration market expectations, our long-term company strategy, investment and financing policies, profitability and cash position, a minimum 50% of the distributable profit calculated in accordance with Capital Markets Regulations is distributed as cash and/or bonus shares.

Distribution of profit is aimed to be paid out at the latest within one month subsequent to the General Assembly Meeting; the date of profit distribution is resolved by the General Assembly. The General Assembly or, if authorized, the Board of Directors may decide to distribute the dividend in installments in accordance with Capital Markets Regulations.

According to the Company's Articles of Association, The Board of Directors may distribute advance dividends, provided that it is authorized by the General Assembly and complies with the Capital Markets Regulations.

## Board of Directors' Profit Distribution Proposal

Esteemed Shareholders,

We have reviewed and accepted the Consolidated Financial Statements prepared by Aygaz A.Ş. management in accordance with the Turkish Financial Reporting Standards (TFRS) for the accounting period from January 1, 2023 to December 31, 2023 and audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and resolved to present them to the General Assembly.

Upon review of these consolidated financial statements and Aygaz A.Ş.'s accounting records kept in accordance with the provisions of Tax Procedure Law (TPL), it was ascertained that:

- the financial statements prepared in accordance with TFRS indicate TL 5,953,903,000.00 in net profit for the reporting year and TL 2,904,526,814.73 in net profit from its fiscal year activities according to TPL records;
  - net profit according to the financial statements prepared in compliance with TFRS in the amount of TL 5,953,903,000.00 increases to TL 5,988,905,383.36 of first assessment base for dividend when donations which calculated according to the purchasing power on December 31,2023 of TL 35,002,383.36 are added.
  - the financial statements prepared according to the TPL records indicate a net current year profit (As a result of subjecting the balance sheet dated 31.12.2023 to inflation adjustment in accordance with the Tax Procedure Law (TPL), recorded in the sub-breakdown of the Prior Year Profits account) of TL 2,904,526,814.73.
- a. Accordingly, it has been resolved that setting aside a 5% as general legal reserve for 2023 as required under article 519 of the Turkish Commercial Code would not be required since the amount of general legal reserve in TPL records has already reached 20% of the capital as of 31.12.2023,
  - b. In compliance with the Capital Markets legislation, Article 17 of the Company's Articles of Association, and the Company's Profit Distribution Policy approved by the shareholders at the General Assembly meeting on March 31, 2014, and taking into consideration the market expectations, the Company's long-term strategies, investment and financing policies, profitability and cash position, profit distribution is proposed as follows:
    - TL 1,505,635,253.95 to be paid out to shareholders as dividend, and
    - TL 149,464,521.56 to be set aside as general legal reserve
  - c. It is also proposed to pay out the total amount of TL 1,505,635,253.95 as the sum of dividends to the shareholders fully in cash.
  - d. Upon the General Assembly's acceptance of the profit distribution proposal detailed above, it has been resolved that TL 1,505,635,253.95 for dividends payable to the shareholders and TL 149,464,521.56 for general legal reserves be paid out from current earnings
  - e. The balance of TL 4,298,803,224.49 according to TFRS after the dividend payout and general legal reserve deductions to be transferred to retained profits; the amount remaining after the payment of dividends to shareholders from the current year profit as per the Tax Procedure Law (VUK) records, and after setting aside the general legal reserve, being left in the sub-breakdown of the Prior Year Profits/Losses account as a result of subjecting the balance sheet dated 31.12.2023 to inflation adjustment in accordance with the Tax Procedure Law (VUK)
  - f. A gross=net cash dividend at the rate of 685.00000% and in the amount of TL 6.85000 per share with a nominal value of TL 1.00 to be paid out to fully obligated corporations and our limited taxpayer shareholders who earn dividends through an office or a permanent representative in Türkiye; and a gross cash dividend at the rate of 685.00000% and the amount of TL 6.850000 per share with a nominal value of TL 1.00, and net 616.500000% and net amount of TL 6.165000 to be paid out to other shareholders;

and dividend payout to start on April 04, 2024

## Candidates to the 2024 Board of Directors

Mustafa Rahmi Koç

Mehmet Ömer Koç

Alexandre François Julien Picciotto

Levent Çakıroğlu

Yağız Eyüboğlu

M. M. Gülay Barbarosoğlu (Independent Member)

Neslihan Tonbul (Independent Member)

Muharrem Hilmi Kayhan (Independent Member)

# Remuneration Policy for Members of the Board of Directors and Executive Management

This policy document defines the remuneration system and practices adopted with regard to members of the board of directors and senior executives with administrative responsibilities within the scope of CMB regulations.

Our company has determined the senior management\* as members of the board of directors, general manager, assistant general managers and directors directly reporting to the general manager related to the main field of activity of the company.

In accordance with Turkish Commercial Code and Article 12 of the Articles of Association of Aygaz A.Ş., a fixed remuneration is determined each year at the ordinary general assembly meeting for the membership functions of the Board of Directors, valid for the entire Board of Directors. Members of the Board of Directors are paid on a pro-rata basis, taking into account the time they have been in office as of the dates of their appointment and departure.

Executive directors on the board will receive a payment within a determined policy for senior management according to the criteria specified below.

Additional payment is made to the executive members of the Board in accordance with the policy established for senior executives.

Additional payment is made to the Board members who have been assigned specific duties to support the activities of the company in an amount of to be determined by the Board of Directors in consultation with the Corporate Governance Committee, which is responsible for fulfilling the duties of the Nomination and Remuneration Committee at our company.

The chairman and members of the Executive Committee, Board which supports the Board in the proper management of the company in all respects, may be entitle to additional compensation determined by the Board of Directors in consultation with the Corporate Governance Committee by taking into account those members' contributions, attendance, functions, etc. Payments made thereof to Executive Committee members within the year are deducted from the amount determined at the end of the year.

A payment plan based on the company's performance is not applied to the remuneration of the independent members of the Board of Directors.

Expenses incurred by the members of the Board of Directors during the performance of their duties (such as transportation, telephone, insurance, etc.) may be covered by the company.

The remuneration for Senior Executives consists of two components: fixed, and performance based.

The remuneration policy stipulates that salaries and benefits are determined and implemented in a fair and objective manner, recognizing high performance, and remaining competitive, rewarding and motivating.

Fixed salaries of senior executives are determined in accordance with international standards and legal obligations by taking into account the prevailing macroeconomic data in the market, the salary practices prevailing in the market, the size and long-term targets of the company and the positions of the individuals. The objective of the remuneration policy is to increase the motivation and loyalty of the employees and attract qualified employees who will ensure the achievement of the company's strategic business goals, considering the internal wage balances and competitiveness in the market.

Bonuses for senior executives are calculated according to the bonus base, company performance and the individual performance in a way to support the realization and exceeding of the company's business goals and encourage superior performance by rewarding sustainable success. The criteria are summarized below:

- **Bonus Base:** Bonus baselines are updated at the start of every year in light of senior executive bonus policies in the market and may vary according to the workload on the executive position.
- **Company Performance:** The performance of the company is determined at the end of the year by measuring the financial and operational targets (market share, exports, overseas operations, productivity, etc.) assigned to the company at the beginning of each year. In setting the company's targets, principles such as the continuity of success and the level of enhancements introduced over previous years are taken into account.
- **Individual Performance:** Individual performance is measured based on individual and collective objectives and key results determined by senior executives together with their teams and managers. Factors such as long-term sustainable improvement in non-financial areas and compliance with Environment, Social and Governance (ESG) principles are also considered when assessing individual performance.

Severance payments may be granted to the key executives by taking into account total term of service, term of service as an executive, as well as contributions made to the company, the recent bonus base, and the salaries and bonuses paid in the last year of service.

Total amounts determined according to the above principles and paid to the members of the Board of Directors during the year are submitted for shareholder approval at the next general meeting.

\* Senior management at Aygaz includes the Board members, general manager, and assistant general managers and directors directly reporting to the general manager regarding the company's main field of activity. Information about the benefits provided to senior management in 2023 is available in note 31 to the financial statements (pages 188-192).

## General Manager's Message



### Esteemed Shareholders,

As a company that has proudly witnessed a significant part of the first century of our Republic, we remain committed to shaping a future richer in both the economy and as a society, guided by the enduring principles and reforms of our great leader, Mustafa Kemal Atatürk. The solidarity we saw in the aftermath of the earthquakes early in the year demonstrated that we could overcome the challenges when we stand together. Recognizing the responsibility that comes with being a major energy company in Türkiye, we have continued our efforts to support the region alongside other Koç Group companies.

The earthquakes further highlighted the critical role of LPG in the energy sector. With its portability, LPG emerged as a vital solution in the affected regions battling with severe winter conditions and energy outages. With advantages such as easy storage, transportability, sustainability, efficiency, and lower greenhouse gas emissions, LPG is positioned as a preferred energy source globally over traditional fuels.

According to the World Liquid Gas Association's (WLGA) 2023 Report, global LPG consumption and production reached 342 million and 344 million tons, respectively. This underscores LPG's position as a transitional fuel amidst the ongoing energy transformation and its enduring role in the energy sector, today and tomorrow.

This trend holds true for Türkiye as well. Ranking as the tenth\* largest LPG market globally and the second largest in Europe, Türkiye stands as the fifth largest market in Europe for domestic LPG consumption. Autogas, a favored fuel for passenger cars since 2011, holds a usage rate of 33.5% as of December 2023. Türkiye boasts the world's largest LPG vehicle park, with approximately 5.1 million vehicles.

Additionally, according to the December report of the Energy Market Regulatory Authority (EMRA), the Turkish cylinder gas market saw a growth of 1.5% in 2023, while the autogas market surged by 13.5%, leading to a total market increase of 13.8% year on year. Aygaz

maintained its leadership in the Turkish LPG market throughout 2023, thanks to our robust distribution network, quality product offerings and innovative approach. Our domestic retail sales amounted 1.1 million tons and reached 2.7 million tons with the addition of wholesale and international LPG sales. Our market share in the cylinder gas segment stands at 41.1%, while we also account for 22% of the autogas segment. As of year-end 2023, our consolidated revenues reached TL 64.8 billion. Aygaz ranked 27<sup>th</sup> in the 2022 Top 500 Industrial Enterprises list of the Istanbul Chamber of Industry (ISO). Our international growth momentum continued at the same pace in 2023. United Aygaz LPG, our joint venture in Bangladesh, the world's fastest growing liberal LPG market, reached 59 thousand tons in sales and 11 thousand tons in storage capacity in 2023. As part of our nationwide expansion efforts, our second facility is slated to be built in Dhaka.

Moving forward, we are committed to continuing our investments in capacity

\*Petrochemical and refinery excluded

increase for our Bangladesh operations, while advancing our international growth strategy.

In 2023, Aygaz made significant strides in innovation and entrepreneurship, keeping the focus of the R&D projects on digitalization, increasing LPG use, and reducing emissions. Since launching the “quality autogas” product to the market for the first time in 2021, we have come a long way. As the leading brand in the autogas industry, we maintained our sustainable innovation vision of developing environmentally friendly, innovative and high-performance products and launched Aygaz 100+ Octane in 2023, underlining our dedication to quality. As part of our efforts to enhance the customer experience, we address the evolving needs of consumers. In addition to developing new products in response to the rising interest in outdoor activities in recent years, we also launched our new product, Aygaz Marine Cylinder.

Aygaz continued to drive value for the industry through collaborative efforts. We partnered with Koç University to establish a Hydrogen Technologies Research Center, with the participation of Tüpraş, Opet, Ford Otosan, and Otokar under Koç Group’s Carbon Transition Program. Furthermore, our R&D Center engaged in university-industry collaborations, focusing on chemistry, energy, engine and fuel technologies, and machinery and automation studies.

The launch of Aygaz Innovation Academy in 2023 will help us foster an entrepreneurial culture across the organization, top to bottom. Through this initiative, we also aim to train agile leaders for our internal projects, promote partnerships with startups, provide mentoring, and represent Aygaz in the innovation ecosystem with a larger team. I believe that our participation in the Here2Next platform, established with the aim of bringing together organizations and successful

startups, will also bolster our innovative capabilities.

In 2023, Aygaz made significant strides in digitalization. In line with the rise of e-commerce and online sales channels in recent years, we focus on continuously enhancing the customer experience through our digital platforms - Aygaz Mobile app and Aygaz e-Store – where our comprehensive product range is offered under a single umbrella.

The activities of our subsidiaries and affiliates greatly contributed to Aygaz’s success in 2023. Aygaz Doğal Gaz reached TL 1.4 billion in total revenues, selling 78.5 million cubic meters of natural gas and capturing approximately 17% market share among companies operating in the LNG sector. Anadoluhisarı Tankercilik continued to play a key role in our maritime supply and sea transportation activities, serving both domestic and foreign clients. Pürsu witnessed a growth in revenues, reaching TL 443 million by selling 198 million liters of bottled water. Meanwhile, Sendeo completed its organizational structuring in a short time, now operating in all provinces of Türkiye and distributing 23.7 million packages in 2023.

We are proud to note that our endeavors in 2023 were crowned with awards. The commercial “Ben Yetiştirdim” (I Helped Him Make It), created for the launch of Aygaz 100+ Octane and featuring Fenerbahçe’s star striker Edin Dzeko, won the Silver Apple at the Crystal Apple Awards. Our W-Energy for Equality program, which we launched to support our gender equality efforts, was named the Best of the Year in the “Development Program Supporting Women’s Participation in Business Life” category by the TEGEP Training and Development Platform Association, receiving the Special Jury Award at the Corporate Entrepreneurship Awards. These accolades are a testament to our accomplishments, and drive our commitment to innovation and excellence.

At Aygaz, we recognize the importance of social contribution and remain dedicated to giving back to society. In 2023, we continued our support for projects such as the Iznik Tile Kilns Excavation and the İKSV Theatre Festival, confirming our dedication to corporate social responsibility. Additionally, our ongoing official sponsorship of Fenerbahçe Football A Team, Beşiktaş Men’s Handball Team, and Tofaş Basketball Team in the 2023-2024 season reflects our commitment to contributing to Turkish sports. Through our W-Energy for Equality program, we provided education and development opportunities to more 50 thousand women and girls.

As we enter the second century of our Republic, we remain dedicated to our mission to drive our country and industry forward. We will continue to expand our global footprint and enhance service quality, building upon our numerous successful endeavors to date. I extend my sincere gratitude to our partners, customers, dealers, employees, suppliers and all stakeholders for their continued support and trust as we strive to reinforce leadership through domestic and international operations.

**Melih Poyraz**  
General Manager





Melih Poyraz  
General Manager



Gökhan Dizemen  
Assistant General Manager  
Finance



Ayşe Abamor Bilgin  
Assistant General Manager  
Technical Affairs and Investments



Fikret Coşar  
Assistant General Manager  
Sales



Rıdvan Uçar  
Assistant General Manager  
Marketing and Innovation\*



Şenol Zafer Polat  
Director  
Cylinder Gas Sales



Hakan Öntürk  
Director  
Autogas Sales



Elifcan Yazgan  
Director  
Supply Chain



Esra Topkoç  
Director  
Human Resources

\* Resigned on March 1, 2024.

# Corporate History

## 1961

- Aygaz starts operating under the registered title Gazsan Likit Gaz Ticaret and Sanayi A.Ş.

## 1962

- LPG filling and distribution operations launched at the Yarımca Filling Plant.
- Dealership network established.

## 1963

- Registered title changed from Gazsan to Aygaz A.Ş.
- The first Aygaz ad campaign launched with the slogan, “TL 40 in cash, TL 40 in installments”.

## 1965

- First publicity campaign launched with French fries cooked using Aygaz cylinder gas given out to passersby from a delivery truck.

## 1967

- Ambarlı Filling Plant built.
- Türkiye's first LPG vessel, M/T Aygaz set sail.

## 1970

- With the addition of Aliğa Filling Plant, five filling plants in operation.
- Aygaz starts selling chemicals.

## 1976

- All Aygaz management units consolidated at the new head office building in Zincirlikuyu, İstanbul.

## 1982

- The “blue seal lid”, a symbol of safety is introduced in Aygaz cylinders.

## 1984

- The first Aygaz mobile heater that uses cylinder gas is produced.

## 1985

- Transit LPG trade agreement signed with Iraqi state oil company SOMO.

## 1988

- Modernization of Aygaz dealers begins to better serve customers.

## 1989

- Aygaz designs “Gavdem Machine”, the first LPG equipment to change valves without gas transfer.

## 1993

- 12kg tall cylinders for homes and 25kg commercial cylinders introduced to the market.
- Another first in marketing, with urban delivery trucks playing the Aygaz jingle on the streets.
- Installation of Aygaz Central Energy System in homes starts.
- All Mobil Oil Gaz A.Ş. shares acquired, and business rebranded as Mogaz.

## 1995

- Aygaz Hotline launched.
- Computerized customer code system implemented at dealerships.

## 1996

- “Guaranteed seal cap” introduced for cylinder gas.

## 1997

- The “Aygaz 24” and Automatic Tank Ordering Systems launched.

## 1998

- Aygaz renews corporate image and identity. New logo introduced with the first zeppelin of Türkiye.
- Aygaz enters the autogas market.
- New social responsibility campaign, “Aygaz Warns about Accidents at Home” launched.

## 1999

- Aygaz becomes the first company in LPG industry to qualify for ISO 9002 Certification.
- Aygaz starts using electronic gas leak detector, another first for Türkiye.
- Aygaz Patio Heater introduced to the market.
- Aygaz pioneers the propane era in the industry.

## 2000

- Aygaz named the “Most Successful LPG Company” at the Petroleum Türkiye '99 Achievement Awards.

## 2001

- With Aygaz A.Ş. and Gaz Aletleri A.Ş. (Gazal) merging under the brand Aygaz, all operations from production to sales consolidated under one umbrella.
- OTOAYGAZ LPG1, Türkiye's first autogas brand, offered to the market.

## 2002

- “The Cautious Child”, a corporate responsibility project for raising awareness against accidents is launched.

## 2004

- Aygaz Euro LPG offered to consumers.

## 2005

- Aygaz stands apart in cylinder gas safety with the launch of hologram cap application.

## 2006

- As a first in Türkiye, Aygaz offers cylinder gas consumers the option to pay on delivery in installments or win loyalty points by credit card.

## 2007

- A special forklift tank is produced for forklifts.
- As part of the “Moonlight: Aygaz brings Light of Health” project, vaccination rooms of 81 family health clinics in 81 provinces are renovated.

## 2008

- Aygaz ranks among the top five financially transparent companies in Türkiye according to a report by Sabancı University and Standard & Poor's.

## 2009

- Aygaz increases its stake in the Koç Statoil Gas to 98% and renames the company Aygaz Doğal Gaz.
- Aygaz Euro LPG+, Türkiye's first autogas with additives, introduced to the market.

**2010**

- The social responsibility campaign “What Will the Weather Be Tomorrow?” launched against climate change.

**2011**

- Aygaz celebrates its 50th anniversary with a series of events participated by employees, dealers and industry representatives.
- Aygaz receives ISO 10002 Certificate, recognized worldwide as the symbol of a company’s excellence in customer satisfaction.

**2012**

- For the second consecutive year, Aygaz is deemed worthy of the “Company to Adopt Consumer Satisfaction Principle” award at the 15th Annual Consumer Awards by the Turkish Ministry of Customs and Trade.

**2013**

- The merger of Mogaz with Aygaz completed.
- Aygaz becomes the first company to earn a “Customer-Friendly Brand and Customer-Friendly Enterprise” certification, a brand recognition launched by the Turkish Standards Institute.
- Opet Aygaz Gayrimenkul A.Ş. is established as a 50-50 partnership between Aygaz A.Ş. and Opet Petrolcülük A.Ş.

**2014**

- At the Türkiye Energy Summit, Aygaz Doğal Gaz wins the Golden Valve Award, and Aygaz the Golden Barrel Award.

**2015**

- Aygaz becomes the first company to import shale gas-based LPG from the US into Türkiye.
- Knightsbridge (Beykoz), a vessel with 11,000-m3 capacity built in Japan in 2009, joins the Aygaz fleet.

**2016**

- Aygaz becomes a signatory of the Women’s Empowerment Principles (WEPs).
- Aygaz wins the Honor Ribbon at the European Business Awards.
- Aygaz develops the new sulphur-free LPG odorant, GreenOdor.

**2017**

- With the Cylinder Gas Tracking Project, Aygaz starts to record the journey of the cylinders from the filling plant up until delivery to consumers.

**2018**

- The Aykargo project is awarded in the “Collaborators” category at the Most Successful Koç Employees Awards Ceremony.
- Aygaz R&D Center is established, becoming a first among the LPG distribution companies in Türkiye.
- Aygaz General Manager is elected to the Board of Directors of the World LPG Association (WLPGA).
- Aygaz is listed in the BIST Sustainability Index, which includes publicly traded companies on Borsa İstanbul (BIST) with the highest corporate sustainability performance.

**2019**

- Aygaz signed a Share Purchase Agreement to buy 50% of the shares of United LPG Limited, a United Group company with a pre-license for LPG filling facility, to engage in LPG sourcing, filling, and distribution activities in Bangladesh.
- All shares of Bal Kaynak Su İthalat İhracat Sanayi ve Ticaret A.Ş. and the filling plant in İnegöl were acquired to expand the water business line and increase production capacity.

**2020**

- Aygaz Maksi was added to the Aygaz cylinder gas product range with the round and tall options.

- Pürsu signed a sponsorship agreement with Fenerbahçe Sports Club to become the official drinking water supplier in the 2020-2021 season.
- Aygaz was named Türkiye’s Best Employer in the 2019 Kincentric Best Employers survey.
- Two projects of Aygaz and one project of Aygaz Doğal Gaz, carried out in cooperation with SMEs, received grants as part of TÜBİTAK’s Call for SME Support for On-demand R&D Projects (On-demand R&D 2020).
- With the rise of domestic violence against women during the pandemic lockdowns, Aygaz used all its communication channels to support the efforts of UN Women.

**2021**

- Aygaz celebrated its 60<sup>th</sup> anniversary with a special commercial and book.
- Aygaz and United Enterprises completed the final signing procedures for incorporating United LPG Limited.
- Sendeo, the new brand name of Aykargo, which started operating in the distribution and last mile delivery sector in 2020, was introduced to the media.
- Pürsu was a winner in the Beverages category at the 2021 Worldstar Global Packaging Awards, organized by the World Packaging Organisation (WPO).
- Aygaz was recognized with the Good Design Award at Design Week Türkiye for two products: the Mini BBQ and Pürsu glass bottles.

**2022**

- Sendeo completed its organizational structuring across 81 provinces.
- Aygaz announced its commitment to work for “gender equality.”
- United Aygaz LPG’s capital was increased to BDT 2.14 billion.
- Aygaz was recognized with first prize in the “Future of Work-Borderless Organization” category at the 2022 IDC CIO Summit with its AR-WE virtual office project.

## Highlights of 2023

### JANUARY

The **ikon app**, providing access to all Human Resources applications from a single platform, was launched.



### FEBRUARY

The **capital** of United Aygaz LPG, a joint venture established in Bangladesh with Aygaz holding a 50% stake, was **increased from BDT 3.26 billion to BDT 4.5 billion BDT**. Aygaz participated in the capital increase in proportion to its stake and paid BDT 620 million BDT (-USD 6 million) in cash.



### MARCH

Aygaz decided to participate in the capital increase of Sendeo, in which the company holds a 55% stake, **from TL 753.5 million to TL 1,183 million** in proportion to its stake.



### APRIL

**Melih Poyraz**, the Strategy and Business Development Director at Koç Holding, was appointed as General Manager to Aygaz.

Pursuant to Aygaz's Dividend Policy, **a total dividend amounting to TL 219 million**, determined by considering market expectations, long-term company strategies, investment and financing policies, profitability and cash position, was **paid out**.

### JUNE

Aygaz reached **30,000 women** through the W-Energy for Equality Program **in 2023** and **more than 50,000 women** since the program's inception.



Aygaz **won an award for its Loading Robot project** at the WLGA Global Technology Conference (GTC2023) organized during the LPG Week by the World Liquid Gas Association (WLGA) in Rome this year.

The **website and mobile app** of Aygaz were launched with a new face to offer customers a more convenient enjoyable online shopping experience.



## JULY

The **Key Summer Internship Program** of Aygaz, providing internship opportunities to high school and university students, started.

## SEPTEMBER

**Aygaz 100+ Octane** launched to the market as a new autogas product.



Aygaz General Manager **Melih Poyraz** was elected as the **President of the LPG Assembly within TOBB Türkiye**.



Sendeo was recognized with **second prize** in the **“Customer-Centric Culture”** category at the Customer Experience Awards Türkiye.

**Aygaz Innovation Academy** was established to spread the entrepreneurship culture across the organization, train project leaders, and increase collaborations with startups and mentoring.

## OCTOBER

Aygaz celebrated the **centennial of our Republic** with various events.

United Aygaz LPG became the **name sponsor of the show**, featuring cricket commentators who analyze the matches of the day on GTV, the most popular sports channel in Bangladesh.



## NOVEMBER

The commercial titled “Ben Yetiştirdim,” (I Helped Him Make It), created for the launch of Aygaz 100+ Octane and featuring Fenerbahçe’s star striker Edin Dzeko, won **Silver Apple at the Crystal Apple Awards**.

W-Energy for Innovation and W-Energy for Future projects under the W-Energy for Equality Program were named the **best of the year** by **TEGEP in the Development Program for Supporting Women’s Participation in Professional Life** category.

Koç Holding Energy Group companies Aygaz, Entek, Opet and Tüpraş participated in the **13<sup>th</sup> Türkiye Energy Summit**, the biggest industry event.

United Aygaz LPG passed a resolution to **increase its capital from BDT 4.5 billion to BDT 5.8 billion**. Aygaz decided to participate in the increase in proportion to its stake and pay BDT 672 million (~ USD 6 million) in cash.

In November, **Sendeo’s capital** was increased to **TL 1,688 million**.

**Aygaz General Manager Melih Poyraz** was a speaker at the Bangladesh Foreign Investors’ Chamber of Commerce and Industry (FICCI) event, organized to mark FICCI’s 60<sup>th</sup> anniversary.

## DECEMBER

Sendeo was named among **Türkiye’s Best Employers** by Kincentric.

**Aygaz Seniority Awards** were presented to the employees serving the company for long years during the New Year celebrations in the foyer of the Head Office building.

United Aygaz LPG reached **59 thousand tons in sales and 11 thousand tons in storage capacity**.

Aygaz was recognized with the **Special Jury Award** at the **Corporate Intrapreneurship Awards** by the Entrepreneurial Institutions Platform and Özyeğin University for its W-Energy for Equality Program, which aims to achieve gender equality in technology and innovation.

**2023 OVERVIEW**

## Turkish and Global LPG Industry

LPG is increasingly used for a broad range of purposes and like renewable energy, gaining wider adoption. According to the World Liquid Gas Association data, the production and consumption of LPG, preferred for its sustainable and environmentally friendly features, has increased.



Liquefied petroleum gas (LPG) is an energy source recognized as an efficient, transportable, readily available and sustainable fuel with environment-friendly properties. Like renewable energy, LPG is also becoming increasingly popular. LPG is anticipated to maintain its current position in the energy scale in the coming years. The global LPG consumption reached 342 million tons according to the World Liquid Gas Association's (WLGA) 2023 report, while global LPG production was 344 million tons.

### USA, top LPG producer

The United States of America (USA), China, Saudi Arabia, Russia, and Canada, respectively, accounted for 59% of the total production as the top five countries. LPG production is directly related to the production and consumption of fossil fuels, with 64% coming from natural gas and 36% sourced from refineries. Even though oil, natural gas, and LPG are considered alternative fuels to one another, LPG production inevitably accompanies oil and natural gas production. Despite

some geographic and industrial changes, LPG production continues to increase in correlation with these two sources.

### China, top LPG consumer

As reported by the WLGA, LPG consumption grew 1.3 times over the last decade, corresponding to a volume increase of 87 million tons. The report indicates that global LPG consumption grew by 3% year on year to 342 million tons in 2022. The 10-year fuel efficiency and decarbonization goals are expected

to contribute to the structural decline in the demand for fossil-based transportation fuels in the long term while LPG is projected to grow further, especially in the petrochemical sector and potentially in the household markets. In terms of the highest LPG consuming countries, China ranks first with 74 million tons, followed by the USA and India in the top three, which account for 44% of total global LPG consumption.

#### **Bangladesh, a fast growing market**

In Bangladesh, a country in the Asia-Pacific region, LPG demand has consistently increased at an average rate of 33% every year in the last decade. With 8.6 kg per capita, Bangladesh still has one of the lowest consumption rates in the region, an indication that the country promises a significant growth potential.

#### **Türkiye, Europe's fifth largest household LPG market**

According to the WLGA report, household LPG consumption continues to dominate the global LPG market with 45%. China,

India and the USA maintain their places in the top three in domestic LPG consumption, with the LPG consumed by these countries accounting for 48% of the total household consumption. Currently, Türkiye is the fifth largest market in Europe in household LPG consumption.

#### **The world's second largest autogas market: Türkiye**

The WLGA report indicates that autogas consumption ranks fourth after household, petrochemical and industrial consumption with a global share of 7%. Russia, Türkiye and South Korea are the three countries with the highest autogas use, with their combined total accounting for 36% of global autogas consumption.

Türkiye boasts the world's largest LPG-powered vehicle park with 5.1 million units. Since 2011, autogas has ranked among the most preferred fuels for cars.

#### **Exports by sea on the rise**

According to the 2023 report, maritime transportation of LPG has shown an increase worldwide. The number of tankers transporting

## Global LPG Industry

### PRODUCTION

# 344

## million tons

64% natural gas, 36% refinery production

### TOP PRODUCERS

1. USA
2. China
3. Saudi Arabia

### CONSUMPTION

# 342

## million tons

### TOP CONSUMERS

1. China
2. USA
3. India

### HOUSEHOLD LPG CONSUMPTION

# 45%

in total LPG consumption



In the Turkish market, LPG demand is partially met by domestic production and mostly by imports. In 2023, domestic production accounted for 19%, while import and sourcing for 81%.

The world's  
**10<sup>th</sup>**  
 largest LPG market

LPG globally rose by 84% last year, reaching 1,363 with total capacity of 47 million cubic meters.

**Türkiye, the second largest market in Europe**

Turkish LPG market is the second largest in Europe and tenth in the world in terms of use as an energy source, excluding petrochemicals and refineries. As of December 2023, 19% of total LPG demand in the Turkish market was met by domestic production and 81% by imports. LPG is imported primarily from Algeria, the USA and Russia among other countries.

**Volatility in LPG prices**

The Algerian (SP) sourced LPG, which was priced at USD 584/ton in early January 2023, closed December at USD 534/ton. Throughout the year, LPG prices fared at USD 527/ton levels on average. However, in the first quarter of the year, supply concerns caused spikes in LPG prices. After peaking at USD 675/ton in early March, the highest of 2023, the prices started to drop sharply by 25% in April. Due to the decline in demand and seasonality, the LPG prices began to weaken after April, and then saw another drop by 13% on a monthly basis in June. As the Organization of the





## Turkish LPG Industry

**The world's**  
10<sup>th</sup> largest LPG market

**The world's**  
2<sup>nd</sup> largest autogas market

**Europe's**  
5<sup>th</sup> largest household LPG  
market

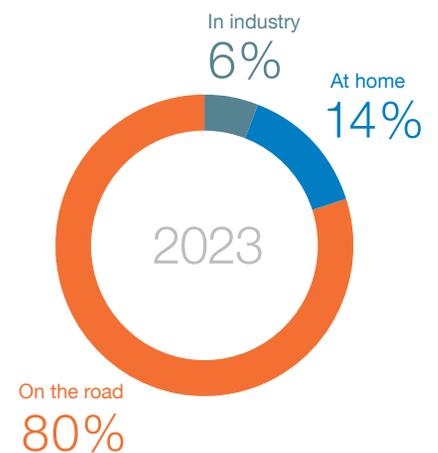
The world's biggest LPG-  
powered vehicle park with  
**5,1 million vehicles**

Petroleum Exporting Countries (OPEC+) kept imposing production cuts, the LPG prices rose in direct correlation to crude oil prices, maintaining this trend until the end of October. Then, in November and December, with weak economic data from world economies, demand concerns for the winter months, and the tight monetary policies keeping the interest rates high impacting global growth, LPG prices continued to fall.

In terms of the consumer prices in 2023, autogas and cylinder gas saw around 73% of increase. According to the December industry report of the Turkish Energy Market Regulatory Authority (EMRA), the Turkish cylinder gas market grew by 1.5% in 2023, driven by the rising demand from the manufacturing and construction sectors. Meanwhile, growth of the autogas market reached 13.5% due to the price increases remaining below inflation rates in the first half of the year and the autogas product delivering an economic advantage of 40%-45% against gasoline. As a result, the total market grew by 13.8% year on year. In the same period, Aygaz cylinder gas sales followed a parallel trend with the market, while autogas sales increased by 11% thanks to the strong distribution network. Aygaz maintained its market leadership throughout the year.

## AREAS OF LPG USE

EMRA December report



**2023 OVERVIEW**

## Aygaz in 2023

Committed to its vision of becoming an international LPG player and growing in strategic business areas, Aygaz reinforced its leading position in the Turkish LPG sector by expanding its product range in 2023.



Aygaz, founded in 1961, is Koç Group's first company in the energy sector. As an integrated LPG company, Aygaz engages in a broad range of activities, including sourcing, storing, filling and selling LPG, manufacturing and selling pressurized containers and LPG equipment, and maritime transportation of LPG. With superior quality, customer-centric approach and service excellence at the core of its way of doing business, Aygaz has long been a generic brand for LPG users.

As part of its international expansion strategy, the company has extended its LPG operations to Bangladesh,

bringing industry know-how and experience to the Asia-Pacific region. Aygaz also leverages its effective and extensive dealership network to reach its customers with drinking water products and last mile delivery services.

### **The 27<sup>th</sup> largest industrial company in Türkiye**

Aygaz has long maintained its position as the first and only publicly traded LPG company in the country and ranked 27<sup>th</sup> in İstanbul Chamber of Industry's (ISO) 2022 list of the Top 500 Industrial Enterprises of Türkiye. With a deeply-ingrained corporate culture and qualified workforce, Aygaz uses a state-of-the-art

technological infrastructure across all fields of operation. Keeping its focus on increasing sales in the domestic and international markets to elevate its current position through sustainable growth and efficiency, Aygaz has succeeded in maintaining its leadership in the LPG industry throughout the year, thanks to a broad product range, integrated business processes, and a dynamic organizational structure.

### **Continued leadership in the LPG market**

According to the December 2023 report of EMRA, Aygaz continued to maintain its industry leadership in the LPG

market where nearly 80 companies operate.

In 2023, Aygaz worked toward its mission of becoming an international LPG player and growing in strategic business areas, while reinforcing its leadership position in the Turkish LPG sector by expanding its product range. As of the end of December, the overall market share of Aygaz stood at 25.7%, with 41.1% in the cylinder gas and 22% in the autogas segments. Aygaz's total domestic sales exceeded 1.1 million tons in 2023. With the addition of wholesale and exports, this volume surpassed 2.7 million tons, with a 15% year-on-year increase. As of year-end 2023, Aygaz earned TL 64.8 billion in consolidated revenues.

#### **Aygaz, a global player**

Pursuing its international growth strategy, Aygaz entered into a business partnership with the United Group in 2019 and established United Aygaz LPG Limited as a joint venture to operate in the fields of LPG supply, filling and distribution in Bangladesh, the world's fastest growing liberal LPG market. Starting to sell LPG in the Bangladesh market in 2022, United Aygaz LPG sold 59 thousand tons in 2023 and grew its storage capacity to 11 thousand tons as investments continue to increase this capacity.

Aygaz manufactures its own cylinders, valves, regulators, bulk gas and autogas station tanks at its Gebze Plant, which also exports these products to several countries and contributes to the company's mission of becoming a global player. Since 1962, Aygaz has manufactured more than 700 different types of products, nearly 80 million cylinders, 40 thousand tanks and 150 million valves and

regulators, which are used in 60 countries on four continents. In 2023, these products were sold to 44 LPG distribution companies, including 11 new customers, located in Europe, Latin America, Africa, and Asia, and generated USD 34 million in export revenues.

#### **Aygaz 100+ Octane launched**

As a leading autogas brand, Aygaz followed its sustainable innovation vision to develop environmentally friendly, innovative and high-performance products and introduced Aygaz 100+ Octane with a Research Octane Number of 100 to the market in 2023. Aygaz 100+ Octane was launched with the commercial "Ben Yetiştirdim" (I Helped Him Make It), featuring Fenerbahçe's star striker Edin Dzeko. The commercial, first broadcast on September 30, won the Silver Apple at the Crystal Apple Awards.

#### **Digital transformation and reinforced sales channels**

Digital transformation at Aygaz continues as efforts gain momentum in customer applications, smart sales management, digital dealers, digital price management, digital and lean work environment, and smart logistics and production. Aygaz also leads the industry with its services that facilitate e-commerce, especially for the customers.

The Aygaz Mobile app, which went live on iOS and Android platforms to offer Aygaz products on a single platform and create an effective user experience, was launched at a digital event. Launch-specific discounts and campaigns were offered for several products, except for cylinder gas, while another campaign was offered to the autogas customers to earn points.

## **Aygaz Distribution Network Across Türkiye**

2,182  
cylinder gas dealers

1,830  
autogas stations

Aygaz, committed to developing environmentally friendly, innovative and high-performance products, introduced Aygaz 100+ Octane with a Research Octane Number (RON) of 100 to the consumers in 2023.



The increasing adoption of environmentally friendly approaches and policies to prevent global climate change drives the rise and widespread use of LPG.

Aygaz Mobile was enhanced with new capabilities and more deals for the customers.

In 2023, Aygaz website gained an e-commerce site function beyond serving as a corporate site. The infrastructure, fully integrated with the Aygaz Mobile app, now allows the customers to complete a purchase started on the website later on mobile, or vice versa. Diversification of e-commerce channels contributes positively to growing the online sales.

The Aygaz Integrated Order (AES) system, where the dealers manage customer orders and the orders received via the e-commerce infrastructure are communicated to the relevant dealers, was upgraded with a modern interface to create an enhanced e-commerce experience. The new system is available to the dealers as the Digital Order System (DSS). With the orders integrated into the Dealer Mobile app for the dealers who do not use computers at their workplace, the new system enables all e-commerce orders to be communicated to the

relevant dealers. In addition to the DSS system, the ASG Mobile app, which the Subscriber Service Workers use to receive and deliver cylinder orders, has also been renewed and upgraded with user-friendly features.

**Innovation and intrapreneurship culture at Aygaz**

As a company that recognizes the importance of building an innovation and intrapreneurship culture within the organization, Aygaz focuses on fostering this culture among all employees, supporting startup collaborations and initiatives, and positioning it more effectively within the ecosystem. As of year-end 2023, Aygaz manages eight intrapreneurship projects, demonstrating an exemplary performance for other organizations within in the ecosystem.

Furthermore, Aygaz Innovation Academy was established in September 2023 with the mission of spreading the intrapreneurship culture wider across all levels of the organization top to bottom, training strong and fast “project leaders” for the company’s intrapreneurship initiatives or other projects, facilitating

startup collaborations and mentoring, and representing Aygaz within the ecosystem with a larger team. The Academy started its first term by providing training for 15 selected employees.

Aygaz is a member of the Entrepreneurial Institutions Platform, established to foster the entrepreneurship culture in organizations, promote inter-organizational learning, and facilitate interaction between organizations and startups. Collaborations with other companies, exchanging best practices, and successful startups have contributed to the influence of Aygaz on the ecosystem. Moreover, Aygaz joined the Here2Next platform, founded in the last quarter of 2023 to foster cooperation between organizations and startups, help them develop a common language, and facilitate engagement between organizations and successful startups.

#### High customer satisfaction

Ensuring ultimate customer satisfaction is a key priority for Aygaz. According to the results of independent surveys conducted since 2003, Aygaz Group brands rank among those with the highest customer satisfaction in both the cylinder and autogas segments. Aygaz continuously diversifies and expands

its product range in response to evolving customer demands and needs, while elevating its service quality in collaboration with its autogas and cylinder gas dealers. With an extensive distribution network consisting of nearly 2,200 cylinder gas dealers and over 1,800 autogas stations across Türkiye as of year-end 2023, Aygaz meets the demands of customers quickly and safely. This strong distribution and service network delivers cylinders of Aygaz and its other brands to nearly 40 thousand homes every day, while more than 240 thousand autogas-powered vehicles fill up their tanks with Aygaz autogas at the stations.

Aygaz adopts a business culture that places the consumer at the core of its activities, constantly improving product and service quality by anticipating their needs.

#### Robust infrastructure for sourcing

Aygaz, which accounts for nearly 52% of the total LPG imports into Türkiye in 2022, works with a wide range of suppliers of different origins to streamline its LPG operations. With a robust infrastructure and high sales volume, Aygaz is one of the few companies capable of discharging the largest LPG vessels on its own and at a single port.

Aygaz operates the largest LPG truck fleet in Türkiye with more than 300 tanker trucks, nearly 200 cylinder gas transportation trucks, and over 600 drivers, traveling 46 million kilometers and making 96 thousand trips every year.



178,200

m<sup>3</sup>

largest LPG storage capacity in Türkiye

**The largest LPG logistics operation in Türkiye**

Aygaz operates the largest LPG truck fleet in Türkiye with more than 300 tanker trucks, nearly 200 cylinder gas transportation trucks, and over 600 drivers, traveling 46 million kilometers and making 96 thousand trips every year. Aygaz runs its LPG logistics operations by applying various linear scheduling tools as part of the logistics optimization efforts to deliver its products from source to customer at a minimum total cost. The company uses the Station Inventory Management and Tanker Routing Systems to plan LPG supply to the autogas stations. These systems make it possible to manage the distribution network through person-independent optimized routes by automatically creating order requests and contribute to improved efficiency and dealer satisfaction. Aygaz ensures that suppliers and drivers comply with the procedures, communiqués and instructions on occupational health and safety and provides training to all drivers for road and driving safety.

**International maritime transportation of LPG**

In addition to road transportation, Aygaz has also been actively involved in maritime transportation of LPG since

1967. In 2010, Aygaz assigned the management of its LPG carriers to its subsidiary Anadoluhisarı Tankercilik A.Ş. The fleet currently has a total capacity of 28,800 cubic meters with three specially equipped, full-pressure carriers with an average age of 17 years. In 2023, Anadoluhisarı Tankercilik accounted for 10% of Aygaz’s maritime procurement and transportation activities. M/T Beylerbeyi is currently chartered out on a long-term contract.

**Facilities in world standards**

Aygaz operates world-class facilities, including five sea terminals, five filling plants, eight distribution centers, and a pressurized container and accessory manufacturing plant, all equipped with the latest technologies. With a total of 178.2 thousand cubic meters, Aygaz has the largest LPG storage capacity in Türkiye.

**The industry’s first R&D center**

Aygaz R&D Center, operating within the Gebze Plant, is the first among the LPG distribution companies in Türkiye. The objectives of Aygaz R&D Center include developing new products powered by LPG, enhancing LPG product quality, achieving digitalization with smart products, improving efficiency through automation systems, and contributing more to the consumers, national economy and the environment.



In 2023, the Center focused on R&D projects involving digitalization, increasing LPG usage, and reducing emission levels and carbon footprint. In addition to improving the quality and research octane number of the autogas product, the Center also worked on product development to enable gasoline generators with different powers to run on LPG. Meanwhile, the development of heaters, barbecues and stoves continued in response to the growing demand for such LPG-powered products in parallel to the rising interest in outdoor activities and camper vans. The Center also develops products to offer smart solutions to improve the user experience of cylinder gas customers.

### Smart production, efficiency and people-centric approach

At the Gebze Plant, smart factory work is ongoing at full steam, with monitoring and tracking systems more widely deployed and existing systems integrated to communicate with each other. The welding type applied to industrial and camping cylinders was replaced and preparations for full automation were completed. Machine-based efficiency studies continued, delivering a 10% improvement in overall equipment efficiency. Through the right investments and energy saving work, energy consumed per unit has been reduced by 6%. While machine production with internal resources continued this year, six machines and an automation systems were completed and commissioned. Activities and initiatives to foster employee loyalty such new lounge areas for the employees, the opening of a gym, and entertaining field training, resulted in a notable increase in employee satisfaction.

### Strategic business areas

**Aygaz Doğal Gaz:** Aygaz Doğal Gaz, founded to become a diversified player in the natural gas market, is engaged in the sales of piped and liquified natural gas (LNG), while following



the market closely to seize new business opportunities.

**Bal Kaynak Su (Pürsu):** The natural spring water business of Aygaz is carried out through its subsidiary Bal Kaynak Su. Aiming to expand the scope of water distribution through its dealers and ensure sustainable production, the company delivers water to the consumers under the Pürsu brand. With an extensive distribution network, quality service approach, and focus on well-being and hygiene, Pürsu has soon become a leading brand in the bottled water sector.

### Sendeo Dağıtım Hizmetleri:

Sendeo was founded with the mission of creating added value for shareholders and dealers by leveraging the brand power, extensive dealer and station network, facility infrastructure, and home delivery experience of Aygaz. Born from the intrapreneurship efforts within Aygaz, Sendeo evolved from an idea into a last mile delivery business. Since 2022, Sendeo has established its own end-to-end system and started to provide last mile delivery services for customers across the country.

### Aygaz increases its value through financial investments

**Enerji Yatırımları (EYAŞ):** Aygaz holds a 20% stake in EYAŞ, which owns 46.4% of Tüpraş shares. Therefore, Aygaz has an indirect share of 9.3% in the capital of Tüpraş. EYAŞ (Enerji Yatırımları A.Ş.) was founded in 2005 to acquire 51% of the shares of Tüpraş, the largest industrial corporation of Türkiye, from the Privatization Administration. As the pioneering producer in the refinery industry in Türkiye, Tüpraş operates in refining, distribution, oil and petroleum products, and maritime transport. With an annual crude oil processing capacity of 30 million tons, Tüpraş is among the large-scale refinery companies in Europe.

### Koç Financial Services (KFS):

Aygaz holds an indirect stake of 1.6% in the capital of Yapı ve Kredi Bankası A.Ş. through its shares in Koç Finansal Hizmetler A.Ş., which brings together the Koç Group subsidiaries in the finance sector under one umbrella.

**Other:** Aygaz also holds 2.5% stake in Ram Dış Ticaret A.Ş. and 0.08% in Tat Gıda Sanayi A.Ş.\*

\*The sales procedures of Tat Gıda A.Ş. were finalized on February 19, 2024.





## The brand name of Aygaz

accompanied the modernization journey  
of this country,

enhanced homes with flavor, conversations  
with zest, and moments with joy,

became a trusted companion to drivers.

**AND THE POWER OF  
AYGAZ EVOLVED INTO  
A LEADERSHIP STORY**

## Cylinder gas

Aygaz diligently follows the evolving consumer expectations, diversifies its portfolio with new products, and reinforces its sales channels.



Aygaz, a pioneer in the LPG industry with countless innovations, is recognized as the most trusted LPG brand, which has become synonymous with cylinder gas in Türkiye. The Company's cylinder gas products are preferred for their quality as well as dynamic and energetic brand image. According to EMRA's December 2023 industry report, Aygaz maintained its leadership in the cylinder gas market with 41.1% share.

Aygaz currently works with 2,182 dealers across the country, delivering its products to the customers. Aygaz aims to reinforce this strong bond with its customers by offering not only

cylinder gas but also other products such as premium barbecues, heaters, and camping, camper van and boat equipment that make life on the go easier.

### **Evolving product range**

Aygaz leverages the features of LPG as the most practical and transportable energy source to respond to the evolving customer expectations and continues to expand its product range with options that can be used outdoors. In addition to the products developed in recent years for this purpose, Aygaz also aims to provide solutions for different needs with a steadily growing product range offered to the Turkish market.

Aygaz offers its Aygaz Mini product as a novelty to the camp cylinder concept. In addition to serving as a spare for regular household cylinders, Aygaz Mini is available with highly popular complementary products such as special cooktops, a practical barbecue and a heater, designed by the Aygaz R&D teams. Presented in stylish designs, these products are particularly preferred for outdoor use by campers and people living in camper vans. Recognizing the potential, Aygaz will continue to develop more products in this category.

As the global camping market continued to grow, starting during the pandemic, this trend inspired Aygaz to diversify its product range. In addition to the cartridge stoves with high safety features, Aygaz also introduced cartridges with high burning properties in cold weather as a first in the Turkish market.

In 2023, Aygaz launched a limited series of 12kg cylinders made of a composite material for camper van users, marking another first in the Turkish market. The new product is designed as a lightweight cylinder with a high propane ratio to cater to the requirements of the camper van users, and upon review of the feedback, Aygaz will consider ramping up production.

In addition to the cylinders produced specifically for the camper van and marine segments, Aygaz also offers special regulators and other LPG equipment to meet various customer needs.

### Raising consumer awareness

Aygaz recognizes the importance of raising awareness among the consumers regarding the safe use of its products. Therefore, the company plays an active role in spreading and implementing the European standards in Türkiye and participates in the industry events promoting user safety as well as trade fairs and events to inform consumers.

### Online sales channels

As e-commerce enjoys rapid growth in recent years, so do the online sales channels. Aygaz had already anticipated this development and started a digital transformation in 2018, later launching an online cylinder gas sales platform as a first in the Turkish market. The Aygaz Mobile app was introduced in 2022 with new features, quickly gaining the appreciation of the customers. Then, Aygaz e-Store was launched as a new e-commerce system, offering 600 different products along with Aygaz cylinders and all other equipment that Aygaz customers may need on a single platform.

Aiming to enhance the digital capabilities of its dealers as well, Aygaz built a system on an address infrastructure that enables the orders to be automatically placed with the most suitable dealer and to communicate the orders received every day to the right dealers across the country. As a result, Aygaz launched the only e-commerce platform with these features on to the Turkish market.

In addition to the Aygaz mobile app and Aygaz e-Store, the e-commerce platform of Aygaz on [www.aygaz.com.tr](http://www.aygaz.com.tr) has also continued to sell LPG-powered devices and equipment in a wider range of products, which have seen great interest from the customers. Currently, the website lists more than 600 products in multiple categories, including patio and indoor heaters, barbecues, camping stoves, accessories, and spare parts categories, all powered by LPG.

### Communications and campaigns

Aygaz Mobile app, available on iOS and Android platforms, and designed to create an effective user experience by offering cylinders and devices on a single platform, was introduced during a digital launch event. Specific to the launch, discounts and campaigns were offered for several products, excluding the cylinders.

2,182  
cylinder gas dealers



In 2023, Aygaz launched a limited series of 12kg cylinders made of a composite material for camper van users, marking a first in the Turkish market.

## Autogas

As a leading autogas brand, Aygaz followed its sustainable innovation vision to develop environmentally friendly, innovative and high-performance products and introduced Aygaz 100+ Octane to the market in 2023.



1,830  
autogas stations

As the market leader, Aygaz has been instrumental in the development of the autogas sector, which has a history of 25 years in Türkiye. Aygaz remains the undisputed leader of the autogas segment with 22% market share according to EMRA's December 2023 report. Operating with the most extensive distribution network in Türkiye, Aygaz caters to autogas users through 1,800+ autogas stations across the country. Aygaz selects its stations by considering the market developments and boasts station sales efficiency above the industry average.

With the addition of newly opened stations in 2023, Aygaz continues to provide quality service to a broader customer base. Aygaz also strives to foster the healthy development of the market by working in partnership with converters, the key stakeholder of the autogas sector.

### Latest about the autogas market

As fuel prices increase, autogas becomes an economical fuel solution that consumers consider, leading to higher consumption in 2023. In Türkiye, 34% - corresponding to 5.1 million - of



Aygaz 100+ Octane delivers performance equivalent to gasoline, earning the approval of both converters and consumers. To promote the product, a commercial was created featuring Fenerbahçe's star striker Edin Dzeko.

the 15 million registered passenger cars are powered by LPG as of December 2023.

Advanced autogas conversion systems contribute to high performance, safety and fuel economy, while the high quality autogas offered by Aygaz receives positive feedback from consumers. The healthy development of the market is also supported by the automotive industry selling new LPG-powered vehicles.

#### High performance with Aygaz 100+ Octane

As a leading autogas brand, Aygaz followed its sustainable innovation vision to develop environmentally friendly, innovative and high-performance products and introduced Aygaz 100+ Octane with a Research Octane Number of 100 to the market in 2023. Aygaz 100+ Octane, compliant with the TS EN 589 autogas quality standard, ensures efficient combustion in the engine, prevents engine pinking, and improves exhaust emissions, delivering high performance for autogas users.

Aygaz 100+ Octane, which does not contain any additives, helps obtain the best possible performance from autogas by combining the advantages of LPG's natural ingredients and high Aygaz quality. It also keeps exhaust emissions low by ensuring complete combustion

of fuel. Aygaz introduced its first "quality autogas" product in 2001 as a major breakthrough in the market, and in 2023, reinforced its position as an innovative company with the launch of its 100+ Octane product. Aygaz also supports its efforts to develop the autogas market with scientific reports. Aygaz 100+ Octane delivers performance equivalent to gasoline, earning the approval of both converters and consumers. To promote the product, a commercial was created featuring Fenerbahçe's star striker Edin Dzeko. The commercial communicates the superior performance of autogas, which guarantees at least 100 octane even under the most pressing conditions, with a humorous story. The commercial, which was received with great interest by the consumers, was recognized with Silver Apple in the Film - TV & Cinema / Services & Tourism and Transportation / Automotive and Automotive Products category at the Crystal Apple Awards. Aygaz 100+ Octane Autogas ad campaign reached consumers via TV commercials, radio spots, web ads and YouTube.

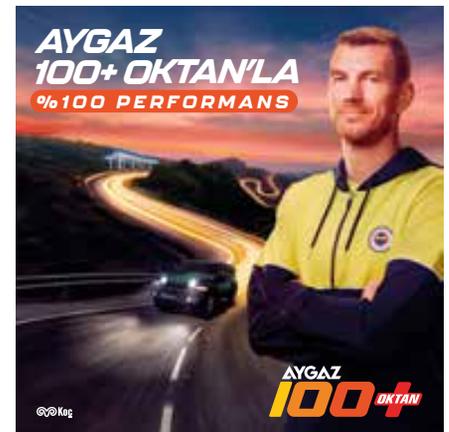
#### Communications and campaigns

Aygaz continues to promote its new product, 100+ Octane, across various channels through launch events and communications. At the time of the launch, an autogas campaign with a TL 100 discount was offered that the

customers could join via the Aygaz Mobile app through November.

Aygaz created a brand new product logo for 100+ Octane and started to update the corporate identity at the stations selling this product. Since the launch, the new images have been incorporated into the visual design of all stations in Türkiye.

As part of the effective customer communication strategies, the Aygaz Mobile app, available on iOS and Android platforms since June, also targeted autogas users. Dedicated campaigns were offered to the app users during the communications through digital channels.



## Bulk Gas

Aygaz has a 40% market share in the bulk gas segment with sales accounting for nearly 50% of the standardized LPG segment.



Bulk gas is an energy source used in the homes for heating, hot water, and cooking needs and for production in commercial and industrial enterprises.

LPG's cost advantage over natural gas in the last quarter of 2022 when more than 300,000 cubic meters of LPG is used in a year continued into the early 2023, bringing bulk gas to the forefront again as an important alternative to natural gas. Adding the purchases made for trial purposes prior to commissioning the installed spare systems, Aygaz gained up to 40% market share in the bulk gas segment. While bulk gas had a 6% share in the Turkish LPG market in 2023, Aygaz reached a 9% share in total domestic retail sales.

With nearly 56 thousand tons sold in 2022, Aygaz captured a market share of

40% in the bulk gas segment. The period when LPG had a price advantage over natural gas and the trial purchases in the ensuing period contributed 60,000 tons to Aygaz's bulk gas sales.

### Standardized LPG

The standardized LPG suitable for aerosol production, used as a raw material in the aerosol industry and also by food packaging and insulation manufacturers, has a significant share in bulk gas sales, which surpassed 31,000 tons in 2023.

## Gebze Plant

Gebze Plant, using cutting-edge technologies in manufacturing, exports a range of products to multiple countries, contributing to Aygaz's mission of becoming a global player.



The Gebze Plant, which manufactures the cylinders, valves, regulators, bulk gas and autogas station tanks that Aygaz uses, is spread on an open area of 52 thousand square meters and an indoor area of 25 thousand square meters within the Gebze Organized Industrial Zone. Contributing to Aygaz's mission of becoming a global player by exporting its products to several countries, Gebze Plant holds ISO 9001 Quality, ISO 14001 Environment, ISO 45001 Occupational Health and Safety, ISO 10002 Customer Satisfaction, ISO 50001 Energy, and ISO 27001 Information Security Management Systems certifications. More than 700 types of products, including 80 million cylinders, 40 thousand tanks and 150 million valves and regulators, manufactured by Aygaz since 1962, are used in 60 countries on four continents.

### Smart production, efficiency and customer-centric approach

At the Gebze Plant, smart factory work

is ongoing at full steam, with monitoring and tracking systems more widely deployed and existing systems integrated to communicate with each other. The welding type applied to industrial and camping cylinders was replaced and preparations for full automation were completed. Machine-based efficiency studies continued, delivering a 10% improvement in overall equipment efficiency. Through the right investments and energy saving work, energy consumed per unit has been reduced by 6%. While machine production with internal resources continued this year, six machines and an automation systems were completed and commissioned. Activities and initiatives to foster employee loyalty such new lounge areas for the employees, the opening of a gym, and entertaining field training, resulted in a notable increase in employee satisfaction.

### Export-driven growth

Aygaz LPG equipment, manufactured

at the Gebze Plant and exported to 60 countries, are preferred for their high quality, reliability and durability. Aygaz boasts a broad range of products, including LPG cylinders, bulk gas tanks, valves and regulators, for different needs and applications. In 2023, Gebze Plant continued to play a key role in product development at Aygaz. Following the revisions in the cylinder production lines for the products manufactured at the Gebze Plant for exports, new products could be offered to new markets and new customers, resulting in an increase in the Gebze Plant's export volume and revenues. In 2023, these products were sold to 44 LPG distribution companies, including 11 new customers, located in Europe, Latin America, Africa, and Asia, and generated USD 34 million in export revenues.

## Supply Chain

Aygaz is an integrated LPG company delivering its products from the facilities to the customers safely with minimal cost by its maritime and road fleets.



Aygaz, which accounted for nearly 52% of the total LPG imports into Türkiye in as of the end of December, works with a wide range of suppliers of different origins to streamline its LPG operations. In addition to engaging in retail sales, Aygaz also works with third parties, growing its LPG trade over the years to reach a total LPG volume of 2.4 million tons. With this volume, Aygaz ranks among the largest LPG buyers in the Mediterranean and holds a key position in the international LPG market.

### Robust infrastructure for sourcing

With a robust infrastructure and high sales volume, Aygaz, is one of the few companies capable of discharging the largest LPG vessels on its own at a single port. With the highest inventory turnover rate among the importers with maritime operations, Aygaz boasts a monthly cycle of three at its

port terminals. Aygaz also handles at least one ship per day on an annual average at its own ports and others, utilizing its strong logistics infrastructure to the maximum while ensuring product traceability at all times. Aygaz recognizes the importance of diversifying its portfolio to ensure supply security and therefore purchases from eight origins and 14 suppliers. With the same strategy, Aygaz also diversifies its delivery methods, receiving the products from suppliers at the port or using its own tanker ship fleet in imports.

### The largest LPG logistics operation in Türkiye

Aygaz operates the largest LPG truck fleet in Türkiye with more than 300 tanker trucks, nearly 200 cylinder gas transportation trucks, and over 600 drivers, traveling 46 million kilometers

and making 96 thousand trips every year.

Aygaz runs its LPG logistics operations applying various linear scheduling tools as part of logistics optimization to deliver its products from source to customer at minimum total cost. The company uses the Station Inventory Management and Tanker Routing Systems to plan LPG supply to the autogas stations. These systems make it possible to manage the distribution network through person-independent optimized routes by automatically creating order requests and contribute to improved efficiency and dealer satisfaction. Aygaz ensures that suppliers and drivers comply with the procedures, communiqués and instructions on occupational health and safety and provides training to all drivers for road and driving safety.

## Anadoluhisari Tankercilik

### Maritime transport and sourcing

As an integrated LPG company, Aygaz is actively engaged in land transport and maritime transport. Aygaz began to transport LPG by sea in 1967 and later transferred the management of its vessels to its subsidiary Anadoluhisari Tankercilik in 2010. The fleet currently consists of three specifically equipped and fully pressurized tankers with a total capacity of 28,800 cubic meters and an average age of 17 years. In 2023, Anadoluhisari Tankercilik accounted for 10% of Aygaz's maritime procurement and transportation activities, including chartered vessels.

### Serving external clients

M/T Beylerbeyi was chartered out to the same leaseholder in the Caribbean from January 2020 to March 2021. Following the expiry of the lease agreement, the vessel is currently chartered out to different leaseholders in the same region for limited terms. The vessel was chartered out in January 2022 for one year with a one year option, with the lease starting in March 2022. With the lease contract expiring in April 2024, the company is currently considering options to lease/charter out M/T Beylerbeyi for a new term.

### International certifications and inspections

Anadoluhisari Tankercilik operates as the holder of multiple international management system certifications on International Safety Management (ISM Code), Quality (ISO 9001:2015), Environment (ISO 14001:2015) and Occupational Health and Safety (ISO 45001:2018). In addition to these

certifications, the company's vessels have been assessed by major oil companies in accordance with the Tanker Management Self-Assessment Model since 2008. Moreover, the vessels that the company operates are inspected and certified in accordance with the International Ship and Port Facility Security (ISPS) Code.

The company successfully completes the audits that major oil suppliers conduct on the Anadoluhisari Tankercilik vessels regularly as well as other inspections required by applicable regulations (class, flag state, port state, insurance, etc.).

### Compliance with the energy efficiency index

Pursuant to various environmental legislation, including those enacted by the EU in 2018, introduced by IMO (International Maritime Organization) in 2019, and imposed by the UK in 2021, greenhouse gas emissions are measured and the data is reported. Anadoluhisari Tankercilik completed

its preparations to comply with IMO's greenhouse gas monitoring rules and sulfur reduction in all oceans, which became effective in 2020. Furthermore, activities to ensure that the existing vessels comply with the sulfur reduction projects and the energy efficiency index started in late 2021, while the company continues to work toward the global 2050 target for zero sulfur generated by the maritime sector. Currently, 0.5% VLSFO, defined as low sulfur fuel, is used in the fleet vessels.

In alignment with the IMO's carbon emission guidelines, the EEXI Energy Efficiency calculations were made for main and auxiliary engines, while methods were studied in terms of compliance with the rule in 2023. Eventually, the EPL (Engine Power Limitation) method was selected with respect to ship/engine type and usability, and the equipment was installed in the fleet vessels during the 2023 maintenance period.



AYC&W

## **The energy of Aygaz**

spread to every corner of Türkiye,

intertwined with the fabric of life and every precious moment,

offered an alternative solution for the needs of both the present and the future.

**AND THE POWER  
OF AYGAZ EVOLVED  
INTO A LEGACY FOR  
GENERATIONS TO COME**

## United Aygaz LPG

United Aygaz LPG, founded in 2021 to operate in the LPG sector in Bangladesh, started to sell LPG in 2022, while investments continue to increase the capacity and drive sales.



As part of its global expansion strategy, Aygaz initiated negotiations with the Bangladesh-based United Group in 2019. The purpose of the intended equal partnership was to operate in the Bangladesh market to source, fill and distribute LPG by making the necessary investments. On January 20, 2021, Aygaz acquired 50% stake in United LPG Limited, which already held a pre-license for LPG but was not operational yet, for Taka 50 million (~USD 605 thousand). The joint venture company established with 50-50 equal management rights was registered as United LPG Limited in Bangladesh, and was renamed United Aygaz LPG at the beginning of 2023.

Bangladesh is among the world's fastest growing liberal LPG markets, with a

compound annual growth rate of 22% between 2017 and 2022. According to WLGA data, the total LPG market grew from 518 thousand tons in 2017 to 1.43 million tons in 2022. Currently, 30 licensed LPG companies operate in the Bangladesh LPG market, where household use accounts for 85% of the total consumption. The World Bank data indicates that, Bangladesh, which doubled its GDP growth rate to 7% from 2020 to 2021 to reach USD 2,688, is also one of the most densely populated countries in the world with a population of 171 million.

### Capital share

Following the capital increases in 2021 and 2022, the capital of United Aygaz LPG reached Bangladesh Taka (BDT)

3,260 million as of year-end 2022. On February 6, 2023, United Aygaz LPG's capital was increased by BDT 1,240 million from BDT 3,260 million to BDT 4,500 million, and Aygaz participated in this increase in proportion to its share. Most recently, on November 30, 2023, United Aygaz LPG's capital was increased by BDT 1,344 million (~USD 12 million) from BDT 4,500 million to BDT 5,844 million, and Aygaz participated in this increase in proportion to its share.

### Infrastructure work

United Aygaz LPG completed the first phase of the investments in the main terminal in Chittagong (Chattogram), which started in 2021, as laid out in the business plan, and began to sell LPG in 2022. The terminal's storage capacity

reached 6 thousand tons at the end of 2022 and later to 11 thousand tons with the ongoing investments in 2023. By the end of 2024, the storage capacity in Chittagong will rise to 16 thousand tons.

LPG is shipped by vessels to ensure supply security as a critical factor. As of year-end 2023, a total of 59 thousand tons of LPG was sold through 108 dealers and 7,000 sales points, reaching USD 49 million in revenues. Once the autogas license was obtained in November, bulk gas and autogas sales started, along with cylinder gas products.

The NOC (No Objection Certificate) and explosives license have been obtained in 2023 for the second facility to be built in Dhaka. The facility, slated for commissioning in 2024, will increase the inventory capacity of United Aygaz LPG to 19 thousand tons in total. As the fixed asset investments continued, the company started to hire qualified employees that meet the company's expectations in line with the planned human resource requirements. As of 2023 year-end, the company's workforce consists of 207 employees.

### Sales and marketing

United Aygaz LPG follows a geographical expansion strategy across the country, a critical factor for delivering the planned business results. Accordingly, more dealers are appointed and logistical energy efficiency projects are implemented. To leverage economies of scale to the maximum, the company focuses on cylinder gas, bulk gas, autogas and wholesale to other companies.

Communications and marketing was actively utilized to bring the brand power of Aygaz in Türkiye to Bangladesh in 2023, elevating brand recognition. Taking Türkiye as an example, the company has worked to build a well-functioning dealership organization based on the principles of long-term benefit and mutual gain, standing out among the competitors. Aspiring to become a preferred and generic brand for both dealers and consumers and the most reliable, safest and highest quality LPG company in Bangladesh, United Aygaz LPG continues to implement the necessary strategies in stages.



## United Aygaz LPG in figures

# 108

dealers

# 207

employees

# 7,000

sales point

# 59 thousand tons

sales

Since its inception, United Aygaz LPG has worked to build a well-functioning dealership organization based on long-term benefit and mutual gain, emulating the Turkish organization and standing out among the competitors.





**The achievements of Aygaz**

energized different aspects of life,  
liberated, eliminating borders,  
pioneered innovative products, making  
lives easier.

**AND THE POWER OF  
AYGAZ EVOLVED INTO  
BETTER SOLUTIONS  
FOR ALL ITS  
STAKEHOLDERS**

## Aygaz Doğal Gaz

Aygaz Doğal Gaz, operating with the vision of playing an active role across the entire value chain, closely follows the market for the latest developments and pursues new business opportunities.

Aygaz Doğal Gaz, founded in 2004 to become a diversified player in the growing natural gas market in Türkiye, is engaged in the sales of piped and liquified natural gas (LNG). In 2023, the company sold 78.5 million cubic meters of natural gas, generating TL 1.4 billion in revenues. With this sales volume, Aygaz Doğal Gaz has nearly 17% market share among the eight licensed operators in the Turkish LNG sector.

### New business lines and markets

The LNG procured from the Marmara Ereğlisi terminal of BOTAŞ and Aliğa terminal of Egegaz is distributed across the country by special LNG trailers to consumers in locations without access to pipelines. Aygaz Doğal Gaz follows the developments and new business opportunities in the bulk LNG market closely and continues to explore potential LNG use in heavy vehicles and ships to strengthen its position. For this purpose, Aygaz Doğal Gaz currently works on mobile LNG filling station project, approved by TEYDEB (TÜBİTAK Technology and Innovation Grant Programs Directorate) and included in the grant program. Aygaz Doğal Gaz also pursues new business areas to seize opportunities in the hydrogen and biomethane value chain.

Aygaz Doğal Gaz holds a 30-year wholesale license from the Energy Market Regulatory Authority (EMRA) to sell the natural gas sourced from the domestic market to users, as well as a 30-year Transmission License to deliver LNG to consumers. Aygaz Doğal Gaz



is also licensed for spot LNG imports as the company aims to reinforce its operations further through natural gas imports and exports in line with its targets and strategies. Aygaz Doğal Gaz currently holds 30-year export licenses for Serbia and Greece.

### Natural gas in Türkiye

In Türkiye, natural gas is used primarily in residences, electricity generation, and industrial production. According to EMRA's December 2023 Natural Gas Industry Report, total consumption in the Turkish natural gas market fell by nearly 7% year on year.

The factors that affected this drop in natural gas consumption in 2023 included higher seasonal temperatures and the decrease in the share of natural gas power plants as renewable electricity takes a larger share in electricity generation.

Natural gas can be imported into Türkiye directly from three countries and indirectly via transit pipelines from two countries or in the form of LNG via four LNG terminals in total, including two on sea platforms. In addition to having long-term agreements with four countries, Türkiye also tries to meet the high demand, especially in winter months, with spot LNG purchases from various countries and the underground storage facilities where capacity increase processes have been completed.

The natural gas import agreements of Türkiye valid for 2023 amount to an annual volume of 48 billion cubic meters. Nearly 90% of this volume belongs to BOTAŞ, and the remaining volume is shared by four private companies in different ratios. In terms of the natural gas sold to the end user, the share of BOTAŞ is estimated to exceed 98%.

## Bal Kaynak Su (Pürsu)

Bal Kaynak Su, which brings bottled water to the consumers under the Pürsu brand, continued to expand its distribution network and investments in 2023, reinforcing brand recognition and increasing its sales volume.



Aiming to widen the scope of its water business, carried out by its dealers and to achieve sustainable production, Aygaz – through its wholly owned subsidiary Kuleli Tankercilik A.Ş. - acquired all shares of Bal Kaynak Su İthalat İhracat Sanayi ve Ticaret A.Ş., which held all necessary permits and licenses, along with the filling plant, where the natural spring water operations take place and the land where the facility sits, at the beginning of 2019. The water obtained from two spring sources in Uludağ and Nazilli, is delivered to customers by Bal Kaynak Su under the Pürsu brand.

In the bottled water industry's carboy segment, Pürsu ranks among the leading brands, and aims to achieve the same level of success in the plastic and glass bottle groups by leveraging the strong distribution network. Accordingly, new product development and network expansion activities and investments gained momentum in 2023.

### Operations across the country

Pürsu, delivered to the customers by more 500+ dealers in 41 provinces, sold 198 million liters of water, capturing 1% increase in carboys, 3% in plastic bottles, and 16% in glass bottles compared to 2022. As a result, the company reached nearly TL 443 million in revenues, capturing a growth rate of 67% year on year.

As the sales volume rapidly increased with new e-commerce partnerships, Pürsu also became the preferred brand of multiple hospitality chains. With this go to market strategy, Pürsu moves forward in line with its sustainable growth target by focusing on value-added products.

### Brand recognition

Pürsu continued to be the official water supplier of Fenerbahçe Sports Club and Beşiktaş Gymnastics Club in the 2023-2024 season, consistently raising brand recognition.

### Bal Kaynak Su (Pürsu) in figures

41  
provinces

500+  
dealers

198  
million liters  
total sales volume

443  
TL million  
revenues

## Sendeo

Since completing its organizational structuring in 81 provinces across the country in February 2022, Sendeo has maintained its steady growth trajectory. The number of packages delivered by Sendeo nearly doubled year on year to reach 23.7 million in 2023.



Sendeo was born as a business idea from the intrapreneurship activities aiming to create value for the shareholders and dealers by leveraging Aygaz's strong brand recognition, extensive dealer network, and experience in delivering to address. Recognizing the opportunities that the last mile delivery sector offers as it develops in parallel with the rapidly growing e-commerce and economy, Aygaz launched Aykargo in 2018 as a business model using its existing dealer network and experience in home delivery. Aykargo, which officially started its operations in 2021, was renamed "Sendeo" in 2021 and continues its activities with the new brand identity since then.

### Country-wide operations

The company made significant investments to build a new technological infrastructure in 2021 to deliver its promise of "İstedğin gibi sende o" (a word play on the brand name to mean "delivered as you wish"). Using an end-to-end operational software built on its own system infrastructure, Sendeo carries out last mile delivery services seamlessly.

Following the launch of its operations in May 2021 in İstanbul and reaching 16 provinces by September, Sendeo completed its organizational structuring in 81 cities by February 2022, within less than a year. As of 2023 year-end, the company provides last mile delivery



services across Türkiye with 25 distribution centers, nearly 450 agents and about 1,450 Sendeo Delivery Points. In 2023, the maximum daily delivery reached 222,000 packages. In total, 23.7 million packages received from 36,153 unique clients have been delivered to recipients in 2023.

#### Partnership with Koç Holding

In August 2021, the stakes representing 45% of the company shares, which were 100% owned by Aygaz A.Ş., were transferred to Koç Holding A.Ş. against cash payment, with the resulting shareholding structure consisting of 45% owned by Koç Holding A.Ş. and 55% by Aygaz A.Ş. The Board of Directors later passed a resolution to increase the capital of the company from TL 35.5 million to TL 143.5 million. This capital increase was paid in full by the shareholders in September. At the Extraordinary General Assembly Meeting on January 17, 2022, it was resolved to increase Sendeo's capital from TL 143.5 million to TL 423.5 million, and then to TL 503.5 million with an additional increase of TL 80 million at the Extraordinary General Assembly on August 23, 2022. As a result, the company's capital rose to TL 753.5 million in December 2022. Following the additional capital increases of TL 430 million and TL 505 million resolved at the General Assembly Meeting on March 15, 2023 and the Extraordinary General Assembly Meeting on November 24, 2023, respectively, the company's capital rose to TL 1,688 million as of December 2023.

#### Sendeo among best employers in Türkiye

In 2023, Sendeo was recognized by Kincentric as a Best Employer in Türkiye for its successful performance since its inception. This award places Sendeo among the 35 companies that create the best employee experience and work environment for their employees in Türkiye.

## Sendeo in figures

Operation centers in

81

provinces

25

distribution centers

~450

agents

~1,450

delivery points

23.7

million packages delivered

36,153

unique clients





## **The excitement of Aygaz**

inspired its employees, who are committed to innovation,

created impact through firm steps in a brand new geography,

enabled clean energy to transcend borders for a better future.

**AND THE POWER OF  
AYGAZ EVOLVED INTO  
AN ENERGY, SPREADING  
BEYOND TÜRKİYE TO THE  
WORLD**

## Sustainable Growth

Aygaz adopts a business model grounded in sustainability and also contributes to the UN Sustainable Development Goals through its work on strategically identified material topics.

Aygaz’s sustainability approach, encompassing environmental, social and governance (ESG) aspects, guides the company in managing its financial and non-financial assets. Accordingly, Aygaz adopts a business model, grounded in sustainability, to maintain the trust-based relationship built with stakeholders and uphold its reputation.

Material sustainability issues are identified by considering global trends such as shifting to a low carbon economy, climate change, equal opportunity and diversity, information security, demographic changes, increasing energy demand, and the rise of sustainable energy resources and a sustainable growth approach that takes into account the impact on all stakeholders is adopted. The material

sustainability issues at Aygaz were identified by taking into account the opinions of senior executives, strategic decisions, stakeholders, and external trend analyses. The issues with the highest priority that will create value for both Aygaz and stakeholders were identified through these analyses. Aygaz plans to renew its materiality analysis in 2024.

*More information on the material aspects and the materiality matrix is provided under “Material Sustainability Issues” section (pages 14-15) of the 2022 Sustainability Report.*



## Sustainability Reporting

Aygaz discloses its sustainability approach and performance in the sustainability reports, prepared in accordance with GRI Standards. Important international and global standards, policies and principles, in particular those of the International Labour Organization (ILO), United Nations (UN), CDP, Global Reporting Initiative (GRI), and Sustainability Accounting Standards Board (SASB) are taken as basis while preparing the sustainability reports. Since 2018, Aygaz has been listed in the BIST Sustainability Index, whose constituents include publicly traded companies with high corporate sustainability performance, in recognition of its effective and strong sustainability management.

As a company within Koç Group, a signatory of the United Nations Global Compact (UNGC), Aygaz has signed the UN Women's Empowerment Principles (UN WEP) and demonstrates its commitment to complying with these principles through its sustainability reports.

Aygaz works toward the adoption of sustainability across the organization and further enhancing performance. As part of these efforts, the Sustainability Department was established in the last quarter of 2023. The CMB's Sustainability Principles Compliance Framework outlines the key principles that the publicly traded companies are expected to disclose on environmental, social and corporate governance topics. Accordingly, the scope of the 2023 Annual Report has been expanded in line with the principles announced by the CMB and the "Sustainability Report Template" has been used for disclosures. Information related to the corporate governance approach, performance, and sustainability activities, specified in the Principles, is disclosed under the Sustainable Growth section of the Annual Report.

The data, provided in the report, pertains to the period from January 1, 2023 to December 31, 2023, and only covers the operations of Aygaz. Environmental performance and occupational health and safety data is calculated for the 12-month period. Social performance indicators are also for the period from January 1, 2023 to December 31, 2023.

## Sustainability Management



The Board committees, which are actively involved in the company's corporate governance, play a key role in sustainability management. The Sustainability Department, established in late 2023, is responsible for following and monitoring the sustainability-related activities. The department is also tasked with evaluating the corporate plans and strategies by facilitating cross-departmental communications and organizing workshops. The department reports the sustainability issues to the senior management, which in turn submits them to the Board of Directors as needed. The sustainability strategy and targets are determined based on the evaluations of the Board of Directors in line with the business processes. The plans for the short-term include more effective process monitoring through the Sustainability Leadership Team and the sub-working groups. Business models for decarbonization will be another key focus of the sustainability strategy.

## Stakeholder Communications



Effective communication and cooperation with the stakeholders plays a key role in the company's pioneering work in the industry and drives its success in all areas, starting with high priority issues. Drawing from the stakeholder analysis conducted in 2017, Aygaz continuously strives to diversify its communication channels. The opinions and feedback received regularly from relevant stakeholders in alignment with the Sustainability Report and material sustainability issues provide direction for future activities and projects. Guided by a consistent and transparent disclosure policy, Aygaz discloses information on its performance, future aspirations, and strategies accurately and briefly by considering the needs of different stakeholders.

*More information on Aygaz's memberships and affiliations is provided on page 69 of the 2022 Sustainability Report.*

Stakeholder Group	Communication Method	Communication Frequency	Some Issues Brought up by the Stakeholders
Shareholder, Investors, Analysts	Investor Conferences, face-to-face meetings at the head office, responding to information requests received by phone and in writing, teleconferences, analyst meetings, senior management meetings, Investor Relations page on the corporate website, Annual Report, Sustainability Report, Company presentations, earnings releases, briefings, material event disclosures	Immediate response to information requests, minimum each quarter	
Business Partners and Dealers	Dealer Hotline, satisfaction surveys, Aygaz Training Truck and Training Bus, collaborative projects, audits, dealer portals	Daily	<ul style="list-style-type: none"> <li>• Highlighting product quality and safety-related activities more in communications</li> <li>• Sharing case studies regarding customer focus</li> <li>• Emphasizing brand strength further</li> <li>• Placing innovation at the heart of the customer experience</li> <li>• Focusing on competitiveness in market conditions</li> <li>• Diversifying new business channels and seizing opportunities</li> </ul>
Employees	Employee satisfaction and loyalty research and surveys, online idea collection platform, intranet plasma screens, internal communication activities, announcements, committee meetings, Company publications, suggestion systems	Daily	<ul style="list-style-type: none"> <li>• Contributing even more to the development of social projects</li> <li>• Adopting more next-generation HR approaches (flexible working hours, etc.)</li> <li>• Increasing the ongoing intrapreneurship activities</li> <li>• Talent management and career planning</li> <li>• Gaining more knowledge on R&amp;D and Innovation</li> </ul>
Affiliates and Subsidiaries	Meetings, collaborative projects	On demand	
Public Institutions and Regulatory Authorities	One-on-one meetings, official visits, industry events	At least once a month	
Customers	Communication campaigns, advertisements, website, social media, Aygaz, Mogaz, Pürsu Customer Service Line, market and customer loyalty surveys, visits	Daily	
Media	Press releases and press conferences, interviews, reputation surveys, website, trade publications	Weekly	<ul style="list-style-type: none"> <li>• Developing a corporate responsibility project that reflects the strength of the Aygaz brand and that can be owned for years</li> </ul>
Non-governmental Organizations and Chambers	Following the industry agenda, social responsibility topic, collaborative projects, sponsorship and donations, reputation surveys, working committees and boards	Weekly	<ul style="list-style-type: none"> <li>• Continuing to work on environmental policy and activities related to the country's most pressing matters, integrating quality with environmental management</li> <li>• Raising energy efficiency awareness among end-users</li> </ul>
Trade Unions	Face to face discussions, collective bargaining agreement, collaborative projects, General Assembly, open workplace meetings	At least four times a year	
Suppliers	Supplier portal, audits/inspections	Daily	<ul style="list-style-type: none"> <li>• Working to expand the scope of employment in operations across the country</li> <li>• Constantly improving quality, safety and occupational health practices further</li> </ul>
International Organizations and Initiatives	Joint projects, conferences, seminars, and corporate memberships	Minimum monthly	
Universities	Conferences, training programs, festivals	Minimum monthly	

## Human Resources

At Aygaz, human resources management is shaped around a contemporary and transparent approach in line with the “Right candidate for the right position” and “Equality at Work” principles.



Aygaz adopts the motto of its founder Vehbi Koç, “Our human resource is our most important asset,” and manages its human resources processes with a focus on employee satisfaction, continuous improvement, and mutual open communication. Aygaz aims to become an agile organization and an employer of choice that makes all its stakeholders and employees proud. Aygaz defines its human resources policy with a contemporary and transparent approach grounded in the principle of equality.

In 2023, the average number of employees at Aygaz stood at 1,659, consisting of 15% women and 85% men. The average age of employees is 37, while

average tenure at the company is 6 years. Employees with associate, undergraduate and graduate degrees account for 77% of the workforce. This ratio reaches 90% among office employees.

Aygaz promotes gender equality and diversity across its workforce and values the importance of having women in decision-making roles. The female manager ratio was 17% in 2022, while the ratio of women executives in senior management roles rose from 27% in 2022 to 30% in 2023.

### Key principles in human resources management

The key principles that guide the human

resources policies at Aygaz include equal opportunity for all, recruiting and appointing the right candidate to the right job, equal pay for equal work, merit-based promotion, timely recognition and rewarding, continuity and efficiency in professional success, effective internal communication, and sensitivity to the community.

*[Aygaz Human Resources Policy is published on the website.](#)*

### The right candidate for the right position

In hiring skilled employees who will serve the company’s vision, Aygaz applies next-generation selection and placement

processes. Aygaz engages in strong promotional activities and university events in line with the employer brand approach to attract the best talent that will drive the company forward. The selection and placement processes to attract qualified human resource to Aygaz include group interviews with participation from all management levels, case studies, presentations, foreign language assessments, job-specific numerical and verbal aptitude tests, personality inventories, and reference checks. The candidates are assessed for prospective roles without any bias regarding fair competition, religion, language, race, ethnicity, and gender, while the recruitment strategies updated annually to align with global trends.

The employees, who are selected with great care and due diligence based on “the right candidate for the right position” and “equality at work” principles start their careers at Aygaz with a comprehensive, interactive and digital onboarding program. With the technology-driven onboarding program, Aygaz aims to enable people to adapt to company processes and their new duties as rapidly as possible.

Each candidate included in the recruitment process is sent a candidate experience questionnaire and asked to share their experiences about the process. According to the results of these surveys, the NPS (Net Promoter Score) score of Aygaz rose from +68 points in 2022 to +84 points in 2023.

#### End-to-end internship experience

The interns, who are selected for an internship at Aygaz are regarded as future Koç employees. In 2023, the interns, who participated in the Aygaz Key Summer Internship Program, went through an end-to-end employee experience that involved orientation, introduction presentations, project work

and feedback sessions on development areas. The intern experience survey conducted at the end of the internship resulted with a high NPS score of +74 points.

#### Employer brand activities

As part of the employer brand activities, Aygaz engaged with nearly 1,500 students from the top Turkish universities to share its existing and new business lines, innovative work culture, and technology and innovation focus.

#### Performance appraisal processes

Aygaz aims to reward sustainable value creation over short-term gains through a performance management system that focuses on an objective assessment of the employee performance. The Koç Dialogue performance system, introduced in 2021, was further improved in 2022 to provide a mobile environment where the employees can set their targets, get the necessary approvals, and access anywhere anytime. Through the Koç Dialogue process, 3,699 OKR (Objectives and Key Results) and 12,210 KR (Key Results) were created in 2023. The conversations with the managers during check-ins strengthened team communications, resulting in an efficiency score of 4.8/5 in 2023, the same level as in 2022. On the other hand, the performance score was 58.7 in 2022 according to the employees' assessments of process effectiveness.

#### Equal pay for equal work

Aygaz applies an international job assessment system that measures the contribution of all jobs toward achieving company goals and ensures that they are ranked according to their scale. A competitive remuneration policy, determined in line with the company's current wage structure, position in the market, competition, and financial means, is applied fairly without any bias for gender, language, religion, and race.

## Human Resources in figures

1,659

employees

15% women, 85% men

37

Average employee age

6 years

Average employee tenure

77%

of the office and field employees hold associate, undergraduate, and graduate degrees

90%

of the office employees hold associate, undergraduate, and graduate degrees

41.8

training hours per person

17%

female managers

30%

female executives



In 2023, tools and technologies were introduced for enhancing work environments and increasing productivity, and strategies were developed to create an employee experience that inspires them to deliver their best performance.

Remuneration for unionized employees is determined according to the collective bargaining agreements between MESS (Turkish Employers Association of Metal Industries) and Turkish Metal Workers Union for the workers in the metal business line or between Aygaz and Turkish Seamen's Union for the workers in the maritime business line. Employees are paid 16 salaries, consisting of 12 salaries +4 bonuses per year, while all employees are offered Koç Group's comprehensive fringe benefits, standard or varied depending on the position.

#### **Holistic employee experience**

Creating high employee loyalty and satisfaction is an essential part of ensuring customer satisfaction. Therefore, employee experience, which means the whole of how the employees perceive their companies, remains a key focus area for Aygaz. In 2023, tools and technologies were introduced for enhancing work environments and increasing productivity, and strategies were developed to create an employee experience that inspires them to deliver

their best performance. The holistic employee experience approach has been reviewed with this focus as part of the agile working model. The Agile Employee Experience Team updated the action planning process to encourage the participation of colleagues from different groups, while the focus remained on improving the quality of planned actions. Meanwhile, the results of the Employee Engagement Survey are analyzed and the employees' requests are addressed. Aygaz also listens to the employees through focus group activities to enhance the experience further.

Aygaz also reviews the feedback received from its internal customers every year and has been conducting surveys to measure employee satisfaction and loyalty through an independent research firm since 1996. In 2023, employee loyalty score stood at 64.2.

In addition studying the results of the Annual Employee Engagement Survey, Aygaz strives to better understand the

employees' needs and emotions through monthly mood surveys, talks with office employees, and site visits to meet with field workers.

All employees can contact the Human Resources team 24/7 by email. The email addresses have been openly communicated to the employees, who are encouraged to reach out for all their questions and problems and seek support. Furthermore, all customers and employees may choose to convey their grievances, questions, and requests via the Aygaz Customer Call Center Line (444 4 999) and the website 24/7.

#### **Integrated career and talent management**

At Aygaz, career plans are made for the employees in line with their knowledge, skill, and competency levels through a process that also considers their expectations. Accordingly, Aygaz has moved to a digital platform to monitor the employees' short- or long-term career aspirations, openness to mobility opportunities, rotation requests, and expertise instantly and continually.

At the annual Strategic Human Resources Planning Meetings, held with specific methodologies and senior management's inputs, succession plans are defined for the company's potential executive pool and all management positions in line with the future goals and strategies of Aygaz. At the end of this process, special training and development opportunities are offered to the employees identified as potential executives to ensure that they are well prepared for the next position.

#### **"You Are Part of the Success" System**

"You Are Part of the Success" System was designed as an agile project to encourage Aygaz Group employees to work toward the company's goals, while developing themselves and to motivate

them by recognizing their success and efforts. This system consists of three categories, defined by the level of contribution: Bright Star, Supporting Us, and Driving Our Success. The Bright Star category celebrates instant successes of the employee/team and aims to create opportunities for recognition and rewarding based on a flexible schedule throughout the year. The Supporting Us category aims to identify the employees who make a difference within the Aygaz Group, and recognize, appreciate, and reward their achievements. This approach increases loyalty and promotes exemplary behaviors across functions. The Driving Our Success category aims to recognize, appreciate and reward the outstanding achievements of the employees identified in the "Supporting Us" category and that make significant contributions to the company. Since the launch of the Bright Start category in 2021, 648 employees have been rewarded in the last three years.

#### **Training programs to support development**

**Training programs under the AYLEARN umbrella:** Training and development continued throughout the year based on a training catalog, featuring employee, leader and potential competency development programs designed in alignment with Aygaz's competency sets. While the personal and professional development of all Aygaz employees is supported with content available in the training catalog, classroom courses were delivered in the spring and fall semesters to enhance the leadership skills and competencies of leaders and managers. With thousands of video training content from technology and personal development to wellness, family, and hobbies, the employees continued to learn and develop remotely on the Koç Academy online video training platform this year. Moreover, technical and personal





Through the annual communications plans, Aygaz aims to build an internal communication culture that embraces employee expectations, addresses next-generation needs, and ultimately creates an effective employee experience.

development training content provided by digital learning sources such as TISK Academy, Udemy, and Udacity are also offered to Aygaz employees. In addition to the personal development training, mandatory department-specific training programs were assigned to the relevant employees.

According to the 2023 training report, the average training time per person amounted to 41.8 hours, rising with the investments made in employee development.

**Agile Scrum Quick training:** Scrum Quick Start training, available in Koç Holding's Agile Academy catalogue, was launched last year as part of the Aygaz Group Cultural Transformation. Designed as an "Introduction to Agile Methods," Scrum Quick Start training courses are offered online with a self-paced structure to allow the participants to proceed at their own pace. The program, which aims to provide key information, raise a general awareness about agility among the employees, and elevate the

basic knowledge level of the project teams, will continue next year and will be extended to all Aygaz employees. In 2023, 44 Aygaz employees completed the training.

**Partnerships with leading educational institutions:** Many Aygaz managers attend the PDP, AMP, MAP, LSI, and LEAD programs that Koç Holding prepares and customizes for different levels of potential employee groups in collaboration with some of the world's leading educational institutions. Employees and managers are also encouraged to take the HBX, Udacity, MIT, and Code Academy digital transformation programs that develop digital skills online as well as Koç University Executive MBA, Modular and Technical MBA programs.

**English language training:** A priority training topic for Aygaz is improving the foreign language skills of its employees in line with the company's future vision. Accordingly, all employees who wish to improve their skills are offered online,





classroom, and one-to-one English language education. Additionally, a 10-week series was offered this year in the speaking clubs with reading activities, movies, books and games for 56 participants in lower intermediate, upper intermediate and advanced levels to improve their English speaking skills.

#### **Improving road safety with driving training:**

A part of the Aygaz Road Safety Project, the Defensive and Antiskid Driving Techniques training, designed for drivers who use company vehicles at Aygaz, aims to educate the participants about recognizing the dangers and risks in traffic early on, raise awareness about defensive driving, and have “zero accidents.” In total, 168 employees participated in both the theory and practice parts of the training program in eight regions.

#### **Synergy through club activities**

Through the annual communications plans, Aygaz aims to build an internal communication culture that embraces employee expectations, addresses next-generation needs, and ultimately

creates an effective employee experience. Accordingly, various events are organized to foster engagement. A Running Club, Book Club, and Aygaz Winter and Outdoor Sports Club, formed within the company, aim to create synergy from the employees who are interested in these topics by organizing nature hikes, marathon runs, book review gatherings, and library visits. Additionally, the Bicycle Club, Photography Club, Cooking Club and Aygaz Volunteers were formed as new clubs, which quickly started to organize activities.

Outdoor events were organized at each facility to reinforce the sense of solidarity and unity among Aygaz’s field employees, strengthen communication, encourage collaboration, and foster team spirit. In total, 711 employees from 12 different locations participated in the events.

Code of ethics and social responsibility In performing their duties, the employees of Aygaz, a Koç Group company, are required to comply with the “Koç Group Goals and Principles.” To ensure that ethical values are extended to all

employees with the same effectiveness and passed onto the next generations, Aygaz has published its Code of Ethics and Implementation Principles. The Ethics Committee, formed to better evaluate any violations and ensure alignment of practices, is composed of the General Manager, Senior Executives, Chief Human Resources Director, and Legal and Compliance Director. The Code of Ethics and Implementation Principles booklet is presented to all the newly recruited employees, who are asked to declare and undertake that they would adhere to the principles. The process is also supported with the online Ethical Principles-Energy training. In 2023, 475 employees took the training.

*Code of Ethics and Implementation Principles Policy is available on the [website](#).*

#### **New generations of working trends**

At Aygaz, human resources practices that help the employees build a healthy work-life balance are prioritized. Aygaz aims to futureproof its business practices and offers its employees flexible working and hybrid working opportunities with its ability to capture future of work trends.

#### **Digitalizing the HR processes**

Aygaz is rapidly adapting to the current conditions by following the digital transformation, data analytics, automation, and artificial intelligence trends. In 2023, the operational efficiency of the human resources processes was improved through various activities, and the operational tasks were automated. Furthermore, project work is ongoing to enhance the employee experience and support the digitalization culture in all human resources processes. To prepare Aygaz employees for the digital world and migrate the operational processes to the digital environment, 597 hours of training was provided on a number of topics.

## Quality, Environment, Occupational Health and Safety

Aygaz focuses on sustainability and environmental sensitivity in all its business processes, strategically prioritizing effective use of natural resources, conserving nature and ensuring the safety of stakeholders.



As a company that highly values the importance of delivering quality products and services and ensuring customer satisfaction, Aygaz focuses on sustainability and environmental sensitivity across its operations. Accordingly, efficient use of natural resources, protecting the environment and safeguarding its stakeholders are strategic priorities for the company. The extensive work on occupational health and safety, environmentally sensitive business processes, product, service and system quality, and focusing on management systems all contribute to further strengthening the leading position of Aygaz in the industry.

### **Integrated operational management**

Aygaz continues to improve and expand the scope of its Total Quality Management approach since it was adopted in the early 1990s. Accordingly, Integrated Management Systems are applied to ensure that all systems involving quality, environment, occupational health and safety, customer satisfaction, energy, and information security are managed under one umbrella. The Integrated Management Systems Policy was revised in 2022 to align with the current needs. The Integrated Management Systems Handbook, created to provide information and guidance, is regularly

updated. All Aygaz employees work hard to ensure that the integrated Management Systems Policy is implemented and applied in their daily tasks.

*[Integrated Management Systems Policy is available at www.aygaz.com.tr.](http://www.aygaz.com.tr)*

Compliance with management systems related to quality, environment, occupational health and safety, energy, and customer satisfaction has been assured through internal and external audits, conducted as part of the periodic ADR inspections and necessary improvements have been made.

The internal audits of 2023 were conducted to address all processes through online and site inspections in 16 main business areas by a team of 30 internal auditors. In addition to the improvement efforts, support has been extended to Koç Group companies by offering benchmarks to improve their management systems. System continuity has been assured through internal and external ISO 27001 Information Security Management System inspections. The effectiveness of the Management Systems and their alignment with strategic targets and adequacy were evaluated during meetings and awareness raising activities.

Ensuring ultimate customer satisfaction is a priority for Aygaz, which follows customer expectations and needs closely. Accordingly, the company offers various channels for the customers to communicate their feedback.

[Aygaz Customer Complaints Management Pledge is available on the corporate website.](#)

### Occupational health and safety practices in 2023

As an active participant of Koç Holding Occupational Health and Safety Coordination Board, Aygaz leads various projects for continuous development. Aygaz operates at 12 locations, including the Head Office, the Gebze Plant, and other facilities, all holding ISO 45001 Occupational Health and Safety Management System Certification.

The training programs provided to the employees of Aygaz and subcontractors at the filling and production plants to raise awareness on occupational health and safety, fire and emergency, and to build a stronger foundation for this corporate culture totaled 23,971 person\*hours

Employees	2021	2022	2023
Number of incidents with death	0	0	0
Number of occupational disease	0	0	0
Accident frequency rate (IR)* (TRIF)	22.29	16.35	16.28
Lost day rate (LDR)**	0.29	0.17	0.16
Lost time injury frequency (LTIF)***	15.78	15.53	14.69
Total OHS training (hours)	16,617	6,048	10,295
OHS training per employee	8.86	5.25	9.27

\*Total accident frequency rate (IR): Number of work injuries x 1,000,000 / Total person\*hour

\*\*Lost day rate (LDR): Lost day due to work-related injuries X 1,000 / Total person\*hour

\*\*\*Lost Time Injury Frequency (LTIF): Workdays lost due to workplace accidents X 1,000,000 / Total person\*hours

Environmental Trainings	2021	2022	2023
Participants (person*hour)	647	1,796	1,053





Greenhouse Gas Emissions (tons CO <sub>2</sub> e)	2021	2022	2023**
Scope 1	6,599	6,159	5,401
Scope 2	8,971	8,716	8,515
Total	15,570	14,875	13,916
Greenhouse gas intensity (kg CO <sub>2</sub> e/million TL)	1.19	0.43	0.30

\* Greenhouse Gas Intensity calculated by total revenues.

\*\* 2023 data is calculated but is yet to be verified.

Air emissions	2021 (kg/year)	2022 (kg/year)	2023 (kg/year)
NOx	7,710	15,644	15,254
SOx	280	312	266
Volatile Organic Compounds (VOC)	105,519	111,459	91,751

in 2023. Some of these trainings were supported with drills.

### 5 Golden Rules of Occupational Health and Safety

The “5 Golden Rules of Occupational Health and Safety” document was drafted and published to spread awareness about the value of occupational health and safety and drive the existing occupational health and safety rules one step further. The document, which applies to Aygaz and its affiliates and subsidiaries, covers topics such as Risky Areas, General Site Guidelines, Safe Machinery/Equipment Use, Operating Licenses, and Personal Protective Equipment. The “5 Golden Rules of Occupational Health and Safety” document, bearing the commitment and signature of the General Manager, was disseminated to all employees.

### Digitalization in occupational health and safety

The monitoring of the OHS performances

in five categories with Power BI as part of the efforts to digitalize the occupational health and safety processes is ongoing since 2022. Furthermore, transferring the records about the basic occupational health and safety training of Aygaz employees and the employees' recruitment and periodic health checks via the Worksafe software to the Ministry of Labor and Social Security also continued in 2023.

### Sustainable business processes

Aygaz embraces efficient use of natural resources and protecting the environment as a strategic priority and manages all its business processes by considering sustainability. Contributing positively to urban air quality with an environmentally sensitive product portfolio is also among the company's goals. As a testament to this commitment, all 12 of the Aygaz locations, including the Head Office, Gebze Plant, and other facilities, hold ISO 14001: 2015 Environmental Management System certification. Environment and energy management is executed with a holistic approach in conformity with applicable legislation and international standards, in line with Koç Group targets and principles, and in accordance with the Integrated Management Systems Policy and Aygaz Climate Change Strategy frameworks.

Within the scope of environmentally sensitive business processes, 661 person\*hours of environment and waste management training was delivered last year at the terminal directorates and filling facilities as required by legislation. On the occasion of World Environment Day, a study was conducted on the daily greenhouse gas contribution amounts in relation to the habits of Aygaz employees. With greenhouse gas emission assurance activities completed in 2022, the direct greenhouse gas emissions were determined as 6328 tCO<sub>2</sub>e, and indirect greenhouse gas emission (from purchased electricity) as



Energy Consumption (GJ)	2023
Electricity consumption	65,832
Natural gas consumption	62,912
Diesel consumption	1,152
LPG consumption	5,718
Butane, propane, ethane consumption	8.7

Waste (ton)	2021	2022	2023
Recycled/Recovered (R-coded methods) hazardous waste	515.07	514.05	412
Recycled/Recovered (R-coded methods) non-hazardous waste	3,501.36	7,845	7,312
Disposed (D-coded methods) hazardous waste	144.20	1.85	2.13
Disposed (D-coded methods) non-hazardous waste	9.81	0	0
Hazardous waste sent to regular storage/landfill	0	0	0
Non-hazardous waste sent to regular storage/landfill	0	0	0

Water Withdrawal (m <sup>3</sup> )	2021	2022	2023
Surface Water	0	0	0
Groundwater	30,380	48,938	67,807
Municipal Water	52,559	60,360	69,338
Rain Water and Other Sources	0	0	0
<b>Total</b>	<b>82,939</b>	<b>109,298</b>	<b>137,145</b>

8722 tCO<sub>2</sub>e. Accordingly, the carbon footprint density, associated with Direct and Indirect (Purchased Electricity) Emissions, was 1.19 tCO<sub>2</sub>e/million TL in 2021, dropping to 0.44 tCO<sub>2</sub>e/million TL in 2022 and 0.30 tCO<sub>2</sub>e/million TL in 2023 (2023 data is not verified yet).

*The Climate Change Strategy is available on the Aygaz website.*

**Energy efficiency activities**

Year on year, the electricity consumption remained around the same levels at the terminal directorates and filling plants, while dropping by 2% at the Gebze Plant. In 2023, electricity consumption across the 35 locations of Aygaz amounted to 23.3 million kW in total.

In 2023, 17 energy efficiency projects implemented at the Aygaz Filling Plants and the Gebze Plant delivered 440 MWh of electricity savings and 235 K cubic meters of natural gas, resulting in a financial gain of TL 4.2 million.

Committed to reducing its carbon emissions by using renewable energy, Aygaz continued to generate electricity from the rooftop photovoltaic panels, installed as part of the Arinna Project.



In 2002, Aygaz became the first company in Türkiye to publish a sustainability report, setting an example, and has continued to disclose its sustainability performance to the stakeholders regularly ever since.

Annually, energy savings of 4,290 GJ and 670 tons of CO2 reduction were achieved. Yarımca Terminal and Gebze Plant successfully passed the ISO 50001:2018 Energy Management System documentation audits, and internal, external and field inspections, while ISO 50001: 2018 Energy Management System certification was obtained for the Ambarlı Terminal. During the year 488 person\*hours of Energy Awareness Training was delivered.

Aygaz aims to reduce its carbon emissions by using renewable energy. As part of the Arinna Project developed to generate electricity using rooftop photovoltaic panels, a solar energy system was installed on the roof of the Gebze Plant Administration Building. With this power generation equipment, which has a total installed capacity of 75 kW and combines three different solar panel technologies (polycrystalline, monocrystalline, and thin film) each with a capacity of 25 kW, Aygaz plans to find the most ideal solution by comparing different panel technologies while generating electricity. In 2023, this project generated 57,000 kWh of solar energy at the Gebze Plant.

#### **Waste management and efficient water use**

Aygaz monitors its impact across the value chain as part of waste management. The company reduces and recycles its waste at the source or disposes of it safely when recycling is not possible.

Activities are also carried out at Aygaz facilities to achieve maximum recycling through efficient water use. However, the

hydrostatic tank tests carried out at the facilities in 2023 resulted in an increase in consumption, which rose to 137,145 cubic meters of water. On the other hand, all the water recycled, recovered and reused in 2023 amounted to 60,171 cubic meters.

#### **The first sustainability report in Türkiye**

In 2002, Aygaz became the first company in Türkiye to publish a sustainability report, setting an example, and has continued to disclose its sustainability performance to the stakeholders regularly ever since. Starting from 2008, the report is prepared in accordance with the Global Reporting Initiative (GRI) principles. Aygaz fulfils all of its obligations with respect to the working conditions, human rights and transparent corporate governance within the framework of UN Global Compact, signed by Koç Holding, and strives to minimize the environmental impact of its production, services, and products. Aygaz carries out the activities in alignment with the policies integrated into its management philosophy. Accordingly, the company's performance is also included in the Koç Group Sustainability Report. Aygaz continues with annual reporting in line with the BIST Sustainability Index, in which the Company has been included in 2023 as in previous years.

#### **Excellence across the value chain**

Aygaz prioritizes operational excellence and safety in its business processes while working to ensure quality, ethical principles, and environmental and social compliance across the value chain. These operations span a broad

scope from LPG sourcing to delivering the products to the end-user and recollecting them.

Supplier selection is based on several criteria, including human rights, working conditions, occupational health and safety, anti-corruption practices, and environment. In this process, quality, ethical principles, and environmental and social compliance are considered across the value chain. Koç Holding is a signatory of United Nations Global Compact (UNGC), and as a Koç Group company, Aygaz does not procure goods or services from suppliers that do not meet the UNGC criteria. Furthermore, Aygaz provides training programs on social, environmental, and ethical issues for its suppliers.



## Innovation and Intellectual Rights

Aygaz is committed to fostering a culture of entrepreneurship and innovation, and focused on spreading this culture to all employees within the organization, increasing startup partnerships and its support, and reinforcing a more effective position in the ecosystem.



The creative ideas submitted by the employees via the Aythink Platform and during Design Thinking workshops are evaluated and those that align with the company's innovation strategies are developed into business models.

Driven by its vision of building a sustainable innovation culture, Aygaz prepares for the future by supporting innovative ideas in existing and new areas, including products, services, processes, and business models. Aygaz also aims to systematically implement viable options to ensure the continuous advancement of the company. In line with this vision and mission, Aygaz generates solutions focused on R&D, innovation, and digitalization and develops innovative products and services.

### **From idea to business model**

Aygaz aims to strengthen and expand its intrapreneurship ecosystem and pioneer an advanced entrepreneurship culture. Aygaz invests in products in its

main lines of business, in its focus areas, and innovative products with synergy potential, striving to create value for the national economy and the company itself. Accordingly, Aygaz embarked on its intrapreneurship journey in 2016 with the slogan "Innovation Starts With You!" Among the project proposals that the employees submit to the Aythink Platform and the ideas put forward during Design Thinking workshops, those that align with the innovation strategies of Aygaz are developed into business ideas with the "Lean Startup" methodology.

Since reviewing its innovation strategies and focus areas by considering the evolving customer needs and expectations in 2022, Aygaz has

continued to develop innovative ideas and closely monitor the opportunities in line with its renewed strategy and focus. Aygaz manages eight intrapreneurship projects as of year-end 2023 and demonstrates an exemplary intrapreneurship performance with the number of these initiatives and intrapreneurs, setting a benchmark for the organizations within the ecosystem.

Aygaz Innovation Academy was established in September 2023 to spread the entrepreneurship culture organization top to bottom, train strong and fast project leaders for the company's intrapreneurship initiatives or other projects, foster startup collaborations and mentoring, and represent Aygaz in the ecosystem with a larger team. 15 employees selected for the first term of the Academy have already started training and working on projects.

### Cooperation, affiliated platforms and investment opportunities

In addition to taking bold steps in intrapreneurship, Aygaz also became a corporate member of the Mobility/Internet of Things Vertical at the Istanbul Office of Plug and Play, the largest global innovation platform for startups and companies in Silicon Valley, to bring its learnings and experience to the entire innovation ecosystem. With

this cooperation, Aygaz aims to create opportunities for projects, partnerships, and investments by accelerating information and experience exchange.

Aygaz is a member of the Entrepreneurial Institutions Platform, established to spread the entrepreneurship culture in institutions and foster learning and engagement opportunities between companies and startups. Collaborations with other corporate companies have increased by exchanging best practices and supporting successful startups, creating more impact on the ecosystem.

Aygaz joined the Here2Next platform, founded in the last quarter of 2023 with the mission of facilitating engagement between organizations and startups, strengthening their cooperation, and enabling them to develop a common language.

In all of these efforts, Aygaz primarily aims to involve its employees more in determining company strategies and implementing future strategies. Another important goal is to connect with startups that create change in their focus areas, foster collaborations with them, digitalize their processes with innovative solutions for improved efficiency, and seize investment opportunities in



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startups in alignment with its long-term goals.

**Aygaz Venture Investment Thesis**

The Aygaz Venture Investment Thesis was created in 2022 to bring more focus and structure to the company’s venture investments:

“Aygaz invests in startups with high potential in the pre-seed and seed stages in Türkiye or abroad that develop environmental solutions and/or new technologies for the global energy and distribution markets. Aygaz supports the growth of startups focused on hydrogen storage and distribution, biofuels, renewable energy, customer experience, delivery optimization and automation, recycling, and mobile life with its industry leadership, qualified human resource, and extensive logistics network.” The focus areas of candidate startups are briefly described below:

**The focus areas for candidate startups are briefly described below:**

**Hydrogen Storage and Distribution:**

In terms of carbon neutrality targets, hydrogen is set to become an important energy source. However, storing and distributing hydrogen presents a set of challenges. Aygaz believes that it may facilitate storing and distributing hydrogen in gaseous, liquid or solid form and that highly feasible and scalable technologies would accelerate energy conversion in the future.

**Biofuels:** While LPG is the most environment friendly fossil fuel, new types of fuels derived from biological sources will play a key role in the future in reducing the negative impact of climate change. BioLPG, renewable dimethyl ether, and biomethane are anticipated to replace LPG and other fossil fuels as fuel sources of the future. Aygaz recognizes the importance of combining its own

know-how with startups that develop high-tech solutions to produce, purify, compress, and mix such these gases with the available gases, conducting joint studies, and investing in this area.

**Renewable Energy:** Electricity generated from renewable sources such as wind, solar and geothermal is gaining an increasingly higher share in daily consumption. Renewable energy also offers an important alternative to LPG as energy sources available to the consumers become more diversified. For instance, the customer may generate energy while consuming it. LPG-powered devices and vehicles may now use a blend of new energy sources. Accordingly, startups that follow the changing energy consumption and seize the opportunities in this area will be a good option for investment.

**Recycling:** For Aygaz, recycling is key for two reasons: First, the bottled water

brand Pürsu aims to offer environment friendly packaging solutions. Therefore, recycling plastic bottles and using environmentally friendly water bottles are a priority for Aygaz. Secondly, recycling food and organic wastes, the raw material of biofuels, is also important as they will be the raw material of next generation fuels.

**Life on the Go and Outdoor:** Aygaz aims to leverage the transportability of LPG to bring it to all segments of society, including underserved communities, and to facilitate its use. As a company with more than 60 years of experience and know-how in delivering energy to the end customer, Aygaz intends to invest in startups that develop different usage scenarios for LPG and solutions that use different energy sources for cooking, heating and vehicle fuel.

**Customer Experience:** Another priority for Aygaz is to use and invest in data-driven digital applications that monitor customer experience through the product order, delivery and payment steps and offer solutions for e-commerce and mobile commerce.

**Demand Forecasting, Delivery Optimization and Automation:** Last mile delivery, disconnected delivery, delivery by drones and robots, route optimization in delivery, automated delivery solutions, demand forecasting, along with more efficient management and planning of resources will contribute to the efforts of Aygaz to improve the customer experience and drive growth. Therefore, Aygaz aims to use advanced technological solutions in an industry with significant competition as diverse distribution and sales channels continue to emerge.

### Intellectual property portfolio management

Protecting and monitoring intellectual property rights as part of business processes is particularly important

to Aygaz. The company manages an intellectual property portfolio, which expands by the year with trademarks and patents registered in domestic and international markets or are at the application stage. Since its inception, Aygaz has been allocating resources for trademarks, patents, industrial designs, works, and internet domain name protection and monitoring. The objective of the intellectual property management process at Aygaz is to support both the in-house creative talent in light of intellectual property strategies and also to protect R&D, marketing and operational activities in all aspects. The patent portfolio of Aygaz is periodically reviewed and commercial valuation of the patents is carried out. Currently, Aygaz protects 183 brands and 23 patents in 48 countries. The global brand mapping study launched in the last quarter of 2023 is expected to deliver savings in the costs of acquiring and protecting intellectual property. Aygaz has also started to work on protecting its brands in new markets as part of its global expansion policies in 2024 and beyond.

### Aygaz Venture Investment Thesis / Startup Focus Areas

- Hydrogen Storage and Distribution
- Biofuels
- Renewable Energy
- Recycling
- Mobile Life
- Customer Experience
- Delivery Optimization and Automation



## Research & Development

The products developed at the Aygaz R&D Center, the first in the Turkish LPG sector, are commercialized for the consumers and also used at Aygaz terminals and facilities.



Since the very beginning, Aygaz has valued the importance of research and development (R&D) activities and embraced all types of innovations to enhance its product and service quality and improve business processes. Accordingly, Aygaz established its R&D Center in 2018 to develop new technologies by following the advancements worldwide.

Aygaz R&D Center is the first of its kind in the Turkish LPG sector. The R&D Center's mission includes developing

new products powered by LPG, enhancing the quality of LPG products, digitalization with intelligent products, improving efficiency through automation systems, researching alternative and clean energy sources, and contributing more to the consumers, the national economy, and the environment.

Aygaz R&D Center, operating with a team of 30 experts, works on new technologies that will create value for business processes and stakeholders. The R&D Center, spread on a total

area of 1,437 square meters, houses an engine and fuel technologies laboratory, a chemicals laboratory, an automation and design laboratory, an embedded systems laboratory, and a valve, regulator and device laboratory as well as a manufacturing workshop, and prototyping and test lines.

Aygaz submits annual reports regarding the R&D Center to the Ministry of Industry and Technology pursuant to Law No. 5746. To date, all the annual inspections carried out by ministry-

appointed commissions and inspectors since the launch of the R&D Center have been successfully completed, earning the right to continue benefiting from incentives. As of year-end 2023, 11 projects of the Aygaz R&D Center are in the R&D status. The Center's fifth annual report was completed in May 2023 and submitted to the ministry for approval after the inspections were finalized.

#### University-industry collaborations

A collaboration agreement has been signed between Koç University and Koç Group companies – Aygaz, Tüpraş, Opet, Ford Otosan and Otokar -to establish the Hydrogen Technologies Center (KUHyTech) to research and develop hydrogen technologies as part of the Carbon Transition Program.

University-industry cooperation is very important to Aygaz R&D Center, which collaborated with three universities, including Kocaeli University, Sakarya University and Yıldız Technical University, to conduct research on chemistry and energy, engine and fuel technologies, and machinery and automation in 2023.

Aygaz R&D Center has run two projects within the scope of the TÜBİTAK TEYDEB 1707 On-demand R&D Projects grant scheme to develop smart IoT devices and LPG-powered camping equipment.

The scientific paper titled "Identifying the Environmental Hotspots of Sulfur-Free Odorant for LPG Storage and Filling by Life Cycle Approach," based on the GreenOdor Project Life Cycle Assessment, written together with academics from Kocaeli University, was published in the prestigious international journal, "Science of the Total Environment." The paper compared the sulfur-free LPG odorant GreenOdor with traditional odorants in terms of environmental impact in 11 categories by percentages. In conclusion, GreenOdor was found to have a lower environmental impact in all impact categories.

#### Products born from projects

**GreenOdor:** LPG is a colorless and odorless gas that is typically odorized with sulfur components through a process that releases a perceptible and distinctive odor in accordance with the EN 589 standard to enable the detection of leaks. Conventional chemicals used for odorizing cause an increase in the total sulfur content of LPG, while the odorization process results in an increase in harmful SOx emissions. After seven years of work, four in R&D and three in product development, the sulfur-free LPG odorant called GreenOdor started to be used at Aygaz terminals and facilities in 2022. Compared to traditional odorants, GreenOdor delivers lower emissions, involves less chemical use, and offers cost benefits. In 2023, about 1.7 million tons of LPG was odorized with GreenOdor, reducing the use of odorant chemicals by approximately 10 tons and the SOx emissions from LPG by nearly 65%.

**Demand-Flow Regulator:** This product has been developed to enable low volume carburetor gasoline power generators to run on LPG. In addition to its lower emission and cost advantages, LPG also provides benefits in terms of transportability as it is a common and accessible fuel in cylinders. Studies are also conducted to further reduce carbon emissions with the combination of a Dimethyl Ether (DME) mixture. These studies have found that when DME is used as a 15% mixture with LPG, the CO<sub>2</sub>, CO and HC (unburned hydrocarbon) emissions are reduced by an average of 35% compared to gasoline. In addition to power generators, the demand-flow regulator also has the potential to be used in agriculture, maritime and motorcycle engines. Considering the economic and social activities in our country, the application areas span a broad scope.

~1.7

million tons

of LPG odorized with GreenOdor



## Social Responsibility

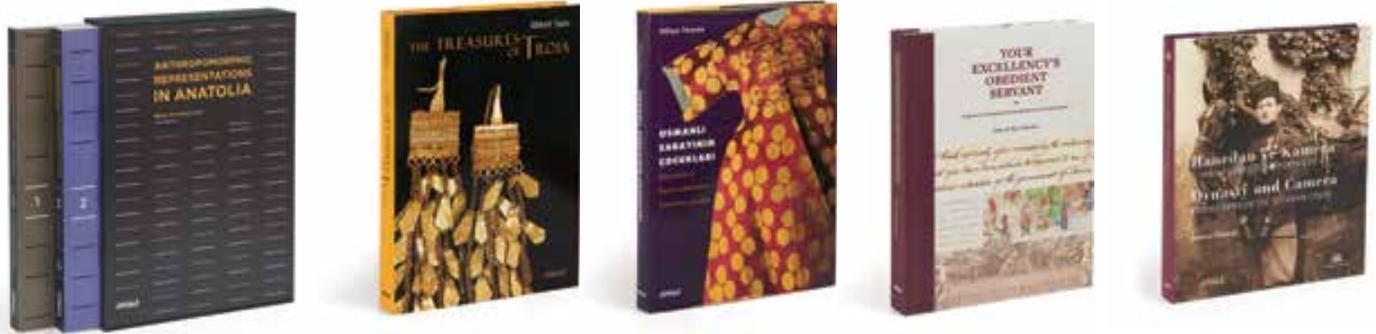
Aygaz supports several environment, education, healthcare, gender equality, sports, culture and art projects in line with its vision of serving social development.



Aygaz leads the industry with pioneering works in its fields of operation and also undertakes value adding projects in issues that concern society and the environment. While promoting social development, Aygaz also considers environmental balances. By supporting several gender equality, history, culture and art, environment, healthcare, sports, and education projects, many within the scope of the UN Sustainable Development Goals, Aygaz invests in the future. Aygaz recognizes the importance of developing the regions where it operates and serving the local communities and contributes to environmental, social and cultural development through social responsibility projects.

### CULTURE & ARTS

**İznik Tile Kilns Excavation:** İznik Tile Kilns Excavation, which Aygaz has supported since 2021, is one of the oldest excavation sites – dating to the 1960s – focused on uncovering Middle Age Turkish art and archaeology in Türkiye and also the longest-lasting excavation within a city. The excavation has gained a well-deserved place in scientific circles with significant findings leading to correcting the falsely defined terms pertaining to Turkish Tile Art. This year, a team of mostly academic staff and students from Istanbul University’s Department of Art History conducted the excavations and worked on 162 objects. Among the excavated artifacts, four pieces were selected by



the experts from the İznik Museum and taken into the inventory to be exhibited in the museum. The most important result of the last three excavation seasons has been the unearthing of a church infrastructure that has not been included in any source thus far. The early Byzantine Church, which was found to contain two furnace firehouses, will be fully unearthed in the upcoming excavation season. The analyses, conducted jointly with Koç University Surface Science and Technology Center (KUYTAM) since the 2018 excavation season, continued in 2023.

#### ***IKSV Theatre Festival Sponsorship:***

Aygaz has supported the theater since 2004. In 2023, Aygaz continued its support as the co-sponsor of the İstanbul Theatre Festival. The 27th edition of the festival featured 19 plays – 8 international and 11 local productions - attracting nearly 25 thousand viewers. The attendance rate of the festival plays was nearly 90%.

#### ***Books on the History of Ottoman***

***Diplomacy:*** History of Ottoman Diplomacy is among the many cultural activities of Aygaz. With this project, documents and information curated from the Ottoman archives are published in book form. With seven more books added in 2023, the total number of published works now stands at 107.

#### **ENVIRONMENT**

##### ***“What will the weather be like tomorrow?” Project:***

This project, launched in 2010 by Aygaz in cooperation with the Regional Environmental Center (REC), is ongoing with support from the Ministry of Environment, Urbanization and Climate Change. Meanwhile, educational programs related to the project have been offered at the Rahmi M. Koç Museum since 2012. The Climate Change Awareness Workshop hosted in the museum's Discovery Globe was attended by 3,328 students from 68 schools in the January – December 2023 period. To date, 109,321 students from 2,526 schools have attended these workshops.

#### **SPORTS**

***Sports Club Sponsorships:*** Sports is another social field that Aygaz continued to support in 2023. Since 2013, Aygaz with its Mogaz brand has sponsored the Beşiktaş Handball Team. This sponsorship by a private sector company as a first in the handball discipline has continued under the Aygaz brand since the 2019 season. As the support extended to other sports disciplines, Aygaz became a sponsor of the Fenerbahçe Sports Club Professional Football A Team. In addition to handball and football, Aygaz has sponsored Tofaş

### **Climate Change Awareness Workshop's Reach (2010-2023)**

**2,526**  
schools

**109,321**  
students





Basketball Team since the 2019-2020 season.

### EDUCATION

**Aygaz Firefly Education Unit:** Aygaz has fostered the education of children and young people in partnership with the Education Volunteers Foundation of Türkiye (TEGV) since 2001. In the 2022-2023 period, the Firefly Education Units reached 7,151 students in seven cities, including five in the earthquake-affected region, delivering quality education.

### GENDER EQUALITY

Following the campaign for gender equality in technology and innovation launched by Koç Group as part of the UN Women's Generation Equality Forum, Aygaz announced its five-year targets in this field last March. Accordingly, Aygaz has committed to reach 100 thousand girls and women from different age groups through education, mentoring and scholarship projects, and within the organization, to increase the ratio of women in technology and innovation to 35% and female managers to 21% by building new networks and setting criteria to transform the ecosystem.

At Aygaz, the ratio of female employees in technology and innovation increased

from 13.5% to 16%, and female managers from 13% to 16% in 2023. Furthermore, women constituted 20% of the employees involved in the intrapreneurship projects in 2023. In the 2022-2023 academic year, 100% of the TEV scholarships were granted to female students in STEM. The goal is to keep the ratio of female students at a minimum of 50% in the internship programs in technology and innovation. Meanwhile, 60% of the interns participating in the 2023 Summer Internship Program were female students. In 2023, the company engaged with nearly 1,500 university students to attract female talent in this field.

As a brand serving all, Aygaz adopts the Equality for Generations approach and develops social projects, including various projects designed for girls aged 8-11, young women including high school and university students and recent graduates, as well as a target audience of women over middle age.

### **W-Energy For Equality Program:**

Three training programs, created under the umbrella of the W-Energy For Equality for youth, went live during the year. The programs consist of three phases: W-Energy for Technology, W-Energy for Innovation, and W-Energy for Future.

W-Energy for Equality Program was recognized with the Special Jury Award at the Corporate Intrapreneurship Awards presented by the Entrepreneurial Institutions Platform and Özyeğin University.

In the W-Energy For Technology program, launched in partnership with Global AI Hub, the participants earned internationally recognized certificates after improving their digital skills in webinars, bootcamps, self-paced and live training courses, prepared with support from global technology leaders. The program reached 33,047 young female participants through a total of 159 hours of training in 2023. Young women who completed the program became eligible to apply for the W-Energy for Innovation program with the certificates they earned.

In the W-Energy For Innovation Program, carried out in partnership with Yönderle Akademi, the participants found the opportunity to develop their entrepreneurial skills with the Basic Entrepreneurship and Advanced Entrepreneur Training Courses and prepared for the hackathon. The program reached 7,690 women in total in 2023.

With the mentoring training and the mentor-mentee meetings as part of the W-Energy For Future Program, 180 mentors were trained and meetings were held with 2,500 mentees. Overall, the training program reached 43,417 young women in 2023.

The W-Energy for Kids Program, designed for children aged 8-11, was launched in 2023 in collaboration with the Rahmi M. Koç Museum. An

interactive education program for children visiting the museum also started in 2023. Inventions frequently used in daily life and discovered by female inventors form the content of the training. This educational program teaches children that technology and innovation are actually a part of daily life and that everyone, regardless of gender, can be successful inventors.

W-Energy for Equality Program was recognized with the Special Jury Award at the Corporate Entrepreneurship Awards presented by the Entrepreneurial Institutions Platform and Özyeğin University. The objective of this program is to create a technology guide with the support of dealers to equip middle-aged women who may have difficulty keeping up with digital transformation with technological skills in the coming years.

**Women's Solidarity Centers in Hope Cities:** Aygaz also supported the establishment of Women's Solidarity Centers in Hope Cities, built by Koç Group in earthquake regions and operate in cooperation with the UN Women and other non-governmental organizations in Hope Cities. Women's Solidarity Centers primarily aim to improve the mental well-being women, renew their self-confidence, encourage their participation in economic life and subsequently their income, while upskilling them for other pursuits.







# Corporate Governance

## Legal Disclosures

### Commercial Title, Registry Number, Contact Information of the Company's Headquarters and Branches

The Company is registered at the İstanbul Trade Registry with number 80651/23170 (Mersis No. 0-1190-0510-2700141) and contact information for its headquarters and branches is available at [www.aygaz.com.tr](http://www.aygaz.com.tr).

### Capital and Shareholding Structure

Issued capital of the Company is TL 219,800,767, all of which has been pledged and paid in full. Issued capital is divided into 21,980,076,700 registered shares at 1 Kr nominal value per share. The Company's capital does not include any privileged shares.

The shareholding structure as of December 31, 2023 is shown in the table below:

Name and Title of the Person or Company	Amount of Shares (TL)	Share Stake (%)	Voting Rights	Voting Rights (%)
<b>Koç Group</b>	<b>112,569,173.27</b>	<b>51.21</b>	<b>11,256,917,327</b>	<b>51.21</b>
Koç Holding A.Ş.	89,424,844.65	40.68	8,942,484,465	40.68
Temel Ticaret ve Yatırım A.Ş.*	12,692,827.96	5.77	1,269,282,796	5.77
Koç Family	10,451,500.67	4.76	1,045,150,067	4.76
<b>Other</b>	<b>107,231,593.73</b>	<b>48.79</b>	<b>10,723,159,373</b>	<b>48.79</b>
Liquid Petroleum Gas Development Company (LPGDC)	53,884,641.77	24.52	5,388,464,177	24.52
Free Floating **	53,346,951.96	24.27	5,334,695,196	24.27
<b>Total</b>	<b>219,800,767.00</b>	<b>100.00</b>	<b>21,980,076,700</b>	<b>100.00</b>

\* The majority shares of Temel Ticaret ve Yatırım A.Ş. belong to the members of the Koç Family. Koç Family Members: Rahmi M. Koç, Semahat S. Arsel, Suna Kıraç, M. Ömer Koç, Ali Y. Koç, İpek Kıraç, Caroline N. Koç, Esra Koç and Aylin Koç.

\*\* Free-float in the amount of TL 1,996,553.90 (ratio to capital 0.91%) belong to Hilal Madeni Eşya Ticaret Sanayi ve Yatırım A.Ş., which is wholly owned by LPGDC.

The direct and indirect stake that Ms. İpek Kıraç holds in our Company rose from 2.86% to 6.42% due to her inheritance from the late Mrs. Suna Kıraç, a direct shareholder of Temel Ticaret ve Yatırım A.Ş., which holds a 5.77 stake in the Company. This change was resolved The Board of Directors resolved that this change to the shareholding structure be registered in the Trade Registry and published in the Trade Registry Gazette pursuant to article 198 of the Turkish Commercial Code and also published on the e-şirket company portal.

### Information on Extraordinary General Assembly Meetings, if any, within the Reporting Period

In the reporting year, an Extraordinary General Assembly convened on August 24, 2023. The Boards of Directors at Aygaz and Koç Holding A.Ş. resolved on May 30, 2023 that the KFS equity that Aygaz holds, corresponding to 3.93% of KFS equity be transferred in full to Koç Holding through a partial demerger with the share transfer model. The demerger resolution was approved by CMB on July 13, 2023 and submitted to the shareholders for approval at the extraordinary general assembly meeting; however, due to some uncertainties that arose after the call to general assembly in terms of the applicability

of the Corporate Tax Law's article 19 and 20, the transaction proposal was rejected by the shareholders.

### Organizational Changes within the Year

The current organization chart of Aygaz is shown on page 103 of the annual report. On April 17, 2023, Koç Holding A.Ş. Strategy and Business Development Director Melih Poyraz was appointed to the General Manager position, vacated by Gökhan Tezel, who retired on April 14, 2023.

### Lawsuits and Sanctions

There are no lawsuits filed against the Company that may materially affect its financial position and activities and there are no administrative or legal sanctions imposed on the Company or the members of its governing body for violation of any legal provision.

### Public Audits and Special Audits

In addition to the Company's internal audits, Ministry of Finance, Ministry of Customs and Trade and other regulatory and oversight organizations have also requested various documents and information, and ordinary and limited audits have been conducted. Regarding the administrative process that was initiated by EMRA in association with

the product audits conducted at four plants in 2013, administrative decisions including the revoking of licenses, administrative fines and sequestration were made by EMRA; but the storage licenses of four plants cancelled within this scope were reinstated in a short period upon the applications filed. Because of the administrative sanction decisions made by EMRA after these audits, the Company has filed lawsuits for cancellation of administrative actions which were finalized in our favor. The four lawsuits filed by EMRA against the Company demanding sequestration have resulted in our favor with the justification that an investigation was not initiated and sanctions could not be imposed on the basis of audits. As a result of the investigation launched by EMRA upon this decision, a total fine of TL 750,000 has been imposed in association with the same matter for two of our facilities based on the minimum rate on July 22, 2020, August 4, 2020, and January 7, 2021. According to a notice served on January 5, 2023, EMRA has opened an investigation alleging that the Company has failed to fulfill its obligation to report its inventory for the period from January 1, 2020 to December 31, 2020. Further to the EMRA resolution nu. 11845-15 dated May 11, 2023, the investigation was terminated without the imposition of any administrative sanctions.

### Information on Administrative or Judicial Sanctions Imposed on the Company and Members of its Governing Body Due to Noncompliance with Legislative Provisions

No administrative or judicial sanctions have been imposed on the Company or members of the governing body due to practices in violation of legislation within the reporting period.

### Information on Legislative Changes That May Materially Affect the Company's Operations

No legislative changes that could materially affect the Company's operations have occurred during the reporting period.

### Conflicts of Interest between the Company and Providers of Services Including Investment Consultancy and Rating, and Information about the Measures Taken by the Company to Avoid Such Conflicts of Interest

There were no conflicts of interest with providers of consultancy and rating services.

### Subsidiaries Report Drafted per Article 199 of the Turkish Commercial Code

Pursuant to Article 199 of the Turkish Commercial Code 6102, which entered into force on July 1, 2012, Aygaz A.Ş. Board of Directors is obligated to issue within the first quarter of the current year a report on the relations of the Company with its controlling shareholder and the subsidiaries of the controlling shareholder in the previous year and include the conclusion of such a report in its annual report. The necessary explanations regarding the transactions are included in note 31 to the financial statements.

The report dated March 8, 2024, prepared by Aygaz A.Ş. Board of Directors, states: "It has been concluded that, with respect to all the transactions of Aygaz A.Ş. with the controlling shareholder, ultimate controlling shareholder and the subsidiaries of the controlling shareholder in 2023, in each transaction a proper counter-gain was obtained according to the circumstances and conditions known by us when the transaction was carried out or the measure was taken or avoided and that there is no measure taken or avoided that can cause the Company to incur any losses and that there is no transaction or measure that necessitates balancing within this framework."

### Debt Instruments

In order to meet the financing needed for the Company's operations, the following borrowing instruments have been issued.

Within the scope of TL 500,000,000 issuance limit, approved by the Capital Markets Board decision no 26/763 dated May 20, 2021, the following bonds were issued:

(i) Long-term bonds (TR SAYGZ62318 ISIN) with 720-day maturity, variable interest, 3-month coupon payment, with a spread of 140 basis

points over BIST TLREF reference rate, principal payment on June 22, 2023, TL 100,000,000 for qualified investors.

(ii) Long-term bonds (TR SAYGZA2312 ISIN) with 725-day maturity, variable interest, 3-month coupon payment, with a spread of 215 basis points over BIST TLREF reference rate, principal payment on December 11, 2023, TL 180,000,000 for qualified investors.

(iii) Long-term bonds (TR SAYGZ22312 ISIN) with 368-day maturity, fixed annual interest of 24.00%, payable at maturity, principal payment on February 3, 2023, TL 150,000,000 for qualified investors.

Within the scope of TL 1,000,000,000 issuance limit, approved by the Capital Markets Board resolution no 37/1053 dated July 6, 2022, the following bonds were issued:

- (i) Short-term bonds (TRFAYGZ52316 ISIN) with 281-day maturity, fixed interest of 33.30% per annum, payable on May 9, 2023, TL 100,000,000 for qualified investors.
- (ii) Short-term bonds (TRFAYGZ32318 ISIN) with 179-day maturity, fixed interest of 25.00% per annum, payable on March 31, 2023, TL 200,000,000 for qualified investors.
- (iii) Short-term bonds (TRFAYGZ62315 ISIN) with 175-day maturity, fixed interest of 25.50% per annum, payable on June 2, 2023, TL 300,000,000 for qualified investors.
- (iv) Short-term bonds (TRFAYGZ92312 ISIN) with 99-day maturity, fixed interest of 39.50% per annum, payable on September 28, 2023, TL 250,000,000 for qualified investors.
- (v) Short-term bonds (TRFAYGZ12419 ISIN) with 184-day maturity, fixed interest of 38.50% per annum, payable on January 5, 2024, TL 150,000,000 for qualified investors.

The Board of Directors resolved on January 10, 2023 to issue debt instruments (bonds and/or bills) with a total nominal value up to TL 3,000,000,000 (Three billion Turkish Lira) after the Capital Markets Board's approval of the issuance, within the period that issuance limit is valid and to do the sale one or several times domestically by way of selling to qualified investors and/or private placement excluding public offering, and to authorize the Company management to determine the terms and conditions of the issuance and to execute the issuance transactions. The necessary application was filed on January 12, 2023 with the Capital Markets Board, which approved the application with resolution no 51/1055 dated August 31, 2023.

### Credit Rating

JCR Avrasya Derecelendirme A.Ş. (JCR Eurasia Rating) has evaluated the credit ratings and outlooks of Aygaz on June 14, 2023 and determined the Company's Long-Term National Rating as "AA (Tr)" and outlook as "Stable," Short-Term National Rating as "J1+ (Tr)" and outlook as "Stable," Long-Term International Rating (foreign currency rating) as

"BB" and outlook as "Negative," and Long-Term International Rating (local currency rating) as "BB" and outlook as "Negative." Aygaz A.Ş. continues to be listed in the BIST (Borsa İstanbul) Sustainability Index.

### Independent Audit Firm

Taking into consideration the opinion of the Audit Committee, our Board of Directors resolved on May 22, 2023 to nominate Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., to audit our Company's financial reports for the year 2024 accounting period and to fulfill all other obligations required for the auditors by Turkish Commercial Code no. 6102 and Capital Markets Law no. 6362 and applicable regulations and to submit the selection to the General Assembly for approval.

### Employee and Worker Movements and Collective Labor Agreement Practices

A Collective Group Labor Agreement has been signed between the Turkish Employers Association of Metal Industries (MESS), the employers' union in the metal industries in which the Company is a member, and the Turkish Metal Workers Union on January 17, 2024 to be valid for the period from September 1, 2023 to August 31, 2025, covering the workers at the Gebze plant.

A Collective Labor Agreement, covering the seafaring employees, was signed on May 12, 2023 with the Turkish Seamen's Union to be valid for the period from January 1, 2023 to December 31, 2024.

Our employees are regularly and periodically provided with social rights in accordance with the law. Total provisions for seniority pay at the end of employment and leave obligations stand at TL 246,900 thousand (2022: TL 378,557 thousand).

### Donations and Grants

At the Ordinary General Assembly Meeting in 2023, information was provided as a separate agenda item about the donations and grants paid in 2022 and the donation upper limit for 2023 was set at 0.4% (four thousandth) of the previous year's revenues. No change has been made to the ongoing donation practices. Aygaz Donations and Sponsorship Policy has been approved by the general assembly and published on the corporate website. Donations made in 2023 amounted to TL 35,002,328.36. The upper limit for donations in 2024 will be determined by the general assembly.

### Guidance

Our 2024 sales volume forecast:  
Cylinder gas : 240 thousand - 250 thousand tons  
Autogas : 770 thousand - 800 thousand tons

Our 2024 market share forecast  
Cylinder gas: 41% - 43%  
Autogas: 21.5% - 22.5%

# Corporate Governance Principles Compliance Declaration

Aygaz A.Ş. recognizes the benefits and importance of Corporate Governance Principles for companies and capital markets. In addition to achieving full compliance with the mandatory principles of the Corporate Governance Communiqué No: II-17.1, in effect in 2023, Aygaz A.Ş. has complied with a majority of the non-mandatory principles. Even though the Company aims to fully comply with the non-mandatory Corporate Governance Principles, full compliance has yet to be achieved due to the difficulties regarding implementation of some principles, the current debate on both domestic and international platforms toward their adoption and some principles failing to align with the existing structure of the market and the Company. With work in progress regarding the principles that have yet to be implemented, adoption of these principles will be duly considered upon completion of the administrative, legal and technical infrastructure work that would contribute to the Company's effective management.

The non-mandatory Corporate Governance Principles, which have yet to be complied with, are listed below. More information is provided in the relevant sections of the annual report.

- Principle 1.3.10 - Donations made by the company are described in a separate item on the general assembly agenda and the details of the donations with the highest amounts are included in the General Assembly information document. The remaining amount, not detailed in the information document, consists of various donations, each lower than TL 100,000, to a number of institutions and organizations and are not of material significance for investors. Donations lower than this amount are not followed by the investors and the company has plans to continue disclosing within this materiality limit in the coming years.
- Principle 1.5.2 - Minority rights are not granted for shareholders holding less than one twentieth of the share capital according to the articles of association, and rights are granted to minority shareholders within the framework of general regulatory provisions in line with general practices. The company does not foresee any changes regarding this matter in the near future.
- Principle 4.4.2 - A minimum period has not been defined to communicate the information and documentation about the agenda topics to the Board members, while the timing of providing information to the Board members is determined based on the topics and processes on the Board agenda and the members are informed reasonably in advance. Even though an urgent need to define such a period is not present, given the effective functioning of the Board, this topic will be addressed in the times to come.
- Principle 4.4.5 - Board meetings take place based on customary practices of many years; however, a written internal procedure has not yet been implemented within the organization. Considering the effective functioning of the Board, an urgent need to address this issue is not present, while the Company has plans to revisit this topic in the times to come.
- Principle 4.4.7 - Considering that the Board members contribute significantly to the Board with their business experience and industry knowledge, they are not restricted in terms of assuming external duties. The résumé of each Board member and their external engagements are provided in the annual report. Given the effective functioning of the Board, no changes to the current practice are anticipated in the near future since no negative consequence has been observed in terms of corporate governance.
- Principle 4.5.5 - Committee appointments are decided by taking into consideration the relevant Board members' expertise and experience in accordance with applicable regulations, while some Board members serve on multiple committees. However, the said members facilitate communication and increase the opportunities for cooperation between committees handling related subjects, and given the effective functioning of the current committee structure, an imminent change is not anticipated.
- Principle 4.6.5. - Remunerations paid to the Board members and senior executives with administrative responsibilities are provided in the notes to the financial statements and in the General Assembly and disclosed to the public as a total figure. Given the importance of this matter in terms of the privacy of personal data, market trends are followed with plans to act in line with widely adopted practices.

Aygaz has not been exposed to any conflicts of interest due to lack of full compliance with the non-mandatory principles.

The Corporate Governance activities in 2023 have been compliant with the Capital Markets Law, which includes Capital Markets Board regulations on corporate governance principles and the communiqués pursuant to this law. Prior to the general assembly meeting, independent board members were nominated and publicly disclosed, and the general assembly meeting was organized with due process for the election. At the Ordinary General Assembly Meeting in 2023, members of the Board of Directors were elected, and in the ensuing process the Board committees, which currently function effectively, were formed in accordance with regulations. Remuneration policy was determined for Board members and senior executives and presented to the shareholders at the general assembly meeting. Through the information document prepared for the General Assembly, information mandated by the principles, such as privileged shares, voting rights, organizational changes, résumés of the nominees for Board membership, remuneration policy for the Board of Directors and senior executives as well as all reports and information that must be drafted and disclosed about related parties were made available for investors three weeks prior to the General Assembly meeting. The corporate website and the annual report were also reviewed and necessary changes were made toward full compliance with the principles. Necessary work will be carried out for full compliance with the principles by considering legislative developments and implementations in the upcoming period.

Aygaz A.Ş. demonstrates its commitment to managing corporate governance as a continuous and dynamic process by receiving Corporate Governance Rating scores and remaining in the BIST Corporate Governance Index. Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş., operating under license from the Capital Markets Board (CMB) to conduct corporate governance rating activities in Türkiye, upgraded the Company's score from 9.56 to 9.60 on June 21, 2023.

Main Topics	2022 Score	2023 Score
Shareholders	95.83	95.90
Public Disclosure and Transparency	94.93	97.25
Stakeholders	99.51	99.51
Board of Directors	94.25	95.31
<b>Total</b>	<b>95.61</b>	<b>96.57</b>

Notably, “Public Disclosure and Transparency” and “Board of Directors” topics showed improvement in 2023. A key factor for the rating score increase was the introduction of the Board of Directors’ Diversity Policy in which Aygaz declared its commitment to increase the female Board membership ratio to 25% within five years. Aygaz Group Code of Ethics and the Human Rights, Anti-bribery and Corruption, Gift Acceptance and Honor, Supply Chain Compliance, Sanctions and Export Controls, Whistleblowing, Compliance, and Social Investment policies, approved by the Board of Directors and published on the Public Disclosure Platform and the corporate website in 2021 and 2022 in accordance with the Compliance Program roadmap, have also contributed to this rating. Aygaz, with its current corporate governance rating, remains among the companies to hold the highest corporate governance scores in Türkiye as of the rating date.

Since the General Assembly meeting of 2005, Corporate Governance Compliance Reports are prepared and published on the company's corporate web site ([www.aygaz.com.tr](http://www.aygaz.com.tr)) and within the annual reports. The 2023 Corporate Governance Compliance Report (URF) and Corporate Governance Information Form (KYBF), prepared in accordance with the CMB resolution no. 2/49 dated January 10, 2019 and approved by Aygaz A.Ş. Board of Directors, are presented under the Other Disclosures (pages 208 - 220) of the annual report, and the related documents can also be found in the corporate governance page of Aygaz A.Ş. on the Public Disclosure Platform ([www.kap.org.tr](http://www.kap.org.tr)).

## Sustainability Principles Compliance Declaration

Aygaz follows the best sustainability practices closely, including those laid out in the CMB's Sustainability Principles Compliance Framework and strives to adopt the generally accepted best practices in this field to the extent possible. Many of the sustainability topics Aygaz addresses correspond to the principles stated in the "Sustainability Principles Compliance Framework," introduced by the CMB in 2020 and updated to apply to reporting starting from 2022. Accordingly, Aygaz A.Ş. has achieved compliance with the majority of the principles stated in the non-mandatory Sustainability Principles Compliance Framework, introduced by the CMB on a "comply or explain" basis. However, full compliance with all the principles has not been achieved yet due to the challenges in the implementation of some of these principles, uncertainties in the national and international arena, certain principles not fully aligning with the current structure of the company, and the fact that some compliance principles will be determined according to the findings of ongoing studies. Once the review of the global practices that may contribute to the company's goal of creating sustainable value is finalized, the company aims to complete the technical infrastructure developments and work toward implementing the principles lacking full compliance through the Sustainability Department, established in late 2023.

Aygaz's sustainability practices that align with the principles in the CMB's Sustainability Principles Compliance Framework are described in detail in the Sustainability section of the Annual Report and the key principles lacking full compliance are explained below. The Company monitors the impact on environmental and social risk management due to the lack of full compliance with the non-mandatory principles and addresses them as part of sustainability efforts.

- Aygaz has published its Integrated Management Systems Policy, which includes the environmental, sustainability, stakeholder, and occupational safety aspects in line with Environmental, Social, and Corporate Governance (ESG) practices, and Code of Ethics. ESG policies and targets are defined and updated regularly within the framework of the Integrated Management Systems Policy. Work is in progress to disclose these targets to the public in the times to come. In 2023, Aygaz declared its commitment to reducing its waste from plant operations by 5%. Following the campaign for gender equality in technology and innovation launched by Koç Group as part of the UN Women's Generation Equality Forum, Aygaz announced its relevant five-year targets in 2022. Accordingly, Aygaz has committed to reaching 100 thousand girls and women across different age groups through education, mentoring and scholarship projects and increasing the ratio of women in technology and innovation to 35% and female managers to 21% within the organization by building new networks and setting criteria to transform the ecosystem.
- Aygaz monitors key environmental, social, and governance indicators regularly and discloses them publicly. However, due to lack of comparable and verifiable data, local or international industry benchmarks are not available. In light of the global and sectoral trends, the material sustainability aspects at Aygaz were identified by seeking the opinions of senior executives, strategic decisions, stakeholders, and reviewing external trend analyses. The issues with the highest priority that will create value for both Aygaz and stakeholders were identified through these analyses. In line with Koç Holding's equality in technology and innovation campaign launched under the global leadership of the UN Women Generation Equality Forum and Carbon Transition Program, targeting net zero by 2050, Aygaz also started to work in these areas. Accordingly, "Equal opportunity and diversity" and "Climate change and greenhouse gas emission management" were highlighted among the "High Priority" topics in the 2022 Sustainability Report. As such, Aygaz has demonstrated the increasing importance of these issues for the company by positioning them close to the "Very High Priority" issues. Aygaz also aims to update its material sustainability topics in the 2023 Sustainability Report and plans to work on the partnership strategy in the years to come.
- At Aygaz, the Sustainability Department, established in late 2023, ('Working Group') along with the relevant functions and the Corporate Risk Management Working Group oversee the management and implementation of ESG policies. The Corporate Risk Management processes are reported to the Risk Management Committee, under the Board of Directors, and the relevant activities are disclosed in the Risk Management section of the Annual Report. Work is in progress to disclose the Sustainability Working Group's activities and policy publicly.
- Aygaz is currently working on publicly disclosing its implementation and action plans in line with short- and long-term ESG targets.

- Key environmental, social, and governance performance indicators are monitored regularly. Since 2008, Aygaz has regularly published its ESG data in the annual sustainability reports. The company will publish its 2023 Sustainability Report in the first half 2024. Due to their limited environmental and social impact, the indicators other than greenhouse gas emission data have not been verified yet. As the standards and practices evolve, the company will consider comprehensive data verifications.
- As of late 2023, the Sustainability Department and the relevant functions checking data are responsible for following and monitoring the sustainability work at Aygaz. The Sustainability Department reports the sustainability issues to the General Manager, who in turn may escalate them to the Board of Directors as needed. The sustainability strategy and targets are defined after the sustainability issues are evaluated by the Board of Directors in line with business processes.
- Aygaz discloses the incentives it offers, including those related to achieving the targets, under Human Resources in the Annual Report. Employees who demonstrate commitment to the Occupational Health and Safety principles and procedures, act sensitively and take actions to promote corporate sensitivity and effectiveness are rewarded. Work is in progress about the incentives offered for the management of environmental issues as part of the sustainability efforts.
- Aygaz monitors how environmental topics are integrated into business targets and strategies through internal indicators and plans to disclose its performance in this area publicly in the times to come.
- Aygaz identifies the risks and opportunities for different climate scenarios by following the Carbon Transition Program that Koç Holding has implemented and calculates Scope 1 and Scope 2 greenhouse gas emissions, which are assured by an independent third party in accordance with ISO 14064-1. Data related to Scope 3 greenhouse gas emissions will most likely be disclosed, starting from the 2023 sustainability report. Aygaz will duly set targets per the Carbon Transition Program based on the outcomes of these studies.
- Aygaz is currently not part of any carbon pricing system since the regulatory processes on this topic have not yet been finalized in Türkiye. On the other hand, internal assessments and studies regarding carbon pricing and carbon credits in partnership with relevant NGOs have gained momentum with the establishment of the Sustainability Department.

# Explanations Regarding Corporate Governance

## 2.1. Investor Relations Department

At Aygaz, Investor Relations Department's duties set out by article 11 of the Corporate Governance Communiqué have been assigned to the Corporate Finance and Strategy Department under the leadership of Assistant General Manager (Finance) The department consisting of Ali Sencer Turunç and Kozan Nabi Çiftçi, both holding Capital Market Activities Advance Level and Corporate Governance Rating Specialist Licenses, can be contacted by email at [yatirimciiliskileri@aygaz.com.tr](mailto:yatirimciiliskileri@aygaz.com.tr) or [investorrelations@aygaz.com.tr](mailto:investorrelations@aygaz.com.tr) or by phone at +90 212 354 15 15 / extensions 1753-1659 for information requests.

The Investor Relations Report covering all the activities of the Department throughout the year has been submitted to the Corporate Governance Committee and Board of Directors.

## 2.2. Exercise of Shareholders' Right to Obtain Information

The Investor Relations section on the corporate website is regularly updated to offer shareholders easier usability and access to more information.

All information except those qualifying as trade secrets are disclosed to shareholders, who are not subjected to any discrimination regarding the exercise of their right to obtain and review information.

Even though the Articles of Association do not contain any provision regarding an individual's right to request a special auditor, pursuant to Article 438 of the Turkish Commercial Code each shareholder may request the General Assembly to clarify certain events – even if they are not included in the agenda – by way of a special audit, if doing so is necessary for exercising shareholders' rights, provided that the right to obtain information or review has been previously exercised. To date, shareholders have not put in such a request. Furthermore, the company's activities are periodically audited by an independent audit firm appointed by the General Assembly.

## 2.4. Voting Rights and Minority Rights

Privileged voting rights are not granted to the company's shareholders. There is no other entity with reciprocal shareholding with Aygaz. Minority rights are represented at the General Assembly directly or by proxy. The company's Articles of Association contain no provision on the cumulative voting method. Minority rights are not granted for shareholders holding less than one twentieth of the share capital according to the Articles of Association, and rights are granted pursuant to general legislative provisions.

## 2.5. Dividend Rights

There are no privileges regarding the sharing of the company's profits. Dividends are distributed in accordance with and at the intervals stipulated by applicable legislation. The dividend policy currently in effect was revised at the company's Board of Directors meeting on March 5, 2014 and took its present form:

Dividend Policy was presented to the shareholders at the General Assembly meeting on March 20, 2023. The Company paid in cash a gross total dividend of TL 219,800,767.00 in 2022.

## 2.6. Transfer of Shares

Article 8 - Transfer of Shares - of the Articles of Association, stipulates that only the individuals registered in the share book conforming with the records of the Central Registry Agency will be considered and treated as holders of shares or holders of rights of usufruct on shares. Transfer of the company's publicly traded registered shares are governed by and subject to the applicable regulations of the Capital Markets Board.

## 4.1. Informing Stakeholders

The company's stakeholders are informed regularly on matters that concern them, while the employees are briefed during internal communication meetings. Field employees at the Aygaz Gebze Plant and seamen working on vessels are members of trade unions organized in related lines of work. These workers are informed through union representatives. Regional or nation-wide dealer meetings are held every year.

On the other hand, comprehensive communications are also carried out through the company's corporate website, newsletters, technical publications and the company magazine, "Aygaz Dünyası." Designed to strengthen communication with dealers, the Dealer Portal is also used effectively.

The stakeholders may use the links and call the phone line provided on the corporate website and intranet to report any infringements of legislations and ethics violations to the company management or Internal Audit Department to be duly escalated to the Audit Committee.

## 4.2. Stakeholder Participation in Management

In the stakeholder meetings, attendees find the opportunity to express their requests and suggestions, which are then addressed by the management. Furthermore, the Individual Suggestion System and email pools established within the Company provide an opportunity to submit new ideas, and owners of the implemented ideas are rewarded. Suggestions can be submitted through the corporate website and intranet.

## 5.1. Composition and Election of the Board of Directors

At Aygaz, the Board of Directors is composed of nine members in total with one Chairman, one Vice Chairman and seven members, including three independent directors. As of 2023, the Board has one female member. All members were elected to the Board of Directors at the General Assembly meeting on March 20, 2023 to serve until the Ordinary General Assembly Meeting to be held to review the financial results for 2023. Résumés of the Board Members and the General Manager are included in the annual report.

The table below provides brief information about the non-executive members in the Board of Directors in accordance with the CMB's Corporate Governance Principles.

Full Name of the Board Member	Independence Status	Duties on the Board and Committees	External Duties
Rahmi M. Koç	Non-independent	Chairman of the Board and Executive Committee	Honorary President - Koç Holding A.Ş. and Board member at various Koç Group Companies
Ömer M. Koç	Non-independent	Vice Chairman, Executive Committee member	Chairman - Koç Holding A.Ş. and Board member at various Koç Group Companies
Alexandre F. J. Picciotto	Non-independent	Board member, Executive Committee member	General Manager – Orfim, and Board member at various companies Board member at various Koç Group Companies
Dr. Bülent Bulgurlu	Non-independent	Board member, Risk Management Committee member	Board member at various Koç Group Companies
Levent Çakıroğlu	Non-independent	Board member	CEO and Board member - Koç Holding A.Ş., Board member at various Koç Group Companies
Yağız Eyüboğlu	Non-independent	Board member, Corporate Governance Committee member	Energy Group President - Koç Holding A.Ş. and Board member at various Koç Group Companies
Dr. Şadan Kaptanoğlu Dikici	Independent	Board member, Risk Management Committee chair, Audit Committee member	Board Member - Kaptanoğlu
Kutsan Çelebician	Independent	Board member, Audit Committee chair, Corporate Governance Committee chair	
Kemal Ege Cansen	Independent	Board member	

The duties of the Chairman and the General Manager are performed by different individuals. While Board members are expected to dedicate the time required for the company's affairs, there are no limitations imposed on them about assuming external duties. The résumés of the members and their external engagements are presented to the shareholders prior to General Assembly.

At Aygaz, the Corporate Governance Committee assumes the duties of the Nomination Committee. In 2023, three independent candidates were nominated to the Corporate Governance Committee. All three independent director candidates submitted their résumés and declarations of independence, which were evaluated by the Corporate Governance Committee and the Board of Directors during their respective meetings on January 12, 2023 and found to meet the criteria specified in Corporate Governance Principles. The candidates were approved and selected by the General Assembly on March 20, 2023. As of the 2023 operating period, no situations arose that would compromise their independence status.

## 5.2. Operating Principles of the Board of Directors

The agenda of the Board of Directors meetings is determined according to the company's needs upon evaluation of activities. The General Manager and the Chief Financial Officer inform and maintain communication with the Board of Directors. The Board of Directors, which convenes to address strategic issues, physically convened six times in 2023 and passed 33 resolutions in total, including those that fall under the scope of paragraph 4 of Article 390 of the Turkish Commercial Code.

Board Members have no weighted voting privileges and/or veto power. Other than the powers vested in the General Assembly by the Turkish Commercial Code, the Board of Directors is authorized to make decisions related to the affairs of the Company. Powers and responsibilities of the Board Members and executives are governed by the circular of signature drafted according to the relevant provisions of the company's Articles of Association.

Board Members do not carry out transactions with the company or take part in any competitor entities. Some shareholders with management control, members of the Board of Directors, executives with administrative responsibilities, their spouses and blood relatives to the second degree and in-laws serve as Members of Board of Directors in some other Koç Group companies, including the ones that operate in a similar field. Board Members and Senior Executives of the Company are covered by an executive liability insurance.

## 5.4. Risk Management and Internal Control Mechanism

The Board of Directors is responsible for ensuring healthy functioning of the internal control system and internal audits. The relevant activities are coordinated by the General Manager and overseen by the committees under the Board of Directors. Necessary information is submitted to the Board of Directors, which reviews the efficiency of risk management systems.

Furthermore, an independent audit firm conducts periodic audits, and results of these audits are reported to the Board of Directors. Corporate Risk Management (CRM) is carried out by a team formed with participation of various departments under the leadership of Chief Finance Officer (CFO) and monitored by the Risk Management Committee..

## 5.5. The Company's Strategic Goals

Along with the company's vision and mission, its strategic goals have also been defined and presented to all stakeholders through various channels. The annual targets determined and set out for the management of the company by the Board of Directors in accordance with these are communicated across all levels. Both the Board of Directors and relevant committees are periodically briefed regarding the realization of the set targets and developments.

## 5.6. Financial Benefits

The Company's Remuneration Policy for the Members of the Board of Directors and Senior Executives was approved at the Ordinary General Assembly Meeting on March 31, 2014. This policy, disclosed to the public through the annual report and corporate web site and most recently approved by the shareholders at the Ordinary General Assembly on March 20, 2023, is also on the agenda of the Ordinary General Assembly Meeting that will be held on April 1, 2024 to review the 2023 activities and presented to the shareholders. The total payment made to Members of the Board of Directors and Senior Executives within the framework of the Remuneration Policy is reviewed by the Corporate Governance Committee and the Board of Directors every year. The payments made to the Members of the Board of Directors and Senior Executives are disclosed in a total amount to the public through financial statement notes in accordance with general practices. There are no transactions that may lead to conflicts of interest such as loans, utilization of credit and provision of guarantees for the benefit of our Board Members or Executives.

## Investor Relations

The Investor Relations department at Aygaz engages in activities to elevate the company's value and promote the company to attract new and potential investors.



### Share Information

BIST Code	: AYGAZ
Bloomberg Code	: AYGAZ.TI
Reuters Code	: AYGAZ.IS
IPO Date	: 13.01.1988
Free Float Rate	: 24.27%
Share of Foreign Investors in Free Float	: 56%

In its activities, the Investor Relations department focuses on elevating the company's value for the existing shareholders and aims to attract new and potential investors by promoting the company. Aygaz adopts a corporate approach to investor relations in global standards.

### Information Activities

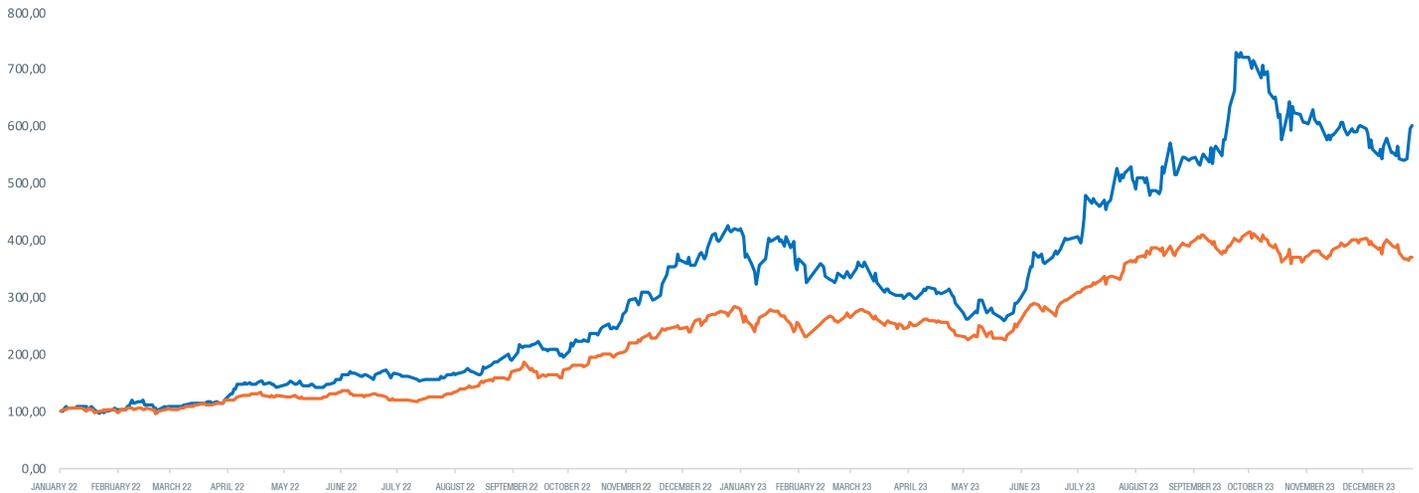
Building long-lasting relationships with the investors and ensuring accurate and up-to-date information flow are key for investor relations. Accordingly, the Investor Relations department hosted an event with senior executives in attendance to meet with fund managers

and analysts in 2023. The department also held 100+ meetings, including one-on-one meetings and teleconferences, with current and potential investors to share the company's current vision and goals and address the latest topics on the agenda. The department responded to the written and verbal questions from domestic and foreign shareholders and analysts and streamed four webcasts for the quarterly earnings releases.

In 2023, most of the inquiries received from the investors and analysts were about the new investments of Aygaz, including United Aygaz LPG Ltd., the joint venture in Bangladesh, and Sendeo, the

AYGAZ and BIST 30 Index Relative Performance

■ AYGAZ ■ BIST - 30



last mile delivery company, and their operations, market and profitability guidance regarding the LPG business line, Aygaz stock value, dividend payments, and outlook.

**Stock performance**

In 2023, Borsa İstanbul (BIST) saw considerable rises. The market value of the Aygaz rose from TL 20.7 billion as of year-end 2022 to TL 29.7 billion levels as of year-end 2023, with an increase of 43% on TL basis. In the same period, the returns of BIST 100 and BIST 30 were 31% and 32%, respectively. Aygaz stocks were traded at lowest TL 58.05 and highest TL 163.50 during the year. Aygaz closed the year with a market cap of nearly USD 1 billion.

**Dividend distribution**

In line with the dividend policy and to the extent allowed by applicable regulations and financial resources, minimum 50% of the distributable profit, calculated in accordance with Capital Markets regulations is distributed in

cash and/or bonus shares. The factors taken into account in calculating the annual dividend amount include long-term company strategies, investment and financing policies, and profitability and cash position.

Including TL 1 billion 506 million as dividend from the 2023 profits to be submitted to the General Assembly for approval in 2024, the total dividends paid out in the last five years will reach TL 2 billion 175 million.

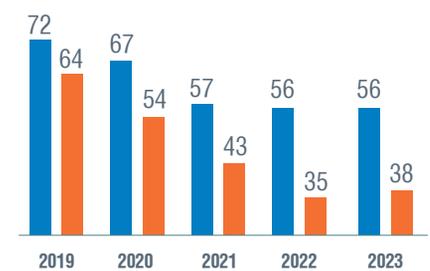
**Aygaz stock and investor composition**

Currently, 24.27% of Aygaz shares are traded on Borsa İstanbul. As of 2023, foreign investors account for 56% of the free floating shares of Aygaz, above the BIST 100 ratio. This is a sign of the trust that Aygaz has elicited from foreign investors, both for its investor relations activities and its corporate governance efforts.

43%

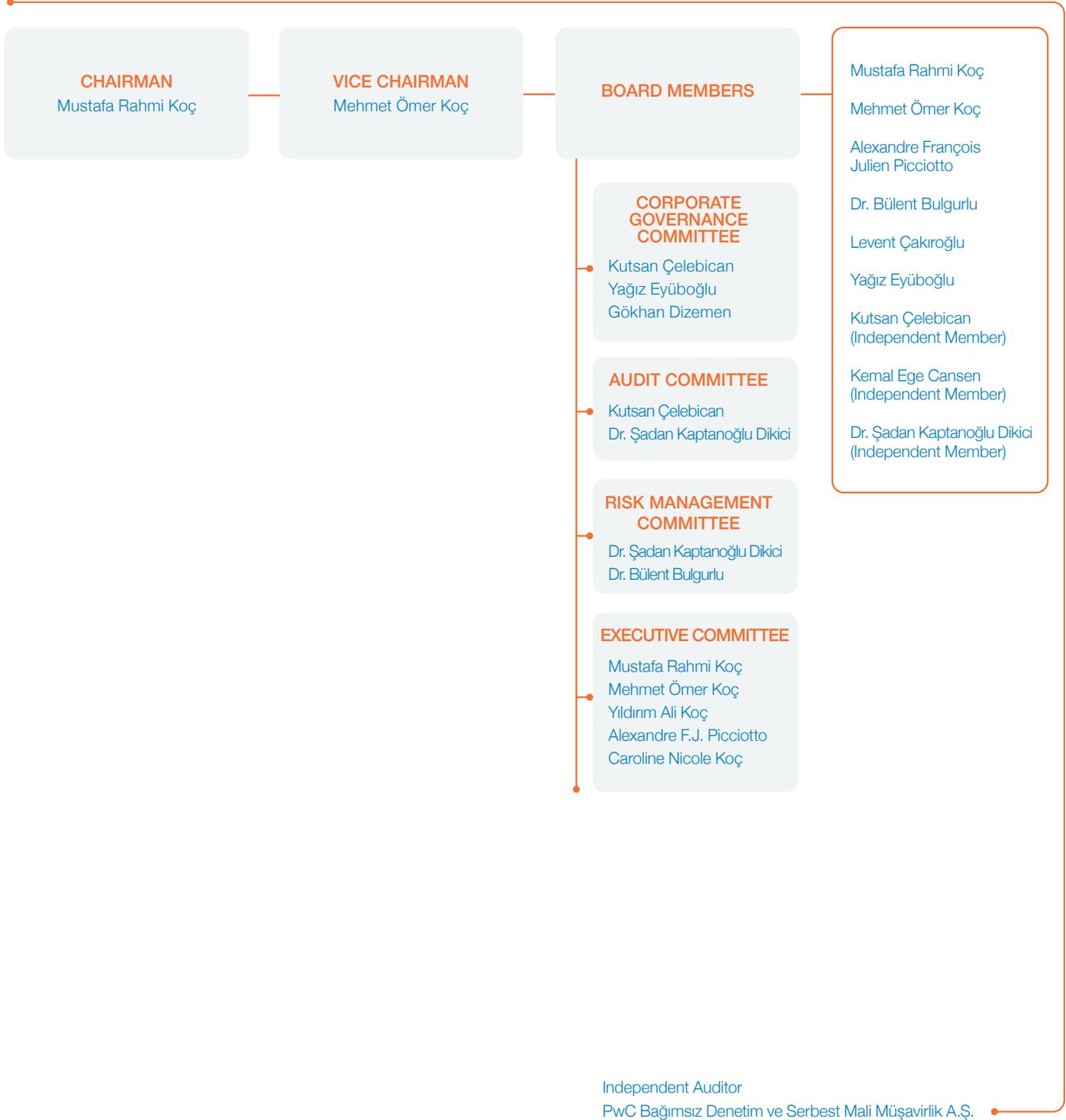
increase in Aygaz stock price compared to year-end 2022

The share of foreign investors in free float (%)

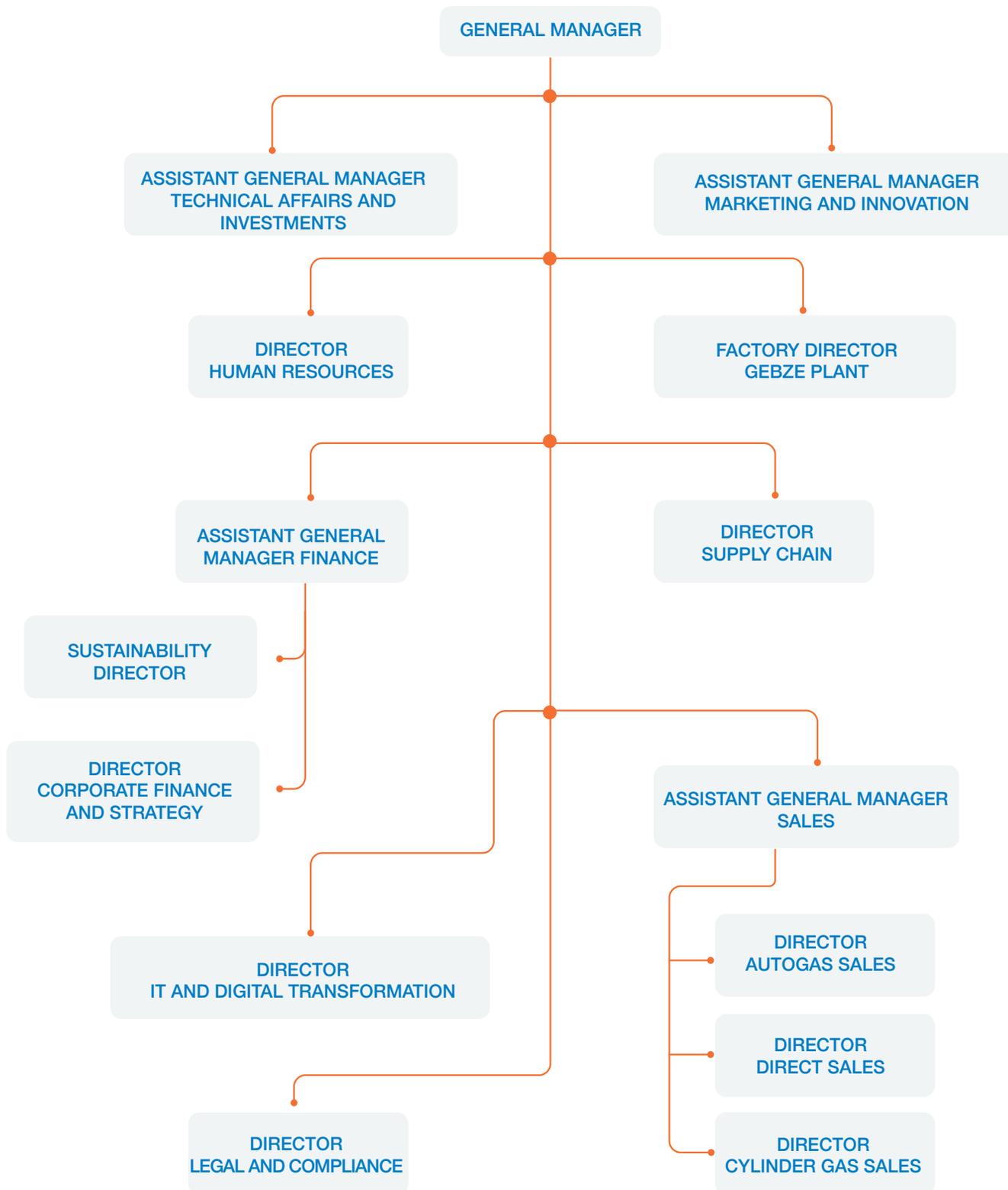


■ AYGAZ ■ BIST - 100

## Structure of the Board of Directors



# Organizational Chart



## Board of Directors / Résumés

### Mustafa Rahmi Koç

Chairman

After studying Business Administration at Johns Hopkins University (USA), Rahmi M. Koç started his career in the Koç Group in 1958 at Otokoç. He became Chairman of the Management Committee in 1980 and was named Chairman of the Board of Directors of Koç Holding in 1984, a post he held until 2003 when he became the Honorary Chairman. Apart from Koç Holding, he also serves as a Member/Chairman of the Board of Directors at other Koç Group companies. His responsibilities in various capacities and titled at numerous institutions and organizations include: Vice Chairman of the Board of Trustees of the Vehbi Koç Foundation, Honorary Chairman of the Board of Trustees of the Koç University, Founder and Chairman of the Board of the Rahmi M. Koç Museum and Cultural Foundation, Chairman of the Board of the VKV American Hospital, Honorary Chairman and Founding Member of TURMEPA, the Turkish Marine and Environment Protection Association, Honorary Chairman of the Advisory Board of the Turkish Industry and Business Association (TÜSİAD), Member of the Advisory Board of the Turkish Employers Association (TISK), Co-Chairman of the Business Advisory Council for South East Europe, Honorary Trustee of the Metropolitan Museum of Art and Founding Chairman of the Global Relations Forum. Mr. Koç has been awarded Honorary Doctorate degrees by Johns Hopkins University (Baltimore-Maryland), Eskişehir Anadolu University, İzmir Ege University, Ankara Bilkent University, Ovidius University of Constanta and Aydın Adnan Menderes University. Rahmi M. Koç has been recognized with distinguished awards, medals and honors including "Outstanding Service Award" by the President of Turkish Republic, "Grosses Verdienst Kreuz" by the German Government, Order of High Merit of the Italian Republic, Order of Merit of the Austrian Government, (Honorary) Commander of the Most Excellent Order of the British Empire (CBE), "Officier dans l'Ordre National de la Legion D'Honneur" by the French Government, "Responsible Capitalism Lifetime Achievement Award" by the international affairs organization FIRST and Medal by Foreign Policy Association (FPA). Rahmi M. Koç, together with the Koç Family, has received the Hadrian Award granted by the World Monuments Fund, Carnegie Medal of Philanthropy, BNP Paribas Philanthropy Award and "Outstanding Service Award in Decorative Arts" at the 16th "Iris Foundation Awards." He has previously served as President of the International Chamber of Commerce, President of the Turkish Greek Business Council, Member of the Allianz Aktiengesellschaft International Advisory Board, Member of the JP Morgan International Council and Member of the International Advisory Board of the US Council on Foreign Relations. He continues to serve as the Chairman of Aygaz A.Ş. since 1996.

### Ömer M. Koç

Vice Chairman

Ömer M. Koç received his BA in Ancient Greek from Columbia College, Columbia University (USA) in 1985. He worked at Kofisa Trading for one year and completed his MBA at Columbia University Business School in 1989. After working at Ramerica International Inc., he joined the Koç Group in 1990. He held various senior positions at Koç Holding, including Finance Coordinator, and Vice President and President of the Energy Group. He became Member of the Board of Directors in 2004 and Vice Chairman in May 2008. Since February 2016, he has served as the Chairman of the Board of Directors of Koç Holding. Other appointments of Ömer M. Koç include Vice President of the Turkish Industry and Business Association (TÜSİAD) High Advisory Council, Chairman of the Board of Trustees of Turkish Educational Foundation, Chairman of the Board of Directors of Geyre Foundation, Chairman of Tofaş, Tüpraş and Yapı Kredi Kültür Sanat Yayıncılık, Chairman of İKSV (İstanbul Foundation For Culture and Arts) Board of Trustees, and Board Member at various other Koç Group companies. Ömer M. Koç has served on the Aygaz A.Ş. Board of Directors as a member since 1996 and Vice Chairman since 2001.

### Alexandre François Julien Picciotto

Member

Alexandre Picciotto is one of the grandsons of Hillel Picciotto, who co-founded Aygaz with Vehbi Koç in 1961. After graduating from Ecole Supérieure de Gestion (Paris) in 1990, he started his career in Orfim, the investment company of his family in Paris, France. He managed different subsidiaries operating in various fields, including real estate and movie industry (1990-2003). In 2003, he was appointed General Manager at Liquid Petroleum Gas Development Company, the Picciotto family-owned company, which is a shareholder of Aygaz. He was then appointed General Manager at Orfim in 2008 and President in 2021. Alexandre Picciotto is also member of the Board of Directors at various companies in both Türkiye and France. He has served on the Aygaz Board of Directors since July 2012.

### Dr. Bülent Bulgurlu

Member

Bülent Bulgurlu graduated from Ankara Engineering and Architectural Faculty and earned his PhD at the Norwegian University of Science and Technology (NTNU). He started his career in 1972 as a Construction Engineer at Elliot Strømme A/S in Oslo. Joining Garanti İnşaat in 1977 as a Construction Engineer, Dr. Bulgurlu worked as Planning and Construction Manager, Site Coordination and Construction Manager, Assistant General Manager, General Manager, and Executive Director at Garanti Koza. He has worked at Koç Holding since 1996 as President of the Tourism and Services Group, President of the Tourism and Construction Group, and President of the Consumer Durables and Construction Group, respectively. He served as CEO at Koç Holding from May 2007 to April 2010. He served as a Member of the Koç Holding Board of Directors between 2007 and 2019. He also serves as a Member of the Board of Directors of some other Koç Group companies. He is a member of TÜSİAD and TURMEPA. He has served on the Aygaz Board of Directors since 2008.

## Levent Çakıroğlu

Member

Levent Çakıroğlu graduated from Ankara University Faculty of Political Sciences, Business Administration Department and received his master's degree from University of Illinois. He started his career as an Assistant Auditor at the Ministry of Finance in 1988, where he worked as a Senior Auditor from 1991 to 1997. He was appointed as Assistant Manager of Financial Crimes Investigation Board in 1997 and 1998, meanwhile he taught as a Part Time Instructor at Bilkent University. Çakıroğlu, joined Koç Group in 1998 as Koç Holding Financial Group Coordinator. He was the General Manager of Koçtaş from 2002 until 2007 and the CEO of Migros from 2007 to 2008. He was appointed as the CEO of Arçelik in 2008 and also became the President of the Durable Goods Group of Koç Holding in April 2010. Çakıroğlu has served as the CEO of Koç Holding since April 2015 and a Member of the Board of Directors of Koç Holding since April 2016. Levent Çakıroğlu is also Chairman of the Board of Directors of Arçelik- LG and Türk Traktör as well as the Vice Chairman of Otokar and Yapı Kredi Boards of Directors, and Member of the Board of Directors at various Koç Holding companies. Çakıroğlu has served on the Aygaz Board of Directors since 2015.

## Yağız Eyüboğlu

Member

Yağız Eyüboğlu graduated from Boğaziçi University with a BA in Economics in 1991. He went on to earn an MBA from Koç University in 1996. Yağız Eyüboğlu began his professional career as a Management Trainee at Arçelik in 1991. Starting in 1993, he worked at Koç Holding for more than 10 years, as Auditor, Senior Internal Auditor, Assistant Financial Coordinator and Financial Coordinator, respectively. Between 2004 and 2009, he served as CFO of Arçelik; CEO and Board Member of Beko Elektronik; Assistant to the President of the Foreign Trade and Tourism Group at Koç Holding; and Human Resources Director at Koç Holding. From 2009 to October 2015, he was the General Manager of Aygaz. In October 2015, he was appointed Deputy President of the Energy Group at Koç Holding and since April 2016 he has served as President of Energy Group. Yağız Eyüboğlu currently serves as a Board Member in various Koç Group companies and sectoral non-governmental organizations. He recently served as the President of World LPG Association (WLGA), the Chair of TİSK Turkish Confederation of Employer Associations, and the Chair of the Board of Trustees of the Turkish Family Health and Planning Foundation (TAPV). Yağız Eyüboğlu has served on the Aygaz Board of Directors since 2016.

## Kutsan Çelebican

Independent Member

Kutsan Çelebican received his bachelor's degree from Ankara University, Faculty of Political Sciences. In 1969, he started his professional career on the Tax Inspectors Board of the Ministry of Finance and worked as the Ministry of Finance's Deputy Director General of Treasury between the years of 1979 and 1982 and then he was appointed to the World Bank (International Bank of Reconstruction and Development) as the Deputy Executive Director. In 1987, he joined Koç Group, where he served as a Finance Coordinator, Vice President and President of Financing Group, respectively, until his retirement in December 2001. He ran his own finance advisory company for a while. He served as an Independent Board Member at Türkiye Petrol Rafinerileri A.Ş.(Tüpraş) and Arçelik A.Ş. (2012- 2018), followed by Koç Holding (2013-2019). He has served as an Independent Board Member at Aygaz since March 2018.

## Kemal Ege Cansen

Independent Member

Kemal Ege Cansen (born 1939, Ankara) received his bachelor's degree in Business from Middle East Technical University in 1961. In 1966, he earned his MBA from the Wharton School of the University of Pennsylvania. He worked as an Assistant General Manager at Arçelik, Industrial Affairs Coordinator at Koç Holding, Managing Director, Board Member and Advisor at Anadolu Group (1986-2017), and Vice Chairman of the Board of Directors of Turkish Bank A.Ş. He taught Business Economics at Marmara University, Faculties of Engineering and Administrative Sciences from 1987 to 2000. Ege Cansen works as an economics writer and commentator. He has served as an independent Board Member at Aygaz since March 2018.

## Dr. Şadan Kaptanoğlu Dikici

Independent Member

Şadan Kaptanoğlu Dikici graduated from İstanbul University, Faculty of Literature, Department of Philosophy and studied at the London City College, Department of Maritime. She completed her graduate studies at City University Bayes Business School in Maritime, Finance and Trade and then received her PhD from Montfort University. Şadan Kaptanoğlu Dikici worked as the General Director of her family business H. İ. Kaptanoğlu Maritime Group until January 2014. She is currently a Board member at Kaptanoğlu Denizcilik Tic. A.Ş. Besides serving as a Member of Board of Directors of İMEAK Chamber of Shipping (2018-2022), Şadan Kaptanoğlu Dikici is also a Member of the Board of Trustees at Piri Reis University. In May 2016, she was appointed Chairwoman of the Board of Directors of TURMEPA, the Turkish Marine Environment Protection Association. Şadan Kaptanoğlu Dikici was elected as the President by majority of votes at the General Assembly of Baltic and International Maritime Council (BIMCO) on May14, 2019, becoming the first woman appointed to this office. In 2008, she received the first "Young Person of the Year" award at the SeaTrade Awards in London. She has served as an independent Board Member at Aygaz since March 2018.

## Senior Management / Résumés

### Melih Poyraz

General Manager

Melih Poyraz holds a bachelor's degree in Business Administration from Boğaziçi University (2001), an LL.M. in Economics Law from Galatasaray University (2011), an MBA from MIT Sloan School of Management (2012), and a JD (Juris Doctor) degree from Northwestern University School of Law (2014). He is also a Board Certified Lawyer registered with the Illinois State Bar Association (USA) since 2014. Melih Poyraz started his professional career as a consultant at Ernst & Young (2001) and later worked as a tax inspector for the Turkish Ministry of Finance (2004 – 2014). He joined Koç Group in 2014 as the Corporate Risk Management Director at Arçelik. He went on to serve as Coordinator – CEO Office (2015 – 2021) and then as Strategy and Business Development Director (2021 – 2023) at Koç Holding A.Ş. Melih Poyraz has been appointed General Manager at Aygaz, effective April 2023. In addition to serving as the President of LPG Assembly of the Union of Chambers and Commodity Exchanges of Türkiye, Poyraz is also a Board member at World Lique Gas Association (WGLGA).

### Gökhan Dizemen

Assistant General Manager - Finance

Gökhan Dizemen's professional career started in 2002 as an Associate and later Senior Associate at Pricewaterhouse Coopers and continued as Assistant Manager in 2006. After serving as Finance Manager at Societe Generale Consumer Finance in 2007, he joined Koç Holding A.Ş. where he worked as Finance Manager (2008-2010) and Finance Coordinator (2011-2018). After his role as Chief Financial Officer at Tüpraş Trading Ltd. (2018-2020), Gökhan Dizemen has served as Assistant General Manager - Finance at Aygaz A.Ş. since 2021.

### Ayşe Abamor Bilgin

Assistant General Manager - Technical Affairs and Investments

Ayşe Abamor Bilgin began her career in 1998 as a Management Trainee at Aygaz A.Ş. After her appointment as Supply Manager in 2005, Ayşe Abamor Bilgin served as LPG Supply and Trade Manager (2008-2012). After her role as Director – Supply Chain (2012-2020), she has served as Assistant General Manager - Technical Affairs and Investments since January 2021 in charge of Aygaz facilities' operations and the R&D Center.

### Fikret Coşar

Assistant General Manager - Sales

Fikret Coşar began his career as a Sales Specialist at Çukurova Import and Export in 1988. He then joined Aygaz A. Ş. in 1991 and worked as Diyarbakır Cylinder LPG Sales Supervisor. Mr. Coşar was appointed Diyarbakır Sales Manager in 1998. He served as Cylinder LPG Assistant Sales Manager for the Thrace Region, as Çukurova Regional Sales Manager and Marmara Regional Sales Manager, respectively (1999-2010). In 2010, Mr. Coşar became the General Manager at Akpa A.Ş., an Aygaz affiliate, and in January 2016, he was appointed Assistant General Manager - Sales at Aygaz A.Ş.

### Rıdvan Uçar

Assistant General Manager - Marketing and Innovation\*

Rıdvan Uçar began his career in 1991 at TÜBİTAK and joined Aygaz as a Project Engineer in 1996. He then served as Bulk LPG Marketing Specialist, Marketing Manager and Marketing Group Manager, respectively. In 2008, Mr. Uçar was appointed Assistant General Manager - Marketing. He served at Aygaz Doğal Gaz (an Aygaz subsidiary) as the General Manager from 2010 to 2018. Mr. Uçar was appointed Assistant General Manager - Marketing and Innovation at Aygaz A.Ş. in March 2018.

\* \*Retired on March 1, 2024.

### Şenol Zafer Polat

Director - Cylinder Gas Sales

Şenol Zafer Polat began his career in 1994 as a Construction Site Control Engineer at Termas A.Ş. and joined Aygaz in 1996 as a Project Marketing Engineer. From 1997 to 2010, he served as Cylinder Gas, Autogas and Bulk Gas Sales Manager for the Thrace, İstanbul and Marmara regions, and later as Central Anatolia Regional Sales Manager. From 2010 to 2016, he served as Aegean Region Cylinder Gas Sales Manager, first at Mogaz, then Aygaz. In 2016, Mr. Polat began to serve as Planning and Business Development Manager for Cylinder Gas, and in June 2018 June as Director - Autogas Sales. He was appointed Director – Cylinder Gas Sales in February 2021.

### Hakan Öntürk

Director - Autogas Sales

Hakan Öntürk began his career in 1994 as an Industrial Engineer at Z Management Consultancy and joined Aygaz A.Ş. as Çukurova Region Cylinder Gas Sales Supervisor in 2000. His next appointments included Çukurova Region Bulk Gas and Autogas Sales Supervisor (2002-2006), Marmara Region Bulk Gas and Autogas Sales (2006- 2013), Northern Marmara Autogas Sales Manager and then Aegean Region Autogas Sales Manager (2013-2018). After serving as Marmara Region (North) Autogas Sales Manager from 2018, Hakan Öntürk was appointed Director – Autogas Sales in February 2021.

### Elifcan Yazgan

Director - Supply Chain

Elifcan Yazgan started her professional career in 2007 as LPG Supply Planning Specialist at Aygaz A.Ş. and went on to serve as LPG Supply and Trade Specialist (2013- 2015), Operation and Process Development Manager (2015-2017) and most recently as Business Development Manager (2017-2020). Elifcan Yazgan was appointed Director - Supply Chain as of January 2021.

### Esra Topkoç

Director - Human Resources

Esra Topkoç started her career at Aygaz A.Ş. in 1998 as a Human Resources Specialist. She was appointed as Human Resources Supervisor in 2006, and served as Human Resources Manager from 2009 to 2020. Topkoç has been appointed as Director – Human Resources as of January 2022.

## Risk Management and Internal Audit

Corporate risk management at Aygaz is integrated into company strategies and targets and implemented to spread risk awareness across the organization.

Risk management at Aygaz is based on corporate governance principles and executed with a holistic approach in integration with the company strategies and targets. Necessary strategies and actions are determined with a view to effective corporate risk management, while potential risks and opportunities are taken into account for Aygaz to reach its targets.

Aygaz manages the corporate risk process in integration with the company strategies and targets by spreading risk awareness across the organization to identify various risk scenarios that may arise within the company, the probability of their occurrence, and the scale of impact in the event that they occur. Aygaz aims to maximize the value created for its shareholders and other stakeholders by managing corporate risks with a holistic, systematic and proactive approach. To maintain and increase market value, the company also aims to identify and manage risks and seize opportunities at the same time. With effective corporate risk management in place, developing shared perspectives and strategies across the company remains a focus point. Accordingly, strategies are reviewed with updated processes and action plans, and systematic policies are created. The potential risks and scenarios determined during the corporate risk management activities are addressed while solutions are sought for updating and prioritizing the company's risk inventory and mitigating or eliminating the risks. The updated risks and action plans are consolidated and the internal stakeholders are informed while the

departments review their own risk assessments to raise awareness about corporate risk management.

Aygaz has reviewed the internal operating procedures and roadmap and updated its plans to assess whether systemic integration aligns with the business processes and to create alternative methods for regular monitoring.

A risk management approach that considers balanced growth and return is applied at Aygaz in accordance with international standards and practices, as well as policies approved and strategic targets set by the Board of Directors, which takes into account feedback from relevant departments, starting with the Risk Management Committee and Executive Board. Given the financial, operational and legal risks encountered due to the nature of the industry, risks are managed -within the framework of corporate risk management- with a systematic and proactive approach integrated with constantly updated risk assessments across the Company. Making this practice a part of the corporate culture and implementing it throughout the Company is essential in terms of business operations. Through effective risk monitoring, these risks are prioritized according to their probabilities and possible impacts and managed accurately.

### Managing the risks

Financial risks arising from uncertainties and fluctuations, particularly in the foreign exchange rates, interest rates, liquidity, and commodity prices, are

identified, evaluated, and relevant instruments are used to mitigate risks as needed.

Foreign exchange risks originate from purchases in foreign currencies regarding business activities or foreign currency loans utilized for liquidity purposes. This risk is mitigated by the natural hedge created by reflecting exchange rate fluctuations on product sales prices, while the ratio of foreign exchange position (exposed to currency risk after natural hedge) to equity is constantly monitored. Foreign exchange position is effectively managed by efforts to eliminate it. The risks are restricted and kept within targeted limits by forward or derivative transaction agreements when necessary.

The interest rate risk affects rate-sensitive assets and liabilities. The negative effects of interest rate risk are eliminated by balancing financial debts in terms of fixed/ variable interest rates and short term/long term maturities. The company follows a policy of managing long-term liabilities with fixed interest rates and also preserving a flexible structure and hedging the potential interest rate risks through derivative instruments.

Liquidity risk is managed by closely monitoring the current cash position and projected cash flows and ensuring maturity match between assets and liabilities. Net working capital is carefully monitored to preserve short-term liquidity, and sufficient levels of cash and cash-like assets are maintained against potential capital market fluctuations.

The market developments are followed closely and average credit maturities are maintained at specific levels by utilizing different financing options. Available cash and non-cash credit lines are held with the banks.

Given its broad range of activities, Aygaz's receivables are spread across different industries and geographical regions that encompass numerous dealers and customers. Concentrating on a specific field or a customer is avoided. Commercial receivables are monitored closely with regular reporting and assessments, taking care to keep customer credit risk exposure arising from commercial receivables within approved limits. The company acts diligently to conduct business with counterparties with high credibility and mitigates the existing risks with collaterals.

Collaterals (letters of credit, pledges and other such instruments) are required to mitigate collection risks. These are monitored systematically, while the risks are checked on transaction basis. Payments are received via banking systems. Moreover, using various payment systems facilitates collection and mitigates the risks.

In terms of capital risk, the company's objective is to carry out its business activities with the most efficient capital structure that minimizes the cost of capital while creating return for its shareholders. The most significant indicators taken into account for this purpose are the ratios of Net Financial Debt/EBITDA, Total Financial Debts/Equity, Current Ratio and Liquidity Ratio, as well as the maturity structure of Financial Debts and Net Working Capital. With all these indicators maintained within the required limits, Aygaz achieves the capital structure and debt capacity to conduct its business soundly. The Board of Directors is informed through internal reports, which are prepared by the

management and presented to the Risk Management Committee periodically.

The operational, legal and strategic risks are assessed by relevant departments, while the Board of Directors oversees the senior management's decisions through this committee. The Board of Directors also receives information about corporate risk management activities within the scope of strategic planning and management processes through senior management and the Risk Management Committee. Operational risks are monitored by the relevant functions and reported to the senior management at regular intervals. For protection against any losses that may arise due to operational or other risks, various insurances are in place including coverages for subsidiaries. All transferable risks are assigned to third parties with insurance policies. Similarly, various other instruments have been introduced including a cyber risk insurance policy to mitigate the effect and probability of cyberattacks. Through the Information Security Policy, Aygaz aims to guarantee business continuity by ensuring that the information assets used in the business processes are secure and protected. The company also applies the Integrated Management Systems Policy in alignment with sustainability principles.

In 2023, the operations of United Aygaz LPG Ltd., the joint venture of Aygaz in Bangladesh, and Sendeo Dağıtım Hizmetleri A.Ş., an Aygaz subsidiary operating in the courier and last mile delivery sector, were also monitored and assessed for risks as part of the risk policies.

Legislative changes are monitored by all relevant functions, starting with the Legal and Compliance Department, while the company provides information and training programs and carries out sustainability and compliance activities to avoid legal risks.

### Internal Control System and Internal Audit

Aygaz has an effective Internal Control System to provide sufficient assurance regarding the efficiency of operations and the financial reporting system's compliance with applicable regulations. The Internal Control System refers to all controls such as standard definitions included in financial transactions, reporting and workflows, job descriptions, authorization/ approval system, policies, and written procedures.

The Internal Control System is regularly assessed and audited by the Internal Audit Department, which performs its duties under the supervision of the General Manager. The mission of the Internal Audit Department is to present risk-based recommendations, projections and determinations with objective assurance to the General Manager, thereby protecting and enhancing organizational value.

The Internal Audit Department audits the company's head office and terminals, plants and distribution facilities across Türkiye through routine and/or necessary financial and operational inspections. The department analyzes processes in line with the audit plan, reviews the results of the audit activities conducted for issues that have room for improvement or are considered risky, addresses the complaints and other issues communicated to the company through various channels, and reports its findings to the senior management. The department also continues to support the Aygaz subsidiaries' efforts to design their relevant processes and plays an active role in implementing the planned activities.

The Internal Audit Department submits regular reports to the Aygaz Audit Committee during the year. The audit activities and the results of the audits are presented to the committee.

## Convenience Translation Into English of Independent Auditor's Report On the Early Risk Identification System and Committee Originally Issued in Turkish

To the Board of Directors of Aygaz Anonim Şirketi

1. We have audited the early risk identification system and committee established by Aygaz Anonim Şirketi (the "Company").

### *Board of Directors' Responsibility*

2. Pursuant to subparagraph 1 of Article 378 of Turkish Commercial Code ("TCC") No. 6102; Board of Directors is required to form an expert committee, and to run and to develop the necessary system for the purposes of early identification of causes that jeopardize the existence, development and continuity of the company; applying the necessary measures and remedies in this regard; and managing the related risks.

### *Auditor's responsibility*

3. Our responsibility is to reach a conclusion on the early risk identification system and committee based on our audit. Our audit was conducted in accordance with TCC, "Principles on Independent Auditor's Report on the Early Risk Identification System and Committee" issued by the Public Oversight Accounting and Auditing Standards Authority and ethical requirements. Those principles require us to identify whether the Company established the early risk identification system and committee or not and, if established requires us to assess whether the system and committee is operating or not within the framework of Article 378 of TCC. Our audit does not include evaluating the adequacy of the operations carried out by the management of the Company in order to manage these risks.

### *Information on the Early Risk Identification System and Committee*

4. The Company established the early risk identification system and committee and it is comprised of 2 members. The Committee has submitted the relevant reports for the period 1 January- 31 December 2023 to the Board of Directors that had been prepared for the purpose of early identification of risks that jeopardize the existence of the Company and its development, applying necessary measures and remedies in this regard, and managing the risks.

### *Conclusion*

5. Based on our audit, it has been concluded that Aygaz Anonim Şirketi's early risk identification system and committee is sufficient, in all material respects, in accordance with Article 378 of TCC.

PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Cihan Harman, SMMM  
Independent Auditor

Istanbul, 4 March 2024

## Evaluation of Board Committees' Operating Principles and Effectiveness

The Board of Directors has decided on March 29, 2023 with resolution no. 2023-16 to appoint the following Board members to the following Board committees, established pursuant to the provisions of the Capital Markets Board's Corporate Governance Communiqué no. II-17.1 ("Communiqué"):

- Kutsan Çelebican as the chair and Dr. Şadan Kaptanoğlu Dikici as the member of the Audit Committee, which consists of two members.
- Kutsan Çelebican as the chair and Yağız Eyüboğlu and Gökhan Dizemen as members of the Corporate Governance Committee, which consists of three members, and the Corporate Governance Committee to continue to fulfill the duties of the Nomination Committee and Remuneration Committee, stipulated in the Communiqué.
- Dr. Şadan Kaptanoğlu Dikici as chair and Dr. Bülent Bulgurlu as member of the Risk Management Committee, which consists of two members, and Mustafa Rahmi Koç, Mehmet Ömer Koç, Yıldırım Ali Koç, Alexandre François Julien Picciotto, and Caroline Nicole Koç as members of the Executive Committee, which consists of five members and the Committee to appoint a Chair from among its members.

Pursuant to the published Corporate Governance Principles, the Investor Relations Department is required to report directly to the General Manager or Assistant General Manager and the said manager to be a member of the Corporate Governance Committee. Accordingly, the Board of Directors has resolved on December 25, 2020 that Gökhan Dizemen, the Assistant General Manager – Finance perform the duties specified in article 11 of the Corporate Governance Communiqué no. II-17.1, published and implemented by the Capital Markets Board on January 3, 2014 and also serve as a member of the Corporate Governance Committee.

In 2023, all Board committees fulfilled their duties and responsibilities in accordance with the Corporate Governance Principles and their own bylaws, convened in line with their annual meeting schedules, and submitted their reports about their activities and the results of the meetings within the year to the Board of Directors. All the Committee members attended all the meetings. The Board of Directors is of the opinion that the work of the Board Committees has delivered the expected benefits.

### Audit Committee - Working Principles and Activities

The Audit Committee was formed pursuant to the Board of Directors' resolution on April 9, 2003 to monitor the functioning of the accounting and reporting systems of the Company

in accordance with the applicable laws and regulations, public disclosure of financial information, and functioning and effectiveness of the independent audit and internal control systems. The Audit Committee convened nine times in 2023.

In principle, the Board of Directors oversees the financial control and audit activities through the Audit Committee. As part of its duties, the Audit Committee examines and evaluates the reports provided by the Budget Reporting and Control Department, established to review, audit and report the efficiency of the processes in detail from a financial angle, communicates the necessary instructions to the Company management, informs the Board of Directors and seeks its approval when needed. The Committee's decisions are recommendations by nature and the Board of Directors passes the final resolutions on these matters.

### Audit Committee - Duties, Responsibilities and Working Principles

The duties of the Audit Committee:

- Nominating the independent audit firm, determining the scope of the services that the independent audit firm would provide, initiating the independent audit process by drafting the independent audit agreement, and overseeing the work of the independent audit firm at every stage.
- Assessing the independent auditor in terms of independence criteria, evaluating the declaration of independence and the additional services that may be obtained from the independent audit firm.
- Evaluating: the findings communicated to the Committee by the independent audit firm as a result of their independent audit, the material issues related to the company's accounting policy and practices, the alternative practices and public disclosure options according to the CMB's accounting standards and accounting principles, previously communicated to the Company management by the independent auditor; their possible outcomes and implementation proposal, and the materially significant correspondence with the company management.
- Reviewing and resolving the complaints regarding the company's accounting, reporting and internal control systems and independent audit processes; overseeing the system established to evaluate the company employees' anonymous reporting of the accounting, reporting, internal control, and independent audit issues.
- Submitting its written evaluations to the Board of Directors

together with the opinions of the relevant executives and independent auditors regarding the accuracy and factualness of the annual and interim financial statements to be disclosed to the public in terms of conformity with the accounting principles followed by the Company.

- Fulfilling other duties that may be assigned to the committee pursuant to CMB regulations and the Turkish Commercial Code.

Working Principles of the Audit Committee are available on the corporate website.

<https://kurumsal.aygaz.com.tr/uploads/yatirimci-iliskileri/komiteler/denetim-komitesi-calisma-esaslari-2023.pdf>

#### **Audit Committee's Activities in 2023:**

- Submitted its written evaluations to the Board of Directors together with the opinions of the relevant executives and independent auditors regarding the accuracy and factualness of the annual and interim financial statements in terms of conformity with the accounting principles followed by the company.
- Submitted its written evaluations to the Board of Directors regarding the accuracy and adequacy of the descriptions in the annual report in terms of truthfully reflecting the company's progress and performance along with the material risks and uncertainties that may be faced.
- Oversaw the entire independent audit process, including the nomination and selection of the independent audit firm, determining the scope of the services that the independent audit firm would provide, drafting of the independent audit agreement, and initiating the independent audit process.
- Examined the work program, results, and recommendations of the independent audit firm.
- Monitored the effectiveness of the internal audit system, and reviewed the program and the work results and recommendations of the Internal Audit Department, and the related practices and outcomes.

#### **Corporate Governance Committee - Working Principles and Activities**

The Corporate Governance Committee was formed pursuant to the Board of Directors' resolution on March 15, 2010 to monitor the company's compliance with the Corporate Governance Principles, carry out the necessary development work and offer recommendations to the Board of Directors to improve corporate governance practices. Accordingly, the Committee identifies whether the Principles are implemented, and if not, the reasons and conflicts of interest due to lack of full compliance with these principles, and submits its recommendations to the Board of Directors to improve Corporate Governance practices. The Corporate Governance Committee is also tasked with

the duties of the Nomination Committee and Remuneration Committee, stipulated in the Communiqué. The Corporate Governance Committee, which meets as often as required by its duties, convened six times in 2023.

#### **Corporate Governance Committee – Duties, Responsibilities and Working Principles**

The duties of the Corporate Governance Committee:

- Offering recommendations to the Board of Directors to improve corporate governance practices by determining whether the Principles are implemented, and if not, the reasons and conflicts of interest due to lack of full compliance with these principles.
- Overseeing the activities of the investor relations department.
- Assessing the accuracy and alignment of the information contained in the Corporate Governance Principles Compliance Report with the information provided to the Committee by reviewing the Report to be disclosed to the public.
- Ensuring that the Corporate Governance Principles are adopted and implemented within the organization and submitting recommendations to the Board of Directors to improve the level of compliance by analyzing the topics that are not implemented.
- Following the global corporate governance practices and submitting recommendations to the Board of Directors to implement the appropriate practices within the organization.

The Corporate Governance Committee is also tasked with the duties of the nomination and remuneration committees, stipulated in the CMB regulations. Accordingly, the duties of the Committee in this context are as follows:

- Assessing the system designed to nominate, evaluate and train members to the Board of Directors and senior executives, and working to determine the relevant policies and strategies.
- Evaluating the nominations for independent Board membership by considering whether the candidates meet the independence criteria and submitting its assessment to the Board of Directors for approval.
- In case an independent membership position in the Board of Directors is vacated, evaluating candidates to serve until the next General Assembly meeting to ensure that the requirement for minimum number of independent members and submitting its assessments in writing to the Board of Directors.
- Regularly evaluating the Board of Directors in terms of structure and efficiency and submitting recommendations to the Board of Directors for potential changes.
- Evaluating the systems designed to determine the approaches, principles and practices for the performance

assessment and career planning of the Board members and senior executives.

- Evaluating and monitoring the proposals regarding the principles of remuneration for Board members and senior executives by considering the company's long-term goals.
- Determining the criteria for measuring the performance of the company and the Board members in relation to their respective performances.
- Submitting proposals to the Board of Directors regarding the remuneration of Board members and senior executives by considering the level of meeting the set criteria.

The Working Principles of the Corporate Governance Committee are available on the corporate website.

<https://kurumsal.aygaz.com.tr/uploads/yatirimci-iliskileri/komiteler/kurumsal-yonetim-komitesi-calisma-esaslari-2023.pdf>

#### **Corporate Governance Committee's Activities in 2023:**

- Evaluated all nominations for independent membership, including the candidates proposed by the management and investors, by considering whether these candidates meet the independence criteria and submitted its assessment to the Board of Directors for approval.
- Ensured that the candidates for independent memberships in the Board of Directors provided a written declaration stating their independence in accordance with the criteria stipulated in the applicable regulation and the company's Articles of Association at the time of the nomination.
- Ensured that the final list of independent candidates was disclosed publicly simultaneously with the announcement of the General Assembly meeting.
- Oversaw the activities of the Investor Relations Department, reviewed the report on the Department's activities and informed the Board of Directors accordingly.
- Assessed the accuracy and consistency of the information contained in the Corporate Governance Principles Compliance Report, Corporate Governance Information Form, and the Sustainability Principles Compliance Outline to be disclosed to the public with the information available to the Committee.
- Evaluated the corporate governance rating report of the Company and the actions to take in the development areas specified in this report.
- Assessed the system designed to nominate, evaluate and train Board members and senior executives with administrative responsibilities.
- Evaluated the Board of Directors in terms of structure and efficiency.

- Evaluated the principles, criteria and practices to be used in determining remuneration for the Board members and senior executives with administrative responsibilities by considering the company's long-term goals.
- Worked on the benefits provided to the Board members and senior executives.

#### **Risk Management Committee - Working Principles and Activities**

The Risk Management Committee was formed pursuant to the Board of Directors' resolution dated July 15, 2020 to evaluate the existing and potential strategic, operational, financial and legal risks that may endanger the existence, development and continuity of the Company, manage and report these risks in accordance with the Company's corporate risk taking profile, and implement the necessary measures to mitigate the identified risks. The Risk Management Committee convened eight times within the year.

#### **Risk Management Committee's Duties, Responsibilities and Working Principles**

Risk Management Committee's duties:

- Reviewing the Enterprise Risk Management (ERM) system, which specified the principles for identifying, evaluating and monitoring the current and potential risk factors that may hinder the achievement of the company's goals and managing the relevant risks in accordance with the company's risk taking profile at least once a year.
- Evaluating the risk reports prepared according to the risk measurement criteria defined by the company.
- Assessing the risk management and internal control systems and processes.
- Evaluating the technical bankruptcy risk defined in the TCC based on the Company's financial reports, which have been independently audited and approved by the Audit Committee and the Board of Directors, and generating suggestions for measures when needed.
- Fulfilling other duties that may be assigned to the committee pursuant to CMB regulations and the Turkish Commercial Code.

The Working Principles of the Risk Management Committee are available on the corporate website.

<https://kurumsal.aygaz.com.tr/uploads/yatirimci-iliskileri/komiteler/risk-yonetimi-komitesi-calisma-esaslari-2023.pdf>

#### **Risk Management Committee's Activities in 2023:**

- Reviewed the current and potential risk factors in terms of the execution of the Enterprise Risk Management function and submitted recommendations for improvement.

- Identified the risks to be controlled and managed, delegated or completely eliminated within the company.
  - Ensured that the opportunities to increase the profitability of the company and the effectiveness of its operations are identified and the necessary activities are carried out to seize such opportunities, and supported the Board of Directors in determining the Company strategy accurately by considering potential risks and opportunities.
  - Evaluated the Company's IT practices in accordance with the obligations imposed on publicly traded companies by the CMB's Information Systems Communiqué No. VII-128.9.
  - Ensured that the risk management systems are reviewed at least once a year and that the relevant departments responsible for managing the risks work in compliance with the committee's decisions.
- Identifying opportunities by monitoring the industry dynamics in line with the determined strategies.
  - Monitoring the strengths and weaknesses of the company through internal analyses, and opportunities and threats through external analyses.
  - Exploring internal and external growth opportunities to enable the company to achieve its strategic goals.
  - Overseeing how the company's business programs are created and monitoring the functioning of the system that would enable making the necessary revisions based on the external developments and using these as key performance indicators for the business program.
  - Following how the strategies and projects accepted by the Board of Directors are managed.
  - Evaluating materially significant legal developments and how they may impact operations.

In its report dated February 8, 2023, PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik concluded that the early risk detection system and Risk Management Committee at Aygaz A.Ş. were adequate in all material aspects as specified in article 378 of the TCC.

### Executive Committee and Working Principles

The Executive Committee was founded on May 04, 2012 to propose recommendations and suggestions to the Board of Directors to improve the its efficiency through effective coordination with the administrative structure, and to introduce enhancements in the investment and business development in areas in line with strategic goals. The Executive Committee convened twelve times during the year.

### Executive Committee's Duties, Responsibilities and Working Principles

Executive Committee's duties:

- Ensuring that all the preparations, analyses and evaluations are completed in terms of the material issues' impact on activities, financial aspect, legal status, and compliance with strategic priorities before they are brought to the Board of Directors for approval by all the members.
- Ensuring that the resolutions of the General Assembly or the Board of Directors are communicated to the company management in accordance with the applicable directives and policies, and that they are deployed across the organization.
- Controlling whether the company's operations are carried out in accordance with the Board of Directors' resolutions and annual business plans.
- Following the economic, social and political developments in the sectors in which the company operates to assess their impact and determining strategies to increase competitiveness.

The Working Principles of the Executive Committee are available on the corporate website.

<https://kurumsal.aygaz.com.tr/uploads/yatirimci-iliskileri/komiteler/yurutme-komitesi-calisma-esaslari-2023.pdf>

### Executive Committee's Activities in 2023:

- Reviewed whether the company's operations were carried out in accordance with the Board of Directors' resolutions and business plans.
- Followed the economic, social and political developments in the sectors in which the company operates and assessed their impact, determined relevant strategies, and provided guidance to the company management about the threats, opportunities and potential productivity areas by monitoring the industry dynamics.
- Followed the growth opportunities that could enable the company to achieve its strategic goals.
- Observed how the company's business programs are created and monitored the functioning of the system that would enable making the necessary revisions based on the external developments and using these as key performance indicators for the business program.
- Oversaw the activities to diversify the company's financing opportunities.
- Followed how the strategies and projects accepted by the Board of Directors were managed.

## Independent Board Members' Declarations of Independence

### DECLARATION OF INDEPENDENCE

FEBRUARY 1, 2024

Within the framework of the criteria determined in the Corporate Governance Communiqué No. II-17.1 announced at the Aygaz A.Ş. (Company) Board of Directors, the Company Articles of Association, and the Capital Markets Board, I hereby declare that I am a candidate to serve as an "Independent Member," and in this context, I further declare that:

- a) I have not assumed any major duty or responsibility or been employed in a management position in the last five years or acquired more than 5% of capital or voting rights or privileged shares either by myself or with others and have not established any major commercial relations of any significant kind with the Company, the partnerships that have management control of the Company, or the shareholders that have management control in the Company or are of major influence in the Company, with legal persons in which these shareholders have management control, and there is no relationship between the above-mentioned and myself, my spouse or my blood relatives or relatives by marriage to the second degree.
- b) In the last five years, I have not been a partner (5% or more) or assumed major duties or responsibilities or been employed in a management position or as a member of the board of directors of any company with which the Company engages in buying or selling of services or products within the framework of signed agreements, particularly with auditing firms (including tax auditing, legal auditing, internal auditing firms), rating service providers or consultancy firms.
- c) I have the necessary professional education, knowledge and experience to assume and execute the duties I am responsible for as an independent member of the board of directors.
- d) Provided it is within the laws to which I must abide, I will not work full-time in public enterprises and organizations after being appointed member, save for my duties as university faculty member.
- e) I am considered a resident of Türkiye according to Income Tax Law (GVK) No. 193 dated December 31, 1960 and December 19, 1960.
- f) I possess the strong ethical standards, professional reputation and experience that will allow me to freely make decisions and contribute positively to Company operations, maintain my impartiality in conflicts of interest between the Company and its shareholders, and consider the rights of stakeholders in the Company.
- g) I will dedicate the time necessary to follow up on the workings of Company operations and fully perform the duties that I have assumed with regard to Company matters.
- h) I have not performed the duties of member of the board of directors of the Company for more than six years within the last decade.
- i) I have never before assumed the duty of independent member of the board of directors in the Company or in more than three of the companies in which management control belongs to the partners in which the Company has management control or in a total of more than five publicly-traded companies.
- j) I have not been registered or announced in the name of the legal person that has been appointed as member of the Board of Directors.

M.M. Gülay Barbarosoğlu

Neslihan Tonbul

Muharrem Hilmi Kayhan

# Responsibility Statement for Financial Statements

RESPONSIBILITY STATEMENT PURSUANT TO CAPITAL MARKETS BOARD COMMUNIQUÉ II-14.1 ARTICLE 9 ON PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS

The Board of Director's Resolution on the Approval of Financial Statements

Resolution Date: March 4, 2024

Resolution Number: 2024-04

Regarding the consolidated financial statements pertaining to the period from 01.01.2023 to 31.12.2023, which were prepared by the company and independently audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. in compliance with Turkish Financial Reporting Standards (TFRS) and formats determined by the Capital Markets Board (CMB) in accordance with the CMB's "Communiqué on Principles of Financial Reporting in Capital Markets" ("Communiqué") II.14.1, and pursuant to the resolution dated 28.12.2023 on the implementation of inflation accounting, including the consolidated statement of financial position, income statement, comprehensive income statement, statement of cash flow and statement of changes to equity as well as notes to year-end financial statements ("Financial Statements" as a whole), we hereby declare our responsibility for the following:

- We have examined the financial statements.
- Within the frame of information we hold in our fields of duty and responsibility in the company, the financial statements do not contain any untrue statement on material events or any deficiency, which may make them misleading as of the date of statement.
- Within the frame of information we hold in our fields of duty and responsibility in the company, the financial statements prepared pursuant to the Communiqué, together with those covered by consolidation, if any, fairly reflect the truth relating to assets, liabilities, financial statements, profits and losses of the company.

Sincerely,

March 4, 2024

AYGAZ ANONİM ŞİRKETİ



Kutsan Çelebican  
Chairman  
Audit Committee



Şadan Kaptanoğlu  
Member  
Audit Committee



Gökhan Dizemen  
Assistant General Manager  
(Finance)

# Statement of Responsibility for the Annual Report

The Board of Director's Resolution on the Approval of Annual Report

Resolution Date: March 8, 2024

Resolution Number: 2024-07

The 2023 Annual Report, which was prepared by the company and independently audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. in compliance with the Turkish Commercial Code and Capital Markets Board's "Communiqué on Principles of Financial Reporting in Capital Markets" ("Communiqué") II.14.1 is hereby presented.

Within the frame of information we hold in our fields of duty and responsibility in the company, we have examined the Annual Report, which is prepared by the company and which includes the Corporate Governance Compliance Report and Corporate Governance Information Note and the disclosures according to CMB's Sustainability Principles Compliance Framework.

In line with the CMB regulations, we hereby declare our responsibility for the following:

- We have examined the Annual Report;
- Within the frame of information we hold in our fields of duty and responsibility in the company, the Annual Report does not contain any untrue statement on material events or any deficiency, which may make it misleading as of the date of statement; and
- Within the frame of information we hold in our fields of duty and responsibility in the company, the Annual Report prepared pursuant to the Communiqué fairly reflects the progress and performance of the business, and along with those covered by consolidation, the financial standing of the entity, together with material risks and uncertainties encountered by the company.

Sincerely,

AYGAZ ANONİM ŞİRKETİ

March 8, 2024



Kutsan Çelebican  
Chairman  
Audit Committee



Şadan Kaptanoğlu Dikici  
Member  
Audit Committee



Gökhan Dizemen  
Assistant General Manager  
(Finance)





# AYGAZ ANONİM ŞİRKETİ

1 JANUARY - 31 DECEMBER 2023  
CONSOLIDATED FINANCIAL  
STATEMENTS TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR’S REPORT ORIGINALLY ISSUED IN TURKISH

# Independent Auditor’s Report

To the General Assembly of Aygaz A.Ş.

## A. Audit of the consolidated financial statements

### 1. Our opinion

We have audited the accompanying consolidated financial statements of Aygaz A.Ş. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (“TFRS”).

### 2. Basis for opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the “SIA”) that are part of Turkish Standards on Auditing adopted within the framework of the regulations of the Capital Markets Board and issued by the Public Oversight Accounting and Auditing Standards Authority (the “POA”). Our responsibilities under these standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the “Ethical Rules”) the ethical requirements regarding independent audit in regulations issued by the POA; the regulations of the Capital Markets Board; and other relevant legislation are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

### 3. 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. Key audit matters were addressed in the context of our independent 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.

Key Audit Matters	How the key audit matter was addressed in the audit
<p><b>Application of TAS 29, “Financial Reporting in Hyperinflationary Economies”</b></p> <p>The Group applied TAS 29 “Financial reporting in hyperinflationary economies” (“TAS 29”) in its consolidated financial statements as of and for the year ending 31 December 2023.</p> <p>According to TAS 29, the consolidated financial statements as of 31 December 2023 should be restated in accordance with 31 December 2023 purchasing power.</p> <p>Applying TAS 29 results in significant changes to financial statement items included in the Group’s consolidated financial statements as of and for the year ending 31 December 2023. The application of TAS 29 has a pervasive and material impact on the consolidated financial statements. In addition, considering the additional effort required to perform the audit of the application of TAS 29, we identified the application of TAS 29 as a key audit matter.</p> <p>The Group’s accounting policies and related explanations regarding the application of TAS 29 are disclosed in Note 2.1.</p>	<p>We performed the following audit procedures in relation to the application of TAS 29:</p> <ul style="list-style-type: none"> <li>• Understanding and evaluating the process and controls related to application of TAS 29 designed and implemented by management,</li> <li>• Verifying whether management’s determination of monetary and non-monetary items is in compliance with TAS 29,</li> <li>• Obtaining detailed lists of non-monetary items and testing original entry dates and amounts on a sample basis,</li> <li>• Verifying the general price index rates used in calculations correspond with the coefficients in the “Consumer Price Index in Turkey” published by the Turkish Statistical Institute,</li> <li>• Testing the mathematical accuracy of non-monetary items, income statement, and cash flow statement adjusted for inflation effects,</li> <li>• Evaluating the adequacy of disclosures related to the application of TAS 29 in the notes to the consolidated financial statements in accordance with TFRS.</li> </ul>

### Key Audit Matters (Continued)

Key Audit Matters	How the key audit matter was addressed in the audit
<p><b>Revenue recognition</b></p> <p>Revenue is one of the most important indicators in the performance evaluation of the Group. Revenue has significant importance in terms of evaluating the results of the strategies implemented during the year and monitoring the performance.</p> <p>Revenue is measured with the amount remaining after discounts and returns are deducted from the amount received or to be received in return for the goods or services offered.</p> <p>The revenue amounting to TRY64,834,645 thousand which is the largest financial statement item in the consolidated statement of profit or loss for the period 1 January - 31 December 2023, has been identified as a key audit matter due to its significance level and significant impact on more than one account.</p> <p>Explanations regarding the Group's accounting policies and amounts regarding revenue are included in Notes 2.5 and 23.</p>	<p>During our audit, the following audit procedures were performed for the recognition of revenue:</p> <ul style="list-style-type: none"> <li>• Evaluating the conformity of the Group's accounting policies for the recognition of the revenue,</li> <li>• Understanding the invoicing, discount calculations, approval of price changes and sales-related tax entries for significant revenue streams,</li> <li>• Performing tests on the accuracy of customer invoices with the sampling method and checking the accounting of the related contracts within the scope of TFRS 15, "Revenue from Customer Contracts",</li> <li>• Evaluating the performance obligations determined by the Group and checking whether the revenue is accounted in accordance with the relevant accounting policies,</li> <li>• Testing the revenue items belong to period ending and the beginning of the following period with the sampling method regarding the cut-off of the revenue,</li> <li>• Performing tests with sampling method and analytical procedures regarding the completeness and accuracy of sales discount,</li> <li>• Evaluating the adequacy of the notes and explanations for revenue recognition which are explained in Note 2.5 and 23 within the scope of TFRS 15, "Revenue from Customer Contracts" standard.</li> </ul>

#### 4. Responsibilities of management and those charged with governance for the consolidated financial statements

The Group 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.

#### 5. Auditor's responsibilities for the audit of the consolidated financial statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements 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 independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in 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.

- Assess the 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.
- 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 independent 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 provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards actions taken to eliminate threats or safeguards applied.

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.

## **B. Other responsibilities arising from regulatory requirements**

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2023 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 4 March 2024.

PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Cihan Harman, SMMM  
Independent Auditor

Istanbul, 4 March 2024

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**AYGAZ ANONİM ŞİRKETİ**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

	Notes	Audited 31 December 2023	Audited 31 December 2022
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	3.374.186	3.009.913
Financial investments		147.266	59.221
Trade receivables		4.014.215	4.051.395
- Trade receivables from related parties	31	300.907	231.118
- Trade receivables from third parties	8	3.713.308	3.820.277
Other receivables		6.889	246.235
- Other receivables from related parties	31	-	139.035
- Other receivables from third parties	9	6.889	107.200
Derivative financial instruments	7	-	141.307
Inventories	11	1.984.885	3.848.530
Prepaid expenses	20	114.132	142.416
Assets related to current year tax		1.890	15.318
Other current assets	19	499.739	789.625
<b>Total current assets</b>		<b>10.143.202</b>	<b>12.303.960</b>
<b>Non-current assets</b>			
Financial investments	5	2.668.338	2.657.278
Trade receivables		16.070	13.405
- Trade receivables from third parties	8	16.070	13.405
Other receivables		4.021	1.063
- Other receivables from third parties	9	4.021	1.063
Investments accounted under equity method	12	27.928.855	25.477.313
Property, plant and equipment	13	4.382.439	4.486.701
Right-of-use assets	15	428.541	383.889
Intangible assets		241.168	176.733
- Other intangible assets	14	241.168	176.733
Prepaid expenses	20	41.982	65.048
Deferred tax asset	30	333.968	205.574
<b>Total non-current assets</b>		<b>36.045.382</b>	<b>33.467.004</b>
<b>Total assets</b>		<b>46.188.584</b>	<b>45.770.964</b>

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

## AYGAZ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF FINANCIAL  
POSITION AS AT 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

	Notes	Audited 31 December 2023	Audited 31 December 2022
<b>LIABILITIES AND EQUITY</b>			
<b>Short-term liabilities</b>			
Short-term financial borrowings	6	992.006	1.704.902
Current portion of long-term financial borrowings	6	1.135.076	2.890.650
Trade payables		5.233.291	6.607.606
- Trade payables to related parties	31	1.045.650	787.529
- Trade payables to third parties	8	4.187.641	5.820.077
Liabilities for employee benefits	10	266.169	214.297
Other payables		7.466	7.293
- Other payables to related parties	31	1.485	2.297
- Other payables to third parties	9	5.981	4.996
Derivative financial instruments	7	1.027	-
Deferred income	21	49.528	12.509
Current income tax liabilities		81.466	28.099
Short-term provisions		774.773	756.080
- Other provisions	18	774.773	756.080
Other current liabilities	19	494.703	244.509
<b>Total short-term liabilities</b>		<b>9.035.505</b>	<b>12.465.945</b>
<b>Long-term liabilities</b>			
Long-term financial borrowings	6	93.192	1.334.523
Other payables		213.261	208.011
- Trade payables to third parties	9	213.261	208.011
Long-term provisions		246.900	478.977
- Long-term provisions for employee benefits	17	246.900	378.557
- Other long-term provisions	18	-	100.420
Deferred tax liabilities	30	76.415	422.703
<b>Total long-term liabilities</b>		<b>629.768</b>	<b>2.444.214</b>
<b>Total liabilities</b>		<b>9.665.273</b>	<b>14.910.159</b>
<b>Equity</b>			
Share capital	22	219.801	219.801
Adjustment to share capital	22	4.013.723	4.013.723
Adjustment to share capital due to cross-ownership (-)		-	-
Other comprehensive income or expenses not to be reclassified to profit or loss		742.769	729.720
Gains (losses) on the revaluation and/or reclassification		789.386	782.888
- Gains (losses) remeasurement from defined benefit plans		(85.902)	(82.154)
- Gains (losses) on financial assets measured at fair value through other comprehensive income	22	875.288	865.042
Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss		(46.617)	(53.168)
Other comprehensive income or expenses to be reclassified to profit or loss		(300.258)	(218.345)
Currency translation differences		-	(65.661)
Gains (losses) on hedge		-	(6.295)
- Gains (losses) on cash flow hedges		-	(6.295)
Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss		(300.258)	(146.389)
Restricted reserves	22	2.949.763	2.974.458
Retained earnings		22.589.634	16.031.188
Net profit (loss) for the period		5.953.903	6.848.121
Equity attributable to equity holders of the parent		36.169.335	30.598.666
Non-controlling interest		353.976	262.139
<b>Total equity</b>		<b>36.523.311</b>	<b>30.860.805</b>
<b>Total equity and liabilities</b>		<b>46.188.584</b>	<b>45.770.964</b>

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

**AYGAZ ANONİM ŞİRKETİ****CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

	Notes	Audited 1 January - 31 December 2023	Audited 1 January - 31 December 2022
Revenue	23	64.834.645	71.287.651
Cost of sales (-)	23	(59.871.852)	(67.429.654)
<b>Gross profit</b>		<b>4.962.793</b>	<b>3.857.997</b>
General administrative expenses (-)	24	(2.141.142)	(1.715.331)
Marketing expenses (-)	24	(2.444.554)	(2.151.556)
Research and development expenses (-)	24	(27.487)	(18.177)
Other operating income	26	1.590.215	2.518.360
Other operating expenses (-)	26	(1.728.386)	(2.518.856)
<b>Operating profit</b>		<b>211.439</b>	<b>(27.563)</b>
Income from investment activities	27	322.100	104.547
Loss from investment activities (-)	27	(18.158)	(25.680)
Profit (losses) from investments accounted under equity method	12	5.089.054	6.163.040
<b>Operating profit before financial income (expense)</b>		<b>5.604.435</b>	<b>6.214.344</b>
Financial income	28	1.289.687	916.319
Financial expense (-)	28	(1.751.750)	(1.625.199)
Net monetary gains		323.500	988.747
<b>Profit from continuing operations before tax</b>		<b>5.465.872</b>	<b>6.494.211</b>
<b>Tax income (expense), continuing operations</b>			
Current tax expense for the period (-)	30	(394.972)	(99.266)
Deferred tax income (expense)	30	469.745	130.726
<b>Profit (loss) for the period</b>		<b>5.540.645</b>	<b>6.525.671</b>
<b>Distribution of profit (loss) for the period</b>			
Non-controlling interest		(413.258)	(322.450)
<b>Equity holders of the parent</b>		<b>5.953.903</b>	<b>6.848.121</b>
<b>Earnings (losses) per share (TL)</b>	<b>29</b>	<b>27,0877</b>	<b>25,0602</b>
<b>Diluted earnings (losses) per share (TL)</b>	<b>29</b>	<b>27,0877</b>	<b>25,0602</b>

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

## AYGAZ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE  
INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

	Notes	Audited 1 January - 31 December 2023	Audited 1 January - 31 December 2022
<b>Profit (loss) for the period</b>		<b>5.540.645</b>	<b>6.525.671</b>
<b>Other comprehensive income</b>			
<b>Not to be reclassified to profit or loss</b>		<b>13.049</b>	<b>1.197.602</b>
Gains (losses) re-measurement on defined benefit plans		(8.466)	(101.027)
Gains (losses) on financial assets measured at fair value through other comprehensive income			
- Gains (losses) on financial assets measured at fair value through other comprehensive income		10.785	1.403.083
- Gains (losses) from re-measurement on defined benefit plans of investments using equity method		6.551	(53.168)
Taxes relating to other comprehensive income not to be reclassified to profit (loss)			
- Gains (losses) re-measurement on defined benefit plan, tax effect	30	4.718	18.868
- Gains (losses) on financial assets measured at fair value through other comprehensive income, tax effect	30	(539)	(70.154)
<b>To be reclassified to profit or loss</b>		<b>(81.913)</b>	<b>1.166.784</b>
Currency translation differences		65.661	(74.623)
Gains (losses) on cash flow hedges			
- Gains (losses) on cash flow hedges		5.537	42.552
Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss			
- Gains (losses) from cash flow hedges of investments using equity method		237.832	1.235.892
- Gains (losses) from currency translation differences of investments using equity method		(391.701)	(27.576)
Taxes relating to other comprehensive income to be reclassified to profit (loss)			
- Gains (losses) on cash flow hedges, tax effect	30	758	(9.461)
<b>Other comprehensive income (expense) (after taxation)</b>		<b>(68.864)</b>	<b>2.364.386</b>
<b>Total other comprehensive income (expense)</b>		<b>5.471.781</b>	<b>8.890.057</b>
<b>Distribution of total comprehensive income (expense)</b>			
- Non-controlling interest		(413.258)	(322.450)
- Equity holders of the parent		5.885.039	9.212.507

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

**AYGAZ ANONİM ŞİRKETİ**

**CONSOLIDATED STATEMENT OF OTHER COMPERHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

	Other comprehensive income or expenses not to be reclassified to profit or loss					Other comprehensive income or expenses to be reclassified to profit or loss			Accumulated profit						
	Notes	Share capital	Adjustment to share capital	Gains (losses) on re-measurement of defined benefit plans	Gains (losses) on financial assets measured at fair value through other comprehensive income	Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss	Currency translation differences	Gains (losses) on cash flow hedges	Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss	Restricted reserves	Retained earnings	Net profit for the period	Equity attributable to equity holders of the parent	Noncontrolling interest	Total equity
<b>Audited</b>															
As of 1 January 2022		300.000	5.478.222	-	(467.886)	-	8.962	(39.383)	(1.354.704)	2.944.700	17.947.514	-	24.817.425	69.849	24.887.274
Transfers		-	-	-	-	-	-	-	-	29.758	(29.758)	-	-	-	-
Increase in capital		-	-	-	-	-	-	-	-	-	-	-	-	514.742	514.742
Decrease due to share ratio changes that do not result in loss of control in subsidiaries		(80.199)	(1.464.499)	-	-	-	-	-	-	-	(1.578.312)	-	(3.123.010)	-	(3.123.010)
Total comprehensive income (expense)		-	-	(82.154)	1.332.928	(53.168)	(74.623)	33.088	1.208.315	-	-	6.848.121	9.212.507	(322.452)	8.890.055
Net income		-	-	-	-	-	-	-	-	-	-	6.848.121	6.848.121	(322.452)	6.525.669
Other comprehensive income (expense)		-	-	(82.154)	1.332.928	(53.168)	(74.623)	33.088	1.208.315	-	-	-	2.364.386	-	2.364.386
Dividend paid		-	-	-	-	-	-	-	-	-	(308.256)	-	(308.256)	-	(308.256)
<b>As of 31 December 2022</b>		<b>219.801</b>	<b>4.013.723</b>	<b>(82.154)</b>	<b>865.042</b>	<b>(53.168)</b>	<b>(65.661)</b>	<b>(6.295)</b>	<b>(146.389)</b>	<b>2.974.458</b>	<b>16.031.188</b>	<b>6.848.121</b>	<b>30.598.666</b>	<b>262.139</b>	<b>30.860.805</b>
<b>Audited</b>															
As of 1 January 2023		219.801	4.013.723	(82.154)	865.042	(53.168)	(65.661)	(6.295)	(146.389)	2.974.458	16.031.188	6.848.121	30.598.666	262.139	30.860.805
Transfers		-	-	-	-	-	-	-	-	(24.695)	6.872.816	(6.848.121)	-	-	-
Increase in capital		-	-	-	-	-	-	-	-	-	-	-	-	505.095	505.095
Total comprehensive income (expense)		-	-	(3.748)	10.246	6.551	65.661	6.295	(153.869)	-	-	5.953.903	5.885.039	(413.258)	5.471.781
Net income		-	-	-	-	-	-	-	-	-	-	5.953.903	5.953.903	(413.258)	5.540.645
Other comprehensive income (expense)		-	-	(3.748)	10.246	6.551	65.661	6.295	(153.869)	-	-	-	(68.864)	-	(68.864)
Dividend paid	22	-	-	-	-	-	-	-	-	-	(314.370)	-	(314.370)	-	(314.370)
<b>As of 31 December 2023</b>		<b>219.801</b>	<b>4.013.723</b>	<b>(85.902)</b>	<b>875.288</b>	<b>(46.617)</b>	<b>-</b>	<b>-</b>	<b>(300.258)</b>	<b>2.949.763</b>	<b>22.589.634</b>	<b>5.953.903</b>	<b>36.169.335</b>	<b>353.976</b>	<b>36.523.311</b>

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

## AYGAZ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF CASH FLOWS FOR  
THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

	Notes	Audited 1 January - 31 December 2023	Audited 1 January - 31 December 2022
<b>Cash flows from operating activities</b>		<b>4.758.194</b>	<b>(561.897)</b>
<b>Net income (loss)</b>		<b>5.540.645</b>	<b>6.525.671</b>
<b>Adjustments related with the reconciliation of net profit (loss) for the period</b>		<b>(1.886.324)</b>	<b>(6.851.332)</b>
Adjustments for depreciation and amortization expenses	3, 13, 14, 15	815.510	1.056.304
Adjustments for impairment reversal (loss)		(7.683)	(29.860)
Adjustments for provisions		(176.038)	(772.922)
Adjustments for dividend income (expense)	12, 27	2.652.988	(34.804)
Adjustments for interest income	28	(540.463)	(250.508)
Adjustments for interest expense	28	678.510	1.036.401
Adjustments for unrealized foreign translation differences		575.800	195.726
Adjustments for fair value gains (losses) on derivative financial instruments		148.629	(228.432)
Adjustments for undistributed profits of investments accounted under equity method	12	(5.089.054)	(6.163.040)
Adjustments for tax income (expenses)	30	(74.773)	(31.460)
Adjustments for gains (losses) on disposal of non-current assets	27	(48.753)	(44.063)
Other adjustments for reconciliation of profit (loss)		(528)	10.417
Net monetary position gains		(820.469)	(1.595.091)
<b>Changes in working capital</b>		<b>1.550.985</b>	<b>(220.043)</b>
Change in blocked deposits		125.220	(67.480)
Adjustments for decrease (increase) in trade receivables		42.198	(1.135.081)
Adjustments for decrease (increase) in other operating receivables		526.274	(60.663)
Adjustments for decrease in inventories		1.863.645	31.056
Decrease in prepaid expenses		54.738	199.180
Adjustments for increase (decrease) in trade payables		(1.374.315)	863.221
Increase in liabilities for employee benefits		51.872	48.064
Adjustments for increase (decrease) in other operating payables		224.334	(85.929)
Increase (decrease) in deferred income		37.019	(12.411)
<b>Cash flows from operating activities</b>		<b>5.205.306</b>	<b>(545.704)</b>
Payments related to provisions for employee benefits	17	(145.395)	(35.942)
Tax returns (payments)		(301.717)	19.749
<b>Cash flows from investing activities</b>		<b>(329.983)</b>	<b>(452.731)</b>
"Cash outflows from the purchase of interests or capital increase of investments in associates or joint ventures"	12	(347.384)	(365.582)
Cash inflows from the sale of property, plant and equipment and intangible assets		187.227	104.968
Cash outflows from the purchase of property, plant and equipment and intangible assets	13, 14	(771.466)	(682.442)
Dividends received	27	184.590	34.804
Other cash inflows (outflows)			
- Decrease (increase) in financial investments		(88.045)	(59.221)
- Contributions of non-controlling interests to capital increases		505.095	514.742
<b>Cash flows from financing activities</b>		<b>(2.994.577)</b>	<b>734.200</b>
Proceeds from borrowings	6	1.958.060	6.376.527
Repayments of borrowings	6	(4.274.162)	(4.515.729)
Payments of lease liabilities	6	(120.886)	(313.459)
Dividends paid		(314.500)	(308.256)
Interest paid		(780.164)	(750.357)
Interest received		537.075	245.474
<b>Net increase (decrease) in cash and cash equivalents before currency translation differences</b>		<b>1.433.634</b>	<b>(280.428)</b>
<b>Effect of currency translation differences</b>		<b>153.673</b>	<b>400.046</b>
<b>Effect of monetary gain / (loss) on cash and cash equivalents</b>		<b>(1.097.814)</b>	<b>(1.760.830)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>489.493</b>	<b>(1.641.212)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>4</b>	<b>2.881.914</b>	<b>4.523.126</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>4</b>	<b>3.371.407</b>	<b>2.881.914</b>

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

## AYGAZ ANONİM ŞİRKETİ

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

## NOTE 1 - ORGANIZATION AND OPERATIONS OF THE COMPANY

The main activity of Aygaz Anonim Şirketi (the "Company" or "Aygaz") is the purchase of liquid petroleum gas (LPG) in bulk from domestic refineries and the overseas market and delivery to retailers for distribution to customers. The Company manufactures LPG cylinders, LPG tanks, regulators and other supplementary materials which support the Company's main business and which are necessary equipment for the end-user. The Company is controlled by Koç Holding A.Ş. the parent company, Koç Family and the companies owned by Koç Family.

The Company is registered at the Capital Markets Board of Turkey ("CMB") and as of 31 December 2023, 24,27% of its shares have been quoted at Borsa İstanbul.

The address of the registered office of the Company is as follows:  
Büyükdere Cad. No: 145/1 Aygaz Han, Zincirlikuyu, 34394 / İstanbul

Total end of period and average number of personnel employed by categories in Aygaz and its subsidiaries (together with referred to as the "Group") are as follows:

	<u>End of period</u>		<u>Average</u>	
	<b>31 December 2023</b>	31 December 2022	<b>1 January-31 December 2023</b>	1 January-31 December 2022
Monthly paid	<b>1.012</b>	993	<b>1.005</b>	925
Hourly paid	<b>646</b>	680	<b>654</b>	689
<b>Total number of personnel</b>	<b>1.658</b>	1.673	<b>1.659</b>	1.614

### Subsidiaries

Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama Anonim Şirketi ("Akpa") is mainly engaged in sales of cylinders through either its own organisation or dealers, retail and wholesale of LPG, fuel and lubricants through autogas stations.

Main activity of Aygaz Doğal Gaz Toptan Satış A.Ş. and Aygaz Doğal Gaz İletim A.Ş. (together "Aygaz Doğal Gaz") is to purchase natural gas from domestic and/or overseas suppliers, selling natural gas to domestic and/or overseas customers and make related arrangements for the modulation, storing of natural gas and building necessary facilities.

Within July 2010, the Company has restructured its shipping operations under new legal entities, and established Anadoluhisari Tankercilik A.Ş. ("Anadolu Hisari"), Kandilli Tankercilik A.Ş. ("Kandilli"), Kuleli Tankercilik A.Ş. ("Kuleli") and Kuzguncuk Tankercilik A.Ş. ("Kuzguncuk") with an effective ownership interest of 100%. The main activities of these companies are to purchase, build or rent vessels and to operate them in domestic and/or overseas transportation of crude oil, petroleum products, liquid petroleum gas, natural gas and solid, liquid and liquefied products. On 13 October 2017, the vessel named "Kuleli" which is used for the transportation of LPG was sold by Kuleli Tankercilik A.Ş. - the Company's subsidiary. On 14 March 2019 Kuleli has acquired the 100% of shares of Bal Kaynak Su İthalat İhracat Sanayi ve Ticaret A.Ş. ("Bal Kaynak").

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

## NOTE 1 - ORGANIZATION AND OPERATIONS OF THE COMPANY (CONTINUED)

With the Ordinary General Assembly Meeting of Bal Kaynak, held on 3 March 2022, it was decided to increase its capital to TRY 133.000 thousand. Bal Kaynak continues its water trade activities with the aim of providing sustainable production.

Sendeo Dağıtım Hizmetleri A.Ş. ("Sendeo") (Former trade name: Aygaz Aykargo Dağıtım Hizmetleri A.Ş. ("Aykargo") which started as an in-house entrepreneurship Project, has started its cargo delivery and distribution activities in 2020. As a result of the negotiations regarding building a strategic collaboration with McKinsey Danışmanlık Hizmetleri Ltd. Şti. ("McKinsey"), in place of the Partnership Framework Agreement dated 15 January 2021, it was decided to continue cooperation by signing a long-term Consulting Agreement with the resolution of the Board of Directors dated 30 July 2021. On 3 August 2021 45% of the shares of Sendeo were transferred to Koç Holding A.Ş. A capital increase amounting to TRY 1.143.863 thousand (with a nominal value of TRY 610.000 thousand) and TRY 1.122.434 thousand (with a nominal value of TRY 935.000 thousand), have been made to Sendeo in 2022 and 2023 respectively, and this amounts have been paid in cash by the shareholders.

Subsidiaries	Place of incorporation and operation	Ownership interest (%)			Principal activity
		31 December 2023	31 December 2022	Voting power right	
Anadoluhisari	Turkey	100	100	100	Shipping
Kandilli	Turkey	100	100	100	Shipping
Kuzguncuk	Turkey	100	100	100	Shipping
Kuleli	Turkey	100	100	100	Shipping
Akpa	Turkey	100	100	100	Marketing
Aygaz Doğal Gaz Toptan Satış	Turkey	100	100	100	Natural gas
Aygaz Doğal Gaz İletim	Turkey	100	100	100	Natural gas
Bal Kaynak	Turkey	100	100	100	Bottled water
Sendeo	Turkey	55	55	55	Cargo transportation/ distribution

### Investments in associates

In December 2005, Enerji Yatırımları A.Ş. ("EYAŞ") was established to acquire 51% block shares of Türkiye Petrol Rafinerileri A.Ş. ("TÜPRAŞ"), to participate in Tüpraş's management and its operational decisions as well as to establish and operate in oil refinery related sectors in Turkey. As of 31 December 2023, EYAŞ's ownership in Tüpraş has been 46,40%.

With the notifications to the Public Disclosure Platform ("PDP") made by the Company, Koç Holding, and Tüpraş on 25 April 2022; decisions regarding the transfer of shares corresponding to 99.24% of the total capital of Entek, in which the Company and Koç Holding held 49.62% share separately, to Tüpraş via partial demerger with the share transfer model to the shareholders, were announced. The respective application was approved by the CMB of Turkey on 7 July 2022. In addition, as explained publicly in the notification through PDP on 20 July 2022, with the extraordinary general assembly held on 25 August 2022, the transaction was approved by the Company, Koç Holding, and Tüpraş shareholders, and the registration was completed on 26 August 2022 (Note 12).

**AYGAZ ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

**NOTE 1 - ORGANIZATION AND OPERATIONS OF THE COMPANY (CONTINUED)**

Investments in associates	Place of incorporation and operation	Ownership interest (%)			Principal activity
		31 December 2023	31 December 2022	Voting power right	
EYAŞ	Turkey	20,00	20,00	20,00	Energy

**Joint ventures**

Opet Aygaz Gayrimenkul A.Ş. was established on 20 September 2013 as a joint venture with 50% equal shares by the Company and Opet Petrolcülük A.Ş., which is the Company's business partner, operating in distribution of fuel products. Its main activity is to establish, purchase, operate and rent fuel and LPG stations.

In line with Group's growth strategy abroad, in order to operate in LPG supply, filling and distribution in the Bangladesh market, on 5 March 2019 the Share Purchase Agreement ("Contract") and Partnership Agreement was signed between the Company and United Enterprises & Co. Ltd. With Contract it was decided that 50% of the shares of United LPG Ltd, the subsidiary of United Enterprises & Co. Ltd, which has a pre-license for LPG filling facility but no current operations yet, will be acquired. With the occurrence of preconditions determined on the agreement, the share transfer transaction was completed in 20 January 2021, and the name of the Joint Venture Company became United Aygaz LPG Ltd ("United Aygaz") on 14 February 2023. A capital increase amounting to approximately USD 24.000 thousand each fiscal year 2022 and 2023 have been made, and these amounts have been paid in cash by the shareholders.

Joint Ventures	Place of incorporation and operation	Ownership interest (%)			Principal activity
		31 December 2023	31 December 2022	Voting power right	
OAGM	Turkey	50,00	50,00	50,00	Real Estate
United Aygaz	Bangladesh	50,00	50,00	50,00	LPG supply, filling and distribution

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

## NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

### *Approval of consolidated financial statements:*

The consolidated financial tables for the period ended on 31 December 2023 are approved on the Board of Directors meeting held on 4 March 2024 to be published. The respective consolidated financial tables will be finalized after the approval in the General Assembly.

### **2.1 Financial reporting standards**

The consolidated financial statements of the Group have been prepared in accordance with the Turkish Accounting Standards/ Turkish Financial Reporting Standards, ("TAS/TFRS") and interpretations as adopted in line with international standards by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") in line with the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board of Turkey ("CMB") on 13 June 2013 which is published on Official Gazette numbered 28676. TMS is consist of TAS, TFRS annexes and comments on them. TFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards ("IFRS") by the communiqués announced by the POA.

The Group's consolidated financial statements are presented in terms of Turkish Lira "TRY" which is the functional and presentation currency of the Company and its subsidiaries. The consolidated financial statements are prepared based on the historical cost conversion, except for the financial assets and liabilities which are expressed with their fair values.

### **Financial reporting in hyperinflationary economy**

With the announcements made by the Public Oversight Accounting and Auditing Standards Authority (POA) on 23 November 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 31 December 2023. 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 relevant standard, the financial statements prepared based on a currency of a high inflationary economy are stated in terms of the purchasing power of that currency at the balance sheet date. Comparative information for the prior period financial statements is also expressed in the current measurement unit at the end of the reporting period for comparison purposes. Therefore, the Group has presented its consolidated financial statements as of 31 December 2022, on the basis of purchasing power as at 31 December 2023.

In accordance with the CMB's decision dated 28 December 2023 and numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards are required to apply inflation accounting by applying the provisions of TAS 29 to their annual financial statements for the accounting periods ending on 31 December 2023.

**AYGAZ ANONİM ŞİRKETİ****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.1 Financial reporting standards (Continued)**

On the application of TAS 29, the entity used the conversion factor derived from the Customer Price Indexes (CPI) published by Turkey Statistical Institute according to directions given by POA. The CPI for current and previous year periods and corresponding conversion factors are as follows:

<b>Year End</b>	<b>Index</b>	<b>Conversion Factor</b>	<b>Three-year Compound Inflation Rate</b>
31 December 2023	1.859,38	1,000	268%
31 December 2022	1.128,45	1,647	156%
31 December 2021	686,95	2,706	74%

The main elements of the Group's adjustment for financial reporting purposes in high-inflation economies are as follows:

- Current period consolidated financial statements prepared in TRY are expressed with the purchasing power at the balance sheet date and the amounts from previous reporting periods are also expressed by adjusting according to the purchasing power at the end of the reporting period.
- Monetary assets and liabilities are not adjusted as they are currently expressed in current purchasing power at the balance sheet date.
- Non-monetary assets and liabilities and equity items that are not expressed in current purchasing power at the balance sheet date have been corrected using the relevant correction coefficients.
- All items in the statement of comprehensive income, except those that affect the statement of comprehensive income of non-monetary items in the balance sheet date, are indexed with coefficients calculated over the periods when the income and expense accounts are first reflected in the financial statements.
- Effect of inflation on the Group's net monetary asset position in the current period is recorded in the monetary position loss account in the consolidated income statement.

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

## NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 2.2 Consolidation principles

- a) Consolidated financial statements incorporate the financial statements of the Company, its subsidiaries and affiliates and joint ventures, which have been prepared in accordance with guidelines defined in the items (b) to (h). The financial statements of the companies included in the consolidation have been prepared as of the date of the consolidated financial statements and are based on the statutory records with adjustments and reclassifications for the purpose of presentation in conformity TAS/IFRS promulgated by the POA as set out in the communiqué numbered II-14.1, and Group accounting and disclosure policies.
- b) Subsidiaries are the companies controlled by Aygaz when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.
- c) Subsidiaries are fully consolidated from the date of acquisition, being the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. In case it is necessary, accounting policies are changed for subsidiaries in order to align with Group accounting policies.

Balance sheets and income statements of subsidiaries have been fully included into consolidation and the book values and equities of such subsidiaries which are owned by the Company, have been netted off. All inter-group transactions, balances, income and expenses are eliminated on consolidation. Book values of the shares owned by the Company and related dividends have been netted off from related equity and income statement accounts.

- d) Investments in associates have been accounted using the equity method. These are institutions in which the Company has a voting power between 20% and 50% or in which the Company has a significant influence even though it does not have a controlling power.

Unrealized gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. The Group ceases to account the associate using the equity method if it loses the significant influence or the net investment in the associate becomes nil, unless it has entered to a liability or a commitment. Subsequent to the date of the caesura of the significant influence, the investment is carried either at fair value when the fair value can be measured reliably, otherwise at cost.

- e) Financial assets, in which the Group has a total voting power of 20% or even though it has a voting power above 20% but does not have a significant influence, or which are immaterial for the consolidated financial statements, or such assets which are not traded in an organized market or whose fair values cannot be measured reliably, are presented with cost values, after deducting the impairment, if any.

Available for sale financial assets, in which the Group does not have a total voting power of 20% or does not have a significant influence and which have quoted market values in active markets and whose fair values can be reliably measured, are presented at fair values in the consolidated financial statements.

**AYGAZ ANONİM ŞİRKETİ****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.2 Consolidation principles (Continued)**

- f) The non-controlling share in the net assets and operating results of subsidiaries for the year are separately classified as non-controlling interest in the consolidated statements of financial position and consolidated statements of profit or loss.
- g) A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The investments in its associates and joint ventures are accounted for using the equity method.
- (h) Under the equity method, the Group's investments in its associates and joint venture are initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associates or joint ventures is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the results of the operations of the Group's associates or joint ventures. Any change in other comprehensive income of those investees is presented as a part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as 'Share of profit/loss of an associate or a joint venture' in the statement of profit or loss.

**2.3 New and revised Turkey Financial Reporting Standards****a. Standards, amendments and interpretations applicable as at 31 December 2023**

**Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The mentioned amendments do not have a significant impact on the financial position and performance of the Group.

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

## NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 2.3 New and revised Turkey Financial Reporting Standards (Continued)

#### a. Standards, amendments and interpretations applicable as at 31 December 2023 (Continued)

**Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. The mentioned amendments do not have a significant impact on the financial position and performance of the Group.

**IFRS 17, 'Insurance Contracts';** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which permitted a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts. The mentioned amendments do not have a significant impact on the financial position and performance of the Group.

**Amendment to IAS 12 - International tax reform;** The temporary exception is effective for December 2023 year ends and the disclosure requirements are effective for accounting periods beginning on or after 1 January 2023, with early application permitted. These amendments give companies temporary relief from accounting for deferred taxes arising from the Minimum Tax Implementation Handbook international tax reform. The amendments also introduce targeted disclosure requirements for affected companies. The mentioned amendments do not have a significant impact on the financial position and performance of the Group.

#### b) Standards, amendments and interpretations that are issued but not effective as at 31 December 2023

**Amendment to IAS 1 – Non-current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions. The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

**Amendment to IFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

**Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements;** effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis. The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

**AYGAZ ANONİM ŞİRKETİ****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.3 New and revised Turkey Financial Reporting Standards (Continued)**

*b. Standards, amendments and interpretations that are issued but not effective as at 31 December 2023 (Continued):*

**Amendments to IAS 21 - Lack of Exchangeability;** effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

**IFRS S1, 'General requirements for disclosure of sustainability-related financial information;** effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain. The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

**IFRS S2, 'Climate-related disclosures';** effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities. The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

**2.4 Offsetting**

Financial assets and liabilities are offset and reported in the net amount when there is a legally enforceable right or when there is an intention to settle the assets and liabilities on a net basis or realize the assets and settle the liabilities simultaneously.

**2.5 Revenue recognition**

When a performance obligation is satisfied by transferring promised goods or services to a customer, the Group recognises the revenue as the amount of the transaction price that is allocated to that performance obligation. The goods or services are transferred when the control of the goods or services is delivered to the customers. Returns, discounts and provisions are reduced from the related amount.

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

## NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 2.5 Revenue recognition (Continued)

Group recognises revenue based on the following five principles:

- (a) Identification of customer contracts,
- (b) Identification of performance obligations,
- (c) Determination of the transaction price in the contracts,
- (d) Allocation of transaction price to the performance obligations,
- (e) Recognition of revenue when the performance obligations are satisfied.

Group recognises revenue from its customer when all of the the following criteria are met:

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

Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the entity and when the revenue amount, the completion level of the transaction as of the reporting date and the cost required for the completion of the transaction can be measured reliably.

The assumptions for the reliability of revenue recognition after the agreement of third parties are as follows:

- Contractual rights of each parties under sanction according to the agreement,
- Service fee,
- Payment terms and conditions.

The accounting policy of Special Consumption Tax (SCT) on imported LPG which is required to be paid after the declaration made to the Republic of Turkey, Ministry of Finance is applied to be included in revenues and cost of goods sold (Gross profit and net income is not impacted by this record). For the period 1 January - 31 December 2023, SCT on imported LPG included in revenues and the cost of goods sold is amounting to TRY 6.705.624 thousand (1 January-31 December 2022: TRY 4.427.107 thousand).

#### **Dividend and interest revenue:**

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Dividend revenue from investments is recognised when the shareholders' rights to receive payment have been established.

**AYGAZ ANONİM ŞİRKETİ****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.6 Inventories**

Inventories are valued at the lower of cost or net realizable value. Cost is calculated with first in first out method for LPG and with weighted average method for other inventories. Cost of inventories include all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Conversion costs of inventories defines as costs directly related to production, such as direct labour costs. These expenses also include systematically distributed amounts from fixed and variable costs in factory overheads. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and estimated costs to make the sale.

**2.7 Leases****The Group – as a lessee**

Initially the Group assesses whether the contract is or contains 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 of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, The Group considers whether:

- a) The contract involved the use of an identified asset – this may be specified explicitly or implicitly.
- b) 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.
- c) The Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
- d) 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

The Group reflects the right of use asset and leasing liabilities to their financials at the date leasing contract is commenced.

**Right of use asset**

Initially the right of use asset is recognized at cost and comprise 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
- d) 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).

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

## NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 2.7 Leases (Continued)

The Group re-measures the right of use asset:

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

The Group applies IAS 16, "Property, Plant and Equipment" to amortize the right of use asset and to assess for any impairment.

IAS 36, "Impairment of Assets" is applied to determine whether the right of use assets has been impaired and recognize any impairment losses identified.

#### 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:

- Fixed payments, including in-substance fixed payments,
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date,
- 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 initial recognition, the lease liability is measured by:

- Increasing the carrying amount to reflect interest on lease liability,
- Reducing the carrying amount to reflect the lease payments made and
- Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

#### Extension and termination options

In determining the lease liability, the Group considers the extension and termination options. The majority of extension and termination options held are exercisable both by the group and by the respective lessor. Extension options are included in the lease term if the lease is reasonably certain to be extended. The group re-measures the lease term, if a significant event or a significant change in circumstances occurs which affects the initial assessment.

**AYGAZ ANONİM ŞİRKETİ****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.7 Leases (Continued)****Variable lease payments**

Group's lease contracts also include variable lease payments which are not in the scope of IFRS 16. Variable lease payments are recognised in profit or loss in the related period. Variable lease payments as of 31 December 2023 is amount of TRY 6.990 thousand (31 December 2022: TRY 7.506 thousand).

**Exemptions and simplifications**

Short-term lease payments and payments for leases of low-value assets like IT equipments (mainly printers, laptops and mobile phones etc.) are not included in the measurement of the lease liabilities in the scope of IFRS 16. Lease payments of these contracts are continued to be recognised in profit or loss in the related period.

**The Group - as a lessor**

The Group's leases as a lessor is operating leases. In operating leases, leased assets are reclassified to investment property, fixed assets or other current assets in consolidated financial statements and rental income recognised straight line basis over the lease period.

**2.8 Property, plant and equipment**

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Legal fees are included into costs. Depreciation of these assets begins when the assets are ready for their intended use.

With the exception of land and construction in progress, the costs of property, plant and equipment are subject to depreciation using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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## NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

	<b>Useful lives</b>
Buildings	25-50 years
Land improvements	10-25 years
LPG Cylinders	10 years
Plant, machinery and equipment	3-25 years
Vessels	10-20 years
Vehicles	3-15 years
Furnitures and fixtures	3-50 years
Leasehold improvements	4-10 years

### 2.9 Intangible assets

#### **Intangible assets acquired separately**

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

#### **Trade rights and licenses**

Acquired trade rights and licenses are shown at historical cost. Trade rights and licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives in 4 - 15 years.

#### **Computer software**

Acquired computer software licences are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives in 3 - 5 years.

### 2.10 Impairment of assets

An impairment test is applied when the recovery for the book value of the redeemable assets is impossible. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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**NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.11 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs are recorded directly to profit and loss statement when incurred.

**2.12 Financial instruments****2.12.1 Financial assets**Reclassification and re-measurement

Financial assets are classified into the following specified categories: financial assets as "at fair value at amortised cost", "at fair value through profit or loss (FVTPL)", "at fair value through other comprehensive income". The classification is made considering the purpose of acquisition of financial asset and its expected cash flows, at the time of acquisition.

Financial assets carried at amortised cost

Financial assets measured at amortised cost", are the financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount standing, not have an active market and non-derivatives financial assets. "Cash and cash equivalents", "Trade receivables" are classified as financial assets measured at amortised cost using the effective interest method.

Impairment of financial assets

Group has applied simplified approach and used impairment 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 provided to the trade receivables as a result of a specific events, Group measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Group and its expectations for the future indications.

Trade receivables

The Group has chosen "practical expedient" explained in IFRS 9 for the calculation of the impairment of trade receivables (with maturities less than one year) that do not contain a significant financing component and accounted at amortized cost. Accordingly, the Group measured the loss allowance for trade receivables at an amount equal to lifetime expected credit losses when trade receivables are not impaired for any reasons. The Group uses a provision matrix in the calculation of expected credit losses. Provision rate is calculated based on the overdue days of trade receivables and the rates are revised each reporting period if necessary. The change in expected credit losses is recognised in operational expense/income in consolidated income statement. For each reporting period, the recalculation is made and revaluated.

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

## NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 2.12 Financial instruments (Continued)

#### Financial assets measured at fair value

Assets that are held by the management for collection of contractual cash flows and for selling the financial assets are measured at their fair value. If the management do not plan to dispose these assets in 12 months after the balance sheet date, they are classified as non-current assets. Group makes a unchangeable choice for the equity instruments during the initial recognition and elect profit or loss or other comprehensive income for the presentation of fair value gain and loss.

#### i) Financial assets measured 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. Group's financial instruments at fair value through profit or loss consist of commodity future transactions.

#### ii) Financial assets measured 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 and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, credit card receivables from banks 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 not subject to a significant risk of changes in value. In case where cash and cash equivalents do not go through an impairment for specific reason, the Group makes impairment calculation using the expected credit loss model. In the calculation of the expected credit loss, the past credit loss experience together with the Group's forecasts for the future are also taken into consideration.

#### **2.12.2 Derivative financial instruments and hedge accounting**

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. The Group uses derivative financial instruments to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions.

These derivative instruments are recorded at fair value at the beginning of the contract and subsequently measured with its fair value. If the fair value is positive, derivatives are classified as financial asset or otherwise financial liability.

Such derivative instruments are generally accounted as trading derivative instruments in consolidated financial statements because they do not have related specifications in terms of hedge accounting. The gains and losses related to the changes in fair values of such financial instruments are shown in the profit or loss statement.

Fair value differences of forward transactions, sourcing from trading contracts in scope of main activities of the Group, are recognised under other real operating income (expense) since they are in scope of main activities of the Group while exchange rate differences, sourcing from forward exchange and exchange of interest rate, are recognised under financing income/(expense).

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**NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.12 Financial instruments (Continued)**Cash flow hedges

Hedges of exposures to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit and loss are designated as cash flow hedges by the Group.

Changes in the fair value of derivatives, designated as cash flow hedges and qualified as effective, are recognised in equity as "Gains/(losses) on cash flow hedges". Where the forecasted transaction or firm commitment results in the recognition of an asset or of a liability, the gains and losses previously recognised under equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts recognised under equity are transferred to the consolidated income statement in the period in which the hedged firm commitment or forecasted transaction affects the consolidated income statement.

The fair value of forward interest rate swap contracts measured at fair value and associated with equity is calculated with reference to the original forward interest rate of the market interest rates applicable for the remainder of the contract for the relevant currency, and determined by comparing it with the current forward interest rate at the end of the period. Derivate financial instruments are recorded in the balance sheet as assets and liabilities, respectively, depending on whether their fair value is positive or negative.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or losses previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains until the forecast transaction or firm commitment affects profit or loss.

**2.12.3 Recognition and de-recognition of financial instruments**

All purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase or to sell the asset. These purchases or sales are purchases or sales generally require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is de-recognised where:

- The rights to receive cash flows from the asset have expired,
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement or
- The Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the assets.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the consolidated financial statements. A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

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## NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 2.13 Business combinations

Before 1 January 2010 business combinations carried out by the Group has accounted for using the acquisition method according to before revised IFRS 3, "Business Combinations".

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquirer. The consideration transferred is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, the liabilities incurred by the Group to former owners of the entity and the equity interests issued by the Group. When the agreement with the seller includes a clause that the consideration transferred could be adjusted for future events, the acquisition-date fair value of this contingent consideration is included in the cost of the acquisition. All transaction costs incurred by the Group have been recognised in general administrative expenses.

For each business combination, the Group elects whether it measures the non-controlling interest in the acquirer either at fair value or at the proportionate share of the acquirer's identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquirer.

Acquisition method requires allocation of the acquisition cost to the assets acquired and liabilities assumed at their fair values on the date of acquisition. Accordingly, acquired assets and liabilities and contingent liabilities assumed are recognised at IFRS 3 fair values on the date of acquisition. Acquired company is consolidated in profit or loss statement starting from the date of acquisition.

#### Partial share sale and purchase transactions settled with minority shareholders

The Group evaluates the share transactions realized with non-controlling interests as transactions within the shareholders. Consequently, the difference between the purchase cost and the net asset purchased from other shareholders are accounted under shareholders equity in "subsidiary share purchase transactions" whereas share sale transactions to parties other than parent company are accounted as "transactions with non-controlling interest".

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**NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.14 Effects of changes in foreign exchange rates**

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TRY, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements. The functional currency of participations and subsidiaries that are included in the scope of consolidation is TRY.

In preparing the financial statements of the individual entities, transactions in currencies other than TRY (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions.

At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the Central Bank of the Republic of Turkey (CBRT) rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on transactions entered in order to hedge certain foreign currency risk,
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TRY using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's "foreign currency translation difference". Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

**2.15 Earnings per share**

Earnings per share disclosed in the accompanying consolidated statement of income is determined by dividing net income by the weighted average number of shares in existence during the year concerned.

In Turkey, companies can raise their share capital by distributing "Free Shares" to shareholders from retained earnings. In computing earnings per share, such "free share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

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## NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 2.16 Subsequent events

An explanation for any event between the balance sheet date and the publication date of the balance sheet, which has positive or negative effects on the Group (should any evidence come about events that were prior to the balance sheet date or should new events come about) they will be explained in the relevant footnote.

The Group restates its financial statements if subsequent events which require restatement arise.

### 2.17 Provisions, contingent liabilities, contingent assets

Possible 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 disclosed as contingent assets or liabilities.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

### 2.18 Related parties

(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.

(b) 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).

- (i) Entity and Company are members of the same Group,
- (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) (ii) 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).

In accordance with the purposes of consolidated financial statements, shareholders, important management personnel and members of Board of Directors, their families and companies controlled by them or depend upon them, the affiliates and partnerships and Koç Holding Group companies are accepted and presented as related parties.

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**NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.19 Segmental information**

The Group management assumes three operating segments to evaluate performance and source utilization decisions. These segments are lpg and gas, cargo transportation and distribution, petroleum products and electricity. These operating segments are managed separately as the risk and return of these segments are affected by different economic conditions and geographical locations. The Group Management believes that financial results prepared according to IFRS are the best approach to evaluate performance of these operating segments.

**2.20 Taxation and deferred tax**

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 accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Corporate tax

The corporate tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years 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.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognised 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 recognised 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 fore-seeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that 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 fore-seeable future.

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## NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 2.20 Taxation and deferred tax (Continued)

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 measurement of 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.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

The Company recognizes deferred tax asset for all deductible temporary differences arising from investments in subsidiaries, to the extent that, and only to the extent that, it is probable that:

- The temporary difference will reverse in the foreseeable future and
- Taxable profit will be available against which the temporary difference can be utilized.

The Company recognizes deferred tax liability for all taxable temporary differences associated with investments in subsidiaries except to the extent that both of the following conditions are satisfied:

- The parent is able to control the timing of the reversal of the temporary difference and
- It is probable that the temporary difference will not reverse in the foreseeable future.

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**NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2.21 Employment benefits**Defined benefit plan:

Employment termination benefits, as required by the Turkish Labour Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Group arising in case of the retirement of the employees, termination of employment without due cause, be retired or death upon the completion of a minimum one year service. Provision which is allocated by using defined benefit pension's current value is calculated by using prescribed liability method. All actuarial profits and losses are recognised in consolidated statements of income. The provision made for present value of determined social relief is calculated by the prescribed liability method. All actuarial profits and losses are accounted in the shareholder's equity as other comprehensive income.

Defined contribution plan:

Group, has to compensate the Social Security Contribution of the employees. As long as this is compensated, there is no any other obligation for the Company. Social Security Contributions are classified as personnel expenses as of the accrual date.

**2.22 Statement of cash flows**

In statement of cash flow, cash flows are classified according to operating, investment and finance activities.

**2.23 Share capital and dividends**

Common shares are classified as equity. Dividends on common shares are recognised in retained earnings in the period in which they are approved and declared.

**2.24 Going concern**

Group Management do not forecast an important risk for the the business' sustainability, and consolidated financial tables have been prepared upon the assumption that the business will continue to operate in the foreseeable future.

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## NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 2.25 Research and development expenses

Research expenditure is recognised as an expense as incurred. Costs, except for listed below are classified as development expenditures and recognised as expense as incurred.

- If the cost related to the products can be defined and only if the cost can be measured reliably,
- If the technological feasibility can be measured,
- If the good will be sold or will be used within the company,
- If there's a potential market or can be proved that it is used within the company,
- If necessary technological, financial and other resources can be provided to complete the Project. Other development expenditures are recognised as expense as incurred.

Development costs previously recognised as expense cannot be capitalized in a subsequent period. Development costs that have been capitalized are amortized from the commencement of the commercial production of the product on a straight-line basis. As of 31 December 2023, the Group has no capitalized research and development expenses (31 December 2022: None).

### 2.26 Critical accounting estimates and assumptions

The critical accounting estimates and assumptions which have material impact on the consolidated financial statements are as follows:

- a) Property, plant and equipment and intangible fixed assets are subject to depreciation according to their useful lives (Note 13, 14). Estimations of such useful lives are based on the expectations of Group management.
- b) The Group Management uses market values for quoted equity items traded in active markets, while determining fair values of financial asset measured at fair value through other comprehensive income. For other available for sale financial assets, fair values are determined in line with generally accepted valuation principles using current economic data, trends in the market and expectations.
- c) 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 carry forward tax losses and unused investment tax credits to the extent that the realization of the related tax benefit through the future taxable profits is probable (Note 30). 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.

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**NOTE 3 – SEGMENT INFORMATION**

The segmental operations are specified according to the internal reports reviewed regularly by the authority entitled to making decision for the Group's operations.

The Group's decision-making authority has started to monitor its activities in the cargo transportation and distribution separately by taking into consideration its significant share in the consolidated financial results, in order to accurately evaluate the resources to be allocated to the departments and the performance of the departments. In addition, the Group has decided to present the activities of EYAŞ company, which are accounted for using the equity method, separately from LPG and Natural gas activities, which are the main business lines of the Group.

The Group Management evaluates financial results and performance based of IFRS financial statements. Therefore, IFRS financial statements are the basis of segmental reporting. The Group evaluates the performance of its segments based on gross profit, operating profit and profit from continuing operations before tax.

Operational segments which have been prepared in accordance with the reportable segments for the year ended 31 December 2023 are as follows:

	31 December 2023				
	LPG and Gas	Cargo transportation and Distribution	Petroleum products and Electricity	Consolidation adjustments	Consolidated
Total assets	16.871.679	1.465.844	26.289.249	1.561.812	46.188.584
Total liabilities	8.996.006	679.544	-	(10.277)	9.665.273
Investments accounted under equity method	1.639.606	-	26.289.249	-	27.928.855
	1 January - 31 December 2023				
	LPG and Gas	Cargo transportation and Distribution	Petroleum products and Electricity	Consolidation adjustments	Consolidated
Sales revenue (net)	63.881.104	956.984	-	(3.443)	64.834.645
Gross profit	5.525.398	(562.605)	-	-	4.962.793
Operating profit (*)	1.492.822	(1.143.235)	-	23	349.610
Operating profit	1.267.301	(1.053.815)	-	(2.047)	211.439
Monetary gain / (loss)	338.256	(14.756)	-	-	323.500
Profit from continuing operations before tax	1.466.069	(1.072.006)	5.077.322	(5.513)	5.465.872
Profit (loss) for the period	1.387.186	(918.350)	5.077.322	(5.513)	5.540.645
Non-controlling interest	-	(413.258)	-	-	(413.258)
Equity holders of the parent	1.387.186	(505.092)	5.077.322	(5.513)	5.953.903
Profit (losses) from investments accounted under equity method	11.732	-	5.077.322	-	5.089.054
Amortization and Depreciation (**)	729.964	85.546	-	-	815.510
Investment expenditures	656.166	115.300	-	-	771.466

(\*) Excluded other operating income/expense, net.

(\*\*) TRY 142.691 thousand of total amount consist of amortization and depreciation expenses allocated under TFRS 16, 'Leases' (2022: TRY 390.263 thousand).

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## NOTE 3 – SEGMENT INFORMATION (CONTINUED)

Operational segments which have been prepared in accordance with the reportable segments for the year ended 31 December 2022 are as follows:

	31 December 2022				
	LPG and Gas	Cargo transportation and Distribution	Petroleum products and Electricity	Consolidation adjustments	Consolidated
Total assets	21.536.313	1.161.872	23.762.440	(689.661)	45.770.964
Total liabilities	14.336.122	580.686	-	(6.649)	14.910.159
Investments accounted under equity method	1.714.873	-	23.762.440	-	25.477.313
	1 January - 31 December 2022				
	LPG and Gas	Cargo transportation and Distribution	Petroleum products and Electricity	Consolidation adjustments	Consolidated
Sales revenue (net)	70.995.112	294.498	-	(1.959)	71.287.651
Gross profit	4.366.197	(508.200)	-	-	3.857.997
Operating profit (*)	875.347	(903.495)	-	1.081	(27.067)
Operating profit	854.842	(880.520)	-	(1.885)	(27.563)
Monetary gain / (loss)	1.018.966	(30.219)	-	-	988.747
Profit from continuing operations before tax	1.187.186	(891.756)	6.200.740	(1.959)	6.494.211
Profit (loss) for the period	1.043.450	(716.560)	6.200.740	(1.959)	6.525.671
Non-controlling interest	-	(322.450)	-	-	(322.450)
Equity holders of the parent	1.043.450	(394.110)	6.200.740	(1.959)	6.848.121
Profit (losses) from investments accounted under equity method	(37.700)	-	6.200.740	-	6.163.040
Amortization and Depreciation	1.005.113	51.191	-	-	1.056.304
Investment expenditures	502.062	180.380	-	-	682.442

(\*) Excluded other operating income/expense, net.

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**NOTE 4 – CASH AND CASH EQUIVALENTS**

	<b>31 December 2023</b>	31 December 2022
Cash on hand	<b>1.807</b>	1.738
Cash at banks	<b>3.360.656</b>	2.989.976
- Time deposits	<b>3.205.054</b>	2.742.940
- Demand deposits	<b>155.602</b>	247.036
Receivables from credit card transactions	<b>11.723</b>	18.199
<b>Toplam</b>	<b>3.374.186</b>	3.009.913

As of 31 December 2023 the Group's TRY time deposits amounting to TRY 1.620.110 thousand with average maturities of 8 days and interest rates of 42,06%; USD time deposits amounting to USD 53.840 thousand (TRY 1.584.944 thousand) with average maturities of 2 days and interest rate of 3,71% (31 December 2022: The Group's TRY time deposits amounting to TRY 2.029.965 thousand with average maturities of 4 days and interest rates of 20,74%. USD time deposits amounting to USD 23.140 thousand (TRY 712.975 thousand) with average maturities of 3 days and interest rate of 1,99%).

The amount of cash and cash equivalents shown in the statement of cash flow as of 31 December 2023 and 2022 are as follows:

	<b>31 December 2023</b>	31 December 2022
Cash and cash equivalents	<b>3.374.186</b>	3.009.913
Less: Blocked deposits (*)	<b>(2.779)</b>	(127.999)
	<b>3.371.407</b>	2.881.914

(\*) The amount consists of the cash collaterals given to Istanbul Clearing, Settlement and Custody Bank Inc.-Takasbank in accordance with the procedure with respect to central transportation services provided by Takasbank in the Organized Natural Gas Market operated by Energy Exchange Istanbul.

**NOTE 5 – FINANCIAL ASSETS**

The long-term financial assets of the Group are as follows as of 31 December 2023 and 2022:

	<b>31 December 2023</b>		31 December 2022	
	Participation amount	Participation rate (%)	Participation amount	Participation rate (%)
Financial assets measured at fair value through other comprehensive income				
- Koç Finansal Hizmetler A.Ş.	<b>2.658.694</b>	<b>3,93</b>	2.647.909	3,93
Financial assets measured at fair value through profit or loss				
- Ram Dış Ticaret A.Ş.	<b>5.789</b>	<b>2,50</b>	5.161	2,50
- Tat Gıda Sanayi A.Ş. (*)	<b>464</b>	<b>0,08</b>	817	0,08
- Other	<b>3.391</b>	-	3.391	-
	<b>2.668.338</b>		2.657.278	

(\*) The sale of Tat Gıda Sanayi A.Ş. ("Tat Gıda") shares was completed as of 19 February 2024.

## AYGAZ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

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## NOTE 6 – FINANCIAL BORROWINGS

As of 31 December 2023 and 2022 the Group's short-term financial borrowings are as follows:

	31 December 2023	31 December 2022
Short-term bond issued (*)	178.324	1.039.234
TL-denominated short-term bank borrowings	325.826	607.239
Factoring liabilities	400.000	-
Short-term lease liabilities	87.856	58.429
<b>Total short-term financial borrowings</b>	<b>992.006</b>	<b>1.704.902</b>
Short-term portion and interest accruals of TL-denominated long-term bank borrowings	-	2.417.478
Short-term portion and interest accruals of USD-denominated long-term bank borrowings	1.135.076	4.334
Short-term portion of long-term bond issued	-	468.838
<b>Total short-term portion of long-term financial borrowings</b>	<b>1.135.076</b>	<b>2.890.650</b>

(\*) On 5 July 2023, the Group has issued, 38,5% rate bond with a nominal value TRY 150.000 thousand with a maturity of 184 days and coupon payment on maturity date.

As of 31 December 2023 the details of short-term financial borrowings are as follows:

Currency	Annual average effective interest rate (%)	Original amount	TL amount
TL	29,27	325.826	325.826
			<b>325.826</b>

As of 31 December 2022, the details of short-term financial borrowings are as follows:

Currency	Annual average effective interest rate (%)	Original amount	TL amount
TL	19,41	607.239	607.239
			<b>607.239</b>

As of 31 December 2023 and 2022 the Group's long-term financial borrowings are as follows:

	31 December 2023	31 December 2022
USD-denominated long-term bank borrowings	-	924.342
Long-term bond issued	-	296.607
Long-term lease liabilities	93.192	113.574
<b>Total long-term bank borrowings</b>	<b>93.192</b>	<b>1.334.523</b>

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**NOTE 6 – FINANCIAL BORROWINGS (CONTINUED)**

As of 31 December 2023 the details of long-term financial borrowings are as follows:

Currency	Annual average effective interest rate (%)	Original amount	TL amount
USD	7,95	38.558	1.135.076
Short-term portion of long-term loans and interest accruals			(1.135.076)
			-

As of 31 December 2022 the details of long-term financial borrowings are as follows:

Currency	Annual average effective interest rate (%)	Original amount	TL amount
TL	17,80	2.417.478	2.417.478
USD	7,67	30.141	928.676
Short-term portion of long-term loans and interest accruals			(2.421.812)
			<b>924.342</b>

The Group's movements of financial borrowings are as follows:

	2023	2022
<b>As of January 1</b>	<b>5.930.075</b>	6.908.787
Proceeds from new financial borrowings	1.958.060	6.376.527
Increase in lease liabilities	183.590	141.957
Repayments of principals	(4.395.048)	(4.829.188)
Changes in interest accruals	(101.654)	286.045
Monetary gain / (loss)	(1.888.070)	(3.304.416)
Currency translation differences	533.321	350.363
<b>As of December 31</b>	<b>2.220.274</b>	<b>5.930.075</b>

Covenants

The Group signed a foreign currency loan agreement on 6 December 2021. The loan includes financial covenants on Net Financial Debt/EBITDA ratio and EBITDA/Net interest expense ratio, which will be calculated every 6 months. The Group has fulfilled the terms of the contract as of 31 December 2023.

## AYGAZ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

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## NOTE 7 – DERIVATIVE FINANCIAL INSTRUMENTS

As of 31 December 2023 and 2022 the Group's derivative financial instruments are as follows:

	31 December 2023		31 December 2022	
	Contract amount	Fair value assets/ (liabilities)	Contract amount	Fair value assets/ (liabilities)
<b>Short-term derivative instruments</b>				
Forward transactions (1)	-	-	340.238	1.692
Futures transactions (2)	-	-	5.696.754	139.615
<b>Total short-term derivative financial assets</b>	<b>-</b>	<b>-</b>	<b>6.036.992</b>	<b>141.307</b>
Forward transactions (1)	152.563	(1.027)	-	-
<b>Total short-term derivative financial liabilities</b>	<b>152.563</b>	<b>(1.027)</b>	<b>-</b>	<b>-</b>

(1) As of 31 December 2023, the Group has entered into asymmetric forward transaction with a maturity of 91-93 days and nominal value amounting to USD 5.000 thousand (31 December 2022: EUR 13.421 thousand with a maturity of 11-42 days). (Note 32).

(2) As of 31 December 2023, the Group's future transactions consist of propane, butane, naphtha products and freight swaps.

## NOTE 8 - TRADE RECEIVABLES AND PAYABLES FROM THIRD PARTIES

The Group's trade receivables from third parties as of 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Trade receivables	3.655.886	3.752.280
Notes receivables	94.219	112.477
Allowance for doubtful receivables (-)	(36.797)	(44.480)
<b>Total current trade receivables</b>	<b>3.713.308</b>	<b>3.820.277</b>
	31 December 2023	31 December 2022
Notes receivable	16.070	13.405
<b>Total non-current trade receivables</b>	<b>16.070</b>	<b>13.405</b>

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**NOTE 8 - TRADE RECEIVABLES AND PAYABLES FROM THIRD PARTIES (CONTINUED)**

The Group's movements of doubtful receivables are as follows:

	<b>2023</b>	2022
<b>As of January 1</b>	<b>44.480</b>	73.720
Increases during the period	11.872	578
Collections	(470)	(987)
Monetary gain / (loss)	(18.560)	(28.831)
Write offs	(525)	-
<b>As of 31 December 2023</b>	<b>36.797</b>	44.480

Allowance for doubtful receivables has been raised per customer, based on the past experiences of the Company management. Level and composition of risks of trade receivables are explained in Note 32.

The Group's trade payables to third parties as of 31 December 2023 and 2022 are as follows:

	<b>31 December 2023</b>	31 December 2022
Trade payables	4.187.641	5.820.077
<b>Total short-term trade payables</b>	<b>4.187.641</b>	5.820.077

**NOTE 9 - OTHER RECEIVABLES AND PAYABLES FROM THIRD PARTIES**

The Group's other receivables from third parties as of 31 December 2023 and 2022 are as follows:

	<b>31 December 2023</b>	31 December 2022
Guarantees and deposits given	1.149	101.515
Other receivables	5.740	5.685
<b>Total other current receivables</b>	<b>6.889</b>	107.200

## AYGAZ ANONİM ŞİRKETİ

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**NOTE 9 - OTHER RECEIVABLES AND PAYABLES FROM THIRD PARTIES (CONTINUED)**

	31 December 2023	31 December 2022
Guarantees and deposits given	4.021	1.063
<b>Total other non-current receivables</b>	<b>4.021</b>	1.063

As of 31 December 2023 and 2022, other payables to third parties of the Group are as follows:

	31 December 2023	31 December 2022
Deposits and guarantees taken	5.981	4.996
<b>Total other short-term payables</b>	<b>5.981</b>	4.996

	31 December 2023	31 December 2022
Cylinder deposits received	213.261	208.011
<b>Total other long-term payables</b>	<b>213.261</b>	208.011

**NOTE 10 – LIABILITIES FOR EMPLOYEE BENEFITS**

As of 31 December 2023 and 2022, liabilities for employee benefits of the Group are as follows:

	31 December 2023	31 December 2022
Employee's income tax payable	143.022	124.448
Payables to personnel	62.138	43.682
Social security liabilities	61.009	46.167
<b>Total liabilities for employee benefits</b>	<b>266.169</b>	214.297

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**NOTE 11 – INVENTORIES**

	<b>31 December 2023</b>	31 December 2022
Raw materials	1.805.379	3.597.535
Work in process	9.477	11.526
Finished goods	51.402	99.306
Trade goods	118.627	140.163
	<b>1.984.885</b>	<b>3.848.530</b>

As of 31 December 2023, the inventories comprise of 107.471 tons of LPG (31 December 2022: 180.476 tons).

**NOTE 12 – EQUITY INVESTMENTS**

The details of carrying values and consolidation rates subject to equity investments are as follows:

	<b>31 December 2023</b>		31 December 2022	
	Participation amount	Participation rate (%)	Participation amount	Participation rate (%)
EYAŞ (*)	26.289.249	20,00	23.762.440	20,00
OAGM	1.188.405	50,00	1.180.456	50,00
United Aygaz (**)	451.201	50,00	534.417	50,00
	<b>27.928.855</b>		<b>25.477.313</b>	

(\*) The registration transactions regarding the transfer of the total capital of Entek, in which the Company held 49,62% share, to Tüpraş via partial demerger with the share transfer model to the shareholders was completed on 26 August 2022, and the disposal process of the joint venture was completed. With this transaction, EYAŞ, which owns 46,40% of Tüpraş, has gained a share purchase of TRY 1.141.915 thousand, and this gain is indicated by deducting the disposal effect of the joint venture at the rate of the Company's ownership in EYAŞ in accordance with the share transfer model to the shareholders.

The movement of equity investments is as follows:

	<b>2023</b>	2022
<b>As of January 1</b>	<b>25.477.313</b>	20.916.554
Shares of profit/(loss)	5.089.054	6.163.040
Shares of other comprehensive income/(loss)	(147.318)	1.155.147
Dividend income	(2.837.578)	-
Disposal effect of the joint venture	-	(3.123.010)
Purchase of interest in joint venture and increase in capital (*)	<b>347.384</b>	365.582
<b>As of 31 December 2023</b>	<b>27.928.855</b>	<b>25.477.313</b>

(\*) With the Board of Directors Decision of the Company dated on 6 February 2023, it was decided to increase capital of United Aygaz, USD 12.000 thousand, and the USD 6.000 thousand, corresponding to 50% share of the Company has been paid on 27 February 2023 and 27 March 2023. With the Board of Directors Decision of the Company dated on 30 November 2023, it was decided to increase capital of United Aygaz, USD 12.000 thousand, and the USD 6.000 thousand, corresponding to 50% share of the Company has been paid on 5 and 27 December 2023 (Note 1).

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## NOTE 12 – EQUITY INVESTMENTS (CONTINUED)

Shares of profit (loss) of equity investments:

	1 January - 31 December 2023	1 January - 31 December 2022
EYAŞ	5.077.322	4.714.375
Entek	-	1.486.365
OAGM	7.949	(21.586)
United Aygaz	3.783	(16.114)
	<b>5.089.054</b>	6.163.040

Shares of other comprehensive gains (losses) of equity investments:

	1 January - 31 December 2023	1 January - 31 December 2022
EYAŞ (*)	287.065	1.125.097
Entek	-	66.580
United Aygaz	(434.383)	(36.530)
	<b>(147.318)</b>	1.155.147

(\*) EYAŞ uses investment loans amounting to USD 23.586 thousand equivalent to TRY 694.329 thousand (31 December 2022- USD 205.010 thousand equivalent to TRY 6.316.300 thousand adjusted to 2023 purchasing power) as a hedging instrument against USD/TRY spot foreign exchange risk due to highly probable estimated USD denominated issuance income. As a result of the effectiveness test performed in this context, the Group has determined that the entire transaction is effective and applied cash flow hedge accounting. As of 31 December 2023, the foreign exchange loss on investment loans amounting to TRY 604.270 (31 December 2022- TRY 5.195.798 thousand) is recognised in the "Hedging gains (losses)" account under equity until the cash flows of the hedged item are realised and recognised in the current period income statement does not have an impact.

Financial information on Enerji Yatırımları A.Ş., which is accounted in the Group's financial statements according to equity pick-up method is set out below:

	31 December 2023	31 December 2022
Total assets	411.863.586	392.054.446
Total liabilities	(163.914.255)	(168.315.695)
Non-controlling interest	(116.503.088)	(104.926.549)
<b>Net assets</b>	<b>131.446.243</b>	118.812.202
Group's ownership	20%	20%
Groups share in associates net assets	26.289.249	23.762.440
	1 January - 31 December 2023	1 January - 31 December 2022
Revenue	686.528.507	887.712.620
Profit for the period	25.386.608	23.571.876
<b>Group's share in associates' profit for the period</b>	<b>5.077.322</b>	4.714.375

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**NOTE 12 – EQUITY INVESTMENTS (CONTINUED)**

Financial information on Entek which is accounted in the Group's financial statements according to equity pick-up method is set out below:

	<b>26 August 2022</b>
Total assets	18.164.027
Total liabilities	(6.886.595)
<b>Net assets</b>	<b>11.277.432</b>
Group's ownership (*)	-
Group's share in associates' net assets	-
	<b>1 January - 26 August 2022</b>
Revenue	8.588.577
Profit for the period	2.995.495
<b>Group's share in associates' profit for the period</b>	<b>1.486.365</b>

(\*) The registration transactions regarding the transfer of the total capital of Entek, in which the Company held 49,62% share, to Tüpraş via partial demerger with the share transfer model to the shareholders was completed on 26 August 2022, and the disposal process of the joint venture was completed.

Financial information on Opet Aygaz Gayrimenkul A.Ş., which is accounted in the Group's financial statements according to equity pick-up method is set out below:

	<b>31 December 2023</b>	31 December 2022
Total assets	2.474.077	2.691.999
Total liabilities	(97.266)	(331.088)
<b>Net assets</b>	<b>2.376.811</b>	2.360.911
	<b>50%</b>	50%
Group's ownership		
Group's share in associates' net assets	<b>1.188.405</b>	1.180.456
	<b>1 January - 31 December 2023</b>	1 January - 31 December 2022
Revenue	67.311	61.488
Profit for the period	15.899	(43.171)
<b>Group's share in associates' profit for the period</b>	<b>7.949</b>	(21.586)

## AYGAZ ANONİM ŞİRKETİ

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## NOTE 12 – EQUITY INVESTMENTS (CONTINUED)

Financial information on United Aygaz, which is accounted in the Group's financial statements according to equity pick-up method is set out below:

	<b>31 December 2023</b>	31 December 2022
Total assets	1.633.348	1.677.778
Total liabilities	(730.946)	(608.944)
<b>Net assets</b>	<b>902.402</b>	1.068.834
Group's ownership	50%	50%
Group's share in associates' net assets	451.201	534.417
	<b>1 January - 31 December 2023</b>	1 January - 31 December 2022
Revenue	1.137.071	207.599
Profit for the period	7.566	(32.228)
<b>Group's share in associates' profit for the period</b>	<b>3.783</b>	(16.114)

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**NOTE 13 – PROPERTY, PLANT AND EQUIPMENT**

	Land	Land improvements	Buildings	Plant, machinery, equipment and LPG cylinders	Vehicles and vessels	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
<b>Acquisition cost</b>									
<b>As of 1 January 2023</b>	<b>268.207</b>	<b>1.944.523</b>	<b>1.042.344</b>	<b>22.862.384</b>	<b>2.032.742</b>	<b>945.406</b>	<b>413.745</b>	<b>267.337</b>	<b>29.776.688</b>
Additions	-	13	-	4.911	66.155	104.335	16.103	510.315	701.832
Transfers (*)	-	44.119	4.322	242.029	82.986	37.266	-	(457.287)	(46.565)
Disposals	-	(4.757)	(3.074)	(164.729)	(54.103)	(80.125)	-	(27.470)	(334.258)
<b>As of 31 December 2023</b>	<b>268.207</b>	<b>1.983.898</b>	<b>1.043.592</b>	<b>22.944.595</b>	<b>2.127.780</b>	<b>1.006.882</b>	<b>429.848</b>	<b>292.895</b>	<b>30.097.697</b>
<b>Accumulated depreciation</b>									
<b>As of 1 January 2023</b>	-	<b>1.214.676</b>	<b>851.966</b>	<b>20.821.584</b>	<b>1.314.313</b>	<b>712.663</b>	<b>374.785</b>	-	<b>25.289.987</b>
Charge of the period	-	57.918	15.764	373.112	99.640	63.673	10.948	-	621.055
Disposals	-	(2.822)	(962)	(149.592)	(14.477)	(27.931)	-	-	(195.784)
<b>As of 31 December 2023</b>	-	<b>1.269.772</b>	<b>866.768</b>	<b>21.045.104</b>	<b>1.399.476</b>	<b>748.405</b>	<b>385.733</b>	-	<b>25.715.258</b>
<b>Net book value</b>	<b>268.207</b>	<b>714.126</b>	<b>176.824</b>	<b>1.899.491</b>	<b>728.304</b>	<b>258.477</b>	<b>44.115</b>	<b>292.895</b>	<b>4.382.439</b>

(\*) TRY 46.565 thousand under "Construction in progress" under the account property, plant and equipment has been classified to intangible fixed assets.

## AYGAZ ANONİM ŞİRKETİ

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## NOTE 13 – PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land	Land improvements	Buildings	Plant, machinery, equipment and LPG cylinders	Vehicles and vessels	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
<b>Acquisition cost</b>									
As of 1 January 2022	268.207	1.916.457	1.037.713	22.828.493	1.961.920	864.899	404.330	187.752	29.469.771
Additions	-	412	-	1.928	74.089	110.316	12.540	413.021	612.306
Transfers (*)	-	30.724	4.929	229.139	6.758	32.279	226	(333.272)	(29.217)
Disposals	-	(3.070)	(298)	(197.339)	(10.025)	(62.088)	(3.352)	-	(276.172)
As of 31 December 2022	268.207	1.944.523	1.042.344	22.862.221	2.032.742	945.406	413.744	267.501	29.776.688
<b>Accumulated depreciation</b>									
As of 1 January 2022	-	1.156.991	834.384	20.612.644	1.229.498	674.666	368.581	-	24.876.764
Charge of the period	-	58.728	17.630	390.470	94.440	58.639	8.585	-	628.492
Disposals	-	(1.043)	(48)	(181.530)	(9.625)	(20.642)	(2.381)	-	(215.269)
As of 31 December 2022	-	1.214.676	851.966	20.821.584	1.314.313	712.663	374.785	-	25.289.987
Net book value	268.207	729.847	190.378	2.040.637	718.429	232.743	38.959	267.501	4.486.701

(\*) TRY 29.217 thousand under "Construction in progress" under the account property, plant and equipment has been classified to intangible fixed assets.

**AYGAZ ANONİM ŞİRKETİ**

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**NOTE 13 – PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

As of 31 December 2023 and 2022, the details of depreciation expenses are as follows:

	<b>1 January - 31 December 2023</b>	1 January - 31 December 2022
Cost of sales	469.838	500.385
General administrative expenses	116.082	93.299
Capitalized on cylinders	8.385	7.903
Marketing expenses	26.750	26.905
	<b>621.055</b>	628.492

**NOTE 14 – INTANGIBLE ASSETS**

	<b>Rights</b>
Acquisition costs	
<b>As of 1 January 2023</b>	<b>939.423</b>
Additions	69.634
Transfers (*)	46.565
<b>As of 31 December 2023</b>	<b>1.055.622</b>
Accumulated amortisation	
<b>As of 1 January 2023</b>	<b>762.690</b>
Charge for the period	51.764
<b>As of 31 December 2023</b>	<b>814.454</b>
<b>Net book value</b>	<b>241.168</b>

(\*) TRY 46.565 thousand under "Construction in progress" under the account property, plant and equipment has been classified to intangible fixed assets.

## AYGAZ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL  
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## NOTE 14 – INTANGIBLE ASSETS (CONTINUED)

	Rights
Acquisition costs	
As of 1 January 2022	839.906
Additions	70.136
Transfers (*)	29.217
As of 31 December 2022	939.259
Accumulated amortisation	
As of 1 January 2022	724.977
Charge for the period	37.549
As of 31 December 2022	762.526
Net book value	176.733

(\*) TRY 29.217 thousand under "Construction in progress" under the account property, plant and equipment has been classified to intangible fixed assets.

As of 31 December 2023 and 2022, the details of amortization expenses of intangible assets are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
General administrative expenses	51.764	37.549
	<b>51.764</b>	<b>37.549</b>

## NOTE 15 – RIGHT OF USE ASSETS

	Land	Land improvements	Buildings	Plant, machinery, equipment and LPG cylinders	Vehicles and vessels	Furniture and fixtures	Total
<b>As of 1 January 2023</b>	<b>17.159</b>	<b>14.746</b>	<b>166.400</b>	<b>117.465</b>	<b>68.020</b>	<b>99</b>	<b>383.889</b>
Additions	333	1.005	99.492	-	94.675	-	195.505
Disposals	(1.634)	-	(27.632)	-	(15.898)	-	(45.164)
Charge for the period	(1.924)	(805)	(63.109)	(10.628)	(66.182)	(43)	(142.691)
Disposals from accumulated depreciation	1.634	-	19.883	-	15.485	-	37.002
<b>As of 31 December 2023</b>	<b>15.568</b>	<b>14.946</b>	<b>195.034</b>	<b>106.837</b>	<b>96.100</b>	<b>56</b>	<b>428.541</b>
As of 1 January 2022	14.006	15.494	147.683	128.093	429.537	140	734.953
Additions	5.858	-	61.584	-	189.837	-	257.279
Disposals	-	-	(8.181)	-	(995.895)	-	(1.004.076)
Charge for the period	(2.707)	(748)	(40.780)	(10.628)	(335.359)	(41)	(390.263)
Disposals from accumulated depreciation	2	-	6.094	-	779.900	-	785.996
As of 31 December 2022	17.159	14.746	166.400	117.465	68.020	99	383.889

**AYGAZ ANONİM ŞİRKETİ****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

**NOTE 15 – RIGHT OF USE ASSETS (CONTINUED)**

As of 31 December 2023 and 2022, the details of depreciation expenses related to the right of use assets are as follows:

	<b>1 January - 31 December 2023</b>	1 January - 31 December 2022
Cost of sales	73.812	36.858
General administrative expenses	45.994	91.866
Marketing expenses	22.885	261.539
	<b>142.691</b>	390.263

**NOTE 16 – CONTINGENT ASSETS AND LIABILITIES**

Guarantees given as of 31 December 2023 and 31 December 2022 are as follows:

	<b>31 December 2023</b>	31 December 2022
Letter of guarantees given for gas purchase	2.537.176	1.665.517
Other letter of guarantees given	493.146	1.016.274
	<b>3.030.322</b>	2.681.791

**The liability for environmental pollution:**

According to the effective environmental laws, the Group is responsible for the environmental pollution it causes as a result of its operational activities without seeking a reason of fault. The Group may be fined with an indemnity if the Group causes an environmental pollution. There is no case opened for environmental pollution against the Group, accordingly the Group does not have a liability related with the environmental pollution cases as of the consolidated balance sheet date.

**National inventory reserve liability:**

Due to the liability of the storage of national petroleum stocks, petroleum products and LPG distributor license owners should hold a minimum of twenty days' average reserves at their own or other licensed storages, either together or separately. Within the decision of National Petroleum Reserves Commission numbered 2018/3 on 28 December 2018, it was decided to keep the national petroleum stocks minimum 20 days as of 1 July 2019 by the petroleum products and LPG distributor license owners.

## AYGAZ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

## NOTE 16 – CONTINGENT ASSETS AND LIABILITIES (CONTINUED)

The details of the Company's and its subsidiaries' guarantees given or contingent liabilities on the behalf of each other, related parties, parent company or third parties within the context of business operations or other purposes are as follows:

	31 December 2023					31 December 2022				
	TL Equivalent of Euro	TL Equivalent of USD	TL Equivalent of other	TL	Total TL	TL Equivalent of Euro	TL Equivalent of USD	TL Equivalent of other	TL	Total TL
<b>A. CPMBs given on behalf of the Company's legal personality</b>	360.837	25.684	-	2.386.069	2.772.590	363.886	12.248	-	1.861.268	2.237.402
<b>B. CPMBs given in favor of subsidiaries included in full consolidation (*)</b>	-	214.392	-	43.227	257.619	-	353.279	-	87.503	440.782
<b>C. CPMBs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business (*)</b>	-	-	-	113	113	-	-	-	3.607	3.607
<b>D. Other CPMBs</b>	-	-	-	-	-	-	-	-	-	-
i. CPMBs given in favor of parent company	-	-	-	-	-	-	-	-	-	-
ii. CPMBs given in favor of companies not in the scope of B and C above	-	-	-	-	-	-	-	-	-	-
iii. CPMBs given in favor of third party companies not in the scope of C above	-	-	-	-	-	-	-	-	-	-
Total amount of CPMBs	360.837	240.076	-	2.429.409	3.030.322	363.886	365.527	-	1.952.378	2.681.791

(\*) As of 31 December 2023, total amount of commission accrued for guarantees given or contingent liabilities except 'A. CPMBs given on behalf of the Company's legal personality' is TRY 2.826 thousand (31 December 2022: TRY 2.852 thousand).

**AYGAZ ANONİM ŞİRKETİ****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

**NOTE 17 – LONG-TERM PROVISION FOR EMPLOYEE BENEFITS**

Details of long-term provisions for employee benefits as of 31 December 2023 and 2022 are as follows:

	<b>31 December 2023</b>	31 December 2022
Provision for employment termination benefits	208.971	346.256
Vacation pay liabilities	37.929	32.301
<b>Total long-term provision for employee benefits</b>	<b>246.900</b>	378.557

Retirement pay provision:

Under the Turkish Legislations, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service and reaches the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of full TRY 35.058,58 (31 December 2022: TRY 19.982,83) for each year of service at 31 December 2023.

The liability is not funded, as there is no funding requirement.

In accordance with Turkish Labour Code, employment termination benefit is the present value of the total estimated provision for the liabilities of the personnel who may retire in the future. The provision made for present value of determined social relief is calculated by the prescribed liability method. All actuarial profits and losses are accounted in the other comprehensive income statement.

TFRS require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. The Group makes a calculation for the employment termination benefit by applying the prescribed liability method, by the experiences and by considering the personnel who become eligible for pension. This provision is calculated by expecting the present value of the future liability which will be paid for the retired personnel.

Accordingly, the following actuarial assumptions were used in the calculation of the total provision:

	<b>2023</b>	2022
Net discount rate (%)	2,90	0,55
Average turnover rate related to the probability of retirement (%)	95,34	96,13

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.

## AYGAZ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL  
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**NOTE 17 – LONG-TERM PROVISION FOR EMPLOYEE BENEFITS (CONTINUED)**

The movements of retirement pay provision for the period ended 31 December 2023 and 2022 are as follows:

	<b>2023</b>	2022
<b>As of January 1</b>	346.256	219.601
Service cost	70.422	144.688
Interest cost	54.634	11.973
Actuarial loss (gain)	8.971	103.415
Monetary gain / (loss)	(125.917)	(97.479)
Payments during the period	(145.395)	(35.942)
<b>As of December 31</b>	<b>208.971</b>	346.256

**NOTE 18 – PROVISIONS**

	<b>31 December 2023</b>	31 December 2022
Provision for price revision (*)	571.071	597.706
Provision for EMRA contribution	33.323	41.189
Provision for selling and marketing expenses	28.621	27.787
Provision for lawsuit	23.209	24.567
Provision for warranty expenses	4.146	6.832
Provision for other operating expenses	114.403	57.999
<b>Other short-term provisions</b>	<b>774.773</b>	756.080

(\*) As per the contract with Akfel Gaz Sanayi ve Ticaret A.Ş. ("Akfel") which is the natural gas supplier of the Company's subsidiary Aygaz Doğal Gaz Toptan Satış A.Ş. ("ADG"), as the price revision arbitration process between Akfel and Gazprom Export LLC ("Gazprom") resulted against Akfel, the amount of provision set aside as of 31 December 2023 is USD 19.399 thousand (the equivalent of TRY 571.071 thousand) (31 December 2022: USD 19.399 thousand provision – the equivalent of TRY 597.706 thousand).

**AYGAZ ANONİM ŞİRKETİ**

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**NOTE 18 - PROVISIONS (CONTINUED)**

The movements of the provision for the other operating expenses for the period ended 31 December 2023 and 2022 are as follows:

	<b>2023</b>	2022
<b>As of January 1</b>	57.999	47.980
Increases during the period	121.575	61.544
Payments during the period	(31.413)	(36.972)
Monetary gain / (loss)	(33.758)	(14.553)
<b>As of December 31</b>	<b>114.403</b>	57.999

	<b>31 December 2023</b>	31 December 2022
Provision for success fees (*)	-	100.420
Other long-term provisions	-	100.420

(\*) The entire amount includes the long-term success fee provision that the Company's subsidiary, Sendeo, is obliged as of 31 December 2022 within the scope of the long-term Consulting Agreement with McKinsey (Note 1).

**NOTE 19 - OTHER SHORT-TERM PROVISIONS AND LIABILITIES**

	<b>31 December 2023</b>	31 December 2022
Deferred VAT	424.073	658.915
Fuel used in shipping operations	57.271	41.645
Income accrual	14.900	45.208
Other current assets	3.495	43.857
<b>Other current assets</b>	<b>499.739</b>	789.625

	<b>31 December 2023</b>	31 December 2022
Taxes and funds payable	473.616	226.793
Other liabilities	21.087	17.716
<b>Other short-term liabilities</b>	<b>494.703</b>	244.509

## AYGAZ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

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## NOTE 20 – PREPAID EXPENSES

As of 31 December 2023 and 2022, the details of Group's prepaid expenses in current assets are as follows:

	31 December 2023	31 December 2022
Prepaid expenses	102.149	92.808
Advances given	11.983	49.608
<b>Short-term prepaid expenses</b>	<b>114.132</b>	<b>142.416</b>
	31 December 2023	31 December 2022
Prepaid expenses	41.982	65.048
<b>Long-term prepaid expenses</b>	<b>41.982</b>	<b>65.048</b>

## NOTE 21 – DEFERRED INCOME

	31 December 2023	31 December 2022
Advances taken	33.522	5.214
Prepaid income	16.006	7.295
<b>Short-term deferred income</b>	<b>49.528</b>	<b>12.509</b>

## NOTE 22 – SHARE CAPITAL

Shareholders	Participation rate (%)	31 December 2023	Participation rate (%)	31 December 2022
Koç Holding A.Ş.	40,68	89.425	40,68	89.425
Liquid Petroleum Gas Development Company ("LPGDC") (*)	24,52	53.885	24,52	53.885
Temel Ticaret ve Yatırım A.Ş.	5,77	12.693	5,77	12.693
Koç Ailesi üyeleri	4,76	10.452	4,76	10.452
Halka açık (*)	24,27	53.346	24,27	53.346
<b>Nominal capital (**)</b>	<b>100,00</b>	<b>219.801</b>	<b>100,00</b>	<b>219.801</b>
Inflation adjustment (***)		4.013.723		4.013.723
<b>Adjusted capital</b>		<b>4.233.524</b>		<b>4.233.524</b>

(\*) TRY 2.725.041,31 under publicly held shares (0,91% participation rate on the share capital) belong to Hilal Madeni Eşya Ticaret Sanayi ve Yatırım A.Ş., a 100% owned subsidiary of LPGDC.

(\*\*) Since the transfer transactions of Entek's shares to Tüpraş through a partial demerger with the share transfer model to the shareholders, the capital of the Company decreased from TRY 300.000.000 to TRY 219.800.767.

(\*\*\*) Adjustment to share capital" represents the restatement effect of cash and cash equivalent contributions to share capital measured in accordance with the IAS/IFRS promulgated by the POA. "Adjustment to share capital" has no use other than being transferred to paid-in share capital.

**AYGAZ ANONİM ŞİRKETİ**

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**NOTE 22 - SHARE CAPITAL (CONTINUED)**

Restricted reserves assorted from the profit

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is 10% of dividend distributed exceeding 5% of paid-in share capital. According to Turkish Commercial Code, legal reserves may only be used as long as it does not exceed 50% of the paid capital. It may not be used under any circumstances.

The details of the restricted reserves are stated below:

	<b>31 December 2023</b>	31 December 2022
Legal reserves	2.817.290	2.785.525
Gain on sale of subsidiary share that will be added to capital	132.473	188.933
	<b>2.949.763</b>	<b>2.974.458</b>

<b>31.12.2023 (according to IFRS)</b>	<b>Nominal Value</b>	<b>Effect of Inflation Adjustment</b>	<b>Indexed Value</b>
Capital	219.801	4.013.723	4.233.524
Legal reserves	381.034	2.436.256	2.817.290

<b>31.12.2023 (according to TPL)</b>	<b>Nominal Değer</b>	<b>Effect of Inflation Adjustment</b>	<b>Indexed Value</b>
Capital	219.801	6.699.041	6.918.842
Legal reserves	381.034	4.167.530	4.548.564

**Dividend distribution**

Listed companies distribute dividend in accordance with the Communiqué No. II-19.1 issued by the CMB which is effective from 1 February 2014.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and also in conformity with relevant legislations. The communiqué does not constitute a minimum dividend rate. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of incorporation. In addition, dividend can be distributed by fixed or variable installments and advance dividend can be paid in accordance with profit on financial statements of the Company.

In accordance with the Turkish Commercial Code (TCC), unless the required reserves and the dividend for shareholders as determined in the article of association or in the dividend distribution policy of the company are set aside, 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 usufruct right certificates, to the members of the board of directors or to the employees; and no dividend can be distributed to these persons unless the determined dividend for shareholders is paid in cash.

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## NOTE 22 – SHARE CAPITAL (CONTINUED)

### Dividend distribution (Continued)

The Company's statutory profit for the period and other sources that are subject the profit distribution as of 31 December 2023, amounts to TRY 3.499.326 thousand (31 December 2022: TRY 1.545.854 thousand).

#### Dividends paid

In the Ordinary General Meeting held on 20 March 2023, the Company decided to reserve TRY 21.693 thousand as legal reserves and distribute TRY 219.801 thousand (indexed TRY 314.370 thousand) gross dividends from the net distributable income of 2022 and dividends have been started to be paid as of 27 March 2023.

#### Gains and losses on financial assets measured at fair value through other comprehensive income:

Gains and losses from the revaluation and reclassification are related to financial assets and their details are as follows:

	31 December 2023	31 December 2022
Koç Finansal Hizmetler A.Ş.	875.288	865.042
	<b>875.288</b>	865.042

#### Currency translation adjustment

Currency translation adjustment as of 31 December 2022 represents the Company's share of currency translation adjustment of equity investment and currency translation adjustments of the Group's branch in London, Aygaz UK, whose functional currency is USD.

#### Financial risk hedging reserve:

The hedging gains/(losses) of EYAŞ, which is an investment accounted by the equity method of the Group, are disclosed in Note 12.

## NOTE 23 - REVENUE AND COST OF SALES

	1 January - 31 December 2023	1 January - 31 December 2022
Domestic sales	51.095.087	54.578.647
Export sales	15.399.443	18.073.943
Sales returns (-)	(202.859)	(126.959)
Sales discounts (-)	(1.457.026)	(1.237.980)
<b>Total revenue, net</b>	<b>64.834.645</b>	71.287.651
Sales of goods and services	60.320.136	65.459.935
Sales of merchandises	4.514.509	5.827.716
<b>Revenue</b>	<b>64.834.645</b>	71.287.651

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**NOTE 23 - REVENUE AND COST OF SALES (CONTINUED)**

The accounting policy of Special Consumption Tax (SCT) on imported LPG which is required to be paid after the declaration made to the Republic of Turkey, Ministry of Finance is applied to be included in revenues and cost of goods sold (Gross profit and net income is not impacted by this record). For the period 1 January-31 December 2023, SCT on imported LPG included in revenues and the cost of goods sold is amounting to TRY 6.705.624 thousand (1 January-31 December 2022: TRY 4.427.107 thousand).

	<b>1 January - 31 December 2023</b>	1 January - 31 December 2022
Raw materials used	52.090.584	59.470.598
Production overheads	806.067	717.002
Personnel expenses	545.869	442.894
Depreciation expenses	396.149	433.279
Change in finished goods inventories	(55.791)	(112.529)
<b>Total cost of goods sold</b>	<b>53.782.878</b>	60.951.244
Cost of services rendered	1.920.949	1.228.915
Personnel expenses	192.276	169.969
Depreciation expenses	147.501	103.964
<b>Total cost of services rendered</b>	<b>2.260.726</b>	1.502.848
Cost of merchandises cost	3.828.248	4.975.562
<b>Total cost of sales</b>	<b>59.871.852</b>	67.429.654

**NOTE 24 – GENERAL ADMINISTRATIVE EXPENSES, MARKETING RESEARCHED AND DEVELOPMENT EXPENSES**

	<b>1 January - 31 December 2023</b>	1 January - 31 December 2022
General administrative expenses	2.141.142	1.715.331
Marketing expenses	2.444.554	2.151.556
Research and development expenses	27.487	18.177
	<b>4.613.183</b>	3.885.064

## AYGAZ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL  
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(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

**NOTE 24 – GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES AND RESEARCHED AND DEVELOPMENT EXPENSES (CONTINUED)**

	<b>1 January - 31 December 2023</b>	1 January - 31 December 2022
<b>General administrative expenses</b>		
Personnel expenses	1.212.198	858.035
Depreciation and amortization expenses	213.840	221.885
Information technology expenses	143.555	103.620
Insurance expenses	56.896	44.662
Maintenance expenses	47.958	35.749
Tax expenses	47.179	47.063
Transportation expenses	44.633	53.098
Communication expenses	27.910	18.871
Lawsuit, consultancy and auditing expenses	26.505	107.237
Post office expenses	6.377	6.700
Rent expenses	2.472	6.672
Other administrative expenses	311.619	211.739
<b>Total</b>	<b>2.141.142</b>	1.715.331
<b>Marketing expenses</b>		
Transportation, distribution and warehousing expenses	1.337.066	1.103.649
Personnel expenses	321.393	261.810
Advertising and promotion expenses	176.688	112.648
Sales expenses	147.997	124.259
After sales services and maintenances expenses	53.872	44.817
Depreciation and amortization expenses	49.653	290.173
License expenses	41.625	47.536
Transportation expenses	35.504	22.687
Other marketing expenses	280.756	143.977
<b>Total</b>	<b>2.444.554</b>	2.151.556
<b>Research and development expenses</b>		
Research and development expenses	27.487	18.177
<b>Total</b>	<b>27.487</b>	18.177

**AYGAZ ANONİM ŞİRKETİ**

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**NOTE 25 – EXPENSES RELATED TO NATURE**

<b>Expenses related to their nature</b>	<b>1 January - 31 December 2023</b>	1 January - 31 December 2022
Personnel expenses	1.533.591	1.119.846
Transportation, distribution and warehousing expenses	1.337.066	1.103.649
Depreciation and amortization expenses	263.493	512.058
Advertising and promotion expenses	176.688	112.648
Sales expenses	147.997	124.259
Information technology expenses	143.555	103.620
Transportation expenses	80.137	75.785
Insurance expenses	56.896	44.662
After sales services and maintenances expenses	53.872	44.817
Maintenance expenses	47.958	35.749
Tax expenses	47.179	47.063
License expenses	41.625	47.536
Communication expenses	27.910	18.871
Outsourced research and development expenses	27.487	18.177
Lawsuit, consultancy and auditing expenses	26.505	107.237
Other	601.224	369.087
<b>Total</b>	<b>4.613.183</b>	3.885.064

**Fees for Services Received from Independent Auditor/Independent Audit Firms**

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

	<b>2023</b>	2022
Audit and assurance fee	2.252	2.030
Other assurance services fee	781	484
<b>Total</b>	<b>3.033</b>	2.514

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**NOTE 26 – OTHER OPERATING INCOME/EXPENSES**

Other operating income for the years ended as of 31 December 2023 and 2022 are as follows:

<b>Other operating income</b>	<b>1 January - 31 December 2023</b>	1 January - 31 December 2022
Foreign exchange gains arising from trading activities	713.590	1.383.805
Income generated from maturity differences of sales	577.211	452.283
Provisions no longer required (*)	63.457	473.650
Income from port services	52.837	48.733
Rent income	18.175	19.139
LPG pipeline usage income	15.116	14.143
Goodwill expenses from prior years	413	1.475
Gain on sale of scrap	310	4.184
Other income and profits	149.106	120.948
<b>Total</b>	<b>1.590.215</b>	2.518.360

(\*) This amount includes the provisions no longer required amounting to TRY 472.482 thousand in 2022 as a result of the re- evaluation within the Price Revision Cost Provision of Aygaz Doğal Gaz Toptan Satış, the subsidiary of the Company, within the framework of the Company's best estimates.

Other operating expenses for the years ended as of 31 December 2023 and 2022 are as follows:

<b>Other operating expense</b>	<b>1 January - 31 December 2023</b>	1 January - 31 December 2022
Foreign exchange losses arising from trading activities	1.192.626	1.899.542
Expenses from maturity differences of purchases	217.523	184.325
Foreign exchange losses related to price revision provision (*)	208.344	393.515
Provision expenses	23.602	7.527
Other expenses and losses	86.291	33.947
<b>Total</b>	<b>1.728.386</b>	2.518.856

(\*) This amount includes the price revision provision currency valuation effect of the Company's subsidiary Aygaz Doğal Gaz Toptan Satış (Note: 18). The currency risk of subjected provision is managed within the framework of the Group's currency risk management practices (Note: 32).

**AYGAZ ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023**

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**NOTE 27 – INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES**

	<b>1 January - 31 December 2023</b>	1 January - 31 December 2022
<b>Income from investment activities</b>		
Dividend income from financial activities	184.590	34.804
Change in fair value of financial investments	70.599	-
Income from sales of property, plant and equipment	66.911	69.743
<b>Total</b>	<b>322.100</b>	104.547
<b>Expense from investment activities</b>		
Loss on sale of property, plant and equipment	18.158	25.680
<b>Total</b>	<b>18.158</b>	25.680

**NOTE 28 – FINANCIAL INCOME AND EXPENSES**

	<b>1 January - 31 December 2023</b>	1 January - 31 December 2022
<b>Financial income</b>		
Foreign exchange gains	726.852	664.118
Interest income	540.463	250.508
Fair value differences on derivative transactions	22.372	1.693
<b>Total</b>	<b>1.289.687</b>	916.319

## AYGAZ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

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## NOTE 28 – FINANCIAL INCOME AND EXPENSES (CONTINUED)

	<b>1 January - 31 December 2023</b>	1 January - 31 December 2022
<b>Financial expense</b>		
Foreign exchange losses	981.831	473.906
Interest expenses	642.248	986.891
Interest expenses on lease liabilities	36.262	49.510
Commission expense of letter of credit	14.668	28.784
Other financial expenses	76.741	86.108
<b>Total</b>	<b>1.751.750</b>	1.625.199

## NOTE 29 – EARNINGS PER SHARE

	<b>1 January - 31 December 2023</b>	1 January - 31 December 2022
Average number of ordinary shares outstanding during the period (one thousand)	21.980.100	27.326.700
Net profit for the year attributable equity holders of the parent company	5.953.903	6.848.121
<b>Earnings (losses) per hundred shares (TL)</b>	<b>27,0877</b>	25,0602

## NOTE 30 – TAX ASSETS AND LIABILITIES

	<b>31 December 2023</b>	31 December 2022
Current corporate tax provision	394.972	99.266
Less: Prepaid taxes and funds	(288.936)	48.642
Net monetary gain / (loss)	(26.460)	(135.127)
<b>Current tax liability</b>	<b>79.576</b>	12.781
	<b>1 January - 31 December 2023</b>	1 January - 31 December 2022
Current corporate tax provision	(394.972)	(99.266)
Deferred tax income	469.745	130.726
<b>Total tax expense</b>	<b>74.773</b>	31.460

**AYGAZ ANONİM ŞİRKETİ****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023**

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**NOTE 30 – TAX ASSETS AND LIABILITIES (CONTINUED)****Corporate tax**

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated tax charge based on the Group's results for the years and periods.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

As of 31 December 2023 the rate of tax is 25% (2022: 23%). Corporation tax rate is applied to net income of the companies after adjusting for certain disallowable expenses, exempt income and allowances.

In Turkey, advance tax returns are filed on a quarterly basis. Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. Tax carry back is not allowed.

In accordance with the Law No. 7440 on the "Restructuring of Certain Receivables and Amending Certain Laws" published in the Official Gazette on 12 March 2023, with the exceptions and deductions subject to deduction from corporate income in accordance with the regulations in the laws, by being shown in the corporate tax return for the year 2022. An additional tax of 10% should be calculated over the bases subject to reduced corporate tax, without being associated with the period income, and at the rate of 5% over the exempted earnings. As of 31 December 2023, the Company's accrued amount for the related tax in addition to the corporate tax is TRY 29.934 thousand. The tax payment has been divided in two installments in the year 2023 and the was paid in May 2023 and August 2023.

**Deferred tax**

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between the financial statements as reported for IAS/IFRS purposes issued by POA and financial statements prepared in accordance with the tax legislation. These differences arise from the differences in accounting periods for the recognition of income and expenses in accordance with IAS/IFRS and tax legislation.

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

### NOTE 30 – TAX ASSETS AND LIABILITIES (CONTINUED)

The Company revalued its tangible and intangible assets and their depreciation as of 31 December 2022, within the scope of the Tax Procedure Law General Communiqué (Sequence No: 530) published by the Ministry of Treasury and Finance. Due to IFRS, related assets are continued to be accounted under cost method. It has calculated the deferred tax asset/liability, which is currently calculated over the temporary difference between IFRS and TPL, over the current TPL values that will occur with the effect of revaluation, and the deferred tax income that will arise due to this application, to the extent that the recovery of the said tax advantage is deemed possible, is calculated as a single income tax accounted for in the table.

As of 31 December 2023 and 2022, the distribution of deferred tax liability calculated using effective tax rates as of the balance sheet date is as follows:

	31 December 2023	31 December 2022
Depreciation/amortization differences of property, plant and equipment and other intangible assets	114.792	388.841
Revaluation of financial assets measured at fair value through other comprehensive income	46.068	45.529
Allowable financial losses	(305.095)	(177.571)
Provision for employment termination benefits	(50.581)	(65.549)
Valuation of inventories	(39.935)	(435)
Derivative instruments	(18)	26.612
Other	(22.784)	(298)
<b>Deferred tax assets/liabilities, net</b>	<b>(257.553)</b>	217.129

In Turkey, since the companies cannot declare consolidated tax refund, subsidiaries with deferred tax assets and subsidiaries with deferred tax liabilities cannot be netted off and are shown separately.

	31 December 2023	31 December 2022
Deferred tax assets	(333.968)	(205.574)
Deferred tax liabilities	76.415	422.703
<b>Deferred tax (assets) / liabilities, net</b>	<b>(257.553)</b>	217.129

The usage periods of fiscal year losses on which tax assets are created are as follows;

	31 December 2023	31 December 2022
Year 2026	18.284	24.090
Year 2027	116.485	153.481
Year 2028	170.326	-

**AYGAZ ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023**

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**NOTE 30 – TAX ASSETS AND LIABILITIES (CONTINUED)**

Movement of deferred tax assets and liabilities are as follows:

	<b>2023</b>	2022
<b>As of January 1</b>	<b>217.129</b>	287.108
Change to the profit or loss	(469.745)	(130.726)
Change to the equity	(4.937)	60.747
- Effect of gains/(losses) re-measurement on defined benefit plans	(4.718)	(18.868)
- Effect of gains/(losses) on financial assets measured at fair value through other comprehensive income	539	70.154
- Effect of gains/(losses) on cash flow hedges	(758)	9.461
<b>As of 31 December</b>	<b>(257.553)</b>	217.129

Tax reconciliation:

	<b>31 December 2023</b>	31 December 2022
Profit before tax	5.465.872	6.494.209
Tax expense calculated using current tax rate (25%, 23%)	(1.366.468)	(1.493.668)

Tax effects of:

Revenue that is exempt from taxation -

(investments accounted under equity method)	917.299	1.417.499
Income not subject to tax	758.042	58.652
Monetary gain / (loss)	(175.909)	(19.823)
Tax rate differences	35.369	(32.620)
Expenses that are not deductible in determining taxable profit	(7.186)	(31.051)
Tax losses	(54.147)	24.852
Valuation related tax asset adjustment	11.465	132.842
Other	(43.692)	(25.223)
<b>Tax expense in the statement of profit or loss</b>	<b>74.773</b>	31.460

## AYGAZ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

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## NOTE 31 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES

A company is defined as a related party of the Company, if one of the companies has a control power on the other company or has a significant impact on financial and administrative decisions of the other company. The Company is controlled by Koç Holding, Koç Family or entities owned by Koç Family. In financial statements, shareholder companies, shareholders and financial investments and other Group companies' assets are shown as related parties. As of 31 December 2023 TRY 1.485 thousand (31 December 2022: TRY 2.297 thousand) of total amount of other payables to related parties consists of dividend payables to the shareholders except for Koç Group.

	Receivables		Payables	
	Trade	Non-trade	Trade	Non-trade
<b>31 December 2023</b>				
Balances with related parties				
<b>Group companies (*)</b>				
Türkiye Petrol Rafinerileri A.Ş.	35.592	-	392.858	-
Opet Petrolcülük A.Ş.	9.719	-	304.318	-
Koçtaş Yapı Marketleri Ticaret A.Ş.	8.436	-	2.557	-
Arçelik A.Ş.	7.822	-	6.135	-
Demir Export A.Ş. - Fernas İnşaat A.Ş. Adi Ortaklığı	5.750	-	-	-
Tofaş Türk Otomobil Fabrikası A.Ş.	2.446	-	184	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	2.073	-	27.969	-
Divan Turizm İşletmeleri A.Ş.	1.330	-	905	-
Opet-Fuchs Madeni Yağlar	31	-	4.944	-
Zer Merkezi Hizmetler ve Ticaret A.Ş. (**)	2	-	64.715	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	-	152.626	-
Other	35.782	-	33.195	-
<b>Share holders</b>				
Koç Holding A.Ş.	5.552	-	55.244	-
<b>Investments accounted under the equity method</b>				
United Aygaz	186.372	-	-	-
	300.907	-	1.045.650	-
<b>31 December 2022</b>				
Balances with related parties				
<b>Group companies (*)</b>				
Türkiye Petrol Rafinerileri A.Ş.	26.105	-	178.622	-
Demir Export A.Ş. - Fernas İnşaat A.Ş. Adi Ortaklığı	9.315	-	-	-
Koçtaş Yapı Marketleri Ticaret A.Ş.	6.281	-	519	-
Tofaş Türk Otomobil Fabrikası A.Ş.	5.558	-	2.000	-
Opet Petrolcülük A.Ş.	5.027	-	310.208	-
Arçelik A.Ş.	3.904	-	1.205	-
Divan Turizm İşletmeleri A.Ş.	1.953	-	356	-
Otokoç Otomotiv Tic. ve San. A.Ş.	531	-	77.680	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	524	-	39.541	-
Opet-Fuchs Madeni Yağlar	26	-	3.093	-
Zer Merkezi Hizmetler ve Ticaret A.Ş. (**)	2	-	111.259	-
Other	20.927	-	19.474	-
<b>Shareholders</b>				
Koç Holding A.Ş.	35	139.035	43.572	-
<b>Investments accounted under the equity method</b>				
United Aygaz	150.930	-	-	-
	231.118	139.035	787.529	-

(\*) Group companies include Koç Group companies.

(\*\*) Zer Merkezi Hizmetler ve Ticaret A.Ş. ("Zer") provides purchasing services for various item to the Group. As of balance sheet date, trade payables consist of Group's payables to third party intermediary service companies and payables to Zer for commissions for intermediary activities

**AYGAZ ANONİM ŞİRKETİ**

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**NOTE 31 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)**

1 January - 31 December 2023

<b>Transactions with related parties</b>	<b>Purchases (Goods)</b>	<b>Sales (Goods)</b>	<b>Purchases (Service)</b>	<b>Sales (Service)</b>
<b>Group companies (*)</b>				
Türkiye Petrol Rafinerileri A.Ş.	4.051.228	1.108.214	51.618	6.797
Opet Petrolcülük A.Ş.(**) (***)	2.638.477	309.360	493.746	4.198
Zer Merkezi Hizmetler ve Ticaret A.Ş.	102.960	292	331.655	81
Opet Fuchs Madeni Yağ San. Tic A.Ş.	17.685	184	249	138
Entek Elektrik Üretimi A.Ş.	5.588	129	48.007	89
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	4.555	433	99.401	3.227
Divan Turizm İşletmeleri A.Ş.	985	11.668	1.197	67
Koçtaş Yapı Marketleri Ticaret A.Ş.	580	15.074	3.695	18.875
Arçelik A.Ş.	16	23.470	1.273	1.514
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	8	70	15.388	-
Tüpraş Trading Ltd.	-	428.547	-	-
Tofaş Türk Otomobil Fabrikası A.Ş.	-	17.447	-	283
Demir Export A.Ş.	-	12.065	-	17
Ford Otomotiv Sanayi A.Ş.	-	51.785	-	863
Otokar Otomotiv ve Savunma Sanayi A.Ş.	-	28.789	14	151
Demir Export A.Ş. - Fernas İnşaat A.Ş. Adi Ortaklığı	-	17.378	-	-
Setur Servis Turistik A.Ş.	-	372	30.803	434
Türk Traktör ve Ziraat Makinaları A.Ş.	-	41.159	48	362
Other	3.001	45.321	177.389	19.201
<b>Shareholders</b>				
Koç Holding A.Ş. (****)	-	464	103.007	64
Other	-	646	41	-
<b>Investments accounted under the equity method</b>				
United Aygaz	-	1.024.743	-	-
	<b>6.825.083</b>	<b>3.137.610</b>	<b>1.357.531</b>	<b>56.361</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

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## NOTE 31 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

	1 January - 31 December 2022			
Transactions with related parties	Purchases (Goods)	Sales (Goods)	Purchases (Service)	Sales (Service)
<b>Group companies (*)</b>				
Türkiye Petrol Rafinerileri A.Ş.	6.101.030	800.886	30.626	132
Opet Petrolcülük A.Ş.(**) (***)	2.603.002	211.255	322.760	2.975
Zer Merkezi Hizmetler ve Ticaret A.Ş.	143.968	331	320.870	292
Opet Fuchs Madeni Yağ San. Tic A.Ş.	44.224	211	16	54
Ram Dış Ticaret A.Ş.	12.311	-	679	-
Entek Elektrik Üretimi A.Ş.	473	366	50.113	23
Arçelik A.Ş.	458	25.203	1.303	3.678
Koçtaş Yapı Marketleri Ticaret A.Ş.	407	15.770	1.440	9.192
Divan Turizm İşletmeleri A.Ş.	323	11.993	1.066	41
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	44	638	81.733	1.536
Türk Traktör ve Ziraat Makinaları A.Ş.	-	48.026	-	87
Tofaş Türk Otomobil Fabrikası A.Ş.	-	44.427	2.073	204
Demir Export A.Ş.	-	39.029	-	5
Ford Otomotiv Sanayi A.Ş.	-	39.314	-	336
Otokar Otomotiv ve Savunma Sanayi A.Ş.	-	28.873	-	354
Demir Export A.Ş. - Fernas İnşaat A.Ş. Adi Ortaklığı	-	20.385	-	-
Setur Servis Turistik A.Ş.	-	247	28.481	206
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	-	51	11.500	-
Other	6.752	40.812	42.658	3.465
<b>Shareholders</b>				
Koç Holding A.Ş. (****)	142	428	91.077	-
<b>Investments accounted under the equity method</b>				
United Aygaz	-	245.085	-	-
	8.913.134	1.573.330	986.395	22.580

(\*) Group companies include Koç Group companies.

(\*\*) Commission expenses regarding LPG sold at Opet stations for year ended 31 December 2023 is TRY 448.707 thousand (31 December 2022: TRY 303.032 thousand). The commission expense mentioned above is evaluated as part of sales and accounted under income statement as sales discounts.

(\*\*\*) Though not presented at transactions with related parties, so as to fulfil fuel and auto gas sales exclusively and on the basis of station, prepayments and/or infrastructural investments are made directed for sales under "Agreement of Auto Gas Sales at Gas Stations" between Aygaz and Opet. Prepayments are presented under prepaid expenses in consolidated statement of financial position and are periodically amortized based on duration of dealer agreements. Prepayments and investment contribution margin amounting to TRY 4.523 thousand has been made to Opet for year ended 31 December 2023 in consideration of 5 years sale agreement on average to be paid to Aygaz Dealers making auto-gas sales at Opet stations (1 January – 31 December 2022: TRY 4.656 thousand).

(\*\*\*\*) Billed remuneration for services such as finance, law, planning, tax and senior management provided by Koç Holding, the main shareholder, to Group companies, service expenses including personnel and senior management as a result of arrangement of 1st Serial Number of General Communique About Transfer Pricing Through Hidden Income Distribution's "11- In Group Services".

**AYGAZ ANONİM ŞİRKETİ**

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**NOTE 31 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)**

	<b>1 January- 31 December 2023</b>			
	Rent income	Rent expense	Tangible and intangible asset purchases	Tangible asset sales
<b>Tangible asset and rent transactions with related parties</b>				
<b>Group companies (*)</b>				
Opet Petrolcülük A.Ş.	3.520	-	-	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	22.938	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	-	99.447	17
KoçDigital Çözümler AŞ.	-	-	3.275	-
Other	-	-	27.205	26.307
<b>Shareholders</b>				
Koç Holding A.Ş.	-	990	-	-
	<b>3.520</b>	<b>990</b>	<b>152.865</b>	<b>26.324</b>
1 January - 31 December 2022				
	Rent income	Rent expense	Tangible and intangible asset purchases	Tangible asset sales
<b>Tangible asset and rent transactions with related parties</b>				
<b>Group companies (*)</b>				
Opet Petrolcülük A.Ş.	2.487	-	-	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	36.644	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	-	20.754	1.503
KoçDigital Çözümler AŞ.	-	-	1.028	-
Other	-	-	6.740	694
<b>Shareholders</b>				
Koç Holding A.Ş.	-	3.854	-	-
	<b>2.487</b>	<b>3.854</b>	<b>65.166</b>	<b>2.197</b>
<b>1 January - 31 December 2023</b>				
	Financial income	Financial expense	Other income	Other expense
<b>İlişkili taraflarla olan finansal ve diğer işlemler</b>				
<b>Group companies (*)</b>				
Yapı ve Kredi Bankası A.Ş.	314.841	237.088	-	-
Other	-	-	-	21.668
	<b>314.841</b>	<b>237.088</b>	<b>-</b>	<b>21.668</b>
1 January - 31 December 2022				
	Financial income	Financial expense	Other income	Other expense
<b>Financial and other transactions with related parties</b>				
<b>Group companies (*)</b>				
Yapı ve Kredi Bankası A.Ş.	475.508	94.280	-	-
Other	-	-	97	481
	<b>475.508</b>	<b>94.280</b>	<b>97</b>	<b>481</b>

(\*) Group companies include Koç Group companies.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

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## NOTE 31 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

<b>Cash at banks</b>	<b>31 December 2023</b>	31 December 2022
<b>Group companies (*)</b>		
Yapı ve Kredi Bankası A.Ş.	148.506	585.552
<b>Credit card receivables</b>	<b>31 December 2023</b>	31 December 2022
<b>Group companies (*)</b>		
Yapı ve Kredi Bankası A.Ş.	7.845	10.846
<b>Bank loans</b>	<b>31 December 2023</b>	31 December 2022
<b>Group companies (*)</b>		
Yapı ve Kredi Bankası A.Ş.	-	134.274

(\*) Group companies include Koç Group companies.

**Benefits to Top Management:**

The Company has determined senior managers as Board of Directors' members, General Manager, Vice General Managers and Directors directly reporting to General Manager.

Benefits to top management personnel includes salaries, premiums, SSI employer's contribution, employer's contribution of unemployment insurance and the attendance fees of board of directors.

As of 31 December 2023, total benefit provided to the senior management of the Company is TRY 359.339 thousand in purchasing power (31 December 2022: TRY 233.296 thousand). As of 31 December 2023, the total payments made to senior management of the Company amount to TRY 67.754 thousand due to their leaving the job (31 December 2022: None), total amount is consist of the short- term benefits.

## NOTE 32 – NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS

**a) Capital risk management**

The Company's objectives when managing capital are to safeguard the Company'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 rearrange capital structure, the Company can return back capital to shareholders, issue new shares and sale assets in order to decrease debt requirement.

The Group controls its capital using the net financial debt/total equity ratio parallel to other companies in the sector. This ratio is the calculated as net debt divided by the equity amount. Net debt is calculated as total financial borrowings amount less cash and cash equivalents.

Risk management is applied based on the policies approved by the Board of Directors by treasury department. Group's treasury department defines and reviews the financial risk and uses tools to minimize the risk by collaborating with Group's operational units based on such risk policies. Board of Directors prepares written procedures or general policies related with the risk management including currency risk, interest risk, using of derivative and non-derivative instruments and to evaluate cash surplus.

**AYGAZ ANONİM ŞİRKETİ****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023**

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**NOTE 32 – NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)**

	<b>31 December 2023</b>	31 December 2022
Total short-term and long-term borrowings	2.220.274	5.930.075
Less: Cash and cash equivalents	(3.374.186)	(3.009.913)
<b>Net financial debt</b>	<b>(1.153.912)</b>	2.920.162
Total shareholder's equity	36.523.311	30.860.314
<b>Net financial debt/equity ratio (*)</b>	<b>-3,2%</b>	9,5%

(\*) As of 31 December 2023, it is a net cash position.

**b) Financial risk factors**

The risks of the Group resulted from the operations, include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's risk management program generally seeks to minimize the effects of uncertainty in financial market on financial performance of the Group. The Group uses derivative financial instruments in order to safeguard itself from different financial risks.

**b.1. Credit risk management**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group manages this risk by the credit limits up to the guarantees received from customers. The usage of credit limits is monitored by the Group according to the customer's credibility is evaluated continuously.

Trade receivables consist of many customers that operate in various industries and locations. Credit risk of the receivables from counterparties is evaluated perpetually.

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## NOTE 32 – NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk of financial instruments	Receivables					
	Trade receivables		Other receivables		Deposits in banks	Credit card receivables
	Related party	Third party	Related party	Third party		
<b>Maximum exposure to credit risk as of 31 December 2023 (A+B+C+D) (*)</b>	<b>300.907</b>	<b>3.729.378</b>	<b>-</b>	<b>10.910</b>	<b>3.360.656</b>	<b>11.723</b>
- The part of maximum risk under guarantee with collateral etc.	-	1.534.802	-	-	-	-
<b>A. Net book value of financial assets that are neither past due or impaired</b>	<b>300.907</b>	<b>3.406.922</b>	<b>-</b>	<b>10.910</b>	<b>3.360.656</b>	<b>11.723</b>
<b>B. The net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>C. Carrying value of financial assets that are past due but not impaired</b>	<b>-</b>	<b>322.456</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
- The part under guarantee with collateral etc.	-	1.788	-	-	-	-
<b>D. Net book value of impaired assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
- Past due (gross carrying amount)	-	36.797	-	-	-	-
- Impairment (-)	-	(36.797)	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-
<b>E. Expected credit loss (-)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(\*) Amounts show the maximum credit risk as of balance sheet date, without considering the guarantees or other items increasing credit security.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023**

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**NOTE 32 – NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)**

Credit risk of financial instruments	Receivables				Deposits in banks	Credit card receivables
	Trade receivables		Other receivables			
	Related party	Third party	Related party	Third party		
<b>Maximum exposure to credit risk as of 31 December 2022 (A+B+C+D) (*)</b>	<b>231.118</b>	<b>3.833.682</b>	<b>-</b>	<b>108.263</b>	<b>2.989.976</b>	<b>18.199</b>
- The part of maximum risk under guarantee with collateral etc.	-	2.209.610	-	-	-	-
<b>A.</b> Net book value of financial assets that are neither past due or impaired	231.118	3.658.720	-	108.263	2.989.976	18.199
<b>B.</b> The net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
<b>C.</b> Carrying value of financial assets that are past due but not impaired	-	174.962	-	-	-	-
- The part under guarantee with collateral etc.	-	67.836	-	-	-	-
<b>D.</b> Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	43.433	-	-	-	-
- Impairment (-)	-	(43.433)	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-
<b>E.</b> Expected credit loss (-)	-	-	-	-	-	-

(\*) Amounts show the maximum credit risk as of balance sheet date, without considering the guarantees or other items increasing credit security.

## AYGAZ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

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## NOTE 32 – NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

31 December 2023	Trade receivables	Other receivables	Deposits in banks	Derivative instruments	Other	Total
Past due 1-30 days	202.100	-	-	-	-	202.100
Past due 1-3 months	18.259	-	-	-	-	18.259
Past due 3-12 months	72.364	-	-	-	-	72.364
Past due 1-5 years	29733	-	-	-	-	29.733
Total past due receivable	322.456	-	-	-	-	322.456
Amount of risk covered by guarantees	1.788	-	-	-	-	1.788
31 December 2022	Trade receivables	Other receivables	Deposits in banks	Derivative instruments	Other	Total
Past due 1-30 days	133.771	-	-	-	-	133.770
Past due 1-3 months	18.948	-	-	-	-	18.948
Past due 3-12 months	22.016	-	-	-	-	22.016
Past due 1-5 years	227	-	-	-	-	227
Total past due receivable	174.962	-	-	-	-	174.962
Amount of risk covered by guarantees	67.836	-	-	-	-	67.836

## b.2. Liquidity risk management

Liquidity risk management responsibility mainly belongs to the Board of Directors. The Board of Directors has built an appropriate liquidity risk management framework for the management of the Group's short, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk forecasts and actual cash flows, by monitoring continuously and by maintaining adequate funds and reserve borrowings as matching the maturity profile of financial assets and liabilities.

The following table presents the maturity of Group's financial liabilities. The tables have been drawn up based on the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the Group can be required to pay. Derivative financial liabilities are presented according to undiscounted net cash inflow and cash outflow. The table has been drawn up based on the undiscounted net cash inflows/(outflows) on the derivative instrument that settle on a net basis and the undiscounted gross inflows/(outflows) on those derivatives that require gross settlement. When the amounts of the payables or receivables are not fixed, the disclosed amount has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

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**NOTE 32 – NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)**

	31 December 2023					
	Book value	Total cash flow according to the contract (I + II + III + IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
<b>Contractual maturity analysis</b>						
Short-term and long-term borrowings (*)	2.039.226	2.125.478	1.082.375	1.043.103	-	-
Trade payables	5.233.291	5.233.291	5.233.291	-	-	-
Lease liabilities	181.048	223.802	35.412	76.752	110.180	1.458
Liabilities for employee benefits						
Other payables	266.169	266.169	266.169	-	-	-
Other liabilities	220.727	220.727	7.466	-	213.261	-
Diğer yükümlülükler	494.702	494.702	494.702	-	-	-
<b>Total non derivative financial liabilities</b>	<b>8.435.163</b>	<b>8.564.169</b>	<b>7.119.415</b>	<b>1.119.855</b>	<b>323.441</b>	<b>1.458</b>

	31 December 2023					
	Book value	Total cash flow according to the contract (I + II + III + IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
<b>Derivative financial instruments (*)</b>						
Derivative cash inflows		147.191	147.191	-	-	-
Derivative cash outflows		(152.563)	(152.563)	-	-	-
<b>Total derivative financial instruments, net</b>	<b>(1.027)</b>	<b>(5.372)</b>	<b>(5.372)</b>	<b>-</b>	<b>-</b>	<b>-</b>

(\*) The amounts are cash flows based on contract, which have not been discounted.

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## NOTE 32 – NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

31 December 2022						
Contractual maturity analysis	Book value	Total cash flow according to the contract (I +II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Short-term and long-term borrowings (*)	5.758.073	6.151.402	1.696.218	3.530.842	924.342	-
Trade payables	6.607.606	6.607.606	6.607.606	-	-	-
Lease liabilities	172.003	426.811	29.667	151.169	235.602	10.373
Liabilities for employee benefits	214.297	214.297	214.297	-	-	-
Other payables	215.304	215.304	7.293	-	-	208.011
Other liabilities	245.454	245.454	245.454	-	-	-
<b>Total non derivative financial liabilities</b>	<b>13.212.737</b>	<b>13.860.874</b>	<b>8.800.535</b>	<b>3.682.011</b>	<b>1.159.944</b>	<b>218.384</b>

31 December 2022						
Derivative financial instruments (*)	Book value	Total cash flow according to the contract (I +II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Derivative cash inflows		872.546	872.546	-	-	-
Derivative cash outflows		(735.485)	(735.485)	-	-	-
<b>Total derivative financial instruments, net</b>	<b>141.307</b>	<b>137.061</b>	<b>137.061</b>	<b>-</b>	<b>-</b>	<b>-</b>

(\*) The amounts are cash flows based on contract, which have not been discounted.

### b.3. Market risk management

The Group's activities are exposed to a variety of financial risks including foreign currency risk and interest rate risk as explained below. The Group uses derivative financial instruments to hedge certain risk exposures in order to manage foreign currency and interest rate risks. These instruments are:

1. Foreign exchange forward purchase agreements to manage exposure to liabilities denominated in foreign currencies.
2. Foreign exchange purchase options to manage exposure to liabilities denominated in foreign currencies.
3. Principal and interest swap agreements to manage exposure to liabilities denominated in foreign currencies.

At the Group level market risk exposures are measured by sensitivity analysis and stress scenarios. There has been no change in the Group's exposure to market risks or the manner which it manages and measures the risk compared to the previous year.

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**NOTE 32 – NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)****b.3.1. Foreign currency risk management**

The Group's monetary and non-monetary assets and liabilities in terms of foreign currencies are as follows:

		<b>31 December 2023</b>			
		<b>Total TL equivalent</b>	<b>TL equivalent of USD</b>	<b>TL equivalent of Euro</b>	<b>Other</b>
1.	Trade receivables	787.368	685.275	102.093	-
2.a	Monetary financial assets	1.588.064	1.575.980	11.097	987
2.b	Non-monetary financial assets	-	-	-	-
3.	Other	797	204	593	-
<b>4.</b>	<b>Current assets</b>	<b>2.376.229</b>	<b>2.261.459</b>	<b>113.783</b>	<b>987</b>
5.	Trade receivables	-	-	-	-
6.a	Monetary financial assets	-	-	-	-
6.b	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
<b>8.</b>	<b>Non-current assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9.</b>	<b>Total assets</b>	<b>2.376.229</b>	<b>2.261.459</b>	<b>113.783</b>	<b>987</b>
10.	Trade payables	(2.314.806)	(2.250.085)	(64.664)	(57)
11.	Financial liabilities	(1.135.076)	(1.135.076)	-	-
12.a	Other monetary financial liabilities	(571.079)	(571.079)	-	-
12.b	Other non-monetary financial liabilities	(13.240)	(11.594)	-	(1.646)
<b>13.</b>	<b>Current liabilities</b>	<b>(4.034.201)</b>	<b>(3.967.834)</b>	<b>(64.664)</b>	<b>(1.703)</b>
14.	Trade payables	-	-	-	-
15.	Financial liabilities	-	-	-	-
16.a	Other monetary financial liabilities	-	-	-	-
16.b	Other non-monetary financial liabilities	-	-	-	-
<b>17.</b>	<b>Non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>18.</b>	<b>Total liabilities</b>	<b>(4.034.201)</b>	<b>(3.967.834)</b>	<b>(64.664)</b>	<b>(1.703)</b>
		147.191	147.191	-	-
19.	Net asset/liability position of off balance sheet asset and liabilities (19a-19b)				
19.a	Total derivative assets	147.191	147.191	-	-
19.b	Total derivative liabilities	-	-	-	-
<b>20.</b>	<b>Net foreign currency asset/ (liability) position (9+18+19)</b>	<b>(1.510.781)</b>	<b>(1.559.184)</b>	<b>49.119</b>	<b>(716)</b>
<b>21.</b>	<b>Net foreign currency asset/(liability) position of monetary items (1+2a+5+6a+10+11+12a+14+15+16a)</b>	<b>(1.645.529)</b>	<b>(1.694.985)</b>	<b>48.526</b>	<b>930</b>
22.	Fair value of derivative instruments held for hedging	-	-	-	-
23.	Hedged foreign currency assets	-	-	-	-
24.	Hedged foreign currency liabilities	-	-	-	-
25.	Export (*)	15.449.904	14.784.973	656.485	8.446
26.	Import (*)	34.572.678	34.532.108	31.526	9.004

## AYGAZ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

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## NOTE 32 – NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

	31 December 2022			
	Total TL equivalent	TL equivalent of USD	TL equivalent of Euro	Other
1. Trade receivables	1.388.099	1.342.693	45.406	-
2.a Monetary financial assets	896.207	886.094	9.149	964
2.b Non-monetary financial assets	-	-	-	-
3. Other	109.069	109.059	10	-
4. Current assets	2.393.375	2.337.846	54.565	964
5. Trade receivables	-	-	-	-
6.a Monetary financial assets	-	-	-	-
6.b Non-monetary financial assets	-	-	-	-
7. Other	-	-	-	-
8. Non-current assets	-	-	-	-
9. Total assets	2.393.375	2.337.846	54.565	964
10. Trade payables	(4.624.303)	(4.215.402)	(408.079)	(822)
11. Financial liabilities	(255.175)	(255.175)	-	-
12.a Other monetary financial liabilities	(597.721)	(597.721)	-	-
12.b Other non-monetary financial liabilities	(6.926)	(5.570)	(1.356)	-
13. Current liabilities	(5.484.125)	(5.073.868)	(409.435)	(822)
14. Trade payables	-	-	-	-
15. Financial liabilities	(673.501)	(673.501)	-	-
16.a Other monetary financial liabilities	-	-	-	-
16.b Other non-monetary financial liabilities	-	-	-	-
17. Non-current liabilities	(673.501)	(673.501)	-	-
18. Total liabilities	(6.157.626)	(5.747.369)	(409.435)	(822)
19. Net asset/liability position of off balance sheet asset and liabilities (19a-19b)	340.238	340.238	-	-
19.a Total derivative assets	340.238	340.238	-	-
19.b Total derivative liabilities	-	-	-	-
20. Net foreign currency asset/ (liability) position (9+18+19)	(3.424.013)	(3.069.285)	(354.870)	142
21. Net foreign currency asset/(liability) position of monetary items (1+2a+5+6a+10+11+12a+14+15+16a)	(3.866.394)	(3.513.012)	(353.524)	142
22. Fair value of derivative instruments held for hedging	-	-	-	-
23. Hedged foreign currency assets	-	-	-	-
24. Hedged foreign currency liabilities	-	-	-	-
25. Export (*)	18.094.440	17.453.452	567.120	73.868
26. Import (*)	45.813.590	45.741.681	71.909	-

(\*) Transit sales and purchases are included.

**AYGAZ ANONİM ŞİRKETİ****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

**NOTE 32 – NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)**

Group's consolidated assets and liabilities denominated in foreign currency are as follows:

	<b>31 December 2023</b>	31 December 2022
Assets	2.376.229	2.393.375
Liabilities	(4.034.201)	(6.157.626)
<b>Net asset/liability position</b>	<b>(1.657.972)</b>	(3.764.251)
Derivative instruments net position	147.191	340.238
<b>Net foreign currency asset/liability position</b>	<b>(1.510.781)</b>	(3.424.013)
Inventories under the natural hedge (*)	1.589.499	3.551.722
<b>Net foreign currency position after the natural hedge</b>	<b>78.718</b>	127.709

(\*) The Group manages its foreign currency risk by regularly considering and reflecting the foreign exchange rate changes in the determination of product prices (natural hedge). As of 31 December 2023, the Group has LPG amounting to TRY 1.589.499 thousand (31 December 2022: TRY 3.551.722 thousand).

The Group is exposed to currency risk due to its operations in foreign currency. The currency risk managed with a comprehensive risk monitoring system by analysis of the monetary assets and liabilities in foreign currency in the consolidated financial statements, by treasury transactions, natural hedging, derivative transaction contracts within the targeted limits.

Foreign currency sensitivity:

The Group is mainly exposed to foreign currency risk in USD and EUR.

The following table details the Group's sensitivity to a 10% increase and decrease in the USD and EUR. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis only includes outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower.

A positive number indicates an increase in profit/loss and other equity accounts.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

## NOTE 32 – NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

	31 December 2023			
	Income/(Expense)		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
<b>10% fluctuation of USD rate</b>				
USD net asset/(liability)	(169.499)	169.499	(169.499)	169.499
Secured portion from USD risk	14.719	(14.719)	14.719	(14.719)
<b>USD net effect</b>	<b>(154.780)</b>	<b>154.780</b>	<b>(154.780)</b>	<b>154.780</b>
<b>10% fluctuation of Euro rate</b>				
Euro net asset/(liability)	4.853	(4.853)	4.853	(4.853)
Secured portion from Euro risk	-	-	-	-
<b>Euro net effect</b>	<b>4.853</b>	<b>(4.853)</b>	<b>4.853</b>	<b>(4.853)</b>
<b>Total net effect</b>	<b>(149.927)</b>	<b>149.927</b>	<b>(149.927)</b>	<b>149.927</b>
	31 December 2022			
	Income/(Expense)		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
10% fluctuation of USD rate				
USD net asset/(liability)	(351.301)	351.301	(351.301)	351.301
Secured portion from USD risk	34.024	(34.024)	34.024	(34.024)
USD net effect	(317.277)	317.277	(317.277)	317.277
10% fluctuation of Euro rate				
Euro net asset/(liability)	(35.352)	35.352	(35.352)	35.352
Secured portion from Euro risk	-	-	-	-
Euro net effect	(35.352)	35.352	(35.352)	35.352
Total net effect	(352.630)	352.630	(352.630)	352.630

**AYGAZ ANONİM ŞİRKETİ**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

**NOTE 32 – NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)**

Currency forward agreements

Currency forward agreements which are valid as of 31 December 2023 and 2022 are summarized at the table below.

						31 December 2023
Maturity	Parity	Type of contract	Transactions	Total amount	Currency	
91-93 days	91-92	Forward	Buys USD, sells TL	5.000	USD	
						31 December 2022
Maturity	Parity	Type of contract	Transactions	Total amount	Currency	
11 days	1,06	Forward	Buys Euro, sells USD	11.898	EUR	
28-42 days	1,0566 - 1,058	Forward	Buys USD, sells Euro	1.523	EUR	

b.3.2. Interest rate risk management

The Group is exposed to interest rate risk due to the effect of changes in interest rates on the Group's assets and liabilities having interest returns. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swap contracts and interest rate forward contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through different interest rate cycles.

Details of the Group's financial instruments that are sensitive to interest rates are as follows:

Interest rate position

	31 December 2023	31 December 2022
<b>Instruments with fixed interest rate</b>		
Time deposits	3.205.054	2.742.940
Borrowings and bonds issued	1.334.184	3.823.071
<b>Instruments with floating interest rate</b>		
Borrowings and bond issued	886.090	2.107.004

If the interest rates in terms of all the currency units higher/lower by 100 basis points and all other variables held constant, profit before taxation would have been higher/(lower) by TRY 436 thousand as of 31 December 2023 (As of 31 December 2022: TRY 1.956 thousand).

## AYGAZ ANONİM ŞİRKETİ

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

## NOTE 32 – NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

31 December 2023	Financial assets at amortized cost	Loans and receivables	Financial assets measured at fair value through other comprehensive income	Financial assets measured at fair value through profit (loss)	Financial liabilities at amortized cost	Book value	Note
<b>Financial assets</b>							
Cash and cash equivalents	3.374.186	-	-	-	-	3.374.186	4
Trade receivables	-	4.030.285	-	-	-	4.030.285	8, 31
Other financial assets	-	-	2.658.694	9.644	-	2.668.338	5
Other receivables	-	10.910	-	-	-	10.910	9
<b>Financial liabilities</b>							
Short-term and long-term borrowings	-	-	-	-	2.220.274	2.220.274	6
Trade payables	-	-	-	-	5.233.291	5.233.291	8, 31
Liabilities for employee benefits	-	-	-	-	62.138	62.138	10
Other payables	-	-	-	-	220.727	220.727	9, 31
Other liabilities	-	-	-	-	21.087	21.087	19
31 December 2022	Financial assets at amortized cost	Loans and receivables	Financial assets measured at fair value through other comprehensive income	Financial assets measured at fair value through profit (loss)	Financial liabilities at amortized cost	Book value	Note
<b>Financial assets</b>							
Cash and cash equivalents	3.009.913	-	-	-	-	3.009.913	4
Trade receivables	-	4.064.800	-	-	-	4.064.800	8, 31
Other financial assets	-	-	2.647.909	9.369	-	2.657.278	5
Other receivables	-	108.263	-	-	-	108.263	9
<b>Financial liabilities</b>							
Short-term and long-term borrowings	-	-	-	-	5.930.075	5.930.075	6
Trade payables	-	-	-	-	6.607.606	6.607.606	8, 31
Liabilities for employee benefits	-	-	-	-	43.682	43.682	10
Other payables	-	-	-	-	215.304	215.304	9, 31
Other liabilities	-	-	-	-	17.716	17.716	19

**AYGAZ ANONİM ŞİRKETİ****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023**

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

**NOTE 32 – NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)**Fair value hierarchy table

The fair values of financial assets and financial liabilities are determined as follows:

- First level: The fair value of financial assets and financial liabilities are determined with reference to actively traded market prices;
- Second level: Other than market prices specified at first level, the fair value of financial assets and financial liabilities are evaluated with reference to inputs that used to determine directly or indirectly observable price in market;
- Third level: The fair value of financial assets and financial liabilities are evaluated with reference to inputs that used to determine fair value but not relying on observable data in the market.

Level classifications of financial assets and liabilities at fair value are as follows:

Financial assets/(liabilities)	Level of fair value as of reporting date			
	31 December 2023	1st level	2nd level	3rd level
Financial assets measured at fair value	2.668.338	2.659.158	5.789	3.391
Derivative financial instruments	(1.027)	-	(1.027)	-

Financial assets/(liabilities)	Level of fair value as of reporting date			
	31 December 2022	1st level	2nd level	3rd level
Financial assets measured at fair value	2.657.278	2.648.726	5.161	3.391
Derivative financial instruments	141.307	-	141.307	-

**Information for reflecting financial assets and liabilities at fair value:**

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, judgements are necessarily required to interpret the market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Group could realize in a current market exchange.

Following methods and assumptions were used to estimate the fair value of the financial instruments for which is practicable to estimate fair value:

**Financial assets**

The carrying amounts of foreign currency denominated monetary assets which are translated at year end exchange rates are considered to approximate their fair values.

(Amounts expressed in thousands of Turkish Lira ("TRY") in the terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

## NOTE 32 – NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

The carrying values of cash and cash equivalents are estimated to be their fair values since they are short-term.

The carrying values of trade receivables along with the related allowances for uncollectability are estimated to be their fair values.

### **Financial Liabilities**

The carrying values of short-term financial liabilities and other financial liabilities are estimated to be their fair values since they are short-term.

## NOTE 33 – SUBSEQUENT EVENTS

As publicly disclosed on January 11, 2024, a non-binding Memorandum of Understanding has been signed to express the understanding of the parties with the purpose of conducting the activities of Sendeo, the subsidiary of the Company, in which Koç Holding and Aygaz collectively own all shares, and Ekol Ekspres Kargo A.Ş. ("Kolay Gelsin"), which is wholly owned by Ahmet Musul, under the "Kolay Gelsin" brand with the principle of equal partnership of Sendeo shareholders and Ahmet Musul. Following the legal, financial, and tax due diligences to be conducted by the parties, if binding agreements are signed, the transaction is aimed to be closed within the first half of 2024. The closing is subject to the conditions precedent including but not limited to obtain necessary approvals from and make notifications to the Competition Authority, Information Technologies and Communications Authority and the Ministry of Transport and Infrastructure of the Republic of Türkiye.





# Other Disclosures

# Corporate Governance Compliance Report

	COMPANY COMPLIANCE STATUS					EXPLANATION
	Yes	Partial	No	Exempted	Not Applicable	
<b>1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS</b>						
1.1.2 - Up-to-date information and disclosures, which may affect the exercise of shareholder rights, are available to investors on the corporate website.	X					
<b>1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION</b>						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
<b>1.3. GENERAL ASSEMBLY</b>						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7 - Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders Meeting.					X	No such transaction has been reported.
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.		X				Donations made by the company are provided in a separate item on the General Assembly agenda and the details of the donations with the highest amounts are included in the General Assembly information document. The remaining amount, not detailed in the information document, consists of other donations, each lower than TL 100,000, to various institutions and organizations and that are not of material significance for investors. Donations lower than this amount are not followed by the investors, and the company plans to continue disclosing within this materiality limit in the coming years.
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	X					
<b>1.4. OY HAKKI</b>						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.	X					
1.4.3 - The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	Aygaz A.Ş. does not have any cross-ownership associated with a controlling relationship.

	COMPANY COMPLIANCE STATUS					EXPLANATION
	Yes	Partial	No	Exempted	Not Applicable	
<b>1.5. MINORITY RIGHTS</b>						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	x					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			x			Minority rights for shareholders holding less than one-twentieth of the capital have not been stipulated in the articles of association, and the rights have been defined within the frame of general provisions in the legislation in alignment with general practices. The company does not foresee any changes in the near future.
<b>1.6. DIVIDEND RIGHT</b>						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	x					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	x					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.					x	Dividends have been paid out.
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	x					
<b>1.7. TRANSFER OF SHARES</b>						
1.7.1 - There are no restrictions preventing shares from being transferred.	x					
<b>2.1. CORPORATE WEBSITE</b>						
2.1.1 - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	x					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	x					
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	x					
<b>2.2. ANNUAL REPORT</b>						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	x					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	x					

	COMPANY COMPLIANCE STATUS					EXPLANATION
	Yes	Partial	No	Exempted	Not Applicable	
<b>3.1. CORPORATION'S POLICY ON STAKEHOLDERS</b>						
3.1.1 - The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	x					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	x					
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	x					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	x					
<b>3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT</b>						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	x					
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	x					
<b>3.3. HUMAN RESOURCES POLICY</b>						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions..	x					
3.3.2 - Recruitment criteria are documented.	x					
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	x					
3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	x					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	x					
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	x					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	x					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	x					
3.3.9 - A safe working environment for employees is maintained.	x					

	COMPANY COMPLIANCE STATUS					EXPLANATION
	Yes	Partial	No	Exempted	Not Applicable	
<b>3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS</b>						
3.4.1 - The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	x					
3.4.2 - Customers are notified of any delays in handling their requests.	x					
3.4.3 - The company complied with the quality standards with respect to its products and services.	x					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	x					
<b>3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY</b>						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	x					
3.5.2 - The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	x					
<b>4.1. ROLE OF THE BOARD OF DIRECTORS</b>						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	x					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	x					
<b>4.2. ACTIVITIES OF THE BOARD OF DIRECTORS</b>						
4.2.1 - The board of directors documented its meetings and reported its activities to the shareholders.	x					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	x					
4.2.3 - The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	x					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	x					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	x					
4.2.7 - The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	x					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	x					

COMPANY COMPLIANCE STATUS					EXPLANATION
Yes	Partial	No	Exempted	Not Applicable	

**4.3. STRUCTURE OF THE BOARD OF DIRECTORS**

4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.	X					
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					

**4.4. BOARD MEETING PROCEDURES**

4.4.1 - Each board member attended the majority of the board meetings in person.	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.			X			A minimum period of time has not been set to communicate the information and documentation about the agenda topics to the Board members. The timing regarding when to inform the Board members is determined based on the topics and processes on the Board agenda and the members are advised reasonably in advance. Even though an urgent need to define such a period is not apparent, considering the effective functioning of the Board, this topic may be addressed in the times to come.
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.					X	Expressing an opinion in writing is possible; however, Board members who were unable to attend the meetings have not communicated such a request.
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.			X			Board meetings take place based on customary practices of many years; however, a written internal procedure has not yet been implemented within the organization. Considering the effective functioning of the Board, an urgent need to address this issue is not present, while the Company has plans to revisit this topic in the times to come.
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7 - There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				Considering that the Board members contribute significantly to the Board with their business experience and industry knowledge, they are not restricted in terms of assuming external duties. The résumé of each Board member and their external engagements are provided in the annual report. Given the effective functioning of the Board, no changes to the current practice are anticipated in the near future since no negative consequence has been observed in terms of corporate governance.

	COMPANY COMPLIANCE STATUS					EXPLANATION
	Yes	Partial	No	Exempted	Not Applicable	
<b>4.5. BOARD COMMITTEES</b>						
4.5.5 - Board members serve in only one of the Board's committees.			X			Committee appointments are decided by taking into consideration the relevant Board members' expertise and experience in accordance with applicable regulations, while some Board members serve on multiple committees. However, the said members facilitate communication and increase the opportunities for cooperation between committees handling related subjects, and given the effective functioning of the current committee structure, an imminent change is not anticipated.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	Such a consultancy service has not been procured.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
<b>4.6. FINANCIAL RIGHTS</b>						
4.6.1 - The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	X					
4.6.4 - The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.			X			Remunerations paid to the Board members and senior executives with administrative responsibilities are provided in the notes to the financial statements and in the General Assembly and disclosed to the public as a total figure. Given the importance of this matter in terms of the privacy of personal data, market trends are followed with plans to act in line with widely adopted practices.

# Corporate Governance Information Form (KYBF)

<b>1. SHAREHOLDERS</b>	
<b>1.1. Facilitating the Exercise of Shareholders Rights</b> The number of investor meetings (conference, seminar/etc.) organised by the company during the year	Four webcasts were streamed for the quarterly earnings releases, one meeting with analysts, and 100+ meetings, including one-on-one meetings and teleconferences, were held with investors during the reporting year.
<b>1.2. Right to Obtain and Information</b> The number of special request(s)	-
The number of special audit requests that were accepted at the General Shareholders' Meeting	-
<b>1.3. General Assembly</b>	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	<a href="https://www.kap.org.tr/tr/Bildirim/1114926">https://www.kap.org.tr/tr/Bildirim/1114926</a>
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	Yes, available.
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	There is no such transaction.
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communiqué on Corporate Governance (II-17.1)	There is no such transaction.
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communiqué on Corporate Governance (II-17.1)	<a href="https://www.kap.org.tr/tr/Bildirim/1114927">https://www.kap.org.tr/tr/Bildirim/1114927</a>
The name of the section on the corporate website that demonstrates the donation policy of the company	Investor Relations/Corporate Overview and Governance/ Policies and Principles/Donations and Sponsorship Policy
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	<a href="https://www.kap.org.tr/tr/Bildirim/1126217">https://www.kap.org.tr/tr/Bildirim/1126217</a>
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	Article 14-a
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any.	General Assembly Meeting was open to the public, including stakeholders and the media without speaking rights.
<b>1.4. Voting Rights</b>	
Whether the shares of the company have differential voting rights	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	-
The percentage of ownership of the largest shareholder	40.68%
<b>1.5. Minority Rights</b>	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No
If yes, specify the relevant provision of the articles of association	-
<b>1.6. Dividend Right</b>	
The name of the section on the corporate website that describes the dividend distribution policy	Investor Relations/Corporate Overview and Governance/ Policies and Principles/Dividend Policy
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend	Dividends have been paid out.

PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	-	
<b>General Assembly Meetings</b>		
General Meeting Date	20.03.2023	24.08.2023
The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	0	0
Shareholder participation rate to the General Shareholders' Meeting	78%	53%
Percentage of shares directly present at the GSM	0%	0%
Percentage of shares represented by proxy	78%	53%
Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Investor Relations/ Corporate Overview and Governance/General Assembly	Investor Relations/ Corporate Overview and Governance/General Assembly
Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	<a href="https://kurumsal.aygaz.com.tr/uploads/yatirimci-iliskileri/genel-kurul-bilgileri/345b0e88_5738_42f7_acb6_2555e7b637f0_aygaz-gk-tutanak-20032023_kv.pdf">https://kurumsal.aygaz.com.tr/uploads/yatirimci-iliskileri/genel-kurul-bilgileri/345b0e88_5738_42f7_acb6_2555e7b637f0_aygaz-gk-tutanak-20032023_kv.pdf</a>	<a href="https://kurumsal.aygaz.com.tr/uploads/yatirimci-iliskileri/genel-kurul-bilgileri/359bd551_33dd_4361_98a_f3b818b590ec_kap-tutanak_24.08.2023.pdf">https://kurumsal.aygaz.com.tr/uploads/yatirimci-iliskileri/genel-kurul-bilgileri/359bd551_33dd_4361_98a_f3b818b590ec_kap-tutanak_24.08.2023.pdf</a>
The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	-	-
The number of declarations by insiders received by the board of directors	0	0
The link to the related PDP general shareholder meeting notification	<a href="https://www.kap.org.tr/tr/Bildirim/1114926">https://www.kap.org.tr/tr/Bildirim/1114926</a>	<a href="https://www.kap.org.tr/tr/Bildirim/1173274">https://www.kap.org.tr/tr/Bildirim/1173274</a>

## 2. DISCLOSURE AND TRANSPARENCY

### 2.1. Corporate Website

Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	Investor Relations – Stock ID and Investor Tools, Financial Tables, Annual Reports, Presentations, Announcements and Publications, Corporate Overview and Governance
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	Investor Relations/Corporate Overview and Governance/ Shareholding Structure
List of languages for which the website is available	Turkish and English

### 2.2. Annual Report

The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	Corporate Governance Board of Directors' Résumés
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	- Executive Management Résumés - Statements of Independence of the Independent Board Members

b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Corporate Governance/BoD's Evaluation of Board Committees' Operating Principles and Effectiveness
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Corporate Governance/BoD's Evaluation of Board Committees' Operating Principles and Effectiveness
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	Corporate Governance/Legal Disclosures (There are no amendments to the legislation that could materially affect the activities of the company.)
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Corporate Governance-Legal Disclosures- Lawsuits and Sanctions
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	There is no such case.
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	There is no such case.
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Explained under Sustainable Growth – Human Resources and Sustainable Growth – Social Responsibility.

### 3. STAKEHOLDERS

#### 3.1. Corporation's Policy on Stakeholders

The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Corporate – Career at Aygaz – HR Practices
The number of definitive convictions the company was subject to in relation to breach of employee rights	5
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Internal Audit Manager
The contact detail of the company alert mechanism	<a href="mailto:denetim@aygaz.com.tr">denetim@aygaz.com.tr</a> <a href="https://aygaz.com.tr/kurumsal/kurumsal-iletisim-hatti">https://aygaz.com.tr/kurumsal/kurumsal-iletisim-hatti</a> <a href="https://aygaz.com.tr/kurumsal/kurumsal-bize-yazin">https://aygaz.com.tr/kurumsal/kurumsal-bize-yazin</a> , <a href="mailto:uyum@aygaz.com.tr">uyum@aygaz.com.tr</a>

#### 3.2. Supporting the Participation of the Stakeholders in the Corporation's Management

Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	Investor Relations Corporate Overview and Governance/Corporate Governance Reports Corporate Governance Compliance Report/ Stakeholders - Stakeholder Participation in Management. Additionally, Investor Relations/Corporate Overview and Governance/Policies and Principles/Ethical Principles
Corporate bodies where employees are actually represented	Both the unionized and non-unionized employees of the company participate in the management via various channels and communicate their views. The annual Employee Engagement Surveys serve to gather the opinions of each colleague who respond to open-ended questions in an anonymous questionnaire. Furthermore, various meetings are held to share information about the company with the employees, dealers and other stakeholders, who all express their questions and comments.

<b>3.3. Human Resources Policy</b>	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	There are succession plans in place for all key executive positions. The succession plans are finalized after the Board of Directors' approval upon the General Manager's confirmation.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	Corporate- Career at Aygaz- Human Resources Policies and Ethical Principles. As a company within Koç Group, a signatory to the United Nations Global Compact, Aygaz strives to comply with human rights and labor standards, and these principles form the basis of all human resources processes. The Personnel Directive, which includes the recruitment criteria, is accessible to all company employees, and the required qualifications are specified in each job posting. Furthermore, Aygaz Code of Ethics emphasizes equal opportunity in recruitment as a key consideration.
Whether the company provides an employee stock ownership programme	No stock option is offered for employees.
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	Investor Relations/Corporate Overview and Governance/Policies and Principles/Human Rights Policy
The number of definitive convictions the company is subject to in relation to health and safety measures	0
<b>3.5. Ethical Rules and Social Responsibility</b>	
The name of the section on the corporate website that demonstrates the code of ethics	Investor Relations/Corporate Overview and Governance- Policies and Principles/Ethical Principles
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	Corporate- Social Responsibility/Sustainability/Sustainability Reports
Any measures combating any kind of corruption including embezzlement and bribery	Investor Relations/Corporate Overview and Governance/Policies and Principles/Anti-Bribery and Corruption Policy
<b>4. BOARD OF DIRECTORS-I</b>	
<b>4.2. Activity of the Board of Directors</b>	
Date of the last board evaluation conducted	27.12.2023
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	No duties have been delegated among Board members.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	2 (the internal audit function submits aggregated information to the audit committee regarding the operations within the year)
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Corporate Governance/Risk Management and Internal Audit
Name of the Chairman	Mustafa Rahmi Koç
Name of the CEO	Melih Poyraz
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	-
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	-
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	Investor Relations- Corporate Overview and Governance- Policies and Principles- Board of Directors Diversity Policy
The number and ratio of female directors within the Board of Directors	1 (11%)

#### Composition of Board of Directors

Full Name of Board Member	Whether Executive Director or Not	Whether Independent Director or Not	First Election Date to Board	Link to PDP Notification Containing Statements of Independence	Whether the Independent Director is Considered by the Nomination Committee	Whether the Director No Longer Meets the Independence Criteria	Whether the Director Has At Least 5 Years' Experience in Audit, Accounting and/or Finance
Mustafa Rahmi Koç	Non-executive	Not an independent director	27.03.1996		-	No	Yes
Mehmet Ömer Koç	Non-executive	Not an independent director	27.03.1996		-	No	Yes
Alexandre F.J. Picciotto	Non-executive	Not an independent director	13.07.2012		-	No	Yes
Dr. Bülent Bulgurlu	Non-executive	Not an independent director	24.04.2008		-	No	Yes
Levent Çakıroğlu	Non-executive	Not an independent director	30.03.2015		-	No	Yes
Yağız Eyüboğlu	Non-executive	Not an independent director	04.04.2016		-	No	Yes
Kutsan Çelebician	Non-executive	Independent director	21.03.2018	<a href="https://www.kap.org.tr/tr/Bildirim/1114926">https:// www.kap.org.tr/tr/Bildirim/1114926</a>	Considered	No	Yes
Kemal Ege Cansen	Non-executive	Independent director	21.03.2018	<a href="https://www.kap.org.tr/tr/Bildirim/1114926">https:// www.kap.org.tr/tr/Bildirim/1114926</a>	Considered	No	Yes
Dr. Şadan Kaptanoğlu Dikici	Non-executive	Independent director	21.03.2018	<a href="https://www.kap.org.tr/tr/Bildirim/1114926">https:// www.kap.org.tr/tr/Bildirim/1114926</a>	Considered	No	Yes

## 4. BOARD OF DIRECTORS – II

### 4.4. Meeting Procedures of the Board of Directors

Number of physical or electronic board meetings in the reporting period	The Board has convened 6 times in a physical setting.
Director average attendance rate at board meetings	96%
Whether the board uses an electronic portal to support its work or not	No
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	A minimum period of time has not been set for this purpose, and the information and documentation are determined and submitted to the Board members reasonably in advance based on the agenda topics and relevant processes.
The name of the section on the corporate website that demonstrates information about the board charter	There is no determination in this direction.
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	There is no determination in this direction.

### 4.5. Board Committees

Page numbers or section names of the annual report where information about the board committees are presented	Corporate Governance/BoD's Evaluation of Board Committees' Operating Principles and Effectiveness
Link(s) to the PDP announcement(s) with the board committee charters	<a href="https://www.kap.org.tr/tr/Bildirim/1129496">https://www.kap.org.tr/tr/Bildirim/1129496</a> <a href="https://kurumsal.aygaz.com.tr/yatirimci-iliskileri/komiteler">https://kurumsal.aygaz.com.tr/yatirimci-iliskileri/komiteler</a>

## Composition of Board Committees - I

Names of Board Committees	Name of Committee Defined As "Other" in the First Column	Full Names of Committee Members	Whether Committee Chair or not	Whether Board member or not
Audit Committee	-	Kutsan Çelebican	Yes	Board member
Audit Committee	-	Dr. Şadan Kaptanoğlu Dikici	No	Board member
Corporate Governance Committee	-	Kutsan Çelebican	Yes	Board member
Corporate Governance Committee	-	Yağız Eyüboğlu	No	Board member
Corporate Governance Committee	-	Gökhan Dizemen	No	Not a Board member
Early Detection of Risk Committee	-	Dr. Şadan Kaptanoğlu Dikici	Yes	Board member
Early Detection of Risk Committee	-	Dr. Bülent Bulgurlu	No	Board member
Other	Executive Committee	Mustafa Rahmi Koç	Yes	Board member
Other	Executive Committee	Mehmet Ömer Koç	No	Board member
Other	Executive Committee	Yıldırım Ali Koç	No	Not a Board member
Other	Executive Committee	Alexandre F.J. Picciotto	No	Board member
Other	Executive Committee	Caroline Nicole Koç	No	Not a Board member

## 4. BOARD OF DIRECTORS - III

## 4.5. Board Directors II

Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/ website)

Annual Report: Corporate Governance/BoD's Evaluation of Board Committees' Operating Principles and Effectiveness  
Website: Investor Relations/Corporate Overview and Governance/Board Committees  
Additionally,  
Corporate Overview and Governance/Policies and Principles/ Working Principles of Committees

Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)

Annual Report: Corporate Governance/BoD's Evaluation of Board Committees' Operating Principles and Effectiveness  
Website: Investor Relations/Corporate Overview and Governance/Board Committees  
Additionally,  
Corporate Overview and Governance/Policies and Principles/ Working Principles of Committees

Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/ website)

Corporate Governance Committee assumes the duties of the Nomination Committee.  
Annual Report: Corporate Governance/BoD's Evaluation of Board Committees' Operating Principles and Effectiveness  
Website: Investor Relations/Corporate Overview and Governance/Board Committees  
Additionally,  
Corporate Overview and Governance/Policies and Principles/ Working Principles of Committees

Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report: Corporate Governance/BoD's Evaluation of Board Committees' Operating Principles and Effectiveness Website: Investor Relations/Corporate Overview and Governance/ Board Committees Additionally, Corporate Overview and Governance/Policies and Principles/ Working Principles of Committees
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate Governance Committee assumes the duties of the Remuneration Committee. Annual Report: Corporate Governance/BoD's Evaluation of Board Committees' Operating Principles and Effectiveness Website: Investor Relations/Corporate Overview and Governance/ Board Committees Additionally, Corporate Overview and Governance/Policies and Principles/ Working Principles of Committees

4.6. Financial Rights

Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Report of the Board of Directors and Chairman's Message
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Investor Relations Corporate Overview and Governance- Policies and Principles- Remuneration Policy
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	General Assembly/Remuneration Policy for the Board of Directors and Senior Management- Notes to the consolidated financial statements - Note 31

Board Committees - II

Names of Board Committees	Name of Committee Defined As "Other" in the First Column	Ratio of non-executive directors	Ratio of independent directors	Number of committee meetings in a physical setting	Number of activity reports submitted to the Board
Audit Committee		100%	100%	9	9
Corporate Governance Committee		67%	33%	6	6
Early Detection of Risk Committee		100%	50%	8	8
Other	Executive Committee	100%	0%	12	12

# Sustainability Principles Compliance Outline

		COMPLIANCE STATUS				EXPLANATION	REPORT/LINK WHERE RELATED INFORMATION IS DISCLOSED PUBLICLY
		YES	NO	PARTIAL	N/A		
<b>A. General Principles</b>							
<b>A1. Strategy, Policy and Goals</b>							
A1.1	The Board of Directors should determine ESG-priority issues, risks and opportunities, and form ESG policies in accordance with them.			Partial		Material sustainability issues are disclosed. The goal is to include activities regarding ESG risks and opportunities in the 2023 Sustainability Report.	Aygaz Sustainability Report 2022 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812_aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812_aygaz-skr-2022-web.pdf</a>
	For the sake of effective implementation of the aforesaid policies, internal directives, work procedures, etc. may be prepared for the corporation. For these policies, a decision of the Board of Directors should be taken and made public.	Yes					
A1.2	Should determine and publicly disclose its short and long-term goals in line with its ESG policies.			Partial		Gender Equality goals are disclosed. Regarding other ESG policies, plans are in place to set short- and long-term targets.	Aygaz Annual Report 2023, pages: 86-89 Aygaz Sustainability Report 2022, pages: 69 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812_aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812_aygaz-skr-2022-web.pdf</a>
<b>A2. Implementation/Monitoring</b>							
A2.1	Should appoint and publicly disclose its committees/units in charge of implementation of ESG policies.	Yes					Aygaz Sustainability Report 2022 pages: 22, 23 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812_aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812_aygaz-skr-2022-web.pdf</a>
	Committees/units in charge should report the activities carried out under the policies to the Board of Directors at least once a year and in any case, within the maximum periods of time stipulated for disclosure of annual reports in the regulations of the Board pertaining thereto.	Yes					
A2.2	Should formulate and publicly disclose the implementation and action plans in line with the short- and long-term goals determined as above.			Partial		Disclosed in line with the CMB's Sustainability Principles Compliance Outline.	Aygaz Annual Report 2023, pages: 96-97
A2.3	Should determine ESG Key Performance Indicators (KPIs) and declare them comparatively on an annual basis.	Yes				2023 performance data will be disclosed in the 2023 Sustainability Report.	Aygaz Sustainability Report 2022, pages: 70, 71, 72 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812_aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812_aygaz-skr-2022-web.pdf</a>
A2.4	Should declare innovation activities aimed to improve the sustainability performance in relation with business processes or products and services.	Yes					Aygaz Annual Report 2023, pages: 80-85 Aygaz Sustainability Report 2022, pages: 22, 23 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812_aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812_aygaz-skr-2022-web.pdf</a>
<b>A3. Reporting</b>							
A3.1	Should report and publicly disclose its sustainability performance, goals and actions at least once a year. Should provide information about its sustainability activities within its annual report.	Yes					Aygaz Annual Report 2023, pages: 64-89
A3.2	It should provide information as to with which of the United Nations (UN) 2030 Sustainability Development Goals its activities are related.	Yes					Aygaz Sustainability Report 2022, pages: 14, 15 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812_aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812_aygaz-skr-2022-web.pdf</a>

		COMPLIANCE STATUS				EXPLANATION	REPORT/LINK WHERE RELATED INFORMATION IS DISCLOSED PUBLICLY
		YES	NO	PARTIAL	N/A		
A3.3	It should disclose information about lawsuits filed and/or completed against it in environmental, social and corporate governance issues.	Yes				There are no lawsuits filed against the company regarding ESG matters.	Aygaz Annual Report 2023, pages: 92-93, 171 Aygaz Sustainability Report 2022, pages: 54 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf</a>
<b>A4. Verification</b>							
A4.1	If verified by independent third parties (independent sustainability assurance providers), it should disclose its sustainability performance measures, and should endeavor to increase said verification actions.			Partial		Greenhouse gas emissions are calculated for Scope-1, Scope-2 and Scope-3 and assured by an independent third party in accordance with ISO 14064-1.	Aygaz Annual Report 2023, pages: 74-79, 96-97 Aygaz Sustainability Report 2022, pages: 57 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf</a>
<b>B. Environmental Principles</b>							
B1	Should declare its policies and practices, action plans, and environmental management systems (known as ISO 14001 standard) and programs.	Yes					Aygaz Faaliyet Raporu 2023, sayfa: 74-79 Aygaz Sustainability Report 2022, pages: 54 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf</a>
B2	Should disclose limitations to the environmental report that will be prepared under the Sustainability Principles, reporting period, reporting date, data collection process and restrictions in reporting conditions.	Yes					Aygaz Annual Report 2023, pages: 65 Aygaz Sustainability Report 2022, pages: 1 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf</a>
B4	Should disclose the incentives it offers for management of environmental issues, including the achievement of goals.	Yes					Aygaz Faaliyet Raporu 2023, sayfa: 68-73, 96-97 Aygaz Sustainability Report 2022, pages: 46-47 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf</a>
B5	Should disclose how environmental issues are integrated into business objectives and strategies.	Yes					Aygaz Annual Report 2023, pages: 74-79 Aygaz Sustainability Report 2022, pages: 56-57 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf</a>
B7	Should disclose how it manages environmental issues and integrates suppliers and customers into its strategies, not only in terms of direct operations, but also along the corporation value chain.	Yes					Aygaz Annual Report 2023, pages: 74-79 Aygaz Sustainability Report 2022, pages: 38-41 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf</a>
B8	Should disclose whether it is included in the (sectoral, regional, national and international) policy formulating processes on environmental issues or not, as well as associations it is a member of, its environmental cooperation initiatives entered into with related institutions and non-governmental organizations, and its duties and functions, if any, assumed thereon, and the activities supported by it.	Yes					Aygaz Sustainability Report 2022, pages: 68-69 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf</a>

		COMPLIANCE STATUS				EXPLANATION	REPORT/LINK WHERE RELATED INFORMATION IS DISCLOSED PUBLICLY
		YES	NO	PARTIAL	N/A		
B9	Should periodically report in a comparable manner, information about environmental effects in the light of environmental indicators [Greenhouse gas emissions [Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect)], air quality, energy management, water and waste water management, waste management, biodiversity effects].			Partial		Scope-3 (other indirect) greenhouse gas emissions are planned to be disclosed in the 2023 Sustainability Report.	Aygaz Annual Report 2023, pages: 74-79 Aygaz Sustainability Report 2022, pages: 1, 70-71 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812_aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812_aygaz-skr-2022-web.pdf</a>
B10	Should disclose details in relation to standards, protocols, methodologies and base year employed for collection and calculation of its data.			Partial		The company aims to work on disclosing the details of the standards, protocol, methodology and base year used to collect and calculate the data.	Aygaz Annual Report 2023, pages: 65 Aygaz Sustainability Report 2022, pages: 1, 70-71 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812_aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812_aygaz-skr-2022-web.pdf</a>
B11	Should declare the status of environmental indicators for the reporting year in comparison with past years (increase or decrease).	Yes					Aygaz Annual Report 2023, pages: 74-79 Aygaz Sustainability Report 2022, pages: 70-71 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812_aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812_aygaz-skr-2022-web.pdf</a>
B12	Should determine and disclose short and long-term goals for reduction of its environmental impact. If an improvement is detected in the reporting year over the previously determined goals, it should provide information thereabout.			Partial		In line with Koç Holding's 2050 net zero goals, the company contributes to the Group's goals by working in these areas.	Aygaz Annual Report 2023, pages: 74-79 Aygaz Sustainability Report 2022, pages: 4 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812_aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812_aygaz-skr-2022-web.pdf</a>
B13	Should disclose its strategy and actions for fight against climate crisis.	Yes					Aygaz İklim Değişikliği Stratejisi: <a href="https://aygaz.com.tr/kurumsal/iklim-degisikligi-stratejisi">https://aygaz.com.tr/kurumsal/iklim-degisikligi-stratejisi</a> Aygaz Annual Report 2023, pages: 74-79 Aygaz Sustainability Report 2022, pages: 56-57 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812_aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812_aygaz-skr-2022-web.pdf</a>
B14	Should disclose its programs or procedures aiming to prevent or minimize the potential negative effects of its products and/or services.	Yes					Aygaz Annual Report 2023, pages: 74-79 Aygaz Sustainability Report 2022, pages: 54-59 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812_aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812_aygaz-skr-2022-web.pdf</a>
	Should also declare the actions of third parties aiming to reduce greenhouse gas emissions.		No			Data analytics, verification and methodology development activities for Scope-3 greenhouse gas emissions continue.	Aygaz Annual Report 2023, pages: 96-97
B15	Should declare the total number of actions taken, projects implemented and initiatives entered into for reduction of its environmental impact, as well as their environmental benefits and cost savings.	Yes					Aygaz Annual Report 2023, pages: 74-79 Aygaz Sustainability Report 2022, pages: 10, 54-59 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812_aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812_aygaz-skr-2022-web.pdf</a>

		COMPLIANCE STATUS				EXPLANATION	REPORT/LINK WHERE RELATED INFORMATION IS DISCLOSED PUBLICLY
		YES	NO	PARTIAL	N/A		
B16	Should report total energy consumption data (with the exception of raw materials), and disclose its energy consumptions as Scope-1 and Scope-2	Yes				2023 performance data will be disclosed in the 2023 Sustainability Report.	Aygaz Annual Report 2023, pages: 74-79 Aygaz Sustainability Report 2022, pages: 70 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf</a>
B17	Should provide information about electricity, heat, steam and cooling generated and consumed in the reporting year.			Partial		2023 performance data will be disclosed in the 2023 Sustainability Report.	Aygaz Annual Report 2023, pages: 74-79 Aygaz Sustainability Report 2022, pages: 70 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf</a>
B18	Should carry out and disclose works on increasing the use of renewable energy sources, and transition to zero or low carbon electricity.	Yes					Aygaz Annual Report 2023, pages: 74-79 Aygaz Sustainability Report 2022, pages: 57, 58 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf</a>
B19	Should disclose its renewable energy generation and consumption data.	Yes					Aygaz Annual Report 2023, pages: 74-79 Aygaz Sustainability Report 2022, pages: 57, 58 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf</a>
B20	Should conduct energy efficiency projects, and disclose the resulting reduction in energy consumption and emission due to its projects.	Yes					Aygaz Annual Report 2023, pages: 74-79 Aygaz Sustainability Report 2022, pages: 57 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf</a>
B21	Should report quantities, sources and procedures of water extracted from underground or ground waters, used, recycled and discharged (Total water extraction on source basis, water sources affected from water extraction, percentage and total volume of recycled and reused water, etc.).	Yes				2023 performance data will be disclosed in the 2023 Sustainability Report.	Aygaz Annual Report 2023, pages: 74-79 Aygaz Sustainability Report 2022, pages: 59 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf</a>
B22	Should disclose whether its operations or activities are included in any carbon pricing system or not (Emission Trade System, Cap & Trade or Carbon Tax).				N/A	Since the regulatory processes regarding a carbon pricing system have not been completed in Türkiye yet, the company is not part of any carbon pricing system.	Aygaz Annual Report 2023, pages: 96-97
B23	Should disclose its carbon credit data accumulated or bought in the reporting period.				N/A	The company is currently exploring carbon pricing within the organization and carbon credits and holding discussions with NGOs to investigate the matter further.	Aygaz Annual Report 2023, pages: 96-97
B24	If carbon pricing is applied in the corporation, it should disclose details relating thereto.				N/A	The company is currently exploring carbon pricing within the organization and carbon credits and holding discussions with NGOs to investigate the matter further.	Aygaz Annual Report 2023, pages: 96-97

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		YES	NO	PARTIAL	N/A		
B25	Should disclose all mandatory and voluntary platforms where its environmental data are disclosed.	Yes					Aygaz Annual Report 2023, pages: 65

**C. Social Principles**

**C1. Human Rights and Employee Rights**

C1.1	Should establish a Corporate Human Rights and Employee Rights Policy covering its commitment of full compliance with the Universal Declaration of Human Rights, ILO Conventions ratified by Türkiye, and legal framework and legislation regulating human rights and labor issues in Türkiye. Should disclose the aforesaid policy and the roles played and responsibilities assumed in the implementation of the policy.	Yes					<p>Aygaz Human Rights Policy:  <a href="https://aygaz.com.tr/yatirimci-iliskileri/insan-haklari-politikasi">https://aygaz.com.tr/yatirimci-iliskileri/insan-haklari-politikasi</a></p> <p>Aygaz Annual Report 2023, pages: 68-73, 214-220</p>
C1.2	Should provide equal opportunities in recruitment processes. Includes fair labor, improvement of working standards, employment of women and social inclusion issues (such as non-discrimination towards women, men, religious beliefs, language, race, ethnical origin, age, disablement, refugees, etc.) in its policies by also considering the supply and value chain effects.	Yes					<p>Aygaz Human Rights Policy:  <a href="https://aygaz.com.tr/yatirimci-iliskileri/insan-haklari-politikasi">https://aygaz.com.tr/yatirimci-iliskileri/insan-haklari-politikasi</a></p> <p>Aygaz Supply Chain Compliance Policy:  <a href="https://aygaz.com.tr/yatirimci-iliskileri/tedarik-zinciri-uyum-politikasi">https://aygaz.com.tr/yatirimci-iliskileri/tedarik-zinciri-uyum-politikasi</a></p>
C1.3	Should disclose measures taken along the value chain for the sake of supervision and protection of rights/ equal opportunities for minorities or certain population segments vulnerable to particular economic, environmental and social factors (low-income segments, women, etc.).	Yes					<p>Aygaz Human Rights Policy:  <a href="https://aygaz.com.tr/yatirimci-iliskileri/insan-haklari-politikasi">https://aygaz.com.tr/yatirimci-iliskileri/insan-haklari-politikasi</a></p> <p>Aygaz Supply Chain Compliance Policy:  <a href="https://aygaz.com.tr/yatirimci-iliskileri/tedarik-zinciri-uyum-politikasi">https://aygaz.com.tr/yatirimci-iliskileri/tedarik-zinciri-uyum-politikasi</a></p> <p>Aygaz Faaliyet Raporu 2023, sayfa: 68-73</p> <p>Aygaz Sustainability Report 2022, pages: 44-45  <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf</a></p>
C1.4	Should report developments relating to applications aiming to prevent and correct discrimination, inequality, breaches of human rights and forced labor, and disclose its regulations and measures aiming to prevent employment of child labor.	Yes					<p>Aygaz Human Rights Policy:  <a href="https://aygaz.com.tr/yatirimci-iliskileri/insan-haklari-politikasi">https://aygaz.com.tr/yatirimci-iliskileri/insan-haklari-politikasi</a></p> <p>Aygaz Supply Chain Compliance Policy:  <a href="https://aygaz.com.tr/yatirimci-iliskileri/tedarik-zinciri-uyum-politikasi">https://aygaz.com.tr/yatirimci-iliskileri/tedarik-zinciri-uyum-politikasi</a></p> <p>Aygaz Annual Report 2023, pages: 68-73, 214-220</p> <p>Aygaz Sustainability Report 2022, pages: 44-45  <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf</a></p>
C1.5	Should disclose its policies regarding investments in employees (training and development policies), compensations, fringe benefits, unionization rights, work/life balance solutions and talent management.	Yes					<p>Aygaz Human Rights Policy:  <a href="https://aygaz.com.tr/yatirimci-iliskileri/insan-haklari-politikasi">https://aygaz.com.tr/yatirimci-iliskileri/insan-haklari-politikasi</a></p> <p>Aygaz Annual Report 2023, pages: 68-73</p> <p>Aygaz Sustainability Report 2022, pages: 44-45  <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf</a></p>
	Should determine dispute resolution processes through the establishment of mechanisms for resolution of employee complaints and disputes, and determine its dispute resolution processes.	Yes					<p>Aygaz Code of Ethics:  <a href="https://www.aygaz.com.tr/kurumsal/etik-ilkeler">https://www.aygaz.com.tr/kurumsal/etik-ilkeler</a></p> <p>Aygaz Annual Report 2023, pages: 68-73</p> <p>Aygaz Sustainability Report 2022, pages:19-21  <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf</a></p>

		COMPLIANCE STATUS				EXPLANATION	REPORT/LINK WHERE RELATED INFORMATION IS DISCLOSED PUBLICLY
		YES	NO	PARTIAL	N/A		
C1.5	Regularly declares its activities aimed at employee satisfaction.	Yes					Aygaz Annual Report 2023, pages: 68-73 Aygaz Sustainability Report 2022, pages: 44-50 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf</a>
C1.6	Should formulate and disclose its occupational health and safety policies.	Yes					Aygaz Integrated Management Systems Policy: <a href="https://aygaz.com.tr/kurumsal/entegre-yonetim-sistemleri-politikasi">https://aygaz.com.tr/kurumsal/entegre-yonetim-sistemleri-politikasi</a> Aygaz Occupational Health and Safety Management: <a href="https://aygaz.com.tr/kurumsal/is-sagligi-ve-guvenligi-yonetimi">https://aygaz.com.tr/kurumsal/is-sagligi-ve-guvenligi-yonetimi</a> Aygaz Sustainability Report 2022, pages: 50-51 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf</a>
	Should disclose actions and measures taken for protection of health and against occupational accidents, and occupational accident statistics.	Yes					Quality, Environment, and Occupational Safety Practices: <a href="https://aygaz.com.tr/kurumsal/kalite-cevre-ve-is-guvenligi-uygulamalari">https://aygaz.com.tr/kurumsal/kalite-cevre-ve-is-guvenligi-uygulamalari</a> Aygaz Faaliyet Raporu 2023, sayfa: 74-79 Aygaz Sustainability Report 2022, pages: 50-51 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf</a>
C1.7	Should formulate and disclose to public its personal data protection and data security policies.	Yes					Aygaz Protection of Personal Data: <a href="https://www.aygaz.com.tr/kurumsal/kisisel-verilerin-korunmasi">https://www.aygaz.com.tr/kurumsal/kisisel-verilerin-korunmasi</a> Aygaz Sustainability Report 2022, pages: 35 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf</a>
C1.8	Should formulate and disclose its ethics policy.	Yes					Aygaz Code of Ethics: <a href="https://www.aygaz.com.tr/kurumsal/etik-ilkeler">https://www.aygaz.com.tr/kurumsal/etik-ilkeler</a> Aygaz Sustainability Report 2022, pages: 19-20 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf</a>
C1.9	Should disclose initiatives focused on social investment, social responsibility, financial inclusion and access to finance.	Yes					Aygaz Social Investment Policy: <a href="https://www.aygaz.com.tr/yatirimci-iliskileri/toplumsal-yatirim-politikasi">https://www.aygaz.com.tr/yatirimci-iliskileri/toplumsal-yatirim-politikasi</a> Aygaz Annual Report 2023, pages: 86-89 Aygaz Sustainability Report 2022, pages: 62-65 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf</a>
C1.10	Should organize information meetings and training programs for employees with respect to ESG policies and applications.	Yes					Aygaz Annual Report 2023, pages: 74-79 Aygaz Sustainability Report 2022, pages: 10 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf</a>
<b>C2. Stakeholders, International Standards and Initiatives</b>							
C2.1	Should formulate and disclose its customer satisfaction policy dealing with management and resolution of customer complaints	Yes					Aygaz Customer Complaints Management Pledge: <a href="https://www.aygaz.com.tr/kurumsal/musteri-sikayetleri-yonetimitaahhudu">https://www.aygaz.com.tr/kurumsal/musteri-sikayetleri-yonetimitaahhudu</a> Aygaz Sustainability Report 2022, pages: 34 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf</a>

		COMPLIANCE STATUS				EXPLANATION	REPORT/LINK WHERE RELATED INFORMATION IS DISCLOSED PUBLICLY
		YES	NO	PARTIAL	N/A		
C2.2	Should handle stakeholder communications continuously and transparently, and disclose with which stakeholders, for which purposes, on which issues and in which frequency it communicates.	Yes					Aygaz Annual Report 2023, pages: 66-67  Aygaz Sustainability Report 2022, pages: 68-69 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf</a>
C2.3	Should disclose international reporting standards it has adopted.	Yes					Aygaz Sustainability Report 2022, pages: 1, 73 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf</a>
C2.4	Should disclose the international organizations or principles it has signed or enrolled in and the international principles it has adopted.	Yes					Aygaz Annual Report 2023, pages: 65  Aygaz Sustainability Report 2022, pages: 45, 68 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf</a>
C2.5	Should concretely endeavor to be included in the Borsa İstanbul Sustainability Index and international sustainability indices.	Yes					Aygaz Annual Report 2023, pages: 65  Aygaz Sustainability Report 2022, pages: 23 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf</a>
<b>D. Corporate Governance Principles</b>							
D1	Should consult with stakeholders in determination of measures and strategies in sustainability field.	Yes					Aygaz Sustainability Report 2022, pages: 14, 15 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf</a>
D2	Should endeavor to raise awareness on sustainability and the importance thereof through social responsibility projects, awareness activities and trainings.	Yes					Aygaz Annual Report 2023, pages: 86-89  Aygaz Sustainability Report 2022, pages: 62-65 <a href="https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf">https://kurumsal.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/10628fb2_dcc9_4f43_a5c1_1471e328b812__aygaz-skr-2022-web.pdf</a>

# Information Document for the April 1, 2024 Ordinary General Assembly Meeting to Review Financial Year 2023

## 1. INVITATION TO THE ORDINARY GENERAL ASSEMBLY MEETING, TO BE HELD ON APRIL 01, 2024

Aygaz A.Ş.'s Ordinary General Assembly Meeting shall be convened on 01 April 2024 Monday at 15:00 (12:00 GMT) at the address of Büyükdere Caddesi, No: 145/1 Zincirlikuyu, İstanbul / Şişli (Tel: +90 212 354 1515, Faks: +90 212 288 31 51). At the meeting, the activities of the Company for the fiscal year 2023 will be reviewed, the following agenda will be discussed, and a resolution regarding the agenda will be reached.

In accordance with the legal requirements, 2023 Financial Statements, the Independent Auditor PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.'s Report, and the Board of Directors' Annual Report, including the Corporate Governance and Sustainability Principles Compliance Report and the dividend distribution proposal of the Board of Directors, along with the following agenda and the Memorandum containing the information required by Capital Markets Board regulations shall be made available to the shareholders at Company Headquarters, on the Company's corporate website at [www.aygaz.com.tr](http://www.aygaz.com.tr), on the Public Disclosure Platform, and in the Electronic General Meeting System of the Central Registry Agency three weeks prior to the meeting.

Shareholders who are unable to attend the meeting in person, save for the rights and obligations of the ones participating electronically via the Electronic General Assembly System, shall prepare their proxy documents as per the attached sample forms, or shall obtain a proxy sample form from Yapı Kredi Yatırım Menkul Değerler A.Ş. (Yapı Kredi Plaza / Levent-Istanbul), our Company, or from the corporate website at [www.aygaz.com.tr](http://www.aygaz.com.tr) and shall submit to the Company in accordance with the requirements of the Declaration No. II-30.1, Use of Proxy Vote and Proxy Collection through Invitation, enacted on 24 December 2013 and published in Official Gazette No. 28861. A proxy document is not required from a proxy appointed electronically through the Electronic General Meeting System. **The proxy documents which do not comply with the requirements of the aforementioned Declaration, and the sample form attached hereto shall not be accepted, given our legal liability.**

Shareholders who intend to vote via the Electronic General Meeting System are requested to obtain information from the Central Registry Agency, our Company's website at [www.aygaz.com.tr](http://www.aygaz.com.tr) or from the Company Headquarters (Tel: +90 212 354 15 15) to ensure that they comply with the provisions of the related communique and by-laws.

Pursuant to Paragraph 4 of Article 415 of Turkish Commercial Code No. 6102 and Paragraph 1 of Article 30 of the Capital Markets Law, the right to attend the General Assembly and voting rights shall not be conditional on depositing the share certificates. Accordingly, shareholders participating in the General Assembly Meeting do not need to block their shares.

At the Ordinary General Assembly Meeting, the voters shall use an open voting system by raising hands, without prejudice to the provisions of electronic voting regarding the voting of each item on the agenda.

In accordance with the Personal Data Protection Law numbered 6698, please see Personal Data Protection and Processing Policy of Aygaz A.Ş., which is available to the public on Company's website at [www.aygaz.com.tr](http://www.aygaz.com.tr), for further information about your personal data processed by our Company.

Pursuant to the Capital Markets Law, shareholders holding registered shares that are traded on the Stock Exchange will not receive a separate registered invitation letter for the meeting.

All the holders of relevant rights, stakeholders and the media are invited to our General Assembly Meeting.

AYGAZ A.Ş. BOARD OF DIRECTORS  
Company Address: Büyükdere Caddesi, No: 145/1 Zincirlikuyu, İstanbul / Şişli  
Trade Registry and Number: İstanbul/80651  
Mersis Number: 0119005102700141

## 2. ADDITIONAL EXPLANATIONS IN VIEW OF CMB REGULATIONS

The additional explanations required pursuant to Capital Markets Board (CMB) Corporate Governance Declaration No. II-17.1, are made in the related articles of the agenda below. Other mandatory general explanations are provided in this section.

### 2.1. Capital Structure and Voting Rights

As of the date of the publication of this Information Document, information concerning the total number of shares and voting rights, and if there are privileged shares in the share capital, the number of shares and voting right representing each privileged share, and the type of privilege, is provided below:

Issued capital of the Company is TL 219,800,767, all of which has been pledged and paid in full. Issued capital is divided into 21,980,076,700 registered shares at 1 Kr nominal value per share. There are no privileged shares in the Company's capital.

Name or Title of the Shareholder	Share Amount (TL)	Share Stake (%)	Voting Rights	Voting Rights (%)
<b>Koç Group</b>	<b>112,569,173.27</b>	<b>51.21</b>	<b>11,256,917,327</b>	<b>51.21</b>
Koç Holding A.Ş.	89,424,844.65	40.68	8,942,484,465	40.68
Temel Ticaret ve Yatırım A.Ş.*	12,692,827.96	5.77	1,269,282,796	5.77
Koç Family	10,451,500.67	4.76	1,045,150,067	4.76
<b>Other</b>	<b>107,231,593.73</b>	<b>48.79</b>	<b>10,723,159,373</b>	<b>48.79</b>
Liquid Petroleum Gas Development Company (LPGDC)	53,884,641.77	24.52	5,388,464,177	24.52
Free Float **	53,346,951.96	24.27	5,334,695,196	24.27
<b>Total</b>	<b>219,800,767.00</b>	<b>100.00</b>	<b>21,980,076,700</b>	<b>100.00</b>

\* The majority shares in Temel Ticaret ve Yatırım A.Ş. are owned by the members of Koç Family. Members of Koç Family: Rahmi M. Koç, Semahat S. Arsel, the late Suna Kiraç, M. Ömer Koç, Ali Y. Koç, İpek Kiraç, Caroline N. Koç, Esra Koç and Aylin Koç.

\*\* The amount of 1,996,553.90 TL (capital ratio 0.91%) included in the free-float shares belong to Hilal Madeni Eşya Ticaret Sanayi ve Yatırım A.Ş., which is wholly owned by LPGDC.

### 2.2. Managerial and Operational Changes in Our Company or our Subsidiaries' which may Significantly Affect the Activities of our Company.

Information on the changes in the management and activities of our Company and its subsidiaries that have taken place in the previous accounting period or planned in the future accounting periods, which may significantly affect the activities, and the reasons for these changes are presented below:

Except for the transaction, there are no changes in the management and operations of our Company and its subsidiaries, which were realized in the previous accounting period or planned for future accounting periods, which would significantly affect the activities of our Company.

Material event disclosures made by our Company in line with the related legislation and financial tables containing the financial results of our Company and our subsidiaries can be reached from <http://www.kap.gov.tr/> and <https://aygaz.com.tr/en/investor-relations/material-disclosures> addresses.

### 2.3. Information regarding demands of shareholders for placing an article on the agenda.

No request has been submitted in writing to the Aygaz Investment Relations Department concerning the demand of shareholders to have an article placed on the agenda of the general assembly where 2023 operations will be discussed.

### 3. STATEMENTS ABOUT THE ARTICLES OF THE AGENDA OF THE ORDINARY GENERAL ASSEMBLY MEETING ON APRIL 01, 2024

#### 1. Opening and election of the Chairmanship Committee

Within the framework of the provisions of “Turkish Commercial Code (TCC) no. 6102” and “the Regulation of the Ministry of Customs and Commerce regarding Principles and Procedures of General Assembly Meetings of Joint Stock Companies and Representatives of the Ministry of Customs and Commerce to be Present in these Meetings” (“Regulation” or “General Assembly Regulation”), and General Assembly Principles Article 7, a Chairman shall be elected to chair the General Assembly meeting. Within the framework of the General Assembly Principles, at least one person will be appointed as Secretary. The Chairman may also appoint adequate number of vote-collectors.

#### 2. Reading, discussing and approving the 2023 Annual Report as prepared by the Board of Directors

Within the framework of the TCC, the Regulation and the Capital Markets Law and related regulations, information shall be given on the 2023 Annual Report, which has been announced at the Headquarters and branches of our Company, on the Electronic General Assembly portal of the Central Registry Agency (CRA), on the Public Disclosure Platform (PDP) and on the corporate website of the Company at [www.aygaz.com.tr](http://www.aygaz.com.tr) for review of our shareholders three weeks before the General Assembly meeting and it shall be presented for perusal and approval of our shareholders.

#### 3. Reading the Independent Audit Report Summary for the accounting year of 2023

A summary of the Independent Auditor’s Report, which is prepared according to the TCC and CMB regulations and posted three weeks prior to the General Assembly meeting at Company Headquarters, the Electronic General Assembly Portal of the CRA, on the PDP and on the corporate website of the Company at [www.aygaz.com.tr](http://www.aygaz.com.tr), will be read aloud.

#### 4. Reading, discussing and approving the Financial Statements for the accounting year 2023

Information about our financial statements and legal statutory accounts, which, pursuant to the TCC, bylaws and Capital Markets Law are posted three weeks prior to the General Assembly meeting at our Company Headquarters and branches, on the Electronic General Assembly Portal of the CRA, on the PDP and on the corporate website of the Company at [www.aygaz.com.tr](http://www.aygaz.com.tr) for review of our shareholders, shall be provided to our shareholders for their evaluation and approval.

#### 5. Release of each member of the Board of Directors from liability for the affairs of the Company for the year 2023

Pursuant to the TCC and Bylaws, the release of our Board of Directors members for the activities, transactions and accounts for the year 2023 shall be submitted to the General Assembly for its approval.

#### 6. Acceptance, acceptance after amendment or refusal of the offer of the Board of Directors in accordance with the Company’s profit distribution policy regarding the distribution of the profits of 2023 and the date of the distribution of profits,

According to our financial statements, prepared by our Company within the framework of the Turkish Commercial Code and Capital Markets Law and related regulations in compliance with Turkish Financial Reporting Standards and audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. covering the accounting period between 01.01.2023 – 31.12.2023; consolidated profit attributable to equity holders of the parent in the amount of TL 5.953.903.000 has been obtained. The dividend payment proposal drawn up in accordance with the Dividend Distribution Table format provided in the Dividend Declaration numbered II-19.1 and the Dividend Manual announced in accordance with the said Declaration, and taking into account the Company’s Dividend Distribution Policy, long-term strategy, investment and financing policies, profitability and liquidity, is provided in Appendix 1.

#### 7. Determining the number and terms of the Members of the Board of Directors, making elections in accordance with the determined number of members, selecting the Independent Members of the Board of Directors

The number of members on the Board of Directors and their terms of office shall be designated in accordance with CMB regulations, TCC and Bylaws and the principles governing the selection of Members of the Board of Directors in the Articles of Association. New members to replace Board members whose terms of office have expired accordingly shall be elected. In addition, Independent Members of the Board of Directors shall be elected in compliance with the CMB’s Corporate Governance Declaration No. II-17.1.

According to Article 10 of the Articles of Association, Company’s business and management are conducted by a Board of Directors consisting of at least 5 members and for a term of at most 3 years, elected in line with the TCC and CMB regulations. General Assembly may decide on the renewal of the Board of Directors even if their terms of office have not expired.

One third of the elected Board of Director members are required to meet the independence criteria as defined in the CMB’s mandatory Corporate Governance Principles.

The Board of Directors, upon receipt of a proposal of the Corporate Governance Committee, has designated the following candidates as the Independent Members of the Board of Directors: Ms. M. M. Gülay Barbarosoğlu, Ms. Neslihan Tonbul and Mr. Muharrem Hilmi Kayhan. Candidates for Independent Members of the Board of Directors who have not received a contrary opinion from the CMB will be submitted to the general assembly for approval. The CVs of Board of Directors candidates and Declarations of Independence for the independent member candidates are provided in **Appendix 2**.

#### **8. Informing the shareholders about the Remuneration Policy for the Members of the Board of Directors and senior executives and about the payments made within the scope of the policy and its approval in accordance with Corporate Governance Principles**

According to CMB's mandatory Corporate Governance Principle No. 4.6.2, the principles for the remuneration of Board of Directors' members and senior management shall be made available in writing and included as a separate article on the General Assembly Meeting agenda to enable the shareholders to share their opinions on the same. The Remuneration Policy created for this purpose is attached as **Appendix 3**. Information regarding the benefits provided for board members and senior management of Aygaz A.Ş. in 2023 are specified in footnote No. 31 of 2023 Financial Statements.

#### **9. Determining the annual gross salaries of the Members of the Board of Directors**

The monthly gross remuneration to be paid to the members of the Board of Directors in 2024 shall be determined by the shareholders as per our Remuneration Policy submitted for the approval of the shareholders as per item 8 of the agenda.

#### **10. Approving the appointment of the Independent Audit Firm as selected by the Board of Directors, in accordance with the provisions of the Turkish Commercial Code and the Capital Markets Board regulations**

In accordance with the Turkish Commercial Code and Capital Markets Board regulations, and taking into consideration the opinion of the Audit Committee, the Board of Directors resolved at their 22 May 2023 resolution to have Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. serve as the independent auditors of the Company's financial reports for the financial year 2024 and to let it conduct the other activities that fall within its purview within the context of the regulations. This decision shall be submitted to the General Assembly for ratification.

#### **11. Informing the shareholders of the donations made by the Company in 2023 and resolution of an upper limit for donations to be made for 2024 as per the "Donation and Sponsorship Policy"**

"Aygaz A.Ş. Donation and Sponsorship Policy", which was accepted by our Company's Board of Directors on March 8, 2021 and announced to the public, is stated in the Corporate Governance Principle numbered 1.3.10, "A policy regarding donations and aids is created and submitted to the approval of the general assembly. It was approved by our shareholders at the general assembly dated March 31, 2021.

Pursuant to Article 6 of the CMB's Declaration on Dividends No. II-19.1, the limit of donations to be made must be determined by the General Assembly, in cases not specified in the Articles of Association, and information concerning the donations and payments made must be provided to shareholders at the General Assembly. In this framework, in line with our Company's Donation and Sponsorship Policy, donations were made to foundations and associations in 2023 is totaling TL 25.877.399,83, based on nominal amounts. (Total amount calculated according to purchasing power on December 31, 2023 is TL 35.002.383,36) TL 10.735.127,67 of this amount paid to Vehbi Koç Foundation, TL 9.963.851,00 of this amount paid to Koç University, TL 2.902.353,68 of this amount paid to AFAD (Disaster and Emergency Management Authority), TL 888.456,80 of this amount paid to TEV (Turkish Education Foundation), TL 613.360,31 of this amount paid to Türk Kızılay Derneği (Turkish Red Crescent Association), TL 500.000,00 of this amount paid to Omuz Omuza Yardım Kampanyası (Earthquake Aid Campaign). The remaining balance was made to other several institutions and incorporations, each of which is under TL 500.000 and consisting of donations that are not viewed as material for investors. The upper limit of donations to be made in 2024 shall be decided by the General Assembly.

#### **12. Informing the shareholders about guarantees, pledges, mortgages and surety granted in favor of third parties by the Company and its subsidiaries in 2023 and of any benefits or income in accordance with Capital Markets Board legislation**

Pursuant to Article 12 of the Capital Markets Board Corporate Governance Declaration No. II-17.1, income or benefits derived by our Company and/or its Subsidiaries from guarantees, pledges, mortgages and sureties against third parties must be stipulated in a separate article of the agenda of the General Assembly. This is indicated in footnote No. 16 of our financial statements dated 31 December 2023.

#### **13. Authorizing the shareholders holding management capacity, the Members of the Board of Directors, top managers and their spouses and relatives by blood and marriage up to the second degree within the framework of the articles 395th and 396th of Turkish Commercial Code and informing shareholders about transactions performed within the scope during 2023 as per the Corporate Governance Communiqué of Capital Markets Board,**

The members of the Board of Directors can do business only with the approval of the General Assembly, as stipulated in the first subsection of Articles 395 and 396 of the TCC entitled Competition Ban and Ban on doing Business with the Company and Borrowing for the Company.

Pursuant to the Capital Markets Board Mandatory Corporate Governance Principles No. 1.3.6, the General Assembly shall be informed in the event that shareholders having managerial control, shareholder board members, senior management and relatives up to the second degree of blood or affinity engaged in a significant business transaction creating a conflict of interest with the Company or its subsidiaries, competed with the company in the same line of business on their own behalf or on the behalf of others, or was involved in the same business as that of the Company as unlimited partner in another company. Information about said transactions must be included as a separate article on the agenda and recorded into the minutes of the General Assembly.

To fulfill the requirements of these regulations, permission shall be sought from the shareholders at the General Assembly and the shareholders shall be informed that no such transaction took place in 2023 in this respect. Some of the shareholders having managerial control, shareholder board members, senior management and relatives up to the second degree of blood or affinity are also board members at several Koç Group companies including those with similar operations to our Company. In 2023, there has not been any material transaction which requires notification in accordance with Corporate Governance Principle No. 1.3.6 of the Corporate Governance Communiqué.

#### **14. Wishes and Opinions.**

## Independent Director Candidates/Résumés

### M. M. Gülay Barbarosoğlu

After graduating from Robert College in 1974, M. M. Gülay Barbarosoğlu earned her bachelor's degree in industrial engineering in 1978 and her Ph.D. in the same department at Boğaziçi University in 1985, and became a full professor of industrial engineering in 2000. Professor Gülay Barbarosoğlu designed and delivered lectures on mathematical programming and optimization, logistics, operations and production planning, and decision-making theories. Professor Barbarosoğlu served as the Rector (2012 – 2016) and Vice Rector - Research (2008 – 2012) at Boğaziçi University, where she also took on various administrative roles. In addition to her role as the Director at Kandilli Observatory and Research Institute (KRDAE) (2002 - 2006), she also served as the Director at Center for Disaster Management (CENDIM), and the Department Head of Industrial Engineering and Financial Engineering Program. As part of her international appointments, including national representative at NATO Research and Technology Organization (2002 - 2010), Vice Chair of the Association of European Operational Research Societies (EURO) (2003 - 2007), and Board member at the European Universities Association between (2013 -2017), Professor Barbarosoğlu worked in close collaboration with various European universities, governmental and nongovernmental organizations. Professor Barbarosoğlu is a founding member of EURO Organizational Planning European Study Group and a member of the Management Sciences Institute (INFORMS), American Production and Inventory Control Society (APICS), and International Industrial Engineering and Production Management (IEPM). As a proponent of civil society activities, Professor Barbarosoğlu has actively worked to establish Neighborhood Disaster Volunteers (MAG), where she served as a Board member and Chairwoman. Professor Gülay Barbarosoğlu retired from Boğaziçi University in December 2016. She is currently the General Manager at Hisar School and a member of the Board of Trustees at Özyeğin University.

### Neslihan Tonbul

Neslihan Tonbul holds a bachelor's degree in economics and political science from Rutgers University (1981) and graduate degrees in developmental economics and international relations from the Fletcher School of Law and Diplomacy (1983) at Tufts University. She started her professional career in 1983 at the Irving Trust Company in New York and went on to serve in senior management roles at various international financial institutions, including The Bank of New York and BNY Mellon's offices in New York City, London, and Istanbul, lastly as the Regional Manager for the Middle East, Africa, Eastern Europe and Türkiye until 2008. Tonbul, who has sat on the boards of several leading Turkish corporations and organizations since 2008, currently serves as an independent board member at Tofaş, TAT Gıda, Petkim, Alarko Holding, and Vakıfbank International AG.

After training at Harvard Business School, Tonbul specialized in the management of family businesses at Boston-based Cambridge Family Enterprise Group. Neslihan Tonbul has been teaching "Managing Family Enterprises" and "Impact Investments and Sustainability" at Koç University's College of Administrative Sciences and Economics since 2017. She has served as a senior consultant for New Zealand Trade and Enterprise since 2014. She is fluent in English, French and Azeri.

### Muharrem Hilmi Kayhan

Muharrem Kayhan attended St. Joseph French School and Robert College in high school and later earned an engineering degree in textiles (1976) from the University of Manchester (UK) and an MBA (1978) from Cornell University (USA). Muharrem Kayhan is currently the Vice Chairman at Söktaş and its subsidiaries, operating in the textiles and agriculture sectors. He has served on the boards of the Aegean Exporters' Union, Turkish Textile Employers' Union, and Aegean Chamber of Industry. After his term as Chairman of the Board of Directors (1997-1999), he was elected as the Chairman of the Advisory Council in January 2001 at TÜSİAD, where he is the Honorary Chairman since 2005. Muharrem Kayhan serves on the Board of Trustees at Robert College the İzmir Culture, Art and Education Foundation, and Bizim Okul Foundation. He is the recipient of the Turkish National Assembly Distinguished Service Award (2009). He has represented Spain as Honorary Consul in İzmir since 2003. Muharrem Kayhan has served as an Independent Board Member at Koç Holding and Tüpraş A.Ş. Mr. Kayhan has a keen interest in antiquity and numismatics.

## APPENDICES:

## APPENDIX 1 2023 DIVIDEND DISTRIBUTION PROPOSAL

## 01.01.2023 - 31.12.2023 PROFIT DISTRIBUTION PROPOSAL

## AYGAZ A.Ş. PROFIT Distribution Table (TL)

		According to CMB	According to Statutory Records
<b>DISTRIBUTION OF PERIOD PROFIT</b>			
1.	Paid in Capital/Issued Capital ***	219.800.767,00	219.800.767,00
2.	Total Legal Reserves (According to Statutory Records) ****	381.033.518,61	381.033.518,61
	Information on privilege in profit distribution, if there is any in the Articles of Association:		*
3.	Current period profit	5.465.872.000,00	3.159.533.097,02
4.	Taxes payable ( - )	74.773.000,00	255.006.282,29
5.	<b>Net profit ( = )</b>	<b>5.953.903.000,00</b>	<b>2.904.526.814,73</b>
6.	Previous years losses ( - )	0,00	0,00
7.	General legal reserves ( - )	0,00	0,00
8.	<b>DISTRIBUTABLE NET PROFIT FOR THE PERIOD (=)</b>	<b>5.953.903.000,00</b>	<b>2.904.526.814,73</b>
9.	Donations made during the year ( + )	35.002.383,36	0,00
10.	Net Distributable Profit added donations	5.988.905.383,36	0,00
	<b>First dividend to Shareholders</b>	<b>0,00</b>	<b>0,00</b>
11.	-Cash	1.505.635.253,95	10.990.038,35
	-Bonus	0,00	0,00
	<b>- Total</b>	<b>1.505.635.253,95</b>	<b>10.990.038,35</b>
12.	Dividend to privileged shareholders	0,00	0,00
	<b>Other distributed dividend</b>	<b>0,00</b>	<b>0,00</b>
13.	- Dividend to the Board Members	0,00	0,00
	- Dividend to the Employees	0,00	0,00
	- Other Dividend, excluding shareholders	0,00	0,00
14.	Dividend to redeemed shareholders	0,00	0,00
15.	Secondary dividends to shareholders	0,00	1.494.645.215,60
16.	General Legal Reserves	149.464.521,56	149.464.521,56
17.	Statutory reserves	0,00	0,00
18.	Special reserves	0,00	0,00
19.	<b>EXTRAORDINARY RESERVES</b>	<b>4.298.803.224,49</b>	<b>1.249.427.039,22</b>
	<b>Other Resources to be distributed</b>	<b>0,00</b>	<b>0,00</b>
20.	- Previous years profit	0,00	0,00
	- Extraordinary reserves	0,00	0,00
	- Other distributable reserves as per the law and the Articles of Association	0,00	0,00
21.	Other Resources to be distributed legal reserves	0,00	0,00

## AYGAZ A.Ş. DIVIDEND RATIO TABLE FOR 2021

	GROUP	TOTAL AMOUNT OF DIVIDEND DISTRIBUTED		TOTAL DISTRIBUTED DIVIDEND/NET DISTRIBUTED PROFIT	1 TL NOMİNAL DEĞERLİ PAYA İŞABET EDEN KAR PAYI	
		CASH (TL)	BONUS (TL)	RATIO (%)	AMOUNT (TL)	RATIO (%)
NET **	-	1.474.527.751,28	0,00	24,77	6,16500	616,50000

\* No privilege in profit distribution

\*\* Calculation of net profit distribution: 10% withholding tax will be applied to the dividends paid to real persons since there is no exemption. The calculation was made on the assumption that the dividend payments made in 2023 were 79.34% for corporate taxpayers and the remaining 20.66% were for real person taxpayers.

\*\*\* The amount is the registered nominal capital amount, and there is a capital inflation adjustment difference of 6.699.041.547 TL in the records prepared in accordance with VUK.

\*\*\*\* The amount is the nominal general legal reserves amount, and there is an inflation adjustment difference of 4.167.530.388 TL regarding the legal reserves in the records prepared in accordance with the Tax Procedure Law after the inflation accounting

\*\*\*\*\* The first dividend amount is calculated by taking into account the registered nominal capital amount.

**APPENDIX 2** CVs OF BOARD OF DIRECTORS CANDIDATES AND INDEPENDENCE DECLARATIONS (go to pages 232 and 115)

**APPENDIX 3** REMUNERATION POLICY FOR BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT (go to pages 23)

## Glossary

<b>Bcm</b>	Billion cubic meters
<b>BIST</b>	İstanbul Stock Exchange (Borsa İstanbul)
<b>CDP</b>	Carbon Disclosure Project
<b>CIF</b>	Cost, Insurance & Freight
<b>ESG</b>	Environmental, Social, and Corporate Governance
<b>EMRA</b>	Energy Market Regulatory Authority
<b>FOB</b>	Free On Board
<b>GRI</b>	Global Reporting Initiative
<b>HR</b>	Human Resources
<b>ILO</b>	International Labour Organization
<b>IOT</b>	Internet of Things
<b>IR</b>	Incidence Rate
<b>KR</b>	Key Result
<b>LDR</b>	Lost day Rate
<b>LNG</b>	Liquefied Natural Gas
<b>LPG</b>	Liquefied Petroleum Gas
<b>LTIF</b>	Lost Time Injury Frequency
<b>Mcm</b>	Million cubic meters
<b>MESS</b>	Turkish Employers Association of Metal Industries
<b>NPS</b>	Net Promoter Score
<b>OHS</b>	Occupational Health and Safety
<b>OKR</b>	Objectives and Key Result
<b>OPEC+</b>	The Organization of the Petroleum Exporting Countries Plus
<b>PETDER</b>	Turkish Oil Industry Association
<b>POC</b>	Proof of Concept
<b>R&amp;D</b>	Research and Development
<b>SASB</b>	Sustainability Accounting Standards Board
<b>SP</b>	Sonatrach Price
<b>SPK</b>	Capital Markets Board of Türkiye
<b>TCFD</b>	Task Force on Climate-related Financial Disclosures
<b>TEYDEB</b>	Technology and Innovation Funding Programs Directorate
<b>TİSK</b>	Turkish Confederation of Employer Associations
<b>TÜBİTAK</b>	The Scientific and Technological Research Council of Türkiye
<b>TÜSİAD</b>	Turkish Industry and Business Association
<b>UN</b>	United Nations
<b>UNGC</b>	United Nations Global Compact
<b>UN WEPs</b>	United Nations Women’s Empowerment Principles
<b>VLGC</b>	Very Large Gas Carriers
<b>WLGA</b>	World Liquid Gas Association

## Identity

Trade Name	Aygaz Anonim Şirketi
Address	Büyükdere Cad. No: 145-1 Zincirlikuyu 34394 İstanbul
Trade Registry and Number	İstanbul Trade Registry / 80651 - 23170
Central Registration System Number	0-1190-0510-2700141
Website Address	www.aygaz.com.tr
Registered Capital Ceiling	TL 500,000,000
Paid-in Capital	TL 219,800,767
BIST Code	AYGAZ
Bloomberg Code	AYGAZ.IS
Reuters Code	AYGAZ.TI
IPO Date	13.01.1988

### Disclaimer

The Board of Directors' Report, Auditors' Report, Consolidated Financial Statements and Independent Audit Report regarding the operations and financials of the year 2023, included in this Annual Report ("Report"), are prepared in accordance with the legal requirements for the Ordinary General Assembly, which will be held on Monday, 1 April 2024 at 15.00, at this address: Aygaz Büyükdere Caddesi, No: 145/1 Zincirlikuyu, Şişli, İstanbul. This Report is prepared only to provide information to the shareholders, and it is not intended to form the basis of any investment decision. The opinions and statements regarding estimated figures contained within this Report solely reflect the Company management's views with respect to certain future events; thus, the actual results and developments may differ from these estimates depending on the variables and assumptions. Accordingly, neither the Aygaz nor its respective advisors, directors or employees shall be liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement in, or omission from, this Report, or on any other information or communications in connection with the Report. All information contained in this Report was believed to be accurate at the time of publication. Aygaz accepts no responsibility for any spelling or printing errors that may occur during the Report's preparation.

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