

Keeping the pulse of innovation for 60 years



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“All my life, I believed that the organizations I built and I could only exist if my country existed. That belief always guided me to allocate a large portion of my earnings to opening new business areas and a certain portion to social services.”

Vehbi Koç
Founder



60 YEARS

marked with innovations and
driven by our pioneering and
transforming mission



Agenda for Ordinary General Assembly Meeting of Aygaz A.Ş. to be held on March 30, 2022

1. Opening and election of the Chairman of the Meeting,
2. Reading, discussing and approving the 2021 Annual Report prepared by the Board of Directors,
3. Reading the summary of Independent Audit Report Summary for 2021 accounting period,
4. Reading, discussing and approving of the Financial Statements related to 2021 accounting period,
5. Acquittal of each member of the Board of Directors in relation to the activities of Company in 2021,
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 2021 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 about the donations made by the Company in 2021 and determining an upper limit for donations to be made in 2022,
12. Informing the shareholders about the collaterals, pledges, mortgages and surety granted in favor of third parties and the income and benefits obtained in 2021 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 2021 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 January 1 – December 31, 2021 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") 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 (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA 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 February 16, 2022 on the full set consolidated financial statements for the January 1 – December 31, 2021 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:

- to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;
- 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 regard to these matters are also included in the report.
- 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.

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

Ediz Günsel, SMMM
Partner

İstanbul, March 7, 2022

Report of the Board of Directors and Chairman's Message



Esteemed Shareholders,

Welcome to the 61st 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.

With the vaccination roll-out gaining momentum worldwide, the agenda of 2021 was primarily shaped around the post-pandemic era. As the lockdowns lifted, the global economy recovered faster than expected. According to the International Monetary Fund (IMF) data, the global economy grew by 5.9 percent in 2021 after shrinking by 3.1 percent in 2020 and slightly exceeded the pre-pandemic levels. However, supply was unable to meet the demand that rose in line with global economic recovery, resulting in an increase in nearly all commodity prices. Disruptions in supply chains compounded this negative effect, leading to unprecedented increases in inflation rates worldwide.

The US economy recorded the highest inflation rate of the last 39 years with 7% as of 2021 year-end, while the growth rate reached 5.7%, the highest since 1984. If price increases continue in 2022, inflation rates will remain on the country's agenda, and the FED will most likely increase the interest rates. A critical factor that drove the inflation rate was the USD 6 billion the government pumped into the market during the pandemic.

In global politics, the concerns of the western hemisphere and the USA about the rise of China continued to trigger some developments. Following the withdrawal of its troops from Afghanistan and the Middle East, the USA shifted its economic and military capabilities to the Asia-Pacific region and formed a new security pact with the UK and Australia in September. Biden administration's focus on this region was also noted during his meetings with the Indian, Australian and Japanese leaders. On the other hand, the Russia-Ukraine conflict that started in the last days of 2021 and escalated rapidly in early 2022 is currently the most crucial item on the global agenda.

As the pandemic measures eased in Europe, consumption and tourism revenues increased, contributing positively to the economy. Meanwhile, the volatility in energy prices in 2021 affected investment decisions as well as economic growth and inflation rates. On the other hand, the UK continued to face the economic consequences of Brexit and recorded higher inflation rates, primarily due to high energy prices. As for the political developments in Europe, leadership changed in Germany after 16 years of Merkel in power and a coalition led by social democrats was formed. Time will show how this change will impact Europe and the world. The French presidential elections will be on the agenda this April.

China, which drove Asia to become the world's largest economy in the 21st century, is reported to grow by 8.1% in 2021. As with the rest of the world, China also recorded growth in exports, driving economic recovery. The fact that pandemic-related barriers imposed on foreign trade were lifted clearly played a key role in this recovery. Last August, the Chinese administration introduced its "Common Prosperity" policy to reduce the increasing income inequality. We will see whether this policy will pressure the private sector and entrepreneurs in due time. On the other hand, China's 2022 goals are focused on economic stability and sustainability. As part of the carbon transition efforts that became a conversation topic in 2021 and will continue in 2022, China is expected to take steps toward prioritizing climate-friendly investments.

Carbon transition is certainly a vital topic for the whole world and not limited to China. Starting with the steps agreed upon at the United Nations Climate Change Conference in Glasgow, many international and supranational organizations signed new resolutions to slow down global warming. I believe that the private sector will have an undeniable impact on carbon transition. At Koç Group, we have the power to influence a vast ecosystem with our actions. Accordingly, we aim to expand our impact further and grow our efforts to a global scale by participating in relevant international platforms. Koç Holding launched its Carbon Transition Program for this purpose and all group companies are taking ambitious steps in this direction.

We are pleased to note that the Turkish economy has recovered rapidly from the impacts of the pandemic and grew over 10%. Thanks to stronger domestic and international demand than expected, our manufacturing industry succeeded to heal the wounds suffered during the pandemic and moved beyond. On the other hand, the evaluations made by OECD point out to the risk of high inflation in the Turkish economy. To decrease inflation rates, Turkey will need to implement an effective monetary policy while regaining its position as an attractive economy for foreign investment to ensure stability in financial markets.

While the pandemic and the economic and political developments shaping the global agenda, LPG continued to spread as an environment-friendly energy source. With China, the USA, and India accounting for nearly half of the total global consumption, the market grew by 30% in the last decade and annual LPG consumption reached 317 million tons, as reported by the World LPG Association (WLPGA). LPG is expected to become even more widespread in the next decade.

Turkey is Europe's second largest LPG market and ranks tenth globally in energy use. The increase recorded in domestic demand in 2020 during the pandemic lockdowns returned to normal levels in 2021, while autogas demand rose with the

lifting of travel restrictions. Turkey maintained its leading position with the world's largest LPG-powered vehicle fleet with 4.9 million units.

As Aygaz left behind another challenging year, it maintained its industry leadership thanks to a flexible organizational structure while increasing its annual total sales volume in LPG, its main field of activity. According to the December 2021 report of the Energy Market Regulatory Authority (EMRA), Aygaz's market shares were 41.1% and 21.5% in the cylinder gas and autogas segments, respectively. With 60 years of experience, a dynamic structure and an industry-leading vision from the very beginning, Aygaz closed 2021 with TL 15.9 billion in consolidated revenues and posted TL 670 million* in net profit after tax. In 2021, the global expansion strategy of Aygaz continued with ongoing projects. In our London branch office, business is as usual, while our joint venture in Bangladesh will benefit from Aygaz's vast know-how and experience in the LPG industry and take it to the international arena. Sendeo, our new last mile delivery organization born from the idea of creating added value from the available assets, will expand its scope while remaining focused on enhancing its technology.

Aygaz recognizes that in addition to economic indicators, being involved in social activities is also an important factor in cementing its success. As always, we fulfilled our social responsibilities in various areas in 2021. Aygaz will continue to work for the development of our country both economically and also by supporting health, sports, and culture and arts.

We are always committed to serving our country. And I wholeheartedly believe that Aygaz will continue to succeed in its business endeavors while pursuing innovation and being a pioneer in all its segments. I want to thank all our stakeholders, and particularly our employees, dealers, suppliers, customers, trade unions, supply industry, and shareholders for their contributions and unwavering confidence in Aygaz.

I look forward to convening again next year. Please stay safe and healthy until then.

Rahmi M. Koç
Chairman

(*) Parent company's share

General Manager's Message

'We have built a dynamic organization that continues to keep the pulse of innovation for 60 years, and we will drive this visionary approach forward as we prepare for the future.'



Esteemed Shareholders,

On a journey that our founder, the late Vehbi Koç, started in 1961 in Merkez Han, we left behind 60 years filled with countless achievements. It is no coincidence that we became the most trusted brand in the eyes of our customers and the leader of our respective industries. These are the results of our hard work and dynamic structure.

As the impact of the pandemic was felt everywhere, 2021 was marked with vaccine rollouts and rapid recovery in the global economy with the easing of restrictions and lockdowns. However, supply was unable to meet the rising demand driven by this growth and the supply chain experienced disruptions, leading to price increases in all commodities and making inflation an agenda item worldwide. So, it is now a matter of how countries on a macro scale and businesses on a micro scale will adapt and respond to these conditions.

In this landscape, the global consumption of LPG as an easily-processed natural resource with rich reserves amounted to 317 million tons annually, as reported by the World LPG Association (WLPGA). Considering the steps taken toward global carbon transition, LPG comes to the forefront as an environment-friendly and sustainable fuel alternative with lower carbon emissions. With the annual global consumption projected to exceed 380 million tons in the next ten years, LPG will likely gain wider use.

The Turkish LPG market, currently ranking tenth globally and second in Europe in size, grew by 1% annually, reaching 3.9 million tons, according to the Energy Market Regulatory Authority's December 2021 report. On the other hand, end-user price increases driven by global LPG prices and exchange rates pressured LPG demand, especially in the last quarter.

In 2021, price increases reached 120% in autogas and nearly 100% in cylinder gas. As domestic consumption decreased by 3%, autogas consumption increased by 2% year on year. In addition to ranking second among the highest autogas consuming markets globally, Turkey also has the world's largest LPG-powered vehicle park with more than 4.9 million units.

As we maintained our leadership in the Turkish LPG market, we navigated through another challenging year with our integrated business processes and dynamic structure. With a 25.4% share in the total market by the end of December, Aygaz's total sales volume exceeded 2 million tons. Our consolidated revenues amounted to TL 15.9 billion by 2021 year-end, and we posted TL 418 million in operating profits and TL 670 million(*) in net profit after tax. Furthermore, Aygaz ranked 27th in Istanbul Chamber of Industry's (ISO) 2020 list of Turkey's Top 500 Industrial Enterprises.

At Aygaz, our focus throughout 2021 was on efficient and sustainable growth, both locally and internationally. We made strides in our current activities and new investments. Our operations in Bangladesh, the world's fastest growing LPG market, are proceeding at full steam. At the Chittagong Terminal, the first location where we will start operating, the investment process covering the spherical and cylindrical tanks and filling equipment is proceeding as planned. This investment is a testament to the advantages that Aygaz brings with 60 years of experience. I am confident that our London Branch, which grew its portfolio and exceeded a physical trade volume of 660 thousand tons in 2021, will add an increasingly higher value to our business by assuming a role on the supply side of our foreign investments like Bangladesh.

Following the branding work, we renamed Aykargo, born from our intrapreneurship efforts, as Sendeo. Operating in the courier and last mile delivery sector, Sendeo grew from operating in 16 provinces to covering 81 provinces by February 2022. We aim for Sendeo to stand apart in the sector with a technology-driven, innovative service excellence approach to meet customer needs and expectations.

Aygaz subsidiaries and affiliates contribute significantly to our success. To give you an overview: Aygaz Dođal Gaz sold 246 million cubic meters of piped gas and 82 million cubic meters of LNG, generating TL 709 million in revenues. Anadoluhisari Tankercilik continued to serve Aygaz and international clients with its three specially equipped, fully-pressurized LPG tanker ships with a total capacity of 28,800 cubic meters. Akpa, our distribution company that sells cylinder gas and bottled water and also engages in fuel trade, grew its cylinder gas sales volume by 3% year on year, generating TL 658 million

in revenues. Meanwhile, the investments in Pürsu and the efforts to expand its distribution network continued in 2021. On the other hand, Entek, Koç Group's electricity generation company added the first wind power plant with an installed capacity of 60 MW to its portfolio – which now has a total installed capacity of 436 MW – in line with its plans to invest more in renewable energy and stand apart in the electricity market. And Opet Aygaz Gayrimenkul's operations continue with 21 fuel and autogas stations, building on Aygaz's strength in the market.

At Aygaz, seeing our efforts being crowned with awards makes us proud. Aygaz Mini Barbecue and Pürsu glass bottles won Good Design awards at the 2021 Design Turkey Industrial Design Competition organized by the Turkish Exporters Assembly. Recognition with such awards motivates us to focus even more on innovation, transformation, and newness.

In addition to our business results and the awards we win, we consider creating value for society an important achievement as well. Corporate social responsibility activities enable us to safeguard the history and invest in the future. Within this scope, we supported the Sagalassos and Iznik Tile Kilns excavations to help preserve our historical and cultural heritage. We also extended our co-sponsorship of the Istanbul Theatre Festival to contribute to the development of this art and expand its reach to wider audiences. Furthermore, Aygaz and Pürsu continued to support sports and athletes by sponsoring handball, football, and basketball teams.

We have built a dynamic organization that continues to keep the pulse of innovation for 60 years, and we will drive this visionary approach forward as we prepare for the future. This approach is a key part of our future-readiness and it will keep us at the top as Aygaz makes strides in Turkey and abroad. I would like to thank our partners, customers, dealers, employees, suppliers, and all other stakeholders for accompanying us on this journey, which will go on with our bold and firm steps.

Gökhan Tezel
General Manager

(*) Parent company's share

Aygaz At A Glance

<p>Founded in 1961</p>	<p>Koç Group's first company in the energy sector</p>	<p>Integrated LPG company</p>	<p>The first R&D center in the sector</p>
<p>Main Fields of Operation</p>		<p>Facilities</p>	
<p>Procurement, storage, filling, and sales of LPG</p>		<p>6 filling plants</p>	
<p>Production and sales of pressurized containers and LPG equipment.</p>		<p>7 distribution centers</p>	
<p>Maritime transportation of LPG</p>		<p>5 sea terminals</p> <p>1 pressurized container and accessory manufacturing plant</p>	

~4.000 dealers across Turkey

Subsidiaries

AYGAZ DOĞAL GAZ

Field of Operation: Natural gas and liquified natural gas (LNG) sales

Participation rate : 100%

Founded in : 2004

Sales volume : 246 million m³ of piped natural gas
82 million m³ of LNG

AKPA

Field of Operation: LPG, fuel products and bottled water marketing and sales

Participation rate: 100%

Founded in: 2001

BAL KAYNAK SU (PÜRSU)

Field of Operation: Drinking water production and sales

Participation rate: %100

Acquired in: 2019

Sales volume: 206 million liters

ANADOLUHİSARI TANKERCİLİK

Field of Operation: LPG transportation by sea

Participation rate: 100%

Founded in: 2010

Number of vessels: 3

Transportation capacity: 28,800 m³

Average age of the fleet: 16

SENDEO*

Field of Operation: Courier and last mile delivery services

Participation rate: 55%

Incorporated in: 2020

* Formerly: Aykargo Dağıtım Hizmetleri A.Ş.

Joint Ventures

UNITED LPG LIMITED

Field of Operation: LPG sourcing, filling, and distribution in Bangladesh

Participation rate: 50%

Formed in: 2021

OPET AYGAZ GAYRİMENKUL

Field of Operation: Property purchasing to operate fuel and autogas stations

Participation rate: 50%

Formed in: 2013

21 stations

Affiliates

ENTEK

Field of Operation: Electricity generation

Participation rate: 49.6%

Total capacity: 436 MW

8 hydroelectric power plants (HEPPs), 1 wind power plant (WPP), 1 natural gas cycle plant

ENERJİ YATIRIMLARI (EYAŞ)

Field of Operation: Energy

Participation rate: 20%

Founded in: 2005

51% shareholder in Tüpraş

Branch Office

AYGAZ UK

Field of Operation: LPG trade

Founded in: 2019

Sales volume: 660 thousand tons of LPG

Aygaz in Figures

317

million tons

global LPG consumption*

*according to WLPGA
2021 Report

178

thousand m³

The largest LPG
storage capacity
in Turkey

287

thousand tons

cylinder gas sales
in 2021

2,259

cylinder gas
dealers

1,781

autogas stations

971

thousand tons

export and wholesale
volume in 2021

28,800

m³

total transportation capacity of the
Beykoz, Beylerbeyi and Kuzguncuk
LPG vessels

1.20

Current ratio

5%

share of maritime
transportation by own fleet
in all sea-related
transportation
activities

2.2

million ton

Aygaz's total LPG
sales volume

660
thousand tons

Aygaz UK
trading volume

669
thousand tons

autogas sales
in 2021

27th

largest industrial enterprise
in Turkey*

*in Istanbul Chamber of
Commerce's Turkey's Top 500
Industrial Enterprises list (2020)

58%

share price increase
2021 Fiscal Year

6.7

billion TL
2021 year-end
market value

39

average training
hours per person
in 2021

9.50

Corporate Governance
Rating Score in 2021

~7,8

million units
Pürsu annual carboy
water sales

1,412

average number of
employees in 2021

AA+

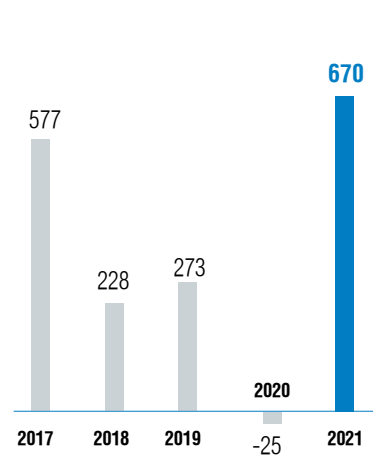
(National) long-term credit
rating score

A-1+

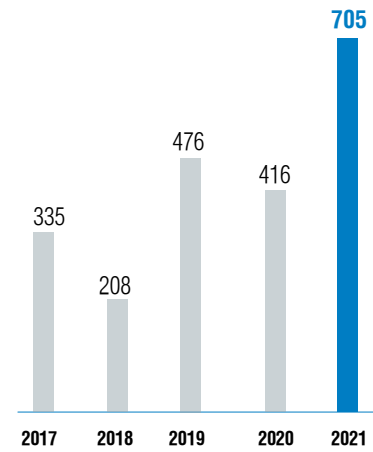
(National) short-term credit
rating score

Financial and Operational Outlook

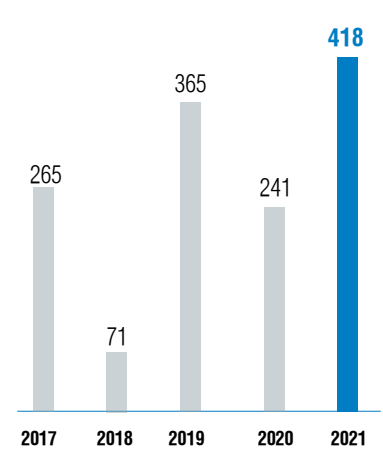
Net Profit* (TL M)



EBITDA** (TL M)



Operating Profit (TL M)



Summary Financial Indicators

(TL M)

	2021	2020	2019	2018	2017	2021 / 2020 değişim
Sales revenues	15,893	10,145	10,211	9,554	8,469	57%
Gross profit	1,438	912	957	634	741	58%
Operating profit	418	241	365	71	265	74%
Pre-tax profit	697	31	306	250	621	-
Net profit*	670	-25	273	228	577	-
EBITDA**	705	416	476	208	335	69%
Gross profit margin	9%	9%	9%	7%	9%	-
Operating profit margin	3%	2%	4%	1%	3%	1
Net profit margin	4%	-0,2%	3%	2%	7%	4
EBITDA margin	4%	4%	5%	2%	4%	-
Current assets	4,638	2,193	1,589	1,618	1,588	111%
Fixed assets	3,696	3,202	3,366	3,396	3,379	15%
Total assets	8,333	5,395	4,955	5,013	4,966	54%
Short term liabilities	3,869	1,852	1,495	1,484	1,279	109%
Long term liabilities	1,745	1,226	982	1,027	764	42%
Shareholders' equity	2,698	2,317	2,478	2,502	2,923	16%
Total equity and liabilities	8,333	5,395	4,955	5,013	4,966	54%
Return on equity (ROE)	25%	-1%	11%	9%	20%	26
Net debt/equity ratio	32%	26%	24%	30%	13%	6
Current ratio	1.20	1.18	1.06	1.09	1.24	0.02

* Parent company's share

** Except other income and expenses

Market Shares* (%)

* **According to EMRA's December 2021 Report

LPG Market Share



Cylinder Gas Market Share



Autogas Gas Market Share



Shareholding Structure (%)

51.2% Koç Group

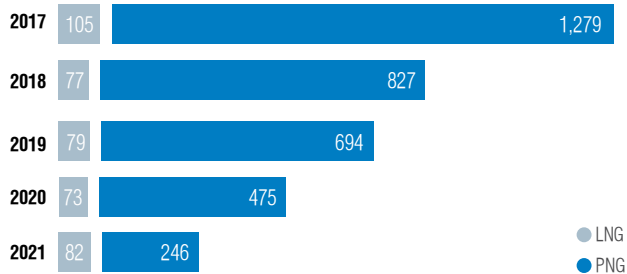
24.5% Liquid Petroleum Gas Development Company (LPGDC)

24.3% Free Float

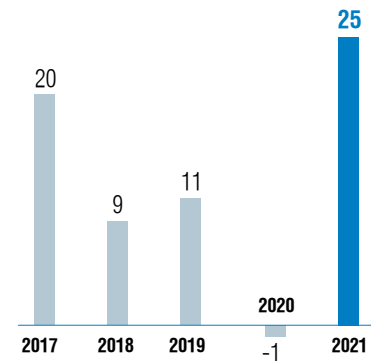
LPG Sales Volume By Segments (000 TONS)



Natural Gas Sales Volume (mcm)



Return on Equity (ROE) (%)



VISION

To be the leading company providing energy solutions in Turkey and other potential markets, particularly in LPG and natural gas

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

Sustain its market leadership in LPG by:

- Investing in the future with the responsibility of being the industry's highly reputable, reliable and consumer-oriented brand,
- Prioritizing high safety standards and product quality,
- Developing innovative products and services with solutions that place innovation and digitalization at the core.

Ensure sustainable growth to move its current position forward by:

- Following and seizing opportunities for mergers, acquisitions and investments at home and abroad,
- Improving efficiency in all processes from sourcing to selling LPG,
- Aiming to create value for all stakeholders.

Highlights of 2021

AYGAZ AND UNITED ENTERPRISES FINALIZED THE INCORPORATION OF UNITED LPG LIMITED



The process that Aygaz started in 2019 to establish a partnership with United Enterprises & Co. Ltd. for LPG sourcing, filling, and distribution operations in Bangladesh was finalized with a signing ceremony on January 20, 2021 in Dhaka.

SENDEO'S OPERATIONS ACCELERATED



Aygaz's new subsidiary Aykargo (Sendeo) was presented to Aygaz dealers in an online meeting on January 29. In the meeting, attended by hundreds of Aygaz dealers, information was shared about the investment status, vision and goals of the new company, born from an intrapreneurship project as part of the innovation culture that Aygaz promotes. In November, Sendeo, the new brand identity of Aykargo, was introduced at a press conference.

PÜRSÜ WON A PACKAGING DESIGN AWARD



Pürsü's award-winning superior taste is now complemented with a design award. The brand's glass packaging family won the 2021 Worldstar Global Packaging Award, presented by the World Packaging Organisation (WPO) for its outstanding design.

60TH ORDINARY GENERAL ASSEMBLY



Aygaz convened its 60th Ordinary General Assembly Meeting on March 31, 2021 at the Head Office building in Zincirlikuyu, Istanbul. Board member Yağız Eyüboğlu presided over the meeting, where the General Assembly approved the 2020 financial statements of Aygaz and released the Board of Directors and Auditors.

AYGAZ REMAINS FOCUSED ON INNOVATION



Aygaz, through MEXT, became a corporate member of Plug and Play, a leading global innovation platform that aims to connect startups worldwide with corporations and potential partners.

AYGAZ PRODUCT RANGE EXPANDS WITH MINI BARBECUE

The Aygaz Mini range and accessories, developed to meet consumer expectations based on research, expanded with the launch of Aygaz Mini Barbecue in 2021.



AYGAZ TEAM MEETS AT AYGAZ TOWNHALL MEETING



Aygaz Townhall Meeting took place on September 24 with the slogan, "Applause. We are 60!" During the meeting, employees, who have long worked for Aygaz were presented certificates at a Service Awards Ceremony.

60TH ANNIVERSARY COMMERCIAL AND BOOK BY AYGAZ



Aygaz marked its 60-year journey as a leader with a commercial launched on September 6. As part of the 60th anniversary celebrations, the company also published a book titled "Aygaz 60+ Geleceğe Dönüşen Enerji" (Aygaz 60+ Energy Transforming the Future), featuring the story of Aygaz from the past to the future and contributions from many stakeholders.

AYGAZ BROUGHT HOME TWO AWARDS FROM DESIGN WEEK TURKEY



Aygaz was recognized with two "Good Design" awards at the Design Week Türkiye for Mini Portable Barbecue and Pürsu glass bottles.

AYGAZ GROUP SUPPORTS SPORTS



Aygaz Group continued to support various sports teams and activities in 2021 and sponsored Beşiktaş Handball Team, Fenerbahçe Professional Football A Team, and Tofaş Basketball Team throughout the season.

AYGAZ REPRESENTS TURKEY ON INTERNATIONAL PLATFORMS



In November, Aygaz participated in the 11th Turkey Energy Summit in Antalya, where the energy sector came together. In December Aygaz was in Dubai, meeting with the industry leaders during the LPG Week, organized by the World LPG Association. The event featured important panel sessions, where Aygaz represented the Turkish LPG sector in the international arena. Furthermore, Aygaz General Manager Gökhan Tezel was elected to the Board as Vice Chairman of WLPGA for a second term at the association's general meeting.

AYGAZ IS THE CO-SPONSOR OF THE 25TH ISTANBUL THEATRE FESTIVAL



The 25th Istanbul Theatre Festival, co-sponsored by Aygaz, Opet, and Tüpraş, presented several plays for theater fans from October 22 to November 20 under the overarching theme "Theatre In These Trying Times."

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.
- Turkey’s first LPG vessel, M/T Aygaz set sail.

1970

- With the addition of Aliağa 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, Istanbul.

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 Turkey.
- 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 Turkey.

- 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 Turkey ’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, Turkey’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 Turkey, 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 Turkey 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+, Turkey'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 Turkey 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 Turkey.
- For the first time in its history, Aygaz's sales volume exceeds two million tons.

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.
- Aygaz General Manager Gökhan Tezel is elected Chair of Market Development Committee within the new structure of World LPG Association (WLPGA).

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

- M/T Beykoz is chartered for two years, becoming the longest contract in the maritime history of Aygaz and putting the company on international maritime transportation map.
- The Aykargo project, carried out by Aygaz in collaboration with Koçtaş, 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 Turkey.
- 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 Istanbul (BIST) with the highest corporate sustainability performance.

2019

- Aygaz opened its London office, aiming to increase trade volume with third parties in international markets and to create added value from the supply chain.
- Aygaz signed a Share Purchase Agreement to buy 50% of the shares of United LPG Ltd., 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 Turkey'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).
- All necessary measures were taken to create a safe work environment against the COVID-19 pandemic.
- 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.



GLOBAL ASPIRATIONS

drive us to bring our energy
to the world and add value
wherever we go.



2021 OVERVIEW

Turkish and Global LPG Industry

LPG with environment-friendly properties is a sustainable fuel preferred by millions of users worldwide. In the last decade its consumption has increased by 30% according to the World LPG Association's report.



Liquefied petroleum gas or LPG is an energy source recognized as an efficient, portable, readily available, and sustainable fuel with environment-friendly properties. With the use of LPG increasingly spreading together with renewable energy, LPG is anticipated to maintain its current position in the energy scale in the coming years. The global LPG consumption reached 317 million tons in 2021, according to the World LPG Association's (WLPGA) 2021 report. Global LPG production was 329 million tons.

Production leader: USA

The United States of America (USA), China, Saudi Arabia, Russia, and Canada, respectively, accounted for 57% 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,

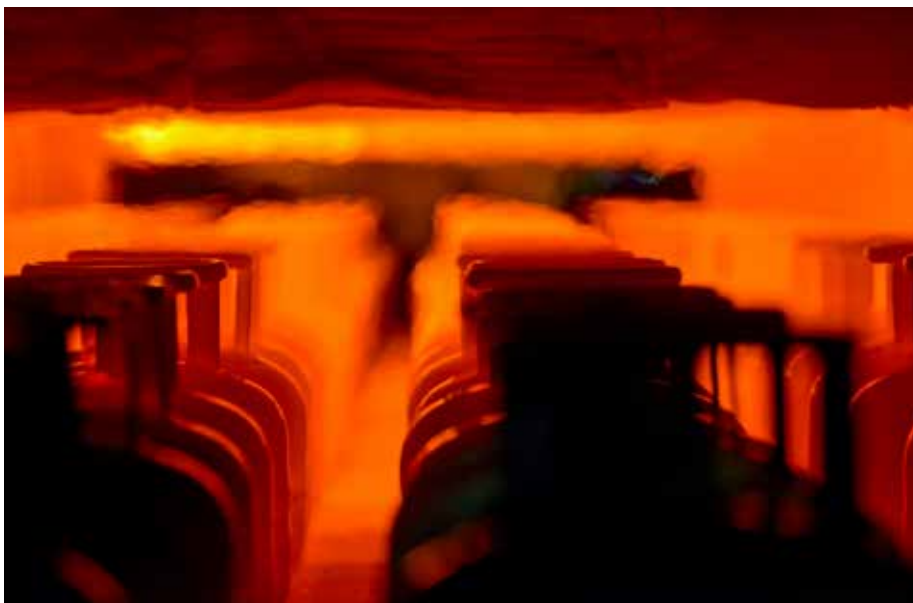
LPG production continues to increase in correlation with these two sources.

Top consumer: China

LPG consumption grew by 30% over the last decade, corresponding to a volume increase of 73 million tons, as reported by the WLPGA. The reported data indicates that global LPG consumption shrank by 3% year on year to 317 million tons. LPG use is anticipated to expand in the next decade and consumption to exceed 380 million tons. In terms of the highest LPG consuming countries, China ranks first with 63 million tons, followed by the USA and India in the top three, which account for 43% of total global LPG consumption.

According to the WLPGA report, household LPG consumption continues to dominate the global LPG market with 44%. China, India and the USA occupy the top three places in domestic LPG consumption, with the LPG consumed by these countries accounting for 49% of the total household consumption. Turkey is the fifth largest market in Europe in household LPG consumption.

Turkish LPG market is the second largest in Europe and tenth worldwide in terms of use as an energy source, excluding petrochemicals and refineries.



LPG's share in energy consumption

Global

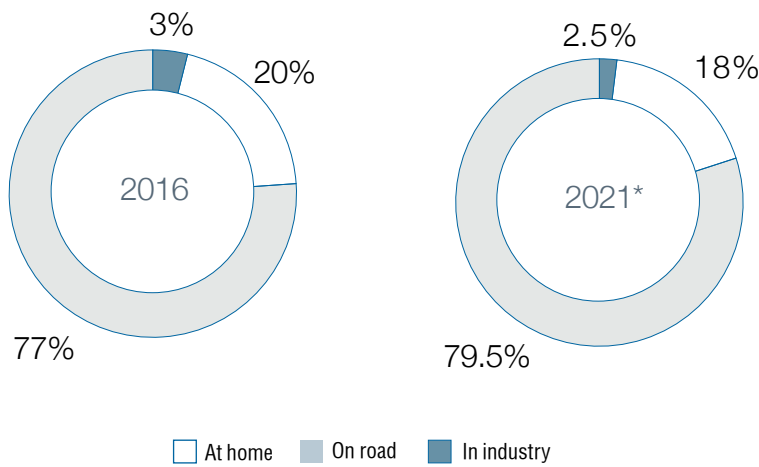
2.6%

Turkey

3.1%



Areas of LPG use and consumption shares in Turkey



*According to EMRA's December 2021 report

The second largest autogas market in the world: Turkey

According to the WLPGA report, autogas consumption ranks fourth after household, petrochemical and industrial consumption with a global share of 8%. Turkey, Russia, and South Korea are the three countries with the highest autogas use, with their combined total accounting for 37% of global autogas consumption. Furthermore, Turkey has the world's largest LPG-powered vehicle park with 4.9 million units.

1.5 billion potential LPG consumers

As an easily processed and transportable energy source with rich reserves, LPG is preferred by hundreds of millions of users worldwide. LPG is a sustainable energy source, with approximately 1.5 billion potential consumers. Studies have shown that LPG has lower greenhouse gas emission values compared to other energy sources. Adopting environment-friendly approaches and policies to prevent climate change presents opportunities to further develop and spread LPG use.

According to WLPGA's 2021 report, the global LPG trade amounted to 132 million tons in 2021, with the USA accounting for 42% of exports with 55 million tons. The USA, which was previously an LPG importer, introduced shale gas resources in recent years and turned into an exporter.

Last year saw an increase in maritime transportation of LPG worldwide. With nearly 50 new vessels beginning to carry LPG in the last two years, the number of tankers transporting LPG globally reached 1,530 and total capacity 37 million cubic meters.

The Algerian (SP) sourced LPG, which was priced at USD 489/ton in early January 2021, closed December at USD 720/ton. Throughout the year, LPG prices fared at USD 600/ton levels on average. While the effect of the pandemic on consumption weakened globally, supply was unable to meet the rising demand due to higher energy consumption, resulting in high levels of LPG prices throughout the year. Toward the end of 2021, LPG prices reached the highest levels of the last seven years.

Turkey is 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. LPG's share in global energy consumption is 2.6% while this ratio is 3.1% in Turkey. As of November 2021, 24% of total LPG demand in the Turkish market was supplied by domestic production and 76% by imports. LPG is imported primarily from Algeria, the USA and Kazakhstan among other countries.

The world's biggest LPG-powered vehicle park

In Turkey, home to the world's largest LPG-powered vehicle park, autogas is among the most preferred automotive fuels since 2011, currently used in 36% of passenger cars.

Global LPG prices and the end-consumer price increases caused by exchange rate spikes pressured demand, especially in the last quarter of the year. In 2021, prices increased by 120% in autogas and nearly 100% in cylinder gas (household cylinders). According to Energy Market Regulatory Authority's (EMRA) December 2021 report, cylinder gas demand in Turkey decreased by 3% annually in the past year, while autogas consumption increased by 2% year on year. The total market grew by 1% as Aygaz maintained its leadership.

Turkey ranks as the second highest autogas consuming countries and has the world's largest LPG-powered vehicle park with 4.9 million units.



Aygaz in 2021

Aygaz maintained its industry leadership in 2021 with a broad product range, integrated business processes, and agile structure, while focusing on new business lines to move beyond its current position through efficiency and sustainable growth.



Aygaz is an integrated LPG company that runs all its processes successfully. Aygaz, founded in 1961 as Koç Group's first company in the energy sector, operates in the LPG industry with activities including the procurement, storage, filling and sale of LPG, as well as production and sales of pressurized containers and LPG equipment. Aygaz is also engaged in maritime transportation of LPG through its own vessel fleet operating companies. With its superior quality, effective and extensive dealership network, customer focus and service excellence, Aygaz has long been a generic brand for LPG users. The company leverages its effective and widespread dealer network to reach its customers with drinking water production and distribution services.

Turkey's 27th largest industrial company

Aygaz has long maintained its leadership as the first and only publicly traded LPG company in the country and ranked 27th in Istanbul Chamber of Industry's (ISO) 2020 list of Turkey's Top 500 Industrial Enterprises. Achieving continued growth with a well-established corporate culture and skilled workforce, Aygaz employs an advanced technological infrastructure across all fields of operation. Keeping its focus on increasing sales in domestic and international markets to surpass its current position through efficiency and sustainable growth, Aygaz has succeeded in maintaining its industry leadership in a challenging year, thanks to its broad product range, integrated business processes, and agile structure.

Aygaz maintained industry leadership in 2021

Even though the global economic activity was still adversely impacted in 2021 with the prolonged COVID-19 pandemic, Aygaz continued its activities in LPG, its main business line without any interruption in the supply, production and distribution processes. According to the November 2021 report of EMRA, Aygaz maintained its industry leadership in the market where nearly 80 companies operate. As of November, the overall market share of Aygaz stood at 25.4%, with 41.1% in the cylinder gas and 21.5% in the autogas segments. Aygaz's total domestic sales (cylinder gas, bulk and autogas combined) amounted to 992 thousand tons in 2021. With the addition of wholesale, export and transit sales, this

quantity exceeds 2.2 million tons, with 4% year-on-year increase. As of year-end 2021, Aygaz recorded TL 15.9 billion in consolidated revenues.

Successful initiatives

For Aygaz, 2021 was marked with important developments in new initiatives, whose foundations were laid in the previous years. Aygaz moved forward with its international projects developed and implemented in line with its global expansion strategy while business ideas leveraging the company’s successful dealer network continued at full steam in 2021.

AYGAZ UK: The London branch of the company (Aygaz UK), established in 2019, physically started trading in March 2020. In as short as 1.5 years, Aygaz UK grew its portfolio by selling products sourced from three different countries to eight countries, including Turkey by spot and voyage-based chartered vessels, reaching a total physical trade tonnage of 1.1 million tons, including 660 thousand tons sold in 2021. Aygaz UK also seized FOB delivery sourcing opportunities from the USA, the world’s largest LPG exporter, and diversified and strengthened Aygaz’s supply sources and methods, contributing to inventory value management with its capability to access financial instruments. Aygaz UK aims to play a larger role in sourcing for Aygaz’s foreign investments and create more added value.

United LPG Limited: Aygaz started a process in 2019 to establish a joint venture in Bangladesh, the world’s fastest-growing liberal LPG market, to operate in the field of LPG sourcing, filling and distribution and make the necessary investments. On January 20, 2021, Aygaz and United Group formed a joint venture with 50%-50% management rights and registered it as United LPG Limited. With this venture, Aygaz aims to achieve sustainable growth and invest in the future.

Sendeo Delivery Services: Sendeo is a business model born from the intrapreneurship activities in search of ideas to create value for the shareholders and dealers by using the strong brand recognition, dealer network, and facility infrastructure assets of Aygaz as a platform. Recognizing the opportunities that the last mile delivery sector offers as it develops in parallel with the rapidly growing e-commerce and economy, the Aykargo initiative was launched in 2018 to leverage the company’s existing dealer network and experience in home delivery. Aykargo started operating under the registered name Aygaz Aykargo Dağıtım Hizmetleri A.Ş. in 2020, and following the branding activities, the company was renamed Sendeo Dağıtım Hizmetleri A.Ş. in 2021 to align with the new brand identity.

Digital transformation and agile working culture

As the COVID-19 pandemic accelerated digitalization and digital transformation worldwide, Aygaz used advanced technologies and data analytics to launch digital projects with high added value for customer satisfaction, process optimization, efficiency, and business model transformation purposes. As the digital transformation journey continues, Aygaz accurately analyzes the needs of the world and the industry with its high technology know-how and closely follows the latest trends, becoming one of the first companies in Turkey to build an agile working culture.

In 2021, Aygaz turned the focus of its digital transformation strategies to the “customer first” concept, creating new digital channels between the “Customer and Aygaz,” building on the digital maturity of its existing channels, and defining an integrated digital transformation strategy.

Aygaz E-Commerce Transformation Project was launched to offer different

Aygaz leverages its effective and widespread dealer network to reach its customers with package delivery services.

Aygaz distribution network in Turkey (2021)

2,259
cylinder gas dealers

1,781
autogas stations

Aygaz aims to capture sustainable growth with United LPG Limited, a joint venture formed in Bangladesh, the world's fastest growing liberal LPG market.

Production at Aygaz 1962-2021

56

countries

600+

products

75 million

cylinders

40 thousand

tanks

140 million

valves and regulators

payment options to the customers, manage campaigns effectively, and create a marketplace platform for the dealers to sell. Accordingly, all digital channels, including the mobile app, website, IVR, and Chatbot were refreshed and upgraded. The launch of digital channels delivered a rapid growth in e-commerce revenues. In order and delivery management, the customer experience is continuously enhanced end-to-end by developing new applications such as digital dealer systems, call center order management, self-service customer transactions via IVR, and orders.

On the employee and business operations side, the Integrated Digital Transformation initiative continues as digital transformation projects deployed in many business processes are executed with the participation of business units across Aygaz. Every year, the company seizes new transformation opportunities with an integrated approach. With the continuous improvement and development of mobile platforms and applications, Aygaz employees are able to work efficiently and effectively, regardless of time and place. Thanks to its strong information technology infrastructure, Aygaz has ensured the rapid adoption of a digital and agile work culture among its employees. On the other hand, the "Robotic Process Automation" projects involve software robots carrying out 33 business processes, resulting in seamless operational management and high efficiency.

The big data technologies and the IoT platform were added to the data-driven technologies that form the basis of decision-making processes while work is ongoing to develop analytics and artificial intelligence applications in sales, facility, production, and sourcing processes. In 2021, autogas and cylinder gas sales predictions and autogas sales management projects were carried out within this scope.

Robust sourcing infrastructure

Aygaz meets 37% of LPG imports into Turkey and works with a wide range of suppliers of different origins to ensure seamless LPG operations. With a robust infrastructure and high sales volume, Aygaz, is one of the few companies that can discharge the largest LPG vessels alone and at a single port.

High customer satisfaction

According to the results of independent surveys conducted since 2003, Aygaz continues to be named the brand with the highest customer satisfaction in the industry both in the cylinder and autogas segments. 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. With an extensive distribution network consisting of nearly 2,300 cylinder gas dealers and over 1,700 autogas stations across Turkey as of 2021 year-end, Aygaz meets the demands of customers quickly and safely. This strong distribution and service network delivers cylinders of Aygaz and its other brands to approximately 40 thousand homes every day while nearly 200 thousand autogas-powered vehicles fill up their tanks at its stations.

Turkey's largest LPG logistics operation

Aygaz operates the largest LPG truck fleet in Turkey with more than 300 tanker trucks, nearly 200 cylinder gas transportation trucks, and over 600 drivers, traveling 47 million kilometers and making 102 thousand trips. Aygaz runs its LPG logistics operations applying various linear scheduling tools as part of logistics optimization efforts 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 creating accurate 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 is also actively involved in maritime transportation of LPG, which first started in 1967. In 2010, Aygaz assigned the management of its LPG carriers to its subsidiary Anadoluhisari 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 16 years. In 2021, Anadoluhisari Tankercilik accounted for 5% of Aygaz's maritime procurement and transportation activities. M/T Beykoz and M/T Beylerbeyi are currently chartered out on long-term contracts.

Facilities in world standards

Aygaz operates world-class facilities equipped with the latest technologies including five sea terminals, six filling plants, seven distribution centers, and a pressurized container and accessory manufacturing plant at the company's disposal. With total 178.4 thousand cubic meters, Aygaz has the largest LPG storage capacity in Turkey.

The industry's first and only R&D center

The R&D Center, launched and currently operating within the Gebze Plant, is a first among the LPG distribution companies in Turkey. 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. Aygaz Mini Barbecue, developed by the R&D Center and introduced to the market in 2021, is a healthy and environment-friendly product that does not require wood or coal to cook food. The R&D

Center also developed GreenOdor, a project supported by The Scientific and Technological Research Council of Turkey (TÜBİTAK), to create a sulfur-free odorant as a first in the world to reduce emissions from sulfur components typically used to odorize gas. In 2021, GreenOdor was introduced at the Dörtyol and Yarımca terminals, making the clean energy LPG more environment-friendly.

Aygaz product range expanding with new designs

Following the launch of Aygaz Mini cylinder and the practical and modern cooktops and a stove, specifically designed for Aygaz Mini, based on the surveys and developed to meet customer expectations in previous years, Aygaz Mini Barbecue was introduced to the market in 2021. The Mini Barbecue, developed by Aygaz R&D Center, distributes heat evenly thanks to its enamel-coated die cast structure. This product, which can be used with Aygaz Mini Cooktop Extra, was well received by the customers and also recognized with the Good Design Award at the 2021 Design Turkey event.

Addressing the rising interest in outdoor activities and the growth potential in this segment, Aygaz Cartridge Cooktops and Aygaz Cartridge products were launched in 2021. In addition to these devices, regulators, hoses, and regulator-hose sets with a fixed connection, the first and only of its kind in the sector, with superior safety and quality, were introduced to the market, winning the customers. Similarly, regulators, hoses, and adapters designed specifically for boats, stand out with their excellent quality. In 2021, Aygaz also started to produce and sell screw-on regulators with different outlets.

E-commerce and new sales channels

The online sales channel of Aygaz (aygaz.com.tr), launched in late 2017, continues to sell cylinders and serve customers. The product offering has expanded with the addition of cooktops used with Aygaz Mini cylinders. The "Set Campaigns" of Aygaz Mini and Aygaz Mini Cooktop are received with great interest by the customers.

In 2021, the device accessory offering on Keyiflibahce.com e-commerce site also grew in number and variety to include heaters, barbecues, camping equipment, boat/caravan equipment, regulator and connection equipment, and accessories and toys categories, reaching 200 in total. More e-commerce sales channels were added to the marketplaces of Aygaz with the opening of digital stores on Hepsiburada.com, Kocbas.com.tr, and Kampkaravanmarket.com. Furthermore, five Store-in-Store areas were created at the Koçtaş Stores in Kartal, İstanbul, Bodrum, Muğla, Forum İstanbul, Balçova, İzmir, and Ankarall, Ankara, which accounted for 78% of all consignment sales. Aygaz also partnered with Macrocenter and Migros to sell barbecues, heaters, and devices.

The short-term heater rental service, offered since 2019, expanded with the addition of long-term heater rental option in 2021, enabling Aygaz to provide an all-inclusive service package for the customers.

Cylinder Tracking Project

As part of the Cylinder Tracking Project, launched in 2015 to ensure that the cylinders are tracked from the plants to the dealers and all the way to the customers, the QR code scanning system has been installed in all the plants and the QR codes developed for this purpose are now affixed to the cylinders. The activities to build the infrastructure that will enable tracking of cylinder movements between the plant and the dealer are currently under way. The legislation that regulates this application has been passed and will enter into effect by the end of 2023.

National and international certifications

Aygaz holds multiple internationally recognized certifications, including ISO 9001 Quality, ISO 14001 Environment and ISO 45001 Occupational Health and Safety, ISO 27001 Information Security, ISO 50001 Energy, and ISO 10002 Customer Complaint Management certificates. Production of transportable pressurized containers, compliance with standards and regulations, periodic inspections, as well as checks and monitoring of maintenance processes are all certified according to ADR (European Agreement concerning the International Carriage of Dangerous Goods by Road). As another first in the industry, Aygaz is also the holder of the Customer Friendly Organization and Customer Friendly Brand certifications by the Turkish Standards Institute (TSE).

Efficiency through intelligent production solutions

Aygaz manufactures the products it uses such as cylinders, valves, regulators, bulk gas and autogas station tanks at its Gebze Plant, operating on an open area of 52 thousand square meters and an indoor area of 25 thousand square meters. The electronic data collection network deployment across the plant continued in 2021. As part of this project, the MII new platform was adopted, and the energy tracking system was extended

to cover all the plants. With OEE-based improvement efforts, the failures in critical machinery were analyzed and addressed with a solution-focused approach, and the root causes were identified and permanently resolved. Furthermore, the activities to build on the maintenance team's skills continued in 2021. Throughout the year, equipment needed by the plant, such as a screen printing machine was produced, while some other machines like metal spinning press, washer feeder, and transfer system were upgraded with technological equipment. With the automation of gas radiant heaters, savings achieved in natural gas consumption for heating purposes reached 30%.

Pressurized container and equipment exports

Since 1962, Aygaz plants have manufactured more than 600 different types of products, nearly 75 million cylinders, approximately 40 thousand tanks, and 140 million valves and regulators, which are used in 56 countries. In 2021, these products were sold to 42 LPG distribution companies, including customers in Europe, South America, Africa, and Asia, capturing 44% increase in sales year on year.

Zero-waste target

Last year, Aygaz focused on recycling the plastic waste generated by pet water bottle consumption. The caps of the pet bottles were collected at the Head Office and the Gebze Plant to donate to a campaign of the Spinal Cord Paralytics Association of Turkey (TOFD). In 2021, 248 kilograms of pet bottle caps were delivered to TOFD.

Compliance at Aygaz

Aygaz created the Compliance Program roadmap to build a culture of compliance across the group and monitor compliance with the local and international legislation and the resolutions and regulations imposed by relevant administrative authorities.

The Code of Ethics and Compliance Policies, created and updated as part of the program, have been implemented according to the sectoral and geographical presence of Aygaz and in line with universal best practices after the approval of the company management. Aygaz Group Compliance Program lays out a comprehensive framework for Aygaz Group employees and stakeholders regarding topics such as ethical principles, human rights, anti-bribery and anti-corruption, preventing conflicts of interest, economic sanctions, protecting privacy and confidential information, and occupational health and safety.

Starting in May 2021, the Legal and Compliance Department was assigned the task of monitoring the effectiveness of the program and compliance.

Accordingly:

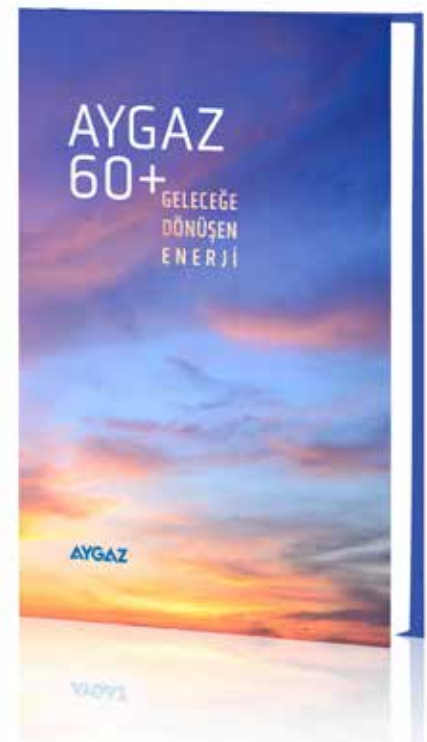
- A Compliance Specialist was employed in the Department to ensure the effective implementation of the program.
- The Department initiated the necessary due diligence and research activities to identify partners in integration with the company systems before signing on a new business partner and during their work.
- Human Rights Policy, Anti-Bribery and Corruption Policy, Donation and Sponsorship Policy, Gift Acceptance and Honor Policy, and Supply Chain Compliance Policy were approved and published on August 4, 2021. The latest versions of the Code of Ethics and all Compliance Policies are available on the intranet for easy access by the employees and on the corporate website.
- Announcements introducing the Compliance Program were shown on the digital screens within the company and on screen savers to raise awareness.

60th anniversary celebrations

Aygaz celebrated its 60th anniversary in 2021 with various communication activities and emphasized that the secret to being an industry leader went beyond having a deep-rooted brand and also required staying young and keeping up with the times. The commercial with the theme “We Are 60, But We Never Look It” was broadcast on the 60th anniversary, reaching audiences via TV screens and digital platforms. Furthermore, Aygaz user influencers from different segments of social media were used in the “When You Say Aygaz” themed communications where they talked about the place of Aygaz in their lives in 60 seconds. To mark the anniversary, the book titled “Aygaz 60+ Geleceğe Dönüşen Enerji” (“Aygaz 60+ Energy Transforming the Future”), featuring the story of Aygaz from the past to the future and contributions from many stakeholders was published. In addition to these activities, a company promotion film with the slogan “We can't contain our energy” was created and as part of the 60th anniversary celebrations, the façade and the elevators of the head office building, Zincirlikuyu Zorlu Metro Tunnel, and billboards in various locations in the city were fitted with anniversary-themed ads. As part of the celebrations for the employees, the Aygaz Townhall Meeting in September was organized with the slogan, “Applause. We are 60!”

The national advertising campaign that ran from September 6 to September 16 generated 326 GRP and 1+ 64 Reach in the targeted 20+ age group while it received 167 million impressions in the digital platforms. The campaign was fully viewed by 39 million people and listened to by 3.2 million people on the digital channels. Meanwhile, influencer communications generated 320 thousand reach and 335 thousand impressions. According to a brand recognition survey conducted by an independent research firm before and after the national communication campaign, Aygaz's reputation score as a “Young Dynamic Brand” rose from 7.3 to 7.8 thanks to the communication activities.

Aygaz celebrated its 60th anniversary in 2021 with various communication activities and emphasized that the secret to being an industry leader went beyond having a deep-rooted brand and also required staying young and keeping up with the times.



Cylinder gas

Aygaz continues to make investments by considering sustainability and technological advancements and expands its product range every year by carefully monitoring the changes in consumer expectations.

Aygaz, leading the LPG industry with countless innovations since its establishment, is recognized as the most trusted LPG brand, which has become synonymous with cylinder gas in Turkey. The company's cylinder gas products are preferred for their quality as well as dynamic and energetic brand image. According to EMRA's December 2021 industry report, Aygaz maintained its leadership in cylinder gas with 41.1% market share.

Expanding product range

Aygaz continues to make investments by considering sustainability and technological advancements and expands its product range every year by carefully monitoring the changes in consumer expectations. Following the launching of Aygaz Mini cylinder and Cooktop as Turkey's first and only cylinder that can be used with kitchen stoves as well as outdoors in 2019, in 2021 Aygaz Mini Barbecue, developed by Aygaz R&D Center, was introduced to the market.

In line with the heightened interest in outdoor activities and in consideration of this segment's growth potential, Aygaz launched Portable Gas Stoves and Cartridge options in 2021. Aygaz Portable Gas Stove is the one and only of its kind in Turkey with an automatic locking system. The gas stove, featuring foldable legs, stands out in the sector with its superior quality. In addition to these new devices, Aygaz also introduced the first and only fixed regulator-and-hose sets with superior safety features and quality, winning the customers' admiration. Similarly, high quality regulators, hoses, and



adapters designed specifically for use on the boats were launched.

Online orders

As online sales channels, fueled by the pandemic, become an increasingly integral part of everyday life, Aygaz recognizes this need and leverages its wide dealer network and strong digital infrastructure to serve its customers via online platforms as well. Aygaz Online Sales Platform, a first in the industry, enables customers to place orders and make payments via the Aygaz website. In addition to cylinder gas products, the online sales system also offers customers the option to order cylinder connection equipment and devices such as regulators and LPG hoses, and Aygaz Mini cooktops.

Outdoor activity tools on [keyiflibahce.com](https://www.keyiflibahce.com)

On its other online sales platform, [keyiflibahce.com](https://www.keyiflibahce.com), Aygaz sells LPG-powered devices and equipment for

outdoor use. Currently, the website lists more than 200 products in the patio and indoor heaters, barbecues, camping stoves, accessories, and spare parts categories, all using LPG. Aygaz also offers outdoor heaters for short- and long-term rental in Istanbul, Ankara, and Izmir on the same platform. With an extensive dealer network, Aygaz is able to meet rental requests of customers within three business days, a delivery service that enhances customer satisfaction.

Dealer and order tracking

The enhancement of Aygaz Express, the digital customer and order tracking system of Aygaz, continued in 2021. The upgraded Aygaz Express System aims to provide dealers with information and tools to manage their businesses better by improving the dealership management processes, offer personalized services and deals, and contribute to the sales and customer satisfaction goals of the company.



In line with the increasing interest in outdoor activities and in consideration of this segment's growth potential, Aygaz launched Portable Gas Stoves and Cartridge options in 2021.

Aygaz Cylinder gas market share

41.1%

Training programs to strengthen the ecosystem

Aygaz aims to standardize its service quality across Turkey and offers training programs to instill the company's corporate culture, vision and values throughout its ecosystem. As part of the training programs, the Aygaz Training Bus traveled all around Turkey, providing service and safety trainings for dealers and dealership employees in the previous years. Due to the pandemic, these programs were continued on digital platforms in 2021. All dealer employees were regularly informed about hygiene and social distancing rules within the preventative measures implemented during the pandemic.

Communications and campaigns

Aygaz follows the changing media consumption habits closely and supports the communication activities

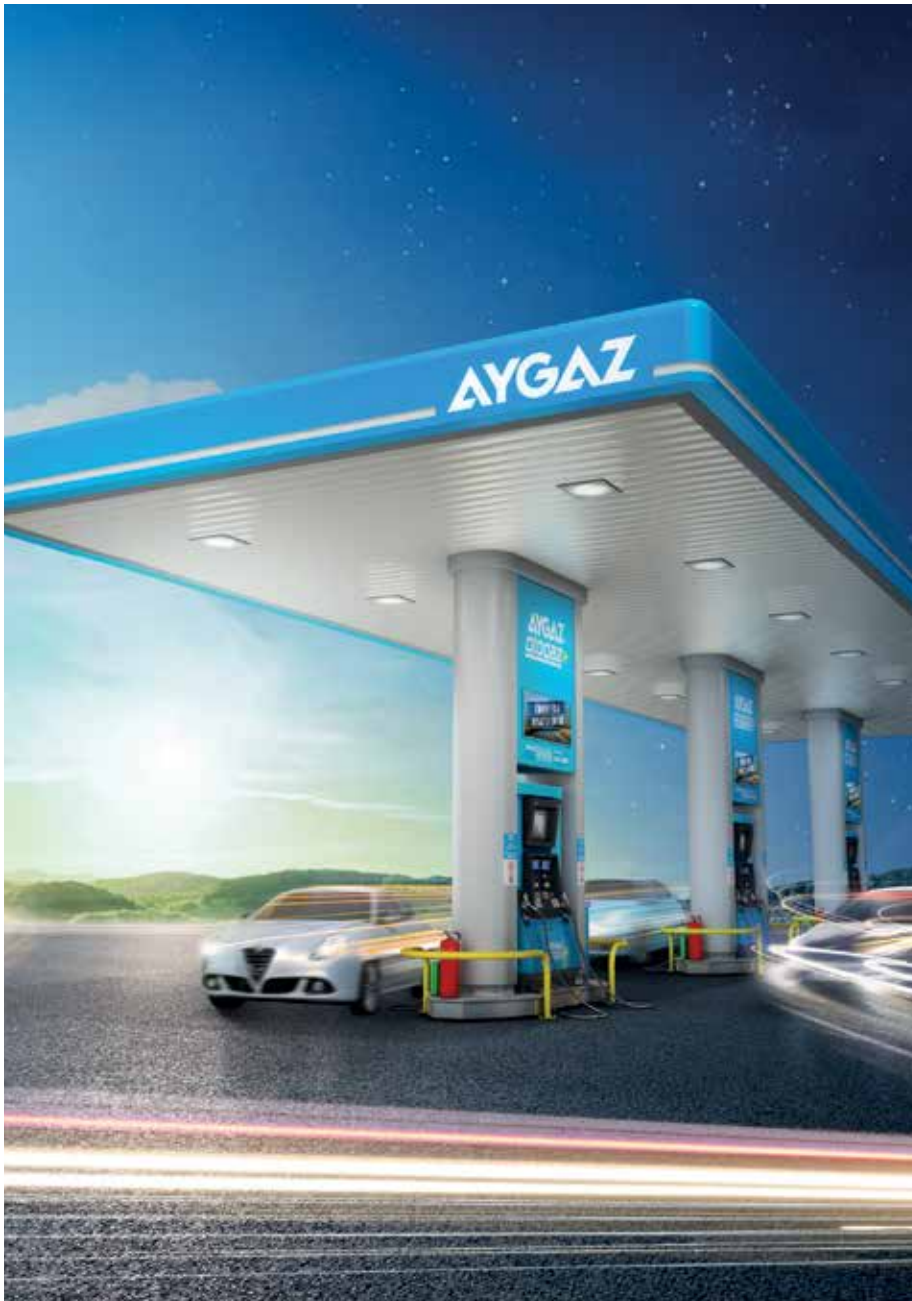
in conventional national and local channels with the use of other popular digital platforms, especially social media. Digital applications are leveraged to facilitate and expedite customers' access to Aygaz, thus improving effective communication with customers.

As usual, campaigns conceived in collaboration with business partners from different industries continued in 2021. Launched by considering both national and local needs and preferences of customers, credit card campaigns with partnering banks, local supermarket campaigns in various cities, and digital campaigns based on changing consumer behavior were all welcomed and appreciated by customers as well as dealers. The brand image and service quality of Aygaz was enhanced and supported as a firm step toward reaching company targets.



Autogas

Aygaz focused its activities in the autogas segment on supporting the sustainable and healthy development of the sector and further improving its competitiveness.



Operating with the most extensive distribution network in Turkey, Aygaz caters to autogas users with more than 1,700 autogas stations across the country. Aygaz remains hands-down the leader of the autogas segment with 21.5% market share according to EMRA's December 2021 report. Furthermore, the station efficiency of Aygaz also fares above industry average.

Growing interest in autogas

The recognition of autogas as an ecofriendly and economic fuel is growing by the day among consumers in Turkey and around the world while advancements in conversion system technologies are also influencing the consumers' perception of performance and safety positively, leading to wider use of autogas. As more upper segment vehicle owners opt for autogas in the recent years, consumer profiles are changing and diversifying.

Aygaz concentrates its efforts on supporting the sustainable and healthy development of the industry and further increasing its competitive strength in its segments. Accordingly, the company focuses on developing proactive marketing strategies, offering solutions beyond consumer expectations, and expanding its distribution network.

High performance with Monster Truck

Since the early years of the autogas segment in Turkey, Aygaz has adopted the principle of differentiating itself both in terms of products and also improving the perception of autogas and introduced numerous innovations. The "Monster



Communication activities featuring “Monster Truck,” now the brand icon of Aygaz Otogaz, continued in 2021.

Truck” advertising campaign created for this purpose and launched in 2018 to promote autogas as a high-octane fuel, continued in 2021 as the truck became the brand icon of Aygaz Otogaz. Monster Truck, highly popular among the consumers, was featured in videos with influencers from the automotive world to highlight autogas as a high performance fuel

The toy versions of the Monster Truck were produced and sold at Aygaz Otogaz stations as well as on the e-commerce site keyiflibahçe.com, reaching children and young people, who Aygaz values as the customers of the future, and their families to connect with them on an emotional level.

High-Octane Fuel LPG

The parallel communication campaigns that ran in 2021 as a continuation of the original ad campaign with the slogan “High-Octane Fuel LPG” launched in 2018 reinforced the perception of “Autogas as a high-octane, high performance fuel” in the minds of potential autogas consumers and existing autogas users.

Since field communications were suspended with the prolonged impact of the pandemic in 2021, communication focus shifted completely to the digital channels and Aygaz Otogaz’s number of followers on Instagram grew by 64% in 2021.

Supporting sports

The sports-focused communication activities of Aygaz continued in 2021. In addition to title sponsoring Beşiktaş Men’s Handball Team, one of the most successful clubs in its field in Turkey since 2013, Aygaz became the sponsor of Tofaş Basketball Team as of 2019. Since 2018, Aygaz is also a sponsor of Fenerbahçe Football A Team. Various communication activities were carried out regarding these three clubs on social media. In 2021, ad space was purchased and Aygaz Otogaz ads of different product segments were featured on the digital LED panels in the Beşiktaş, Trabzonspor, and Sivasspor stadiums throughout the season.

Aygaz Otogaz market share

21.5%



Bulk Gas

Aygaz sold nearly 37 thousand tons of bulk gas in 2021.



Aygaz Bulk Gas market share

37%

Bulk gas is used in the homes for heating, hot water, and cooking needs and for production in commercial and industrial enterprises. Bulk gas, with approximately 2.5% share in the Turkish LPG market, also provides an important alternative as backup for natural gas. On the other hand, “standardized LPG suitable for aerosol production” is also categorized as bulk gas and particularly important in the total Turkish bulk gas market with a nearly 50% share. Standardized LPG is used as a raw material in the aerosol industry and also by food packaging and insulation manufacturers. Aygaz’s share in the sales of this product is over 50%.

Aygaz sold nearly 37 thousand tons of bulk gas in 2021, capturing 37% of market share. Bulk gas accounts for 3.7% of Aygaz’s domestic retail sales.

SUBSIDIARIES

Aygaz Dođal Gaz

Aygaz Dođal Gaz operates with the vision of taking its place across the value chain and closely follows the developments in the market to seize new business opportunities.



Aygaz Dođal Gaz, founded in 2004 to become a diversified player in the growing natural gas market in Turkey, is engaged in the sales of piped and liquified natural gas (LNG). Aygaz Dođal Gaz began selling piped natural gas in 2010 with the vision of taking its place across the entire value chain. The company increased its sales volume over the years through various sourcing agreements, achieving over TL 700 million in revenues with over 246 million cubic meters of piped natural gas and 82 million cubic meters of LNG sold in 2021. With this sales volume, the Aygaz Dođal Gaz took nearly 15% share among the nine licensed operators in the Turkish LNG sector.

LNG's journey with Aygaz Dođal Gaz

The LNG procured from the Marmara Eređlisi terminal of BOTAŞ and Aliađa terminal of Egegaz is distributed all around Turkey by special LNG trailers to consumers in locations without access to pipelines. Aygaz Dođal Gaz follows

the developments and new business opportunities in the bulk LNG market closely and continues to investigate potential LNG use in heavy vehicles and ships to strengthen its position. For this purpose, Aygaz Dođal Gaz currently works on a project approved by TEYDEB (TÜBİTAK - Technology and Innovation Grant Programs Directorate) and included in the grant program.

Aygaz Dođal 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 liquified natural gas (LNG) to consumers. Aygaz Dođal 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 Dođal Gaz currently holds 30-year export licenses for Serbia and Greece.

Natural gas in Turkey

In Turkey, natural gas is used primarily in residences, electricity generation, and industry. According to EMRA's December 2021 Natural Gas Industry Report, consumption in the Turkish natural gas market rose by nearly 24% year on year in correlation to the increase in electricity consumption, amounting to 60 billion cubic meters in 2021 despite the prolonged impact of the pandemic. Residential consumption increased by 5%, natural gas use for power generation by 53%, and industry consumption by 19%. Similar to the 2020 trends, the main reason for the increase in the natural gas use for power generation in 2021 was because of natural gas cycle plants taking a larger share from the electrical power generation basket. The fact that 2021 was one of the driest years in recent history and lack of sufficient hydrology resulted in natural gas power plants operating more.

Aygaz Doğal Gaz in figures (2021)

Piped gas sales

246+

million m³

LNG sales

82

million m³



In Turkey, nine licensed companies, starting with BOTAŞ, import natural gas. In 2021, the private sector operating in the natural gas sector met about 7% of domestic demand, specific to the power generation companies' and industrial enterprises' consumption. These licensed companies sold approximately 4.44 billion cubic meters of natural gas to the end-users.

The transaction volume in the Organized Natural Gas Market (OTSP) trading platform, launched by Enerji Piyasaları İşletme A.Ş. (EPIAŞ) in line with the goal of liberalizing the Turkish natural gas market fared at 1% levels of the daily demand.

Akpa

Akpa, a leading sales and marketing organization in Turkey, generated TL 658 million in revenues in 2021.

With more than half a century of know-how and experience, Akpa is among Turkey's leading sales and marketing organizations, specializing in direct sales of cylinder gas and bottled water as well as fuel trade. In addition to wholesale of fuel products to corporations, Akpa also caters to retail customers through its own station.

In 2021, the company's revenues amounted to TL 658 million. As the cylinder gas sales volume

increased by 3% in year on year, Akpa continued to expand its service territory significantly, focusing on direct sales to households and businesses as part of its sales strategy.

Together with the existing cylinder gas dealers, Akpa sells carboy water to companies and retail customers. In 2021, the company sold 1.7 million Pürsu-branded carboys.

Pürsu (Bal Kaynak Su)

Bal Kaynak Su, bringing the Pürsu brand to the consumers, continued to develop new products, expand its distribution network, and invest in 2021.



Aiming to widen the scope of Aygaz's water business, carried out through its dealers and to achieve sustainable production, Kuleli Tankercilik A.Ş., wholly owned by Aygaz, 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 real estate where the facility sits, in March 2019. The water obtained from two spring sources, Uludağ and Nazilli, is delivered to customers 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 continued in 2021.

A rising brand

Pürsu is delivered to the customers by more than 400 dealers in 35 provinces. The sales of the plastic and glass bottle group rose to 57.5 million liters with an increase of 92% while 7.8 million carboys were sold in 2021, capturing 6% growth. As a result, total water sales amounted to approximately 206 million liters with an increase of 21%, generating TL 104.9 million in revenues and recording 72% growth.

As the company continued to grow its sales in chain supermarkets and e-commerce channels, Pürsu-branded water in plastic and glass bottles was exported to a number of countries, including Cyprus, Germany, France, Netherlands, Belgium, and the UK in 2021.

Superior quality recognized with awards

Pürsu glass bottles won the Worldstar 2021 award, the most prestigious global packaging award, organized by the World Packaging Organization. The glass bottles also won the Gold Award at the Ambalaj Ay Yıldızları (The Crescent and Stars of Packaging) competition. Furthermore, the glass bottles' design was recognized with the Good Design Award at the 2021 Design Turkey Industrial Design Competition, organized as part of the Design Week Türkiye event.

Pürsu supporting sports

Pürsu continued to be the official water supplier of Fenerbahçe Sports Club in the 2021-2022 season and became the official water supplier of Beşiktaş Gymnastics Club for the same season. Pürsu also sponsored various sports activities, including the İzmir Marathon, Cadde 10K Run and Sports Festival, Salt Lake Run Fire Ultra Trail Run, September 9 İzmir Half Marathon, and CEV Continental Cup in 2021, raising brand recognition.

Pürsu in figures (2021)

400+

dealers in 35 provinces

Plastic and glass bottle sales

57.5

million liters

Carboy sales

~7.8

million units

Total water sales

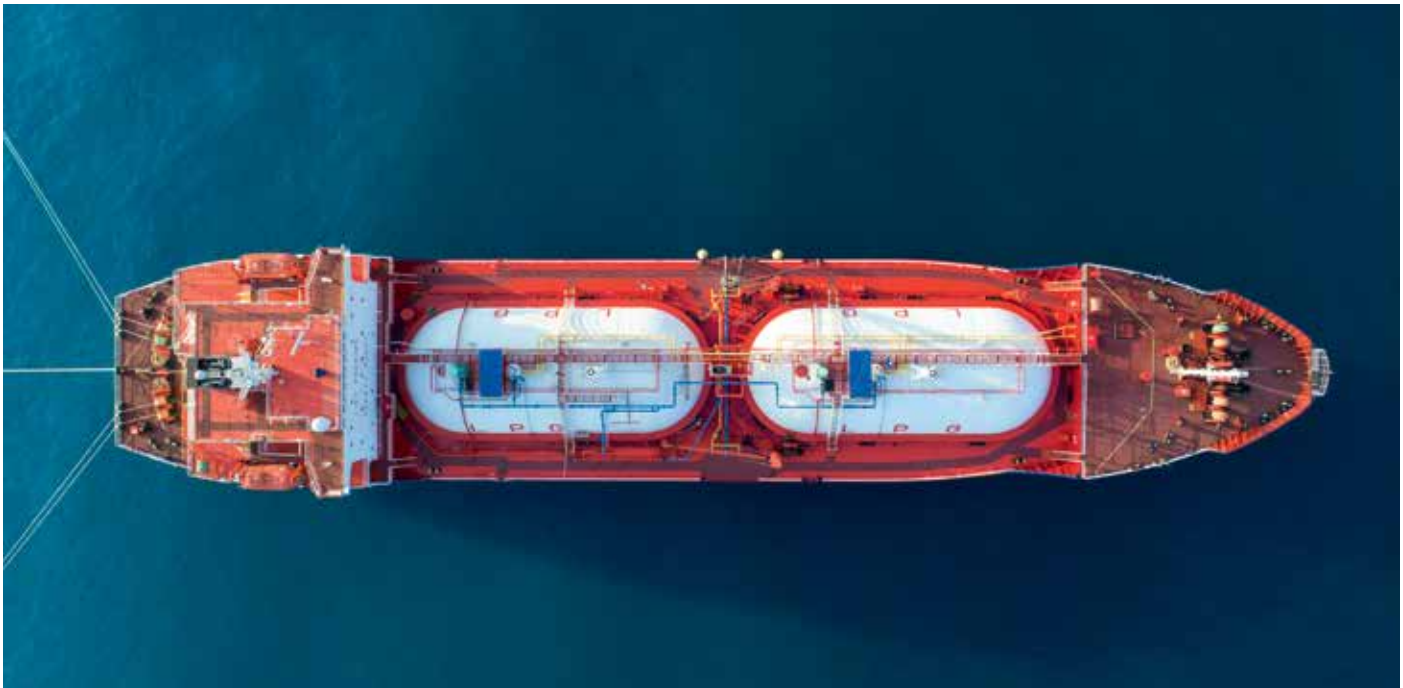
~206

million liters

In addition to growing the sales volume in chain supermarkets and e-commerce channels, Pürsu water in plastic and glass bottles was sold to Cyprus, Germany, France, Netherlands, Belgium and the UK in 2021.

Anadoluhisari Tankercilik

The operations of Anadoluhisari Tankercilik are monitored with regular audits and international certifications while the company continues its digitalization activities.



As an integrated LPG company, Aygaz is actively engaged in land transport and maritime transport. With over half a century of experience, Aygaz began to transport LPG by sea in 1967 and 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 16 years. In 2021, Anadoluhisari Tankercilik accounted for 5% of Aygaz's maritime procurement and transportation activities. With a change in Aygaz's Black Sea supply structure, the purpose of the fleet has also evolved and the vessels were chartered out in accordance with the new sourcing plan.

Catering to external customers

To utilize the surplus capacity, the fleet has been made available for external customers, allowing it to work efficiently throughout the year. M/T Beykoz was chartered out for two years starting from the beginning of 2018, marking the longest contract in the maritime history of Aygaz. Until February 2020, the vessel operated between Indian Ocean, Middle East and East African ports. The charter lease, which ended in the Indian Ocean, was renewed in March 2020 and M/T Beykoz was taken to the Caribbean by the same leaseholder for one year with a one year option. Once the term was up, the leaseholder accepted the one year option. Therefore, the vessel will continue to

operate in this region until March 2022. On the other hand, 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.

International certifications and inspections

In addition to holding 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), Anadoluhisari Tankercilik also continues to have its vessels

assessed by major oil companies in accordance with the Tanker Management Self-Assessment Model since 2008. The vessels that the company operates are also subjected to other inspections as required by applicable international port and ship safety codes, and duly certified.

Digitalization

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.). In line with the digitalization targets of Aygaz, the integrated management systems including document submissions have been moved to electronic medium and the entire process is now managed on the Planned Maintenance Platform.

Compliance with energy efficiency index

Pursuant to environmental legislation, put into force by the EU in 2018 and IMO (International Maritime Organization) in 2018 and environmental regulations imposed by the UK in 2021, glasshouse 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.

Anadoluhisari Tankercilik in figures

3 fully pressurized LPG tankers

Average age

16

28,800 m³ transportation capacity



Sendeo

Aykargo started its operations in 2020 and following the incorporation procedures adopted “Sendeo” as its new brand identity in 2021.



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, dealer network, facility infrastructure, 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 the company’s existing dealer network and experience in home delivery.

New brand identity

Aykargo was registered in 2020 as Aygaz Aykargo Dağıtım Hizmetleri A.Ş., and following the branding activities in 2021, the company was renamed Sendeo

Dağıtım Hizmetleri A.Ş. in line with the new brand identity.

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 12, 2022, it was resolved to increase Sendeo’s capital from TL 143.5

million to TL 423.5 million and for Aygaz to pay its share of TL 154 million in the capital increase by December 31, 2022. Partial payment of TL 77 million from this amount was completed on February 9, 2022.

Rapid growth

In 2021, the company made significant investments in building a new technological infrastructure and introduced its new slogan “Senin istediğin çözümler” (The solutions you want). Once its proprietary operational software went live, the company was able to execute last mile delivery using its own systems. As of 2021 year-end, Sendeo operated with 11 locations, serving in 16 cities, and completed its expansion across 81 provinces in the first quarter of 2022.

United LPG Limited

United LPG Limited, the joint venture of Aygaz in Bangladesh, the world's fastest growing liberal LPG market, was launched as part of the company's international expansion strategy.

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 Bangladeshi market to source, fill and distribute LPG by making the necessary investments.

On January 20, 2021, Aygaz acquired 50% stake in United LPG Ltd., 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.

Bangladesh, the world's fastest growing LPG market

Bangladesh is the world's fastest growing liberal LPG market and as reported by the Energy & Power magazine in December 2021, the total market grew from 148 thousand tons in 2015 to an estimated 1.2 million tons by 2021. With household use accounting for 85% of the total consumption, the Bangladesh LPG market recorded a CAGR of 35% in the 2015-2021 period.

Empowered by 60 years of know-how and experience

The objective of Aygaz with this project, which will take the company's know-how and experience of more than half a century in the LPG industry to the international arena, is to capture sustainable growth and invest in the future. In 2021, the capital of United LPG Limited was increased from Bangladesh Taka (BDT) 100 million to BDT 1,120 million (~USD 13 million).



It was later resolved to increase the capital to BDT 2,149 million, and Aygaz paid its share of BDT 510 million (~USD 6 million) in this increase in February 2022.

For Aygaz, 60 years of know-how and experience, sourcing and operational advantages it aspires to create, brand power, service quality, and the innovations it will bring to the market will be the critical success factors in this investment.

Building the infrastructure

In 2021, the company started the construction of the main terminal in Chittagong, the country's largest port, as laid out in the business plan. The procurement and assembly phases of the facility's vehicle, machinery, equipment, and storage investments gained momentum. Development and deployment of the technical infrastructure required to launch the operations is proceeding concurrently with the construction work.

In late 2021, United LPG Limited reached a position to launch its operations in the Bangladeshi market. The plans for 2022 include building the sales and distribution organization, making investments, and expanding the business in line with the market growth targets.

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. 40 employees were hired by the end of 2021.

Meanwhile, the sales and distribution network, a critical factor to deliver the planned business results next year, continues to expand every day. Taking Turkey as an example, the company strives to build a well-functioning dealership organization based on long-term benefit and mutual gain. The local sales teams and the sales organization in Turkey work in coordination to leverage Aygaz's vast know-how and experience in the industry.

AFFILIATES

Entek

Entek aims to add value to all its stakeholders through renewable energy investments in the electricity market.



Entek is the electricity generation company of Koç Group. With eight hydroelectric power plants (HEPPs) located in Kahramanmaraş, Karaman, Samsun, and Mersin with a total capacity of 265 MW, a wind power plant (WPP) (60 MW) in Edirne, and a natural gas cycle plant (112 MW) in Kocaeli, Entek currently operates with total 436 MW of installed capacity.

According to Türkiye Elektrik İletim A.Ş. (TEİAŞ) data, Turkey's installed electricity capacity reached 99.4 GW with an increase of 3.9% by 2021 year-end. The private sector power generation plants operating in the free market take the largest share with 68% while state-owned power generation plants account for 21% and unlicensed power plants for 8% of the total market. On the other hand, the share of power generation plants operating with the Build-Operate

(BO) and Build-Operate-Transfer (BOT) models stands at 3%.

Expanding portfolio

In 2021, Entek's sales reached approximately 2.7 billion kWh, generating TL 1.8 billion in consolidated revenues. Meanwhile, efficiency improvement projects continued at the Kocaeli plant, where the installed capacity was increased to 112 MW and the 15MW steam turbine was relicensed to manage the growing customer portfolio more effectively and profitably and to improve the plant's operational flexibility to align with the changing market conditions. Aiming to grow in the renewable energy segment and diversify its mostly HEPP-focused portfolio, Entek acquired its first wind power plant in 2021 with the investment made in Süloğlu WPP in Edirne. This acquisition marks an important step in Koç Group's growth

strategy in sustainable and renewable energy generation.

Entek sells direct retail electricity through its wholly-owned affiliate Eitek. With long years of experience and know-how gained in the electricity market, Entek operates in the field of wholesale energy trading in the bilateral agreements market, and supplies electricity at affordable prices to Koç Group companies as well as consumers outside the Group.

Entek aims to serve its customers within and outside Koç Group by meeting their requirements and ultimately adding value to all its stakeholders by building sustainable, long-term business models.

OPET Aygaz Gayrimenkul

Opet Aygaz Gayrimenkul, an equal partnership between Aygaz and Opet Petrolcülük, owns 21 stations as of 2021 year-end.



Opet Aygaz Gayrimenkul A.Ş., founded in 2013, operates in the real estate sector and invests in properties that can be leased out or operated as fuel or autogas stations in various locations across Turkey. The company, an equal partnership between Aygaz A.Ş. and Opet Petrolcülük A.Ş., owns 21 stations as of 2021 year-end. With its stake in Opet Aygaz Gayrimenkul A.Ş., Aygaz aims at further strengthening its presence in the market and increasing the competitiveness of its autogas brands.

Enerji Yatırımları (EYAŞ)



EYAŞ was founded in 2005 to acquire 51% of the shares of Tüpraş, Turkey's largest industrial corporation, from the Privatization Administration. Aygaz holds a 20% stake in EYAŞ (Enerji Yatırımları A.Ş.). As the pioneering producer in the refinery industry in Turkey, 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.



AYGAZ

AYGAZ

AYGAZ
AYGAZ

GENERATIONS' TRUST

inspires us to strive for a brighter
future and a better world.



Sustainability Principles Compliance

Sustainability Principles Compliance Declaration

Aygaz follows the best sustainability practices closely, including the ones laid out in the CMB's Sustainability Principles Compliance Framework and conducts activities to adopt the generally accepted best practices in this field to the extent possible. Many of the topics that Aygaz manages as part of its sustainability efforts correspond to the principles stated in the "Sustainability Principles Compliance Framework" introduced by the Capital Markets Board (CMB) in 2020. 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 ongoing studies on the global practices that may contribute to the company's goal of creating sustainable value, the technical infrastructure development and data collection activities are finalized, the company aims to work toward implementing the principles that have yet to be fully complied with.

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 explanations about the key principles that have not been fully complied with are provided 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 in place an 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 a Code of Ethics. ESG policies and targets are defined and updated regularly within the framework of the Integrated Management Systems Policy. Studies are in progress to disclose these targets to the public in the times to come.
- 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. On the other hand, work is under way to conduct a material aspect analysis in light of global and industry trends. Activities to determine a partnership strategy will continue in the coming years in line with the identification of material aspects.
- Aygaz has formed a Sustainability Working Group ('Working Group') and a Corporate Risk Management Working Group for the implementation of ESG policies. The Corporate Risk Management procedures are reported to the Risk Management Committee, under the Board of Directors and the activities carried out for this purpose are disclosed in the Risk Management section of the Annual Report. Studies are in progress to disclose the Sustainability Working Group's work and policy publicly.
- Aygaz carries out activities to publicly disclose 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's ESG performance in 2020 was disclosed on the corporate website in 2021, included in the sustainability section of the Annual Report, and published in the 2020 Sustainability Report. Furthermore, the company will publish the 2021 Sustainability Report in the first half 2022. Due to their limited environmental and social impact, these indicators have not been verified yet. As the standards and practices evolve in the times to come, these activities may be carried out in parallel.

- The Working Group is responsible for following and monitoring the sustainability work at Aygaz. The Working Group, which consists of Corporate Communications, Finance and Risk, Quality System ESG-S and Sectoral Relations, and the Human Resources departments, reports the issues about sustainability to the General Manager, who in turn may report to the Board of Directors, when the situation calls for it. The sustainability strategy and targets are defined after the sustainability issues are evaluated by the Board of Directors in line with business processes. The topic of Environment and Climate Change is also handled by the ESG-S Team.
- Aygaz discloses the incentives it offers, including those related to achieving the targets, in the Human Resources section of the Annual Report. Employees who are committed to the Occupational Health and Safety principles and procedures, who act sensitively, and who take actions to promote corporate sensitivity and effectiveness are awarded. Studies are in progress about the incentives offered for the management of environmental issues as part of the sustainability efforts.
- Aygaz has in place indicators that it has created and follows as part of its internal targets regarding how environmental topics are integrated into business goals and strategies, and disclosing these to the public in the times to come is in progress.
- 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. The relevant data will be disclosed publicly via the 2021 Sustainability Report. On the other hand, data analysis, assurance, and methodologies regarding Scope 3 greenhouse gas emissions are currently being developed. Aygaz will duly set targets per the Carbon Transition Program based on the outcomes of these studies.
- The company is currently not part of any carbon pricing system since the legal regulation processes on this topic have not yet been finalized in Turkey. On the other hand, internal assessments and investigations together with relevant NGOs are ongoing regarding carbon pricing and carbon credits.

Sustainability Principles Compliance

Sustainability Principles Compliance Framework

Principle Code	No	Description	Page Number or Link
A1. Strategy, Policy and Targets	1	The Board of Directors determines material ESG issues, risks and opportunities and creates necessary ESG policies. In terms of the effective implementation of these policies, internal directives and business procedures, etc. can be prepared for the company. The Board of Directors makes decisions for these policies and discloses them publicly.	Sustainability Management, page 56
A1. Strategy, Policy and Targets	2	Determines the Company Strategy in line with the ESG policies, risks and opportunities. Determines the short- and long-term goals in line with the Company strategy and ESG policies and discloses them publicly.	Sustainability Management, page 56
A2. Implementation/ Monitoring	3	Determines the committees/units responsible for the implementation and execution of ESG policies and discloses them publicly. The responsible committee/unit reports the activities carried out in line with policies to the Board of Directors at least once a year and in any case within the maximum periods determined for the public disclosure of the annual activity reports in the applicable regulations of the Board.	Sustainability Management, page 56
A2. Implementation/ Monitoring	4	Creates and publicly discloses implementation and action plans in line with the short- and long-term goals determined	Sustainability Principles Compliance Declaration, pages 50,51
A2. Implementation/ Monitoring	5	Determines Key ESG Performance Indicators (KPIs) and discloses them with yearly comparisons. If verifiable data is available, presents KPIs with local and international sector comparisons.	Human Resources, pages 58-65; Quality, Environment, Occupational Health and Safety, pages 66-71
A2. Implementation/ Monitoring	6	Discloses the innovation activities that improve the sustainability performance for business processes or products and services.	Innovation and Intellectual Rights, page 72; Research & Development, page 73
A3. Reporting	7	Reports its sustainability performance, goals and actions at least once a year and discloses publicly. Discloses the information on sustainability activities in the annual report.	Sustainability Reporting, page 55; Quality, Environment, Occupational Health and Safety, pages 66-71
A3. Reporting	8	It is essential to share information, which is important for stakeholders to understand the position, performance and development of the Company, in a direct and concise manner. Can also disclose detailed information and data on the corporate website and prepare separate reports that directly meet the needs of different stakeholders.	Communication with Stakeholders, pages 56, 57
A3. Reporting	9	Takes utmost care to ensure transparency and reliability. Provides objective information on all kinds of developments about material issues in disclosures and reporting with a balanced approach.	Sustainability Reporting, pages 55; Communication with Stakeholders, pages 56, 57
A3. Reporting	10	Provides information about which of the United Nations (UN) 2030 Sustainable Development Goals its activities are related to.	Sustainable Growth, page 54
A3. Reporting	11	Provides detailed information regarding the lawsuits filed and/or concluded against environmental, social and corporate governance issues.	Legal Disclosures, pages 100,101
A4. Assurance	12	If verified by independent third parties (independent sustainability assurance providers), discloses its sustainability performance measurements to the public and strives to increase such verification processes.	Sustainability Principles Compliance Declaration, pages 50, 51
B. Environmental Principles	13	Discloses environmental management policies and practices, action plans, environmental management systems (known by the ISO 14001 standard) and programs.	Quality, Environment, Occupational Health and Safety, pages 68-70
B. Environmental Principles	14	Complies with environmental laws and other applicable regulations and discloses them.	Quality, Environment, Occupational Health and Safety, pages 66-71
B. Environmental Principles	15	Discloses the limitations of the environmental report to be included in the report according to Sustainability Principles, reporting period, reporting date, data collection process and reporting conditions.	Sustainability Reporting, page 55; Sustainability Management, page 56
B. Environmental Principles	16	Discloses the highest responsible individual, relevant committees and responsibilities in the Company for environment and climate change.	Sustainability Management, page 56
B. Environmental Principles	17	Discloses the incentives offered for the management of environmental issues, including the achievement of objectives	Sustainability Principles Compliance Declaration, pages 50, 51
B. Environmental Principles	18	Discloses how environmental problems are integrated into business goals and strategies.	Quality, Environment, Occupational Health and Safety, pages 68-71
B. Environmental Principles	19	Discloses the sustainability performance of business processes or products and services and the activities to improve this performance.	Quality, Environment, Occupational Health and Safety, pages 66-71
B. Environmental Principles	20	Discloses how environmental issues are managed across the Company's value chain both in terms of direct operations and also about how suppliers and customers are integrated into its strategies.	Quality, Environment, Occupational Health and Safety, pages 66-71
B. Environmental Principles	21	Discloses whether it is involved in policy-making processes on environmental issues (sectoral, regional, national and international); discloses cooperation with the associations, related organizations and non-governmental organizations it is a member of on the subject of environment, and the duties taken, if any, and the activities supported.	Quality, Environment, Occupational Health and Safety, pages 66-71
B. Environmental Principles	22	Reports information on its impact with period comparisons based on environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect)), air quality, energy management, water and wastewater management, waste management, biodiversity impacts)	Quality, Environment, Occupational Health and Safety, pages 68-70
B. Environmental Principles	23	Discloses details such as the standards, protocols, methodologies and base year used to collect and calculate its data.	Environmentally Sensitive Business Processes, pages 68-70
B. Environmental Principles	24	Discloses the status of environmental indicators for the reporting year (increase or decrease) in comparison with previous years.	Quality, Environment, Occupational Health and Safety, pages 66-71
B. Environmental Principles	25	Sets short and long-term goals to reduce their environmental impact and discloses these goals. It is recommended to determine Science-based goals based as suggested by the United Nations Conference of the Parties on Climate Change. If there is progress in the reporting year according to the previously set targets, provides information on the subject.	Sustainability Principles Compliance Declaration, pages 50, 51
B. Environmental Principles	26	Discloses the strategy and actions to combat the climate crisis.	Quality, Environment, Occupational Health and Safety, pages 68-70; https://www.aygaz.com.tr/en/corporate/climate-change-strategy
B. Environmental Principles	27	Discloses the program or procedures to prevent or minimize the potential negative impact of the products and/or services offered; discloses the actions of third parties to reduce greenhouse gas emissions.	Quality, Environment, Occupational Health and Safety, pages 68-70
B. Environmental Principles	28	Discloses the actions taken to reduce its environmental impacts, the total number of projects and initiatives carried out, and the environmental benefits/revenues and cost savings they provide.	Quality, Environment, Occupational Health and Safety, pages 66-71
B. Environmental Principles	29	Reports the total energy consumption data (excluding raw materials) and discloses the energy consumption as Scope-1 and Scope-2.	Quality, Environment, Occupational Health and Safety, pages 68, 69
B. Environmental Principles	30	Provides information on electricity, heat, steam and cooling generated and consumed in the reporting year.	Quality, Environment, Occupational Health and Safety, pages 68, 69
B. Environmental Principles	31	Conducts studies on increasing the use of renewable energy, transition to zero or low carbon electricity and discloses these studies.	Quality, Environment, Occupational Health and Safety, pages 68, 69
B. Environmental Principles	32	Discloses the renewable energy generation and consumption data.	Quality, Environment, Occupational Health and Safety, pages 69

Principle Code	No	Description	Page Number or Link
B. Environmental Principles	33	Carries out energy efficiency projects and discloses the amount of energy consumption and emission reduction achieved through these efforts.	Quality, Environment, Occupational Health and Safety, pages 69
B. Environmental Principles	34	Reports the amount of water withdrawn underground or above ground resources, water used, recycled and discharged, its sources and procedures (Total water withdrawal by source, water resources affected by water withdrawal; percentage and total volume of recycled and reused water, etc.).	Quality, Environment, Occupational Health and Safety, pages 70
B. Environmental Principles	35	Discloses whether operations or activities are included in any carbon pricing system (Emission Trading System, Cap & Trade or Carbon Tax).	Sustainability Principles Compliance Declaration, page 51
B. Environmental Principles	36	Discloses information on the carbon credit accumulated or purchased during the reporting period.	Sustainability Principles Compliance Declaration, page 51
B. Environmental Principles	37	Discloses the details if carbon pricing is applied within the Company.	Sustainability Principles Compliance Declaration, page 51
B. Environmental Principles	38	Discloses all mandatory and voluntary platforms where it discloses environmental information.	Sustainability Reporting, page 55
C1. Human Rights and Employee Rights	39	Creates Corporate Human Rights and Employee Rights Policy, in which the company commits to comply with the Universal Declaration of Human Rights, the ILO conventions, to which Turkey is a party, and the legal framework and legislation that regulate human rights and labor conditions in Turkey. Discloses this policy and the roles and responsibilities related to its implementation.	Human Resources, pages 58-59; Corporate Governance Information Form, pages 90, 91 Aygaz Human Rights Policy: https://aygaz.com.tr/en/investor-relations/human-rights-policy
C1. Human Rights and Employee Rights	40	Provides equal opportunity in recruitment processes. Considering the supply and value chain effects, includes fair labor, improvement of labor standards, women's employment and inclusivity issues (such as women, men, religious belief, language, race, ethnic origin, age, disability, refugee, etc.) in its policies.	Human Resources, pages 58-59 Aygaz Human Rights Policy: https://aygaz.com.tr/en/investor-relations/human-rights-policy
C1. Human Rights and Employee Rights	41	Discloses the measures taken across the value chain for the protection of groups sensitive to certain economic, environmental, social factors (low-income groups, women, etc.) or minority rights/equality of opportunity.	Human Resources, pages 58-59 Aygaz Human Rights Policy: https://aygaz.com.tr/en/investor-relations/human-rights-policy
C1. Human Rights and Employee Rights	42	Reports developments regarding discrimination, inequality, human rights violations, forced labor, and corrective practices. Discloses the regulations against child labor.	Corporate Governance Information Form, pages 90, 91; Aygaz Human Rights Policy: https://aygaz.com.tr/en/investor-relations/human-rights-policy
C1. Human Rights and Employee Rights	43	Discloses policies regarding investment in employees (training, development policies), compensation, fringe benefits, unionization right, work/life balance solutions and talent management. Determines dispute resolution processes by creating mechanisms for employee complaints and dispute resolution. Regularly discloses the activities carried out to ensure employee satisfaction.	Human Resources, pages 58-65 Aygaz Human Rights Policy: https://aygaz.com.tr/en/investor-relations/human-rights-policy
C1. Human Rights and Employee Rights	44	Creates occupational health and safety policies and discloses them publicly. Discloses the precautions to prevent work accidents and health and accident statistics.	Quality, Environment, Occupational Health and Safety, pages 66-68; Quality, Environment and Occupational Safety: https://www.aygaz.com.tr/en/corporate/quality-environment-and-occupational-safety
C1. Human Rights and Employee Rights	45	Creates and publicly discloses personal data protection and data security policies.	Kişisel Verilerin Korunması: https://www.aygaz.com.tr/kurumsal/kisisel-verilerin-korunmasi
C1. Human Rights and Employee Rights	46	Creates an ethics policy (including work, business ethics, compliance processes, advertising and marketing ethics, open information, etc.) and discloses it to the public.	Human Resources, page 65; Ethical Principles: https://www.aygaz.com.tr/en/investor-relations/ethical-principles
C1. Human Rights and Employee Rights	47	Discloses activities related to social investment, social responsibility, financial inclusivity and access to financing.	Social Responsibility, pages 74-75; Social Responsibility Vision, Goals and Principles: https://www.aygaz.com.tr/en/corporate/vision-goals-and-principles
C1. Human Rights and Employee Rights	48	Holds information meetings and training programs for employees on ESG policies and practices.	Quality, Environment, Occupational Health and Safety, page 70
C2. Stakeholders, International Standards and Initiatives	49	Carries out sustainability activities by taking into account the needs and priorities of all stakeholders (employees, customers, suppliers and service providers, public institutions, shareholders, community, and non-governmental organizations, etc.).	Sustainable Growth, page 54
C2. Stakeholders, International Standards and Initiatives	50	Publishes and publicly discloses a customer satisfaction policy regarding the management and resolution of customer complaints.	Quality, Environment, Occupational Health and Safety, pages 66, 67, 71; Aygaz A.Ş. Customer Complaints Management Commitment: https://www.aygaz.com.tr/en/corporate/general-manager-customer-complaints-management-commitment
C2. Stakeholders, International Standards and Initiatives	51	Carries out continuous and transparent stakeholder communications; discloses the stakeholders, purpose, topic and frequency of communications and the developments in sustainability activities.	Communication with Stakeholders, pages 56, 57
C2. Stakeholders, International Standards and Initiatives	52	Discloses the international reporting standards adopted (Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Climate-Related Financial Disclosures Task Force (TCFD), etc.).	Sustainability Reporting, page 55
C2. Stakeholders, International Standards and Initiatives	53	Discloses the international organizations or principles (Equator Principles, United Nations Environment Program Finance Initiative (UNEP-FI), United Nations Global Principles (UNGC), United Nations Principles for Responsible Investment (UNPRI) etc.), of which it is a signatory or member, and international principles adopted (International Capital Market Association (ICMA) Green/Sustainable Bond Principles).	Sustainability Reporting, page 55
C2. Stakeholders, International Standards and Initiatives	54	Makes firm efforts to be included in Borsa Istanbul Sustainability Index and international sustainability indices (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indices, etc.).	Sustainability Reporting, page 55
Corporate Governance Principles	55	Makes maximum effort to comply with all Corporate Governance principles as well as the mandatory Corporate Governance principles stated in the Capital Markets Board's Corporate Governance Communiqué II-17.1.	Corporate Governance Principles Compliance Declaration, pages 82, 83
Corporate Governance Principles	56	Takes into account sustainability, environmental impact of its activities and the applicable principles when determining its corporate management strategy.	Sustainable Growth, page 54
Corporate Governance Principles	57	As stated in the Corporate Governance Principles, takes the necessary measures to comply with the principles regarding the stakeholders and to strengthen the communication with the stakeholders. Seeks the opinions of stakeholders when determining sustainability-related measures and strategies.	Corporate Governance, pages 78-101
Corporate Governance Principles	58	Works to raise sustainability awareness and promotes its importance through social responsibility projects, awareness activities and trainings.	Social Responsibility, pages 74, 75
Corporate Governance Principles	59	Works to become a member of international standards and initiatives on sustainability and to contribute to studies.	Sustainability Reporting, page 55
Corporate Governance Principles	60	Discloses anti-bribery and anti-corruption policies and programs and promotes the principle of tax integrity.	Corporate Governance Principles Compliance Report, pages 82, 83; Corporate Governance Information Form, page 91 Ethical Principles: https://www.aygaz.com.tr/en/investor-relations/ethical-principles

Sustainable Growth

In defining its sustainable growth targets and strategies, Aygaz considers the impact on all stakeholders.



Aygaz approaches sustainability, which includes environmental, social, and corporate governance topics, with the aim of managing its financial and nonfinancial assets effectively. Sustainability is an essential tool in maintaining the trust-based relationship built with stakeholders and preserving the company's reputation.

Sustainability aspects are identified by considering global trends such as information security, climate change, demographic changes, increasing energy demand, and the rise of sustainable energy resources while a sustainable

growth approach that takes into account the impact on all stakeholders is adopted. The sustainability aspects at Aygaz were identified according to the opinions of senior executives, strategic decisions, stakeholders, and external trend analyses. Top priority issues that will create value for both Aygaz and stakeholders were identified through these analyses. Aygaz contributes to the Sustainable Development Goals in these strategic areas as well.

More information on the material aspects and a prioritization table can be found on pages 6 and 7 of the 2020 Sustainability Report.

Sustainability Reporting

While preparing the sustainability reports, leading global standards, policies and principles are taken as basis.

Aygaz is included in the BIST Sustainability Index since 2018. 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 Labor Organization (ILO), United Nations (UN), Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), and Taskforce on Climate-Related Financial Disclosures (TCFD) are taken as basis while preparing the sustainability reports. Since 2018, Aygaz has been included in the BIST Sustainability Index, which consists of publicly traded companies with high corporate sustainability performance, for its effective and strong sustainability management.

As a company of Koç Group, which is a signatory of the United Nations Global Compact (UNGC), Aygaz is a signatory of the United Nations Women’s Empowerment Principles (UN WEP) and discloses its compliance with these principles in its sustainability reports.

The company works toward the adoption of sustainability across the organization and further improvements in performance.

The CMB’s Sustainability Principles Compliance Framework specifies the basic principles, which the publicly traded companies are expected to disclose regarding environmental, social and corporate governance topics. Accordingly, the content of the 2021 Annual Report has been expanded in

line with the principles announced by the CMB. Corporate governance approach, performance, and sustainability activities, which are specified in the Principles are disclosed in the Sustainable Growth section of the Annual Report.

The data, provided in the report, pertains to the period from January 1 to December 31, 2021 and covered only Aygaz. All performance data except waste and water are calculated for the 12 months. Social performance indicators are as of November 30, 2021, and the Occupational Health and Safety data covers the period from January 1 to December 31, 2021.

The “comply or explain” provision of CMB’s Sustainability Principles Compliance Framework is addressed in the Sustainable Growth section of this report.



Sustainability Management

The sustainability management at Aygaz is built upon the Integrated Management Systems Policy, which is created in alignment with the sustainability strategy and goals. The Board committees, which are actively involved in the company's corporate governance, play a key role in sustainability management. The Sustainability Working Group, which consists of the Corporate Communications, Finance, Quality System, ESG-S and Industry Relations, and Human Resources departments, is responsible for following and monitoring the sustainability-related activities. The Working Group reports to the General Manager, who in turn reports to the Board of Directors when needed. The sustainability strategy and targets are defined based on the evaluations of the Board of Directors in line with business processes.

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, especially in high priority issues. Drawing from the stakeholder analysis conducted in 2017, Aygaz strives to diversify its communication channels. The opinions and feedback received regularly from relevant stakeholders in accordance with the Sustainability Report and sustainability priorities provide direction for future work and projects. Guided by a consistent and transparent disclosure policy, the company communicates information regarding its performance, future aspirations, and strategies accurately and briefly by considering the needs of different stakeholders.

More information on the memberships and affiliations of can be found on page 10 of the 2021 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"> • Highlighting product quality and safety-related activities more in communications • Sharing case studies regarding customer focus • Emphasizing brand strength further • Placing innovation at the heart of the customer experience • Focusing on competitiveness in market conditions • Diversifying new business channels and seizing opportunities
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"> • Contributing even more to the development of social projects • Adopting more next-generation HR approaches (flexible working hours, etc.) • Increasing the ongoing intrapreneurship activities • Talent management and career planning • Gaining more knowledge on R&D and Innovation
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"> • Developing a corporate responsibility project that reflects the strength of the Aygaz brand and that can be owned for years
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"> • Continuing to work on environmental policy and activities related to the country's most pressing matters, integrating quality with environmental management • Raising energy efficiency awareness among end-users
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"> • Working to expand the scope of employment in operations across the country • Constantly improving quality, safety and occupational health practices further
International Organizations and Initiatives	Joint projects, conferences, seminars, and corporate memberships	Minimum monthly	
Universities	Conferences, training programs, festivals	Minimum monthly	

Human Resources

Aygaz defines its human resources policy around the principles of modernity, transparency and equality and manages its human resource with a focus on employee satisfaction, continuous development, and mutual open communication.



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 a preferred employer that makes all its stakeholders and employees proud. Aygaz defines its human resources policy around the principles of modernity, transparency and equality.

In 2021, the average number of people in the workforce of Aygaz was 1,412. At Aygaz, 15% of employees are female, and 85% are male. The average age of employees is 39 while average tenure at the company is 8.7 years. People with associate, undergraduate and graduate degrees account for 70% of all employees. This ratio reaches 91% among office employees.

Aygaz promotes gender equality and diversity in its workforce and values the importance of having women in decision-

making roles. The female manager ratio rose from 15% in 2020 to 17% in 2021. Meanwhile, the ratio of women executives in senior management roles reached 18% in 2021, up from 10%.

Human resources policies

The key principles that guide the human resources policies at Aygaz include: equal opportunity for all, recruiting and appointing the right person 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.

The right candidate for the right position

In hiring skilled employees who will serve the company's vision, Aygaz applies new generation selection and placement processes. Aygaz carries out strong promotional activities in line with the Koç Group employer brand approach to attract the best talent that will drive the company forward. The company also organizes events at universities to inform the bright youth of the future about the constructive and pioneering corporate culture at Aygaz as well as the industry and Koç Group and strengthens the employer brand with various activities via different communication channels.

The selection and placement processes carried out 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. Candidates are assessed for prospective roles without considering concepts such as fair competition, religion, language, race, ethnicity, and gender while the recruitment strategies are adjusted annually to align with global trends.

Each candidate included in the recruitment process is sent a candidate experience questionnaire and asked to share their experiences about the process. As a result of these surveys, Aygaz received an NPS (Net Promotion Score) score of +59 points in 2021.

The employees, who are selected with great care and 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 new duties as rapidly as possible.

Next-generation internship experience

Aygaz quickly adapted to the changing conditions that the pandemic caused while the internship process was redesigned to take place online together with all Koç Group companies. After engaging with the students in the Koç Holding online career fair, the entire process was revised as online. The interns, who are regarded as future Koç employees, went through an end-to-end employee experience that involved orientation, project work and performance assessment. The intern experience survey conducted at the end of the internship resulted with a high NPS score of +73 points.

Employer brand activities

In early 2020, the tag "Aygaz'da #bildiğindenfazlası var" (There is #morethanyouknow at Aygaz") was created to communicate the company's fields of operation, work culture, and vision to potential candidates. As the narrative continued in 2021, Aygaz partnered with universities to share its existing and new business lines, innovative work culture, and technology and innovation focus with their students. The employee videos created to communicate the new business lines of Aygaz and the employee experience were also posted to social media to reinforce the employer brand.

Performance system

Aygaz aims to reward the creation of sustainable values rather than short-term returns through a performance management system that focuses on an objective assessment of employee performance. Accordingly, the Koç Dialogue performance system, based on objective and critical results with dialogue



Key Human Resources Policies at Aygaz

- Equal opportunity for all
- Recruiting and appointing the right person 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
- Sensitivity to the community



In hiring skilled employees who will serve the company's vision, Aygaz applies new generation selection and placement processes.

placed at the core, was introduced in 2021 with a completely updated flow and digital infrastructure. This system created an environment where the employees can set their targets, get the necessary approvals, and access anywhere anytime digitally. With the Koç Dialogue process, which makes it possible to focus on continuous development with five different check-ins and conversation questions, 3,500 OKR (Objectives and Key Results) and 11.824 KR (Key Results) were created in 2021. The conversations with the managers during check-ins strengthened team communications, resulting in an efficiency score of 4.7/5. On the other hand, the performance score rose from 44.17 to 60.03 according to the employees' assessments of process effectiveness.

In addition to changes in the processes, the new performance system also involves a mindset transformation. The training programs, prepared in

collaboration with some of the best in the corporate training world, including Emeritus, NeuroLeadership Institute (NLI), and Columbia Business School, were first introduced in November 2020 and made available to all Aygaz office employees. The training programs were completed by the end of February 2021. On the other hand, the Koç Dialogue Online Awareness Webinars, organized to ensure that the updated performance system is internalized by all the employees who are within its scope, are ongoing.

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.

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

Sustainable efficiency through employee loyalty

Aygaz combines international norms and macro trends with human resources strategies to become a pioneer and attain an exemplary position in the business world by forming a creative, skilled, and highly motivated, best-in-industry workforce.

Aygaz evaluates the feedback received from its internal customers every year to maximize employee loyalty and satisfaction as an essential factor for creating high customer satisfaction. Accordingly, the company has been conducting surveys to measure satisfaction and loyalty through an independent research firm since 1996.

The outputs of these surveys are used to analyze the strengths and development areas, review business processes and human resources policies, create action plans, and ensure sustainable loyalty. In 2021, the employee loyalty score of Aygaz was 67.5, surpassing Turkey and world averages.

Employee experience to promote loyalty

The "experience" aspect has become an integral part of the employer's promise and brand as a major transformation, driven by different working models that emerged along with digitalization, big data management, and mobility. The employee experience, which means the

whole of how the employees perceive their companies, remains a key focus area for Aygaz.

In 2021, the employees continued to learn, change and develop as a rapid transformation was triggered at Aygaz by the pandemic. Strategies were developed to create an employee experience that offers the tools and technologies for improving work environments and increasing productivity and provides development solutions that encourage the employees toward delivering their best performance. The integrated Employee Experience approach was reviewed with this focus as part of the "Agile" working model. The action planning process was redesigned to increase the participation of colleagues from different groups while the focus remained on improving the quality of planned actions. To achieve this goal, an "Employee Experience Agile Team" was formed at Aygaz, making sure that it would have a representative from each unit to consider specific needs.

Aygaz recognizes that one of the keys to improving the experience is listening to the employee and encourages its employees to share their expectations and experiences via various channels.

In addition to the Annual Employee Loyalty Survey, other practices were introduced during the pandemic; for instance, monthly mood surveys were conducted to understand the needs and feelings of employees. Meanwhile, practices such as HR Break enable the employees who are in remote areas to share their expectations and experiences. As a result, all actions are implemented by keeping the employee in focus and welcoming their suggestions.

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

**Aygaz Group
New Competencies**

Core Competencies:

- Trust
- Pushing the Boundaries
- Collaboration
- Agility
- Courage

Functional Competencies:

- Innovation
- Excellence
- Commercial Focus

Leadership Competence:

- Inspiration
- Managing Talent

their questions and problems and get 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 (www.aygaz.com.tr) 24 hours a day, 7 days a week.

Integrated career and talent management

At Aygaz, career plans are made for employees in line with their knowledge, skill, and competency level through a process that considers the employee's expectations. Accordingly, the company has moved to a digital platform to instantly and continually monitor the employees' openness to rotation and mobility opportunities, which are supported by Koç Holding's career management vision.

At the annual Strategic Human Resources Planning Meetings, held with certain methodologies and senior management's inputs, succession plans

are defined for the company's executive potential pool and all management positions in line with the future goals and strategies of Aygaz.

The objectives of this planning process include:

- To review existing and planned organizational structures in line with the company strategy;
- To identify talents and matching them with organizational needs, ensuring seamless transition in possible management changes;
- To identify talent development needs and to determine strategies;
- To identify potential employees and critical positions;
- To review succession plans;
- To prepare career plans and development plans.

At the end of this process, special training and development opportunities

are offered to employees identified as potential executives to ensure that they are well-prepared for the next position.

Agile recognition and rewarding 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 four categories, defined by the level of contribution and named: Good Job, Bright Star, Supporting Us, and Driving Our Success. The Good Job category recognizes the successes of the employees every Thursday following the achievement. 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. In 2021, 200 colleagues in total were rewarded within the scope of the Bright Star process.

Competency assessment process

In 2021, a 360-Degree Competency Awareness Form was designed in line with the Aygaz Competency Model, which defines the skill sets that the employees at all levels within the Aygaz Group should have to sustain the company's success in the industry and achieve its vision. With the 360-Degree Competency Assessment process, the employees recognize their strengths and development areas on their personal leadership journeys and identify their development areas more accurately. 250 employees participated in the process, introduced this year.

Training programs under the AYLEARN umbrella

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. Important information, useful suggestions, and tips that may be necessary for the changing daily routine were added to Koç Academy every week by Koç Holding, and the contents were communicated to all Aygaz employees through the Human Resources department. Additionally, training contents of nationally and internationally recognized experts and organizations available at the TISK and MESS Academy, a digital learning resource,

were also offered. Aygaz employees easily accessed and took trainings on these platforms on topics ranging from personal development to hobbies, leadership, and technical subjects as well as required trainings.

According to the 2021 training report, the average training time per person reached 38.8 person*hours with the investments made in employee development.

The training programs designed in partnership with Emeritus to build on the knowledge and skills that the employees would need throughout the Koç Dialogue performance process develop the employees and teams in various areas such as next-generation goal setting, learning agility, feedback culture, and quality and proper communication, while contributing significantly to cultural transformation. This year, all office employees were included in the program, which was completed by 92% of Aygaz employees, delivering great satisfaction in terms of contributing to their jobs.

AyLearn Training and Development Catalogue

The training and development catalogue was renewed, updated and expanded in scope by allocating more resources to continually support Aygaz Group employees with the development opportunities. The catalogue contains training programs to raise personal awareness, build on their knowledge with theory and practice, and prepare them for the future with improved competencies. The training programs are grouped into core, functional and leadership competencies. In total, 534 office employees attended the training programs, which they rated with an overall score of 4.6 on the 5-point training assessment scale. As a result, the training category score in the employee assessment survey rose from 84.33 to 86.23.

Many Aygaz managers attend PDP, AMP, MAP, LSI, and LEAD programs that Koç

Aygaz promotes gender equality and diversity in its workforce and values the importance of having women in decision-making roles.





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.

Leadership with a coaching approach

A program has been designed to support leadership competencies with a coaching approach with the aim of enabling Aygaz leaders to build a holistic perspective on the development process and coach their teams during the OKR check-ins. The program consists of six sessions and 92 leaders in total have participated in the first session.

A priority training topic for Aygaz is improving the foreign language skills of employees. Accordingly, all employees who wish to improve themselves are offered online, classroom, and one-to-one English language education. As part of these activities, English Ninjas, a platform where employees from all around the world can practice speaking with native English instructors in video and audio calls on mobile or web, continued during the year. So far, 93 employees have benefited from this platform.

MentHall, the meeting point

The mentoring programs, launched in 2016, were reorganized in 2021 under the “Meeting Point for Learners – MentHall” umbrella structure. As a result, MentHall became more agile in terms of adapting to changing conditions, more powerful in terms of communication, more digital in terms of using technology, and more comprehensive with information that employees from all ages and departments will benefit from. MentHall uses tools such as the pairing survey to ensure that the mentor-mentee pairings fully meet the expectations and the career inventory to help the employee recognize his/her needs for mentoring purposes. Once the application and pairing processes were completed, all the paired mentors and mentees in the mentoring and reverse mentoring programs were delivered online trainings by some of Turkey's leading mentoring training firms. The program was provided on a digital platform where interviews could be conducted and monitored online. Common experiences were shared with the participants and Human Resources during supervision meetings. With these new practices in place, 36 employees participated in the “Ask Someone Who Knows” mentoring program and 8 employees participated in the “Learn From Someone Young” reverse mentoring program, which all ended with high satisfaction.

Cooperation and solidarity culture

The objective of the annual communication plan at Aygaz is to build an internal communication culture that embraces employee expectations and new generation needs and that creates an effective employee experience. In the annual employee loyalty survey, the communication plans are reviewed, renewed, and kept up-to-date based on feedback received from the employees. The activities carried out within this scope included a Talk with the Family Physician, Yoga Day, Breath Workshop and wellness talks. Furthermore, Teams groups were created to bring together Aygaz employees with similar interests.

Code of ethics and social responsibility

In performing their duties, employees of Aygaz, a Koç Group company, are obligated to comply with the “Koç Group Goals and Principles”. Committed to the company's and Koç Group's ethical principles, Aygaz:

- respects individuals' integrity, privacy and employee rights.
- respects and does not discriminate people's differences such as race, ethnicity, faith, gender, social class, nationality, age and physical disability.
- provides all employees with equal opportunity in personal development and career regardless of their origin and faith as part of its employee

commitments.

- enforces mechanisms of work discipline procedures in cases of human rights violations.
- respects the traditions, culture and history of each and every community in which it operates.
- respects the union rights of its employees.

To ensure that ethical values are extended to all employees with the same effectiveness and passed onto the next generations, Aygaz published its “Code of Ethics and Implementation Principles” in written form in 2010 and determined Aygaz A.Ş. Code of Ethics and Implementation Principles Policy in 2018, taking into consideration the practices within the organization and Koç Group Code of Ethics and Implementation Principles. The Ethics Committee, established 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 personnel, who are asked to declare and undertake that they would adhere to the principles.

Next-generation work trends

At Aygaz, human resources practices that enable the employees to build a healthy work-life balance are prioritized. Aiming to adapt the way it does business to the future quickly, Aygaz offers its employees flexible working and remote working opportunities with its ability to capture next-generation work trends.

Human Resources Management Principles

- Prioritizing employee motivation and company loyalty
- Offering individual approach and solutions in HR practices
- Developing flexible HR systems with solutions that can rapidly adapt to changing business conditions
- Training and development planning to provide employees with personal, professional, leadership and foreign language improvement possibilities
- Preparing and monitoring succession plans systematically as part of organizational improvement, and providing development opportunities
- Planning workforce
- Providing fair compensation and rewards
- Informing individuals with feedback on their job performance through target-based performance system
- Hiring and appointing the right people for the right positions
- Honoring employees committed to success with open recognition, and respecting their personal rights when offering criticism
- Planning and promoting social and cultural activities
- Providing timely information and introducing processes

In addition to union representatives in the workplace designated in accordance with the Collective Labor Agreement, Terminal Directors, Regional Directors, Plant Managers and/or Financial Affairs Managers working in all the regions are also responsible for facilitating communication and coordination between employees and the Human Resources Department. No discrimination complaints were filed by the employees.

Quality, Environment Occupational Health and Safety

Aygaz manages all activities related to the environment, occupational health and safety, customer satisfaction, energy, and information security with a holistic approach.



Aygaz highly values the importance of product and service quality and customer satisfaction and carries out its operations with a focus on sustainability and environmental sensitivity. Accordingly, efficient use of natural resources and protection of the environment and stakeholders are strategic priorities for the company. To ensure this balance, management systems have been integrated. The extensive work on occupational health and safety, and the value attached to environmentally sensitive business processes, product, service and system quality, and the management systems all contribute to further strengthening the leading position of Aygaz in the industry.

Total Quality Management

Aygaz continues to improve and expand the scope of its Total Quality Management approach, which was adopted in 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 2021 to respond to the current needs. All Aygaz employees are obligated to implement and apply the integrated Management Systems Policy. The handbook, created to provide information and guidance, is kept up to date and the Integrated Management Systems Policy is accessible to all at www.aygaz.com.tr. In 2021, internal audits were performed



online by sampling due to the pandemic restrictions while the field inspections in 47 business units were conducted by 31 internal auditors.

Compliance with management systems, related to quality, environment, occupational health and safety, energy, and customer satisfaction has been verified through internal and external audits, conducted as part of the periodic ADR inspections and in line with the Customer Friendly Organization and Customer Friendly Brand approach, and necessary improvements have been made. 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, alignment with strategic targets and adequacy were evaluated in meetings and awareness raising activities were carried out. To ensure effective process management, coordination meetings were held with all process owners to identify internal expectation and actions.

Ensuring ultimate customer satisfaction is a priority for Aygaz, which follows customer expectations and needs

closely. Accordingly, the customers can communicate their feedback via various channels.

Aygaz Customer Complaints Management Pledge can be found on the corporate website.

Occupational health and safety practices in 2021

The company takes an active part in the activities of Koç Holding Occupational Health and Safety Coordination Board and leads 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 working 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 amounted to 14,628 person*hours in 2021. Some of these trainings were supported with drills. Furthermore, 165 person*hours of online training was provided to raise awareness about emergency response

GreenOdor

LPG is a colorless and odorless gas that is typically odorized with sulfur components worldwide. This odorization process, which enables detection of leaks, causes the release of sulfur oxides after burning. Aygaz launched a project for a sulfur-free odorant as a first in the world with the support of TÜBİTAK TEYDEB and Istanbul University's Technocity. The R&D, pilot, and field work phases of the project were completed and the product was patented. The goal is to strengthen Aygaz's reputation and prevent 40 tons of sulfur emissions every year by launching the internationally registered GreenOdor product onto the market.

Aygaz regards climate change as a major risk with serious environmental and socioeconomic consequences. Accordingly, Aygaz created a Climate Change Strategy to contribute to the global efforts to mitigate the impact of climate change.

Employees	2019	2020	2021
Number of incidents with death	0	0	0
Number of occupational disease	0	0	0
Accident frequency rate (IR)*	19.38	14.51	22.29
Lost day rate (LDR)**	0.40	0.14	0.34
Total OHS training (hours)	14,862	14,107	16,617
OHS training per employee	7.94	7.48	8.86

*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

Energy Consumption (GJ)	2021
Coal consumption	-
Natural gas consumption	60,742.71
Diesel consumption	1,630.34
LPG, CNG, LNG consumption	18,945.65
Butane, propane, ethane consumption	3.69

Greenhouse Gas Emissions (tons CO ₂)	2019	2020	2021
Scope 1	5,269	5,791	6,499
Scope 2	9,173	8,633	9,621
Total	14,442	14,425	16,120
Greenhouse gas intensity (kg CO ₂ /ton generated)***	1.68	1.75	1.21

*** Carbon Footprint Concentration is calculated per total revenue.

*** 2019 data has been assured; 2020 and 2021 data has been calculated but not assured.

Air emissions (kg/hour)****	2019	2020	2021
Nox	3.67	0.76	4.27
Sox	1.25	0.06	0.17
Volatile Organic Compounds (VOC)	25.8	19.91	63.33

****The total quantity found as a result of the emission measurements in 2020 and 2021 in accordance with applicable regulations.

and near-miss situations. On August 17, the online training platform was used to raise earthquake awareness. Additional training was provided to all the employees to inform them about precautions, how to act during an earthquake and what to do afterwards. Aygaz also organized an "Illustration Competition" to draw the attention of office and field employees to occupational health and safety violations in the workplace. The competition, held on an open platform accessible to all employees, aimed to highlight the potential violations in the work environment and alert them to the risk of becoming injured to the dangers.

In addition to ensuring business continuity, protecting the health of the stakeholders, including the employees, dealers and transporters remained a priority during the pandemic. Starting from the early days, required documents were prepared, decisions of the ministry and the governor's office were followed, quarantine and isolation measures were implemented, field inspections were carried out and as a result case numbers were kept at a minimum. Along with these actions, basic precautions that can be taken not only at the workplace but also in social life were communicated to the employees to raise awareness and to share with their families. Pandemic-related information documents and posters were used to highlight measures such as hygiene, wearing face masks, social distancing, and nutrition. Turkish Standards Institute (TSI) inspectors reviewed the COVID-19 practices and measures at the Gebze Plant, Yarımca Terminal Directorate, and the company's affiliate in the water business, Bal Kaynak Su İnegöl Plant, and inspected the facilities on site. As a result, the validity of these sites' COVID-19 Safe Production Certificates was extended. As part of the digitalization process, WorkSafe software was integrated with SAP in 2021, enabling access to the latest



employee list and migration of the basic occupational health and training program and the employees' period health checks to the system continued.

Environmentally sensitive business processes

Aygaz manages all business processes with sustainability awareness and focuses on the efficient use of natural resources and protecting the environment as a strategic priority. Aygaz aims to contribute positively to urban air quality with its environmentally sensitive product portfolio. Aygaz operates at 12 locations, including the Head Office, Gebze Plant, and other facilities and is the holder of ISO 14001:2015 Environmental Management System Certificate. Environment and energy management is executed with a holistic approach in compliance 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.

Aygaz regards climate change as a major risk with serious environmental and socioeconomic impact and therefore focuses on sustainability in product and service development processes. Within the scope of the Carbon Transition

Program that Koç Group launched, the company focused on data analytics, assurance and efficiency project throughout 2021 to manage and reduce greenhouse emissions. Accordingly, Aygaz created a Climate Change Strategy to contribute to the global efforts to mitigate the impact of climate change.

Climate Change Strategy can be found on the corporate website.

Year on year, the electricity consumption remained around the same levels at the terminal directorates and filling plants while increasing by 34% at the Gebze Plant due to production, amounting to 20.7 million kW in total. With sourcing agreements signed for Aygaz facilities, the tariff categories were changed from business to fixed pricing, resulting in a cost reduction of TL 1.67 million.

In 2021, the impact of the energy efficiency projects implemented in six Aygaz locations was 20 MWh in electricity savings and 14,7 K cubic meters in natural gas. On the other hand, the impact of the five energy efficiency projects at the Gebze Plant was 87 MWh in electricity savings and 111 K cubic meters in natural gas. Annually, energy savings of 99 TEP (4147 GJ) and 293 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. 122 person*hour of Energy Awareness Trainings were organized.

Aygaz aims to reduce its carbon emissions by using renewable energy. As part of the Arinna Project to generate electricity using rooftop solar 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 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 2021, this project generated 54 MWh of solar energy at the Gebze Plant.

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 waste safely when recycling is not possible. The Zero Waste Management System was implemented in accordance with the Zero Waste Regulation, and the Zero Waste



Waste (tons)	2019	2020	2021
Recycled/Recovered (R-coded methods) hazardous waste (tons)	588	420.12	515.07
Recycled/Recovered (R-coded methods) non-hazardous waste (tons)	7,165	5,716.67	3,501.36
Disposed of (D-coded methods) hazardous waste (tons)	10	30	144.2
Disposed of (R-coded methods) non-hazardous waste (tons)	0.02	0	9.81
Hazardous waste sent to regular storage/landfill (tons)	0	0.12	0
Non-hazardous waste sent to regular storage/landfill (tons)	0	0	0

Water Withdrawal (m ³)	2019	2020	2021
Groundwater	0	0	0
Surface Water	40,146	27,736	30,380
Municipal Water	32,304	41,362	52,559
Rain Water and Other Sources	18,781	18,866	0
Total	91,231	87,964	82,939

Environmental Trainings	2019	2020	2021
Participants (person*hour)	811	844	647

Supplier Training Hours	2019	2020	2021
Ethics	112	145	0
Environmental	1,037	1,100	0
Social	1,210	950	0

Certificates were obtained for all terminal directorates and filling plants in 2021.

In water management, Aygaz aims to reuse as much water as possible by consuming it in the most efficient way. The company has reduced its total water consumption by 5% compared to 2020 through the projects implemented over the last three years. In 2021, the combined total amount of recycled, recovered, and reused water reached 188 thousand cubic meters.

Aygaz enters into partnerships and also supports various projects to protect biodiversity. Aygaz has supported a number of projects conducted by the Mediterranean Conservation Society since 2015. These include contributing to the protection of species such as the Mediterranean Monkfish (*Monachus monachus*) and Sandbar Shark (*Carcharhinus plumbeus*) as part of the Gökova Bay Marine Protection Areas Monitoring and Protection Project. The project has expanded over time, and the areas that were protected by banning fishing were transformed into the Marine Rangers Project, marking a significant achievement.

Regarding environmentally-sensitive business processes, 647 person*hours of environment and waste management training was delivered at the terminal directorates and filling facilities as required by legislation.

Aygaz is in the process of calculating its Scope 1 and Scope 2 greenhouse gas (GHG) emissions in 2021. The GHG emission calculations are based on IPCC and all reporting about wastes conforms with applicable legislation.

On the occasion of the World Environment Day, an event titled Farm to Plate – Sustainable Food Journey was organized with social entrepreneur and chef Ebru Baybara Demir.

Turkey's first sustainability report

In 2002, Aygaz became the first company in Turkey to publish a sustainability report and has continued to share its sustainability performance with stakeholders regularly ever since. Starting in 2008, the report is prepared in line 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 the 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 this context by implementing policies integrated into its management philosophy. This 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 2021 as in previous years.

Sustainable operations

Aygaz prioritizes operational excellence and safety in 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 re-collecting 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.

Integrated Management Systems Policy

Aygaz carries out all activities in its fields of operation and LPG in particular in accordance with sustainability principles and adopts the following as its main policies:

- Being a pioneering and innovative company
- Seizing strategic growth opportunities
- Prioritizing customer perception, sustainable customer satisfaction and loyalty, and offering applicable solutions with Customer Complaints Management Pledge
- Ensuring that work processes are managed efficiently and developed continuously
- Carrying out activities to support innovation, digitalization and climate change strategies
- Maintaining successful level of employee loyalty and satisfaction through regular measurements
- Promoting high quality and safety standards, offering the best products and services
- Working in compliance with regulations and standards
- Ensuring and improving optimal stakeholder satisfaction in accordance with corporate governance principles by seeking stakeholders' opinions
- Working with respect toward the community and the environment, creating a healthy and safe work environment, and developing preventive approaches against possible occupational diseases and injuries
- Reducing potential negative environmental impact resulting from products and operations by conducting lifecycle analyses
- Prioritizing energy efficiency in plants, building design and procurement processes
- Preventing pollution, reducing waste, and ensuring proper disposal of waste by recycling as a priority
- Considering possible environmental impact and occupational health and safety risks when making investments
- Upholding ethical values
- Informing the community regarding its operations.

All employees at Aygaz A.Ş. are responsible for applying and building on the principles of the Integrated Management Systems Policy and providing the necessary resources.

Innovation and Intellectual Rights

Intrapreneurship activities and opportunities to collaborate and invest with stakeholders are essential parts of the innovation-focused work at Aygaz.

Driven by its vision of building a sustainable innovation culture and preparing for the future, Aygaz aims to support innovative ideas in existing and new areas, including product, service, process, and business model by collaborating with all stakeholders and to implement viable options systematically to contribute to the continuous development of the company. In line with its vision and mission, Aygaz generates solutions focused on R&D, innovation, and digitalization and develops innovative products and services.

From an idea to a business model

Aygaz aims to strengthen and expand its intrapreneurship ecosystem and pioneer an advanced intrapreneurship 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. To date, 1,126 ideas have been collected with these methods and six of these were accelerated.

Sendeo was born in 2018 as “Aykargo” as a business idea and was later incorporated as a courier and last mile delivery company, demonstrating the value of the intrapreneurship platform for Aygaz. Sendeo aims to create

added value for the shareholders and dealers by leveraging Aygaz’s strong brand recognition, dealer network, facility infrastructure, and experience in delivering to address.

Cooperation 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 of 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 investment by accelerating information and experience exchange. Aygaz has already signed the first agreement for a pilot project and started to benefit from the ecosystem. With the Plug and Play cooperation, Aygaz will remain focused on exploring new ideas and initiatives, seeking creative solutions, and offering technology in the sectors

where the company and its affiliates operate.

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 talents 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.



Research & Development

Aygaz R&D Center, the first in the industry, develops innovation- and digitalization-driven solutions and innovative products and services to achieve sustainable development.

Since the very beginning, Aygaz has valued the importance of research and development 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.

A first in Turkey

Aygaz R&D Center started off with the vision of contributing to the sustainable development of Aygaz and to support the company in playing a pioneering role in new markets. “New Product Development,” Alternative Fuels and Clean Energy,” and “Machinery and Process Development” are the three focus areas of the Aygaz R&D Center, which launched its first commercial product – Aygaz Mini Cooktop- on to the market in 2019, marking a significant development in the industry.

Aygaz R&D Center, the first in the industry, started its operations with 18 researchers, later growing the team to 28 people. The R&D Center aims to develop new technologies that will create value for business processes and stakeholders. The R&D Center houses an Engine and Fuel Technologies Laboratory, a Chemicals Laboratory, an Automation and Design Laboratory, an Embedded Systems Laboratory, a Manufacturing Workshop, and Prototype and Test Lines. With the addition of a Valve and Regulator Laboratory, a Device Laboratory, and the R&D Park, the Center’s total area expanded from 772 m² 1,432 m².

The R&D Center’s goals include 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.

University collaborations

University – industry cooperation is very important to Aygaz R&D Center, which collaborated with eight universities in 2021. Three projects, run as part of the TÜBİTAK TEYDEB 1501 Industrial R&D Projects Grant Scheme (The Scientific and Technological Research Council of Turkey, TEYDEB -Technology and Innovation Grant Programs Directorate), were completed in 2021. The R&D center currently runs two projects within the scope of the TÜBİTAK TEYDEB 1707 On-demand R&D Projects grant scheme.

Products born from projects

Autonomous Filling Plant: In line with Aygaz’s digitalization, autonomous plant, and Industry 4.0 vision, an Autonomous Filling System has been developed as an automation project, which includes filling lines using advanced sensors and visual check technologies, to enable different types of cylinders to be filled in the same

process. The objective of this system is to achieve technological transformation of all processes, starting from filling the cylinders to ensuring the safety of end-users and loading the cylinders on to the trucks. The R&D Center utilizes state-of-the-art technologies and patented automation systems to improve filling safety and efficiency, ensuring that high quality cylinders are safely delivered to the consumers.

Aygaz Mini Barbecue: Aygaz Mini Barbecue, a product specifically designed for Aygaz Mini Camping Cylinder was launched in July 2021 to transform cooking on a camping stove into a barbecue experience. This new product features an innovative, modern, and portable design, making it possible to use the barbecue anywhere. With a ceramic-coated die-cast structure, the surface maximizes heat retention and cooks the food without losing its taste. The R&D work on Aygaz Mini Barbecue Carrier and Aygaz Mini Barbecue Wooden Base was finalized and these products were also introduced to the market in 2021. With these new additions, the product range has expanded as the camping equipment and cylinder accessories categories continue to grow.

Social Responsibility

Aygaz supports several projects in areas such as gender equality, history, culture and the arts, environment, health, sports, and education to contribute to social development.



Aygaz leads the industry with pioneering works in its fields of operation and also undertakes value adding projects in issues that concern the community and the environment. Supporting several projects in areas such as gender equality, history, culture and the arts, environment, health, sports, and education, many among the UN Sustainable Development Goals, Aygaz invests in the future, cognizant of its responsibilities as a corporate citizen. Aygaz recognizes the importance of developing the regions where it operates and the local communities and contributes to environmental, social and cultural development through social responsibility projects.

CULTURE & ARTS

Excavations in the ancient city of Sagalassos: Aygaz has supported the excavations at the Sagalassos Ancient City, located at the foothills of the Taurus Mountains, with traces of the first settlement dating back to 4200 BCE, since 2005. The archaeological work in the Upper Agora, which Aygaz supported since 2017, has been fully completed. In 2021, the scope expanded with the addition of the previous anastylosis projects undertaken in Sagalassos to the target area, which includes the Upper Agora. The impact of the COVID-19 pandemic and limited availability of financial resources forced the project to carry out its 2021 activities on a smaller scale than planned. The architectural documentation, conservation, and restoration activities in and around the Upper Agora focused on three objectives: Architectural documentation, research and conservation, feasibility studies for

future anastylosis projects, restoration, and structural reinforcement.

New info board and maps were designed and placed to prepare the center of the ancient city for a better visit experience. On the hills behind the Antonine Nymphaeum, to the north of the Upper Agora, a trimming and surface cleaning was carried out in the area covered by thick bush where monumental building remains are believed to be and an orthographic plan was formed using aerial images.

Iznik Tile Kilns Excavation: In 2021, Aygaz added a new archaeological excavation to the projects it supports with the Iznik Tile Kilns Excavation. Iznik Excavations, focused on the whole and various aspects of Iznik's historical and cultural heritage, took place in two periods. In the first period between 1963 and 1969, the Orhan Imaret and Hammam was unearthed. The second period of excavations started in 1981. In this second phase, which still continues, the focus is on kilns, firing technology, and analyses. In phase II excavations between 1981 and 2021, approximately 10,000 finds were unearthed, analyzed, and indexed in technical records. Many more findings were archived as study material for future excavation seasons.

IKSV Theatre Festival Sponsorship: Aygaz has supported the theater since 2004. In 2020, Aygaz continued its support as the co-sponsor of the Istanbul Theater Festival. In 2021, the 25th edition of the festival took place in a hybrid format combining physical and online stages and featured 25 plays – 11 international and 13 local productions - attracting nearly 8 thousand viewers to the theaters and approximately 7 thousand to online shows.

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 2021, the total number of published works now stands at 93.

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 and Forestry. Meanwhile, educational programs are offered at the Rahmi M. Koç Museum since 2012. The Climate Change Awareness Workshop hosted in the museum's Discovery Globe was attended by 1,635 students from 35 schools in the January – December 2021 period. To date, 101,209 students from 2,335 schools have attended these workshops.

SPORTS

Sports Club Sponsorships: Sports is another social field that Aygaz supports. 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 with the Aygaz brand since the 2019 season through 2021. Beşiktaş Aygaz Handball Team successfully represents Turkey in the European Handball Federation (EHF) Champions League. With 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 began to sponsor Tofaş Basketball Team in the 2019-2020 season.

EDUCATION

Aygaz Firefly Education Unit: Aygaz has supported the education of children and young people in partnership with the Education Volunteers Foundation of Turkey (TEGV) since 2001. In the 2019-2020 period, the Firefly Education Unit Program 13,391 students at 67 locations in 31 cities across Turkey remotely via the TEGV Digital Education Platform.

Aygaz recognizes the importance of developing the regions where it operates and the local communities and contributes to environmental, social and cultural development through social responsibility projects.





INNOVATIONS

empower us to move forward as we focus on our business and build on our know-how.



Risk Management and Internal Control

At Aygaz, risks are managed according to corporate risk management principles and by adopting a holistic approach, integrated with company strategies and targets. Necessary strategies and actions are determined within an effective corporate risk management framework. In this context, potential risks and opportunities are considered with a proactive approach.

Aygaz carries out its corporate risk management 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 aims to identify and manage risks and take advantage of 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. The departments review their own risk assessments to raising awareness about corporate risk management.

Aygaz 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, the Risk Management Committee and Executive Board, in particular. 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 risk assessments spread across the company and constantly updated. Making this practice a part of corporate culture and implementing it throughout the entire company is essential in terms of business operations. With effective risk monitoring, these risks are prioritized according to their probabilities and possible impacts and managed accurately.

Managing 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 when 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's policy is to manage long-term liabilities with fixed interest rates but also to preserve a flexible structure and to hedge the potential interest rate risks through derivative instruments.

Liquidity risk is managed by closely monitoring current and projected cash flows and ensuring maturity match between assets and liabilities. Net working capital is closely monitored to preserve short-term liquidity, and sufficient level 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 determined with the banks.

In terms of commodity risks, derivative transactions are performed on inventory retained for natural hedge to limit the impact of price fluctuations in international markets.

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 to mitigate 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 business 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 maturity structure of Financial Debt 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 in a healthy manner. The Board of Directors is informed through internal reports, which are prepared by the management and presented to the Risk Management Committee periodically. Operational, legal and strategic risks are assessed by relevant departments while the Board of Directors monitors the senior management's decisions through this committee. The Board of Directors also receives information about corporate risk management activities carried out within the scope of strategic planning and management processes through senior management and the Risk Management Committee.

Operational risks are monitored by the relevant internal departments 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 business processes are secure and protected. The company also applies the Integrated Management Systems Policy to carry out activities in line with sustainability principles.

As part of process integration activities, Aygaz UK, the company's branch office in London was also assessed for risks, the Risk Policy was reviewed and updated according to the current conditions, and risk limits were set within the frameworks.

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

Activities of the Risk Management Committee

Risk Management Committee was formed pursuant to Article 378 of the Turkish Commercial Code No. 6102 and Capital Markets Board's (CMB) Corporate Governance Communiqué to ensure effective functioning of the Board committees. The committee carries out activities for early detection and effective management of risks that may jeopardize the company's existence, development and continuity, taking necessary measures against these risks and managing risks. The committee is chaired by independent Board Member Dr. Şadan Kaptanoğlu Dikici, appointed by the Board of Directors' resolution dated April 12, 2021, and the other member of the committee is Board Member Dr. Bülent Bulgurlu.

The committee, which convened eight times in 2021, assesses the risk management process at Aygaz and the principles and data of risk reporting, evaluates the periodical reports prepared within this scope, and offers recommendations regarding the necessary measures against the issues that do not comply with the limits defined in the risk management process. The reports and committee assessments are presented to the Board of Directors.

Internal Control System and Internal Audit

Aygaz has an Internal Control System to provide sufficient assurance regarding the efficiency of operations and the financial reporting system's compliance with applicable regulations. Internal Control System refers to all controls such as standard definitions included in financial transactions, reports 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, thereby protecting and enhancing corporate value.

The Internal Audit Department worked to ensure that the relevant departments adapted to the changing conditions due to the pandemic that took hold of the world and Turkey in 2021 and that the resources were utilized efficiently. Accordingly, the department remained in active communication with divisions through physical and online audits and managed this process effectively. As usual, the company's terminals, plants and distribution facilities throughout Turkey underwent routine and/or necessary financial and operational inspections in 2021. The department will also continue to provide support as Aygaz subsidiaries design their processes and take an active role in the planned activities.

The Internal Audit 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 follows through the action plans related to the reported issues and how they are resolved. In 2021, a reporting and notification line was introduced and shared with all company employees to ensure visibility across the Aygaz organization.

Investor Relations

Aygaz always strives to steadily improve shareholder value through corporate governance and investor relations practices in world standards.



Share Information

BIST Code	: AYGAZ
Bloomberg Code	: AYGAZ.TI
Reuters Code	: AYGAZ.IS
IPO Date	: 13.01.1988
Free Float Rate	: 24.27%

Corporate Governance Rating Score

Shareholders	: 9.58
Stakeholders	: 9.95
Public Disclosure and Transparency	: 9.49
Board of Directors	: 9.24
Total	: 9.50

Investor relations at Aygaz are carried out with a corporate approach in global standards. In addition to working to increase company value for the existing shareholders, the Investor Relations department also aims to attract new and potential investors by promoting the company.

Engaging with corporate investors

Aygaz Investor Relations used the digital communication channels actively to communicate with the investors and shareholders due to the prolonged impact of the pandemic in 2021. The department held two investor days during the year, streamed four webcasts in the quarterly earnings release periods, and met with nearly 200 investors.

Corporate investors participated in various meetings in 2021 and found

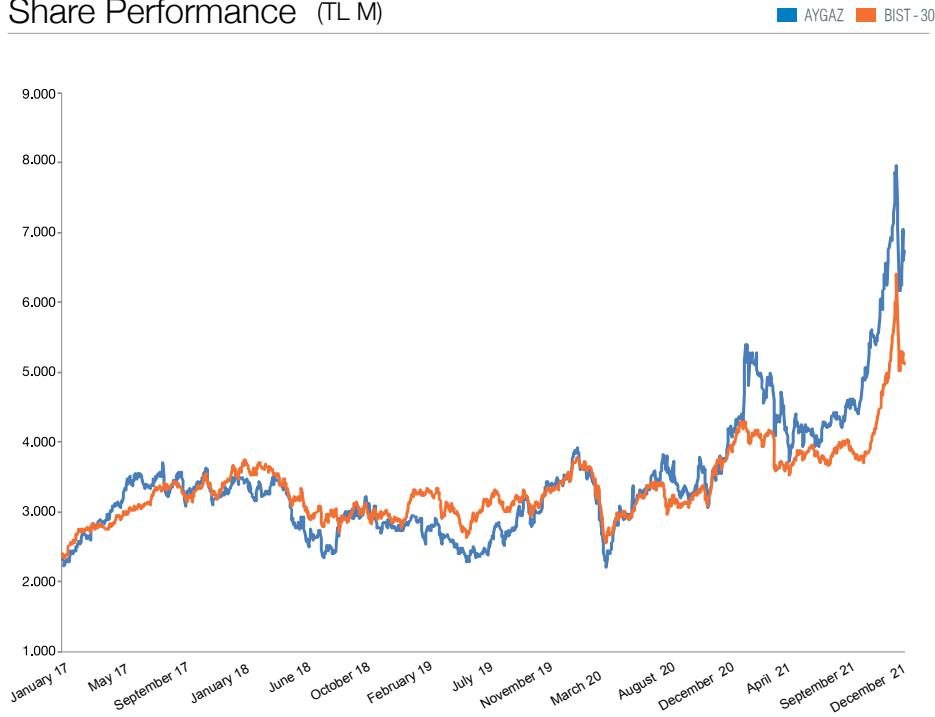
the opportunity to meet with members of the senior management to discuss key agenda items with respect to the company's current vision and targets.

In 2021, the Investor Relations Department responded to various inquiries from several investors and analysts by phone, teleconferences, and email. The questions from the shareholders are typically about the new investments of Aygaz, the joint venture in Bangladesh and the growth targets of Sendeo, which recently entered the last mile delivery sector, market and profitability guidance regarding the LPG business line, share value, dividend payments, and outlook.

Corporate governance at Aygaz

The corporate governance performance of Aygaz is assessed annually by

Share Performance (TL M)



As of 2021 year-end, 56% of Aygaz shares were held by foreign investors. At the time, foreign investors' share in BIST was 41%.

Aygaz's market value as of 2021 year-end

TL 6.7 billion

SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri, operating in Turkey under license from the CMB to conduct corporate governance rating activities. The corporate governance rating score of Aygaz, which was 9.42 in 2020, was upgraded to 9.50 on June 21, 2021. The publication of Aygaz "Donations and Sponsorship Policy" on the corporate website was evaluated as an improvement factor. Aygaz also continues to be included in the BIST Sustainability Index, which consists of companies listed on Borsa Istanbul (BIST) with the highest corporate sustainability performance.

Share performance

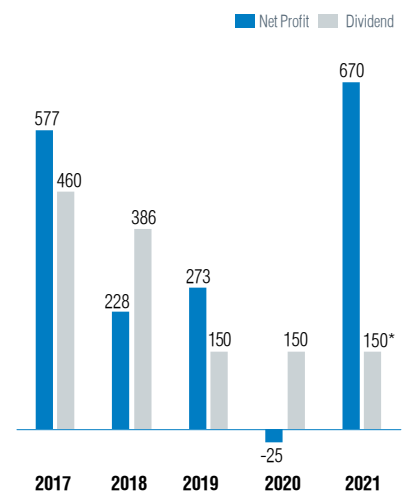
The market value of the company – with 24.27% free float shares - rose to TL 6.7 billion as of December 31, 2021. Based on year-end figures, Aygaz shares rose

58% in 2021 while BIST 100 and BIST 30 indices saw a rise of 24% and 26%, respectively in the same time period. Based on the average figures of 2021, Aygaz shares increased by 44% year on year, outperforming BIST 100, which only increased by 33. Aygaz shares were traded at lowest TL 12.45 and highest TL 26.56 during the year.

Dividend distribution

Aygaz always aims to create high shareholder value and follows a consistent dividend policy that balances both the company's and the shareholders' interests. With TL 150 million as dividend from the 2021 profits to be submitted to the General Assembly for approval, the total dividend paid out in the last five years will reach TL 1 billion 296 million.

Dividend Distribution Performance (TL M)



* Proposal submitted to the General Assembly for approval.

Corporate Governance Principles Compliance Report

Corporate Governance Principles Compliance Report

Aygaz is aware of the benefits and importance of Corporate Governance Principles in terms of companies and capital markets. Compliance with international standards, creating sustainable shareholder value, securing funding from foreign markets, and achieving consistent growth are very important in today's increasingly globalized world. In this respect, corporate governance also contributes significantly toward improving management quality, mitigating and better managing risks, and enhancing the company's reliability and reputation in financial and capital markets.

Aygaz has adopted the "Corporate Governance Principles" that the Capital Markets Board (CMB) first introduced to the public in July 2003 and complied with these principles to a great extent. In addition to achieving full compliance with the mandatory principles of the Corporate Governance Communiqué No: II-17.1, in effect in 2021, Aygaz 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 the work ongoing 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 Corporate Governance practices in 2021 have been carried out in compliance with the Capital Markets Law that 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 announced, and general assembly meeting was organized with due process for the election. At the Ordinary General Assembly Meeting in 2021, 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 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.

The non-mandatory Corporate Governance Principles, which have yet to be complied with, are listed below. Detailed information is provided in the relevant sections of the annual report. Aygaz has not been exposed to any conflicts of interest due to lack of full compliance with the non-mandatory principles.

- Regarding 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, made to a number of institutions and organizations and that are not of material significance for investors. Donations lower than this amount are not followed by the investors while the company has plans to continue disclosing within this materiality limit in the coming years.

- Regarding principle 1.3.11, the general assembly meetings are open to the public under normal conditions; however, considering the ongoing pandemic situation, the restrictions imposed by relevant authorities for gatherings in groups, and to protect public health, the shareholders were prioritized in admittance to the venues of the general assembly meetings in 2021.

- Regarding 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 investors have not expressed any interest in this matter and the company does not foresee any changes regarding this matter in the near future.

- Regarding principle 4.4.1, the Board of Directors only convened twice in a physical setting in 2021 due to the ongoing COVID-19 pandemic. However, the Board members were regularly advised about the company's performance and developments. All the resolutions, except for the ones in the aforementioned physical meetings, were reached by passing them around.
- Regarding 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 when to provide 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 assessed in the times to come.
- Regarding 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 address this topic in the times to come.
- Regarding 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 other duties outside the company. The résumé of each Board member and their other duties outside the company 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.
- Regarding 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 more than one committee. 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.
- Regarding principle 4.6.5., remunerations provided to the Board members and 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 that this matter is important due to the privacy of personal data, common practices are followed with plans to act in line with widely adopted practices.

Aygaz A.Ş. demonstrates its emphasis on the importance of complying with corporate governance principles and its commitment to implementing them as a continuous and dynamic process by receiving Corporate Governance Rating scores and remaining in the 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 Turkey, upgraded the company's score from 9.42 to 9.50 on June 21, 2021. Corporate Governance Rating Score is determined under four main categories weighted by different degrees within the framework of the CMB resolution on the matter. Improvements in all the topics, including "Public Disclosure and Transparency" and "Shareholders" have contributed to the increase in the rating score. Preparation of Aygaz Donations and Sponsorship Policy, its presentation to and approval by the general assembly, and its publication on the corporate website, as well as the fact that the loss, which the Board members may cause to the company for failings during their performance of duties, is covered by insurance was included in the annual report and disclosed to the public on the Public Disclosure Platform (PDP) were evaluated as positive developments. Aygaz, with its current corporate governance rating, has been one of the companies to hold the highest corporate governance scores in Turkey as of the rating date. In the period following the Corporate Governance Rating upgrade, the company's "Board of Directors' Diversity Policy" in which Aygaz declares its commitment to increase the female Board membership ratio to 25% within five years, "Human Rights Policy," "Anti-bribery and Corruption Policy," "Gift Acceptance and Honor Policy," and "Supply Chain Compliance Policy" have been approved by the Board of Directors and published on the Public Disclosure Platform and the corporate website.

Necessary work will be carried out for further compliance with the principles in the upcoming period by considering regulatory developments and implementations. The established corporate identity of Aygaz has brought momentum to the steps taken for this purpose and its management structure and processes have been shaped in compliance with these regulatory guidelines.

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) and within annual reports. The 2021 Corporate Governance Compliance Report (URF) and Corporate Governance Information Form (KYBF), prepared in accordance with CMB's resolution no. 2/49 dated January 10, 2019 and approved by Aygaz A.Ş. Board of Directors, are presented in the "Corporate Governance" section (pages 88-99) 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).

Corporate Governance Principles Compliance

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 Finance and Risk Department under the leadership of Chief Financial Officer. The department consisting of Şebnem Yücel and Selin Sanver, with Capital Market Activities Advance Level and Corporate Governance Rating Specialist Licenses, can be reached by email at yatirimciiliskileri@aygaz.com.tr or investorrelations@aygaz.com.tr or by phone at +90 212 354 15 15 / extensions 1510-1659 for information requests.

The Investor Relations Department Report including all of the activities carried out throughout the year was submitted to 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 continuously updated to offer shareholders easier usability and access to more information.

All information except those qualifying as commercial secrets are shared with shareholders and no discrimination is made among shareholders regarding the exercise of the right to obtain and review information.

Even though the Articles of Association do not contain any provision for an individual to have the right to request a special auditor, pursuant to Article 438 of the Turkish Commercial Code every 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 operations are periodically audited by an Independent Auditor appointed by the General Assembly.

2.3. General Assembly Meetings

The Ordinary General Assembly meeting was held on March 31, 2021 at the head office of the company at Büyükdere Caddesi, No: 145/1 Zincirlikuyu, Şişli, İstanbul with a shareholder attendance rate of 80%. The General Assembly meetings are open to the public, including the stakeholders and members of the media without voting rights, and Article 14 of the company's articles of association includes a provision on this matter. Specific to the year 2021, considering the ongoing pandemic situation, the restrictions imposed by relevant authorities for gatherings in groups, and the protect public health, no external attendees, except for the shareholders, were admitted to the general assembly venue. Some Board members, senior executives, and the independent auditor have attended the General Assembly meeting. The venue of the General Assembly Meeting, its agenda and a sample power of attorney were announced to the public 21 days prior to the meeting via Turkish Trade Registry Gazette (TTRG) and material disclosures made via the Public Disclosure Platform (PDP). These details can be accessed by searching for Disclosures on PDP or selecting the year in the relevant section on the corporate website at: <https://www.aygaz.com.tr/yatirimci-iliskileri/ozel-durum-aciklamalari>

The annual report, auditor's report, independent audit report, financial statements and notes, profit distribution proposal of the Board of Directors, General Assembly Information Document and annexes were made available for the shareholders to review at the company head office, on the corporate website, and via the PDP 21 days prior to the General Assembly meeting.

Minutes of the General Assembly meeting are registered and published in Turkish Trade Registry Gazette (TTRG) and also made available to the shareholders at the company's head office and corporate website. Information regarding the General Assembly process is disclosed via PDP and added to the corporate website. The result of the General Assembly meeting has also been publicly disclosed.

2.4. Voting Rights and Minority Rights

Privileged voting rights are not granted to shareholders of the company. There is no other company 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 company profits. Profit distribution is made in accordance with and at the intervals stipulated by applicable legislation. The profit distribution policy currently in effect was revised at the company's Board of Directors meeting on March 5, 2014 and took its present form: Profit Distribution Policy was presented to the shareholders at the General Assembly meeting on March 31, 2021. The company paid in cash a gross total dividend of TL 150 million in 2021.

2.6. Transfer of Shares

Article 8 of the Articles of Association, titled 'Transfer of Shares' 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.

3.1. Corporate Website and Content

The company's corporate website www.aygaz.com.tr is available in Turkish and English. As explained in detail in the company's Disclosure Policy, the Investor Relations section includes detailed information and documentation as required by the corporate governance principles and other legislation.

3.2. Annual Report

The company's Annual Report is prepared in a manner to include all information stipulated by the Corporate Governance Principle 2.2 and its subparagraphs in sufficient detail.

4.1. Informing Stakeholders

Company stakeholders are informed regularly on matters that concern them. Company employees are informed at 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 general dealer meetings are held every year.

On the other hand, comprehensive communication activities 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 also continues to be used effectively.

Stakeholders can use the links and call the phone line provided on the corporate website and intranet to report any infringements of legislations and ethically inappropriate activities to the Company Management or Internal Audit Department to be duly submitted 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 taken into consideration 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 company's corporate website and intranet.

4.3. Human Resources Policy

The human resources (HR) policy of Aygaz, carried out in line with the Koç Group employer brand approach, is also based on the "Our most valuable asset is our human resources" philosophy of our founder Vehbi Koç. Aygaz believes that the quality of its products and services begins with its employees, and the company's human resources management includes participation, transparency and all other business processes that consider the benefit of all stakeholders.

5.1. Composition and Election of the Board of Directors

The Aygaz Board of Directors is composed of nine members in total with one Chairman, one Vice Chairman and seven members, three of which are independent. As of 2021, the Board has one female member. All Members of the Board of Directors were elected in the General Assembly meeting on March 31, 2021 to serve until the Ordinary General Assembly Meeting to be held to review the financial results for 2021. 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 of the Board in accordance with CMB's Corporate Governance Principles.

Board Member Name Surname	Independence Status	Duties on the Board and Committees	Duties Outside the Company
Rahmi M. Koç	Non-independent	Chairman of the Board and Executive Committee	Koç Holding A.Ş. Honorary President and Board Member in Koç Group Companies
Ömer M. Koç	Non-independent	Vice Chairman of the Board and Member of Executive Committee	Chairman of the Board of Directors in Koç Holding A.Ş. and Board Member in Koç Group Companies
Alexandre F. J. Picciotto	Non-independent	Board Member and Executive Committee Member	Orfim General Manager and Board Member in various companies
Dr. Bülent Bulgurlu	Non-independent	Board Member and Member of Risk Management Committee	Board Member in Koç Group Companies
Levent Çakıroğlu	Non-independent	Board Member	Koç Holding A.Ş. CEO, Board Member in Koç Holding A.Ş. and Koç Group Companies
Yağız Eyüboğlu	Non-independent	Board Member and Member of Corporate Governance Committee	Koç Holding A.Ş. Energy Group President and Board Member in Koç Group Companies
Dr. Şadan Kaptanoğlu Dikici	Independent	Board Member, Chairwoman of Risk Management Committee and Member of Audit Committee	Kaptanoğlu Denizcilik Tic. A.Ş. Board Member
Kutsan Çelebican	Independent	Board Member, Chairman of Audit Committee and Chairman of Corporate Governance Committee	
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 affairs of the company, there are no limitations imposed on them about assuming other duties outside the company. The résumés of the members and the duties they assume outside the company are presented to the shareholders prior to General Assembly.

At Aygaz, the Corporate Governance Committee carries out the duties of the Nomination Committee. In 2021, three independent candidates were nominated and they all submitted their statements of independence to the Corporate Governance Committee. The Corporate Governance Committee and the Board of Directors evaluated the declarations and résumés of Independent Board Members during their respective meetings on January 13, 2021 and determined that all met the criteria specified in Corporate Governance Principles. The candidates were approved and selected by the General Assembly on March 31, 2021. As of 2021 operating period, no situations that would eliminate independence arose.

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, convened only twice in a physical setting in 2021 due to the ongoing Covid-19 pandemic and passed 29 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 Board Members and executives are regulated 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. As stated in section 2.3, 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".

5.3. Number, Composition and Independence of Committees within the Board

In 2021, all the Board Committees have fulfilled the responsibilities and duties that were expected of them pursuant to Corporate Governance Principles and operating principles of their own and convened in accordance with their work plans. The results of the meetings held throughout the year and information about the works of the committees were presented to the Board of Directors. The opinion of the Board of Directors in this respect is that the benefits expected of Board Committees' efforts have been obtained.

The Audit Committee, which has been formed within the statutory period, performs the duties set out by the Capital Markets Board Communiqué. The committee audits and supervises the company's accounting system, disclosure of financial information to the public, independent audit and the functioning and efficiency of the internal control mechanism of the group. Selection of the independent audit firm, drafting independent audit agreements, starting the independent audit process and works of the independent audit firm at all stages are carried out under the supervision of the Audit Committee. The Audit Committee convenes at least four times a year and more frequently when required as it must report in writing, along with its own assessments, to the Board of Directors on whether the annual and interim financial statements to be disclosed to the public comply with the accounting principles followed by the group and fully reflected the financial position of the company after conferring with the responsible executives of the group and independent auditors. The committee convened nine times in 2021. Independent Board Member Kutsan Çelebican was appointed Chairman of the Audit Committee and Dr. Şadan Kaptanoğlu Dikici as Committee Member in 2021.

Independent Board Member Kutsan Çelebican heads the Corporate Governance Committee established to monitor compliance of the company with Corporate Governance Principles and inspect the grounds for the principles yet to be implemented. Yağız Eyüboğlu and Gökhan Dizemen were appointed Committee Members. The duties of Remuneration and Nomination Committees are assumed by the Corporate Governance Committee, which convened five times during 2021.

The Risk Management Committee was established to provide the Board of Directors with suggestions and recommendations regarding the identification, assessment and calculation of the impact and likelihood of all strategic, operational, financial and miscellaneous risks that may affect the company. Furthermore, ensuring management of the Company in accordance with the corporate risk-taking profile, reporting and taking into consideration the decision making mechanisms of such risks as well as the creation and integration of effective internal control systems are also among the committee's purposes. In 2021, the independent Board Member Dr. Şadan Kaptanoğlu Dikici was appointed as the Chairwoman and Dr. Bülent Bulgurlu as Member of the Risk Management Committee, which convened eight times during the year.

The Executive Committee, established to support the Board of Directors in all matters, convenes as frequently as required by the activities of the company. In 2021, the Committee passed 12 resolutions, one per month. In 2021, Mustafa Rahmi Koç was the Chairman of the Committee with Mehmet Ömer Koç, Yıldırım Ali Koç, Alexandre F.J. Picciotto and Caroline Nicole Koç serving as Members.

In principle, Board Members do not have duties simultaneously in various committees. However, due to the structure of our Board of Directors, some Board Members have duties in more than one committee. These members help facilitate communication among committees and increase cooperation possibilities.

5.4. Risk Management and Internal Control Mechanism

Ensuring healthy functioning of the internal control system and internal audit is the responsibility of the Board of Directors and the efforts are coordinated by the General Manager, overseen by the committees formed under the Board of Directors, and necessary information is presented to the Board of Directors, thus making it possible for the efficiency of risk management systems to be reviewed.

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 Financial Officer 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 determined and are presented to all stakeholders through various channels. The annual targets that are 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 given 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. Disclosed to the public through the company's annual report and corporate web site and most recently approved by the shareholders at the Ordinary General Assembly on March 31, 2021, this policy is also on the agenda of the Ordinary General Assembly Meeting that will be held on March 30, 2022 to review the 2021 activities to be presented to the shareholders of the company. The total payment made to Members of the Board of Directors and Senior Executives within the framework of the Remuneration Policy is assessed by the Corporate Governance Committee and the Board of Directors every year. The total payments made to the Members of the Board of Directors and Senior Executives are disclosed 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.

Corporate Governance Information Form

SHAREHOLDERS	
1.1 Facilitating the Exercise of Shareholders Rights The number of investor meetings (conference, seminar/etc.) organised by the company during the year	Near 200 investors and analysts were informed through one to one meetings, teleconferences and and 2 investor days were organized. 4 webcasts were broadcasted on earnings periods.
1.2. Right to Obtain and Examine Information The number of special audit request(s)	-
The number of special audit requests that were accepted at the General Shareholders' Meeting	-
1.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/tr/Bildirim/915010
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	Provided.
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 Communique 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 Communique on Corporate Governance (II-17.1)	https://www.kap.org.tr/tr/Bildirim/916410
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 Sponsorships Policy
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/tr/Bildirim/922380
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	Item 14-a
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	Although the general assembly meetings are open to the public under ordinary conditions, our shareholders were primarily accepted to the meeting hall in the general assembly held in 2021, in order to protect public health under the current pandemic conditions.
1.4. Voting Rights	
Whether the shares of the company have differential voting rights	Hayır (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%
1.5. Minority Rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	Hayır (No)
If yes, specify the relevant provision of the articles of association.	-

1.6. Dividend Right	
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.	Dividend distributed.
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	-
Genel Kurul Toplantılar	
General Meeting Date	31.03.2021
The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	0
Shareholder participation rate to the General Shareholders' Meeting	80%
Percentage of shares directly present at the GSM	0
Percentage of shares represented by proxy	80%
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
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	https://aygaz.com.tr/uploads/yatirimci-iliskileri/genel-kurul-bilgileri/4020b9dd_8dc4_4aec_a5a2_d8fa86ace54d__aygaz-gk-tutanak-kap-31032021.pdf
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
The link to the related PDP general shareholder meeting notification	https://www.kap.org.tr/tr/Bildirim/922380

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, Material Disclosures, 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.	
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	a-Corporate Governance-Board of Directors-Executive Management and 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	b-Corporate Governance-Corporate Governance Principles Compliance Report-Number, Composition and Independence of Committees within the Board

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	c-Corporate Governance-Corporate Governance Principles Compliance Report-Operating Principles of the Board of Directors
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	ç-There are no amendments in the legislation that affect the activities of the company significantly.
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	d-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	e-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%	f- 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	g-They are included under the main titles of Human Resources, Sustainable Growth and Social Responsibility.

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	A separate policy dedicated to severance is not available, however, the stakeholders' rights to severance or remedy are governed by national and international legal norms. Relevant practices are provided in: Corporate- Career at Aygaz- Human Resources Practices
The number of definitive convictions the company was subject to in relation to breach of employee rights	12
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	https://aygaz.com.tr/en/corporate/aygaz-call-center , https://aygaz.com.tr/en/corporate/contact-us , uyum@aygaz.com.tr
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 Reports- Stakeholders- Stakeholder Participation in Management
Corporate bodies where employees are actually represented	In our company, both unionized and non-unionized colleagues participate in the management with different methods and share their views. With the Employee Engagement Survey conducted every year, the opinion of each colleague is taken as an anonymous questionnaire in the form of open-ended responses. With various communication meetings, information about the company is shared with employees, dealers and other stakeholders and questions and comments of these stakeholders are taken.
3.3. Human Resources Policy	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	A succession plan is created for all key management positions. This Succession Plan is finalized by submitting to the information of the Board of Directors following the approval of the General Manager.

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. At Aygaz, the compliance with human rights and labour standards contained in the UN Global Compact signed by Koç Group, to which Aygaz is affiliated, is taken as a basis for all HR processes.
Whether the company provides an employee stock ownership programme	Pay edindirme planı bulunmuyor (There isn't an employee stock ownership programme)
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.	A separate policy dedicated to this topic is not available, however, relevant practices are provided in: Corporate- Career at Aygaz- Ethical Principles
The number of definitive convictions the company is subject to in relation to health and safety measures	1
3.5. Ethical Rules and Social Responsibility	
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	Relevant principles are covered in Aygaz Code of Ethics. Investor Relations-Corporate Overview and Governance-Policies and Principles-Under Ethical Principles; Ethic Policies, Code of Ethics and Business Conduct for Employees and Countering Bribery and Corruption

BOARD OF DIRECTORS-I

4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	31.12.2021
Whether the board evaluation was externally facilitated	Hayır (No)
Whether all board members released from their duties at the GSM	Evet (Yes)
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	No delegation was delegated among the board members.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	1 (Internal audit unit provides collective 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	Risk Management and Internal Control
Name of the Chairman	Mustafa Rahmi Koç
Name of the CEO	Gökhan Tezel
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%)

Board Members

Name, Surname of Board Member	Whether Executive Director Or Not	Independent Board Member or not	The First Election Date To Board	Link To PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy The Independence or Not	Whether the Director has at Least 5 Years' Experience on Audit, Accounting and/or Finance or not
Mustafa Rahmi Koç	Non-executive	Non-independent	27.03.1996		-	-	-
Mehmet Ömer Koç	Non-executive	Non-independent	27.03.1996		-	-	-
Alexandre F.J. Picciotto	Non-executive	Non-independent	13.07.2012		-	-	-
Dr.Bülent Bulgurlu	Non-executive	Non-independent	24.04.2008		-	-	-
Levent Çakıroğlu	Non-executive	Non-independent	30.03.2015		-	-	-
Yağız Eyüboğlu	Non-executive	Non-independent	04.04.2016		-	-	-
Kutsan Çelebican	Non-executive	Independent	21.03.2018	https://www.kap.org.tr/tr/Bildirim/818951	Considered	No	Yes
Kemal Ege Cansen	Non-executive	Independent	21.03.2018	https://www.kap.org.tr/tr/Bildirim/818951	Considered	No	Yes
Dr. Şadan Kaptanoğlu Dikici	Non-executive	Independent	21.03.2018	https://www.kap.org.tr/tr/Bildirim/818951	Considered	No	Yes

BOARD OF DIRECTORS-II

4.4. Meeting Procedures of the Board of Directors

Number of physical board meetings in the reporting period (meetings in person)	Due to Covid-19 precautions 2 physical board meetings were realized.
Director average attendance rate at board meetings	The majority of the directors have attended the board meetings in a physical setting. Average attendance rate is 65%.
Whether the board uses an electronic portal to support its work or not	Evet (Yes)
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	There are no specifications about the deadline of the process. However the timing for the presentation of information and documents relevant to the agenda is managed considering the subject and the course of the agenda and in a timely manner.
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-Corporate Governance Principles Compliance Report- Composition and Election of the Board of Directors, Number, Composition and Independence of Committees within the Board
Link(s) to the PDP announcement(s) with the board committee charters	https://www.kap.org.tr/tr/Bildirim/926995 https://aygaz.com.tr/en/investor-relations/committees

Composition of Board Committees-I

Names Of The Board Committees	Name Of Committees Defined As " Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Audit Committee	-	Kutsan Çelebican Dr. Şadan Kaptanoğlu Dikici	Yes No	Board member Board member
Corporate Governance Committee	-	Kutsan Çelebican Yağız Eyüboğlu Gökhan Dizemen	Yes No No	Board member Board member Not board member
Committee of Early Detection of Risk	-	Dr. Şadan Kaptanoğlu Dikici Dr. Bülent Bulgurlu	Yes No	Board member Board member
Other	Executive Committee	Mustafa Rahmi Koç Mehmet Ömer Koç Yıldırım Ali Koç Alexandre F.J. Picciotto Caroline Nicole Koç	Yes No No No No	Board member Board member Not board member Board member Not board member

BOARD OF DIRECTORS-III

4.5. Board Committees-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)	Corporate Governance-Corporate Governance Principles Compliance Report-Composition and Election of the Board of Directors, Number, Composition and Independence of Committees within the Board
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)	Corporate Governance-Corporate Governance Principles Compliance Report-Composition and Election of the Board of Directors, Number, Composition and Independence of Committees within the Board
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 carries out the duties of the Nomination Committee. Corporate Governance-Corporate Governance Principles Compliance Report-Composition and Election of the Board of Directors, Number, Composition and Independence of Committees within the Board
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)	Corporate Governance- Corporate Governance Principles Compliance Report- Composition and Election of the Board of Directors, Number, Composition and Independence of Committees within the Board
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 carries out the duties of the Remuneration Committee. Corporate Governance-Corporate Governance Principles Compliance Report-Composition and Election of the Board of Directors, Number, Composition and Independence of Committees within the Board

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 Chairmans 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-Compensation 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)	Remuneration Policy for the Board of Directors and Senior Management Notes to the consolidated financial statements-Note 31

Composition of Board Committees-II

Names Of The Board Committees	Name of committees defined as "Other" in the first column	The Percentage Of Non-executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person	The Number Of Reports On Its Activities Submitted To The Board
Audit Committee		100%	100%	9	9
Corporate Governance Committee		67%	33%	5	5
Committee of Early Detection of Risk		100%	50%	8	8
Other	Executive Committee	100%	0%	12	12

Corporate Governance Compliance Report

	COMPANY COMPLIANCE STATUS					EXPLANATION
	Yes	Partial	No	Exempted	Not Applicable	
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	x					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	x					
1.3. GENERAL ASSEMBLY						
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	There was no such notification.
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				The agenda of the General Shareholders' Meeting included a separate item for the total amount of the donations and contributions and the details of the highest amount of donations are disclosed in the general assembly information document. Donations made to various institutions and organizations below 100.000 TL each and which do not constitute important information are not disclosed. As the donations below this threshold are not interrogated by our investors, we foresee to continue with the current practice of disclosing only the material amounts.
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.		x				Considering the current pandemic conditions and the restrictions on gatherings laid out in the relevant regulations by public authorities, no guests were allowed in the general assembly meeting hall except our shareholders in order to protect the health of the community in 2021.
1.4. VOTING RIGHTS						
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 a cross-ownership relation that brings along domination.
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	x					

	COMPANY COMPLIANCE STATUS					EXPLANATION
	Yes	Partial	No	Exempted	Not Applicable	
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			Even though minority rights are not determined less than one in twenty by the Articles of Association, in parallel with general practice, the minority was granted rights under the general provisions of the regulations. No request has been received from the investors on this matter and no changes are foreseen in this regard in the near future.

1.6. DIVIDEND RIGHT

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	Profit distribution was made.
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					

1.7. TRANSFER OF SHARES

1.7.1 - There are no restrictions preventing shares from being transferred.	X					
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2.1. CORPORATE WEBSITE

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					

2.2. ANNUAL REPORT

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					Since there is no legislative change that could significantly affect the company's operations and there is no conflict of interest with the institutions from which services are obtained, such as rating, no explanation has been made in the annual report.

	COMPANY COMPLIANCE STATUS					EXPLANATION
	Yes	Partial	No	Exempted	Not Applicable	
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
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					
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
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					
3.3. HUMAN RESOURCES POLICY						
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	
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
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					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
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					
4.1. ROLE OF THE BOARD OF DIRECTORS						
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					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
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					Within the corporate governance and sustainability compliance works; Diversity Policy of the Board of Directors has been put into effect in 2021. https://www.kap.org.tr/tr/Bildirim/954844
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			Physical board meetings were limited due to the ongoing Covid-19 pandemic's effects in 2021, only two meetings were held physically where majority of the board members attended. All of the other decisions, except those taken at the said meetings, were taken by hand-by-hand method.
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			There are no specifications about the deadline of the process. However the timing for the presentation of information and documents relevant to the agenda is managed considering the subject and the course of the agenda and in a timely manner. Although there is no urgent need to make a definition in this regard, taking into account the effective work of the board of directors, it is aimed to make an evaluation regarding the issue in the upcoming periods.
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	There has been no notification made by the board members who could not attend the meeting although there is a possibility to provide feedback.
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			The assignment of the committees is made in accordance with the relevant regulations, taking into account the knowledge and experience of our board members and some board members are assigned to more than one committee. Members in more than one committee provide communication between the committees involved in related matters and increase the opportunities for cooperation. Taking into account the efficient work of the board members with the contribution of their knowledge and experience, the existing committee structure is evaluated as effective and no need for a change in the near future is considered.
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					

	COMPANY COMPLIANCE STATUS					EXPLANATION
	Yes	Partial	No	Exempted	Not Applicable	
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				Other duties of the Board members outside the company are not restricted due to their work and sector experiences' significant contribution to the Board of Directors. Resumes of our Board members are included in our annual report.Considering the effective work of the board of directors, no change is foreseen in the current practice in short term, since it is considered not to create any adverse situation in terms of corporate governance.
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			Members in more than one committee provide communication between the committees involved in related matters and increase the opportunities for cooperation. Taking into account the efficient work of the board members with the contribution of their knowledge and experience,the existing committee structure is evaluated as effective and no need for a change in the near future is considered.
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	The Committees did not receive any consultancy services.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
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			Payments made to the members of the Board of Directors and executives with administrative responsibilities are disclosed to the public collectively in line with general practices at the Ordinary General Assembly and in our financial statement footnotes . Market practices are closely monitored on this issue ,which is considered important in terms of confidentiality of personal information, and it is envisaged to act in parallel with common practice.

Legal Disclosures

Commercial Title, Registry Number, and Contact Information of the Company's Head Office and Branches

The company is registered at the Istanbul Trade Registry with number 80651 (Mersis No. 0-1190-0510-2700141) and contact information of its head office and branches are available at www.aygaz.com.tr.

Capital and Shareholding Structure

Issued capital of the company is TL 300,000,000, all of which has been pledged and paid in full. Issued capital is divided into 30,000,000,000 (thirty billion) registered shares at 1 Kr nominal value per share.

The shareholding structure as of December 31, 2021 is shown in the following table:

Name and Title of the Person or Company	Amount of Shares (TL)	Share Stake (%)	Voting Rights	Voting Rights Ratio (%)
Koç Group	153,642,569.58	51.21	15,364,256,958	51.21
Koç Holding A.Ş.	122,053,514.26	40.68	12,205,351,426	40.68
Temel Ticaret ve Yatırım A.Ş.*	17,324,090.53	5.77	1,732,409,053	5.77
Koç Family	14,264,964.78	4.76	1,426,496,478	4.76
Other	146,357,430.42	48.79	14,635,743,042	48.79
Liquid Petroleum Gas Development Company (LPGDC)	73,545,660.24	24.52	7,354,566,024	24.52
Free Floating**	72,811,770.18	24.27	7,281,177,018	24.27
Total	300,000,000.00	100.00	30,000,000,000	100.00

* Temel Ticaret ve Yatırım A.Ş. belongs to the members of the Koç Family.

**The free-floating shares in the amount of TL 2,725,041.31 (ratio to capital 0.91%) belong to Hilal Madeni Eşya Ticaret Sanayi ve Yatırım A.Ş., which is wholly owned by LPGDC.

Distribution of Duties of Board Members and Changes

There have been no changes during the reporting period in the Members of the Board of Directors who were elected to serve until the next Ordinary General Assembly on March 31, 2021. Per the Board of Directors resolution of April 12, 2021, the Committees of the Board of Directors have been designated as follows:

Audit Committee: Kutsan Çelebician (Chairman of Committee), Dr. Şadan Kaptanoğlu Dikici (Member)

Corporate Governance Committee: Kutsan Çelebician (Chairman of Committee), Yağız Eyüboğlu (Member), Gökhan Dizemen (Member)

Risk Management Committee: Dr. Şadan Kaptanoğlu Dikici (Chairwoman of Committee), Dr. Bülent Bulgurlu (Member)

Executive Committee: Mustafa Rahmi Koç (Chairman of Committee), Mehmet Ömer Koç (Member), Yıldırım Ali Koç (Member), Alexandre François Julien Picciotto (Member), Caroline Nicole Koç (Member)

The Board of Directors reached 29 resolutions in 2021. It has been noted that all the committees functioned efficiently throughout the year. More information on the work of the committees can be found in Article 5.3 of the Corporate Governance Principles Compliance Report and the working principles of the committees are available on the corporate website.

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 managing 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; 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 as well EMRA filing lawsuits for sequestration of which the relevant administrative processes and lawsuits are still ongoing. The four lawsuits filed by EMRA against the company demanding sequestration have resulted in our favor. 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.

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 has been no conflict 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 of the financial statement.

The report dated March 7, 2022, 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 2021, 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."

Other Issues

Regarding the issuance of debt instruments with a total nominal value of up to TL 300,000,000 to finance the company's activities pursuant to the Capital Markets Board decision no. 63/1427 dated December 13, 2018, the amounts of TL 90,000,000 and TL 80,000,000 were repaid on June 18, 2021 and August 4, 2021, respectively, in the order of their issuance.

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 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 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 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.

The Corporate Governance Rating score of our company was confirmed as 94.17 (9.42) by SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. as of June 22, 2020 and upgraded to 94.95 (9.50) for 2021. The material event disclosure on this matter was published on June 21, 2021. The current corporate governance rating agreement between our company and SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş., which is officially licensed to conduct rating services in compliance with Capital Markets Board

Corporate Governance Principles, has been renewed on February 21, 2022 and will remain valid until February 21, 2024.

JCR Avrasya Derecelendirme A.Ş. (JCR Eurasia Rating) has evaluated the credit ratings and outlooks of Aygaz on June 14, 2021 and affirmed the company's Long-Term National Rating as "AA+(Trk)" and outlook as "Stable," Short-Term National Rating as "A-1+(Trk)" and outlook as "Stable," Long-Term International Rating (local and foreign currency rating) as "BB" and outlook as "Stable," and Short-Term International Rating (local and foreign currency rating) as "B" and outlook as "Stable."

Aygaz A.Ş. is included in the BIST (Borsa İstanbul) Sustainability Index.

Per the Board of Directors resolution dated February 15, 2022 in consultation with the Audit Committee and in compliance with the guidelines set out by Turkish Commercial Code 6102 and Capital Markets Law 6362, PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. was selected to audit the financial statements of our company for the 2022 accounting period and to conduct other activities within the scope of applicable regulations under these laws, to be presented to the General Assembly for approval.

Profit Distribution Policy and Dividends Paid Out During the Year

The profit distribution policy, which is published in the Corporate Governance Compliance Report and on the corporate website, was revised at the company's Board of Directors meeting on March 5, 2014 and took its present form as follows:

"The Company distributes profit in accordance with the provisions of the Turkish Commercial Code, Capital Markets Regulations, Tax Laws and other applicable laws and regulations, and within the scope of the relevant provisions of the company's Articles of Association. In line with Corporate Governance Principles, a balanced and consistent policy is adopted considering the interests of both the shareholders and the company.

In principle, to the extent allowed by applicable regulations and financial resources, taking into consideration long-term company strategies, investment and financing policies, profitability and cash position, and as long as it can be covered by the legally posted profit for the fiscal year, minimum 50% of the distributable profit, calculated in accordance with Capital Markets regulations is distributed in cash and/or bonus shares.

Profit distribution is intended to take place within one month after the General Assembly Meeting at the latest, and the General Assembly decides on such date. The General Assembly itself or if authorized, the Board of Directors may resolve to distribute profit share in installments in line with Capital Markets

Regulations. According to the Company's Articles of Association, the Board of Directors may distribute an advance on profit share if authorized by the General Assembly and in compliance with Capital Markets Regulations."

Pursuant to the General Assembly resolution dated March 31, 2021, the company has paid in cash a gross total dividend of TL 150 million starting from April 7, 2021.

Amendments to the Articles of Association during the Reporting Period

During the reporting period of 2021, Article 6 "Capital" of the Articles of Association, has been amended to extend the validity date of the Company's registered capital ceiling until 2025. The Company's Articles of Association can be found on the corporate website: www.aygaz.com.tr

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 of which the company is a member, and the Turkish Metal Union on January 12, 2022 to be valid for the period from September 1, 2021 to August 31, 2023 covering the workers at the Gebze plant.

A Collective Labor Agreement was signed on February 18, 2021 with the Turkish Seamen's Union to be valid for the period from January 1, 2021 to December 31, 2022 covering the seafaring employees.

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 91,919 thousand (2020: TL 67,238 thousand).

Donations and Grants

At the Ordinary General Assembly Meeting in 2021, information was provided as a separate agenda item about the donations and grants paid in 2020 and the donation upper limit for 2021 was set at 0.3% (three thousandth) of the previous year's revenues. No change has been made in 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 2021 amounted to TL 10,014,031.75. The upper limit for donations in 2022 will be determined by the general assembly.

Guidance

Our 2022 sales volume forecast:
Cylinder gas : 280 thousand - 290 thousand tons
Autogas : 690 thousand - 720 thousand tons

Our 2022 market share forecast
Cylinder gas : 41.0% - 43.0%
Autogas : 21.5% - 22.5%

Board of Directors



Mustafa Rahmi Koç
Chairman
of the Board of Directors

After earning a Master's degree at the 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 of other Koç Group companies. His responsibilities in various capacities 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 Vehbi Koç Foundation 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, Member of the Advisory Board of the Turkish Employers Association, 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, 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 FIRSI 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 Iris Foundation Award from BARD Graduate Center. 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.



Mehmet Ömer Koç
Vice Chairman
of the Board of Directors

He received his B.A. from Columbia University (USA) in 1985. He worked at Kofisa Trading for one year and completed his MBA at Columbia University 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, Vice President and President of the Energy Group. He became Member of the Board of Directors in 2004 and Vice Chairman in May 2008. In February 2016, he was appointed the Chairman of the Board of Directors of Koç Holding. He serves as the Vice President of TÜSİAD High Advisory Council, the 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 Board of Directors, and Board Member at other Koç Group companies. Ömer M. Koç has served on the Aygaz A.Ş. Board of Directors as a member since 1996 and is the Vice Chairman since 2001.



Alexandre François Julien Picciotto
Member
of the Board of Directors

Alexandre Picciotto is one of the grandsons of Mr. Hillel Picciotto, who co-founded Aygaz with Mr. 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. Mr. Picciotto is also member of the Board of Directors at various companies in both Turkey and France. He has been serving on the Aygaz Board of Directors since July 2012.



Dr. Bülent Bulgurlu
Member
of the Board of Directors

Bülent Bulgurlu graduated from Ankara Engineering and Architectural Faculty and earned his Ph.D. 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 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
of the Board of Directors

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 between 1991 and 1997. He was appointed as Assistant Manager of Financial Crimes Investigation Board between 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 between 2002 and 2007 and the CEO of Migros between 2007 and 2008. He was assigned as the CEO of Arçelik in 2008 and also became President of the Durable Goods Group of Koç Holding in April 2010. Çakıroğlu has been appointed as the CEO of Koç Holding in April 2015. He currently serves as the CEO and has also been 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 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
of the Board of Directors

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. Mr. 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 been serving as President of Energy Group. Mr. Eyüboğlu currently serves as a Board Member in several Koç Holding companies and sectoral non-governmental organizations. He has served on the Aygaz Board of Directors since 2016.



Kutsan Çelebicin

Member
of the Board of Directors

Kutsan Çelebicin received his university 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 Companies and he retired from Koç Group Companies in December 2001 after working as a Finance Coordinator, Vice President and President of Financing Group. He ran his own finance advisory company for a while. He served as the Independent Board of Directors' Member of Koç Holding (2013-2019), Tüpraş and Arçelik (2012-2018) previously. He is an Independent Board Member at Yapı Kredi Koray Gayrimenkul Yatırım Ortaklığı A.Ş. and an Independent Board Member at Aygaz since March 2018.



Kemal Ege Cansen

Member
of the Board of Directors

Kemal Ege Cansen received his bachelor's degree in Business from Middle East Technical University in 1961. In 1966, he received his MBA degree from Pennsylvania University, Wharton School. He worked as an Assistant General Manager at Arçelik, Industrial Affairs Coordinator at Koç Holding, Vice Chairman of the Board of Directors of Puro-Fay Company, Executive-Partner at Soyer Hafriyat ve İnşaat Company, Consultant at Anadolu Group (1986-2017), Executive Director at Anadolu Endüstri Holding, and Vice Chairman of the Board of Directors of Turkish Bank A.Ş. Ege Cansen works as an economics writer and commentator. He taught "Business Economics" at Marmara University, Faculties of Engineering and Administrative Sciences from 1987 to 2000. He was a member of Koç University's Board of Trustees from 2001 to 2017. He has served as an independent Board of Directors' Member of Aygaz since March 2018.



Dr. Şadan Kaptanoğlu Dikici

Member
of the Board of Directors

Şadan Kaptanoğlu graduated from Istanbul University, Faculty of Literature, Department of Philosophy and studied at the London City College, Department of Maritime. She completed her postgraduate studies at City University Cass Business School in the fields of Maritime, Finance and Trade and then received her doctorate degree from Montfort University. Ms. Kaptanoğlu 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 being a Member of Board of Directors of IMEAK Chamber of Shipping, Ms. Şadan Kaptanoğlu is also a Board of Trustees Member at Piri Reis University. In May 2016, she was appointed Chairwoman of the Board of Directors of TURMEPA, the Turkish Marine Environment Protection Association. She is the Vice President of Intermepa. Ms. Şadan Kaptanoğlu was elected as the President by majority of votes on the General Assembly of Baltic and International Maritime Council (BIMCO) on June 6, 2019, becoming the first woman appointed to this office. In 2008, Ms. Şadan Kaptanoğlu received the first "Young Person of the Year" award in London SeaTrade Awards. She has served as an independent Board Member since March 2018.

Executive Management



Gökhan Tezel
General Manager

Gökhan Tezel began his career in 1993 as a Finance Specialist at Tofaş, where he was later appointed Finance Manager in 1998. He served as General Manager at Koç Fiat Kredi Tüketici Finansmanı A.Ş. (2006-2009). Mr. Tezel was appointed General Manager of Aygaz in October 2015 where he had previously served as Assistant General Manager (Finance) since 2009. Mr. Tezel, who is a Member of the Board of World LPG Association (WLPGA), also serves as President of LPG Assembly of the Union of Chambers and Commodity Exchanges of Turkey.



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). He later served as Chief Financial Officer at Tüpraş Trading Ltd. (2018-2020) Gökhan Dizemen was appointed Assistant General Manager - Finance at Aygaz A.Ş. as of January 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. Appointed Supply Manager in 2005, Ayşe Abamor Bilgin served as LPG Supply and Trade Manager (2008-2012). After serving as Director - Supply Chain (2012-2020), she was appointed Assistant General Manager - Technical Affairs and Investments effective January 2021.



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.



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 in 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 starting from 2018, Hakan Öntürk was appointed Director – Autogas Sales in February 2021.



Nurettin Demirtaş

Director Affiliates and Accounting

Nurettin Demirtaş began his career in 1986 at Doğu Financial Consultancy and Accounting Office. In 1988 he worked in Tekor Plastik A.Ş.'s Accounting department. He joined the Koç Group in 1989 and worked respectively as an Accounting Specialist, General Accounting Department Administrator, Accounting Manager, and Affiliates and Accounting Group Manager at Aygaz A.Ş. In 2008, he was appointed Director – Affiliates and Accounting.



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.

*Esra Topkoç has been appointed as Human Resources Director as of January 2022.

Proposal of the Board of Directors for Profit Distribution

Dear 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 to December 31, 2021 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 financial statements and Aygaz A.Ş.'s accounting records kept in accordance with the provisions of Tax Procedure Law (TPL), we have ascertained that the financial statements prepared in accordance with TFRS indicate TL 670,105,000 net profit for the reporting year and TL 270,608,631.21 net profit from its fiscal year activities according to TPL records.

- a. Accordingly, it has been resolved that setting aside 5% general legal reserves for 2021 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 31.12.2021,

We have also ascertained:

- that the donations in the amount of 10,014,031.75 added to the net period profit of TL 670,105,000, per the financial statements in accordance with TFRS, amounted to a distributable profit base of TL 680,119,031.75; and
- that the financial statements according to the TPL records indicate a net distributable profit of TL 270,608,631.21.

- 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 150,000,000.00 to be paid to shareholders as dividend,
- TL 13,500,000.00 to be set aside as general legal reserve

- c. It is also proposed to pay out the total amount of TL 150,000,000.00 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 150,000,000.00 for dividends payable to the shareholders and TL 13,500,00.00 for general legal reserves be paid out from current earnings;

- e. The balance of TL 107,108,631.21 to be retained as extraordinary reserves after TL 150,000,000.00 is paid to shareholders as dividends and TL 13,500,000.00 is retained for general legal reserves from the current year earnings based on our TPL records; and the balance of TL 506,605,000.00 according to TFRS after the dividend payout and general legal reserve deductions to be transferred to retained profits;

- f. A gross=net cash dividend at the rate of 50.0000% and in the amount of TL 0.5000 per share with a nominal value of TL 1 to be paid out to fully obligated corporations and our limited taxpayer shareholders who earn dividends through an office or a permanent representative in Turkey; and a gross cash dividend at the rate of 50.0000% and the amount of TL 0.50000 per share with a nominal value of TL 1, and net 45.50000% and net amount of TL 0.45000 to be paid out to other shareholders; and dividend payout to start on April 6, 2022.

The proposal detailed above is presented for your approval.

Statements of Independence of the Independent Board Members

DECLARATION OF INDEPENDENCE FEBRUARY 15, 2022

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:

- I have assumed no 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 established no 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, neither 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;
- 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 from or to which the Company purchases or sells or has assigned the purchasing or selling of services or products within the framework of signed agreements, particularly with auditing companies (tax auditing, legal auditing, internal auditing, included), rating or consultancy companies;
- 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;
- 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;
- I am considered a resident of Turkey according to Income Tax Law (GVK) No. 193 dated December 31, 1960 and December 19, 1960;
- 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;
- 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;
- 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 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;
- 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.



Kutsan ÇELEBİCAN

DECLARATION OF INDEPENDENCE FEBRUARY 15, 2022

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:

- I have assumed no 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 established no 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, neither 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;
- 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 from or to which the Company purchases or sells or has assigned the purchasing or selling of services or products within the framework of signed agreements, particularly with auditing companies (tax auditing, legal auditing, internal auditing, included), rating or consultancy companies;
- 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;
- 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;
- I am considered a resident of Turkey according to Income Tax Law (GVK) No. 193 dated December 31, 1960 and December 19, 1960;
- 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;
- 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;
- 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 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;
- 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.



Kemal Ege CANSEN

DECLARATION OF INDEPENDENCE FEBRUARY 15, 2022

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:

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- 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 from or to which the Company purchases or sells or has assigned the purchasing or selling of services or products within the framework of signed agreements, particularly with auditing companies (tax auditing, legal auditing, internal auditing, included), rating or consultancy companies;
- 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;
- 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;
- I am considered a resident of Turkey according to Income Tax Law (GVK) No. 193 dated December 31, 1960 and December 19, 1960;
- 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;
- 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;
- 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 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;
- 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.



Şadan KAPTANOĞLU DİKİCİ

Profit Distribution Policy

The company distributes profit in accordance with the provisions of the Turkish Commercial Code, the Regulations on Capital Markets, Tax Laws and other related laws and regulations, and within the framework of the pertinent article of the company's Articles of Association. In line with Corporate Governance Principles, a balanced and consistent policy is adopted as regards the interests of both shareholders and the company.

In principle, as long as related regulations and financial resources allow, taking into consideration our long-term company strategies, investment and financing policies, profitability and cash position, and provided it can be covered from the legally registered profit for the fiscal year, 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 at being paid out at the latest within one month subsequent to the General Meeting of Shareholders; the date of distribution is resolved at the General Meeting. In the event the General Meeting of Shareholders passes a resolution or authorization is granted, the Board of Directors may take a decision for the distribution of profits on an installments basis in line with Capital Markets Regulations.

According to the Articles of Association of the company, the Board of Directors may distribute an advance on dividends, provided it has been authorized to do so by the General Assembly and there is compliance with Capital Markets Regulations.

Remuneration Policy for the Board of Directors and Senior Management

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

A fixed remuneration is allocated to each member of the board of directors, as determined annually at the ordinary general assembly meeting.

Executive directors on the board receive a payment within a determined policy for senior management, the details of which are specified below. Board members, who are tasked with certain functions to contribute to the company's operations may be remunerated for the function they undertake in addition to the fixed salaries determined at the general assembly meeting by considering the opinion of the Corporate Governance Committee on the matter.

The president and members of the Executive Committee, which will support the company's Board of Directors in all matters related to the operations of the company, may be remunerated at the end of each year for their contributions, their participation in meetings and on the basis of the functions they serve, in an amount determined by the board of directors by considering the opinion of the Corporate Governance Committee.

The performance-based payment plans of the company may not be used in the remuneration of independent members of the board of directors. Payments to the board members are made on a pro rata basis by considering the length of term they served from their appointment to the board until they leave their position. Expenses incurred by members of the board of directors in the course of their contributions to the company (transportation, telephone, and insurance costs, etc.) may be reimbursed by the company.

The remuneration of Senior Executives however is based on a fixed and performance-based salary, comprised of two components. The fixed salaries of Senior Executives are determined in line with macroeconomic data related to the market, general salary policies in the market, the size of the company, as well as long-term goals, the position of the individual officer, and international standards and legal requirements.

Bonuses for Senior Executives are calculated according to the bonus base, company performance, and individual performance. Information on these criteria is summarized below:

Bonus Base

Bonus Bases are updated at the start of every year and may vary according to the size of the workload of the executive position. In updating the bonus bases, senior executive bonus policies in the market are considered.

Company Performance

Company performance is determined at the end of the period by measuring the achievement of the financial and operational targets given to the company (market share, exports, foreign operations, and productivity, etc.). Company targets are based on the important principles of sustaining company achievements and making improvements over previous years.

Individual Performance

In determining individual performance, targets related to employees, customers, processes, technologies, and long-term strategies are taken into consideration along with company targets. In measuring individual performance, parallel with company performance, long-term sustainable improvements are considered in addition to financial matters.

In the event a senior executive vacates his/her position in the company, severance may be paid on the basis of the term served in the position of senior executive, the contributions made to the company, the last target achievement bonus paid out before the date of leaving the company, and the salary and bonuses paid out in the last year.

The total amounts paid to Senior Management and Members of the Board of Directors according to the principles stated above are presented to the General Assembly for their information and/or approval in accordance with the law.

Responsibility Statement Pursuant to Capital Markets Board Communiqué II-14.1 Article 9 on Principles of Financial Reporting in Capital Markets

Board of Directors' Resolution on Approval of Annual Report

Resolution Date: 07.03.2022

Resolution Number: 973

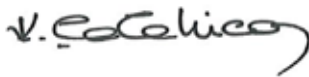
The 2021 Annual Report, which was prepared by the company and independently audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. in compliance with Turkish Commercial Code and Capital Markets Board's "Communiqué on Principles of Financial Reporting in Capital Markets" ("Communiqué") II.14.1 is hereby presented.

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

- We have examined the Annual Report, which is prepared by the company and which includes the Corporate Governance Compliance Report and Corporate Governance Information Form and the disclosures according to CMB's Sustainability Principles Compliance Framework;
- 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 business, and along with those covered by consolidation, the financial standing of the entity, together with material risks and uncertainties faced by the company.

Sincerely,

AYGAZ ANONİM ŞİRKETİ
March 7, 2022



Kutsan Çelebician
Chairman
Audit Committee



Şadan Kaptanoğlu Dikici
Member
Audit Committee



Gökhan Dizemen
Assistant General Manager
(Finance)

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

1 JANUARY - 31 DECEMBER 2021
CONSOLIDATED FINANCIAL
STATEMENTS TOGETHER WITH
INDEPENDENT AUDITORS' REPORT



Independent Auditor's Report

To the General Assembly of Aygaz Anonim Şirketi

A. Audit of the consolidated financial statements

1. Our 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 2021, the consolidated statement of profit or loss, the consolidated 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 2021, 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 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") and the ethical requirements regarding independent audit in regulations issued by POA 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. 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>Revenue recognition</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 TRY15,893,254 thousand which is the largest financial statement item in the consolidated statement of profit or loss for the period 1 January - 31 December 2021, 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 2.6 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"> - Evaluating the conformity of the Group's accounting policies for the recognition of the revenue, - Understanding the invoicing, discount calculations, approval of price changes and sales-related tax entries for significant revenue streams, - 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", - Evaluating the performance obligations determined by the Group and checking whether the revenue is accounted in accordance with the relevant accounting policies, - 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, - Performing tests with sampling method and analytical procedures regarding the completeness and accuracy of sales discount, - Evaluating the adequacy of the notes and explanations for revenue recognition which are explained in Note 2.6 and 23 within the scope of TFRS 15, "Revenue from Customer Contracts" standard, <p>As a result of these procedures on the recognition of revenue, we did not have any significant findings.</p>

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 2021 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 16 February 2022.

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

Ediz Günsel, SMMM
Partner

Istanbul, 16 February 2022

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AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL
POSITION AS AT 31 DECEMBER 2021

(Amounts expressed in thousands Turkish Lira ("TRY") unless otherwise stated.)

	Notes	Audited 31 December 2021	Audited 31 December 2020
ASSETS			
Current assets			
Cash and cash equivalents	4	1.693.433	960.648
Trade receivables		1.065.040	670.847
- Trade receivables from related parties	31	71.565	95.393
- Trade receivables from third parties	8	993.475	575.454
Other receivables		105.610	60.616
- Other receivables from third parties	9	105.610	60.616
Derivative financial instruments	7	185	20.623
Inventories	11	1.433.089	400.357
Prepaid expenses	20	91.326	41.110
Assets related to current year tax		-	51
Other current assets	19	248.908	39.244
Total current assets		4.637.591	2.193.496
Non-current assets			
Financial investments	5	462.013	421.205
Trade receivables		6.545	4.869
- Trade receivables from third parties	8	6.545	4.869
Other receivables		156	147
- Other receivables from third parties	9	156	147
Investments accounted under equity method	12	2.160.939	1.847.444
Property, plant and equipment	13	771.735	696.418
Right-of-use assets	15	188.420	171.486
Intangible assets		32.620	25.315
- Other intangible assets	14	32.620	25.315
Prepaid expenses	20	28.908	34.010
Deferred tax asset	30	44.204	850
Total non-current assets		3.695.540	3.201.744
Total assets		8.333.131	5.395.240

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

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL
POSITION AS AT 31 DECEMBER 2021

(Amounts expressed in thousands Turkish Lira ("TRY") unless otherwise stated.)

	Notes	Audited 31 December 2021	Audited 31 December 2020
LIABILITIES AND EQUITY			
Short-term liabilities			
Short-term financial borrowings	6	111.624	220.824
Current portion of long-term financial borrowings	6	954.983	346.349
Trade payables		2.122.269	824.200
- Trade payables to related parties	31	308.739	137.504
- Trade payables to third parties	8	1.813.530	686.696
Liabilities for employee benefits	10	61.415	67.979
Other payables		3.388	2.291
- Other payables to related parties	31	1.335	1.273
- Other payables to third parties	9	2.053	1.018
Derivative financial instruments	7	44.598	32.442
Deferred income	21	9.207	7.989
Current income tax liabilities		27.421	11.499
Short-term provisions		496.748	295.645
- Other provisions	18	496.748	295.645
Other current liabilities	19	37.006	42.658
Total short-term liabilities		3.868.659	1.851.876
Long-term liabilities			
Long-term financial borrowings	6	1.485.852	997.017
Other payables		141.749	117.153
- Trade payables to third parties	9	141.749	117.153
Long-term provisions		115.715	67.238
- Long-term provisions for employee benefits	17	91.919	67.238
- Other long-term provisions	18	23.796	-
Deferred tax liabilities	30	1.957	44.553
Total long-term liabilities		1.745.273	1.225.961
Total liabilities		5.613.932	3.077.837
Equity			
Share capital	22	300.000	300.000
Adjustment to share capital	22	71.504	71.504
Adjustment to share capital due to cross-ownership (-)		(7.442)	(7.442)
Other comprehensive income or expenses not to be reclassified to profit or loss		285.626	248.016
Gains (losses) on the revaluation and/or reclassification		287.376	249.249
- Gains (losses) remeasurement from defined benefit plans		(413)	237
- Gains (losses) on financial assets measured at fair value through other comprehensive income	22	287.789	249.012
Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss		(1.750)	(1.233)
"Other comprehensive income or expenses to be reclassified to profit or loss"		(411.216)	(233.661)
Currency translation differences		3.311	(4.822)
Gains (losses) on hedge		(14.550)	5.405
- Gains (losses) on cash flow hedges		(14.550)	5.405
Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss		(399.977)	(234.244)
Restricted reserves	22	365.692	352.192
Retained earnings		1.423.454	1.611.683
Net profit (loss) for the period		670.105	(24.889)
Equity attributable to equity holders of the parent		2.697.723	2.317.403
Non-controlling interest		21.476	-
Total equity		2.719.199	2.317.403
Total equity and liabilities		8.333.131	5.395.240

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

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands Turkish Lira ("TRY") unless otherwise stated.)

	Notes	Audited 1 January - 31 December 2021	Audited 1 January - 31 December 2020
Revenue	23	15.893.254	10.144.743
Cost of sales (-)	23	(14.455.117)	(9.233.035)
Gross profit		1.438.137	911.708
General administrative expenses (-)	24	(434.787)	(285.963)
Marketing expenses (-)	24	(473.755)	(361.705)
Research and development expenses (-)	24	(7.274)	(3.342)
Other operating income	26	1.124.818	251.786
Other operating expenses (-)	26	(1.229.115)	(271.703)
Operating profit		418.024	240.781
Income from investment activities	27	23.544	84.165
Loss from investment activities (-)	27	(4.224)	(1.305)
Profit (losses) from investments accounted under equity method	12	423.088	(193.089)
Operating profit before financial income (expense)		860.432	130.552
Financial income	28	282.692	195.771
Financial expense (-)	28	(445.808)	(295.287)
Profit from continuing operations before tax		697.316	31.036
Tax income (expense), continuing operations			
Current tax expense for the period (-)	30	(153.190)	(58.916)
Deferred tax income (expense)	30	83.040	2.991
Profit (loss) for the period		627.166	(24.889)
Distribution of profit (loss) for the period			
Non-controlling interest		(42.939)	-
Equity holders of the parent		670.105	(24.889)
Earnings (losses) per share (TL)	29	2,2337	(0,0830)
Diluted earnings (losses) per share (TL)	29	2,2337	(0,0830)

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

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF OTHER COMPERHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands Turkish Lira ("TRY") unless otherwise stated.)

Notes	Audited 1 January - 31 December 2021	Audited 1 January - 31 December 2020
Profit (loss) for the period	627.166	(24.889)
Other comprehensive income		
Not to be reclassified to profit or loss	37.610	23.591
Gains (losses) re-measurement on defined benefit plans	(803)	(124)
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	40.818	25.081
Share of other comprehensive income of investment accounted for using equity method that will not be reclassified to profit or loss		
- Gains (losses) from re-measurement on defined benefit plans of investments using equity method	(517)	(137)
Taxes relating to other comprehensive income not to be reclassified to profit (loss)		
- Gains (losses) re-measurement on defined benefit plan, tax effect	153	25
- Gains (losses) on financial assets measured at fair value through other comprehensive income, tax effect	(2.041)	(1.254)
To be reclassified to profit or loss	(177.555)	(9.382)
Currency translation differences	8.133	(4.822)
Gains (losses) on cash flow hedges		
- Gains (losses) on cash flow hedges	(24.753)	17.800
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	(234.408)	(21.578)
- Gains (losses) from currency translation differences of investments using equity method	68.675	2.778
Taxes relating to other comprehensive income to be reclassified to profit (loss)		
- Gains (losses) on cash flow hedges, tax effect	4.798	(3.560)
Other comprehensive income (expense) (after taxation)	(139.945)	14.209
Total other comprehensive income (expense)	487.221	(10.680)
Distribution of total comprehensive income (expense)		
- Non-controlling interest	(42.939)	-
- Equity holders of the parent	530.160	(10.680)

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

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands Turkish Lira ("TRY") unless otherwise stated.)

	Notes	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						
		Share capital	Adjustment to share capital	Adjustment to share capital due to cross-ownership (-)	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	Non-controlling interest	Total equity
Audited																
As of 1 January 2020		300.000	71.504	(7.442)	336	225.185	(1.096)	-	(8.835)	(215.444)	338.692	1.501.706	273.477	2.478.083	-	2.478.083
Transfers		-	-	-	-	-	-	-	-	-	13.500	259.977	(273.477)	-	-	-
Total comprehensive income (expense)		-	-	-	(99)	23.827	(137)	(4.822)	14.240	(18.800)	-	-	(24.889)	(10.680)	-	(10.680)
Net income		-	-	-	-	-	-	-	-	-	-	-	(24.889)	(24.889)	-	(24.889)
Other comprehensive income (expense)		-	-	-	(99)	23.827	(137)	(4.822)	14.240	(18.800)	-	-	-	14.209	-	14.209
Dividend paid		-	-	-	-	-	-	-	-	-	-	(150.000)	-	(150.000)	-	(150.000)
As of 31 December 2020		300.000	71.504	(7.442)	237	249.012	(1.233)	(4.822)	5.405	(234.244)	352.192	1.611.683	(24.889)	2.317.403	-	2.317.403
Audited																
As of 1 January 2021		300.000	71.504	(7.442)	237	249.012	(1.233)	(4.822)	5.405	(234.244)	352.192	1.611.683	(24.889)	2.317.403	-	2.317.403
Transfers		-	-	-	-	-	-	-	-	-	13.500	(38.389)	24.889	-	-	-
Increase in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	48.600	48.600
Decrease due to share ratio changes that do not result in loss of control in subsidiaries		-	-	-	-	-	-	-	-	-	-	160	-	160	15.815	15.975
Total comprehensive income (expense)		-	-	-	(650)	38.777	(517)	8.133	(19.955)	(165.733)	-	-	670.105	530.160	(42.939)	487.221
Net income		-	-	-	-	-	-	-	-	-	-	-	670.105	670.105	(42.939)	627.166
Other comprehensive income (expense)		-	-	-	(650)	38.777	(517)	8.133	(19.955)	(165.733)	-	-	-	(139.945)	-	(139.945)
Dividend paid	22	-	-	-	-	-	-	-	-	-	-	(150.000)	-	(150.000)	-	(150.000)
As of 31 December 2021		300.000	71.504	(7.442)	(413)	287.789	(1.750)	3.311	(14.550)	(399.977)	365.692	1.423.454	670.105	2.697.723	21.476	2.719.199

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

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2021

(Amounts expressed in thousands Turkish Lira ("TRY") unless otherwise stated.)

	Notes	Audited 1 January - 31 December 2021	Audited 1 January - 31 December 2020
Cash flows from operating activities		235.007	276.504
Net income (loss)		627.166	(24.889)
Adjustments related with the reconciliation of net profit (loss) for the period		188.030	453.981
Adjustments for depreciation and amortization expenses	3, 13, 14, 15	183.120	155.763
Adjustments for impairment reversal (loss)		196	(1.251)
Adjustments for provisions		65.415	20.098
Adjustments for dividend income (expense)	27	(7.525)	(100)
Adjustments for interest income	28	(111.945)	(57.869)
Adjustments for interest expense	28	239.048	197.369
Adjustments for unrealized foreign translation differences		177.406	(70.655)
Adjustments for fair value gains (losses) on derivative financial instruments		12.639	41.616
Adjustments for undistributed profits of investments accounted under equity method	12	(423.088)	193.089
Adjustments for tax income (expenses)	30	70.150	55.925
Adjustments for gains (losses) on disposal of non-current assets	27	(11.795)	(60.339)
Adjustments for other items causing cash flows from investment or financial activities			
- Termination compensation income	5, 27	-	(22.421)
Other adjustments for reconciliation of profit (loss)		(5.591)	2.756
Changes in working capital		(435.766)	(89.484)
Change in blocked deposits		(19.923)	1.635
Adjustments for decrease (increase) in trade receivables		(396.065)	(100.091)
Adjustments for decrease (increase) in other operating receivables		(254.667)	(79.778)
Adjustments for decrease (increase) in inventories		(1.032.732)	(137.048)
Decrease (increase) in prepaid expenses		(45.081)	10.585
Adjustments for increase (decrease) in trade payables		1.298.069	245.417
Increase (decrease) in liabilities for employee benefits		(6.564)	13.937
Adjustments for increase (decrease) in other operating payables		19.979	(44.895)
Increase (decrease) in deferred income		1.218	754
Cash flows from operating activities		379.430	339.608
Payments related to provisions for employee benefits	17	(7.206)	(5.391)
Tax returns (payments)		(137.217)	(57.713)
Cash flows from investing activities		(158.410)	(132)
Cash inflows from sales that do not result in loss of control of subsidiaries		15.975	-
Cash outflows from the purchase of interests or capital increase of investments in associates or joint ventures	12	(56.657)	-
Cash inflows from the sale of property, plant and equipment and intangible assets		27.718	67.024
Cash outflows from the purchase of property, plant and equipment and intangible assets	13, 14	(201.571)	(89.677)
Dividends received		7.525	100
Other cash inflows (outflows)			
- Cash inflows due to termination payment	5, 27	-	22.421
- Contributions of non-controlling interests to capital increases		48.600	-
Cash flows from financing activities		651.634	(77.422)
Proceeds from borrowings	6	1.559.573	1.297.600
Repayments of borrowings	6	(583.900)	(1.022.356)
Payments of lease liabilities	6	(109.828)	(79.198)
Dividends paid		(149.938)	(149.938)
Interest paid		(176.185)	(181.111)
Interest received		111.912	57.581
Net increase (decrease) in cash and cash equivalents before currency translation differences		728.231	198.950
Effect of currency translation differences		(15.369)	97.942
Net increase (decrease) in cash and cash equivalents		712.862	296.892
Cash and cash equivalents at the beginning of the period	4	958.212	661.320
Cash and cash equivalents at the end of the period	4	1.671.074	958.212

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

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021

(Amounts expressed in thousands Turkish Lira ("TRY") unless otherwise stated.)

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. In 2019 the Company opened a branch office in London with the aim of increasing trade volume with third parties in international markets and creating additional value for its domestic operations by monitoring the opportunities in global markets. 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 2021, 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:

	End of period		Average	
	31 December 2021	31 December 2020	1 January - 31 December 2021	1 January - 31 December 2020
Monthly paid	840	692	757	680
Hourly paid	632	634	655	624
Total number of personnel	1.472	1.326	1.412	1.304

Subsidiaries

The details of the Group's subsidiaries are as follows:

Subsidiaries	Place of incorporation and operation	Ownership interest (%)		Voting power right	Principal activity
		31 December 2021	31 December 2020		
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	100	100	Cargo transportation/distribution

(*) Within the Extraordinary General Assembly registered on 2 September 2021, the title of Aygaz Aykargo Dağıtım Hizmetleri A.Ş. ("Aykargo") was changed to Sendeo Dağıtım Hizmetleri A.Ş. ("Sendeo").

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021

(Amounts expressed in thousands Turkish Lira ("TRY") unless otherwise stated.)

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

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 Anadoluhisarı Tankercilik A.Ş. ("Anadolu Hisarı"), 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"). Bal Kaynak continues its water trade activities with the aim of providing sustainable production.

ADG Enerji Yatırımları A.Ş. ("ADG Enerji") whose main area of activity was natural gas until the Extraordinary General Meeting held on 11 August 2020 by which it is resolved to change the title and the main area of activity of the company. While the new title of ADG Enerji is changed to Aygaz Aykargo Dağıtım Hizmetleri Anonim Şirketi ("Aykargo"), its main area of activity is also updated with the purpose to take part in cargo distribution sector that grows in line with developments in e-commerce and economy. Within this framework, it was decided to develop the activities within the scope of Aykargo Cargo Distribution Project, which started as an in-house entrepreneurship project, by using Company's existing dealer network and home delivery experience, through that will operate exclusively in this field. With the Ordinary General Assembly Meeting of Aykargo, held on 19 February 2021, it was decided to increase the Aykargo capital from TL 500 thousand to TL 35.500 thousand, and the entire amount was paid in cash on 6 April 2021 by the Company as the sole shareholder. 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. With the contract, the Company has declared its intentions that the Company and/or other Koç Group companies owning Aykargo shares make a cash capital injection of up to USD 60 million in Aykargo during the service period taking into account the company's activities and operational needs. On 3 August 2021 45% of the shares of Aykargo each with a nominal value of TL 15.975 thousand were transferred to Koç Holding A.Ş. with a cash price of

TL 15.975 thousand and the full payment was collected by the Company in cash. With the decision of the Extraordinary General Assembly registered on 2 September 2021, the title of Aykargo was changed to Sendeo Dağıtım Hizmetleri A.Ş. ("Sendeo"), and its capital has been increased to 143.500 thousand TL and the capital payments are completed.

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021

(Amounts expressed in thousands Turkish Lira ("TRY") unless otherwise stated.)

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

Investments in associates

The details of the Group's associates are as follows:

Investments in associates	Place of incorporation and operation	Ownership interest (%)		Voting power right	Principal activity
		31 December 2021	31 December 2020		
Enerji Yatırımları A.Ş. ("EYAŞ")	Turkey	20,00	20,00	20,00	Energy
Entek Elektrik Üretimi A.Ş. ("Entek")	Turkey	49,62	49,62	49,62	Electricity

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.

Entek Elektrik Üretim A.Ş. ("Entek") operates as the electricity generation company of Koç Group.

On 4 August 2021, Entek acquired all of the shares of companies Süloğlu Elektrik Üretimi A.Ş. (Former trade name: STEAG Rüzgar Süloğlu Enerji Üretim ve Ticaret A.Ş.) and Enspire Enerji Yatırımları ve Hizmetleri A.Ş. (Former trade name: STEAG Turkey Enerji Yatırımları ve Hizmetleri A.Ş.) from STEAG GmbH for 58.9 million USD in cash. With this purchase, as of 31 December 2021, it has a total installed capacity of 436 MW, 324 MW of which is in renewable energy, with eight hydroelectric power plants in Kahramanmaraş, Karaman, Samsun and Mersin with capacity of 264 MW, one natural gas cycling plant with capacity of 112 MW in Kocaeli, and one wind power plant with capacity of 60 MW in Edirne.

Joint ventures

The details of the Group's joint ventures are as follows:

Joint Ventures	Place of incorporation and operation	Ownership interest (%)		Voting power right	Principal activity
		31 December 2021	31 December 2020		
Opet Aygaz Gayrimenkul A.Ş. ("OAGM")	Turkey	50,00	50,00	50,00	Real Estate
United LPG Ltd. (*)	Bangladesh	50,00	-	50,00	LPG supply, filling and distribution

(*) With the protocol signed on 20 January 2021, the name of the Joint Venture Company will be United Aygaz LPG Ltd. and the name change will take place with the application to be made following the completion of the necessary permit by the relevant Ministry.

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.

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021

(Amounts expressed in thousands Turkish Lira ("TRY") unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

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 fulfillment of all the conditions precedents set forth in the Contract, the transfer of shares are completed, following the payment of 50.000 thousand Bangladesh Taka ("BDT") (TL 4.507 thousand) to the Seller in cash by the Company on 20 January 2021. With the Board of Directors Decision of the Company dated on 1 July 2021, it was decided to increase capital of United LPG Ltd., the joint venture of the Company, from BDT 100.000 thousand to BDT 1.120.000 thousand, and the BDT 510.000 thousand (approximately TL 52.150 thousand), corresponding to 50% share of the Company has been paid.

Approval of consolidated financial statements::

The consolidated financial tables for the period ended on 31 December 2021 are approved on the Board of Directors meeting held on 16 February 2022 to be published.

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/IFRS") 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 Turkish Accounting Standards, Turkish Financial Reporting Standards, annexes and comments on them. TAS/IFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards ("IFRS") by the communiqués announced by the POA.

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for listed companies operating in Turkey. The Group has prepared its consolidated financial statements in accordance with this decision.

The Group's consolidated financial statements are presented in terms of Turkish Lira "TL" 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. The functional currency of Aygaz UK, the company's branch in London, is US Dollars "USD".

While preparing the consolidated financial statements, in the conversion of the balance sheet items of the branch operating abroad and whose functional currency is USD, into TL, which is the functional and reporting currency of the Company. Translation differences arising from the use of closing and average exchange rates are followed under the foreign currency conversion differences item within the equity.

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021

(Amounts expressed in thousands Turkish Lira ("TRY") unless otherwise stated.)

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/TFRS 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021

(Amounts expressed in thousands Turkish Lira ("TRY") unless otherwise stated.)

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 2021*

Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2; effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform. These amendments do not have any significant impact on Group's financial condition and performance.

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021

(Amounts expressed in thousands Turkish Lira ("TRY") unless otherwise stated.)

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**2.3 New and revised Turkey Financial Reporting Standards (Continued)**

Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9; effective from annual periods beginning on or after 1 January 2023. These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial instrument until 1 January 2023. These amendments do not have any significant impact on Group's financial condition and performance.

b) Standards, amendments and interpretations that are issued but not effective as at 31 December 2021

Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the Practical expedient; as of March 2021, this amendment extended till June 2022 and effective from 1 April 2021. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. The Group is in the process of assessing the impact of the interpretation on financial position or 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 currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

Amendments to IAS 1, Presentation of financial statements' on classification of liabilities; effective date deferred until accounting periods starting not earlier than 1 January 2024. These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16; effective from Annual periods beginning on or after 1 January 2022.

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**2.3 New and revised Turkey Financial Reporting Standards (Continued)**

- **Amendments to IFRS 3;** 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- **Amendments to IAS 16;** 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- **Amendments to IAS 37;** 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'. The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

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

Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction; 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 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.

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021**

(Amounts expressed in thousands Turkish Lira ("TRY") unless otherwise stated.)

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 2021, SCT on imported LPG included in revenues and the cost of goods sold is amounting to TL 189.197 thousand (1 January-31 December 2020: TL 1.769.554 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.

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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)

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**2.7 Leases (Continued)**

The Group re-measures the right of use asset:

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

The Group applies 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:

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

After initial recognition, the lease liability is measured by:

- a) Increasing the carrying amount to reflect interest on lease liability,
- b) Reducing the carrying amount to reflect the lease payments made and
- c) 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.

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 2021 is amount of TL 2.213 thousand.

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**2.7 Leases (Continued)**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.

Useful lives

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

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021**

(Amounts expressed in thousands Turkish Lira ("TRY") unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**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.

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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**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.

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.

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**2.12 Financial instruments (Continued)****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 forward contracts, currency swaps and cross currency fixed interest rate swap.

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.

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

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.

2.13.3 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.

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021**

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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 Foreign currency transactions**

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 TL, 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 TL.

In preparing the financial statements of the individual entities, transactions in currencies other than TL (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 TL 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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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021

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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 gas and petroleum products, electricity and other operations. 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.

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

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.

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.

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NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**2.20 Taxation and deferred tax (Continued)**

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.

2.21 Employment benefitsDefined 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.

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**2.21 Employment benefits (Continued)**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 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 2021, the Group has capitalized amounting to TL 451 thousand research and development expenses (31 December 2020: TL 1.752 thousand).

2.25 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.

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021**

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NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**2.25 Critical accounting estimates and assumptions (Continued)**

- c) In order to record allowances for litigations, the consequences of lost cases are evaluated with the Company lawyers and Company Management makes most accurate evaluations with the available data (Note 18).
- d) 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.

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 evaluates operations and results according to industrial segments for the purpose of making decisions for assigning resources to the segments and evaluating the segmental performances. The distribution of segmental operations with respect to industrial segments is as follows:

- Gas and petroleum products
- Electricity
- Other

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 and operating profit.

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NOTE 3 – SEGMENT INFORMATION (CONTINUED)

For the period ended 31 December 2021 and 2020, profit or loss statements according to industrial segments are as follows:

	1 January - 31 December 2021				
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
Revenue	15.314.734	-	944.271	(365.751)	15.893.254
Cost of sales (-)	(14.019.763)	-	(801.105)	365.751	(14.455.117)
Gross profit	1.294.971	-	143.166	-	1.438.137
General administrative expenses (-)	(335.625)	-	(107.530)	8.368	(434.787)
Marketing expenses (-)	(396.038)	-	(77.717)	-	(473.755)
Research and development expenses (-)	(7.257)	-	(17)	-	(7.274)
Other operating income	1.090.375	-	46.019	(11.576)	1.124.818
Other operating expenses (-)	(1.193.017)	-	(38.666)	2.568	(1.229.115)
Operating profit (loss)	453.409	-	(34.745)	(640)	418.024
Income from investment activities	103.685	-	1.279	(81.420)	23.544
Loss from investment activities (-)	(1.471)	-	(2.753)	-	(4.224)
Profit (losses) from investments accounted under equity method	331.035	87.852	4.202	(1)	423.088
Operating profit before financial income (expense)	886.658	87.852	(32.017)	(82.061)	860.432
Financial income	252.493	-	30.199	-	282.692
Financial expense (-)	(426.975)	-	(18.833)	-	(445.808)
Profit (loss) from continuing operations before tax	712.176	87.852	(20.651)	(82.061)	697.316
Current tax expense for the period (-)	(140.914)	-	(12.276)	-	(153.190)
Deferred tax income (expense)	81.942	-	1.098	-	83.040
Profit (loss) for the period	653.204	87.852	(31.829)	(82.061)	627.166
Distribution of profit (loss) for the period					
Non-controlling interest	-	-	(42.939)	-	(42.939)
Equity holders of the parent	653.204	87.852	11.110	(82.061)	670.105

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NOTE 3 – SEGMENT INFORMATION (CONTINUED)

	1 January - 31 December 2020				
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
Revenue	9.665.909	-	780.023	(301.189)	10.144.743
Cost of sales (-)	(8.908.302)	-	(625.922)	301.189	(9.233.035)
Gross profit	757.607	-	154.101	-	911.708
General administrative expenses (-)	(260.066)	-	(31.900)	6.003	(285.963)
Marketing expenses (-)	(306.411)	-	(55.294)	-	(361.705)
Research and development expenses (-)	(3.292)	-	(50)	-	(3.342)
Other operating income	246.935	-	11.110	(6.259)	251.786
Other operating expenses (-)	(260.782)	-	(11.857)	936	(271.703)
Operating profit (loss)	173.991	-	66.110	680	240.781
Income from investment activities	149.743	-	2.743	(68.321)	84.165
Loss from investment activities (-)	(417)	-	(888)	-	(1.305)
"Profit (losses) from investments accounted under equity method"	(266.939)	72.164	1.686	-	(193.089)
Operating profit (loss) before financial income (expense)	56.378	72.164	69.651	(67.641)	130.552
Financial income	184.192	-	11.579	-	195.771
Financial expense (-)	(278.112)	-	(17.175)	-	(295.287)
Profit (loss) from continuing operations before tax	(37.542)	72.164	64.055	(67.641)	31.036
Current tax expense for the period (-)	(49.782)	-	(9.134)	-	(58.916)
Deferred tax income (expense)	3.043	-	(52)	-	2.991
Profit (loss) for the period	(84.281)	72.164	54.869	(67.641)	(24.889)
Distribution of profit (loss) for the period Equity holders of the parent	(84.281)	72.164	54.869	(67.641)	(24.889)

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 nine months period 1 January-31 December 2021, SCT on imported LPG included in revenues and the cost of goods sold is amounting to TL 189.197 thousand (1 January-31 December 2020: TL 1.769.554 thousand).

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NOTE 3 - SEGMENT INFORMATION (CONTINUED)

The amortization and depreciation expense for the industrial segmental assets for the period ended on 31 December 2021 and 2020 are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Gas and petroleum products	155.436	137.075
Other	27.684	18.688
	183.120	155.763

TL 80.094 thousand of total amount consist of amortization and depreciation expenses allocated under TFRS 16, 'Leases' (2020: TL 58.133 thousand).

The investment expenditures for the industrial segmental assets for the periods ended on 31 December 2021 and 2020 are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Gas and petroleum products	137.332	72.419
Other	64.239	17.258
	201.571	89.677

NOTE 4 - CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020
Cash on hand	520	320
Cash at banks	1.679.773	904.731
- Time deposits	1.632.379	880.936
- Demand deposits	47.394	23.795
Receivables from credit card transactions	13.140	55.597
Total	1.693.433	960.648

As of 31 December 2021 the Group's TL time deposits amounting to TL 671.928 thousand with maturities of 1-3 days and interest rates of 16%-26%; USD time deposits amounting to USD 74.009 thousand (TL 960.451 thousand) with maturities of 3 day and interest rate of 0,50% (31 December 2020: The Group's TL time deposits amounting to TL 676.716 thousand with maturities of 4 days and interest rates of 16,75%-19,15%. USD time deposits amounting to USD 27.821 thousand (TL 204.220 thousand) with maturities of 4 days and interest rate of 1,25%).

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NOTE 4 - CASH AND CASH EQUIVALENTS (CONTINUED)

The amount of cash and cash equivalents shown in the statement of cash flow as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Cash and cash equivalents	1.693.433	960.648
Less: Blocked deposits (*)	(22.359)	(2.436)
	1.671.074	958.212

(*) 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 (EXIST).

NOTE 5 - FINANCIAL ASSETS

The long-term financial assets of the Group are as follows as of 31 December 2021 and 2020:

	31 December 2021		31 December 2020	
	Participation amount	Participation rate (%)	Participation amount	Participation rate (%)
"Financial assets measured at fair value through other comprehensive income"				
- Koç Finansal Hizmetler A.Ş. (*)	459.896	3,93	419.078	3,93
"Financial assets measured at fair value through profit or loss"				
- Ram Dış Ticaret A.Ş.	1.516	2,50	1.258	2,50
- Tanı Pazarlama ve İletişim Hizmetleri A.Ş. (**)	-	-	270	10,00
- Tat Gıda Sanayi A.Ş.	165	0,08	163	0,08
- Other	436	-	436	-
	462.013		421.205	

(*) After the end of the business partnership between Koç Group and UniCredit S.P.A ("UniCredit") on 5 February 2020, 100% of the shares representing the capital of Koç Finansal Hizmetler A.Ş. ("KFS") passed to Koç Group (Koç Holding, Koç companies, Koç Family, partnerships and related foundations controlled by Koç Family) in proportion to their shares in KFS; In addition, KFS's Yapı ve Kredi Bankası A.Ş. ("YKB") shares of 31.93% were transferred to UniCredit and 9.02% to Koç Holding A.Ş. KFS's share in YKB decreased from 81.9% to 40.95%. Within this framework, the Company's share in KFS increased from 1.97% to 3.93%. Within the scope of termination of the business partnership between Koç Group and UniCredit in line with UniCredit's strategic goals, UniCredit made a termination payment of TL 22.421 thousand to the Company on 6 February 2020. It was measured on the basis of Level 1 (actively traded market price) as of 31 December 2021 and 2020 (Note 32).

(**) The transfer of shares has been completed on 30 November 2021.

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NOTE 6 - FINANCIAL BORROWINGS

As of 31 December 2021 and 2020 the Group's short-term financial borrowings are as follows:

	31 December 2021	31 December 2020
TL-denominated short-term bank borrowings	30.375	152.676
Short-term lease liabilities	81.249	68.148
Total short-term financial borrowings	111.624	220.824
Short-term portion and interest accruals of TL-denominated long-term bank borrowings	952.819	140.683
Short-term portion and interest accruals of USD-denominated long-term bank borrowings	694	33.049
Short-term portion of long-term bond issued (*)	1.470	172.617
Total short-term portion of long-term financial borrowings	954.983	346.349

As of 31 December 2021 the details of short-term financial borrowings are as follows:

Currency	Average effective interest rate per annum (%)	Original amount	TL amount
TL	19,58	30.375	30.375
			30.375

As of 31 December 2021 the details of short-term financial borrowings are as follows:

Currency	Average effective interest rate per annum (%)	Original amount	TL amount
TL	9,89	152.676	152.676
			152.676

As of 31 December 2021 and 2020 the Group's long-term financial borrowings are as follows:

	31 December 2021	31 December 2020
TL-denominated long-term bank borrowings	714.803	894.390
USD-denominated long-term bank borrowings	389.294	-
Long-term bond issued (*)	280.000	-
Long-term lease liabilities	101.755	102.627
Total long-term financial borrowings	1.485.852	997.017

(*) On 2 July 2021 and 16 December 2021, the Group has issued, TLREF+%1,40 and TLREF+%2,15 floating rate bond with a nominal value TL 100.000 thousand and TL 180.000 thousand with a maturity of 730 days and 725 days and quarterly coupon payments respectively.

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NOTE 6 - FINANCIAL BORROWINGS (CONTINUED)

As of 31 December 2021 the details of long-term financial borrowings are as follows:

Currency	Average effective interest rate per annum (%)	Original amount	TL amount
TL	14,21	1.667.622	1.667.622
USD	2,5% + USD Libor	30.051	389.988
Short-term portion of long-term loans and interest accruals			(953.513)
			1.104.097

As of 31 December 2020 the details of long-term financial borrowings are as follows:

Currency	Average effective interest rate per annum (%)	Original amount	TL amount
TL	10,14	1.035.073	1.035.073
US Dollars	3,19	4.502	33.049
Short-term portion of long-term loans and interest accruals			(173.732)
			894.390

The Group's movements of financial borrowings are as follows:

	2021	2020
As of January 1	1.564.190	1.247.763
Proceeds from new financial borrowings (*)	1.559.573	1.297.600
Increase in lease liabilities	97.028	119.553
Repayments of principals (*)	(693.728)	(1.101.554)
Changes in interest accruals	62.863	16.258
Currency translation differences	(37.467)	(15.430)
As of December 31	2.552.459	1.564.190

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 2021.

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NOTE 7 - DERIVATIVE FINANCIAL INSTRUMENTS

As of 31 December 2021 and 2020 the Group's derivative financial instruments are as follows:

	31 December 2021		31 December 2020	
	Contract amount	Fair value assets/ (liabilities)	Contract amount	Fair value assets/ (liabilities)
Short-term derivative instruments				
Forward transactions (1)	12.971	185	6.751	33
Foreign currency swap contracts (2)	-	-	13.050	20.590
Total short-term derivative financial assets	12.971	185	19.801	20.623
Futures transactions (3)	1.792.944	(44.598)	731.456	(29.216)
Interest rate swap (4)	-	-	170.000	(3.226)
Total short-term derivative financial liabilities	1.792.944	(44.598)	901.456	(32.442)

- (1) As of 31 December 2021, the Group has entered into forward transaction with a maturity of 19 days and nominal value amounting to USD 985 thousand (31 December 2020: USD 900 thousand with a maturity of 18 days). (Note 32).
- (2) As of 31 December 2021, the Group has no foreign currency swap transaction (31 December 2020: In June, 2016, the Group has realized swap transaction with a contract amounting to TL 91.350 thousand with 5 years maturity, half yearly interest payment and fixed interest rate of 13,415%, in return for USD 31.500 thousand with a floating interest rate of six-month USDLIBOR + 2,4%).
- (3) As of 31 December 2021, the Group's future transactions consist of propane, butane, naphtha products and freight swaps.
- (4) As of 31 December 2021, the Group has no interest rate swap transaction (31 December 2020: The Group has entered interest rate swap transactions for the bond on 21 June 2019 amounting to TL 90.000 thousand in total, fixing interest rate of TL 50.000 thousand of total bond with 21,95% and the TL 40.000 thousand of total bond with 20,75% and on 7 August 2019 amounting to TL 80.000 thousand in total, fixing interest rate of TL 50.000 thousand of total bond with 16,85% and the TL 30.000 thousand of total bond with 16,47%.)

NOTE 8 - TRADE RECEIVABLES AND PAYABLES FROM THIRD PARTIES

The Group's trade receivables from third parties as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Trade receivables	974.902	566.454
Notes receivables	45.809	36.040
Allowance for doubtful receivables (-) (*)	(27.236)	(27.040)
Total current trade receivables	993.475	575.454

(*) TL 635 thousand of provision for doubtful receivables consists of expected credit loss provisions (31 December 2020: TL 635 thousand).

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NOTE 8 - TRADE RECEIVABLES AND PAYABLES FROM THIRD PARTIES (CONTINUED)

	31 December 2021	31 December 2020
Notes receivable	6.545	4.869
Total non-current trade receivables	6.545	4.869

The Group's movements of doubtful receivables are as follows:

	2021	2020
As of January 1	27.040	28.291
Increases during the period	1.315	906
Collections	(746)	(2.157)
Write offs	(373)	-
As of 31 December	27.236	27.040

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 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Trade payables	1.813.530	686.696
Total short-term trade payables	1.813.530	686.696

NOTE 9 - OTHER RECEIVABLES AND PAYABLES FROM THIRD PARTIES

The Group's other receivables from third parties as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Guarantees and deposits given (*)	103.655	57.781
Other receivables	1.955	2.835
Total other current receivables	105.610	60.616

(*) The Group's branch office in London, Aygaz UK performs derivative transactions and receives clearing services with third parties through ADM Investor Services, Inc. ('ADM'). Within this framework, collateral of USD 7.844 thousand equivalent of TL 101.796 thousand (31 December 2020: USD 7.841 thousand equivalent to TL 57.557 thousand) kept under the provision of "fair value" and "margin call" in ADM is classified as deposits and guarantees given under other receivables from third parties.

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NOTE 9 – OTHER RECEIVABLES AND PAYABLES FROM THIRD PARTIES (CONTINUED)

	31 December 2021	31 December 2020
Guarantees and deposits given	156	147
Total other non-current receivables	156	147

As of 31 December 2021 and 2020, other payables to third parties of the Group are as follows:

	31 December 2021	31 December 2020
Deposits and guarantees taken	2.053	1.018
Total other short-term payables	2.053	1.018

	31 December 2021	31 December 2020
Cylinder deposits received	141.749	117.153
Total other long-term payables	141.749	117.153

NOTE 10 - LIABILITIES FOR EMPLOYEE BENEFITS

As of 31 December 2021 and 2020, liabilities for employee benefits of the Group are as follows:

	31 December 2021	31 December 2020
Employee's income tax payable	38.225	29.326
Payables to personnel	14.862	32.695
Social security liabilities	8.328	5.958
Total liabilities for employee benefits	61.415	67.979

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NOTE 11 - INVENTORIES

	31 December 2021	31 December 2020
Raw materials	771.204	230.618
Work in process	5.054	2.968
Finished goods	30.600	14.318
Trade goods	25.727	9.066
Goods in transit	600.733	143.616
Allowance for impairment on inventory (-)	(229)	(229)
	1.433.089	400.357

As of 31 December 2021, the inventories comprise of 117.568 tons of LPG (31 December 2020: 97.891 tons).

NOTE 12 - EQUITY INVESTMENTS

The details of carrying values and consolidation rates subject to equity investments are as follows:

	31 December 2021		31 December 2020	
	Participation amount	Participation rate (%)	Participation amount	Participation rate (%)
EYAŞ	1.339.203	20,00	1.101.054	20,00
Entek	595.318	49,62	606.000	49,62
OAGM	144.592	50,00	140.390	50,00
United LPG Ltd (*)	81.826	50,00	-	-
	2.160.939		1.847.444	

(*) With the protocol signed on 20 January 2021, the name of the Joint Venture Company will be United Aygaz LPG Ltd. and the name change will take place with the application to be made following the completion of the necessary permit by the relevant Ministry.

The movement of equity investments is as follows:

	2021	2020
As of January 1	1.847.444	2.059.470
Shares of profit/(loss)	423.088	(193.089)
Shares of other comprehensive income/(loss)	(166.250)	(18.937)
Purchase of interest in joint venture and increase in capital (*)	56.657	-
As of 31 December	2.160.939	1.847.444

(*) On 20 January 2021, BDT 50,000 thousand (TL 4.507 thousand) of the share purchase price was paid in cash to Seller and United LPG Ltd. shares were transferred to the Company. With the Board of Directors Decision of the Company dated on 1 July 2021, it was decided to increase capital of United LPG Ltd., the joint venture of the Company, from BDT 100.000 thousand to BDT 1.120.000 thousand, and the BDT 510.000 thousand (approximately TL 52.150 thousand), corresponding to our 50% share the Company has been paid on 8 July 2021. (Note 1)

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NOTE 12 - EQUITY INVESTMENTS (CONTINUED)

Shares of profit (loss) of equity investments:

	1 January - 31 December 2021	1 January - 31 December 2020
EYAŞ	333.683	(266.939)
Entek	87.852	72.164
OAGM	4.202	1.686
United LPG Ltd	(2.649)	-
	423.088	(193.089)

Shares of other comprehensive gains (losses) of equity investments:

	1 January - 31 December 2021	1 January - 31 December 2020
EYAŞ (*)	(95.534)	(11.124)
Entek	(98.534)	(7.813)
United LPG Ltd	27.818	-
	(166.250)	(18.937)

(*) TÜPRAŞ, a subsidiary of EYAŞ, designated its investment loans amounting to USD 387.878 thousand (TL 5.170.028 thousand) (31 December 2020: USD 593.982 thousand, TL 4.360.123 thousand) as hedging instrument against USD/TL spot exchange rate risk which is exposed due to highly probable estimated export revenue in USD and, in this context, applies accounting for cash flow hedge. As of 31 December 2021, foreign exchange gains (losses) on investment loans amounting to TL 4.108.543 thousand (31 December 2020: TL 2.736.854 thousand) are accounted under "Gains (losses) on hedging" under shareholders' equity until the cash flows of the related hedged item are realized.

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 2021	31 December 2020
Total assets	95.593.572	57.967.264
Total liabilities	(84.715.513)	(49.499.218)
Non-controlling interest	(4.182.044)	(2.962.780)
Net assets	6.696.015	5.505.266
Group's ownership	20%	20%
Group's share in associates' net assets	1.339.203	1.101.054
	1 January - 31 December 2021	1 January - 31 December 2020
Revenue	150.971.584	63.243.815
Profit for the period	1.668.413	(1.334.693)
Group's share in associates' profit for the period	333.683	(266.939)

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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:

	31 December 2021	31 December 2020
Total assets	3.665.981	2.410.567
Total liabilities	(2.466.227)	(1.189.286)
Net assets	1.199.754	1.221.281
Group's ownership	49,62%	49,62%
Group's share in associates' net assets	595.318	606.000
	1 January - 31 December 2021	1 January - 31 December 2020
Revenue	1.760.051	1.256.845
Profit for the period	177.050	145.433
Group's share in associates' profit for the period	87.852	72.164

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:

	31 December 2021	31 December 2020
Total assets	477.703	495.205
Total liabilities	(188.519)	(214.426)
Net assets	289.184	280.779
Group's ownership	50%	50%
Group's share in associates' net assets	144.592	140.390
	1 January - 31 December 2021	1 January - 31 December 2020
Revenue	26.141	23.251
Profit for the period	8.404	3.372
Group's share in associates' profit for the period	4.202	1.686

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NOTE 12 - EQUITY INVESTMENTS (CONTINUED)

Financial information on United LPG Ltd., which is accounted in the Group's financial statements according to equity pick-up method is set out below:

	31 December 2021	31 December 2020
Total assets	170.790	-
Total liabilities	(7.138)	-
Net assets	163.652	-
Group's ownership	50%	-
Group's share in associates' net assets	81.826	-
	1 January - 31 December 2021	1 January - 31 December 2020
Revenue	11	-
Profit for the period	(5.297)	-
Group's share in associates' profit for the period	(2.649)	-

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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
Acquisition cost									
As of 1 January 2021	18.351	183.870	79.514	1.833.938	233.070	88.207	25.682	27.683	2.490.315
Additions	-	-	194	2.259	5.473	32.206	9.709	144.691	194.532
Transfers (*)	-	12.047	11.502	72.272	1.390	9.112	43	(116.386)	(10.020)
Disposals	(45)	(41)	(95)	(18.258)	(1.936)	(10.329)	(140)	(3.554)	(34.398)
As of 31 December 2021	18.306	195.876	91.115	1.890.211	237.997	119.196	35.294	52.434	2.640.429
Accumulated depreciation									
As of 1 January 2021	-	81.615	55.374	1.437.973	133.150	60.150	25.635	-	1.793.897
Charge of the period	-	6.299	1.776	60.982	12.779	10.341	1.116	-	93.293
Transfers (*)	-	-	-	3.144	-	(19)	(3.144)	-	(19)
Disposals	-	(14)	(17)	(15.340)	(951)	(2.106)	(49)	-	(18.477)
As of 31 December 2021	-	87.900	57.133	1.486.759	144.978	68.366	23.558	-	1.868.694
Net book value	18.306	107.976	33.982	403.452	93.019	50.830	11.736	52.434	771.735

(*) TL 10.001 thousand under "Construction in progress" under the account property, plant and equipment has been classified to intangible fixed assets.

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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
Acquisition cost									
As of 1 January 2020	17.893	179.561	79.783	1.798.684	231.704	81.192	25.013	23.852	2.437.682
Additions	458	375	47	2.000	2.076	8.440	200	75.198	88.794
Transfers (*)	-	4.712	1.246	49.410	2.669	3.937	469	(71.367)	(8.924)
Disposals	-	(778)	(1.562)	(16.156)	(3.379)	(5.362)	-	-	(27.237)
As of 31 December 2020	18.351	183.870	79.514	1.833.938	233.070	88.207	25.682	27.683	2.490.315
Accumulated depreciation									
As of 1 January 2020	-	76.047	54.979	1.392.378	122.753	54.234	24.737	-	1.725.128
Charge of the period	-	6.236	1.690	59.112	13.421	7.964	898	-	89.321
Disposals	-	(668)	(1.295)	(13.517)	(3.024)	(2.048)	-	-	(20.552)
As of 31 December 2020	-	81.615	55.374	1.437.973	133.150	60.150	25.635	-	1.793.897
Net book value	18.351	102.255	24.140	395.965	99.920	28.057	47	27.683	696.418

(*) TL 8.924 thousand under "Construction in progress" under the account property, plant and equipment has been classified to intangible fixed assets.

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NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As of 31 December 2021 and 2020, the details of depreciation expenses are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Cost of sales	76.729	75.588
General administrative expenses	11.270	8.939
Capitalized on cylinders	2.673	2.013
Marketing expenses	2.621	2.781
	93.293	89.321

NOTE 14 - INTANGIBLE ASSETS

	Rights	Total
Acquisition costs		
As of 1 January 2021	87.612	87.612
Additions	7.039	7.039
Disposals	(2)	(2)
Transfers (*)	9.144	9.144
As of 31 December 2021	103.793	103.793
Accumulated amortisation		
As of 1 January 2021	62.297	62.297
Charge for the period	9.733	9.733
Transferler (*)	(857)	(857)
As of 31 December 2021	71.173	71.173
Net book value	32.620	32.620

(*) TL 10.001 thousand under "Construction in progress" under the account property, plant and equipment has been classified to intangible fixed assets.

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NOTE 14 - INTANGIBLE ASSETS (CONTINUED)

	Rights	Total
Acquisition costs		
As of 1 January 2020	77.805	77.805
Additions	883	883
Transfers (*)	8.924	8.924
As of 31 December 2020	87.612	87.612
Accumulated amortisation		
As of 1 January 2020	53.988	53.988
Charge for the period	8.309	8.309
As of 31 December 2020	62.297	62.297
Net book value	25.315	25.315

(*) TL 8.924 thousand under "Construction in progress" under the account property, plant and equipment has been classified to intangible fixed assets.

As of 31 December 2021 and 2020, the details of amortization expenses of intangible assets are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
General administrative expenses	9.733	8.309
	9.733	8.309

NOTE 15 - RIGHT OF USE ASSETS

	Land	Land improvements	Buildings	Plant, machinery, equipment and LPG cylinders	Vehicles and vessels	Furniture and fixtures	Total
As of 1 January 2021	3.528	3.056	12.373	30.053	122.437	39	171.486
Additions	367	973	37.151	-	63.570	-	102.061
Disposals	(321)	(42)	(3.716)	-	(5.105)	-	(9.184)
Charge for the period	(823)	(149)	(6.096)	(2.303)	(70.714)	(9)	(80.094)
Disposals from accumulated depreciation	321	42	669	-	3.119	-	4.151
As of 31 December 2021	3.072	3.880	40.381	27.750	113.307	30	188.420
As of 1 January 2020	3.989	3.794	14.352	32.356	55.527	48	110.066
Additions	294	1.045	1.907	-	118.975	-	122.221
Disposals	-	(1.704)	(1.440)	-	-	-	(3.144)
Charge for the period	(755)	(152)	(2.849)	(2.303)	(52.065)	(9)	(58.133)
Disposals from accumulated depreciation	-	73	403	-	-	-	476
As of 31 December 2020	3.528	3.056	12.373	30.053	122.437	39	171.486

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NOTE 15 - RIGHT OF USE ASSETS (CONTINUED)

As of 31 December 2021 and 2020, the details of depreciation expenses related to the right of use assets are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Cost of sales	7.042	2.922
General administrative expenses	7.675	4.585
Marketing expenses	65.377	50.626
	80.094	58.133

NOTE 16 - CONTINGENT ASSETS AND LIABILITIES

Guarantees given as of 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021	31 December 2020
Letter of guarantees given for gas purchase	518.737	627.254
Other letter of guarantees given	306.025	71.110
	824.762	698.364

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.

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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 2021					31 December 2020			
	TL Equivalent of Euro	TL Equivalent of USD	TL Equivalent of other	TL	Total TL	TL Equivalent of Euro	TL Equivalent of USD	TL	Total TL
A. CPMBs given on behalf of the Company's legal personality	162.643	2.595	640	471.546	637.424	99.785	9.263	426.597	535.645
B. CPMBs given in favor of subsidiaries included in full consolidation (*)	-	129.914	-	51.989	181.903	-	134.422	28.297	162.719
C. CPMBs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business (*)	-	-	-	5.435	5.435	-	-	-	-
D. Other CPMBs	-	-	-	-	-	-	-	-	-
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	162.643	132.509	640	528.970	824.762	99.785	143.685	454.894	698.364

(*) As of 31 December 2021, total amount of commission accrued for guarantees given or contingent liabilities except 'A. CPMBs given on behalf of the Company's legal personality' is TL 1.350 thousand (31 December 2020: TL 1.471 thousand).

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NOTE 17 - LONG-TERM PROVISION FOR EMPLOYEE BENEFITS

Details of long-term provisions for employee benefits as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Retirement pay provision	81.250	58.111
Vacation pay liabilities	10.669	9.127
Total long-term provision for employee benefits	91.919	67.238

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 TL 10.848,59

(31 December 2020: TL 7.117,17) for each year of service at 31 December 2021.

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:

	2021	2020
Net discount rate (%)	4,45	4,63
Turnover rate related to the probability of retirement (%)	74,00-98,86	95,94-98,57

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.

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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 2021 and 2020 are as follows:

	2021	2020
As of January 1	58.111	43.999
Increases during the period	29.542	19.379
Actuarial loss (gain)	803	124
Payments during the period	(7.206)	(5.391)
As of December 31	81.250	58.111

NOTE 18 - PROVISIONS

	31 December 2021	31 December 2020
Provision for price revision (*)	440.575	249.205
Provision for lawsuit	12.461	12.408
Provision for selling and marketing expenses	12.281	7.135
Provision for EMRA contribution	10.590	5.234
Provision for warranty expenses	2.489	11.490
Provision for other operating expenses	18.352	10.173
Other short-term provisions	496.748	295.645

(*) As communicated to Aygaz Doğal Gaz Toptan Satış A.Ş., a Subsidiary of the Company, by Akfel Gaz Sanayi ve Ticaret A.Ş. ("Akfel"), from which natural gas is supplied; the price revision arbitration process initiated by Gazprom Export LLC ("Gazprom"), which Akfel has imported natural gas, was concluded against Akfel and effective from 1 January 2017, the import price would be adjusted in favor of Gazprom and in this context, it was decided to abolish the discount applied to Akfel and to reflect the change in import price to natural gas price applied to Aygaz Doğal Gaz Toptan Satış A.Ş. in accordance with the contract signed between Akfel and Aygaz Doğal Gaz Toptan Satış A.Ş. It was also notified that, the price determination mechanism in the contract will be revised according to the arbitration decision and the related amount of the debt and related invoices will be sent separately to Aygaz Doğal Gaz Toptan Satış A.Ş. as the contract price is updated retrospectively as of 1 January 2017. The amount of total debt was conveyed to Aygaz Doğal Gaz Toptan Satış A.Ş. by Akfel, however related invoices were not delivered yet as of the date of this report. As of 31 December 2021, total provision of USD 33.949 thousand (TL 440.575 thousand), USD 15.368 thousand for 2017 and USD 18.582 thousand for 2018, has been recognized in the consolidated financial statements (31 December 2020: USD 33.949 thousand in total (TL equivalent 249.205 thousand)) and valued as of balance sheet date. Foreign exchange income/expenses arising from valuation are shown in foreign exchange income/expenses from trading activities (Note 26).

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NOTE 18 - PROVISIONS (CONTINUED)

The movements of the provision for the other operating expenses for the period ended 31 December 2021 and 2020 are as follows:

	2021	2020
As of January 1	10.173	11.854
Payments during the period	-	(7.364)
Provision no longer required	-	(3.167)
Increases during the period	8.179	8.850
As of December 31	18.352	10.173
	31 December 2021	31 December 2020
Provision for success fees (*)	23.796	-
Other long-term provisions	23.796	-

(*) The entire amount includes the long-term success fee provision that the Company's subsidiary, Sendeo, is obliged as of 31 December 2021 within the scope of the long-term Consulting Agreement with McKinsey (Note 1).

NOTE 19 - OTHER SHORT-TERM PROVISIONS AND LIABILITIES

	31 December 2021	31 December 2020
Deferred VAT	218.649	30.326
Income accrual	13.742	593
Fuel used in shipping operations	9.970	6.000
Other current assets	6.547	2.325
	248.908	39.244
	31 December 2021	31 December 2020
Taxes and funds payable	32.659	42.107
Other liabilities	4.347	551
	37.006	42.658

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NOTE 20 - PREPAID EXPENSES

As of 31 December 2021 and 2020, the details of Group's prepaid expenses in current assets are as follows:

	31 December 2021	31 December 2020
Short-term prepaid expenses		
Prepaid expenses	35.170	34.265
Advances given	56.156	6.845
	91.326	41.110
Long-term prepaid expenses		
Prepaid expenses	28.908	34.010
	28.908	34.010

NOTE 21 - DEFERRED INCOME

	31 December 2021	31 December 2020
Short-term deferred income		
Alınan avanslar	5.082	5.261
Prepaid income	4.125	2.728
	9.207	7.989

NOTE 22 - SHARE CAPITAL

Shareholders	Participation rate (%)	31 December 2021	Participation rate (%)	31 December 2020
Temel Ticaret ve Yatırım A.Ş.	5,77	17.324	5,77	17.324
Koç Ailesi üyeleri	4,76	14.265	4,76	14.265
Koç Holding A.Ş.	40,68	122.054	40,68	122.054
"Liquid Petroleum Gas Development Company ("LPGDC") (*)"	24,52	73.546	24,52	73.546
Publicly held (*)	24,27	72.811	24,27	72.811
Nominal capital	100,00	300.000	100,00	300.000
Inflation adjustment (**)		71.504		71.504
Adjusted capital		371.504		371.504

(*) TL 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.

(**) "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.

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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:

	31 December 2021	31 December 2020
Legal reserves	345.841	308.032
Gain on sale of subsidiary share that will be added to capital	19.851	44.160
	365.692	352.192

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.

The Company's statutory profit for the period and other sources that are subject the profit distribution as of 31 December 2021, amounts to TL 1.473.302 thousand. (31 December 2020:

TL 1.010.207 thousand). TL 209.043 thousand of such sources from inflation adjustment differences and TL 379.216 thousand from other capital reserves are subject to tax when they are distributed.

Dividends paid

In the Ordinary General Meeting held on 31 March 2021, the Company decided to reserve TL 13.500 thousand as legal reserves and distribute TL 150.000 thousand gross dividends from the net distributable income of 2020 and dividends have been started to be paid as of 7 April 2021.

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NOTE 22 - SHARE CAPITAL (CONTINUED)

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 2021	31 December 2020
Koç Finansal Hizmetler A.Ş.	287.789	249.012
	287.789	249.012

Currency translation adjustment

Currency translation adjustment as of 31 December 2021 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 Group implements a cash flow hedge strategy against the cash flow risk arising from changes in market interest rates and foreign exchange rate for the transactions of its bank loans in USD with the floating interest rates. As a result of the effectiveness test performed in this context, the Group has determined that the entire transaction is effective. Until the cash flows of the related loan are realised, the gains or losses are accounted under cash flow hedge gains/(losses) in equity and there is no effect on income statement. Exchange differences arising during principal payments are transferred from the cash flow hedge gains/(losses) account in equity to the foreign exchange gains/(losses) in the income statement.

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 2021	1 January - 31 December 2020
Domestic sales	11.242.321	8.376.879
Export sales	5.135.183	2.206.041
Sales returns (-)	(23.668)	(11.493)
Sales discounts (-)	(460.582)	(426.684)
Total revenue, net	15.893.254	10.144.743
Sales of goods and services	14.762.688	8.857.561
Sales of merchandises	1.130.566	1.287.182
Revenue	15.893.254	10.144.743

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NOTE 23 - REVENUE AND COST OF SALES (CONTINUED)

	1 January - 31 December 2021	1 January - 31 December 2020
Raw materials used	12.968.730	7.668.045
Production overheads	149.892	119.915
Personnel expenses	121.945	92.652
Depreciation expenses	71.055	70.147
Change in work in process inventories	21.285	(131)
Change in finished goods inventories	(15.904)	(3.235)
Total cost of goods sold	13.317.003	7.947.393
Cost of services rendered	119.081	81.069
Personnel expenses	33.377	24.991
Depreciation expenses	12.716	8.363
Total cost of services rendered	165.174	114.423
Cost of merchandises cost	972.940	1.171.219
Total cost of sales	14.455.117	9.233.035

NOTE 24 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES AND RESEARCHED AND DEVELOPMENT EXPENSES

	1 January - 31 December 2021	1 January - 31 December 2020
General administrative expenses	434.787	285.963
Marketing expenses	473.755	361.705
Research and development expenses	7.274	3.342
	915.816	651.010

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NOTE 24 - GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES AND RESEARCHED AND DEVELOPMENT EXPENSES (CONTINUED)

	1 January - 31 December 2021	1 January - 31 December 2020
General administrative expenses		
Personnel expenses	219.427	150.039
Lawsuit, consultancy and auditing expenses	61.417	24.846
Depreciation and amortization expenses	28.678	21.833
Information technology expenses	23.771	18.728
Tax expenses	17.166	11.594
Insurance expenses	12.686	10.832
Donation and aids	9.940	3.045
Transportation expenses	8.870	5.112
Maintenance expenses	8.135	6.145
Communication expenses	5.845	2.415
Attendance fees	5.342	4.675
Post office expenses	2.303	1.684
Rent expenses	2.213	1.415
Other administrative expenses	28.994	23.600
Total	434.787	285.963
Marketing expenses		
Transportation, distribution and warehousing expenses	189.410	137.776
Personnel expenses	71.316	57.998
Depreciation and amortization expenses	67.998	53.407
Advertising and promotion expenses	41.724	29.235
Sales expenses	41.691	35.631
After sales services and maintenances expenses	14.654	12.613
License expenses	10.633	5.234
Transportation expenses	4.826	3.444
Other marketing expenses	31.503	26.367
Total	473.755	361.705
Research and development expenses		
Research and development expenses	7.274	3.342
Total	7.274	3.342

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NOTE 25 - EXPENSES RELATED TO NATURE

Expenses related to their nature	1 January - 31 December 2021	1 January - 31 December 2020
Personnel expenses	290.743	208.037
Transportation, distribution and warehousing expenses	189.410	137.776
Depreciation and amortization expenses	96.676	75.240
Lawsuit, consultancy and auditing expenses	61.417	24.846
Advertising and promotion expenses	41.724	29.235
Sales expenses	41.691	35.631
Information technology expenses	23.771	18.728
Tax expenses	17.166	11.594
After sales services and maintenances expenses	14.654	12.613
Transportation expenses	13.696	8.556
Insurance expenses	12.686	10.832
License expenses	10.633	5.234
Donation and aids	9.940	3.045
Maintenance expenses	8.135	6.145
Research and development expenses	7.274	3.342
Communication expenses	5.845	2.415
Attendance fees	5.342	4.675
Rent expenses	2.213	1.415
Other	62.800	51.651
Total	915.816	651.010

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:

	2021	2020
Audit and assurance fee	293	223
Other assurance services fee	-	18
Total	293	241

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NOTE 26 - OTHER OPERATING INCOME/EXPENSES

Other operating income for the years ended as of 31 December 2021 and 2020 are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Other operating income		
Foreign exchange gains arising from trading activities	911.599	147.282
Income generated from maturity differences of sales	129.229	48.676
Provisions no longer required	14.696	11.386
Gain on sale of scrap	11.252	4.219
Income from port services	11.123	4.992
Rent income	7.329	3.209
LPG pipeline usage income	3.877	3.144
Goodwill expenses from prior years	288	2.194
Other income and profits	35.425	26.684
Total	1.124.818	251.786

Other operating expenses for the years ended as of 31 December 2021 and 2020 are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Other operating expense		
Foreign exchange losses arising from trading activities	946.628	173.261
Foreign exchange losses related to price revision provision (*)	191.371	47.539
Expenses from maturity differences of purchases	40.310	26.675
Demurrage expenses	10.877	4.398
Provision expenses	7.640	11.103
Other expenses and losses	32.289	8.727
Total	1.229.115	271.703

(*) This amount includes the price revision provision currency valuation effect of the Company's subsidiary Aygaz Doğal Gaz Toptan Satış amounting to USD 33.949 thousand (Note: 18). The currency risk of subjected provision is managed within the framework of the Group's currency risk management practices (Note: 32).

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NOTE 27 - INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

	1 January - 31 December 2021	1 January - 31 December 2020
Income from investment activities		
Income from sales of property, plant and equipment (*)	16.019	61.644
Dividend income from financial activities	7.525	100
Income from termination compensation (**)	-	22.421
Total	23.544	84.165

(*) Income from sales of the idle land and the immovables on it in Bursa Organized Industrial Site belonging to the Company on 24 March 2020 is TL 49.639 thousand.

(**) After the end of the business partnership between Koç Group and UniCredit on 5 February 2020, 100% of the shares representing the capital of KFS passed to Koç Group (Koç Holding, Koç companies, Koç Family, partnerships and related foundations controlled by Koç Family) in proportion to their shares in KFS; In addition, KFS's YKB shares of 31.93% were transferred to UniCredit and 9.02% to Koç Holding A.Ş. KFS's share in YKB decreased from 81.9% to 40.95%. Within this framework, the Company's share in KFS increased from 1.97% to 3.93%. Within the scope of termination of the business partnership between Koç Group and UniCredit in line with UniCredit's strategic goals, UniCredit made a termination payment of TL 22.421 thousand to the Company on 6 February 2020. (Note 5).

	1 January - 31 December 2021	1 January - 31 December 2020
Expense from investment activities		
Expense from sales of property, plant and equipment	4.224	1.305
Total	4.224	1.305

NOTE 28 - FINANCIAL INCOME AND EXPENSES

	1 January - 31 December 2021	1 January - 31 December 2020
Financial income		
Foreign exchange gains	170.595	137.869
Interest income	111.945	57.869
Fair value differences on swap transactions	152	33
Total	282.692	195.771

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NOTE 28 - FINANCIAL INCOME AND EXPENSES (CONTINUED)

	1 January - 31 December 2021	1 January - 31 December 2020
Financial expense		
Interest expenses	212.288	168.307
Foreign exchange losses	184.860	80.583
Interest expenses on lease liabilities	26.760	29.062
Commission expense of letter of credit	7.750	1.092
Early closure fee (*)	-	16.243
Other financial expenses	14.150	-
Total	445.808	295.287

(*) In 2020, various loans amounting to TL 1.175.000 thousand were closed before their maturity dates in order to gain interest advantage. Various loans amounting to TL 50.000 thousand were restructured. The early closure fee occurred amounting to TL 16.243 thousand.

NOTE 29 - EARNINGS PER SHARE

	1 January - 31 December 2021	1 January - 31 December 2020
Average number of ordinary shares outstanding during the period (one thousand)	30.000.000	30.000.000
Net profit for the year attributable equity holders of the parent company	670.105	(24.889)
Earnings (losses) per hundred shares (TL)	2,2337	(0,0830)

NOTE 30 - TAX ASSETS AND LIABILITIES

	31 December 2021	31 December 2020
Current corporate tax provision	153.190	58.916
Less: Prepaid taxes and funds	(125.769)	(47.468)
Current tax liability	27.421	11.448
	1 January - 31 December 2021	1 January - 31 December 2020
Current corporate tax provision	(153.190)	(58.916)
Deferred tax	83.040	2.991
Total tax expense	(70.150)	(55.925)

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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 2021 the rate of tax is 25% (2020: 22%).

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 regulation published in Official Gazette numbered 31462 on 22 April 2021, corporate tax rate in Turkey for the year 2021 has been determined as 25%, for the year 2022 as 23%, for the year 2023 and beyond as 20%. In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may examine such returns and the underlying accounting records and may revise assessments within five years.

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on 20 January 2022. It has been enacted with number 7352 and it has been decided that the financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustments within the scope of the repeated Article 298 are met. POA made a declaration on the Implementation of Financial Reporting in High Inflation Economies under TFRS on 20 January 2022, and it was stated that there was no need to make any adjustments within the scope of TAS 29 Financial Reporting in Hyperinflationary Economies in the consolidated financial statements for 2021.

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.

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NOTE 30 - TAX ASSETS AND LIABILITIES (CONTINUED)

The Company revalued its tangible and intangible assets and their depreciation as of 30 September 2021, 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, the effect of deferred tax assets is TL 62.100 thousand.

As of 31 December 2021 and 2020, the distribution of deferred tax liability calculated using effective tax rates as of the balance sheet date is as follows:

	31 December 2021	31 December 2020
Depreciation/amortization differences of property, plant and equipment and other intangible assets	(2.550)	53.111
Revaluation of financial assets measured at fair value through other comprehensive income	15.147	13.106
Provision for employment termination benefits	(15.829)	(10.918)
Valuation of inventories	(10.664)	(1.662)
Derivative instruments	(4.804)	5.788
Other	(23.547)	(15.722)
Deferred tax assets/liabilities	(42.247)	43.703

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 2021			31 December 2020		
	Deferred tax			Deferred tax		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Aygaz	(52.640)	15.147	(37.493)	(29.316)	71.647	42.331
Akpa	(1.814)	109	(1.705)	(1.496)	646	(850)
Aygaz Doğal Gaz	(5.572)	1.243	(4.329)	(760)	1.480	720
Kuleli	(442)	2.399	1.957	(466)	1.968	1.502
Sendeo	(2.248)	1.571	(677)	-	-	-
	(62.716)	20.469	(42.247)	(32.038)	75.741	43.703

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NOTE 30 - TAX ASSETS AND LIABILITIES (CONTINUED)

Movement of deferred tax assets and liabilities are as follows:

	2021	2020
As of January 1	43.703	41.905
Change to the profit or loss	(83.040)	(2.991)
Change to the equity		
- Effect of gains/(losses) re-measurement on defined benefit plans	(153)	(25)
- Effect of gains/(losses) on financial assets measured at fair value through other comprehensive income"	2.041	1.254
- Effect of gains/(losses) on cash flow hedges	(4.798)	3.560
As of 31 December	(42.247)	43.703
Tax reconciliation:		
	31 December 2021	31 December 2020
Profit before tax	697.316	31.036
Tax expense calculated using current tax rate (25%, 22%)	(174.329)	(6.828)
Tax effects of: Revenue that is exempt from taxation - (investments accounted under equity method)	105.772	(38.618)
Income not subject to tax	11.619	24.099
Tax rate differences	5.840	(3.862)
Expenses that are not deductible in determining taxable profit	(7.425)	(4.047)
Tax losses	(77.454)	(31.024)
Prior year losses used	7.650	450
Valuation related tax asset adjustment	62.100	-
Other	(3.923)	3.905
Tax expense in the statement of profit or loss	(70.150)	(55.925)

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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 2021 TL 1.335 thousand (31 December 2020: TL 1.273 thousand) of total amount of other payables to related parties consists of dividend payables to the shareholders except for Koç Group.

31 December 2021

	Receivables		Payables	
	Trade	Non-trade	Trade	Non-trade
Balances with related parties				
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	16.946	-	186.781	-
Demir Export A.Ş.	5.301	-	-	-
Opet Petrolcülük A.Ş.	1.870	-	63.836	-
Koçtaş Yapı Marketleri Ticaret A.Ş.	1.334	-	135	-
Otokoç Otomotiv Tic. ve San. A.Ş.	191	-	8.589	-
Zer Merkezi Hizmetler ve Ticaret A.Ş. (**)	49	-	16.358	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	25	-	12.872	-
Other	6.176	-	7.402	-
Shareholders				
Koç Holding A.Ş.	30	-	12.766	-
Investments accounted under the equity method				
United Lpg Ltd.	39.642	-	-	-
Entek Elektrik Üretimi A.Ş.	1	-	-	-
	71.565	-	308.739	-

31 December 2020

	Receivables		Payables	
	Trade	Non-trade	Trade	Non-trade
Balances with related parties				
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	83.982	-	64.439	-
Demir Export A.Ş.	3.063	-	-	-
Ford Otomotiv Sanayi A.Ş.	1.031	-	-	-
Demir Export A.Ş. - Fernas İnşaat A.Ş. Adi Ortaklığı	486	-	-	-
Opet Petrolcülük A.Ş.	407	-	42.873	-
Otokoç Otomotiv Tic. ve San. A.Ş.	13	-	2.835	-
Zer Merkezi Hizmetler ve Ticaret A.Ş. (**)	-	-	7.928	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	3.694	-
Other	4.058	-	6.998	-
Shareholders				
Koç Holding A.Ş.	-	-	8.737	-
Investments accounted under the equity method				
Entek Elektrik Üretimi A.Ş.	2.353	-	-	-
	95.393	-	137.504	-

(*) 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.

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NOTE 31 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

1 January - 31 December 2021

Tangible asset and rent transactions with related parties	Rent income	Rent expense	Tangible and intangible asset purchases	Tangible asset sales
Group companies (*)				
Opet Petrolcülük A.Ş.	1.015	-	-	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	12.948	25
Otokoç Otomotiv Tic. ve San. A.Ş.	-	-	2.845	903
KoçDigital Çözümler A.Ş.	-	-	1.498	-
Other	-	-	685	19
Shareholders				
Koç Holding A.Ş.	-	1.386	-	2
	1.015	1.386	17.976	949

1 January - 31 December 2020

Tangible asset and rent transactions with related parties	Kira geliri	Kira gideri	Maddi ve maddi olmayan duran varlık alımı	Maddi duran varlık satışı
Group companies (*)				
Opet Petrolcülük A.Ş.	797	-	-	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	5.921	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	-	-	1.041	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	-	654	383
Other	-	-	882	-
Shareholders				
Koç Holding A.Ş.	-	1.020	-	-
	797	1.020	8.498	383

1 January - 31 December 2021

Financial and other transactions with related parties	Financial income	Financial expense	Other income	Other expense
Group companies (*)				
Yapı Kredi Bankası A.Ş.	184.795	157.214	-	-
Other	-	-	39	9.460
	184.795	157.214	39	9.460
Financial and other transactions with related parties				
	Financial income	Financial expense	Other income	Other expense
Group companies (*)				
Yapı Kredi Bankası A.Ş.	132.158	42.048	-	-
Other	-	-	38	387
	132.158	42.048	38	387

(*) Group companies include Koç Group companies.

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NOTE 31 - BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

	31 December 2021	31 December 2020
Cash at banks		
Group companies (*)		
Yapı Kredi Bankası A.Ş.	1.266.207	675.912
Credit card receivables		
Group companies (*)		
Yapı Kredi Bankası A.Ş.	10.447	53.722
Bank loans		
Group companies (*)		
Yapı Kredi Bankası A.Ş.	81.486	-

(*) 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 2021, total benefit provided to the senior management of the Company is

TL 70.606 thousand (31 December 2020: TL 63.947 thousand). There are no payments made to senior management of the Company in this amount due to their leaving the job (31 December 2020: TL 10.375 thousand), 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.

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NOTE 32 - NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

	31 December 2021	31 December 2020
Total short-term and long-term borrowings	2.552.459	1.564.190
Less: Cash and cash equivalents	(1.693.433)	(960.648)
Net financial debt	859.026	603.542
Total shareholders equity	2.719.199	2.317.403
Net financial debt/equity ratio	31,6%	26,0%

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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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021

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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		
Maximum exposure to credit risk as of 31 December 2021 (A+B+C+D) (*)	71.565	1.000.020	-	105.766	1.679.773	13.140
- The part of maximum risk under guarantee with collateral etc.	-	434.693	-	-	-	-
A. Net book value of financial assets that are neither past due or impaired	71.565	958.817	-	105.766	1.679.773	13.140
B. The net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	41.838	-	-	-	-
- The part under guarantee with collateral etc.	-	27.241	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	26.601	-	-	-	-
- Impairment (-)	-	(26.601)	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-
E. Expected credit loss (-)	-	(635)	-	-	-	-

(*) 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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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		
Maximum exposure to credit risk as of 31 December 2021 (A+B+C+D) (*)	95.393	580.323	-	60.763	904.731	55.597
- The part of maximum risk under guarantee with collateral etc.	-	397.169	-	-	-	-
A. Net book value of financial assets that are neither past due or impaired	95.393	538.412	-	60.763	904.731	55.597
B. The net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	42.546	-	-	-	-
- The part under guarantee with collateral etc.	-	25.377	-	-	-	-
D. Net book value of impaired assetsi	-	-	-	-	-	-
- Past due (gross carrying amount)	-	26.405	-	-	-	-
- Impairment (-)	-	(26.405)	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-
E. Expected credit loss (-)	-	(635)	-	-	-	-

(*) 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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NOTE 32 - NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

31 December 2021	Trade receivables	Other receivables	Deposits in banks	Derivative instruments	Other	Total
Past due 1-30 days	35.890	-	-	-	-	35.890
Past due 1-3 months	3.793	-	-	-	-	3.793
Past due 3-12 months	1.916	-	-	-	-	1.916
Past due 1-5 years	239	-	-	-	-	239
Total past due	41.838	-	-	-	-	41.838
The part under guarantee with collateral	27.241	-	-	-	-	27.241
31 December 2020	Trade receivables	Other receivables	Deposits in banks	Derivative instruments	Other	Total
Past due 1-30 days	33.299	-	-	-	-	33.299
Past due 1-3 months	6.048	-	-	-	-	6.048
Past due 3-12 months	2.451	-	-	-	-	2.451
Past due 1-5 years	748	-	-	-	-	748
Total past due	42.546	-	-	-	-	42.546
The part under guarantee with collateral	25.377	-	-	-	-	25.377

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 2021

	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)
Contractual maturity analysis						
Short-term and long-term borrowings (*)	2.369.455	2.686.717	174.389	901.156	1.611.172	-
Trade payables	2.122.269	2.122.269	2.122.269	-	-	-
Lease liabilities	183.004	227.435	31.233	70.409	121.508	4.285
Liabilities for employee benefits	61.415	61.415	61.415	-	-	-
Other payables	145.137	145.137	3.388	-	-	141.749
Other liabilities	37.006	37.006	37.006	-	-	-
Non derivative financial liabilities	4.918.286	5.279.979	2.429.700	971.565	1.732.680	146.034

31 December 2021

	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 instruments (*)						
Derivative cash inflows		976.459	976.459	-	-	-
Derivative cash outflows		(842.280)	(842.280)	-	-	-
Derivative instruments, net	(44.413)	134.179	134.179	-	-	-

(*) 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 2020						
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 (*)	1.393.415	1.565.011	20.608	506.654	1.037.749	-
Trade payables	824.200	824.200	824.200	-	-	-
Lease liabilities	170.775	235.220	24.714	73.853	136.653	-
Liabilities for employee benefits	67.979	67.979	67.979	-	-	-
Other payables	119.444	119.444	2.291	-	-	117.153
Other liabilities	42.658	42.658	42.658	-	-	-
Non derivative financial liabilities	2.618.471	2.854.512	982.450	580.507	1.174.402	117.153

31 December 2020						
Derivative 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		363.808	330.049	33.759	-	-
Derivative cash outflows		(376.458)	(359.297)	(17.161)	-	-
Derivative instruments, net	(11.819)	(12.650)	(29.248)	16.598	-	-

(*) 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:

		31 December 2021			
		Total TL equivalent	TL equivalent of USD	TL equivalent of Euro	Other
1.	Trade receivables	185.948	173.903	12.045	-
2.a	Monetary financial assets	993.466	988.686	300	4.480
2.b	Non-monetary financial assets	-	-	-	-
3.	Other	103.405	103.025	380	-
4.	Current assets	1.282.819	1.265.614	12.725	4.480
5.	Trade receivables	-	-	-	-
6.a	Monetary financial assets	-	-	-	-
6.b	Non-monetary financial assets	-	-	-	-
7	Other	-	-	-	-
8	Non-current assets	-	-	-	-
9	Total assets	1.282.819	1.265.614	12.725	4.480
10.	Trade payables	(1.615.709)	(1.611.545)	(3.714)	(450)
11.	Financial liabilities	(4.097)	(662)	(3.435)	-
12.a	Other monetary financial liabilities	(440.583)	(440.583)	-	-
12.b	Other non-monetary financial liabilities	(2.117)	(1.384)	(733)	-
13.	Current liabilities	(2.062.506)	(2.054.174)	(7.882)	(450)
14.	Trade payables	-	-	-	-
15.	Financial liabilities	(389.325)	(389.325)	-	-
16.a	Other monetary financial liabilities	-	-	-	-
16.b	Other non-monetary financial liabilities	-	-	-	-
17.	Non-current liabilities	(389.325)	(389.325)	-	-
18.	Total liabilities	(2.451.831)	(2.443.499)	(7.882)	(450)
19.	Net asset/liability position of off balance sheet asset and liabilities (19a-19b)	12.971	12.971	-	-
19.a	Total derivative assets	12.971	12.971	-	-
19.b	Total derivative liabilities	-	-	-	-
20.	Net foreign currency asset/ (liability) position (9+18+19)	(1.156.041)	(1.164.914)	4.843	4.030
21.	Net foreign currency asset/(liability) position of monetary items (1+2a+5+6a+10+11+12a+14+15+16a)	(1.270.300)	(1.279.526)	5.196	4.030
22.	Fair value of derivative instruments held for hedging	-	-	-	-
23.	Hedged foreign currency assets	-	-	-	-
24.	Hedged foreign currency liabilities	-	-	-	-
25.	Export (*)	5.135.183	5.068.950	65.215	1.018
26.	Import (*)	11.475.925	11.454.485	19.213	2.227

(*) Transit sales and purchases are included.

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NOTE 32 - NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

		31 December 2020			
		Total TL equivalent	TL equivalent of USD	TL equivalent of Euro	Other
1.	Trade receivables	152.317	141.510	10.807	-
2.a	Monetary financial assets	210.675	208.942	1.458	275
2.b	Non-monetary financial assets	-	-	-	-
3.	Other	58.176	58.028	148	-
4.	Current assets	421.168	408.480	12.413	275
5.	Trade receivables	-	-	-	-
6.a	Monetary financial assets	-	-	-	-
6.b	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	Non-current assets	-	-	-	-
9.	Total assets	421.168	408.480	12.413	275
10.	Trade payables	(447.355)	(443.614)	(2.726)	(1.015)
11.	Financial liabilities	(40.625)	(33.049)	(7.576)	-
12.a	Other monetary financial liabilities	(278.427)	(278.427)	-	-
12.b	Other non-monetary financial liabilities	(2.724)	(2.368)	(356)	-
13.	Current liabilities	(769.131)	(757.458)	(10.658)	(1.015)
14.	Ticari borçlar	-	-	-	-
15.	Trade payables	(802)	-	(802)	-
16.a	Other monetary financial liabilities	-	-	-	-
16.b	Other non-monetary financial liabilities	-	-	-	-
17.	Non-current liabilities	(802)	-	(802)	-
18.	Total liabilities	(769.933)	(757.458)	(11.460)	(1.015)
19.	Net asset/liability position of off balance sheet asset and liabilities (19a-19b)	26.281	26.281	-	-
19.a	Total derivative assets	33.032	33.032	-	-
19.b	Total derivative liabilities	6.751	6.751	-	-
20.	Net foreign currency asset/ (liability) position (9+18+19)	(322.484)	(322.697)	953	(740)
21.	Net foreign currency asset/(liability) position of monetary items (1+2a+5+6a+10+11+12a+14+15+16a)	(404.217)	(404.638)	1.161	(740)
22.	Fair value of derivative instruments held for hedging	-	-	-	-
23.	Hedged foreign currency assets	-	-	-	-
24.	Hedged foreign currency liabilities	-	-	-	-
25.	Export (*)	2.206.041	2.157.867	48.174	-
26.	Import (*)	5.062.460	5.042.428	17.282	2.750

(*) Transit sales and purchases are included.

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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:

	31 December 2021	31 December 2020
Assets	1.282.819	421.168
Liabilities	(2.451.831)	(769.933)
Net asset/liability position	(1.169.012)	(348.765)
Derivative instruments net position	12.971	26.281
Net foreign currency asset/liability position	(1.156.041)	(322.484)
Inventories under the natural hedge (*)	1.145.064	311.883
Net foreign currency position after the natural hedge	(10.977)	(10.601)

(*) 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 2021, the Group has LPG amounting to TL 1.145.064 thousand (31 December 2020: TL 311.883 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 EURO.

The following table details the Group's sensitivity to a 10% increase and decrease in the USD and Euro. 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.

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NOTE 32 - NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

31 December 2021

	Income/(Expense)		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
10% fluctuation of USD rate				
USD net asset/(liability)	(127.953)	127.953	(127.953)	127.953
Secured portion from USD risk	1.297	(1.297)	1.297	(1.297)
USD net effect	(126.656)	126.656	(126.656)	126.656
10% fluctuation of Euro rate				
Euro net asset/(liability)	520	(520)	520	(520)
Secured portion from Euro risk	-	-	-	-
Euro net effect	520	(520)	520	(520)
Total net effect	(126.136)	126.136	(126.136)	126.136

31 December 2020

	Income/(Expense)		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
10% fluctuation of USD rate				
USD net asset/(liability)	(40.464)	40.464	(40.464)	40.464
Secured portion from USD risk	2.628	(2.628)	2.628	(2.628)
USD net effect	(37.836)	37.836	(37.836)	37.836
10% fluctuation of Euro rate				
Euro net asset/(liability)	116	(116)	116	(116)
Secured portion from Euro risk	-	-	-	-
Euro net effect	116	(116)	116	(116)
Total net effect	(37.720)	37.720	(37.720)	37.720

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021

(Amounts expressed in thousands Turkish Lira ("TRY") unless otherwise stated.)

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 2021 and 2020 are summarized at the table below.

						31 December 2021
Maturity	Parity	Type of contract	Transactions	Total amount	Currency	
19 days	13,17	Forward	Buys USD, sells TL	985	ABD Doları	
						31 December 2020
Maturity	Parity	Type of contract	Transactions	Total amount	Currency	
18 days	7,50	Forward	Sells USD, buys TL	900	ABD Doları	

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:

	31 December 2021	31 December 2020
Instruments with fixed interest rate		
Time deposits	1.632.379	880.936
Borrowings and bonds issued	1.881.001	1.564.190
Instruments with floating interest rate		
Borrowings and bond issued	671.458	-

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 TL 807 thousand as of 31 December 2021. (As of 31 December 2020, there is no floating rate financial instrument.)

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021

(Amounts expressed in thousands Turkish Lira ("TRY") unless otherwise stated.)

NOTE 32 - NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

31 December 2021	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
Financial assets							
Cash and cash equivalents	1.693.433	-	-	-	-	1.693.433	4
Trade receivables	-	1.071.585	-	-	-	1.071.585	8, 31
Other financial assets	-	-	459.896	2.117	-	462.013	5
Other receivables	-	105.766	-	-	-	105.766	9
Financial liabilities							
Short-term and long-term borrowings	-	-	-	-	2.552.459	2.552.459	6
Trade payables	-	-	-	-	2.122.269	2.122.269	8, 31
Liabilities for employee benefits	-	-	-	-	14.862	14.862	10
Other payables	-	-	-	-	145.137	145.137	9, 31
Other liabilities	-	-	-	-	4.347	4.347	19

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021

(Amounts expressed in thousands Turkish Lira ("TRY") unless otherwise stated.)

NOTE 32 - NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (CONTINUED)

31 December 2020	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
<u>Financial assets</u>							
Cash and cash equivalents	960.648	-	-	-	-	960.648	4
Trade receivables	-	675.716	-	-	-	675.716	8, 31
Other financial assets	-	-	419.078	2.127	-	421.205	5
Other receivables	-	60.763	-	-	-	60.763	9
<u>Financial liabilities</u>							
Short-term and long-term borrowings	-	-	-	-	1.564.190	1.564.190	6
Trade payables	-	-	-	-	824.200	824.200	8, 31
Liabilities for employee benefits	-	-	-	-	32.695	32.695	10
Other payables	-	-	-	-	119.444	119.444	9, 31
Other liabilities	-	-	-	-	551	551	19

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021

(Amounts expressed in thousands Turkish Lira ("TRY") unless otherwise stated.)

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 2021	1st level	2nd level	3rd level
Financial assets measured at fair value	462.013	460.061	1.516	436
Derivative financial instruments	(44.413)	-	(44.413)	-

Financial assets/(liabilities)	Level of fair value as of reporting date			
	31 December 2020	1st level	2nd level	3rd level
Financial assets measured at fair value	421.205	419.241	1.258	706
Derivative financial instruments	(11.819)	-	(11.819)	-

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.

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021**

(Amounts expressed in thousands Turkish Lira ("TRY") unless otherwise stated.)

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

With the Extraordinary General Assembly dated on 14 January 2022, it was decided to increase capital of Sendeo, the subsidiary of the Company, from TL 143.500 thousand to TL 423.500 thousand and to be paid TL 154.000 thousand corresponding to the Company's share until 31 December 2022.

TL 77.000 thousand of total amount has been paid on 9 February 2022 by the Company.

It was decided to increase capital of United LPG Ltd., the joint venture of the Company, from

BDT 1.120.000 thousand to BDT 2.140.000 thousand, and the BDT 510.000 thousand (approximately TL 80.960 thousand), corresponding to the Company's share has been paid on 14 February 2022.

**Information
Document
for the Ordinary
General Assembly
Meeting**



Information Document For The March 30, 2022 Ordinary General Assembly Meeting To Review Financial Year 2021

1. INVITATION TO THE ORDINARY GENERAL ASSEMBLY MEETING, TO BE HELD ON MARCH 30, 2022

Aygaz A.Ş.'s Ordinary General Assembly Meeting shall be convened on 30 March 2022 Wednesday 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 2021 will be reviewed, the following agenda will be discussed, and a resolution regarding the agenda will be reached.

In accordance with the legal requirements, 2021 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, 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-İstanbul), our Company, or from the corporate website at 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 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.

In accordance with the Personal Data Protection Law numbered 6698, please see Personal Data Protection and Processing Policy of Aygaz Anonim Company, which is available to the public on Company's website at www.aygaz.com.tr, for further information about your personal data processed by our Company.

At the Ordinary General Assembly Meeting, the voters shall use open voting system by raising hands, without prejudice to the provisions of electronic voting regarding the voting of each item on the agenda.

We would like to state that due to the Covid-19 epidemic affecting the world and our country, the meeting will be held in accordance with the pandemic rules announced by official institutions, and that the new rules to be announced by the official institutions should be closely followed by our shareholders. In this context;

- Considering the pandemic conditions and the restrictions on group gathering in the relevant regulations of public authorities, in terms of protecting the public health, our guests other than the shareholders will not be admitted to the general assembly meeting room for this year.
- Guests' temperature will be checked at the entrance of the building / room where the meeting will be held.
- It is mandatory to use a mask during the entrance to the meeting place and throughout the meeting.
- No food or beverage will be offered at the general assembly meeting.

Members of press-media are invited to our General Assembly meeting.

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.

It is submitted to the shareholders with due respect.

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 300,000,000, all of which has been pledged and paid in full. Issued capital is divided into 30,000,000,000 (thirty billion) registered shares at 1 Kr nominal value per share. There are no privileged shares in company's capital.

Name and Title of the Person or Company	Amount of Shares (TL)	Share Stake (%)	Voting Rights	Voting Rights Ratio (%)
Koç Group	153,642,569.58	51.21	15,364,256,958	51.21
Koç Holding A.Ş.	122,053,514.26	40.68	12,205,351,426	40.68
Temel Ticaret ve Yatırım A.Ş.*	17,324,090.53	5.77	1,732,409,053	5.77
Koç Family	14,264,964.78	4.76	1,426,496,478	4.76
Other	146,357,430.42	48.79	14,635,743,042	48.79
Liquid Petroleum Gas Development Company (LPGDC)	73,545,660.24	24.52	7,354,566,024	24.52
Free Floating**	72,811,770.18	24.27	7,281,177,018	24.27
Total	300,000,000.00	100.00	30,000,000,000	100.00

* Temel Ticaret ve Yatırım A.Ş. belongs to the members of the Koç Family.

**The free-floating shares in the amount of TL 2,725,041.31 (ratio to capital 0.91%) 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

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 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 2021 operations will be discussed.

3. STATEMENTS ABOUT THE ARTICLES OF THE AGENDA OF THE ORDINARY GENERAL ASSEMBLY MEETING ON MARCH 30, 2022

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 2021 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 2021 Annual Report that includes the Corporate Governance Compliance 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 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 2021

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, will be read aloud.

4. Reading, discussing and approving the Financial Statements for the accounting year 2021

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 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 2021

Pursuant to the TCC and Bylaws, the release of our Board of Directors members for the activities, transactions and accounts for the year 2021 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 2021 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 01.01.2021 – 31.12.2021; consolidated profit attributable to equity holders of the parent in the amount of TL 670.105.000 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: Mr. Kutsan Çelebican, Mr. Kemal Ege Cansen and Ms. Şadan Kaptanoğlu Dikici. Capital Markets Board's letter dated February 25, 2022 informed our Company that it is decided not to give any adverse opinion regarding the independent members. 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 2021 are specified in footnote No. 31 of 2021 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 2022 shall be determined by the shareholders as per our Remuneration Policy submitted for the approval 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 15 February 2022 resolution to have PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. serve as the independent auditors of the Company's financial reports for the financial year 2022 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 and approval of the Shareholders about the donations made by the Company in 2021 and determining an upper limit for donations to be made in 2022,

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. Donations totaling TL 10.014.031,75 TL'dir were made to foundations and associations in 2021. Out of this donation amount TL 9,000,000.00 was made to Vehbi Koç Foundation, amount TL 402,755.00 was made to Koç University and amount TL 400,000.00 was made to TEMA – Türkiye Erozyonla Mücadele. The remaining balance was made to other several institutions and incorporations each of which is under 100,000 TL and consisting of donations that are not viewed as material for investors. The upper limit of donations to be made in 2022 shall be decided by the General Assembly. The Donation and Sponsorships Policy shall also be approved 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 2021 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 2021.

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 2021 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 2021 in this respect.

14. Wishes and Opinions.

APPENDICES:

APPENDIX 1

2021 DIVIDEND DISTRIBUTION PROPOSAL (go to page 106)

01.01.2021 - 31.12.2021 PROFIT DISTRIBUTION PROPOSAL

AYGAZ A.Ş. PROFIT Distribution Table (TL)

		According to CMB	According to Statutory Records
DISTRIBUTION OF PERIOD PROFIT			
1.	Paid in Capital/Issued Capital	300.000.000,00	300.000.000,00
2.	Total Legal Reserves (According to Statutory Records)	345.841.078,56	345.841.078,56
	Information on privilege in profit distribution, if there is any in the Articles of Association:		*
3.	Current period profit	697.316.000,00	389.599.661,26
4.	Taxes payable (-)	70.150.000,00	118.991.030,05
5.	Net profit (=)	670.105.000,00	270.608.631,21
6.	Previous years losses (-)	0,00	0,00
7.	General legal reserves (-)	0,00	0,00
8.	DISTRIBUTABLE NET PROFIT FOR THE PERIOD (=)	670.105.000,00	270.608.631,21
9.	Donations made during the year (+)	10.014.031,75	0,00
10.	Net Distributable Profit added donations	680.119.031,75	0,00
	First dividend to Shareholders		
11.	-Cash	150.000.000,00	15.000.000,00
	-Bonus	0,00	0,00
	- Total	150.000.000,00	15.000.000,00
12.	Dividend to privileged shareholders	0,00	0,00
	Other distributed dividend	0,00	0,00
13.	- Dividend to the Board Members	0,00	0,00
	- Dividend to the Employees	0,00	
	- Other Dividend, excluding shareholders	0,00	
14.	Dividend to redeemed shareholders	0,00	0,00
15.	Secondary dividends to shareholders	0,00	135.000.000,00
16.	General Legal Reserves	13.500.000,00	13.500.000,00
17.	Statutory reserves	0,00	0,00
18.	Special reserves	0,00	0,00
19.	EXTRAORDINARY RESERVES	506.605.000,00	107.108.631,21
	Other Resources to be distributed	0,00	0,00
20.	- Previous years profit	0,00	
	- Extraordinary reserves	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	Dividend per share with nominal value of TL 1	
		CASH (TL)	BONUS (TL)	RATIO (%)	AMOUNT (TL)	RATIO (%)
NET **	-	147.017.415,30	0,00	21,94	0,450000	45,00000

* 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 2021 were 80.12% for corporate taxpayers and the remaining 19.88% were for real person taxpayers.

APPENDIX 2 Résumés of the nominees for Board membership and Statements of Independence of the Independent Board Members (go to pages 102-103, 107)

APPENDIX 3 Remuneration Policy (go to page 108)

Aygaz Headquarters

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