

We exist to keep life in motion



Our hearts and thoughts are with our country.
In the early hours of February 6, 2023, Turkey was struck with one of the worst natural disasters in its history that has left us all in deep sadness.

We extend our sympathies to the grieving families who lost their loved ones in the devastating earthquake and wish a speedy recovery to all the injured. May all those who have passed rest in peace.

With the power of unity and solidarity, we will navigate through these trying times and heal together.

At Koç Holding and Aygaz, we remain committed to supporting our people by mobilizing all possible means. We are working with all our might to help recover and rebuild our communities for the future of our country.

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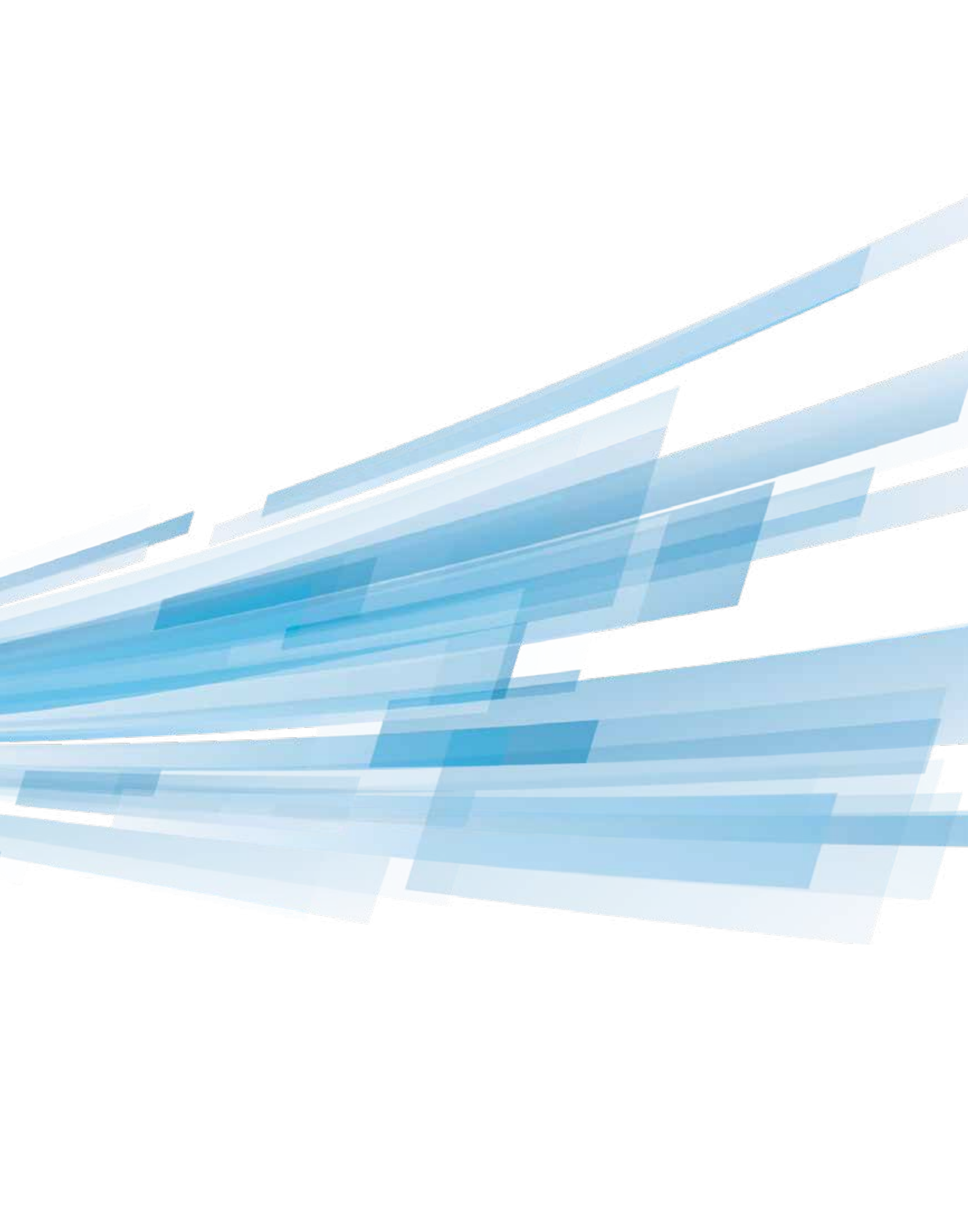
Other Disclosures

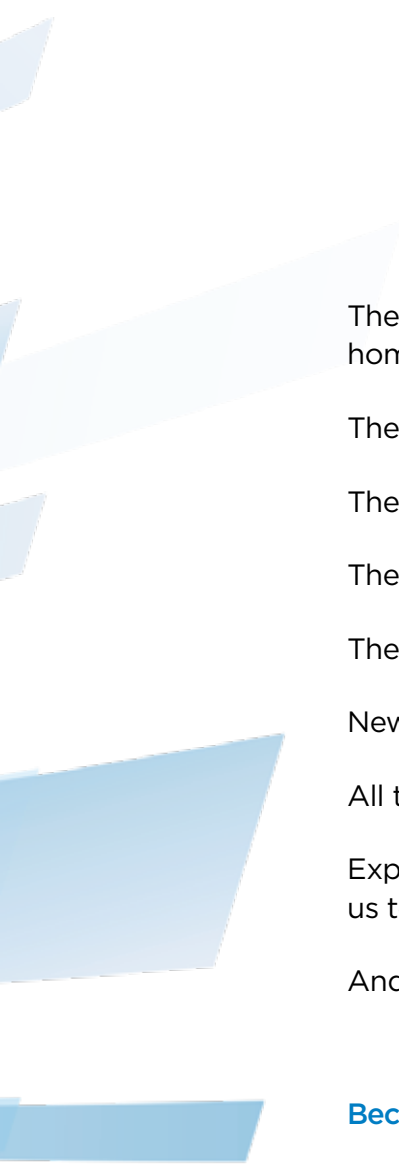
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“Our aspiration for scientific development and technology stems from our admiration for qualified and talented people.”

Vehbi Koç
Founder





The energy we bring to the remotest destinations by overcoming all obstacles, the homes heated and the factories run with that energy,

The roads traveled safely, the short breaks that enhance the journey,

The delicious dishes coming out of kitchens, the tables happily set to savor the food,

The excitement of discovering new places,

The chats with friends enjoying the outdoors, the family gatherings in the garden,

New beginnings driven by the uniqueness of water,

All the happiness delivered across the country,

Exploring new business areas to always do better, and the achievements that inspire us to do more,

And always being active, dynamic and innovative for the future we envision...

Because Aygaz exists to bring its high energy to keep life in motion.

AYGAZ

Aygaz at a Glance

In Brief

Founded in 1961

Koç Group's first company in the energy sector

Integrated LPG company

The first R&D center in the sector

Main Fields of Operation

Procurement, storage, filling, and sales of LPG

Production and sales of pressurized containers and LPG equipment

Maritime transportation of LPG

Facilities



Ambarlı Terminal



Aliğa Terminal



Yarımca Terminal



Dörtyol Terminal



Gebze Plant



Işıkent Filling Plant

5 filling plants*

7 distribution centers

5 sea terminals

1 pressurized container and accessory manufacturing plant

~4,000 dealers across Turkey

*Excluding the filling plants in the Terminals

Subsidiaries

AYGAZ DOĞAL GAZ

Field of Operation

Natural gas and liquified natural gas (LNG) sales

Participation rate: 100%

Founded in: 2004

Sales volume: 17 million m³ of piped natural gas
78 million m³ of LNG

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: 17

SENDEO

Field of Operation

Courier and last mile delivery services

Participation rate: %55

Incorporated in: 2020

18 facilities

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: 197 million liters

Joint Ventures

UNITED AYGAZ LPG LTD.

Field of Operation

Sourcing, storage, filling, and sales of LPG 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

17 stations

Affiliates and Financial Investments

ENERJİ YATIRIMLARI (EYAŞ)

Field of Operation

Energy

Participation rate: %20

Founded in: 2005

Indirect share in the capital of TÜPRAŞ*: 9.3%

KOÇ FİNANSAL HİZMETLER A.Ş.

Field of Operation

Financial Services

Participation rate: 3.93%

Indirect share in the capital of Yapı Kredi Bank: 1.6%

*Türkiye Petrol Rafinerileri A.Ş.

Aygaz in Numbers - 2022

2.4

million tons
LPG sales volume

2,198

cylinder gas dealers

1,830

autogas stations

33rd

largest industrial
enterprise in Türkiye*

*İstanbul Chamber of Commerce
Top 500 Industrial Enterprises Türkiye
(2021)

1.1

billion \$
year-end market value

9.56

Corporate Governance
Rating Score*

* out of 10

1,614

average number of
employees

178

thousand m³
the largest LPG storage
capacity in Turkey

47

million km
the distance traveled on land
with LPG logistics operations

240

thousand
number of
Aygaz cylinders distributed
to households per day

40

thousand
number of vehicles
filled with Aygaz Otogaz
per day

325

thousand
number of downloads
(Aygaz Mobile app)

35

million \$

Aygaz Gebze Plant's export revenues

70%

YoY increase in Aygaz Gebze Plant's export revenues

28,800

m³

total transportation capacity of the LPG vessels owned by Anadoluhisari Tankercilik

55

million \$

capital of United Aygaz LPG Ltd.

753.5

million TL

capital of Sendeo

12

million

packages delivered by Sendeo

498

Sendeo agents

~1,500

Sendeo delivery points

95

million m³

natural gas sales volume of Aygaz Doğal Gaz

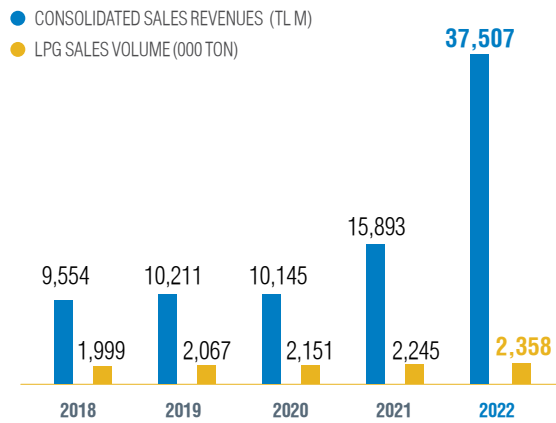
197

million liters

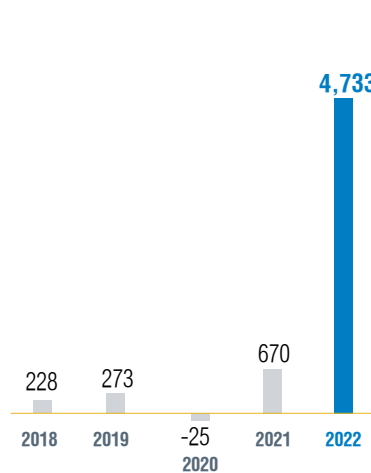
Pürsu carboy, pet and glass bottle sales

Financial and Operational Outlook

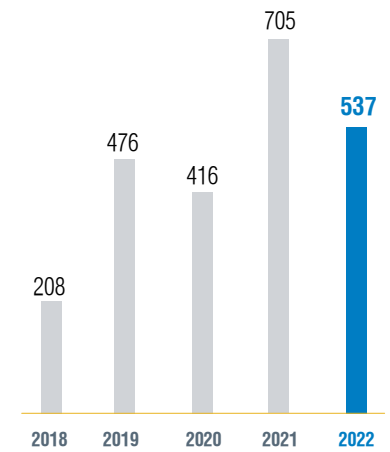
Consolidated Sales Revenues and LPG Sales Volume



Net Profit* (TL M)



EBITDA** (TL M)



Summary Financial Indicators

(TL M)

	2022	2021	2020	2019	2018	2022 / 2021 change
Sales revenues	37,507	15,893	10,145	10,211	9,554	136%
Gross profit	2,223	1,438	912	957	634	55%
Operating profit	343	418	241	365	71	-18%
Profit before tax	4,498	697	31	306	250	545%
Net profit*	4,733	670	-25	273	228	606%
EBITDA**	537	705	416	476	208	-24%
Gross profit margin	6%	%9	%9	%9	%7	-3
Operating profit margin	1%	%3	%2	%4	%1	-2
Net profit margin	13%	%4	-%0,2	%3	%2	9
EBITDA margin	1%	%4	%4	%5	%2	-3
Current assets	7,448	4,638	2,193	1,589	1,618	61%
Fixed assets	9,200	3,696	3,202	3,366	3,396	149%
Total assets	16,648	8,333	5,395	4,955	5,013	100%
Short term liabilities	7,566	3,869	1,852	1,495	1,484	96%
Long term liabilities	1,227	1,745	1,226	982	1,027	-30%
Shareholders' equity	7,728	2,698	2,317	2,478	2,502	186%
Total equity and liabilities	16,648	8,333	5,395	4,955	5,013	100%
Return on equity (ROE)	61%	%25	-%1	%11	%9	36
Net debt/equity ratio	23%	32%	26%	24%	30%	-9
Current ratio	0.98	1.20	1.18	1.06	1.09	-0.22

* Parent company's share

** Except other income and expenses

Shareholding Structure

51.2%

Koç Group

24.5%

Liquid Petroleum Gas Development Company (LPGDC)

24.3%

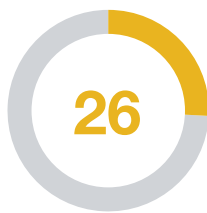
Free Float

Market Shares* (%)

(%)

* According to EMRA's December 2022 Report

LPG MARKET SHARE



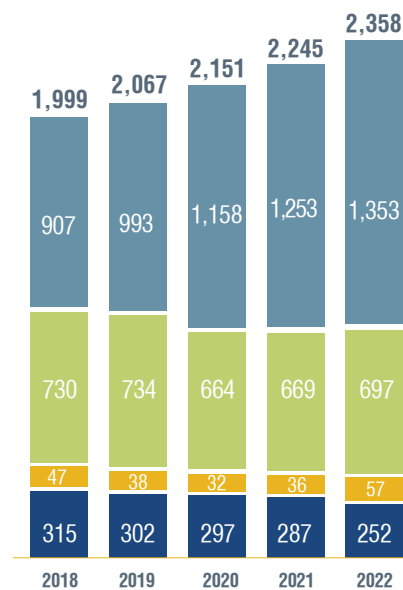
CYLINDER GAS MARKET SHARE



AUTOGAS GAS MARKET SHARE

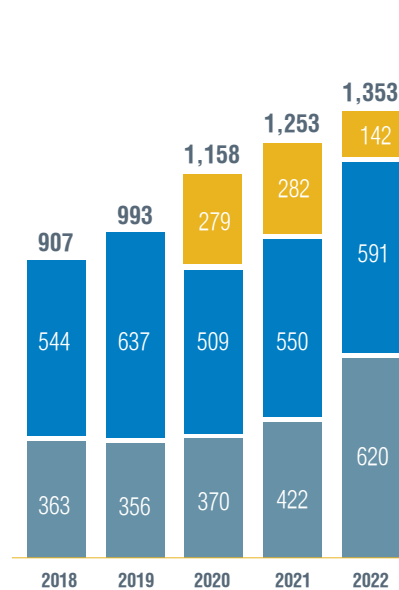


LPG Sales Volume By Segments (000 TONS)



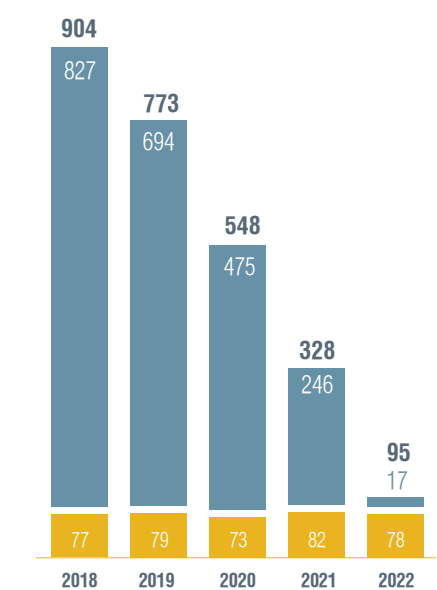
- CYLINDER GAS
- AUTOGAS
- BULK GAS**
- OTHER LPG SALES***

Other LPG Sales (000 TONS)



- WHOLESALE
- INTERNATIONAL
- AYGAZ UK TRADING

Natural Gas Sales Volume (mcm)



- PNG SALES
- LNG SALES

**Petrochemical sales included

*** Excluding Aygaz UK's sales in Turkey

Vision

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

Mission

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

Strategic Priorities

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

Corporate Values

CUSTOMER-CENTRIC

We constantly strive to be a trusted brand.

AGILE AND INNOVATIVE

We follow and define the dynamics of the moment.

HARDWORKING AND RESPONSIBLE

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

COLLABORATIVE

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

Agenda for Ordinary General Assembly Meeting of Aygaz A.Ş. to be held on March 20, 2023

1. Opening and election of the Chairman of the Meeting,
2. Reading, discussing and approving the 2022 Annual Report prepared by the Board of Directors,
3. Reading the summary of Independent Audit Report Summary for 2022 accounting period,
4. Reading, discussing and approving of the Financial Statements related to 2022 accounting period,
5. Acquittal of each member of the Board of Directors in relation to the activities of Company in 2022,
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 2022 and the date of the distribution of profits,
7. Determining the number and duty term of the Members of the Board of Directors, making elections in accordance with the determined number of members, selecting the Independent Members of the Board of Directors,
8. Informing and approval of the Shareholders about the Remuneration Policy for the Members of the Board of Directors and Executive Management and the payments made within the scope of the policy in accordance with the Corporate Governance Principles,
9. Determining the annual gross salaries of the members of the Board of Directors,
10. Approval of the Independent Auditing Institution selection made by the Board of Directors in accordance with the Turkish Commercial Code and the Capital Markets Board regulations,
11. Informing the shareholders of the donations made by the Company in 2022 and resolution of an upper limit for donations to be made for 2023 as per the "Donation and Sponsorship Policy",
12. Informing the shareholders about the collaterals, pledges, mortgages and surety granted in favour of third parties and the income and benefits obtained in 2022 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 2022 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 Anonim Şirketi

1. Opinion

We have audited the annual report of Aygaz Anonim Şirketi (the "Company") and its subsidiaries (collectively referred to as the "Group") for the 1 January - 31 December 2022 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 (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. Our Audit Opinion on the Full Set Consolidated Financial Statements

We expressed an unqualified opinion in the auditor's report dated 8 February 2023 on the full set consolidated financial statements for the 1 January - 31 December 2022 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 regards 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.

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

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

Cihan Harman, SMMM
Partner

İstanbul, 26 February 2023

Report of the Board of Directors and Chairman's Message

Esteemed Shareholders,

Welcome to the 62nd 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.

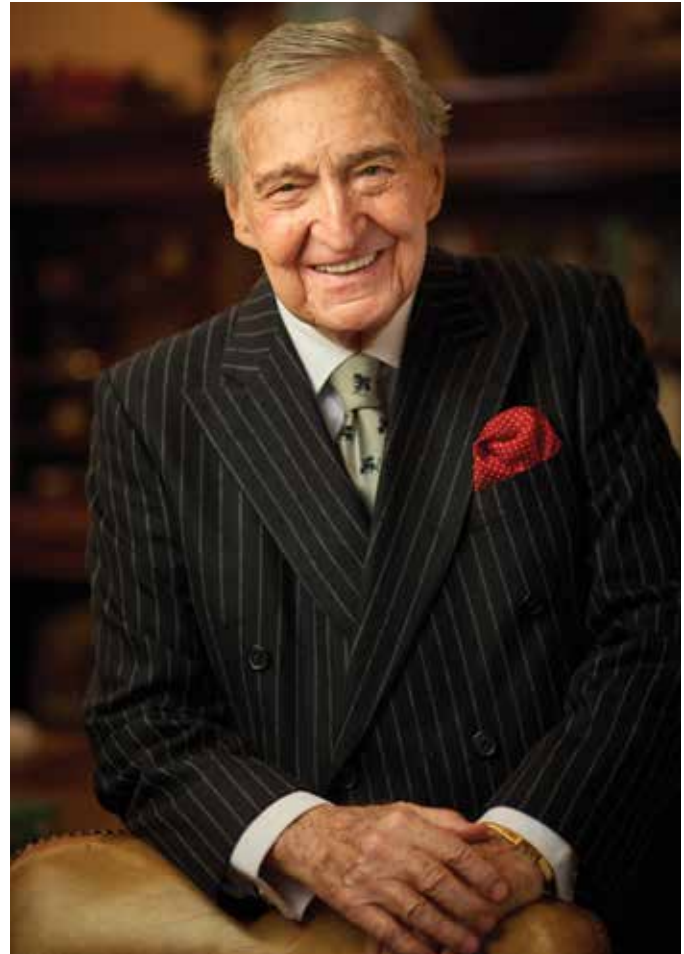
I want to start by expressing my deep sadness about the February 6 earthquake that devastated Kahramanmaraş and many other cities in the region and became one of the greatest disasters in our history. I extend my condolences to the people who lost their loved ones in the earthquake that reverberated throughout the world and wish a fast recovery to the injured. May those who have passed rest in peace. Only through unity and solidarity, we can overcome these trying times.

After making significant strides toward recovery in the post-pandemic days in 2021, the global economy started off 2022 with relatively optimistic expectations. Even though the rising inflation rates were disheartening to a degree, many central banks did not seem to be in a hurry to introduce measures with the assumption that the price increases were caused by temporary factors. Therefore, the early outlook for 2022 was that the central banks would navigate through the price increases with relative ease and the economic recovery would continue as anticipated.

However, in February 2022, Russia launched a military attack on Ukraine, completely upending the optimistic outlook regarding the global economy. In addition to causing sharp spikes in commodity prices starting with energy and grains, the war also led to major disruptions in the international supply and transportation chains, resulting in significant increases in freight and insurance costs. With the effects of all these factors, inflation rates in mid-2022 reached all-time highs of the last 40 years in the USA and in the Eurozone since the transition to Euro.

Even though the central banks of developed countries initially underestimated the rising inflation rates, they quickly took action to respond to the after-effects of the war in Ukraine by increasing their interest rates one after the other. With many developing countries also following suit, interest rates rose to almost unprecedented levels worldwide in 2022. The rising interest rates led to a decline in the risk appetite in financial markets and a decrease in asset prices. Furthermore, the higher financing costs caused a slowdown in investment and consumption spending across the world. As a result, the global economy's growth declined from 6% in 2021 to 3.4% in 2022 according to the IMF reports.

With the high interest policies implemented worldwide and a decline in energy prices to relatively reasonable levels, the



inflation started to lose momentum toward the end of 2022. Nevertheless, the central banks seem resolute to increase the interest rates some more. Therefore, according to the IMF, the global economy will continue to slow down in 2023, with growth rate expected to decline to 2.9%.

The Russian – Ukrainian war that made its mark on 2022 not only caused human tragedy and economic destruction but also created major cracks in international relations that will take years to remedy. The western countries, led by the United States, imposed economic and political sanctions on Russia, clearly showing their alliance by providing direct military and financial aid to Ukraine. Learning from Russia's invasion of Ukraine, the Atlantic Alliance started to review its military, economic and energy supply security policies against the possibility of a similar tension between China and Taiwan. As a major reflection of this approach on the business world, many Western companies started to plan for relocating their production hubs to friendly and safer countries in proximity to their target markets. In other words, the tides of globalization, disrupted by the COVID-19 pandemic, turned, taking a new shape with the war in Ukraine. With its geographical location, young population, and dynamic and diverse economy, Türkiye has much to leverage from the ongoing situation, in my opinion.

With an aging population and a more sluggish economic growth compared to the USA, Europe has been facing challenges, compounded by energy supply insecurities amidst the Russia-Ukraine crisis in 2022. Aiming to lessen its high dependence on Russia for energy imports, Europe turned its focus to alternative energy sources. As part of these efforts, some coal-fired and nuclear power plants in Europe, which were previously decommissioned due to environmental or safety concerns, were recommissioned until the supply issues are resolved. To reduce the Euro Zone inflation rates that reached 10.6% in October, the European Central Bank introduced rapid interest rate hikes, which are estimated to suppress growth in Europe from 3.5% in 2022 to 0.7% in 2023.

China also faced challenges in 2022. The lockdowns imposed to implement the zero-case policy in combating COVID-19 had economic and political repercussions in China. But after remaining resolute about this policy for most of the year, the Chinese government suddenly lifted all pandemic restrictions in response to increasing economic and social pressure. Following this decision, the IMF revised its growth projection for China upward by 0.8 percentage points, from 3% in 2022 to 5.2% in 2023.

In 2022, the Turkish economy not only suffered the consequences of the developments in the international arena as I just mentioned but also had to grapple with its own challenges. In the first half of 2022, the strong domestic and international demand accelerated growth while the rising energy prices and higher foreign currency rates resulted in significant price increases overall. In view of an overheated economy, the government and its agencies began to introduce measures to curb credit growth starting from the summer months. The extraordinary measures aimed at more stabilization in foreign currency rates in the months that followed made it more difficult for both companies and individuals to access cash in the second half of the year. In the meantime, exports also slowed down with the slower economy seen in Europe, our biggest export market. As a result of all these factors, the growth rate of 7.6% in the first half of 2022 declined to 3.9% in the third quarter. According to the latest IMF report published in January, the growth rate of Türkiye is projected to drop from 5.5% in 2022 to 3% in 2023.

In addition to these key global economic and political developments, the efforts toward carbon neutrality are ongoing in many countries worldwide. Despite the fact that investments in renewable energy sources are gaining momentum, these efforts have yet to reach sufficient levels to achieve the targeted emission reductions. Starting from next year, EU-based companies will report the amount of carbon in imported products, including those from energy-intensive sectors such as aluminum, steel, fertilizer, and chemicals. Therefore, reducing the carbon emissions of their products and operations will be a key factor for exporters to the EU to improve their competitiveness.

With many organizations and countries worldwide adopting policies to tackle climate change, LPG will continue to be a major energy source in the near future. In light of the latest data provided by the World LPG Association (WLPGA), global LPG consumption reached 332 million tons in 2021, confirming this expectation.

Türkiye, which has an 2% share in the global LPG market, ranks second in Europe and tenth worldwide in terms of energy consumption. As the second biggest consumer of autogas in the world, Türkiye accounts for 36% of global autogas consumption together with Russia and South Korea and also has the world's largest LPG vehicle fleet.

According to the Energy Market Regulatory Authority (EMRA) data, Aygaz maintained its position as the undisputed leader of the Turkish LPG market in 2022. In addition to LPG, its main field of operation, Aygaz also focused on developing new business areas in the domestic and international markets. Based on the EMRA's December data, Aygaz captured a market share of 41.2% in the cylinder gas segment and 22.5% in autogas last year. As a result, Aygaz completed the year with TL 37.5 billion in consolidated revenues, posting TL 4.7 billion in net profit after tax. In line with its goal of sustainable growth and efficiency, Aygaz continues to make strides in becoming an international LPG player. United Aygaz LPG, the joint venture we established with United Group, has already started supplying, filling, distributing and selling LPG in Bangladesh, one of the world's fastest growing LPG markets. Furthermore, we are pleased to report that Sendeo, which started its operations in May 2021 in İstanbul to leverage the brand values, extensive dealer network, and home delivery experience of Aygaz in strategic business areas, completed its organizational structuring in 81 provinces in less than a year. Currently operating with 18 distribution centers, 498 agents and 1,500 delivery points, Sendeo has delivered 12 million packages in 2022, a clear sign of the company's future success in the last mile delivery sector.

With sustainability placed at the heart of its activities, Aygaz continues to add value to life by focusing on society and the environment. Accordingly, Aygaz has joined Koç Group's Gender Equality in Technology and Innovation Campaign. Launched as part of UN Women Generation Equality Forum, the Campaign is committed to reaching 100,000 girls and women and increasing the female employment ratio in technology and innovation. As a company, we will continue to contribute to sustainable development and inclusion in Türkiye through such projects.

I wholeheartedly believe that the efforts of Aygaz to contribute to the economic and social development of our country in 2022 will continue for many years to come in line with Koç Group's sustainability vision of "Lead. Together." On this occasion, I want to express my gratitude to all our stakeholders, starting with our employees, dealers, suppliers, customers, labor unions, supply industry and shareholders, for their invaluable contributions and commitment to Aygaz and their unwavering trust in us.

As we prepare to celebrate the Turkish Republic's centennial in 2023, I wish peace and prosperity for our great nation.



Rahmi M. Koç
Chairman

Independent Auditor's Report on Financial Statements (Opinion)

Opinion*

We have audited the accompanying consolidated financial statements of Aygaz Anonim Şirketi (the "Company") and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2022, 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 2022, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

* Please see page 116 for full Independent Auditor's Report and Opinion.

Consolidated Balance Sheet

(Thousand TL)	2022	2021
Total Current Assets	7,447,907	4,637,591
Total Fixed Assets	9,199,707	3,695,540
Total Assets	16,647,614	8,333,131
Total Short Term Liabilities	7,565,695	3,868,659
Total Long Term Liabilities	1,227,387	1,745,273
Total Shareholders' Equity	7,854,532	2,719,199
Total Equity and Liabilities	16,647,614	8,333,131

Consolidated Income Statement

(Thousand TL)	2022	2021
Revenues	37,506,944	15,893,254
Cost of Sales	-35,284,064	-14,455,117
Gross Profit	2,222,880	1,438,137
Operating Profit	342,579	418,024
Profit Before Tax	4,497,907	697,316
Net Profit	4,564,236	627,166
Net Profit – Parent Company Shares	4,733,385	670,105
Return per Share (Kır)	17.3215	2.2337

Board of Directors 2022



Mustafa Rahmi Koç
Chairman



Mehmet Ömer Koç
Vice Chairman



**Alexandre François
Julien Picciotto**
Member



Dr. Bülent Bulgurlu
Member



Levent Çakıroğlu
Member



Yağız Eyüboğlu
Member



Kutsan Çelebican
Independent Member



Kemal Ege Cansen
Independent Member



Dr. Şadan Kaptanoğlu Dikici
Independent Member

Profit Distribution Policy

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

In principle, to the extent allowed by the applicable regulations and financial resources, a minimum of 50% of the distributable profit, calculated per Capital Markets Regulations by considering the long-term company strategies, investment and financing policies, profitability and cash position, is distributed in cash and/or bonus shares.

The company aims to pay out the dividends within one month at the latest subsequent to the General Assembly Meeting, where the pay-out date is resolved. The General Assembly or the Board of Directors, if authorized, may pass a resolution to pay out the dividends in installments pursuant to the Capital Markets Regulations.

According to the company's Articles of Association, the Board of Directors may distribute an advance on dividends in accordance with the Capital Markets Regulations, provided that it is authorized to do so by the General Assembly.

Board of Directors' Profit Distribution Proposal

Esteemed Shareholders,

We have reviewed and accepted the Consolidated Financial Statements prepared by Aygaz A.Ş. management in accordance with the Turkish Financial Reporting Standards (TFRS) for the accounting period from January 1 to December 31, 2022 and audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and resolved to present them to the General Assembly.

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

- the financial statements prepared in accordance with TFRS indicate TL 4,733,385,000 in net profit for the reporting year and TL 12,662,380.80 in net profit from its fiscal year activities according to TPL records;
 - the donations in the amount of 1,033,701.50 added to the net period profit of TL 4,733,385,000 per the financial statements in accordance with TFRS amounted to a distributable profit base of TL 4,734,418,701.50; and
 - the financial statements prepared according to the TPL records indicate a net distributable profit of TL 12,662,380.80.
- a. Accordingly, it has been resolved that setting aside a 5% as general legal reserve for 2022 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 31.12.2022,
 - 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 219,800,767.00 to be paid out to shareholders as dividend, and
 - TL 20,881,072.87 to be set aside as general legal reserve
 - c. It is also proposed to pay out the total amount of TL 219,800,767.00 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 12,510,349.67 of the total dividend amount of TL 219,800,767.00 be paid out from other current earnings and the remainder TL 207,290,417.33 be paid out from the extraordinary reserves; and that 152,031.13 of the total amount of TL 20,881,072.87 as legal reserves to be set aside be retained from the net period profit and the balance of TL 20,729,041,73 to be covered by extraordinary reserves.
 - e. The balance of TL 4,492,703,160.14 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 100.00000% and in the amount of TL 1.00000 per share with a nominal value of TL 1.00 to be paid out to fully obligated corporations and our limited taxpayer shareholders who earn dividends through an office or a permanent representative in Turkey; and a gross cash dividend at the rate of 100.00000% and the amount of TL 1.000000 per share with a nominal value of TL 1.00, and net 90.000000% and net amount of TL 0.900000 to be paid out to other shareholders; and dividend payout to start on March 27, 2023.

The proposal detailed above is presented for your approval.

Candidates to the 2023 Board of Directors

Mustafa Rahmi Koç

Mehmet Ömer Koç

Alexandre François Julien Picciotto

Dr. Bülent Bulgurlu

Levent Çakıroğlu

Yağız Eyüboğlu

Kutsan Çelebican (Independent Member)

Kemal Ege Cansen (Independent Member)

Dr. Şadan Kaptanoğlu Dikici (Independent Member)

Remuneration Policy for Members of The Board of Directors and Executive Management

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

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

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

Executive directors on the board shall receive a payment within a determined policy for senior management, the details of which are specified below.

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

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

To the chairman and members of the Executive Committee of the Board which supports the Board in the proper management of the Company in all respects, additional compensation determined by the Board of Directors in consultation with the Corporate Governance Committee by taking into account such Committee Members' contributions, attendance at the meetings, functions, etc. can be granted. Payments made thereof to Executive Committee members within the year are to be deducted from the amount determined at the end of the year.

In respect of remuneration of the independent members of the Board of Directors, a payment plan based on the performance of the Company cannot be used.

Expenses incurred by the members of the Board of Directors on account of making contributions to the company (such as transportation, telephone, insurance, etc.) can be paid by the Company.

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

Within the scope of remuneration policy, salary and fringe benefits management is organized and implemented as fair, objective, appreciating high performance, competitive, rewarding and motivating.

Fixed salaries of senior executives are determined in accordance with international standards and legal obligations by taking into account the prevailing macroeconomic data in the market, the salary policies prevailing in the market, the size and long-term targets of the Company and the positions of the persons. With the remuneration policy, it is aimed to increase the motivation and loyalty of the employees and to gain qualified employees who will ensure the achievement of the Company's strategic business goals, taking into account the internal wage balances and competitiveness in the market.

Bonuses for senior executives are calculated according to the bonus base, company performance and the individual performance in a way that will support the realization and exceeding of the Company's business goals, and encourage superior performance by rewarding sustainable success. A summary of the criteria is as follows:

- **Bonus Base:** Premium Baselines are updated at the start of every year and may vary according to the size of the workload of the executive position. Premium baselines are updated in the light of senior executive premium policies in the market.
- **Company Performance:** The performance of the Company is determined at the end of the year by measuring the financial and operational targets (market share, exports, overseas operations, productivity, etc.) assigned to the Company at the beginning of each year. In determination of the Company's targets, the sustainability of success and the degree to which it incorporates improvements over previous years are the principles taken into account.
- **Individual Performance:** Determination of individual performance is based on individual and collective objectives and key results determined by Senior Executives together with their teams and managers. In measurement of individual performance, long term sustainable improvement in non-financial areas, compliance with Environment, Social and Governance (ESG) principles is a significant principle.

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

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

* Senior management at Aygaz includes the Board members, general manager, and assistant general managers and directors directly reporting to the general manager regarding the company's main field of activity. Information about the benefits provided to senior management in 2022 is available in note 31 of the financial statements (See page 186).

General Manager's Message

Aygaz continued to maintain its leadership in the Turkish LPG market throughout 2022 and also remained focused on its international growth strategy. United Aygaz LPG, established in 2019 in Bangladesh, started its operations and sales in 2022. Sendeo, the last mile delivery business, founded to leverage the brand value, extensive dealer network and home delivery experience of Aygaz, expanded its operations to 81 provinces last year.

Esteemed Shareholders,

We are deeply saddened by the earthquakes in early February that devastated the southeastern regions, with Kahramanmaraş at the epicenter and destroyed many provinces. We extend our sympathies to all the people who lost their loved ones in the disaster and wish a fast recovery to the injured. Our thoughts and prayers go to those who passed away. Our only hope is to get through these difficult days in solidarity and for our country to never experience such a great loss again.

As a portable source of energy, LPG once again played an important role during the recovery in the aftermath of this great disaster. At Aygaz, we immediately started to work in coordination with Koç Holding Crisis Coordination Center, AFAD, and local administrations to contribute to the rapid recovery efforts after the earthquakes. We mobilized all our resources and joined forces with our employees, dealers and transporters to deliver the gas cylinders, stoves and heaters as well as the much needed drinking water to the region to meet the heating and cooking needs in the harsh winter conditions. We also launched campaigns to encourage people to extend their support and solidarity. We are striving with all our might to contribute to the recovery efforts as life resumes some normalcy in the affected areas and we will continue to do so. I also want to let you know you that we are carefully monitoring the possible effects of the earthquakes on our activities and financial position from all angles.

In 2022, we witnessed many uncertainties around the world and fluctuations in energy prices due to the Russian-Ukrainian war as disruptions in supply chains continued and global economic growth slowed down. More specifically, the rising energy and food prices fueled rapid increases in inflation rates worldwide. And interest rate hikes and tight monetary policies adopted to combat inflation made it more difficult to access financing.



In an environment where global growth slowed down and access to energy resources became key, LPG gained prominence not only for its rich reserves but also as a portable, sustainable and easily accessible energy source, reaching a consumption of 332 million tons worldwide in 2021 with a 4% increase, according to the latest data provided by the World LPG Association (WLPGA). Furthermore, ten-year data points to an increase of 33%, corresponding to 82 million tons. In the times ahead, the demand for fossil-based transportation fuels is expected to decrease, especially driven by the zero carbon policies of countries while LPG is estimated to maintain its growth trend. This shows that LPG will continue to take up an important share in the global energy market in the near future.

The Turkish LPG market ranks tenth worldwide and second in Europe in terms of energy use with a 2% share in global LPG consumption. In autogas, Turkey is positioned as the second country with the highest consumption globally and first in the world with an LPG vehicle park of nearly five million. According to the December data of the Energy Market Regulatory Authority (EMRA), the demand for cylinder gas and autogas in the Turkish LPG market decreased by 13% and 0.6%, respectively, mainly due to the rising product prices and declining purchasing power in 2022 and concurrently for the first time while total consumption in the 12-month period was 1% lower year on year.

As we maintained our leadership in the Turkish LPG market, we reinforced our current position, moving forward in line with our

mission of becoming an international LPG player. And we captured a share of 26% in the Turkish LPG market, where the total demand amounted to 3.9 million tons by the end of December. In 2022, Aygaz's total sales volume, including domestic sales, wholesale, and exports, increased by 5% year on year to exceed 2.3 million tons, marking the highest ever sales tonnage. As of year-end, our consolidated revenues amounted to 37.5 billion TL. And Aygaz also ranked 33rd in İstanbul Chamber of Industry's (İSO) 2021 list of Turkey's Top 500 Industrial Enterprises.

The export revenues of Aygaz Gebze Plant, which manufactures a range of products, including cylinders, tanks, regulators and valves, increased by more than 70% in 2022, driven by sales to LPG distribution companies in Europe, Latin America, Africa and Asia. In light of these developments, we made revisions in the cylinder plant's production lines to manufacture different products used in foreign markets in order to increase the export capacity of this plant. I am confident that our Gebze Plant will continue to contribute to Aygaz's mission of becoming a global player through higher exports in the years to come.

At Aygaz, we continued our activities in line with our international growth strategy in 2022. United Aygaz LPG, the joint venture we established in 2019 in Bangladesh, one of the world's fastest growing liberal LPG markets, started to sell LPG in 2022 once the two spherical tanks were completed and the LPG operating license was obtained. The Bangladesh LPG market recorded 13% growth year on year, reaching 1.4 million tons in 2021. With a per capita consumption of 7kg of cylinder gas per year, one of the lowest in the Asia-Pacific, the Bangladesh market shows great promise for growth. In 2022, the total sales volume of United Aygaz LPG amounted to 8 thousand tons. Meanwhile, our investments continue in order to expand our operations across the country and increase capacity.

Sendeo, which started its operations in May 2021 in İstanbul to create added value from our existing assets by leveraging the strong brand value, extensive dealer network, and home delivery experience of Aygaz in strategic business areas, completed its organizational structuring in 81 provinces by February 2022, in less than a year from its launch. With 18 distribution centers, 498 agents, and nearly 1,500 delivery points, Sendeo delivered 12 million packages in 2022, capturing an on-time delivery rate of 93% and net promoter score of 90%. As of year-end, the capital of Sendeo, in which Koç Holding has a 45% stake, was increased to TL 753.5 million.

Pürsu, the brand that we created to expand the scope of the water distribution activities through Aygaz dealers and achieve sustainable production, captured an 8% growth in PET and glass bottle sales, reaching a total of 197 million liters sold in 2022 in addition to the carboys sold, bringing in nearly TL 230 million in revenues. Aygaz Doğal Gaz, founded with the mission of becoming a versatile player in the natural gas industry, sold 95 million cubic meters of natural gas in 2022, delivering TL 1.5 billion in revenues. Anadoluhisarı Tankercilik, which operates with three LPG tanker ships with a total capacity of 28,800 cubic meters and other chartered ships, continued to serve Aygaz in its maritime sourcing and transportation activities in 2022. And Opet

Aygaz Gayrimenkul, which sold the land of four gas stations last year based on the efficiency studies, continued its activities with 17 gas stations across the country in 2022.

In addition to all these activities, Aygaz also leads the sector with the Aygaz Mobile app, which was upgraded in 2022. Meanwhile, digital transformation within the organization continued in areas such as price management, digital and lean working environment, and smart logistics and production. AR-WE, the remote working platform that we launched to create a lean and digital working environment, brought home three awards. Furthermore, GreenOdor, the fruit of our R&D activities, which have always been a key priority for Aygaz since the very beginning, was recognized with first prize in the "Safety" category at the 2022 Global Technology Conference, organized by the World LPG Association in New Delhi, India last year. These recognitions not only crown our achievements but also motivate us to drive our company forward with new technology and R&D projects.

Supporting projects that add value to life for society is as important to us as contributing to the economy through our business activities. Therefore, we continued to invest in the future of our country in 2022 by supporting several projects, many within the scope of the United Nations Sustainable Development Goals. Furthermore, we disclosed our five-year targets in this area, following the Gender Equality in Technology and Innovation Campaign launched by Koç Group in 2022 as part of the UN Women Generation Equality Forum. Accordingly, we aim to reach 100 thousand girls and women from different age groups through training programs, mentoring, and scholarship projects, to increase female employment ratio in technology and innovation to 35% and the rate of female managers to 21% within the organization. In line with these targets, we increased female employment ratio in technology and innovation to 15% and the rate of female managers to 16% in 2022. Meanwhile, women accounted for 40% of the employees who participated in the intrapreneurship projects. In the 2021-2022 academic year, we granted 75% of our TEV scholarships to female students in STEM. And as a brand serving people aged 7 to 70, we have launched a number of social projects with our Equality for Generations approach.

As always, we will strive to achieve our goals and stand apart by focusing on maintaining our undisputed leadership in the LPG market, international activities, strategic businesses, digital transformation efforts, ensuring ultimate customer satisfaction, strong infrastructure, new products, and social responsibility projects. I would like to thank our partners, customers, dealers, employees, suppliers, and all other stakeholders for accompanying us on this journey and playing a key role in our achievements.

Gökhan Tezel
General Manager

Executive Management



Gökhan Tezel
General Manager



Gökhan Dizemen
Assistant General Manager
Finance



Ayşe Abamor Bilgin
Assistant General Manager
Technical Affairs and Investments



Fikret Coşar
Assistant General Manager
Sales



Rıdvan Uçar
Assistant General Manager
Marketing and Innovation



Şenol Zafer Polat
Director
Cylinder Gas Sales



Hakan Öntürk
Director
Autogas Sales



Nurettin Demirtaş
Director
Affiliates and Accounting*



Elifcan Yazgan
Director
Supply Chain



Esra Topkoç
Director
Human Resources

* Retired on December 31, 2022.

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, İstanbul.

1982

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

1984

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

1985

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

1988

- Modernization of Aygaz dealers begins to better serve customers.

1989

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

1993

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

1995

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

1996

- “Guaranteed seal cap” introduced for cylinder gas.

1997

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

1998

- Aygaz renews corporate image and identity. New logo introduced with the first zeppelin of 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.
- Knightsbridge (Beykoz), a vessel with 11,000-m³ capacity built in Japan in 2009, joins the Aygaz fleet.

2016

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

2017

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

2018

- The Aykargo project is awarded in the “Collaborators” category at the Most Successful Koç Employees Awards Ceremony.
- Aygaz R&D Center is established, becoming a first among the LPG distribution companies in 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 İstanbul (BIST) with the highest corporate sustainability performance.

2019

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

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.

2021

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

Highlights of 2022

JANUARY



CAPITAL INCREASE DECISION FOR SENDEO

Aygaz decided to participate in the capital increase of Sendeo, in which the Company holds a 55% stake, from TL 143.5 million to TL 423.5 million.

FEBRUARY

UNITED AYGAZ LPG'S CAPITAL INCREASED

Following the resolution to increase the capital of United Aygaz LPG from BDT 1.12 billion to BDT 2.14 billion, Aygaz, which holds a 50% stake in the joint venture established in Bangladesh, paid its share of BDT 510 million in cash.

SENDEO COMPLETED ORGANIZATIONAL STRUCTURING IN 81 PROVINCES



Sendeo, which started its operations in May 2021 in İstanbul and expanded to 16 provinces by September, completed its organizational structuring in 81 provinces.

MARCH

AYGAZ ANNOUNCED ITS COMMITMENT TO GENDER EQUALITY

Aygaz, joined by other Koç Holding companies including Arçelik, Ford Otosan, Koçfinans, Tofaş, Tüpraş, TürkTraktör and Yapı Kredi Bank, announced its commitment to providing equal opportunity for women and girls in technology and innovation for the next five years at a press conference.

MOONVERSE AGILE WORKING ECOSYSTEM INTRODUCED



Aygaz introduced Moonverse, the agile work ecosystem that involves an Agile Cultural Transformation.



AYGAZ PARTICIPATED IN THE PETROLEUM İSTANBUL FAIR

Aygaz, together with Opet and Tüpraş, participated in Petroleum İstanbul, one of the world's biggest and most visited fairs in its field. The exhibition marked the first time that the whole industry came together in a physical setting in the post-pandemic era.

APRIL

INNOVATIVE STARTUPS AND NEXT GENERATION TECHNOLOGIES IN FOCUS

Aygaz hosted the Technology Startups Presentation Day in partnership with MEXT and Plug and Play. The webinar held as part of the event focused on next generation technologies and the latest trends in digital commerce.

DIVIDEND PAY OUT COMPLETED

Aygaz paid out TL 150 million in dividends in accordance with its Dividend Distribution Policy. The dividend amount was determined by considering factors such as market expectations, long-term company strategies, investment and financing policies, profitability, and cash position.

MAY

TOP PRIZE GOES TO THE AR-WE PROJECT

Aygaz, working to develop innovative products and services driven by innovation and digitalization, won the first prize in the "Future of Work-Borderless Organization" category at the IDC CIO Summit 2022 for its AR-WE project, which creates a virtual office environment.

AYGAZ PAID ITS SHARE IN THE CAPITAL INCREASE OF UNITED AYGAZ LPG

Following the resolution to increase the capital of United Aygaz LPG from BDT 2.14 billion to BDT 3.26 billion, Aygaz, which holds a 50% stake in the joint venture established in Bangladesh, decided to participate in the capital increase in proportion to its share by paying BDT 560 million in cash.

JUNE

MEETING WITH THE BANGLADESH INVESTMENT DEVELOPMENT AUTHORITY



Bangladesh Investment Development Authority (BIDA), Bangladesh Embassy in Türkiye and Bangladesh Consulate General in İstanbul hosted an event in partnership with the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) to promote investment opportunities in the country. Aygaz General Manager Gökhan Tezel was among the speakers at the event.

W-ENERGY FOR EQUALITY PROGRAM LAUNCHED



Aygaz launched the W-Energy for Equality program to promote gender equality in technology and innovation. The program, which started to accept applications in late June, features technology certificate programs, beginner to advanced level entrepreneurship training programs, Hackathons, and mentoring programs, all aiming to build next generation competencies.

JULY

LPG, ODORIZED WITH GREENODOR, OFFERED TO CONSUMERS

The TÜBİTAK-supported GreenOdor project, developed to reduce sulfur emissions from odorants, began to reach the consumers with the use of the material in the products. All Aygaz terminals and plants have adopted GreenOdor to odorize LPG starting in July.

AUGUST

AYGAZ MARINE CYLINDERS LAUNCHED

Aygaz Marine, Türkiye's first and only no-shield gas cylinder developed specifically for boats, was launched. Aygaz also introduced LPG Safety and Control Services to provide customers with improved cruise safety, marking a first in the sector.



SENDEO BECOMES THE OFFICIAL CARGO DELIVERY SPONSOR OF FENERBAHÇE SPORTS CLUB

Sendeo signed an agreement with Fenerbahçe Sports Club to provide last mile delivery services across Türkiye, becoming the official cargo delivery sponsor of the club in the 2022-2023 season,.

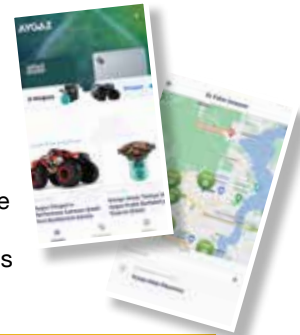
ENTEK SHARES TRANSFERRED TO TÜPRAŞ THROUGH PARTIAL DEMERGER

The decision to transfer 49.62% stake of Aygaz in Entek Elektrik Üretim A.Ş. to Tüpraş through partial demerger was approved at the Extraordinary General Assembly Meeting. The shareholders also approved the Board of Directors' proposal to decrease the issued capital of Aygaz from TL 300 million to TL 219.8 million as a result of the partial demerger and accordingly amend article 6 "Capital" of the Company's Articles of Association. The resolution was duly registered and announced.

OCTOBER

NEW VERSION OF AYGAZ MOBILE APP RELEASED

Aygaz released the new version of the Aygaz Mobile app, developed to offer its products on a single platform, meet the daily needs efficiently, and provide an effective user experience. The app is available on iOS and Android.



DECEMBER

FIRST SENDEO COMMERCIAL RELEASED

Sendeo's friendly, speedy, technological and customer satisfaction-focused services were highlighted with a hero theme in the brand's first commercial.

CAPITAL INCREASE AT SENDEO

In December, the capital of Sendeo was increased to TL 753.5 million.

2022 OVERVIEW

Turkish and Global LPG Industry

The consumption of LPG, a sustainable and environment-friendly fuel, saw a recovery in the post-pandemic period. According to the World LPG Association data, global consumption increased by 4% in 2021 and by 33% in the last decade.



Liquefied petroleum gas or LPG is an energy source recognized as an efficient, transportable, readily available and sustainable fuel with environment friendly properties. Like renewable energy, LPG also continues to gain popularity.

LPG is anticipated to maintain its current position in the energy scale in the coming years. The global LPG consumption

reached 332 million tons according to the World LPG Association's (WLPGA) 2021 report. Global LPG production was 333 million tons.

In the 10-year period from 2010 to 2019, LPG demand steadily increased by an annual average of 3%. However, the COVID-19 pandemic disrupted life in all aspects and significantly impacted

the global economy in 2020, bringing the growth trend to a sudden halt. In the post-pandemic period, LPG consumption recovered faster than the rate of decline in 2020.

USA, top producer

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

for 59% of the total production as the top five countries. LPG production is directly related to the production and consumption of fossil fuels, with 64% coming from natural gas and 36% sourced from refineries. Even though oil, natural gas, and LPG are considered alternative fuels to one another, LPG production inevitably accompanies oil and natural gas production. Despite some geographic and industrial changes, LPG production continues to increase in correlation with these two sources.

China leading LPG consumption

As reported by the WLPGA, LPG consumption grew by 33% over the last decade, corresponding to a volume increase of 82 million tons. The report indicates that global LPG consumption grew by 4% year on year to 332 million tons. The 10-year fuel efficiency and decarbonization goals are expected to contribute to the structural decline in the demand for fossil-based transportation fuels in the long term while LPG is projected to grow further, especially in the petrochemical sector and potentially in the household markets. In terms of the highest LPG consuming countries, China ranks first with 71 million tons, followed by the USA and India in the top three, which account for 43% of total global LPG consumption.

Bangladesh, a rapidly growing market

In Bangladesh, located in the Asia-Pacific region, LPG demand has consistently increased for the last ten years. In 2020, consumption rose to 1.2 million tons, exceeding 1 million tons despite the pandemic restrictions. In 2021, the growth trend continued with an increase of 13% year on year, the highest annual increase in the region, with a demand of 1.4 million tons. Bangladesh still has one of the lowest consumption rates in the region with 7 kg per capita, which indicates that the country promises a significant potential for growth.

Türkiye, Europe's 4th largest household LPG market

According to the WLPGA report, household LPG consumption continues to dominate the global LPG market with 46%. China, India and the USA occupy the top three places in domestic LPG consumption, with the LPG consumed by these countries accounting for 48% of the total household consumption. Currently, Türkiye is the fourth largest market in Europe in household LPG consumption.

The second largest autogas market in the world: Türkiye

According to the WLPGA report, autogas consumption ranks fourth after household, petrochemical and industrial consumption with a global share of 2%. Russia, Türkiye and South Korea are the three countries with the highest autogas use, with their combined total accounting for 36% of global autogas consumption. Furthermore, Türkiye has the world's largest LPG-powered vehicle park with 4.99 million units. In

Global LPG Industry

PRODUCTION

333 million tons

64% natural gas, %36 refinery production

TOP PRODUCERS

1. USA
2. China
3. Saudi Arabia

CONSUMPTION

332 million tons

TOP CONSUMERS

1. China
2. USA
3. India

HOUSEHOLD LPG CONSUMPTION

46%

in total LPG consumption

Adopting environment-friendly approaches and policies to tackle climate change presents opportunities to further develop and spread LPG use.

Türkiye, autogas is among the most preferred automotive fuels since 2011, currently used in 36% of passenger cars.

Increase in exports by sea

According to the 2022 report, an increase was observed in maritime transportation of LPG worldwide. With 23 new vessels beginning to carry LPG last year, the number of tankers transporting LPG globally reached 1,557 and total capacity 39 million cubic meters.

Türkiye, the 2nd largest market in Europe

Turkish LPG market is the second largest in Europe and tenth in the world in terms of use as an energy source,

excluding petrochemicals and refineries. As of December 2022, 29% of total LPG demand in the Turkish market was met by domestic production and 71% by imports. LPG is imported primarily from Algeria, the USA and Kazakhstan among other countries.

Volatility in LPG prices

The Algerian (SP) sourced LPG, which was priced at USD 711/ton in early January 2022, closed December at USD 594/ton. Throughout the year, LPG prices fared at USD 709/ton levels on average. The crude oil and LPG prices increased with the recovery in demand in the first two months of 2022 and low stock levels during the pandemic.





With the start of the Russian-Ukrainian war in late February, prices continued to increase and LPG prices reached the highest levels of the year at \$912/ton in April in the past 8 years. Once the Organization of the Petroleum Exporting Countries (OPEC+) increased production and the USA began to supply the market from its strategic oil reserves, the LPG price started to weaken after April, dropping by 12% from the previous month in May. July saw another sharp drop of 17% from the previous month and the downward trend of the LPG prices continued until November in parallel to the falling crude oil prices due to the global recession expectations. However, with OPEC+ cutting production despite the global recession concerns and expectations of uncertainty brought about by the sanctions on Russian crude oil, prices began to increase in November. Fueled by the higher demand for heating as the winter season approached, the prices of USA, Europe, Arabian Gulf (CP) and SP LPG also increased.

In terms of the consumer prices in 2022, autogas recorded a 32% price increase and cylinder gas 51% (household cylinder). According to the December industry report of EMRA (Turkish Energy Market Regulatory Authority), the Turkish cylinder gas and autogas markets shrank by 13% and 1%, respectively due to the rising product prices and lower purchasing power. As a result, the total market shrank by 0.6%. In the same period, Aygaz cylinder gas sales followed a parallel trend with the market while autogas sales grew by 4% thanks to the strong distribution network. Aygaz maintained its leadership position with market share gains in all segments.

Turkish LPG Industry

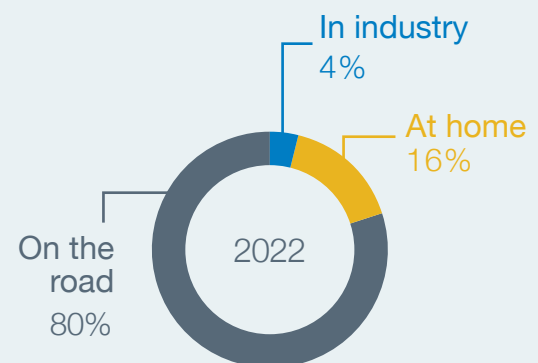
The world's
10th largest LPG market

The world's
2nd largest autogas market

Europe's
4th largest household LPG market

The world's biggest LPG-powered vehicle park with
~5 million vehicles

Areas of LPG Use



EMRA December report

2022 OVERVIEW

Aygaz in 2022

Aygaz, operating with the mission of reinforcing its leadership position in the Turkish LPG industry and creating sustainable value, continued to work toward becoming an international LPG player and to grow in its strategic business areas in 2022.



Aygaz, founded in 1961 as Koç Group's first Company in the energy sector, is an integrated LPG company that runs all its processes successfully. The Company's activities in the LPG industry include sourcing, storing, filling and selling LPG, manufacturing and selling pressurized containers and LPG equipment, and maritime transportation

of LPG. With superior quality, customer-centric approach and service excellence placed at the core of its way of doing business, Aygaz has long been a generic brand for LPG users. As part of its international expansion strategy, the Company has expanded its LPG operations to Bangladesh, armed with its industry knowhow and experience.

Aygaz also leverages its effective and extensive dealership network to reach its customers with drinking water products and last mile delivery services.

The 33rd largest industrial Company of Türkiye

Aygaz has long maintained its leadership as the first and only publicly traded

LPG company in the country and ranked 33rd in İstanbul Chamber of Industry's (İSO) 2021 list of the Top 500 Industrial Enterprises of Türkiye. With a well-established corporate culture and qualified workforce, Aygaz uses a state-of-the-art technological infrastructure across all fields of operation.

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

Continued leadership in the LPG industry

According to the December 2022 report of EMRA, Aygaz continued to maintain its industry leadership in the LPG market where nearly 80 companies operate.

As of the end of December, the overall market share of Aygaz stood at 26.0%, with 41.2% in the cylinder gas and 22.5% in the autogas segments. Aygaz's total domestic sales exceeded 1 million tons in 2022. With the addition of wholesale, export and transit sales, this quantity exceeded 2.4 million tons, with a 5% year-on-year increase. As of year-end 2022, Aygaz earned TL 37.5 billion in consolidated revenues.

Aygaz in the global arena

As part of its international growth strategy, Aygaz entered into a business partnership with the United Group in 2019 and established United Aygaz LPG Limited as a joint venture to operate in the fields of LPG supply, filling and distribution in Bangladesh, the world's fastest growing liberal LPG market. The company started selling LPG in the Bangladesh market in 2022 as investments continue to increase capacity.

Aygaz manufactures the products it uses such as cylinders, valves, regulators, bulk gas and autogas station tanks at its Gebze Plant, which also exports such items to several countries and contributed to the Company's mission of becoming a global player. Since 1962, Aygaz has manufactured more than 700 different types of products, nearly 80 million cylinders, 40 thousand tanks and 140 million valves and regulators, which are used in 57 countries. In 2022, these products were sold to 41 LPG distribution companies, 11 of which were new customers, including those in Europe, Latin America, Africa, and Asia, capturing over 70% increase in sales on foreign currency basis.

Digital transformation and reinforced sales channels

Digital transformation at Aygaz continues as efforts gain momentum in areas such as customer applications, smart

Aygaz distribution network in Turkey

2,198
cylinder gas dealers

1,830
autogas stations

United Aygaz LPG, the joint venture established in 2019 by Aygaz to operate in the fields of LPG supply, filling and distribution in Bangladesh, started selling LPG in 2022.



A new version of Aygaz Mobile app was released with an upgraded infrastructure and more features. The app was downloaded nearly 325 thousand times in 2022.

sales management, digital dealers, digital price management, digital and lean working environment and smart logistics and production. Aygaz also leads the industry with its services that facilitate e-commerce, especially for the customers.

With the deployment of an upgraded e-commerce architecture in 2022, the Aygaz Mobile app's features were enhanced to offer cylinder gas products and devices to the customers on a single app through the dealers and direct sales channels. Introduction of the mapping infrastructure now enables the customers to view the dealers serving in their regions when they enter their addresses. Once they select a dealer they want, they may place their orders, which are automatically transferred to the AES system used by the dealers. Furthermore, the campaign feature of the system lets the users to create exclusive customers campaigns and

cross-campaigns. The "Dealer Mobile" app was also launched under the Digital Dealer initiative made available to both autogas and cylinder gas dealers. In line with the vision of Aygaz to make data-driven decisions in internal processes, new applications continue to be implemented in the dealer support processes.

AR-WE remote working platform was developed to create a lean and digital working environment and to enabling employees to access Aygaz resources and systems anywhere on any device via a secure system. AR-WE, recognized as an exemplary practice in Türkiye, won three awards in 2022. Furthermore, the "Digital Transformation and Innovation Ambassadors" activities, designed as a Digital Transformation Acceleration Program, gained momentum in 2022. The program, created to carry out digital transformation initiatives with high participation from business units,

was implemented with more than 50 activities. In addition, more investment went into the “Robotic Process Automation” projects and the number of robots was doubled to simplify business processes and improve efficiency through automation of simple tasks.

High customer satisfaction

According to the results of independent surveys conducted since 2003, Aygaz continues to be named among the brands 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 2,200 cylinder gas dealers and over 1,800 autogas stations across Türkiye as of 2022 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 nearly 40 thousand homes every day while more than 240 thousand autogas-powered vehicles fill up their tanks with Aygaz autogas at the stations.

Robust sourcing infrastructure

Aygaz, which imported 51% of the total LPG imports into Türkiye in 2022, 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 on its own and at a single port.

The largest LPG logistics operation in Türkiye

Aygaz operates the largest LPG truck fleet in Türkiye with more than 300 tanker trucks, nearly 200 cylinder gas transportation trucks, and over 600 drivers, traveling 47 million kilometers and making 102 thousand trips. Aygaz runs its LPG logistics

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

International maritime transportation of LPG

In addition to road transportation, Aygaz has also been actively involved in maritime transportation of LPG since 1967. In 2010, Aygaz assigned the management of its LPG carriers to its





Aygaz R&D Center, operating within the Gebze Plant, is the first R&D center in the Turkish LPG distribution sector.

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 17 years. In 2022, Anadoluhisari Tankercilik accounted for 15% 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, including five sea terminals, five filling plants, seven distribution centers, and a pressurized container and accessory manufacturing plant, all equipped with the latest technologies. With a total of 178.2 thousand cubic meters, Aygaz has the largest LPG storage capacity in Türkiye.

The first R&D center in the industry

Aygaz R&D Center, operating within the Gebze Plant, is the first among the LPG

distribution companies in Türkiye. The objectives of Aygaz R&D Center include developing new products powered by LPG, enhancing LPG product quality, achieving digitalization with smart products, improving efficiency through automation systems, and contributing more to the consumers, national economy and the environment. Some of the standout projects of the R&D Center in 2022 include GreenOdor, the sulfur-free odorant that is now used in all the Aygaz terminals and plants, and the Autonomous Filling Plant, an automation project that employs advanced sensors and visual check technologies to fill different cylinder types in the same process.

Smart production and efficiency

In 2022, the efficiency improvement activities continued at the Gebze Plant, where Aygaz manufactures products such as cylinders, valves, regulators, bulk gas and autogas station tanks,

resulting in an efficiency increase of 15-45% in the identified equipment by switching to machine-based efficiency monitoring. These efforts also delivered 10% improvement in the unit energy consumed.

Strategic business areas

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

Bal Kaynak Su (Pürsu): The natural spring water business of Aygaz is carried out through its subsidiary Bal Kaynak Su. Aiming to expand the scope of water distribution through its dealers and ensure sustainable production, the company delivers water to the consumers under the Pürsu brand. With an extensive distribution network, quality service approach, and focus on

wellbeing and hygiene, Pürsu has soon become a leading brand in the bottled water sector.

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

Aygaz increases its value through financial investments

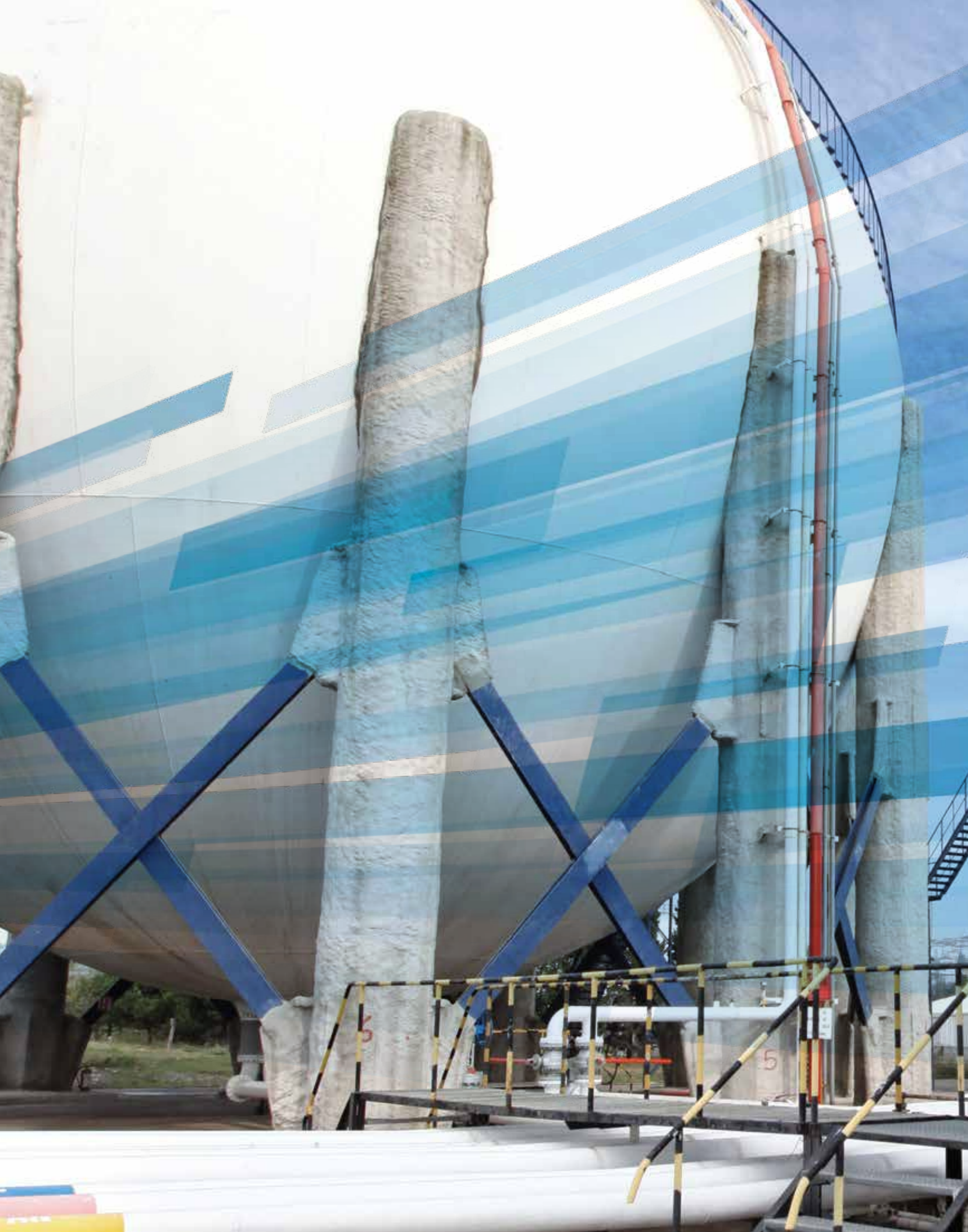
Enerji Yatırımları (EYAŞ): Aygaz holds a 20% stake in EYAŞ, which owns 46.4% of Tüpraş shares. Therefore, Aygaz has an indirect share of 9.3% in the capital

of Tüpraş. EYAŞ (Enerji Yatırımları A.Ş.) was founded in 2005 to acquire 51% of the shares of Tüpraş, the largest industrial corporation of Türkiye, from the Privatization Administration. As the pioneering producer in the refinery industry in Türkiye, Tüpraş operates in refining, distribution, oil and petroleum products, and maritime transport. With an annual crude oil processing capacity of 30 million tons, Tüpraş is among the large-scale refinery companies in Europe.

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

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







Aygaz exists

To bring out
delicious dishes
from every kitchen,

To spread warmth in
every home,

To set out on every
road in safety,

**To keep life in
motion.**

Cylinder gas

Aygaz continues to expand its product range every year by carefully monitoring the changes in consumer expectations and diversifies its sales channels.

Aygaz, a pioneer in the LPG industry with countless innovations, is recognized as the most trusted LPG brand, which has become synonymous with cylinder gas in Türkiye. The Company's cylinder gas products are preferred for their quality as well as dynamic and energetic brand image. According to EMRA's December 2022 industry report, Aygaz maintained its leadership in cylinder gas with 41.2% market share. Aygaz currently has 2,198 dealers across the country.

Aygaz aims to strengthen its strong bond with its customers by offering not only cylinder gas but also other products such as premium barbecues, heaters, and camping, camper van and boat equipment that make life on the go easier.

A product range that evolves with life on the go

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

Aygaz Mini, the smallest cylinder for household use in the Turkish market, is set to become the most practical product group to respond to customer needs with a special cooktop, barbecue, and heater that may be used outdoors when needed. As interest in outdoor activities



grows and more people prefer camper vans, the number of customers that use such products is also increasing. Recognizing the potential, Aygaz will continue to develop more products in this category. As the global camping market grew even more rapidly, especially during and after the pandemic, this trend also began to be seen in the Turkish market. Having already started to develop products in this category before the pandemic, Aygaz offered a wider range of products, many for the first time in the Turkish market. Always keeping its focus on innovation and development, Aygaz also launched the first cartridge stove with a pressure safety system as a first in the Turkish market, camping stoves with legs, and cartridges in different sizes under its own brand, earning the appreciation of the customers.

As the product development activities continued to improve the safe usage of

LPG, Aygaz introduced the first hose and regulator set in conformity with the TS EN 14800 standard to LPG customers, further improving the safety of the products used with these sets.

In 2022, Aygaz launched "Aygaz Marine," the first no-shield cylinder, primarily for boat customers. Featuring a design similar to the cylinders used on boats in Europe, the Aygaz Marine cylinder comes in a size to fit in even the smallest cabinets on boats. With connections suitable for cylinders of different brands if needed, especially in countries in the Mediterranean basin, Aygaz Marine offers unique practicality, flexibility, comfort and safety. In 2022, Aygaz also started to offer "LPG Safety and Check Service" specifically for boats to further improve safety during LPG use. With this service, Aygaz aims to spread awareness about ensuring that all LPG-powered equipment used on the boats should be checked.

Aygaz also strives to raise awareness among its customers by offering regulators and other LPG-related equipment designed in conformity with the applicable European and Turkish standards for camper vans, given the steadily growing camper van market, applicable in Europe and Türkiye. Following the cylinders with higher propane content for camper vans, other purpose-built products have been offered to both the customers and camper van manufacturers.



Online order system

In line with the growth in e-commerce in recent years, placing online orders for cylinders is also becoming a common practice. As online sales channels, fueled by the pandemic, became an increasingly integral part of everyday life, Aygaz had already anticipated such a need and started a digital transformation in 2018, later launching an online cylinder sales platform as a first in the Turkish market. With the addition of new features and the use of advanced technologies, the Aygaz Mobile app was introduced in 2022, quickly gaining the appreciation of the customers. "Aygaz e-Store," the new e-commerce system of Aygaz, offers 600 different products along with Aygaz cylinders and all other

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

Aygaz Mobile and keyiflibahce.com

In addition to the developments in Aygaz mobile apps, keyiflibahce.com, the e-commerce platform of Aygaz, has also continued to sell LPG-powered devices and equipment in a wider range of products, which have seen great interest from the customers. Currently, the website lists more than 600 products in multiple categories, including patio and indoor heaters, barbecues, camping stoves, accessories, and spare parts categories, all powered by LPG. Aygaz also offers outdoor heaters for short- and long-term rental in Istanbul, Ankara, and Izmir on the same platform.

Communications and campaigns

Aygaz uses all available channels to communicate the latest innovations to its customers. Accordingly, the communication activities continued in 2022, especially in digital channels, to promote the novelties. With a steadily expanding product range and a wealth of features on Aygaz Mobile, the Company focuses on informing the customers continuously. Furthermore, region-specific campaigns are designed while every effort is made to offer benefits tailored to customer needs. Aygaz also participates in fairs and events, where experience areas are created to promote the latest product innovations and services.

41.2%

market share

2,198

dealers

Aygaz aims to strengthen its strong bond with its customers by offering not only cylinder gas but also other products such as premium barbecues, heaters, and camper van, trailer and boat equipment that make life on the go easier.



Autogas

As a leading player of the autogas market, Aygaz aims to offer a diversified product range and strives to support the sustainable and healthy development of the industry.



As a leading player of the autogas market, Aygaz aims to offer a diversified product range and strives to support the sustainable and healthy development of the industry.

Operating with the most extensive distribution network in Türkiye, Aygaz caters to autogas users with 1,830 autogas stations across the country. Aygaz remains the undisputed leader of the autogas segment with 22.5% market share according to EMRA's December 2022 report with station efficiency rates above industry average. With the addition of newly opened stations in 2022, Aygaz continues to provide quality service to a broader customer base.

Growing demand for autogas

Autogas is increasingly recognized

as an ecofriendly and economic fuel by consumers in Türkiye 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 vehicles are introduced with autogas options, the consumer profiles are diversifying and customer expectations are changing. Accordingly, Aygaz prepares for new customer expectations that will take shape in the near future, building on its digital capabilities and introducing practices to cement its industry leadership. As of November 2022, 35% of the 14.2 million registered passenger cars, i.e. 4.99 million are powered by autogas.

Regarding autogas, Aygaz concentrates its efforts on supporting the sustainable

and healthy development of the industry and further increasing its competitive strength. Accordingly, the Company develops products and services with a proactive approach by monitoring consumer expectations and continues to expand its distribution network.

High performance with autogas

Since the early years when the autogas market began to flourish in Türkiye, Aygaz has been a key player in this segment, following the principle of differentiating itself in terms of products and also improving the perception of autogas, and introduced numerous innovations for this purpose. As part of these efforts, the "Monster Truck" advertising campaign was launched in 2018 to promote autogas as a high-octane fuel with high performance. The communication activities continued in

2022 using “Monster Truck” that became the brand icon of Aygaz Otogaz. With economic conditions challenging the consumers in 2022, Aygaz used images showing the savings of gasoline and autogas with numerical data to inform people through digital channels and social media.

The toy versions of the Monster Truck, highly popular among the kids, continued to be sold and distributed via various channels, 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.

The slogan “High-Octane Fuel LPG,” which Aygaz always highlights, was used as the key communication strategy in 2022 as well. The efforts will continue to spread the information that autogas does not perform well and to encourage the conversion of potential petrol vehicles to autogas.

In the post-pandemic period, the communication focus shifted completely to the digital channels with messages promoting “Aygaz and autogas as a high-octane fuel.” With these marketing activities, Aygaz reaches more and more customers via social media.

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 were conceived using collaborations and different communication tools. Aygaz continued to promote autogas as a high-performance, economical, environment friendly and safe fuel using digital communications featuring consumer videos – created with conversion partners – where the users talk about autogas.

Furthermore, engagement campaigns, created in collaboration with conversion partners, offering Monster Truck toys, Aygaz barbecues, and autogas as gifts were featured in social media channels and received with great interest by the customers. The brand value, product variety, and long years of relationship built on trust reinforce Aygaz’s strong position in the autogas market. An aftersales service campaign was created in partnership with Fiat and special deals were offered to autogas customers at Fiat service stations. The objective of such campaigns is to improve the satisfaction of autogas users and to inform customers who are considering autogas conversion.

A discount campaign specific to the Aygaz Mobile app was launched to increase the number of downloads of the new version of the app released in 2022 and to offer a deal to the consumers who wanted to purchase Monster Truck toys. The campaign was communicated to target audiences through digital channels and social media. Enhancement of the new Aygaz Mobile app continues to provide more benefits for autogas users and strengthen customer loyalty.

22.5%

market share

1,830

stations

Aygaz develops products and services by monitoring consumer expectations and continues to expand its distribution network while supporting the sustainable and healthy development of the industry.



Bulk gas

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



Bulk gas accounts for 5.6% of Aygaz's domestic retail sales.

Bulk gas is an energy source used in the homes for heating, hot water, and cooking needs and for production in commercial and industrial enterprises. With nearly 56 thousand tons sold in 2022, Aygaz captured a market share of 40% in the bulk gas segment. Bulk gas accounts for 5.6% of Aygaz's domestic retail sales. Following the natural gas price increases, factors such as the natural gas prices applied to industrial companies that consume more than 300 thousand cubic meters per year becoming 30-40% more expensive than LPG drove especially the businesses with the systematic infrastructure that would accommodate a natural gas to LPG transition to consider bulk gas is an alternative energy source. The additional demand resulting from this situation

contributed 18 thousand tons to Aygaz's bulk gas sales in the last quarter of the year.

Standardized LPG suitable for aerosol production

Bulk gas, with approximately 3.7% 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 accounts for nearly 50% of the standardized LPG sales.

Gebze Plant

Aygaz Gebze Plant manufactures a range of products, including cylinders, regulators, and valves. In 2022, Aygaz Gebze Plant's export operations to LPG distribution companies in Europe, Latin America, Africa, and Asia, captured more than 70% of increase in foreign currency based revenues.

Aygaz manufactures the products it uses at its Gebze Plant, spread on an open area of 52 thousand square meters and an indoor area of 25 thousand square meters. The plant exports these products, including cylinders, valves, regulators, bulk gas and autogas station tanks, to different markets across the world.

Smart production and efficiency

As part of the Industry 4.0 vision, digital integration and monitoring activities at the plant continued in 2022. With the machinery production ongoing with internal resources, 15 machines and automation processes were deployed. In efficiency-focused activities, machine-based efficiency monitoring started, resulting in an efficiency

increase of 15-45% in the identified equipment.

In the period when energy costs increased, an improvement of 10% was achieved in the unit energy consumed as a result of these activities. The objective of the AI-assisted internal camera system installed in 2022 is to elevate occupational health and safety through proactive alerts.

Export-driven growth

As usual, Gebze Plant continues to play a key role in product development at Aygaz. Following revisions in the cylinder production lines for the products manufactured at the Gebze Plant for exports, new products could be offered to new markets and new customers, resulting in an increase in the Gebze

Plant's export volume and revenues. Furthermore, a wide range of products, from the new marine cylinders to next generation regulators, were designed and prepared for production in 2022.

Pressurized container and equipment exports

Since 1962, Aygaz plants have manufactured more than 700 different types of products, nearly 80 million cylinders, close to 40 thousand tanks, and 140 million valves and regulators, which are used in 57 countries. In 2022, these products were sold to 41 LPG distribution companies, including 11 new customers, in Europe, Latin America, Africa, and Asia, capturing more than 70% of increase in foreign currency-based revenues.



Supply Chain

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



Aygaz meets 51% of LPG imports into Türkiye and works with a wide range of suppliers of different origins to ensure seamless LPG operations. In addition to engaging in retail sales, Aygaz also works with third parties, growing its LPG trade over the years to reach total LPG volume of 2.4 million tons. With this volume, Aygaz ranks among the largest LPG buyers in the Mediterranean and holds a key position in the international LPG market.

Robust sourcing infrastructure

With a robust infrastructure and high sales volume, Aygaz, is one of the few companies that can discharge the largest LPG vessels on its own at a single port. With a monthly turnover of more than two times in all the containers in its inventory, Aygaz also handles at

least one ship per day on an annual average at its own ports and others, utilizing its strong logistics infrastructure to the maximum. Aygaz recognizes the importance of diversifying its portfolio to ensure supply security and therefore purchases from seven origins and ten suppliers. As part of the same strategy, Aygaz also diversifies its delivery methods, receiving the products from suppliers at the port or using its own tanker ship fleet in imports.

The largest LPG logistics operation in Türkiye

Aygaz operates the largest LPG truck fleet in Türkiye with more than 300 tanker trucks, nearly 200 cylinder gas transportation trucks, and over 600 drivers, traveling 47

million kilometers and making 102 thousand trips. Aygaz runs its LPG logistics operations applying various linear scheduling tools as part of the 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 automatically creating order requests and contribute to improved efficiency and dealer satisfaction. Aygaz ensures that suppliers and drivers comply with the procedures, communiqués and instructions on occupational health and safety and provides training to all drivers for road and driving safety.

Anadoluhisari Tankercilik

Maritime transport and sourcing

As an integrated LPG company, Aygaz is actively engaged in land transport and maritime transport. 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 17 years. In 2022, Anadoluhisari Tankercilik accounted for 15% 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.

Aygaz fleet serving external customers

To utilize the surplus capacity, the fleet has been made available for external customers, allowing it to work efficiently throughout the year. 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. One year into the lease, the charter agreement was extended until the end of the year with the same client.

Similarly, M/T Beylerbeyi was chartered out to the same leaseholder in the Caribbean from January 2020 to March 2021. Following the expiry of the lease agreement, the vessel is currently chartered out to different leaseholders in the same region for limited terms. The vessel was chartered out in January 2022 for one year with a one year option, with the lease starting in March 2022.

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



Compliance with the energy efficiency index

Pursuant to environmental legislation, put into force by the EU in 2018 and IMO (International Maritime Organization) in 2019 and environmental regulations imposed by the UK in 2021, greenhouse gas emissions are measured and the data is reported. Anadoluhisari Tankercilik completed its preparations to comply with IMO's greenhouse gas monitoring rules and sulfur reduction in all oceans, which became effective in 2020. Furthermore, activities to ensure that the existing vessels comply with the sulfur reduction projects and the energy efficiency index started in late 2021, while the company continues to work toward the global 2050 target for zero sulfur generated by the maritime sector.

In line with the IMO's (International Maritime Organization) carbon emission guidelines, the EEXI Energy Efficiency calculations were made for main and auxiliary engines while methods were studied in terms of compliance with the rule in 2023. Eventually, the EPL (Engine Power Limitation) method was selected with respect to ship/engine type and usability, and the equipment to be used was identified with plans in place for implementation in 2023.



Aygaz exists

To succeed even
beyond borders,

**To create added
value everywhere it
reaches.**

United Aygaz LPG

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



As part of its global expansion strategy, Aygaz initiated negotiations with the Bangladesh-based United Group in 2019. The purpose of the intended equal partnership was to operate in the Bangladesh market to source, fill and distribute LPG by making the necessary investments.

On January 20, 2021, Aygaz acquired 50% stake in United LPG Limited, which already held a pre-license for LPG but was not operational yet, for Taka 50 million (~USD 605 thousand). The joint venture company established with 50-50 equal management rights was registered as United LPG Limited in Bangladesh, and was renamed United Aygaz LPG at the beginning of 2023.

Bangladesh LPG market

Bangladesh is one of the world's fastest growing liberal LPG markets, with a compound annual growth rate of 45% between 2015 and 2021. According to WLPGA data, the total LPG market grew from 148 thousand tons in 2015 to 1.4 million tons in 2021 with an increase of 13% year on year. There are 30 licensed LPG companies in the Bangladesh LPG market, where household use accounts for 85% of the total consumption. According to the World Bank data, Bangladesh, which doubled its GDP growth rate to 7% from 2020 to 2021, is also one of the most densely populated countries in the world with a population of 166 million.



Capital share

In 2021, the capital of United Aygaz LPG 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 2,140 million, and Aygaz paid its share of BDT 510 million (~USD 6 million) in this increase in February 2022. On May 25, 2022, the paid-in capital was increased to BDT 3,260 million (~ USD 37 million). Most recently, on February 6, 2023, it was resolved to increase the capital of United Aygaz LPG from BDT 3,260 million to BDT 4,500 million BDT. Accordingly, Aygaz Board of Directors resolved to participate in the capital increase in proportion to its stake in the company, and the payment to be made in cash until March 31, 2023.

Infrastructure work

United Aygaz LPG completed the first phase of the investments in the main terminal in Chittagong (Chattogram), which started in 2021, as laid out in the business plan. And the company started to sell LPG in 2022 while investments continue to increase capacity.

The cylinder filling process started at the two spherical tanks with a total capacity of 6,000 tons at the Chittagong terminal. LPG is supplied by a vessel to ensure supply security as a critical factor. From August 2022, when the sales activities started, to the end of the years, the company reached a sales volume of nearly 8 thousand tons (TL 126 million in revenues) through 60 dealers.

Meanwhile, the bureaucratic procedures and technical work are ongoing for the second facility in Dhaka, which is slated for commissioning in 2023. As the fixed asset investments continued, the company started to hire qualified employees that meet the company's expectations in line with the planned human resource requirements. As of 2022 year-end, the company has 122 employees.

Sales and marketing activities

The sales and distribution network, a critical factor for delivering the planned business results, continues to expand every day. Taking Türkiye as an example, the company strives to build a well-functioning dealership organization based on the principles of long-term benefit and mutual gain while working to expand the organization across the country.

United Aygaz LPG in Figures

60

dealers

122

employees

8 thousand tons

sales (August – December 2022)

United Aygaz LPG Limited started to sell LPG in 2022 while investments continue to increase the capacity of the facilities.







Aygaz exists

To meet all energy needs safely,

To make life easier in brand new areas with its experience and expertise,

To keep writing new success stories with a dynamic and energetic team.

Aygaz Doğal Gaz

Aygaz Doğal Gaz, operating with the vision of taking its place across the entire value chain, closely follows the market for the latest developments and new business opportunities.

Aygaz Doğal Gaz, founded in 2004 to become a diversified player in the growing natural gas market in Türkiye, is engaged in the sales of piped and liquefied natural gas (LNG). In 2022, the company recorded TL 1.5 billion in revenues by selling 95 million cubic meters of natural gas. With this sales volume, Aygaz Doğal Gaz took nearly 17% share among the nine licensed operators in the Turkish LNG sector.

Innovation

The LNG procured from the Marmara Ereğlisi terminal of BOTAŞ and Aliğa terminal of Egegaz is distributed across the country by special LNG trailers to consumers in locations without access to pipelines. Aygaz Doğal Gaz follows the developments and new business opportunities in the bulk LNG market closely and continues to explore potential LNG use in heavy vehicles and ships to strengthen its position. For this purpose, Aygaz Doğal Gaz currently works on mobile LNG filling station a project approved by TEYDEB (TÜBİTAK Technology and Innovation Grant Programs Directorate) in 2021 and included in the grant program. Aygaz Doğal Gaz also pursues new business areas to seize opportunities in the hydrogen and biomethane value chain.

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



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

Natural gas in Türkiye

In Türkiye, natural gas is used primarily in residences, electricity generation, and industry. According to EMRA's December 2022 Natural Gas Industry Report, total consumption in the Turkish natural gas market fell by nearly 11% year on year. The factors that affected this drop in natural gas consumption in 2022 included the rising unit prices, industrial enterprises shifting to alternative fuels due to the power cuts/shortages imposed in the winter months, and the decrease in the share of natural gas power plants as the share of renewable electricity in electricity generation rose.

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

The natural gas import agreements of Türkiye valid for 2022 amounts to an annual volume of 53 billion cubic meters. Nearly 87% of this volume belongs to BOTAŞ, and the remaining volume is shared by four different private companies in different ratios. In terms of the natural gas sold to the end user, the share of BOTAŞ is estimated to exceed 99%.

Bal Kaynak Su (Pürsu)

Bal Kaynak Su, which brings bottled water to the consumers under the Pürsu brand, seamlessly continued to expand its distribution network and investments in 2022.



Aiming to widen the scope of its water business, carried out by its dealers and to achieve sustainable production, Aygaz - through 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 land where the facility sits, at the beginning of 2019. The water obtained from two spring sources in Uludağ and Nazilli, is delivered to customers by Bal Kaynak Su under the Pürsu brand. In the bottled water industry's carboy segment, Pürsu ranks among the leading brands, and aims to achieve the same level of success in the plastic and glass bottle groups by leveraging the strong distribution network. Accordingly, new product development and network expansion activities and investments continued in 2022.

Rapidly expanding operations

Pürsu, which is delivered to the customers by more than 400 dealers in

38 provinces, sold 134 million liters of water in carboys in 2022. Meanwhile, the sales of the plastic and glass bottle group, the main focus of Pürsu, increased by 8%. Overall, Pürsu's sales volume amounted to 197 million liters. As a result, the company reached nearly TL 230 million in revenues, capturing a growth rate of 129%. As the sales volume rapidly increased with new e-commerce partnerships, Pürsu also became the preferred brand of many hotel groups. With this go to market strategy, Pürsu moves forward in line with its sustainable growth target by focusing on value-added products.

Brand awareness activities

Pürsu continued to be the official water supplier of Fenerbahçe Sports Club and Beşiktaş Gymnastics Club in the 2022-2023 season. Pürsu also sponsored various sports activities, including the Büyükada Night Run, Bosphorus 10K Run, İzmir Marathon, Under Armour Night Run, V City Crossfit Championship, and Efes Ultra Marathon in 2022, raising brand recognition.

Bal Kaynak Su (Pürsu) in Figures

400+ dealers
in 38 provinces

197 million liters
total sales volume

134 million liters
in carboy sales

230 TL million
revenues

With the Pürsu brand, Bal Kaynak Su, benefiting from the strength of its distribution network, started to capture a level of success in the PET and glass bottle groups similar to the carboy segment.



Sendeo

Sendeo has expanded its operations to cover the entire country, and currently operates with an on-time delivery rate of a 93% and a net promoter score of 90% as of 2022 year-end.



Using an end-to-end operational software built on its own system infrastructure, Sendeo carries out last mile delivery services seamlessly.

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, 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. Aykargo, which officially started its operations in 2021,

was renamed "Sendeo" in 2021 and continues its activities with the new brand identity since then.

Advanced system infrastructure

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

Following the launch of its operations in May 2021 in İstanbul and reaching 16 provinces by September, Sendeo has completed its organizational structuring in 81 cities by February 2022, within less than a year. As of 2022 year-end, the company provides last mile delivery services across Türkiye with 18 distribution centers, 498 agencies and nearly 1,500 Sendeo Delivery Points.

In December 2022, the maximum daily delivery was 122 thousand packages. In total, 12 million packages have been delivered to customers since the beginning of 2022 and packages have been received from 3,555 clients. Sendeo continues its operations with an on-time delivery rate of 93% and a net promoter score of 90%, outperforming the industry average.

Partnership with Koç Holding

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

Sendeo in figures

Operational in

81
provinces

18
distribution centers

498
agents

~1,500
delivery points

90%
net promoter score

93%
on-time delivery rate

Following the launch of its operations in May 2021 in İstanbul and reaching 16 provinces by September, Sendeo has completed its organizational structuring in 81 cities by February 2022.





AYGAZ

Mogaz. Lipetgaz

3400
TANAKSIZ VE SIVICI AKISIZ
SAGARAKI OZUNLUK
KISITLI YAKILANMA



23
1965

55 KP 564

A scenic view of a mountain road with a blue overlay containing text. The background shows a lush green forested mountain slope under a cloudy sky. A road with a metal guardrail runs along the bottom of the frame. The blue overlay is a vertical bar on the right side of the image, with a yellow horizontal line at the bottom.

Aygaz exists

To constantly
aspire for the
better and for
more,

To always be
active, dynamic
and innovative,

**To ensure a
sustainable future
with safe energy.**

Sustainable Growth

Aygaz adopts a business model that places sustainability at the core and also contributes to the Sustainable Development Goals in the identified strategic areas.



Aygaz approaches sustainability, which includes the environmental, social, and corporate governance (ESG) topics, with the aim of managing its financial and nonfinancial assets effectively. Therefore, Aygaz adopts a business model that places sustainability at the core to maintain the trust-based relationship built with stakeholders and preserve the Company's reputation.

Material sustainability aspects are identified by considering global trends such as shifting to a low carbon economy, climate change, equal opportunity and diversity, information security, demographic changes, increasing energy demand, and the rise of sustainable energy resources and a sustainable growth

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

More information on the material aspects and the materiality matrix can be found on pages 16 - 19 of the 2021 Sustainability Report.

Sustainability Reporting

Aygaz discloses its sustainability approach and performance in the sustainability reports, prepared in accordance with GRI Standards. Important international and global standards, policies and principles, in particular those of the International Labor Organization (ILO), United Nations (UN), 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 listed in the BIST Sustainability Index, whose constituents include 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 Outline 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 2022 Annual Report has been expanded in line with the principles announced by the CMB and the "Sustainability Report Template," which is required starting from the 2022 reporting as per the CMB, has been used. The 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, 2022 and covers only Aygaz. Environmental performance and the Occupational Health and Safety data is calculated for a 12-month period. Social performance indicators are for the period from January 1 to December 31, 2022. The "comply or explain" provision of CMB's Sustainability Principles Compliance Framework is addressed in the Sustainable Growth section of this report.

Sustainability Management



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 and Risk, 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 the sustainability topics to the General Manager, who in turn reports them to the Board of Directors as needed. The sustainability strategy and targets are determined based on the evaluations of the Board of Directors in line with the business processes.

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 regularly received 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 Aygaz's memberships and affiliations of can be found on page 71 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

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



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 2022, the average number of people employed by Aygaz was 1,614.

At Aygaz, 15% of the employees are female, and 85% are male. The average age of employees is 38 while average tenure at the Company is 7.6 years. Employees with associate, undergraduate and graduate degrees account for 70% of the workforce. 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 was 17% in 2021 while the ratio of women executives in senior management roles rose from 18% in 2021 to 27% in 2022.

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.

Aygaz Human Resources Policy is published on the website.

The right candidate for the right position

In hiring skilled employees who will serve the Company's vision, Aygaz applies next generation selection and placement processes. Aygaz carries out strong promotional activities in line with the employer brand approach to attract the best talent that will drive the Company forward.

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. The candidates are assessed for prospective roles without any bias regarding fair competition, religion, language, race, ethnicity, and gender while the recruitment strategies are adjusted annually to align with global trends.

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

Each candidate included in the recruitment process is sent a candidate experience questionnaire and asked to share their experiences about the process. According to the results of these surveys, the NPS (Net Promoter Score) score of Aygaz rose from +59 points in 2021 to +68 points in 2022.

Next generation internship experience

The interns, who are selected for an internship at Aygaz are regarded as future Koç employees. In 2022, the interns, who participated in the Aygaz Summer Internship Program, went through an end-to-end employee experience that involved orientation, introduction presentations, project work and feedback sessions on development areas. The intern experience survey conducted at the end of the internship resulted with a high NPS score of +75 points.

Employer brand activities

As part of the employer brand activities, Aygaz started to participate in Youthall, the largest young talent platform in Türkiye, and also engaged with nearly 3,500 students from top Turkish universities to share its existing and new business lines, innovative work culture, and technology and innovation focus.

Performance system

Aygaz aims to reward the creation of sustainable values rather than short-term gains through a performance management system that focuses on an objective assessment of the

Human Resources in Figures

1,614
employees

15% women, 85% men

Average employee age
38

Average employee tenure
7.6 years

72%
of the office and field employees hold associate, undergraduate, and graduate degrees

91%
of the office employees hold associate, undergraduate, and graduate degrees

17%
female managers

27%
female executives

Training hours per person
29.2



New employees are selected with great care and due diligence based on “the right candidate for the right position” and “equality at work” principles.



employee performance. The Koç Dialogue performance system, which was introduced in 2021, was further improved in 2022 to provide a mobile environment where the employees can set their targets, get the necessary approvals, and access anywhere anytime during the year. With the Koç Dialogue process, 4,100 OKR (Objectives and Key Results) and 13,465 KR (Key Results) were created in 2022. The conversations with the managers during check-ins strengthened team communications, resulting in an efficiency score of 4.8/5 in 2022, up from 4.7/5 in 2021. On the other hand, the performance score was 58.4 in 2022 according to the employees' assessments of process effectiveness.

Equal pay for equal work

Aygaz applies an international job assessment system that measures the

contribution of all jobs toward achieving company goals and ensures that they are ranked according to their scale. A competitive remuneration policy, determined in line with the Company's current wage structure, position in the market, competition, and financial means, is applied fairly without any bias for gender, language, religion, and race. Remuneration for unionized employees is determined according to the collective bargaining agreements between MESS (Turkish Employers Association of Metal Industries) and Turkish Metal Workers Union for the workers in the metal business line or between Aygaz and Turkish Seamen's Union for the workers in the maritime business line. Employees are paid 16 salaries, consisting of 12 salaries +4 bonuses per year, while all employees are offered Koç Group's comprehensive fringe benefits, standard or varied depending on the position.

Employee experience and loyalty

Creating high employee loyalty and satisfaction is an essential part of ensuring customer satisfaction. Therefore, employee experience, which means the whole of how the employees perceive their companies, remains a key focus area for Aygaz. In 2022, strategies were developed to create an employee experience with tools and technologies for improving work environments and increasing productivity and development solutions that encourage the employees toward delivering their best performance. The integrated employee experience approach has been 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. Aygaz also listens to the employees through focus group activities to enhance the experience further.

Koç Moments is another practice that encourages loyalty. Koç Moments involves keeping a record of the special moments, hobbies, and precious memories to improve the experience, loyalty and engagement between the employee and their superior.

Aygaz also reviews the feedback received from its internal customers every year and has been conducting surveys to measure employee satisfaction and loyalty through an independent research firm since 1996. In 2022, employee loyalty score rose to 71.3 with an increase of 3.8 points compared to 2021.

In addition to the Annual Employee Loyalty Survey, other activities are carried out to better understand the employees' needs and emotions: monthly mood surveys, talks with office employees, and site visits to meet with field workers.

All employees can contact the Human Resources team 24/7 by email. The email addresses have been openly communicated to the employees, who are encouraged to reach out for all their questions and problems and 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 24 hours a day, 7 days a week.

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

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

"You Are Part of the Success" System

"You Are Part of the Success" System was designed as an agile project to encourage Aygaz Group employees to work toward the Company's goals while developing themselves and to motivate them by recognizing their success and efforts. This system consists of three categories, defined by the level of contribution: Bright Star, Supporting Us, and Driving Our Success. The Bright Star category celebrates instant successes of the employee/team and aims to create opportunities for recognition and

With the help of an Agile Employee Experience Team, formed as part of the agile working model, 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.





information, raise a general awareness about agility among the employees, and elevate the basic knowledge level of the project teams, will continue next year and will be extended to all Aygaz employees. In 2022, 300 Aygaz employees completed the training.

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

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 and 2022, 510 employees in total were rewarded within the scope of the Bright Star process. In 2022, 123 employees who contributed to the zero-based budgeting activities that aim to review the Company's expense items and take savings actions were paid incentives amounting to TL 730 thousand.

Training programs to support the human resource

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 this year. Additionally, training contents of nationally and internationally recognized experts and organizations available at the TISK and MESS Academy, a digital learning resource, are also offered to Aygaz employees.

According to the 2022 training report, the average training time per person amounted to 29.2 hours with the investments made in employee development.

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

English Language training: 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. Additionally, a 10-week series was offered this year in the speaking clubs with reading activities, movies, books and games for 75 participants in lower intermediate, upper intermediate and advanced levels to improve their English speaking skills with.

Sales development journey: A program was designed for the whole sales team with the objective of equipping the salespeople with new selling skills so that they can make a difference in their teams, enabling them to develop agile and innovative sales approaches together with all the teams,

and introducing them to the current trends to open different development paths. The first training set of the program, designed to educate the sales leaders of the future, was completed by the entire sales team. The training received 4.69 points on a scale of 5, reflecting the high level of satisfaction.

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 75 leaders in total have participated in the first session, which received 4.6 points on the satisfaction scale of 5.

Mentoring through MentHall: The mentoring programs, launched in 2016, continued under the “Meeting Point for Learners – MentHall” umbrella structure in 2022. Common experiences were shared with the participants and Human Resources during supervision meetings. 30 employees participated in the “Ask Someone Who Knows” mentoring program and 8 employees participated in the “Learn From Someone Young” reverse mentoring program.

Improving road safety with driving training: A part of the Aygaz Road Safety Project, the Defensive and Antiskid Driving Techniques training, designed for drivers who use company vehicles at Aygaz, aims to educate the participants about recognizing the dangers and risks in traffic early on, raise awareness about defensive driving, and “zero accidents.” 177 employees in total participated in both the theory and practice parts of the training program in eight regions. The overall employee satisfaction survey score of Aygaz employees who participated in all the training programs offered under the AyLearn umbrella in 2022 was 74.5.

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 next generation needs and that creates an effective employee experience. Accordingly, various webinars and events like special day celebrations are organized to encourage engagement. A Running Club, Book Club, and Aygaz Winter and Outdoor Sports Club, formed within the Company, aim to create synergy from the employees who are interested in these topics by organizing nature hikes, marathon runs, and book review gatherings.

Outdoor Activity with field

employees: Aygaz organized an outdoor event to bring field employees together, encourage engagement, and improve collaboration and teamwork in the post-pandemic period. The program, in which 306 employees participated, received 4.4 points on satisfaction scale of 5.

Code of ethics and social responsibility

In performing their duties, the employees of Aygaz, a Koç Group company, are required to comply with the “Koç Group Goals and Principles.” To ensure that ethical values are extended to all employees with the same effectiveness and passed onto the next generations, Aygaz has published its “Code of Ethics and Implementation Principles.” The Ethics Committee, formed to better evaluate any violations and ensure alignment of practices, is composed of the General Manager, Senior Executives, Chief Human Resources Director, and Legal and Compliance Director. The “Code of Ethics and Implementation Principles” booklet is presented to all the newly recruited employees, who are asked to declare and undertake that they would adhere to the principles. The process is also supported with Koç Holding’s

online “Ethical Principles-Energy” training. In 2022, 680 employees took the training.

Code of Ethics and Implementation Principles Policy may be found on the website.

Future of work trends

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

Agile culture transformation and digitalizing the HR processes

Activities continued in 2022 to simplify the organizational model and transform it into a more agile structure in order to respond to customer expectations faster and more innovatively. An agile approach has been adopted in business processes to keep up with the requirements of the digital age. Transformation is currently ongoing with 16 agile projects in total.

Aygaz is rapidly adapting to the current conditions by following the digital transformation, data analytics, automation, and artificial intelligence trends. In 2022, the operational efficiency of the human resources processes was improved and the operational tasks were automated. Of the 41 processes planned at the beginning of 2022, 25 have gone live. Furthermore, project activities are ongoing to enhance the employee experience and support the digitalization culture in all human resources processes. To prepare Aygaz employees for the digital world and migrate the operational processes to the digital environment, 1,469 hours of training was provided on various topics.

Quality, Environment Occupational Health and Safety

The strategic priorities of Aygaz include using natural resources effectively in all business processes and protecting the environment and stakeholders.



As a company that highly values the importance of product and service quality and customer satisfaction, Aygaz carries out its operations with a focus on sustainability and environmental sensitivity. Accordingly, efficient use of natural resources and protecting 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, environmentally sensitive business processes, product, service and system quality, and focusing on management systems all contribute to further strengthening the leading position of Aygaz in the industry.

Total Quality Management

Aygaz continues to improve and expand the scope of its Total Quality Management approach since it

was adopted in the early 1990s. Accordingly, Integrated Management Systems are applied to ensure that all systems involving quality, environment, occupational health and safety, customer satisfaction, energy, and information security are managed under one umbrella. The Integrated Management Systems Policy was revised in 2022 to respond to the current needs. The Integrated Management Systems Handbook,

created to provide information and guidance, is regularly updated. All Aygaz employees work hard to ensure that the integrated Management Systems Policy is implemented and applied in their daily tasks.

Integrated Management Systems Policy is available at www.aygaz.com.tr.

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 necessary improvements have been made. The internal audits of 2022 were conducted in a manner to address all processes through online and site inspections in 66 business units by a team of 56 internal auditors. In addition to the improvement efforts, support has been extended to Koç Group companies by offering benchmarks to improve their management systems. System continuity has been assured through internal and external ISO 27001 Information Security Management System inspections. The effectiveness of the Management Systems, alignment with strategic targets and adequacy were evaluated in meetings and awareness raising activities were carried out.

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

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

Occupational health and safety practices in 2022

The Company takes an active part in the activities of Koç Holding Occupational Health and Safety

Aygaz continues to improve and expand the scope of its Total Quality Management approach since it was adopted in the early 1990s.

Employees	2020	2021	2022
Number of incidents with death	0	0	0
Number of occupational disease	0	0	0
Accident frequency rate (IR)* (TRIF)	14.51	22.29	16.35
Lost day rate (LDR)**	0.17	0.29	0.17
Lost time injury frequency (LTIF)***	12.01	15.78	15.53
Total OHS training (hours)	14,107	16,617	6,048
OHS training per employee	7.48	8,.86	5.25

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

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

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

Environmental Trainings	2020	2021	2022
Participants (person*hour)	844	647	1,796

Greenhouse Gas Emissions (tons CO ₂ e)	2020	2021	2022
Scope 1	5,791	6,599	6,159
Scope 2	8,633	8,971	8,716
Total	14,425	15,570	14,876
Greenhouse gas intensity (kg CO ₂ e/million TL)***	1.75	1.19	0.43

*** GHG Emission Intensity was calculated by comparing emissions to overall business revenue.

*** Calculated for the years 2020 and 2022 but not verified. 2021 data is verified.



Air emissions	2020 (kg/year)	2021 (kg/year)	2022 (kg/year)
NOx	1,824	7,710	15,644
SOx	144	280	312
Volatile Organic Compounds (VOC)	47,784	105,519	111,459

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 9,007 person*hours in 2022. Some of these trainings were supported with drills. Prior to the national earthquake alert drill, all Aygaz employees were provided information to raise earthquake awareness. Aygaz also organized an “Illustration Competition”

The internal audits of 2022 were conducted in a manner to address all processes through online and site inspections in 66 business units by a team of 56 internal auditors.

to draw the attention of office and field employees to occupational health and safety violations in the workplace. The competition was completed with 300 submissions.

Furthermore, a presentation was delivered about the loading robots in the Ergonomics session where the latest developments in ergonomics were discussed during the İstanbul Chamber of Industry's Occupational Health and Safety Symposium, to share the example of a best practice regarding the rapid technological changes and how they could be adapted to the work environment.

Digitalization in occupational health and safety

As a key step toward integrating occupational health and safety into the corporate culture, the Company started to work on safe behaviors and actions. The objective of these activities is to prevent workplace accidents by detecting unsafe movements in the videos captured by cameras and uploaded to the system, thanks to a collaboration with a company that runs AI-assisted occupational health and safety platform at the Gebze Plant and a partnership with TİSK.

In 2022, OHS performances in five categories were monitored with Power BI as part of the efforts to digitalize the occupational health and safety processes. On the other hand, using the Worksafe software, transferring the records about the basic occupational health and safety training of Aygaz employees and the employees' recruitment and periodic health checks to the Ministry of Labor and Social Security continued during the year.

Sustainable business processes

Aygaz manages all business processes with sustainability awareness and focuses on the efficient use of

In 2022, OHS performances in five categories were monitored as part of the efforts to digitalize the occupational health and safety processes.

Energy Consumption (GJ)	2022
Electricity consumption	67,596
Natural gas consumption	70,183
Diesel consumption	1,145
LPG consumption	13,454
Butane, propane, ethane consumption	6.13

Waste (tons)	2020	2021	2022
Recycled/Recovered (R-coded methods) hazardous waste	420.12	515.07	514.05
Recycled/Recovered (R-coded methods) non-hazardous waste	5,716.67	3,501.36	7,845
Disposed (D-coded methods) hazardous waste	30	144.20	1.85
Disposed (D-coded methods) non-hazardous waste	0	9.81	0
Hazardous waste sent to regular storage/landfill	0.12	0	0
Non-hazardous waste sent to regular storage/landfill	0	0	0



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, all holding ISO 14001: 2015 Environmental Management System certification. Environment and energy management is executed with a holistic approach in conformity with applicable legislation and international standards, in line with Koç Group targets and principles, and in accordance with the Integrated Management Systems Policy and Aygaz Climate Change Strategy frameworks.

Regarding environmentally sensitive business processes, 1,796 person*hours of Environment and Waste Management Training was delivered last year at the terminal directorates and filling facilities as required by legislation. On World Environment Day, a questionnaire about environmental awareness was sent to all Aygaz employees, and three people

who gave the correct answers were gifted sustainable products.

Carbon Transition Roadmap

In 2022, Aygaz created a Carbon Transition Roadmap with the goal of integrating carbon transition into the company culture. Defining a carbon strategy, awareness raising activities, expanding the data providers and their pool, and assurance of greenhouse gas emissions were determined as the priority topics of this roadmap.

Starting with the departments involved in Health-Education-Environment, Strategy, Innovation, Digital Transformation and R&D, which are identified as key stakeholders, 160 person*hours Carbon Workshops were held with all the functions that impact carbon management. During the workshops, energy efficiency, renewable energy, alternative fuels, new products/markets and emission reduction were identified as the main focus areas and integrated into the innovation and R&D strategies and short-long-term business plans of Aygaz.

With greenhouse gas emission assurance activities ongoing in 2022, the carbon footprint density was improved from 1.19 tCO₂e/TL million in 2021 to 0.43 tCO₂e/TL million in 2022. The efficiency projects implemented at the facilities also prevented 275 tons of carbon emissions.

The Climate Change Strategy is available on the Aygaz website.

Energy efficiency activities

Year on year, the electricity consumption remained around the same levels at the terminal directorates and filling plants while increasing by 10% at the Gebze Plant due to production, amounting to 22.7 million kW in total. In February 2022, a sourcing agreement at a fixed price was signed with Entek for the electricity of 32 Aygaz locations.

In 2022, nine energy efficiency projects implemented in the Aygaz Filling Plants and the Gebze Plant delivered 165 MWh of electricity savings and 94.7 K cubic meters of natural gas, resulting

in a financial gain of TL 2.5 million. Annually, energy savings of 3,865 GJ and 275 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. 488 person*hours of Energy Awareness Trainings were provided.

Aygaz aims to reduce its carbon emissions by using renewable energy. As part of the Arinna Project developed 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 installed capacity of 75 kW and combines three different solar panel technologies (polycrystalline, monocrystalline, and thin film) each with a capacity of 25 kW, Aygaz plans to find the most ideal solution by comparing different panel technologies while generating electricity. In 2022, this project generated 69,090 kWh of solar energy at the Gebze Plant.

Waste management and efficient water use

Aygaz monitors its impact across the value chain as part of waste management. The Company reduces and recycles its waste at the source or disposes of waste safely when recycling is not possible. In 2022, Zero Waste Certificate was obtained for the head office building.

Activities are also carried out at Aygaz facilities to achieve maximum recycling through efficient water use. However, the hydrostatic tank tests carried out at the facilities in 2022 resulted in an increase in consumption, which rose to 109,298 cubic meters of water. On the other hand, all the water recycled, recovered and reused in 2022 amounted to 60,809 cubic meters.

Water Withdrawal (m ³)	2020	2021	2022
Surface Water	0	0	0
Groundwater	27,736	30,380	48,938
Municipal Water	41,362	52,559	60,360
Rain Water and Other Sources	18,866	0	0
Total	87,964	82,939	109,298

Protecting biodiversity

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.

The first sustainability report in Türkiye

In 2002, Aygaz became the first company in Türkiye to publish a sustainability report, setting an example, and has continued to disclose its sustainability performance to the stakeholders regularly ever since. Starting from 2008, the report is prepared in accordance with the Global Reporting Initiative (GRI) principles. Aygaz fulfils all of its obligations with respect to the working conditions, human rights and transparent corporate governance within the framework of 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 2022 as in previous years.

Sustainable operations

Aygaz prioritizes operational excellence and safety in its business processes while working to ensure quality, ethical principles, and environmental and social compliance across the value chain. These operations span a broad scope from LPG sourcing to delivering the products to the end-user and 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.

Innovation and Intellectual Rights

Aygaz, recognizing the importance of an intrapreneurship and innovation culture, created the Aygaz Venture Investment Thesis in 2022 to bring more focus and structure to its venture investments.

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 products, services, processes, and business models and to systematically implement viable options to ensure 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 idea to business model

Aygaz aims to strengthen and expand its intrapreneurship ecosystem and pioneer an advanced entrepreneurship culture. Aygaz invests in products in its main lines of business, in its focus areas, and innovative products with synergy potential, striving to create value for the national economy and the Company itself. Accordingly, Aygaz embarked on its intrapreneurship journey in 2016 with the slogan “Innovation Starts With You!” Among the project proposals that the employees submit to the Aythink Platform and the ideas put forward during Design Thinking workshops, those that align with the innovation strategies of Aygaz are developed into business ideas with the “Lean Startup” methodology. Up until 2022 year-end, 1,167 ideas have been collected with these methods and seven of these were accelerated while 45 business model ideas were studied. Sendeo was born in 2018 as a business idea, named “Aykargo” at the time, 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 home delivery.

In 2022, Aygaz reviewed its innovation strategies and focus areas by considering the evolving customer needs and expectations. The Company continues to develop innovative ideas and closely monitors the opportunities in line with its renewed strategy and focus areas.

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 İstanbul Office of Plug and Play, the largest global innovation platform for startups and companies in Silicon Valley, to bring its learnings and experience to the entire innovation ecosystem. With this cooperation, Aygaz

aims to create opportunities for projects, partnerships, and investments by accelerating information and experience exchange. Aygaz has already signed an agreement for a startup partnership as part of its membership that enables access to the Plug and Play ecosystem, which runs two programs every year and has corporate members from all around the world, and started to benefit from the ecosystem through the ongoing POC (Proof of Concept) activities. With the Plug and Play cooperation, Aygaz will remain focused on exploring new ideas and initiatives and seeking creative solutions in the sectors where the Company and its affiliates operate while leveraging the latest technologies.

Aygaz Venture Investment Thesis

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

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

The focus areas of candidate startups are briefly described below:

Hydrogen Storage and Distribution: In terms of CO₂ neutrality targets, hydrogen is set to become an important energy source. However, storing and distributing of hydrogen presents a set of challenges. Aygaz believes that it may facilitate storing and distributing hydrogen in gaseous, liquid or solid form and highly feasible and scalable technologies would accelerate energy conversion in the future.

Biofuels: While LPG is the most environment friendly fossil fuel, new types of fuels derived from biological sources in the future will play a key role in reducing the negative impact of climate change. BioLPG, renewable dimethyl ether, and biomethane are anticipated to replace LPG and other fossil fuels as fuel sources of the future. Aygaz recognizes the importance of combining its own know-how with startups that develop high-tech solutions to produce, purify, compress, and mix such these gases with the available gases, conducting joint studies, and investing in this area.

Renewable Energy: Electricity generated from renewable sources such as wind, solar and geothermal is gaining an increasingly higher share in daily consumption. Renewable energy also offers an important alternative to LPG as energy sources available to the consumers become more diversified. For instance,

the customer may generate energy while consuming it. LPG-powered devices and vehicles may now use a blend of new energy sources. Accordingly, startups that follow the changing energy consumption and seize the opportunities in this area will be a good option for investment.

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

Mobile Life: LPG is a transportable energy. As a Company with more than 60 years of experience and know-how in delivering energy to the end customer, Aygaz intends to invest in startups that develop different usage scenarios for LPG and solutions that use different energy sources for cooking, heating and vehicle fuel.

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

Delivery Optimization and Automation: Last mile delivery, disconnected delivery, delivery by drones and robots, route optimization in delivery, and automated delivery solutions will support Aygaz in improving the customer experience, efficiency and growth. Therefore, Aygaz aims to use advanced technology solutions in an industry with significant competition as diverse distribution and sales channels continue to emerge.

Intellectual property portfolio management

Protecting and monitoring intellectual

property rights as part of business processes is particularly important to Aygaz. The Company manages an intellectual property portfolio, which expands by the year with trademarks and patents registered in domestic and international markets or are at the application stage. Since its inception, Aygaz has been allocating resources for trademarks, patents, industrial designs, works, and Internet domain name protection and monitoring. The objective of the intellectual property management process at Aygaz is to support both the in-house creative 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.

Aygaz Venture Investment Thesis / Startup Focus Areas

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

The Aygaz Venture Investment Thesis was created in 2022 to bring more focus and structure to the Company's venture investments.

Research & Development

GreenOdor, the sulfur-free LPG odorant developed at the Aygaz R&D Center, the first in the industry, is now used in all Aygaz terminals and plants.

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

The first R&D center in the LPG sector

Aygaz R&D Center is the first of its kind in the Turkish LPG sector. 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.

Aygaz submits annual reports regarding the R&D Center to the Ministry of Industry and Technology pursuant to Law No. 5746. All the annual inspections carried out by ministry-appointed inspectors and commission since the launch of the R&D Center have been successfully completed, including for the year 2022, and it has been decided to continue the incentives. As of the end of December 2022, 16 projects of the Aygaz R&D Center are in the R&D status. The Center's fourth annual report was completed in May 2022 and submitted to the ministry for approval after the inspections were finalized.

Aygaz R&D Center, operating with a



team of 29 experts, carries out activities to develop new technologies that will create value for business processes and stakeholders. The R&D Center, spread on a total area of 1,432 square meters, houses an engine and fuel technologies laboratory, a chemicals laboratory, an automation and design laboratory, an embedded systems laboratory, and a valve, regulator and device laboratory as well as a manufacturing workshop, and prototyping and test lines.

In 2022, the patent and utility model portfolio of Aygaz reached a total of 58 applications, 45 registered patents, and 13 registered utility models.

University-industry collaborations

University-industry cooperation is very important to Aygaz R&D Center, which collaborated with seven universities, including İstanbul Technical University, Kocaeli University, Sakarya University,

Ondokuz Mayıs University, Yıldız Technical University, Isparta University of Applied Sciences and Dicle University, to conduct studies in the fields of chemistry and energy, engine and fuel technologies, and machinery and automation in 2022.

Aygaz R&D Center currently runs two projects within the scope of the TÜBİTAK TEYDEB 1707 On-demand R&D Projects grant scheme to develop smart IoT devices and LPG-powered camping equipment. The scientific article titled "Eliminating dimethyl disulfide and thiophene from LPG using zeolite-based adsorbents," written as part of a doctoral thesis carried out within the scope of the Low Sulfur LPG Project by academics from İstanbul Technical University, was published in Microporous and Mesoporous Materials, a peer-reviewed international journal with a very high impact index (Q1).

Products born from projects

Autonomous Filling Plant: In line with Aygaz's digitalization, autonomous plant, and Industry 4.0 vision, an automation project has been developed that 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 the Autonomous Filling 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. The development and commissioning of automation machines that support processes continued in 2022 as part of the efficiency and optimization efforts.

GreenOdor: LPG is a colorless and odorless gas that is typically odorized with sulfur components. This odorization process, which releases a perceptible and distinctive odor in accordance with the EN 589 standard to enable the detection of leaks. Conventional chemicals used for odorizing cause an increase in the total sulfur content of LPG while the odorization process results in an increase in harmful SOx emissions. After seven years of work, four in R&D and three in product development, the sulfur-free LPG odorant called GreenOdor started to be used at Aygaz terminals and facilities in 2022. Compared to traditional odorants, GreenOdor delivers lower emissions, involves less chemical use, and offers cost benefits. GreenOdor was recognized with the first prize in the Safety category at the 2022 Global Technology Conference organized by the World LPG Association in November in New Delhi, India.

The Center has plans to start the R&D work on the compatibility of GreenOdor with bioLPG and rDME in the near future. Business areas to be included in the hydrogen value chain have been identified and an R&D roadmap has been created for the bioLPG/LPG and rDME/LPG mixtures and usage scenarios with these mixtures.



Aygaz R&D Center in Figures

Established in
2018

29 experts

16 projects

58 applications (2022)

46 patent registrations (2022)

13 utility models (2022)

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

Social Responsibility

Aygaz supports several projects in areas such as environment, education, health, gender equality, sports, culture and the arts, many among the UN Sustainable Development Goals to serve social development.



Aygaz leads the industry with pioneering works in its fields of operation and also undertakes value adding projects in issues that concern society and the environment. While promoting social development, Aygaz also considers environmental balances. By supporting several 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. 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

İznik Tile Kilns Excavation: İznik Tile Kilns Excavation, which Aygaz has supported since 2021, is one of the oldest excavation sites – dating to the 1960s – focused on uncovering Turkish art. The Ottoman tile workshop area, located within the infrastructure of the

Early Byzantine Period, was again the main focus of the studies this year. Among the excavated artifacts, five pieces were selected by the experts from the İznik Museum and taken into the inventory to be exhibited in the museum while work on 359 artifacts was completed. Meanwhile, the regular conservation work continued in the 2022 season as well. As part of the conservation work, the architectural elements that formed the first four kilns that were unearthed in the 1980s within the excavation area were processed.



After these elements were reinforced against deterioration and disintegration, the worn top covers were renewed. Analyses constitute one of the key topics of the excavation.

The analyses, conducted in partnership with Koç University Surface Science and Technology Center (KUYTAM) since the 2018 excavation season, continued in 2022.

İKSV Theatre Festival Sponsorship: Aygaz has supported the theater since 2004. In 2022, Aygaz continued its support as the co-sponsor of the İstanbul Theatre Festival. The 26th edition of the festival featured 23 plays – 9 international and 14 local productions - attracting nearly 25 thousand viewers. The attendance rate of the festival plays was nearly 90%.

Books on the History of Ottoman Diplomacy: History of Ottoman Diplomacy is among the many cultural activities of Aygaz. With this project, documents and information curated from the Ottoman archives are published in book form. With seven more books added in 2022, the total number of published works now stands at 100.

ENVIRONMENT

“What will the weather be like tomorrow?” Project: This project, launched in 2010 by Aygaz in cooperation with the Regional Environmental Center (REC), is ongoing with support from the Ministry of Environment, Urbanization and Climate Change. Meanwhile, educational programs related to the project have been offered at the Rahmi M. Koç Museum since 2012. The Climate Change Awareness Workshop hosted in the museum’s Discovery Globe was attended by 4,784 students from 123 schools in the January – December 2022 period. To date, 105,993 students from 2,458 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

CULTURE & ARTS

İzmit Tile Kilns Excavation

Since 2021

İKSV Theatre Festival Sponsorship

Since 2004

Books on the History of Ottoman Diplomacy

100 books (total)

ENVIRONMENT

“What Will the Weather be Like Tomorrow?” Workshops

Since 2010

123
schools

4,784
students (2022)

Total

2,458
schools

105,993
students

EDUCATION

Aygaz Firefly Education Unit Education Program

Since 2001

31
provinces

18,892
students



2022. 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 has sponsored Tofaş Basketball Team since 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 2021-2022 period, the Firefly Education Unit Program reached 18,392 students at 67 locations in 31 cities across Turkey remotely via the TEGV Digital Education Platform.

GENDER EQUALITY IN TECHNOLOGY AND INNOVATION

Following the campaign for gender equality in technology and innovation launched by Koç Group as part of the UN Women's Generation Equality Forum, Aygaz announced its five-year targets in this field last March.

Accordingly, Aygaz has committed to reach 100 thousand girls and women from different age groups through education, mentoring and scholarship projects, and within the organization, to increase the rate of women in technology and innovation to 35% and female managers to 21% by building new networks and setting criteria to transform the ecosystem.

At Aygaz, the ratio of female employees in technology and innovation increased from 13.5% to 15%, and female managers from 13% to 15% in 2022. Furthermore, 40% of the employees involved in the intrapreneurship projects were women in 2022. In the 2021-2022 academic year, 75% of the TEV scholarships were granted to female students in STEM. The goal is to keep the ratio of female students at a minimum of 50% in the internship programs in technology and innovation. Meanwhile, 55% of the interns participating in 2022 Summer Internship Program were female students. The Company came together with nearly 2,500 university students in 2022 to attract female students in this field.





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

W-Energy For Equality Program:

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

In the W-Energy For Technology program, launched in partnership with Global AI Hub, the participants earned internationally recognized certificates after improving their digital skills in webinars, bootcamps, self-paced and live training courses, prepared with support from global technology leaders. The program reached 6,414 young female participants through a total of 42 hours of training from June to December. Young women who completed the program became eligible

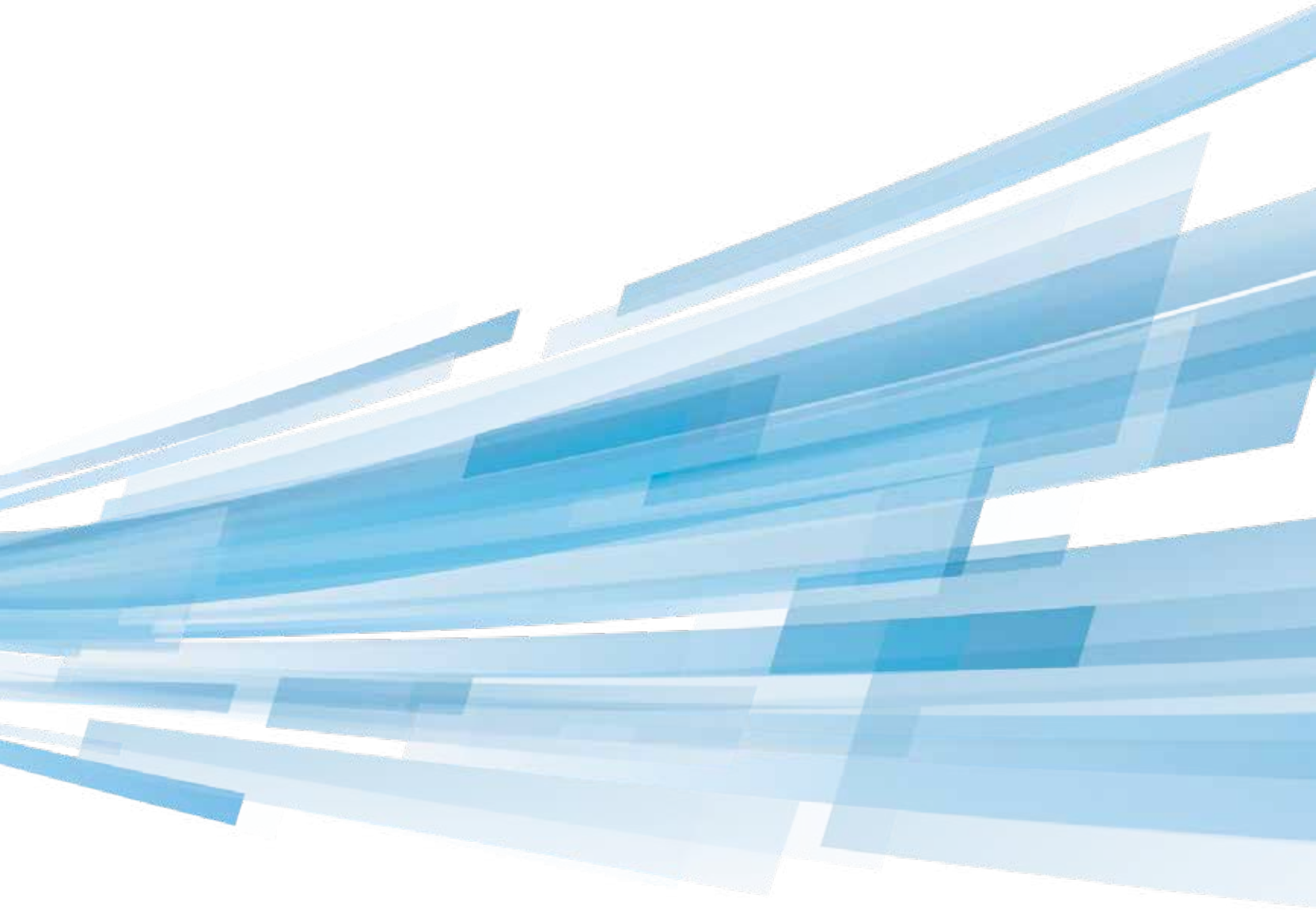
to apply for the W-Energy for Innovation program with the certificates they earned.

In the W-Energy For Innovation Program, carried out in partnership with Yönderle Akademi, the participants found the opportunity to develop their entrepreneurial skills with the Basic Entrepreneurship and Advanced Entrepreneur Training Courses and prepared for the hackathon. The program reached 5,600 women in total from July to December.

With the mentoring training and the mentor-mentee meetings as part of the W-Energy For Future Program, 108 mentors were trained and meetings were held with 700 mentees. Overall, the training program reached 12,899 young women.

The W-Energy for Kids Program, designed for children aged 8-11, is slated for launch in 2023. There are also plans to create a technology guide with the support of dealers to equip middle-aged women who may have difficulty keeping up with digital transformation with technological skills in the coming years.

Following the campaign for gender equality in technology and innovation launched by Koç Group as part of the UN Women's Generation Equality Forum, Aygaz committed to reach 100 thousand girls and women from different age groups, and to increase the rate of female employees in technology and innovation to 35% and female managers to 21%.





Corporate Governance

Legal Disclosures

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

The Company is registered at the İstanbul Trade Registry with number 80651/23170 (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 219,800,767, all of which has been pledged and paid in full. Issued capital is divided into 21,980,076,700 registered shares at 1 Kr nominal value per share. The Company's capital does not include any privileged shares.

The shareholding structure as of December 31, 2022 is shown in the following table:

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

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

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

Temel Ticaret ve Yatırım A.Ş., which held a 5.77 share in the Company, approved the partial demerger resolution at the Extraordinary General Assembly on September 29, 2022 and transferred all the shares it held in Koç Holding A.Ş. to its wholly owned subsidiary Family Danışmanlık Gayrimenkul ve Ticaret A.Ş. While the said partial demerger transaction did not result in any changes in Temel Ticaret ve Yatırım A.Ş.'s direct and indirect shares in Aygaz, the indirect shares that Family Danışmanlık Gayrimenkul ve Ticaret A.Ş. holds in the Company rose from 0% to 17.7%. The Board of Directors resolved on February 9, 2023 that the change to the indirect shareholding structure be registered in the Trade Registry and published in the Trade Registry Gazette pursuant to article 198 of the Turkish Commercial Code and also published on the e-şirket company portal.

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

In the reporting year, an Extraordinary General Assembly convened on August 25, 2022. Within the framework of our Company's strategic plans, with the target to create value by using Aygaz's existing equity and borrowing capacity by focusing especially on international LPG investments and other business areas such as cargo distribution, it was resolved to transfer Entek Elektrik Üretim A.Ş. ("Entek") shares in our Company's assets which corresponds to 49.62% of the registered Entek capital, to Türkiye Petrol Rafinerileri A.Ş. ("Tüpraş") through a partial demerger transaction through the model of share

transfer to Aygaz shareholders. Simultaneously, the Entek shares registered in the assets of our controlling shareholder Koç Holding A.Ş. was transferred to Tüpraş through a partial demerger transaction through the associates model. Accordingly, Tüpraş has taken over Entek shares corresponding to a total of 99.24% of Entek's capital through partial demerger. The demerger transaction was approved by the shareholders at the Extraordinary General Assembly meetings of the respective companies on August 25, 2022 and registered on August 26, 2022.

Amendments to the Articles of Association within the Reporting Period

Within the 2022 reporting period, the Board of Directors has resolved to decrease the issued capital of the Company from TL 300,000,000 to TL 219,800,767 due to the partial demerger transaction disclosed to the public on the Public Disclosure Platform on April 25 and to amend article 6 "Capital" of the Company's Articles of Association accordingly. This amendment was approved by the shareholders at the extraordinary General Assembly meeting on August 25, 2022 and registered on August 26, 2022. The Company's Articles of Association is available on the corporate website at: www.aygaz.com.tr.

Organizational Changes within the Year

The current organization chart of Aygaz is shown on page 101 of the annual report. The London Trade Directorate, which operated under the Supply Chain Directorate, was removed from the chart because the branch office was closed with the year. The material event disclosure about the

matter can be found at: <https://www.kap.org.tr/tr/Bildirim/1113630>.

Information on the Material Changes in Aygaz's Ownership in Financial Assets in 2022

Entek shares, corresponding to 49.62% of our affiliate Entek's capital, were transferred to Tüpraş through a partial demerger transaction through the model of share transfer to Aygaz shareholders. The demerger transaction was approved by the shareholders at the Extraordinary General Assembly meetings of the respective companies on August 25, 2022 and registered on August 26, 2022.

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; but the storage licenses

of four plants cancelled within this scope were reinstated in a short period upon the applications filed. Because of the administrative sanction decisions made by EMRA after these audits, the Company has filed lawsuits for cancellation of administrative actions 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. According to a notice served on January 5, 2023, EMRA has opened an investigation alleging that the Company has failed to fulfill its obligation to report its inventory for the period from January 1, 2020 to December 31, 2020

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 conflicts of interest with providers of consultancy and rating services.

Subsidiaries Report Drafted per Article 199 of the Turkish Commercial Code

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

The report dated February 26, 2023, 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 2022, in each transaction a proper counter-gain was obtained according to the circumstances and conditions known by us when the transaction was carried out or the measure was taken or avoided and that there is no measure taken or avoided

that can cause the Company to incur any losses and that there is no transaction or measure that necessitates balancing within this framework."

Debt Instruments

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

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

- (i) Long-term bonds (TRSAYGZ62318 ISIN) with 720-day maturity, variable interest, 3-month coupon payment, with a spread of 140 basis points over BIST TLREF reference rate, principal payment on June 22, 2023, TL 100,000,000 for qualified investors;
- (ii) Long-term bonds (TRSAYGZA2312 ISIN) with 725-day maturity, variable interest, 3-month coupon payment, with a spread of 215 basis points over BIST TLREF reference rate, principal payment on December 11, 2023, TL 180,000,000 for qualified investors;
- (iii) Long-term bonds (TRSAYGZ22312 ISIN) with 368-day maturity, fixed annual interest of 24.00%, payable at maturity, principal payment on February 3, 2023, TL 150,000,000 for qualified investors.

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

- (i) Short-term bonds (TRFAYGZ52316 ISIN) with 281-day maturity, fixed interest of 33.30% per annum, payable on May 9, 2023, TL 100,000,000 for qualified investors;
- (ii) Short-term bonds (TRFAYGZ32318 ISIN) with 179-day maturity, fixed interest of 25.00% per annum, payable on March 31, 2023, TL 200,000,000 for qualified investors;
- (iii) Short-term bonds (TRFAYGZ52316 ISIN) with 175-day maturity, fixed interest of 25.50% per annum, payable on June 2, 2023, TL 300,000,000 for qualified investors.

It was resolved to issue debt instruments (bonds and/or bills) with a total nominal value up to TL 3.000.000.000 (Threebillion Turkish Lira) after the Capital Markets Board's approval of the issuance, within the period that issuance limit is valid and to do the sale one or several times domestically by way of selling to qualified investors and/or private placement excluding public offering with the resolution of BoD on January 10, 2023. The necessary application to obtain approval was filed with the Capital Markets Board on January 12, 2023. The necessary application to obtain approval was filed with the Capital Markets Board on January 12, 2023.

Credit Rating

JCR Avrasya Derecelendirme A.Ş. (JCR Eurasia Rating) has evaluated the credit ratings and outlooks of Aygaz on June 14, 2022 and determined the Company's Long-Term National Rating as "AA+(Tr)" and outlook as "Stable," Short-Term National Rating as "J1+ (Tr)" and outlook as "Stable," Long-Term International

Rating (local and foreign currency rating) as "BB" and outlook as "Stable," and Short-Term International Rating (local and foreign currency rating) as "J3" and outlook as "Stable." Aygaz A.Ş. continues to be listed in the BIST (Borsa İstanbul) Sustainability Index.

Independent Audit Firm

Taking into consideration the opinion of the Audit Committee, our Board of Directors resolved on February 7, 2023 to nominate PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., to audit our Company's financial reports for the year 2023 accounting period and to fulfill all other obligations required for the auditors by Turkish Commercial Code numbered 6102 and Capital Markets Law numbered 6362 and related regulations and to present the selection to the approval of the General Assembly of Shareholders.

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 Workers 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, covering the seafaring employees, 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. Once the labor union's authorization procedures are finalized, the collective bargaining process will start for the 01.01.2023- 31.12.2024 agreement period.

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 227,892 thousand (2021: TL 91,919 thousand).

Donations and Grants

At the Ordinary General Assembly Meeting in 2022, information was provided as a separate agenda item about the donations and grants paid in 2021 and the donation upper limit for 2022 was set at 0.4% (four thousandth) of the previous year's revenues. No change has been made to the ongoing donation practices. Aygaz Donations and Sponsorship Policy has been approved by the general assembly and published on the corporate website. Donations made in 2022 amounted to TL 1,033,701.50. The upper limit for donations in 2023 will be determined by the general assembly.

Guidance

Our 2023 sales volume forecast:
Cylinder gas : 245 thousand - 255 thousand tons
Autogas : 700 thousand - 730 thousand tons

Our 2023 market share forecast
Cylinder gas : 41.0% - 43.0%
Autogas : 22.0% - 23.0%

Corporate Governance Principles Compliance Declaration

Aygaz is aware of the benefits and importance of Corporate Governance Principles in for companies and capital markets. In addition to achieving full compliance with the mandatory principles of the Corporate Governance Communiqué No: II-17.1, in effect in 2022, 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 work in progress regarding the principles that have yet to be implemented, adoption of these principles will be duly considered upon completion of the administrative, legal and technical infrastructure work that would contribute to the Company's effective management.

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

- 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 and 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 2022.
- 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 4.4.2, 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 has not been exposed to any conflicts of interest due to lack of full compliance with the non-mandatory principles.

The Corporate Governance activities in 2022 have been carried out in compliance with the Capital Markets Law, which includes Capital Markets Board regulations on corporate governance principles and the communiqués pursuant to this law. Prior to the general assembly meeting, independent board members were nominated and publicly disclosed, and the general assembly meeting was organized with due process for the election. At the Ordinary General Assembly Meeting in 2022, members of the Board of Directors were elected, and in the ensuing process the Board committees, which currently function effectively, were formed in accordance with regulations. Remuneration policy was determined for Board members and senior executives and presented to the shareholders at the general assembly meeting. Through the information document prepared for the General Assembly, information mandated by the principles, such as privileged shares, voting rights, organizational changes, résumés of the nominees for Board membership, remuneration policy for the Board of Directors and senior executives as well as all reports and information that must be drafted and disclosed about related parties were made available for investors three weeks prior to the General Assembly meeting. The corporate website and the annual report were also reviewed and necessary changes were made toward full compliance with the principles. Necessary work will be carried out for full compliance with the principles by considering legislative developments and implementations in the upcoming period.

Aygaz A.Ş. demonstrates its commitment to managing corporate governance as a continuous and dynamic process by receiving Corporate Governance Rating scores and remaining in the BIST Corporate Governance Index. Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş., operating under license from the Capital Markets Board (CMB) to conduct corporate governance rating activities in Turkey, upgraded the Company's score from 9.50 to 9.52 on June 21, 2022.

Main Topics	2021 Score	2022 Score
Shareholders	95,83	95,83
Public Disclosure and Transparency	94,86	94,93
Stakeholders	99,51	99,51
Board of Directors	92,44	94,25
Total	94,95	95,61

The increase in the corporate governance rating score in 2022 was the result of improvements in the "Public Disclosure and Transparency" and "Board of Directors" topics. A key factor for the rating score increase was the introduction of the "Board of Directors' Diversity Policy" in which Aygaz declared its commitment to increase the female Board membership ratio to 25% within five years. The "Human Rights Policy," "Antibribery and Corruption Policy," "Gift Acceptance and Honor Policy," "Supply Chain Compliance Policy," "Aygaz Group Code of Ethics," "Sanctions and Export Controls Policy," "Whistleblowing Policy," "Compliance Policy," and "Social Investment Policy," which have been approved by the Board of Directors and published on the Public Disclosure Platform and the corporate website in 2021 and 2022 in accordance with the Compliance Program roadmap, have also contributed to this rating. Aygaz, with its current corporate governance rating, has been one of the companies to hold the highest corporate governance scores in Turkey as of the rating date.

Since the General Assembly meeting of 2005, "Corporate Governance Compliance Reports" are prepared and published on the Company's corporate web site (www.aygaz.com.tr) and within the annual reports. The 2022 Corporate Governance Compliance Report (URF) and Corporate Governance Information Form (KYBF), prepared in accordance with the CMB resolution no. 2/49 dated January 10, 2019 and approved by Aygaz A.Ş. Board of Directors, are presented in the "Other Disclosures" section (pages 204 - 216) 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).

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 CMB in 2020 and updated to apply to reporting starting from 2022. Accordingly, Aygaz A.Ş. has achieved compliance with the majority of the principles stated in the non-mandatory "Sustainability Principles Compliance Framework" introduced by the CMB on a "comply or explain" basis. However, full compliance with all the principles has not been achieved yet due to the challenges in the implementation of some of these principles, uncertainties in the national and international arena, certain principles not fully aligning with the current structure of the Company, and the fact that some compliance principles will be determined according to the findings of ongoing studies. Once the 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. Following the campaign for gender equality in technology and innovation launched by Koç Group as part of the UN Women's Generation Equality Forum, Aygaz announced its five-year targets in this field in 2022. Accordingly, Aygaz has committed to reach 100 thousand girls and women from different age groups through education, mentoring and scholarship projects, and within the organization, to increase the rate of women in technology and innovation to 35% and female managers to 21% by building new networks and setting criteria to transform the ecosystem.
- Aygaz monitors key environmental, social, and governance indicators regularly and discloses them publicly. However, due to lack of comparable and verifiable data, local or international industry benchmarks are not available. In light of the global and sectoral trends, the material sustainability aspects at Aygaz were identified in accordance with the opinions of senior executives, strategic decisions, stakeholders, and external trend analyses. The issues with the highest priority that will create value for both Aygaz and stakeholders were identified through these analyses. Aygaz contributes to the Sustainable Development Goals in these strategic areas as well. In line with Koç Holding's equality in technology and innovation campaign launched under the global leadership of the UN Women Generation Equality Forum and Carbon Transformation Program, initiated to become carbon neutral by 2050, Aygaz also started to work in these areas. Accordingly, "Equal opportunity and diversity" and "Climate change and greenhouse gas emission management" were highlighted among the "High Priority" topics in the 2022 Sustainability Report. As such, Aygaz has demonstrated the increasing importance of these issues for the Company by positioning them close to the "Very High Priority" issues. Aygaz also aims to update its material sustainability topics in the 2023 Sustainability Report while planning to work on the partnership strategy in the years to come.
- 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 2021 was disclosed on the corporate website in 2022, included in the sustainability section of the Annual Report, and published in the 2021 Sustainability Report. Furthermore, the Company will publish the 2022 Sustainability Report in the first half 2023. 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. All categories have been assured according to the applicable standard in 2021. While the 2019 and 2021 data have been verified, the 2020 and 2022 data has been calculated but not verified yet. 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.

Explanations Regarding Corporate Governance

2.1. Investor Relations Department

At Aygaz, Investor Relations Department's duties set out by article 11 of the Corporate Governance Communiqué have been assigned to the Corporate Finance and Strategy Department under the leadership of Assistant General Manager (Finance) The department consisting of Ali Sencer Turunç and Selin Sanver Nasuhoğlu, 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 1753-1659 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.

2.4. 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 30, 2022. The Company paid in cash a gross total dividend of TL 150 million in 2022.

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.

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.

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 2022, the Board has one female member. All Members of the Board of Directors were elected in the General Assembly meeting on March 30, 2022 to serve until the Ordinary General Assembly Meeting to be held to review the financial results for 2022. Résumés of the Board Members and the General Manager are included in the annual report.

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.

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 Çelebicin	Independent	Board Member, Chairman of Audit Committee and Chairman of Corporate Governance Committee	
Kemal Ege Cansen	Independent	Board Member	

At Aygaz, the Corporate Governance Committee carries out the duties of the Nomination Committee. In 2022, 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 February 15, 2022 and determined that all met the criteria specified in Corporate Governance Principles. The candidates were approved and selected by the General Assembly on March 30, 2022. As of 2022 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 10 times in 2022 and passed 32 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. Some shareholders with management control, members of the Board of Directors, executives with administrative responsibilities, their spouses and blood relatives to the second degree and in-laws serve as Members of Board of Directors in some other Koç Group companies, including the ones that operate in a similar field. Board Members and Senior Executives of the Company are covered by an "executive liability insurance".

5.4. Risk Management and Internal Control Mechanism

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 Assistant General Manager (Finance) 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 30, 2022, this policy is also on the agenda of the Ordinary General Assembly Meeting that will be held on March 20, 2023 to review the 2022 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.

Investor Relations

Investor relations at Aygaz are carried out with a corporate approach in global standards.



Share Information

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

In its activities, the Investor Relations department focuses on increasing company value for the existing shareholders and aims to attract new and potential investors by promoting the company. Investor relations at Aygaz are carried out with a corporate approach in global standards.

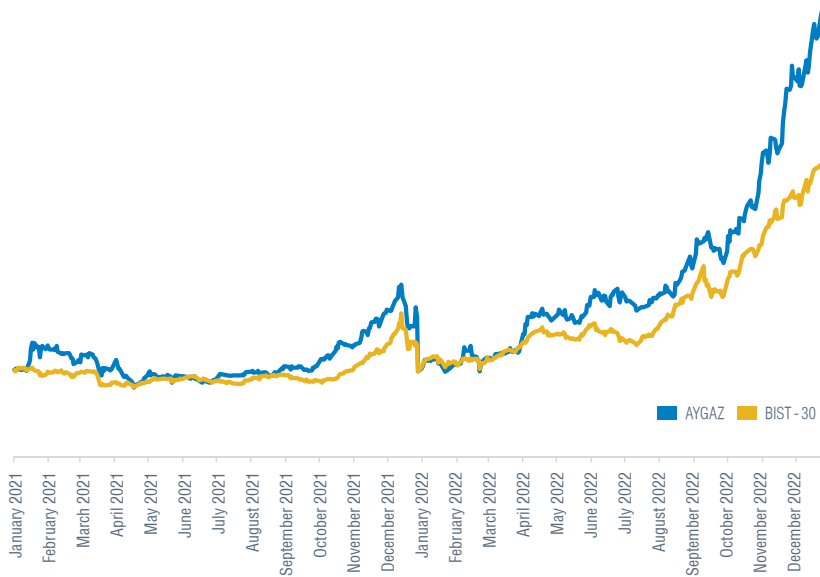
Information Activities

Building long standing relationships with the investors and ensuring accurate and up to date information flow are key for investor relations. Accordingly, the Investor Relations department at Aygaz hosted two events - one online and one offline - with senior executives in attendance to meet met

with fund managers and analysts in 2022. The department also held nearly 200 meetings, including one-on-one meetings and teleconferences, with current and potential investors to share the Company's current vision and goals and address the latest topics on the agenda. The department responded to the written and verbal questions from domestic and foreign shareholders and analysts and streamed webcasts for the quarterly earnings release announcements.

In 2022, most of the inquiries received from investors and analysts were about the new investments of Aygaz, including United Aygaz LPG Ltd., the joint venture

AYGAZ and BIST 30 Index Relative Performance



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

Stock performance

For Borsa İstanbul (BIST), 2022 was a year of considerable rises.

The market value of the Aygaz rose from TL 6.6 billion as of 2021 year-end to TL 21 billion levels as of 2022 year-end, with an increase of 217% on TL basis. In the same period, the returns of BIST 100 and BIST 30 were 197% and 194%, respectively. Aygaz shares were traded at lowest TL 21.99 and highest TL 96.80 during the year. The market value rose by 120% on USD basis, closing the year at around USD 1.1 billion.

Dividend distribution

In line with the dividend policy and to the extent allowed by applicable regulations and financial resources, minimum 50% of the distributable profit, calculated

in accordance with Capital Markets regulations is distributed in cash and/or bonus shares. Long-term Company strategies, investment and financing policies, and profitability and cash position are taken into consideration in calculating the annual dividend amount.

Including TL 219.8 million as dividend from the 2022 profits to be submitted to the General Assembly for approval in 2023, the total dividends in the last five years will reach TL 1 billion 56 million. The dividends paid out in the period from 2011 to 2022 amounted to TL 2.8 billion (USD 845 million).

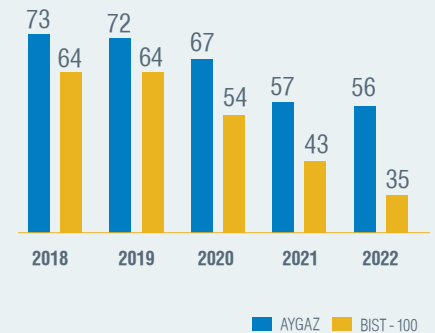
Aygaz shares and investor composition

24.27% of Aygaz shares are traded on Borsa İstanbul. As of 2022, foreign investors account for 56% of the free floating shares of Aygaz, above the BIST 100 ratio. This is a sign of the trust that Aygaz has earned with foreign investors, both for its investor relations activities and its corporate governance efforts.

217%

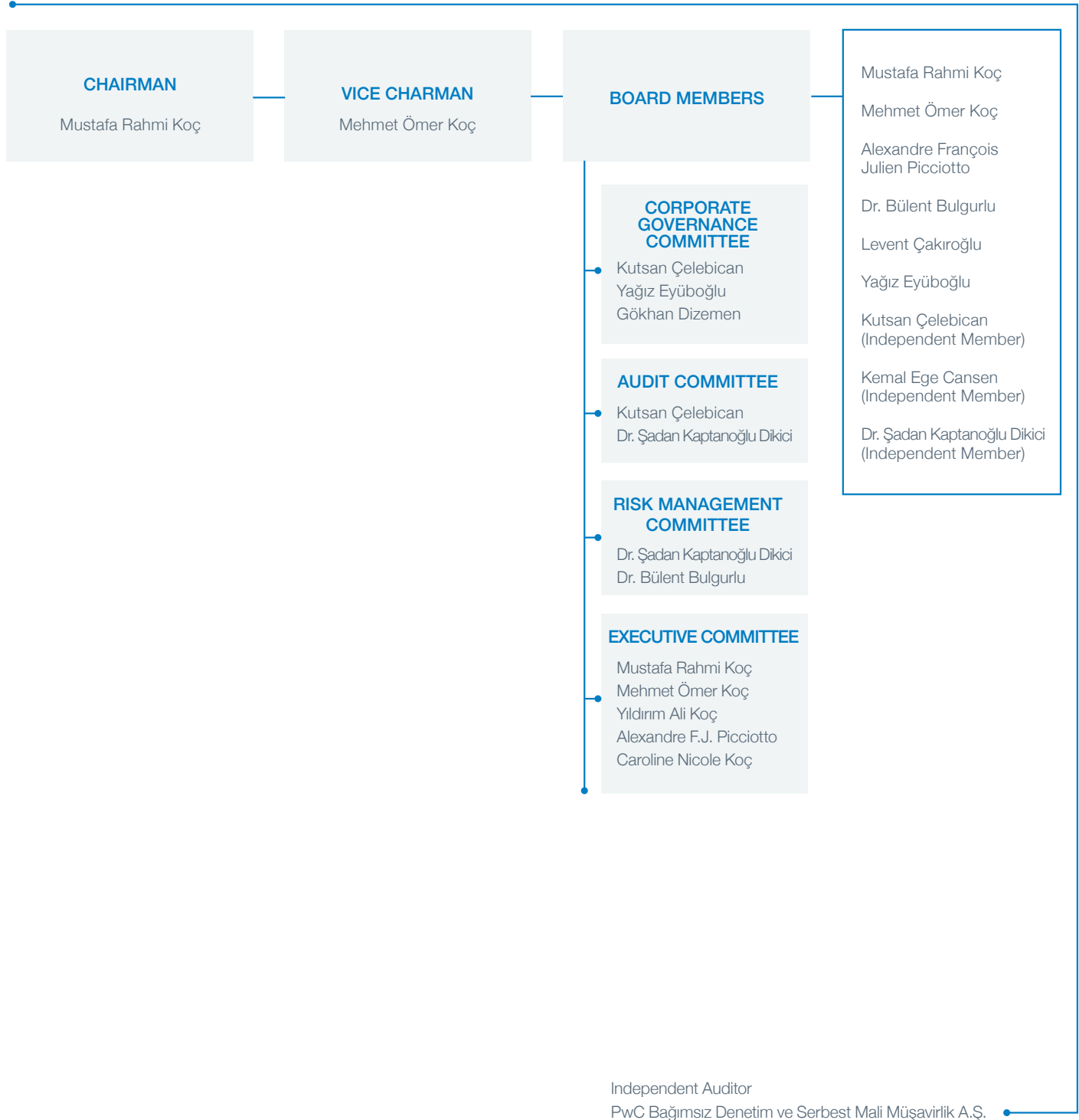
YoY increase of Aygaz share prices

The ratio of foreign ownership in free floating shares (%)

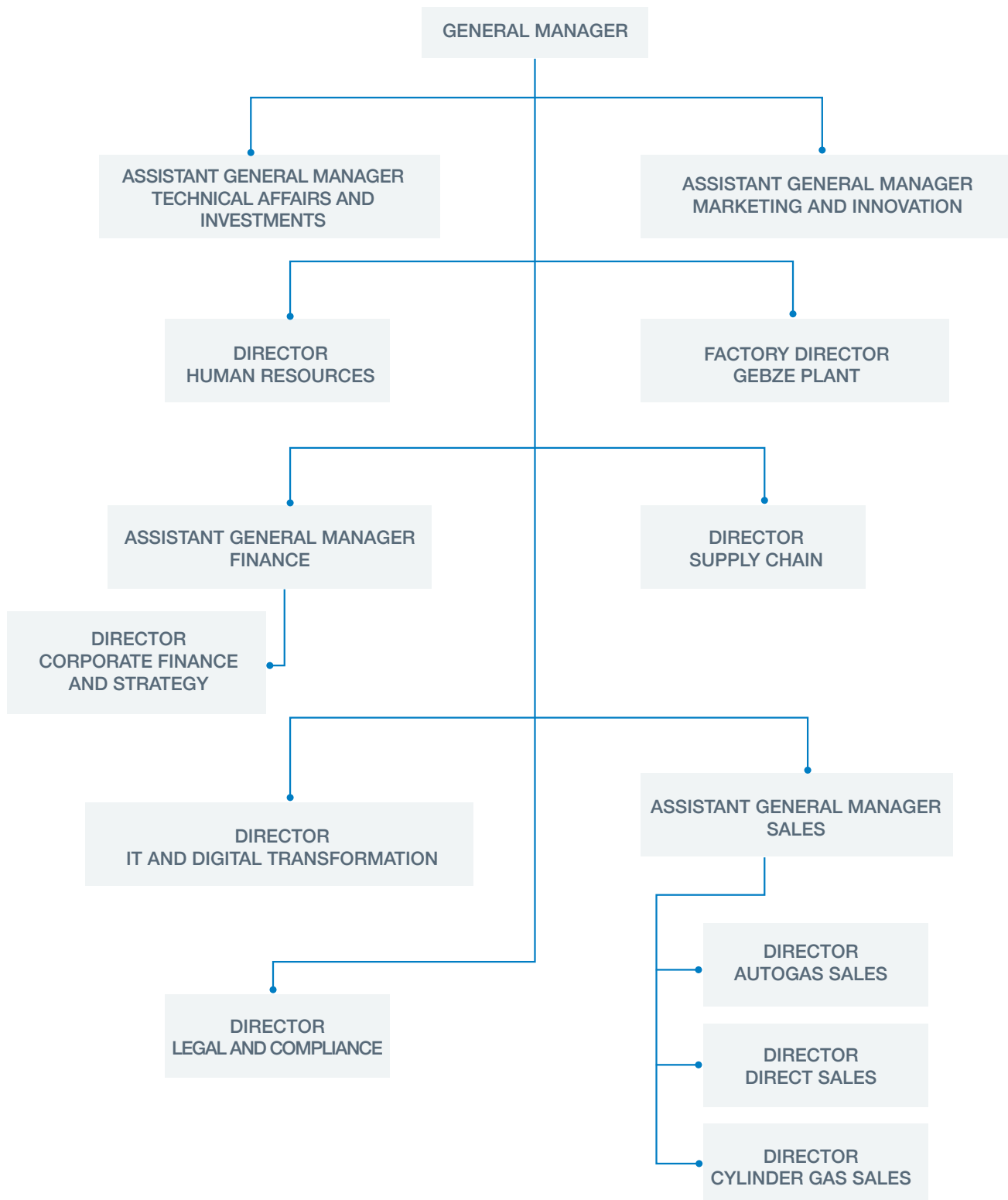


As of 2022, foreign investors account for 56% of the free floating shares of Aygaz, above the BIST 100 ratio.

Structure of the Board of Directors



Organizational Chart



CVs of Board of Directors

Rahmi M. Koç

Chairman

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

Ömer M. Koç

Vice Chairman

Ömer M. Koç received his BA in Ancient Greek from Columbia College, Columbia University (USA) in 1985. He worked at Kofisa Trading for one year and completed his MBA at Columbia University Business School in 1989. After working at Ramerica International Inc., he joined the Koç Group in 1990. He held various senior positions at Koç Holding including Finance Coordinator, 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 the Turkish Industry and Business Association (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, Chairman of İKSV (İstanbul Foundation For Culture and Arts) Board of Trustees, 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

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

Dr. Bülent Bulgurlu

Member

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

Levent Çakıroğlu

Member

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

Yağız Eyüboğlu

Member

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

Kutsan Çelebican

Independent Member

Kutsan Çelebican received his 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 has served as an Independent Board Member at Aygaz since March 2018.

Kemal Ege Cansen

Independent Member

Born in 1939 in Ankara, 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, Managing Director, Member of the Board and Consultant at Anadolu Group (1986-2017), and Vice Chairman of the Board of Directors of Turkish Bank A.Ş. He taught "Business Economics" at Marmara University, Faculties of Engineering and Administrative Sciences from 1987 to 2000. Ege Cansen works as an economics writer and commentator. He has served as an independent Board Member at Aygaz since March 2018.

Dr. Şadan Kaptanoğlu Dikici

Independent Member

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

CVs of 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 the Vice Chairman 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.

*Retired on December 31, 2022.

Risk Management and Internal Audit

At Aygaz, risks are managed according to corporate risk management principles and by adopting a holistic approach, integrated with Company strategies and targets.

Aygaz carries out its risk management activities based on corporate governance principles and adopts a holistic approach in integration with the Company strategies and targets. Within the scope of effective corporate risk management, necessary strategies and actions are determined while potential risks and opportunities are taken into account for Aygaz to reach its targets.

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

assessments to raise awareness about corporate risk management.

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

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

Managing the risks

Financial risks arising from uncertainties and fluctuations particularly in the foreign exchange rates, interest rates, liquidity, and commodity prices are identified, evaluated, and relevant instruments are used to mitigate risks 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 the current cash position and projected cash flows and ensuring maturity match between assets and liabilities. Net working capital is carefully monitored to preserve short-term liquidity, and sufficient levels of cash and cash-like assets are maintained against potential capital market fluctuations. The market developments are followed closely and average credit maturities are maintained at specific levels by utilizing different financing options. Available cash and non-cash credit lines are 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 goal is to carry out its business activities with the most efficient capital structure that minimizes the cost of capital while creating return for its shareholders. The most significant indicators taken into account for this purpose are the ratios of Net Financial Debt/EBITDA, Total Financial Debts/ Equity, Current Ratio and Liquidity Ratio, as well as the maturity structure of Financial Debts and Net Working Capital. With all these indicators maintained within the required limits, Aygaz achieves the capital structure and debt capacity to conduct its business 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. The 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 the business processes are secure and protected. The Company also applies the Integrated Management Systems Policy to carry out activities in line with sustainability principles.

In 2022, the operations of United Aygaz LPG Ltd., the joint venture of Aygaz in Bangladesh, and Sendeo Dağıtım Hizmetleri A.Ş., an Aygaz subsidiary operating in the courier and last mile delivery sector, were also monitored and assessed for risks as part of the risk policies.

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 sustainability and compliance activities to avoid legal risks.

Internal Control System and Internal Audit

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

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

The Internal Audit Department audits the Company's head office and terminals, plants and distribution facilities across Türkiye with routine and/or necessary financial and operational inspections.

The department analyzes processes in line with the audit plan, reviews the results of the audit activities conducted for issues that have room for improvement or are considered risky, addresses the complaints and other issues communicated to the Company through various channels, and reports its findings to the senior management. The department also continues to support the Aygaz subsidiaries' efforts to design their relevant processes and plays an active role in implementing the planned activities.

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

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

To the Board of Directors of Aygaz Anonim Şirketi

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

Board of Directors' Responsibility

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

Auditor's responsibility

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

Information on the Early Risk Identification System and Committee

4. The Company established the early risk identification system and committee and it is comprised of 2 members. The Committee has submitted the relevant reports for the period 1 January - 31 December 2022 to the Board of Directors that had been prepared for the purpose of early identification of risks that jeopardize the existence of the Company and its development, applying necessary measures and remedies in this regard, and managing the risks.

Conclusion

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

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

Cihan Harman, SMMM
Partner

İstanbul, February 8, 2023

Evaluation of Operating Principles and Effectiveness of Board Committees

The Board of Directors has decided on May 5, 2022 with resolution no. 978 to appoint the following Board members to the following Board committees, established pursuant to the provisions of the Capital Markets Board's Corporate Governance Communiqué no. II-17.1 ("Communiqué"):

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

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

In 2022, all Board committees fulfilled their duties and responsibilities in accordance with the Corporate Governance Principles and their own bylaws, convened in line with their annual meeting schedules, and submitted their reports about their activities and the results of the meetings within the year to the Board of Directors. All the Committee members attended all the meetings.

The Board of Directors is of the opinion that the work of the Board Committees has delivered the expected benefits.

Audit Committee - Working Principles and Activities

The Audit Committee was formed pursuant to the Board of Directors' resolution dated April 9, 2003 to monitor the functioning of the accounting and reporting systems of the Company in accordance with the applicable laws and regulations, public disclosure of financial information, and functioning and effectiveness of the independent audit and internal control systems. The Audit Committee convened eight times in 2022.

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

Audit Committee - Duties, Responsibilities and Working Principles

- Nominating the independent audit firm, determining the scope of the services that the independent audit firm would provide, initiating the independent audit process by drafting the independent audit agreement, and overseeing the work of the independent audit firm at every stage.
- Assessing the independent auditor in terms of independence criteria, evaluating the declaration of independence and the additional services that may be obtained from the independent audit firm.
- Evaluating: the findings communicated to the Committee by the independent audit firm as a result of their independent audit, the material issues related to the Company's accounting policy and practices, the alternative practices and public disclosure options according to the CMB's accounting standards and accounting principles, previously communicated to the Company management by the independent auditor; their possible outcomes and implementation proposal, and the materially significant correspondence with the Company management.

- Reviewing and resolving the complaints regarding the Company's accounting, reporting and internal control systems and independent audit processes; overseeing the system established to evaluate the Company employees' anonymous reporting of the accounting, reporting, internal control, and independent audit issues.
- Submitting its written evaluations to the Board of Directors together with the opinions of the relevant executives and independent auditors regarding the accuracy and factualness of the annual and interim financial statements to be disclosed to the public in terms of conformity with the accounting principles followed by the Company.
- Fulfilling other duties that may be assigned to the committee pursuant to CMB regulations and the Turkish Commercial Code.

Working Principles of the Audit Committee can be found on the corporate website.

https://www.aygaz.com.tr/uploads/yatirimci-iliskileri/komiteler/4681d079_f136_482e_ba27_ebb59198129f__2022_the-working-principles-of-the-audit-committee.pdf

Audit Committee's Activities in 2022:

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

Corporate Governance Committee - Working Principles and Activities

The Corporate Governance Committee was formed pursuant to the Board of Directors' resolution dated March 15, 2010 to monitor the Company's compliance with the Corporate Governance Principles, carry out the necessary development work and offer

recommendations to the Board of Directors to improve corporate governance practices. Accordingly, the Committee identifies whether the Principles are implemented, and if not, the reasons and conflicts of interest due to lack of full compliance with these principles, and submits its recommendations to the Board of Directors to improve Corporate Governance practices. The Corporate Governance Committee is also tasked with the duties of the Nomination Committee and Remuneration Committee, stipulated in the Communiqué. The Corporate Governance Committee, which meets as often as required by its duties, convened five times in 2022.

Corporate Governance Committee – Duties, Responsibilities and Working Principles

The duties of the Corporate Governance Committee:

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

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

- Assessing the system designed to nominate, evaluate and train members to the Board of Directors and senior executives, and determining the relevant policies and strategies.
- Evaluating the nominations for independent Board membership by considering whether the candidate meets the independence criteria and submitting its assessment to the Board of Directors for approval.
- In case an independent membership position in the Board of Directors is vacated, evaluating candidates to serve until the next General Assembly meeting to ensure that the requirement for minimum number of independent members and submitting its assessments in writing to the Board of Directors.

- Regularly evaluating the Board of Directors in terms of structure and efficiency and submitting recommendations to the Board of Directors for potential changes.
- Evaluating the systems designed to determine the approaches, principles and practices for the performance evaluation and career planning of the Board members and senior executives.
- Evaluating and monitoring the proposals regarding the principles of remuneration for Board members and senior executives by considering the Company's long-term goals.
- Determining the criteria for measuring the performance of the Company and the Board members in relation to their respective performances.
- Submitting proposals to the Board of Directors regarding the remuneration of Board members and senior executives by considering the level of meeting the set criteria.

The Working Principles of the Corporate Governance Committee can be found on the corporate website.

https://www.aygaz.com.tr/uploads/yatirimci-iliskileri/komiteler/c8ebe0d0_3388_45fe_a876_4b7dedef5b4d__2022_the-working-principles-of-the-corporate-governance-committee.pdf

Corporate Governance Committee's Activities in 2022:

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

- Assessed the system designed to nominate, evaluate and train Board members and senior executives with administrative responsibilities.
- Evaluated the Board of Directors in terms of structure and efficiency.
- Evaluated the principles, criteria and practices to be used in determining remuneration for the Board members and senior executives with administrative responsibilities by considering the Company's long-term goals.
- Worked on the benefits provided to the Board members and senior executives.

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

Risk Management Committee's Duties, Responsibilities and Working Principles

Risk Management Committee's duties:

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

The Working Principles of the Risk Management Committee can be found on the corporate website.

https://www.aygaz.com.tr/uploads/yatirimci-iliskileri/komiteler/43caf8b5_2a30_46a8_bad9_1e7778243b79__2022_the-working-principles-of-the-risk-management-committee.pdf

Risk Management Committee's Activities in 2022:

- Reviewed the current and potential risk factors in terms of the execution of the Enterprise Risk Management function and submitted recommendations for improvement.
- Identified the risks to be controlled and managed, delegated or completely eliminated within the Company.
- Ensured that the opportunities to increase the profitability of the Company and the effectiveness of its operations are identified and the necessary activities are carried out to seize such opportunities, and supported the Board of Directors in determining the Company strategy accurately by considering potential risks and opportunities.
- Evaluated the Company's IT practices in accordance with the obligations imposed on publicly traded companies by the CMB's Information Systems Communiqué No. VII-128.9.
- Ensured that the risk management systems are reviewed at least once a year and that the relevant departments responsible for managing the risks work in compliance with the committee's decisions.

In its report dated February 16, 2022, PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik concluded that the early risk detection system and Risk Management Committee in Aygaz A.Ş. were adequate in all material aspects as specified in article 378 of the TCC.

Executive Committee

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

Executive Committee's Duties, Responsibilities and Working Principles

Executive Committee's duties:

- Ensuring that all the preparations, analyses and evaluations are completed in terms of the material issues' impact on activities, financial aspect, legal status, and compliance with strategic priorities before they are brought to the Board of Directors for approval by all the members.
- Ensuring that the resolutions of the General Assembly or the Board of Directors are communicated to the Company management in accordance with the applicable directives and policies, and that they are deployed across the organization.
- Controlling whether the Company's operations are carried out in accordance with the Board of Directors' resolutions and annual business plans.

- Following the economic, social and political developments in the sectors in which the Company operates to assess their impact and determining strategies to increase competitiveness.
- Identifying opportunities by monitoring the industry dynamics in line with the determined strategies.
- Monitoring the strengths and weaknesses of the Company through internal analyses, and opportunities and threats through external analyses.
- Exploring internal and external growth opportunities to enable the Company to achieve its strategic goals.
- Overseeing how the Company's business programs are created and monitoring the functioning of the system that would enable making the necessary revisions based on the external developments and using these as key performance indicators for the business program.
- Following how the strategies and projects accepted by the Board of Directors are managed.
- Evaluating materially significant legal developments and how they may impact operations.

The Working Principles of the Executive Committee can be found on the corporate website.

https://www.aygaz.com.tr/uploads/yatirimci-iliskileri/komiteler/0bf47607_14ed_4d70_b345_e833d63a5864__2022_the-working-principles-of-executive-committee.pdf

Executive Committee's Activities in 2022:

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

Statements of Independence of the Independent Board Members

DECLARATION OF INDEPENDENCE JANUARY 12, 2023

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 JANUARY 12, 2023

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 JANUARY 12, 2023

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.



Şadan KAPTANOĞLU DİKİCİ

Statement of Responsibility for Financial Statements

PREPARED IN ACCORDANCE WITH ARTICLE 9 OF THE CAPITAL MARKETS BOARD'S COMMUNIQUE II-14.1. ON FINANCIAL REPORTING INFORMATION ON THE BOARD OF DIRECTOR'S RESOLUTION REGARDING THE APPROVAL OF THE FINANCIAL STATEMENTS

Resolution Date: 08.02.2023

Resolution Number: 2023-05

Under the Capital Markets Board Regulations; within the framework of the information provided to us in relation to our tasks and responsibilities related to the Company, we hereby declare that;

The consolidated Balance Sheet, Statement of Income, Statement of Comprehensive Income, Statement of Cash Flow, Statement of Changes in Equity along with the related Notes prepared by the Company for the period of 01.01.2021 – 31.12.2021 under the CMB Financial Reporting Communique II.14.1. in accordance with Turkish Financial Reporting Standards ("TFRS) and in line with the formats determined by the CMB,

- have been reviewed by us,
- do not contain any inaccuracy in all material respects and are free of omissions that may be regarded as misleading as of the issue date,
- The financial statements prepared in line with the Communique present fairly the assets, liabilities, financial position and the results of operations of the Company as well as of the companies included in the scope of consolidation.

Regards,

AYGAZ ANONİM ŞİRKETİ

February 8, 2023

Kutsan Çelebicin
Chairman
Audit Committee

Şadan Kaptanoğlu Dikici
Member
Audit Committee

Gökhan Dizemen
Assistant General Manager
(Finance)

AYGAZ ANONİM ŞİRKETİ

1 JANUARY - 31 DECEMBER 2022
CONSOLIDATED FINANCIAL
STATEMENTS TOGETHER WITH
INDEPENDENT AUDITORS' REPORT



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

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 2022, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2022, 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.

<i>Key Audit Matters</i>	<i>How the key audit matter was addressed in the audit</i>
<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 TRY37,506,944 thousand which is the largest financial statement item in the consolidated statement of profit or loss for the period 1 January - 31 December 2022, has been identified as a key audit matter due to its significance level and significant impact on more than one account.</p> <p>Explanations regarding the Group's accounting policies and amounts regarding revenue are included in Notes 2.5 and 23.</p>	<p>During our audit, the following audit procedures were performed for the recognition of revenue:</p> <ul style="list-style-type: none"> - 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 2.5 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 2022 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 8 February 2023.

Additional explanation for convenience translation into English

Turkish Financial Reporting Standards differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of IAS 29 - Financial Reporting in Hyperinflationary Economies by 31 December 2022. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position and results of operations of the Group in accordance with IFRS.

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

Cihan Harman, SMMM
Partner

Istanbul, 8 February 2023

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AYGAZ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

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

	Notes	Audited 31 December 2022	Audited 31 December 2021
ASSETS			
Current assets			
Cash and cash equivalents	4	1.826.605	1.693.433
Financial investments		35.939	-
Trade receivables		2.458.642	1.065.040
- Trade receivables from related parties	31	140.257	71.565
- Trade receivables from third parties	8	2.318.385	993.475
Other receivables		149.432	105.610
- Other receivables from related parties	31	84.375	-
- Other receivables from third parties	9	65.057	105.610
Derivative financial instruments	7	85.754	185
Inventories	11	2.335.531	1.433.089
Prepaid expenses	20	67.509	91.326
Assets related to current year tax		9.296	-
Other current assets	19	479.199	248.908
Total current assets		7.447.907	4.637.591
Non-current assets			
Financial investments	5	1.610.681	462.013
Trade receivables		8.135	6.545
- Trade receivables from third parties	8	8.135	6.545
Other receivables		645	156
- Other receivables from third parties		645	156
Investments accounted under equity method	12	6.262.099	2.160.939
Property, plant and equipment	13	983.577	771.735
Right-of-use assets	15	119.286	188.420
Intangible assets		77.388	32.620
- Other intangible assets	14	77.388	32.620
Prepaid expenses	20	25.232	28.908
Deferred tax asset	30	112.664	44.204
Total non-current assets		9.199.707	3.695.540
Total assets		16.647.614	8.333.131

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

AYGAZ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF FINANCIAL
POSITION AS AT 31 DECEMBER 2022

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

	Notes	Audited 31 December 2022	Audited 31 December 2021
LIABILITIES AND EQUITY			
Short-term liabilities			
Short-term financial borrowings	6	1.034.642	111.624
Current portion of long-term financial borrowings	6	1.754.229	954.983
Trade payables		4.009.912	2.122.269
- Trade payables to related parties	31	477.922	308.739
- Trade payables to third parties	8	3.531.990	1.813.530
Liabilities for employee benefits	10	130.049	61.415
Other payables		4.426	3.388
- Other payables to related parties	31	1.394	1.335
- Other payables to third parties	9	3.032	2.053
Derivative financial instruments	7	-	44.598
Deferred income	21	7.591	9.207
Current income tax liabilities		17.052	27.421
Short-term provisions		458.837	496.748
- Other provisions	18	458.837	496.748
Other current liabilities	19	148.957	37.006
Total short-term liabilities		7.565.695	3.868.659
Long-term liabilities			
Long-term financial borrowings	6	809.873	1.485.852
Other payables		126.235	141.749
- Trade payables to third parties	9	126.235	141.749
Long-term provisions		288.833	115.715
- Long-term provisions for employee benefits	17	227.892	91.919
- Other long-term provisions	18	60.941	23.796
Deferred tax liabilities	30	2.446	1.957
Total long-term liabilities		1.227.387	1.745.273
Total liabilities		8.793.082	5.613.932
Equity			
Share capital	22	219.801	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		1.299.161	285.626
Gains (losses) on the revaluation and/or reclassification		1.328.768	287.376
- Gains (losses) remeasurement from defined benefit plans		(48.691)	(413)
- Gains (losses) on financial assets measured at fair value through other comprehensive income	22	1.377.459	287.789
Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss		(29.607)	(1.750)
Other comprehensive income or expenses to be reclassified to profit or loss		32.164	(411.216)
Currency translation differences		(45.494)	3.311
Gains (losses) on hedge		3.811	(14.550)
- Gains (losses) on cash flow hedges		3.811	(14.550)
Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss		73.847	(399.977)
Restricted reserves	22	379.192	365.692
Retained earnings		999.940	1.423.454
Net profit (loss) for the period		4.733.385	670.105
Equity attributable to equity holders of the parent		7.727.705	2.697.723
Non-controlling interest		126.827	21.476
Total equity		7.854.532	2.719.199
Total equity and liabilities		16.647.614	8.333.131

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

AYGAZ ANONİM ŞİRKETİ**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

	Notes	Audited 1 January - 31 December 2022	Audited 1 January - 31 December 2021
Revenue	23	37.506.944	15.893.254
Cost of sales (-)	23	(35.284.064)	(14.455.117)
Gross profit		2.222.880	1.438.137
General administrative expenses (-)	24	(836.061)	(434.787)
Marketing expenses (-)	24	(1.085.137)	(473.755)
Research and development expenses (-)	24	(9.676)	(7.274)
Other operating income	26	1.325.183	1.124.818
Other operating expenses (-)	26	(1.274.610)	(1.229.115)
Operating profit		342.579	418.024
Income from investment activities	27	54.563	23.544
Loss from investment activities (-)	27	(5.924)	(4.224)
Profit (losses) from investments accounted under equity method	12	4.490.873	423.088
Operating profit before financial income (expense)		4.882.091	860.432
Financial income	28	456.835	282.692
Financial expense (-)	28	(841.019)	(445.808)
Profit from continuing operations before tax		4.497.907	697.316
Tax income (expense), continuing operations			
Current tax expense for the period (-)	30	(53.297)	(153.190)
Deferred tax income (expense)	30	119.626	83.040
Profit (loss) for the period		4.564.236	627.166
Distribution of profit (loss) for the period			
Non-controlling interest		(169.149)	(42.939)
Equity holders of the parent		4.733.385	670.105
Earnings (losses) per share (TL)	29	17,3215	2,2337
Diluted earnings (losses) per share (TL)	29	17,3215	2,2337

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

AYGAZ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF OTHER COMPERHENSIVE
INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

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

	Notes	Audited 1 January - 31 December 2022	Audited 1 January - 31 December 2021
Profit (loss) for the period		4.564.236	627.166
Other comprehensive income			
Not to be reclassified to profit or loss		1.013.535	37.610
Gains (losses) re-measurement on defined benefit plans		(59.717)	(803)
- Gains (losses) on financial assets measured at fair value through other comprehensive income		1.147.021	40.818
- Gains (losses) from re-measurement on defined benefit plans of investments using equity method		(27.857)	(517)
Taxes relating to other comprehensive income not to be reclassified to profit (loss)			
- Gains (losses) re-measurement on defined benefit plan, tax effect	30	11.439	153
- Gains (losses) on financial assets measured at fair value through other comprehensive income, tax effect	30	(57.351)	(2.041)
To be reclassified to profit or loss		443.380	(177.555)
Currency translation differences		(48.805)	8.133
Gains (losses) on cash flow hedges			
- Gains (losses) on cash flow hedges		24.104	(24.753)
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		348.738	(234.408)
- Gains (losses) from currency translation differences of investments using equity method		125.086	68.675
Taxes relating to other comprehensive income to be reclassified to profit (loss)			
- Gains (losses) on cash flow hedges, tax effect	30	(5.743)	4.798
Other comprehensive income (expense) (after taxation)		1.456.915	(139.945)
Total other comprehensive income (expense)		6.021.151	487.221
Distribution of total comprehensive income (expense)			
- Non-controlling interest		(169.149)	(42.939)
- Equity holders of the parent		6.190.300	530.160

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

AYGAZ ANONİM ŞİRKETİ

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

	Notes	Share capital	Adjustment to share capital	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			Equity attributable to equity holders of the parent	Non-controlling interest	Total equity	
				Adjustment to share capital due to cross-ownership (-)	Gains (losses) on remeasurement 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
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		-	-	-	-	-	-	-	-	-	-	(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
Audited																
As of 1 January 2022		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
Transfers		-	-	-	-	-	-	-	-	-	13.500	656.605	(670.105)	-	-	-
Increase in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	274.500	274.500
Payments made to shareholders except dividend	22	(80.199)	-	-	-	-	-	-	-	-	-	(930.119)	-	(1.010.318)	-	(1.010.318)
Total comprehensive income (expense)		-	-	-	(48.278)	1.089.670	(27.857)	(48.805)	18.361	473.824	-	-	4.733.385	6.190.300	(169.149)	6.021.151
Net income		-	-	-	-	-	-	-	-	-	-	-	4.733.385	4.733.385	(169.149)	4.564.236
Other comprehensive income (expense)		-	-	-	(48.278)	1.089.670	(27.857)	(48.805)	18.361	473.824	-	-	-	1.456.915	-	1.456.915
Dividend paid	22	-	-	-	-	-	-	-	-	-	-	(150.000)	-	(150.000)	-	(150.000)
As of 31 December 2022		219.801	71.504	(7.442)	(48.691)	1.377.459	(29.607)	(45.494)	3.811	73.847	379.192	999.940	4.733.385	7.727.705	126.827	7.854.532

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

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

	Notes	Audited 1 January - 31 December 2022	Audited 1 January - 31 December 2021
Cash flows from operating activities		(149.120)	235.007
Net income (loss)		4.564.236	627.166
Adjustments related with the reconciliation of net profit (loss) for the period		(4.067.831)	188.030
Adjustments for depreciation and amortization expenses	3, 13, 14, 15	245.445	183.120
Adjustments for impairment reversal (loss)		(243)	196
Adjustments for provisions		(90.850)	65.415
Adjustments for dividend income (expense)	27	(16.895)	(7.525)
Adjustments for interest income	28	(129.812)	(111.945)
Adjustments for interest expense	28	545.055	239.048
Adjustments for unrealized foreign translation differences		76.126	177.406
Adjustments for fair value gains (losses) on derivative financial instruments		(111.806)	12.639
Adjustments for undistributed profits of investments accounted under equity method	12	(4.490.873)	(423.088)
Adjustments for tax income (expenses)	30	(66.329)	70.150
Adjustments for gains (losses) on disposal of non-current assets	27	(31.744)	(11.795)
Other adjustments for reconciliation of profit (loss)		4.095	(5.591)
Changes in working capital		(554.177)	(435.766)
Change in blocked deposits		(55.319)	(19.923)
Adjustments for decrease (increase) in trade receivables		(1.394.949)	(396.065)
Adjustments for decrease (increase) in other operating receivables		(274.602)	(254.667)
Adjustments for decrease (increase) in inventories		(902.442)	(1.032.732)
Decrease (increase) in prepaid expenses		30.548	(45.081)
Adjustments for increase (decrease) in trade payables		1.887.643	1.298.069
Increase (decrease) in liabilities for employee benefits		68.634	(6.564)
Adjustments for increase (decrease) in other operating payables		87.926	19.979
Increase (decrease) in deferred income		(1.616)	1.218
Cash flows from operating activities		(57.772)	379.430
Payments related to provisions for employee benefits	17	(18.386)	(7.206)
Tax returns (payments)		(72.962)	(137.217)
Cash flows from investing activities		(262.410)	(158.410)
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	(174.638)	(56.657)
Cash inflows from the sale of property, plant and equipment and intangible assets		55.313	27.718
Cash outflows from the purchase of property, plant and equipment and intangible assets	13, 14	(398.541)	(201.571)
Dividends received		16.895	7.525
Other cash inflows (outflows)			
- Decrease (increase) in financial investments		(35.939)	-
- Contributions of non-controlling interests to capital increases		274.500	48.600
Cash flows from financing activities		246.610	651.634
Proceeds from borrowings	6	3.260.717	1.559.573
Repayments of borrowings	6	(2.422.590)	(583.900)
Payments of lease liabilities	6	(162.617)	(109.828)
Dividends paid		(149.941)	(149.938)
Interest paid		(405.716)	(176.185)
Interest received		126.757	111.912
Net increase (decrease) in cash and cash equivalents before currency translation differences		(164.920)	728.231
Effect of currency translation differences		242.773	(15.369)
Net increase (decrease) in cash and cash equivalents		77.853	712.862
Cash and cash equivalents at the beginning of the period	4	1.671.074	958.212
Cash and cash equivalents at the end of the period	4	1.748.927	1.671.074

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

AYGAZ ANONİM ŞİRKETİ**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022**

(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 2022, 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 2022	31 December 2021	1 January - 31 December 2022	1 January - 31 December 2021
Monthly paid	993	840	925	757
Hourly paid	680	632	689	655
Total number of personnel	1.673	1.472	1.614	1.412

Subsidiaries

Akpa is mainly engaged in sales of cylinders through either its own organisation or dealers, retail and wholesale of LPG, fuel and lubricants through autogas stations.

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

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

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

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

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

Sendeo Dağıtım Hizmetleri A.Ş. ("Sendeo") (Former trade name: Aygaz Aykargo Dağıtım Hizmetleri A.Ş. ("Aykargo")) which started as an in-house entrepreneurship Project, has started its cargo delivery and distribution activities in 2020. With the Ordinary General Assembly Meetings of Sendeo, held on 19 February 2021 and 2 September 2021, it was decided to increase the Sendeo's capital from TL 500 thousand to TL 35.500 thousand, and from TL 35.500 thousand to TL 143.500 thousand, respectively.

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 Sendeo's shares make a cash capital injection of up to USD 60 million in Sendeo during the service period taking into account the company's activities and operational needs. On 3 August 2021 45% of the shares of Sendeo 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 14 February 2022, the capital of Sendeo has been decided to be increased from TL 143.500 thousand to TL 423.500 thousand and full of the total amount has been paid in cash by the shareholders of Sendeo until 9 February 2022 and 7 July 2022. With the decision of the Extraordinary General Assembly registered on 23 August 2022, it was decided to increase its capital to TL 503.500 thousand and the total amount has been paid in cash by the shareholders of Sendeo on 31 August 2022. With the decision of the Extraordinary General Assembly registered on 7 December 2022, the capital of Sendeo has been decided to be increased from TL 503.500 thousand to TL 753.500 thousand. TL 137.500 thousand as the share of the Company has been paid in cash by the Company on 20 December 2022 and TL 28.125 thousand of TL 112.500 thousand as the share of Koç Holding A.Ş. has been paid in cash by Koç Holding A.Ş. on 22 December 2022.

Ownership interest (%)

Subsidiaries	Place of incorporation and operation	31 December 2022	31 December 2021	Voting Power right	Principal activity
Anadoluhisari	Turkey	100	100	100	Shipping
Kandilli	Turkey	100	100	100	Shipping
Kuzguncuk	Turkey	100	100	100	Shipping
Kuleli	Turkey	100	100	100	Shipping
Akpa	Turkey	100	100	100	Marketing
Aygaz Doğal Gaz Toptan Satış	Turkey	100	100	100	Natural gas
Aygaz Doğal Gaz İletim	Turkey	100	100	100	Natural gas
Bal Kaynak	Turkey	100	100	100	Bottled water
Sendeo	Turkey	55	55	55	Cargo transportation/distribution

Investments in associates

In December 2005, Enerji Yatırımları A.Ş. ("EYAŞ") was established to acquire 51% block shares of Türkiye Petrol Rafinerileri A.Ş. ("TÜPRAŞ"), to participate in Tüpraş's management and its operational decisions as well as to establish and operate in oil refinery related sectors in Turkey. As of 31 December 2022, EYAŞ's ownership in Tüpraş has been 46,40%.

AYGAZ ANONİM ŞİRKETİ**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022**

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

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

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 2022, 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. The electrical installed power of the Süloğlu wind power plant has been increased from 60 MW to 66 MW as of August 2022 and the license was renewed.

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

Investments in associates	Place of incorporation and operation	Ownership interest (%)			Principal activity
		31 December 2022	31 December 2021	Voting power right	
EYAŞ	Turkey	20,00	20,00	20,00	Energy
Entek	Turkey	-	49,62	-	Electricity

Joint ventures

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

In line with Group's growth strategy abroad, in order to operate in LPG supply, filling and distribution in the Bangladesh market, on 5 March 2019 the Share Purchase Agreement ("Contract") and Partnership Agreement was signed between the Company and United Enterprises & Co. Ltd. With Contract it was decided that 50% of the shares of United LPG Ltd, the subsidiary of United Enterprises & Co. Ltd, which has a pre-license for LPG filling facility but no current operations yet, will be acquired. With the 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 the 50% share of the Company has been paid on 8 July 2021. With the Board of Directors Decision of the Company dated on 10 February 2022 and 25 May 2022, the capital of United LPG Ltd. was decided to raise to BDT 1.020.000 thousand and to BDT 1.120.000 thousand respectively, and the aforementioned amounts were paid in cash by the shareholders of United LPG Ltd. on 14 February 2022 and 29 June 2022, respectively.

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

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

Joint Ventures	Place of incorporation and operation	Ownership interest (%)			Principal activity
		31 December 2022	31 December 2021	Voting power right	
OAGM	Turkey	50,00	50,00	50,00	Real Estate
United LPG Ltd. (*)	Bangladesh	50,00	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.

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**Approval of consolidated financial statements:**

The consolidated financial tables for the period ended on 31 December 2022 are approved on the Board of Directors meeting held on 8 February 2023 to be published. The respective consolidated financial tables will be finalized after the approval in the General Assembly.

2.1 Financial reporting standards

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

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".

The consolidated financial statements are prepared in accordance with the TAS published by POA with the certain adjustments and reclassifications to reflect for presentation of Group's financial position.

Public Oversight Accounting and Auditing Standards Authority ("POA") made an announcement on 20 January 2022 about Application of Financial Reporting in Hyperinflationary Economies for Turkish Financial Reporting Standards and Reporting Standards for Large and Medium Sized Entities. In accordance with the announcement, companies that apply TFRS should not adjust financial statements for TAS 29- Financial Reporting in Hyperinflationary Economies for the year 2022. As of the preparation date of this year end consolidated financial information, POA did not make an additional announcement and no adjustment was made to this consolidated financial information in accordance with TAS 29.

AYGAZ ANONİM ŞİRKETİ**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022**

(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.

(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 2022*

Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021); As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. 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.

AYGAZ ANONİM ŞİRKETİ**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022**

(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)****a) Standards, amendments and interpretations applicable as at 31 December 2022 (Continued)**

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.

- **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.

b) Standards, amendments and interpretations that are issued but not effective as at 31 December 2022

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.

Amendment to IFRS 16 – Leases on sale and leaseback; effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

(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)

b) Standards, amendments and interpretations that are issued but not effective as at 31 December 2022 (Continued)

Amendment to IAS 1 – Non-current liabilities with covenants; effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

IFRS 17, 'Insurance Contracts', as amended in December 2021; 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.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022**

(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 2022, SCT on imported LPG included in revenues and the cost of goods sold is amounting to TL 2.332.883 thousand (1 January-31 December 2021: TL 189.197 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.

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

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

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.

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

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

2.7 Leases (Continued)

Variable lease payments

Group's lease contracts also include variable lease payments which are not in the scope of IFRS 16. Variable lease payments are recognised in profit or loss in the related period. Variable lease payments as of 31 December 2022 is amount of TL 4.555 thousand (31 December 2021: TL 2.213 thousand).

Exemptions and simplifications

Short-term lease payments and payments for leases of low-value assets like IT equipments (mainly printers, laptops and mobile phones etc.) are not included in the measurement of the lease liabilities in the scope of IFRS 16. Lease payments of these contracts are continued to be recognised in profit or loss in the related period.

The Group - as a lessor

The Group's leases as a lessor is operating leases. In operating leases, leased assets are reclassified to investment property, fixed assets or other current assets in consolidated financial statements and rental income recognised straight line basis over the lease period.

2.8 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Legal fees are included into costs. Depreciation of these assets begins when the assets are ready for their intended use.

With the exception of land and construction in progress, the costs of property, plant and equipment are subject to depreciation using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

AYGAZ ANONİM ŞİRKETİ**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022**

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

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

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

	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

2.9 Intangible assetsIntangible 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.

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

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**2.11 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs are recorded directly to profit and loss statement when incurred.

2.12 Financial instruments**2.12.1 Financial assets**Reclassification and re-measurement

Financial assets are classified into the following specified categories: financial assets as “at fair value at amortised cost”, “at fair value through profit or loss (FVTPL)”, “at fair value through other comprehensive income”. The classification is made considering the purpose of acquisition of financial asset and its expected cash flows, at the time of acquisition.

Financial assets carried at amortised cost

Financial assets measured at amortised cost”, are the financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount standing, not have an active market and non-derivatives financial assets. “Cash and cash equivalents”, “Trade receivables” are classified as financial assets measured at amortised cost using the effective interest method.

Impairment of financial assets

Group has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision provided to the trade receivables as a result of a specific events, Group measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Group and its expectations for the future indications.

Trade receivables

The Group has chosen “practical expedient” explained in IFRS 9 for the calculation of the impairment of trade receivables (with maturities less than one year) that do not contain a significant financing component and accounted at amortized cost. Accordingly, the Group measured the loss allowance for trade receivables at an amount equal to lifetime expected credit losses when trade receivables are not impaired for any reasons. The Group uses a provision matrix in the calculation of expected credit losses. Provision rate is calculated based on the overdue days of trade receivables and the rates are revised each reporting period if necessary. The change in expected credit losses is recognised in operational expense/income in consolidated income statement. For each reporting period, the recalculation is made and revaluated.

AYGAZ ANONİM ŞİRKETİ**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022**

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

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**2.12 Financial instruments (Continued)**Financial assets measured at fair value

Assets that are held by the management for collection of contractual cash flows and for selling the financial assets are measured at their fair value. If the management do not plan to dispose these assets in 12 months after the balance sheet date, they are classified as non-current assets. Group makes a unchangeable choice for the equity instruments during the initial recognition and elect profit or loss or other comprehensive income for the presentation of fair value gain and loss.

i) Financial assets measured at fair value through profit or loss

Financial assets carried at fair value through profit or loss comprise of "derivative instruments" in the statement of financial position. Derivative instruments are recognized as asset when the fair value of the instrument is positive, as liability when the fair value of the instrument is negative. Group's financial instruments at fair value through profit or loss consist of 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. In case where cash and cash equivalents do not go through an impairment for specific reason, the Group makes impairment calculation using the expected credit loss model. In the calculation of the expected credit loss, the past credit loss experience together with the Group's forecasts for the future are also taken into consideration.

2.12.2 Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. The Group uses derivative financial instruments to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions.

These derivative instruments are recorded at fair value at the beginning of the contract and subsequently measured with its fair value. If the fair value is positive, derivatives are classified as financial asset or otherwise financial liability.

Such derivative instruments are generally accounted as trading derivative instruments in consolidated financial statements because they do not have related specifications in terms of hedge accounting. The gains and losses related to the changes in fair values of such financial instruments are shown in the profit or loss statement.

Fair value differences of forward transactions, sourcing from trading contracts in scope of main activities of the Group, are recognised under other real operating income (expense) since they are in scope of main activities of the Group while exchange rate differences, sourcing from forward exchange and exchange of interest rate, are recognised under financing income/(expense).

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

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**2.12 Financial instruments (Continued)**Cash flow hedges

Hedges of exposures to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit and loss are designated as cash flow hedges by the Group.

Changes in the fair value of derivatives, designated as cash flow hedges and qualified as effective, are recognised in equity as "Gains/(losses) on cash flow hedges". Where the forecasted transaction or firm commitment results in the recognition of an asset or of a liability, the gains and losses previously recognised under equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts recognised under equity are transferred to the consolidated income statement in the period in which the hedged firm commitment or forecasted transaction affects the consolidated income statement.

The fair value of forward interest rate swap contracts measured at fair value and associated with equity is calculated with reference to the original forward interest rate of the market interest rates applicable for the remainder of the contract for the relevant currency, and determined by comparing it with the current forward interest rate at the end of the period. Derivate financial instruments are recorded in the balance sheet as assets and liabilities, respectively, depending on whether their fair value is positive or negative.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or losses previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains until the forecast transaction or firm commitment affects profit or loss

2.12.3 Recognition and de-recognition of financial instruments

All purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase or to sell the asset. These purchases or sales are purchases or sales generally require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is de-recognised where:

- The rights to receive cash flows from the asset have expired,
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement or
- The Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the assets.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the consolidated financial statements.

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

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

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".

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

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.

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

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

2.19 Segmental information

The Group management assumes three operating segments to evaluate performance and source utilization decisions. These segments are lpg and gas, cargo transportation and distribution, petroleum products and electricity. These operating segments are managed separately as the risk and return of these segments are affected by different economic conditions and geographical locations. The Group Management believes that financial results prepared according to IFRS are the best approach to evaluate performance of these operating segments.

2.20 Taxation and deferred tax

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

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.

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

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

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

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

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

The Company recognizes deferred tax asset for all deductible temporary differences arising from investments in subsidiaries, to the extent that, and only to the extent that, it is probable that:

- The temporary difference will reverse in the foreseeable future and
- Taxable profit will be available against which the temporary difference can be utilized.

The Company recognizes deferred tax liability for all taxable temporary differences associated with investments in subsidiaries except to the extent that both of the following conditions are satisfied:

- The parent is able to control the timing of the reversal of the temporary difference and
- It is probable that the temporary difference will not reverse in the foreseeable future.

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

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

2.21 Employment benefits

Defined benefit plan:

Employment termination benefits, as required by the Turkish Labour Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Group arising in case of the retirement of the employees, termination of employment without due cause, be retired or death upon the completion of a minimum one year service. Provision which is allocated by using defined benefit pension's current value is calculated by using prescribed liability method. All actuarial profits and losses are recognised in consolidated statements of income. The provision made for present value of determined social relief is calculated by the prescribed liability method. All actuarial profits and losses are accounted in the shareholder's equity as other comprehensive income.

Defined contribution plan:

Group, has to compensate the Social Security Contribution of the employees. As long as this is compensated, there is no any other obligation for the Company. Social Security Contributions are classified as personnel expenses as of the accrual date.

2.22 Statement of cash flows

In statement of cash flow, cash flows are classified according to operating, investment and finance activities.

2.23 Share capital and dividends

Common shares are classified as equity. Dividends on common shares are recognised in retained earnings in the period in which they are approved and declared.

2.24 Going concern

Group Management do not forecast an important risk for the the business' sustainability, and consolidated financial tables have been prepared upon the assumption that the business will continue to operate in the foreseeable future.

AYGAZ ANONİM ŞİRKETİ**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022**

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

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**2.25 Research and development expenses**

Research expenditure is recognised as an expense as incurred. Costs, except for listed below are classified as development expenditures and recognised as expense as incurred.

- If the cost related to the products can be defined and only if the cost can be measured reliably,
- If the technological feasibility can be measured,
- If the good will be sold or will be used within the company,
- If there's a potential market or can be proved that it is used within the company,
- If necessary technological, financial and other resources can be provided to complete the Project.

Other development expenditures are recognised as expense as incurred.

Development costs previously recognised as expense cannot be capitalized in a subsequent period. Development costs that have been capitalized are amortized from the commencement of the commercial production of the product on a straight-line basis. As of 31 December 2022, the Group has no capitalized research and development expenses (31 December 2021:TL 451 thousand).

2.26 Critical accounting estimates and assumptions (Continued)

The critical accounting estimates and assumptions which have material impact on the consolidated financial statements are as follows:

- a) Property, plant and equipment and intangible fixed assets are subject to depreciation according to their useful lives (Note 13, 14). Estimations of such useful lives are based on the expectations of Group management.
- b) The Group Management uses market values for quoted equity items traded in active markets, while determining fair values of financial asset measured at fair value through other comprehensive income. For other available for sale financial assets, fair values are determined in line with generally accepted valuation principles using current economic data, trends in the market and expectations.
- c) There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business and significant judgment is required in determining the provision for income taxes. The Group recognizes tax liabilities for anticipated tax issues based on estimates of whether additional taxes will be due and recognizes tax assets for the carry forward tax losses and unused investment tax credits to the extent that the realization of the related tax benefit through the future taxable profits is probable (Note 30). Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

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

NOTE 3 – SEGMENT INFORMATION

The segmental operations are specified according to the internal reports reviewed regularly by the authority entitled to making decision for the Group's operations.

The Group's decision-making authority has started to monitor its activities in the cargo transportation and distribution separately by taking into consideration its significant share in the consolidated financial results, in order to accurately evaluate the resources to be allocated to the departments and the performance of the departments. In addition, the Group has decided to present the activities of EYAŞ and Entek companies, which are accounted for using the equity method, separately from LPG and Natural gas activities, which are the main business lines of the Group.

The Group Management evaluates financial results and performance based of IFRS financial statements. Therefore, IFRS financial statements are the basis of segmental reporting. The Group evaluates the performance of its segments based on gross profit, operating profit and profit from continuing operations before tax.

Operational segments which have been prepared in accordance with the reportable segments for the year ended 31 December 2022 are as follows:

	31 December 2022				
	LPG and Gas	Cargo transportation and Distribution	Petroleum products and Electricity	Consolidation adjustments	Consolidated
Total assets	10.655.196	633.465	5.777.483	(418.530)	16.647.614
Total liabilities	8.444.720	352.397	-	(4.035)	8.793.082
Investments accounted under equity method	484.616	-	5.777.483	-	6.262.099
1 January - 31 December 2022					
	LPG and Gas	Cargo transportation and Distribution	Petroleum products and Electricity	Consolidation adjustments	Consolidated
Sales revenue (net)	37.344.878	163.145	-	(1.079)	37.506.944
Gross profit	2.502.500	(279.620)	-	-	2.222.880
Operating profit (*)	775.108	(483.868)	-	766	292.006
Operating profit	815.107	(471.494)	-	(1.034)	342.579
Profit from continuing operations before tax	478.024	(463.985)	4.484.947	(1.079)	4.497.907
Profit (loss) for the period	456.254	(375.886)	4.484.947	(1.079)	4.564.236
Non-controlling interest	-	(169.149)	-	-	(169.149)
Equity holders of the parent	456.254	(206.737)	4.484.947	(1.079)	4.733.385
Profit (losses) from investments accounted under equity method	5.926	-	4.484.947	-	4.490.873
Amortization and Depreciation (**)	219.385	26.060	-	-	245.445
Investment expenditures	287.228	111.313	-	-	398.541

(*) Excluded other operating income/expense, net.

(**) TL 127.083 thousand of total amount consist of amortization and depreciation expenses allocated under TFRS 16, 'Leases' (2021: TL 80.094 thousand).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

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

NOTE 3 – SEGMENT INFORMATION (CONTINUED)

Operational segments which have been prepared in accordance with the reportable segments for the year ended 31 December 2021 are as follows:

	31 December 2021				
	LPG and Gas	Cargo transportation and Distribution	Petroleum products and Electricity	Consolidation adjustments	Consolidated
Total assets	6.324.234	155.180	1.934.521	(80.804)	8.333.131
Total liabilities	5.508.281	107.460	-	(1.809)	5.613.932
Investments accounted under equity method	226.418	-	1.934.521	-	2.160.939
	LPG and Gas	Cargo transportation and Distribution	Petroleum products and Electricity	Consolidation adjustments	Consolidated
Sales revenue (net)	15.888.170	5.417	-	(333)	15.893.254
Gross profit	1.463.887	(25.750)	-	-	1.438.137
Operating profit (*)	619.059	(98.094)	-	1.356	522.321
Operating profit	515.291	(97.104)	-	(163)	418.024
Profit from continuing operations before tax	372.209	(96.095)	421.535	(333)	697.316
Profit (loss) for the period	301.383	(95.419)	421.535	(333)	627.166
Non-controlling interest	-	(42.939)	-	-	(42.939)
Equity holders of the parent	301.383	(52.480)	421.535	(333)	670.105
Profit (losses) from investments accounted under equity method	1.553	-	421.535	-	423.088
Amortization and Depreciation (**)	176.990	6.130	-	-	183.120
Investment expenditures	164.219	37.352	-	-	201.571

(*) Excluded other operating income/expense, net.

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NOTE 4 – CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Cash on hand	1.055	520
Cash at banks	1.814.506	1.679.773
- Time deposits	1.664.589	1.632.379
- Demand deposits	149.917	47.394
Receivables from credit card transactions	11.044	13.140
Total	1.826.605	1.693.433

As of 31 December 2022 the Group's TL time deposits amounting to TL 1.231.911 thousand with average maturities of 4 days and interest rates of 20,74%; USD time deposits amounting to USD 23.140 thousand (TL 432.678 thousand) with average maturities of 3 day and interest rate of 1,99% (31 December 2021: The Group's TL time deposits amounting to TL 671.928 thousand with average maturities of 3 days and interest rates of 22,78%. USD time deposits amounting to USD 74.009 thousand (TL 960.451 thousand) with average maturities of 3 days and interest rate of 0,50%).

The amount of cash and cash equivalents shown in the statement of cash flow as of 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Cash and cash equivalents	1.826.605	1.693.433
Less: Blocked deposits (*)	(77.678)	(22.359)
	1.748.927	1.671.074

(*) 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 2022 and 2021:

	31 December 2022		31 December 2021	
	Participation amount	Participation rate (%)	Participation amount	Participation rate (%)
Financial assets measured at fair value through other comprehensive income				
- Koç Finansal Hizmetler A.Ş.	1.606.918	3,93	459.896	3,93
Financial assets measured at fair value through profit or loss				
- Ram Dış Ticaret A.Ş.	2.834	2,50	1.516	2,50
- Tat Gıda Sanayi A.Ş.	496	0,08	165	0,08
- Other	433	-	436	-
	1.610.681		462.013	

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

NOTE 6 – FINANCIAL BORROWINGS

As of 31 December 2022 and 2021 the Group's short-term financial borrowings are as follows:

	31 December 2022	31 December 2021
Short-term bond issued (*)	630.673	-
TL-denominated short-term bank borrowings	368.511	30.375
Short-term lease liabilities	35.458	81.249
Total short-term financial borrowings	1.034.642	111.624
Short-term portion and interest accruals of TL-denominated long-term bank borrowings	1.467.078	952.819
Short-term portion and interest accruals of USD-denominated long-term bank borrowings	2.630	694
Short-term portion of long-term bond issued (**)	284.521	1.470
Total short-term portion of long-term financial borrowings	1.754.229	954.983

(*) On 1 August 2022, 3 October 2022 and 9 December 2022, the Group has issued, 33%, 25% and 26% rate bond with a nominal value TL 100.000, TL 200.000 and TL 300.000 with a maturity of 281 days, 179 days and 175 days and coupon payment on maturity date, respectively.

(**) On 2 July 2021 and 31 January 2022, the Group has issued, TLREF+%1,40 floating rate and 24% rate bond with a nominal value TL 100.000 and TL 150.000 with a maturity of 730 and 368 days and quarterly and period-end coupon payments respectively.

As of 31 December 2022 the details of short-term financial borrowings are as follows:

Currency	Annual average effective interest rate (%)	Original amount	TL amount
TL	19,41	368.511	368.511
			368.511

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

Currency	Annual average effective interest rate (%)	Original amount	TL amount
TL	19,58	30.375	30.375
			30.375

As of 31 December 2022 and 2021 the Group's long-term financial borrowings are as follows:

	31 December 2022	31 December 2021
TL-denominated long-term bank borrowings	-	714.803
USD-denominated long-term bank borrowings	560.949	389.294
Long-term bond issued (***)	180.000	280.000
Long-term lease liabilities	68.924	101.755
Total long-term financial borrowings	809.873	1.485.852

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

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

NOTE 6 – FINANCIAL BORROWINGS (CONTINUED)

As of 31 December 2022 the details of long-term financial borrowings are as follows:

Currency	Annual average effective interest rate (%)	Original amount	TL amount
TL	17,80	1.467.078	1.467.078
USD	7,67	30.141	563.579
Short-term portion of long-term loans and interest accruals			(1.469.708)
			560.949

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

Currency	Annual average effective interest rate (%)	Original amount	TL amount
TL	14,21	1.667.622	1.667.622
ABD Doları	2,78	30.051	389.988
Short-term portion of long-term loans and interest accruals			(953.513)
			1.104.097

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

	2022	2021
As of January 1	2.552.459	1.564.190
Proceeds from new financial borrowings	3.260.717	1.559.573
Increase in lease liabilities	57.943	97.028
Repayments of principals	(2.585.207)	(693.728)
Changes in interest accruals	139.339	62.863
Currency translation differences	173.493	(37.467)
As of December 31	3.598.744	2.552.459

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 2022.

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NOTE 7 – DERIVATIVE FINANCIAL INSTRUMENTS

As of 31 December 2022 and 2021 the Group's derivative financial instruments are as follows:

	31 December 2022		31 December 2021	
	Contract amount	Fair value assets/ (liabilities)	Contract amount	Fair value assets/ (liabilities)
Short-term derivative instruments				
Forward transactions (1)	206.478	1.027	12.971	185
Futures transactions (2)	3.457.150	84.727	-	-
Total short-term derivative financial assets	3.663.628	85.754	12.971	185
Futures transactions (2)	-	-	1.792.944	(44.598)
Total short-term derivative financial liabilities	-	-	1.792.944	(44.598)

(1) As of 31 December 2022, the Group has entered into forward transaction with a maturity of 19 and 28-42 days and nominal value amounting to USD 12.653 thousand and 1.610 thousand (31 December 2021: USD 985 thousand with a maturity of 19 days). (Note 32).

(2) As of 31 December 2022, the Group's future transactions consist of propane, butane, naphtha products and freight swaps.

NOTE 8 - TRADE RECEIVABLES AND PAYABLES FROM THIRD PARTIES

The Group's trade receivables from third parties as of 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Trade receivables	2.277.120	974.902
Notes receivables	68.258	45.809
Allowance for doubtful receivables (-) (*)	(26.993)	(27.236)
Total current trade receivables	2.318.385	993.475

(*) TL 635 thousand of provision for doubtful receivables consists of expected credit loss provisions (31 December 2021: TL 635 thousand).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

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

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

	31 December 2022	31 December 2021
Notes receivable	8.135	6.545
Total non-current trade receivables	8.135	6.545

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

	2022	2021
As of January 1	27.236	27.040
Increases during the period	299	1.315
Collections	(542)	(746)
Write offs	-	(373)
As of 31 December 2022	26.993	27.236

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 2022 and 2021 are as follows:

	31 December 2022	31 December 2022
Trade payables	3.531.990	1.813.530
Total short-term trade payables	3.531.990	1.813.530

NOTE 9 – OTHER RECEIVABLES AND PAYABLES FROM THIRD PARTIES

The Group's other receivables from third parties as of 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2022
Guarantees and deposits given (*)	61.606	103.655
Other receivables	3.451	1.955
Total other current receivables	65.057	105.610

(*) 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 3.253 thousand equivalent of TL 60.824 thousand (31 December 2021: USD 7.844 thousand equivalent to TL 101.796 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.

AYGAZ ANONİM ŞİRKETİ**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022**

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

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

	31 December 2022	31 December 2021
Guarantees and deposits given	645	156
Total other non-current receivables	645	156

As of 31 December 2022 and 2021, other payables to third parties of the Group are as follows:

	31 December 2022	31 December 2021
Deposits and guarantees taken	3.032	2.053
Total other short-term payables	3.032	2.053

	31 December 2022	31 December 2021
Cylinder deposits received	126.235	141.749
Total other long-term payables	126.235	141.749

NOTE 10 – LIABILITIES FOR EMPLOYEE BENEFITS

As of 31 December 2022 and 2021, liabilities for employee benefits of the Group are as follows:

	31 December 2022	31 December 2021
Employee's income tax payable	75.523	38.225
Payables to personnel	26.509	14.862
Social security liabilities	28.017	8.328
Total liabilities for employee benefits	130.049	61.415

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NOTE 11 – INVENTORIES

	31 December 2022	31 December 2021
Raw materials	2.183.440	1.371.937
Work in process	6.995	5.054
Finished goods	60.265	30.600
Trade goods	85.060	25.727
Allowance for impairment on inventory (-)	(229)	(229)
	2.335.531	1.433.089

As of 31 December 2022, the inventories comprise of 180.476 tons of LPG (31 December 2021: 117.568 tons).

NOTE 12 – EQUITY INVESTMENTS

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

	31 December 2022		31 December 2021	
	Participation amount	Participation rate (%)	Participation amount	Participation rate (%)
EYAŞ (*)	5.777.483	20,00	1.339.203	20,00
Entek (*)	-	-	595.318	49,62
OAGM	160.297	50,00	144.592	50,00
United LPG Ltd (**)	324.319	50,00	81.826	50,00
	6.262.099		2.160.939	

(*) The registration transactions regarding the transfer of shares corresponding to 99,24% of the total capital of Entek, in which the Company and Koç Holding held 49,62% share respectively, to Tüpraş via partial demerger with the share transfer model to the shareholders was completed on 26 August 2022, and the disposal process of the joint venture was completed. With this transaction, EYAŞ, which owns 46,40% of Tüpraş, has gained a share purchase of TL 1.141.915 thousand, and this gain is indicated by deducting the disposal effect of the joint venture at the rate of the Company's ownership in EYAŞ in accordance with the share transfer model to the shareholders.

(**) 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:

	2022	2021
As of January 1	2.160.939	1.847.444
Shares of profit/(loss)	4.490.873	423.088
Shares of other comprehensive income/(loss)	445.967	(166.250)
Disposal effect of the joint venture (*)	(1.010.318)	-
Purchase of interest in joint venture and increase in capital (**)	174.638	56.657
As of 31 December 2022	6.262.099	2.160.939

(*) It is related to the transfer transactions of Entek's shares to Tüpraş through a partial demerger with the share transfer model to the shareholders (Note 1).

(**) The company made a total capital contribution of BDT 1.070.000 thousand (TL 174.638 thousand) to United LPG Ltd. in 2022. (Note 1).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

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NOTE 12 – EQUITY INVESTMENTS (CONTINUED)

Shares of profit (loss) of equity investments:

	1 January - 31 December 2022	1 January - 31 December 2021
EYAŞ	3.855.147	333.683
Entek	629.800	87.852
OAGM	15.705	4.202
United LPG Ltd	(9.779)	(2.649)
	4.490.873	423.088

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

	1 January - 31 December 2022	1 January - 31 December 2021
EYAŞ (*)	354.750	(95.534)
Entek	13.583	(98.534)
United LPG Ltd	77.634	27.818
	445.967	(166.250)

(*) TÜPRAŞ, a subsidiary of EYAŞ, designated its investment loans amounting to USD 205.010 thousand (TL 3.833.336 thousand) (31 December 2021: USD 435.820 thousand, TL 5.809.043 thousand, 1 January 2021: 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 2022, foreign exchange gains (losses) on investment loans amounting to TL 3.153.308 thousand (31 December 2021: TL 4.331.350 thousand, 1 January 2021: 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 and it does not any effect on current income statement.

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 2022	31 December 2021
Total assets	158.503.388	95.593.572
Total liabilities	(101.726.547)	(84.715.513)
Non-controlling interest	(27.889.427)	(4.182.044)
Net assets	28.887.414	6.696.015
Group's ownership	20%	20%
Group's share in associates' net assets	5.777.483	1.339.203
	1 January - 31 December 2022	1 January - 31 December 2021
Revenue	479.466.575	150.971.584
Profit for the period	19.860.168	1.668.413
Group's share in associates' profit for the period	3.972.034	333.683

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

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:

	26 August 2022	31 December 2021
Total assets	5.873.489	3.665.981
Total liabilities	(3.376.347)	(2.466.227)
Net assets	2.497.143	1.199.754
Group's ownership (*)	-	49,62%
Group's share in associates' net assets	-	595.318
	1 January - 26 August 2022	1 January - 31 December 2021
Revenue	4.259.292	1.760.051
Profit for the period	1.269.248	177.050
Group's share in associates' profit for the period	629.800	87.852

(*) The registration transactions regarding the transfer of shares corresponding to 99.24% of the total capital of Entek, in which the Company and Koç Holding held 49.62% share respectively, to Tüpraş via partial demerger with the share transfer model to the shareholders was completed on 26 August 2022, and the disposal process of the joint venture was completed.

Financial information on Opet Aygaz Gayrimenkul A.Ş., which is accounted in the Group's financial statements according to equity pick-up method is set out below:

	31 December 2022	31 December 2021
Total assets	530.901	477.703
Total liabilities	(210.307)	(188.519)
Net assets	320.594	289.184
Grup'un sahiplik oranı	50%	50%
İştiraklerin net varlıklarında Grup'un payı	160.297	144.592
	1 January - 31 December 2022	1 January - 31 December 2021
Revenue	32.483	26.141
Profit for the period	31.410	8.404
Group's share in associates' profit for the period	15.705	4.202

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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 2022	31 December 2021
Total assets	1.018.183	170.790
Total liabilities	(369.546)	(7.138)
Net assets	648.637	163.652
Grup'un sahiplik oranı	50%	50%
İştiraklerin net varlıklarında Grup'un payı	324.319	81.826
	1 January - 31 December 2022	1 January - 31 December 2021
Revenue	125.984	11
Profit for the period	(19.558)	(5.297)
Group's share in associates' profit for the period	(9.779)	(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 2022	18.306	195.876	91.115	1.890.211	237.997	119.196	35.294	52.434	2.640.429
Additions	-	244	-	414	41.375	51.228	2.071	266.738	362.070
Transfers (*)	-	17.347	2.986	123.834	3.050	18.624	100	(185.143)	(19.202)
Disposals	-	(533)	(63)	(14.675)	(1.204)	(23.614)	(469)	(1.797)	(42.355)
As of 31 December 2022	18.306	212.934	94.038	1.999.784	281.218	165.434	36.996	132.232	2.940.942
Accumulated depreciation									
As of 1 January 2022	-	87.900	57.133	1.486.759	144.978	68.366	23.558	-	1.868.694
Charge of the period	-	6.798	2.084	62.903	16.085	17.253	2.560	-	107.683
Transfers (*)	-	-	-	-	(226)	-	-	-	(226)
Disposals	-	(133)	(10)	(12.517)	(1.145)	(4.618)	(363)	-	(18.786)
As of 31 December 2022	-	94.565	59.207	1.537.145	159.692	81.001	25.755	-	1.957.365
Net book value	18.306	118.369	34.831	462.639	121.526	84.433	11.241	132.232	983.577

(*) TL 18.976 thousand under "Construction in progress" under the account property, plant and equipment has been classified to intangible fixed assets.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

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

NOTE 13 – PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As of 31 December 2022 and 2021, the details of depreciation expenses are as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Cost of sales	82.164	76.729
General administrative expenses	18.969	11.270
Capitalized on cylinders	3.967	2.673
Marketing expenses	2.583	2.621
	107.683	93.293

NOTE 14 – INTANGIBLE ASSETS

	Rights	Total
Acquisition costs		
As of 1 January 2022	103.793	103.793
Additions	36.471	36.471
Transfers (*)	18.975	18.975
As of 31 December 2022	159.239	159.239
Accumulated amortisation		
As of 1 January 2022	71.173	71.173
Charge for the period	10.679	10.679
Transfers (*)	(1)	(1)
As of 31 December 2022	81.851	81.851
Net book value	77.388	77.388

(*) TL 18.976 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 2021	87.612	87.612
Additions	7.039	7.039
Transfers (*)	(2)	(2)
Disposals	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
Transfers(*)	(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.

As of 31 December 2022 and 2021, the details of amortization expenses of intangible assets are as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
General administrative expenses	10.679	9.733
	10.679	9.733

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 2022	3.072	3.880	40.381	27.750	113.307	30	188.420
Additions	3.555	-	33.223	-	90.028	-	126.806
Disposals	(2.201)	-	-	-	(292.261)	-	(294.462)
Charge for the period	(681)	(168)	(13.526)	(2.303)	(110.396)	(9)	(127.083)
Disposals from accumulated depreciation	2.201	-	-	-	223.404	-	225.605
As of 31 December 2022	5.946	3.712	60.078	25.447	24.082	21	119.286
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

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

NOTE 15 – RIGHT OF USE ASSETS (CONTINUED)

As of 31 December 2022 and 2021, the details of depreciation expenses related to the right of use assets are as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Cost of sales	16.845	7.042
General administrative expenses	9.858	7.675
Marketing expenses	100.380	65.377
	127.083	80.094

NOTE 16 – CONTINGENT ASSETS AND LIABILITIES

Guarantees given as of 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022	31 December 2021
Letter of guarantees given for gas purchase	1.010.741	518.737
Other letter of guarantees given	616.739	306.025
	1.627.480	824.762

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

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 2022					31 December 2021				
	TL Equivalent of Euro	TL Equivalent of USD	TL Equivalent of other	TL	Total TL	TL Equivalent of Euro	TL Equivalent of USD	TL Equivalent of other	TL	Total TL
A. CPMBs given on behalf of the Company's legal personality	220.829	7.433	-	1.129.535	1.357.797	162.643	2.595	640	471.546	637.424
B. CPMBs given in favor of subsidiaries included in full consolidation (*)	-	214.392	-	53.102	267.494	-	129.914	-	51.989	181.903
C. CPMBs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business (*)	-	-	-	2.189	2.189	-	-	-	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	220.829	221.825	-	1.184.826	1.627.480	162.643	132.509	640	528.970	824.762

(*) As of 31 December 2022, 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 1.603 thousand (31 December 2021: TL 1.350 thousand).

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

NOTE 17 – LONG-TERM PROVISION FOR EMPLOYEE BENEFITS

Details of long-term provisions for employee benefits as of 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Retirement pay provision	208.290	81.250
Vacation pay liabilities	19.602	10.669
Total long-term provision for employee benefits	227.892	91.919

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 19.982,83 (31 December 2021: TL 10.848,59) for each year of service at 31 December 2022.

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:

	2022	2021
Net discount rate (%)	0,55	4,45
Average turnover rate related to the probability of retirement (%)	96,13	96,15

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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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

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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 2022 and 2021 are as follows:

	2022	2021
As of January 1	81.250	58.111
Service cost	78.443	21.051
Interest cost	7.266	8.491
Actuarial loss (gain)	59.717	803
Payments during the period	(18.386)	(7.206)
As of December 31	208.290	81.250

NOTE 18 – PROVISIONS

	31 December 2022	31 December 2021
Provision for price revision (*)	362.726	440.575
Provision for EMRA contribution	24.996	10.590
Provision for selling and marketing expenses	16.863	12.281
Provision for lawsuit	14.909	12.461
Provision for warranty expenses	4.146	2.489
Provision for other operating expenses	35.197	18.352
Other short-term provisions	458.837	496.748

(*) As per the contract with Akfel Gaz Sanayi ve Ticaret A.Ş. ("Akfel") which is the natural gas supplier of the Company's subsidiary Aygaz Doğal Gaz Toptan Satış A.Ş. ("ADG"), the amount of provision allocated was re-evaluated as of 31 December 2022 with the best estimates of the Company Management as the price revision arbitration process between Akfel and Gazprom Export LLC ("Gazprom") resulted against Akfel. Accordingly, the provision amount was re-evaluated as USD 19.399 thousand (the equivalent of TRY 362.726 thousand) (31 December 2021: USD 33.949 thousand provision – the equivalent of TRY 440.575 thousand). Provisions no longer required amounting to TRY 272.065 thousand derived from the re-evaluation of the provision amount was accounted under the account of other real operating income in the consolidated financial statements (Note 26).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

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

NOTE 18 – PROVISIONS (CONTINUED)

The movements of the provision for the other operating expenses for the period ended 31 December 2022 and 2021 are as follows:

	2022	2021
As of January 1	18.352	10.173
Payments during the period	(9,490)	-
Increases during the period	26.335	8.179
As of December 31	35.197	18.352
	31 December 2022	31 December 2021
Provision for success fees (*)	60.941	23.796
Other long-term provisions	60.941	23.796

(*) The entire amount includes the long-term success fee provision that the Company's subsidiary, Sendeo, is obliged as of 31 December 2022 within the scope of the long-term Consulting Agreement with McKinsey (Note 1). TL 9.123 thousand of the success fee provision is accounted under other short-term provisions as provision of other operating expenses.

NOTE 19 – OTHER SHORT-TERM PROVISIONS AND LIABILITIES

	31 December 2022	31 December 2021
Deferred VAT	399.871	218.649
Income accrual	27.435	13.742
Fuel used in shipping operations	25.273	9.970
Other current assets	26.620	6.547
	479.199	248.908
	31 December 2022	31 December 2021
Taxes and funds payable	137.632	32.659
Other liabilities	11.325	4.347
	148.957	37.006

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

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

NOTE 20 - PREPAID EXPENSES

As of 31 December 2022 and 2021, the details of Group's prepaid expenses in current assets are as follows:

	31 December 2022	31 December 2021
Short-term prepaid expenses		
Prepaid expenses	37.417	35.170
Advances given	30.092	56.156
	67.509	91.326
Long-term prepaid expenses		
Prepaid expenses	25.232	28.908
	25.232	28.908

NOTE 21 - DEFERRED INCOME

	31 December 2022	31 December 2021
Short-term deferred income		
Advances taken	4.427	5.082
Prepaid income	3.164	4.125
	7.591	9.207

NOTE 22 - SHARE CAPITAL

Shareholders	Participation rate (%)	31 December 2022	Participation rate (%)	31 December 2021
Temel Ticaret ve Yatırım A.Ş.	5,77	12.693	5,77	17.324
Koç Family members	4,76	10.452	4,76	14.265
Koç Holding A.Ş.	40,68	89.425	40,68	122.054
Liquid Petroleum Gas Development Company ("LPGDC") (*)	24,52	53.885	24,52	73.546
Publicly held (*)	24,27	53.346	24,27	72.811
Nominal capital (**)	100,00	219.801	100,00	300.000
Inflation adjustment (***)		71.504		71.504
Adjusted capital		291.305		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.

(**) Since the transfer transactions of Entek's shares to Tüpraş through a partial demerger with the share transfer model to the shareholders, the capital of the Company decreased from TL 300.000.000 to TL 219.800.767.

(***) Adjustment to share capital" represents the restatement effect of cash and cash equivalent contributions to share capital measured in accordance with the IAS/IFRS promulgated by the POA. "Adjustment to share capital" has no use other than being transferred to paid-in share capital.

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

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 2022	31 December 2021
Legal reserves	359.341	345.841
Gain on sale of subsidiary share that will be added to capital	19.851	19.851
	379.192	365.692

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 2022, amounts to TL 1.545.854 thousand (31 December 2021: TL 1.473.302 thousand). TL 209.043 thousand of such sources from inflation adjustment differences and TL 547.767 thousand from other capital reserves are subject to tax when they are distributed.

Dividends paid

In the Ordinary General Meeting held on 30 March 2022, 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 2021 and dividends have been started to be paid as of 6 April 2022.

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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 2022	31 December 2021
Koç Finansal Hizmetler A.Ş.	1.377.459	287.789
	1.377.459	287.789

Currency translation adjustment

Currency translation adjustment as of 31 December 2022 represents the Company's share of currency translation adjustment of equity investment and currency translation adjustments of the Group's branch in London, Aygaz UK, whose functional currency is USD.

Financial risk hedging reserve:

The 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 2022	1 January - 31 December 2021
Domestic sales	28.606.641	11.242.321
Export sales	9.577.172	5.135.183
Sales returns (-)	(67.498)	(23.668)
Sales discounts (-)	(609.371)	(460.582)
Total revenue, net	37.506.944	15.893.254
Sales of goods and services	34.441.909	14.762.688
Sales of merchandises	3.065.035	1.130.566
Revenue	37.506.944	15.893.254

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NOTE 23 - REVENUE AND COST OF SALES (CONTINUED)

The accounting policy of Special Consumption Tax (SCT) on imported LPG which is required to be paid after the declaration made to the Republic of Turkey, Ministry of Finance is applied to be included in revenues and cost of goods sold (Gross profit and net income is not impacted by this record). For the period 1 January-31 December 2022, SCT on imported LPG included in revenues and the cost of goods sold is amounting to TL 2.332.883 thousand (1 January-31 December 2021: TL 189.197 thousand).

	1 January - 31 December 2022	1 January - 31 December 2021
Raw materials used	31.223.239	12.968.730
Production overheads	383.369	149.892
Personnel expenses	234.054	121.945
Depreciation expenses	72.069	71.055
Change in work in process inventories	32.275	21.285
Change in finished goods inventories	(26.374)	(15.904)
Total cost of goods sold	31.918.632	13.317.003
Cost of services rendered	631.417	119.081
Personnel expenses	89.402	33.377
Depreciation expenses	26.939	12.716
Total cost of services rendered	747.758	165.174
Cost of merchandises cost	2.617.674	972.940
Total cost of sales	35.284.064	14.455.117

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

	1 January - 31 December 2022	1 January - 31 December 2021
General administrative expenses	836.061	434.787
Marketing expenses	1.085.137	473.755
Research and development expenses	9.676	7.274
	1.930.874	915.816

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

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

	1 January - 31 December 2022	1 January - 31 December 2021
General administrative expenses		
Personnel expenses	458.341	219.427
Lawsuit, consultancy and auditing expenses	107.081	61.417
Information technology expenses	55.051	23.771
Depreciation and amortization expenses	39.634	28.678
Transportation expenses	28.123	8.870
Tax expenses	25.564	17.166
Insurance expenses	23.712	12.686
Maintenance expenses	18.975	8.135
Communication expenses	10.409	5.845
Attendance fees	6.760	5.342
Post office expenses	3.500	2.303
Rent expenses	3.047	2.213
Donation and aids	925	9.940
Other administrative expenses	54.939	28.994
Total	836.061	434.787
Marketing expenses		
Transportation, distribution and warehousing expenses	583.180	189.410
Personnel expenses	136.120	71.316
Depreciation and amortization expenses	102.757	67.998
Advertising and promotion expenses	65.038	41.691
Sales expenses	59.586	41.724
License expenses	25.039	10.633
After sales services and maintenances expenses	24.021	14.654
Transportation expenses	11.824	4.826
Other marketing expenses	77.572	31.503
Total	1.085.137	473.755
Research and development expenses		
Research and development expenses	9.676	7.274
Total	9.676	7.274

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

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NOTE 25 – EXPENSES RELATED TO NATURE

Expenses related to their nature	1 January - 31 December 2022	1 January - 31 December 2021
Personnel expenses	594.461	290.743
Transportation, distribution and warehousing expenses	583.180	189.410
Depreciation and amortization expenses	142.391	96.676
Lawsuit, consultancy and auditing expenses	107.081	61.417
Sales expenses	65.038	41.691
Advertising and promotion expenses	59.586	41.724
Information technology expenses	55.051	23.771
Transportation expenses	39.947	13.696
Tax expenses	25.564	17.166
License expenses	25.039	10.633
After sales services and maintenances expenses	24.021	14.654
Insurance expenses	23.712	12.686
Maintenance expenses	18.975	8.135
Communication expenses	10.409	5.845
Outsourced research and development expenses	9.676	7.274
Attendance fees	6.760	5.342
Rent expenses	3.047	2.213
Donation and aids	925	9.940
Other	136.011	62.800
Total	1.930.874	915.816

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:

	2022	2021
Audit and assurance fee	1.199	293
Other assurance services fee	287	-
Total	1.486	293

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

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NOTE 26 – OTHER OPERATING INCOME/EXPENSES

Other operating income for the years ended as of 31 December 2022 and 2021 are as follows:

Other operating income	1 January - 31 December 2022	1 January - 31 December 2021
Foreign exchange gains arising from trading activities	706.984	911.599
Provisions no longer required (*)	272.706	14.696
Income generated from maturity differences of sales	238.670	129.229
Income from port services	26.014	11.123
Rent income	9.542	7.329
LPG pipeline usage income	7.201	3.877
Gain on sale of scrap	2.020	11.252
Goodwill expenses from prior years	732	288
Other income and profits	61.314	35.425
Total	1.325.183	1.124.818

(*) This amount includes the provisions no longer required amounting to TL 272.065 thousand as a result of the re-evaluation within the Price Revision Cost Provision of Aygaz Doğal Gaz Toptan Satış, the subsidiary of the Company, within the framework of the Company's best estimates.

Other operating expenses for the years ended as of 31 December 2022 and 2021 are as follows:

Other operating expense	1 January - 31 December 2022	1 January - 31 December 2021
Foreign exchange losses arising from trading activities	962.887	946.628
Foreign exchange losses related to price revision provision (*)	194.216	191.371
Expenses from maturity differences of purchases	96.391	40.310
Provision expenses	4.464	7.640
Demurrage expenses	-	10.877
Other expenses and losses	16.652	32.289
Total	1.274.610	1.229.115

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

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NOTE 27 – INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

	1 January - 31 December 2022	1 January - 31 December 2021
Income from investment activities		
Income from sales of property, plant and equipment	37.668	16.019
Dividend income from financial activities	16.895	7.525
Total	54.563	23.544
Expense from investment activities		
Expense from sales of property, plant and equipment	5.924	4.224
Total	5.924	4.224

NOTE 28 – FINANCIAL INCOME AND EXPENSES

	1 January - 31 December 2022	1 January - 31 December 2021
Financial income		
Foreign exchange gains	325.996	170.595
Interest income	129.812	111.945
Fair value differences on swap transactions	1.027	152
Total	456.835	282.692

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

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

NOTE 28 – FINANCIAL INCOME AND EXPENSES (CONTINUED)

	1 January - 31 December 2022	1 January - 31 December 2021
Financial expense		
Interest expenses	518.266	212.288
Foreign exchange losses	235.144	184.860
Interest expenses on lease liabilities	26.789	26.760
Commission expense of letter of credit	15.710	7.750
Other financial expenses	45.110	14.150
Total	841.019	445.808

NOTE 29 – EARNINGS PER SHARE

	1 January - 31 December 2022	1 January - 31 December 2021
Average number of ordinary shares outstanding during the period (one thousand)	27.326.700	30.000.000
Net profit for the year attributable equity holders of the parent company	4.733.385	670.105
Earnings (losses) per hundred shares (TL)	17,3215	2,2337

NOTE 30 – TAX ASSETS AND LIABILITIES

	31 December 2022	31 December 2021
Current corporate tax provision	53.297	153.190
Less: Prepaid taxes and funds	(45.541)	(125.769)
Current tax liability	7.756	27.421
	1 January - 31 December 2022	1 January - 31 December 2021
Current corporate tax provision	(53.297)	(153.190)
Deferred tax	119.626	83.040
Total tax expense	66.329	(70.150)

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

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 2022 the rate of tax is 23% (2021: 25%).

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 2022 and 2023 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 2022.

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 and 31 December 2022, within the scope of the Tax Procedure Law General Communiqué (Sequence No: 530) published by the Ministry of Treasury and Finance. Due to IFRS, related assets are continued to be accounted under cost method. It has calculated the deferred tax asset/liability, which is currently calculated over the temporary difference between IFRS and TPL, over the current TPL values that will occur with the effect of revaluation, and the deferred tax income that will arise due to this application, to the extent that the recovery of the said tax advantage is deemed possible, is calculated as a single income tax accounted for in the table, the effect of deferred tax assets is TL 66.479 thousand (31 December 2021: TL 62.100 thousand).

As of 31 December 2022 and 2021, the distribution of deferred tax liability calculated using effective tax rates as of the balance sheet date is as follows:

	31 December 2022	31 December 2021
Depreciation/amortization differences of property, plant and equipment and other intangible assets	(56.478)	(2.550)
Revaluation of financial assets measured at fair value through other comprehensive income	72.498	15.147
Allowable financial losses	(93.792)	-
Provision for employment termination benefits	(38.800)	(15.829)
Valuation of inventories	(264)	(10.664)
Derivative instruments	16.150	(4.804)
Other	(9.532)	(23.547)
Deferred tax assets/liabilities	(110.218)	(42.247)

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 2022	31 December 2021
Deferred tax assets	(112.664)	(62.716)
Deferred tax liabilities	2.446	20.469
Deferred tax (assets) / liabilities, net	(110.218)	(42.247)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

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NOTE 30 – TAX ASSETS AND LIABILITIES (CONTINUED)

Movement of deferred tax assets and liabilities are as follows:

	2022	2021
As of January 1	(42.247)	43.703
Change to the profit or loss	(119.626)	(83.040)
Change to the equity		
- Effect of gains/(losses) re-measurement on defined benefit plans	(11.439)	(153)
- Effect of gains/(losses) on financial assets measured at fair value through other comprehensive income	57.351	2.041
- Effect of gains/(losses) on cash flow hedges	5.743	(4.798)
As of 31 December	(110.218)	(42.247)
Tax reconciliation:		
	31 December 2022	31 December 2021
Profit before tax	4.497.907	697.316
Tax expense calculated using current tax rate (23%, 25%)	(1.034.519)	(174.329)
Tax effects of:		
Revenue that is exempt from taxation - (investments accounted under equity method)	1.032.901	105.772
Income not subject to tax	33.415	11.619
Tax rate differences	(16.720)	5.840
Expenses that are not deductible in determining taxable profit	(15.916)	(7.425)
Tax losses	11.383	(77.454)
Prior year losses used	-	7.650
Valuation related tax asset adjustment	68.092	62.100
Other	(12.307)	(3.923)
Tax expense in the statement of profit or loss	66.329	(70.150)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

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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 2022 TL 1.394 thousand (31 December 2021: TL 1.335 thousand) of total amount of other payables to related parties consists of dividend payables to the shareholders except for Koç Group.

	Receivables		Payables	
	Trade	Non-trade	Trade	Non-trade
31 December 2022				
Balances with related parties				
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	15.842	-	108.399	-
Demir Export A.Ş. - Fernas İnşaat A.Ş. Adi Ortaklığı	5.653	-	-	-
Koçtaş Yapı Marketleri Ticaret A.Ş.	3.812	-	315	-
Tofaş Türk Otomobil Fabrikası A.Ş.	3.373	-	1.214	-
Opet Petrolcülük A.Ş.	3.051	-	188.254	-
Arçelik A.Ş.	2.369	-	731	-
Divan Turizm İşletmeleri A.Ş.	1.185	-	216	-
Otokoç Otomotiv Tic. ve San. A.Ş.	322	-	47.141	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	318	-	23.996	-
Opet-Fuchs Madeni Yağlar	16	-	1.877	-
Zer Merkezi Hizmetler ve Ticaret A.Ş. (**)	1	-	67.519	-
Other	12.700	-	11.818	-
Shareholders				
Koç Holding A.Ş.	21	84.375	26.442	-
Investments accounted under the equity method				
United Lpg Ltd.	91.594	-	-	-
	140.257	84.375	477.922	-
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	-

(*) 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 2022				
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.	1.509	-	-	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	19.494	-
Opet Aygaz Gayrimenkul A.Ş.	-	-	-	240
Otokoç Otomotiv Tic. ve San. A.Ş.	-	-	11.998	823
KoçDigital Çözümler AŞ.	-	-	584	-
Other	-	-	3.917	74
Shareholders				
Koç Holding A.Ş.	-	2.339	-	-
	1.509	2.339	35.993	1.137

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 AŞ.	-	-	1.498	-
Other	-	-	685	19
Shareholders				
Koç Holding A.Ş.	-	1.386	-	2
	1.015	1.386	17.976	949

1 January - 31 December 2022				
Financial and other transactions with related parties	Financial income	Financial expense	Other income	Other expense
Group companies (*)				
Yapı ve Kredi Bankası A.Ş.	226.584	46.144	-	-
Other	-	-	59	292
	226.584	46.144	59	292

1 January - 31 December 2021				
Financial and other transactions with related parties	Financial income	Financial expense	Other income	Other expense
Group companies (*)				
Yapı ve Kredi Bankası A.Ş.	184.795	157.214	-	-
Other	-	-	39	9.460
	184.795	157.214	39	9.460

(*) Group companies include Koç Group companies.

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

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

Cash at banks	31 December 2022	31 December 2021
Group companies (*)		
Yapı ve Kredi Bankası A.Ş.	355.350	1.266.207
Credit card receivable	31 December 2022	31 December 2021
Group companies (*)		
Yapı ve Kredi Bankası A.Ş.	6.582	10.447
Bank loans	31 December 2022	31 December 2021
Group companies (*)		
Yapı ve Kredi Bankası A.Ş.	81.486	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 2022, total benefit provided to the senior management of the Company is TL 138.212 thousand (31 December 2021: TL 70.606 thousand). There are no payments made to senior management of the Company in this amount due to their leaving the job (31 December 2021: None), total amount is consist of the short-term benefits.

NOTE 32 – NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS**a) Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or rearrange capital structure, the Company can return back capital to shareholders, issue new shares and sale assets in order to decrease debt requirement.

The Group controls its capital using the net financial debt/total equity ratio parallel to other companies in the sector. This ratio is the calculated as net debt divided by the equity amount. Net debt is calculated as total financial borrowings amount less cash and cash equivalents.

Risk management is applied based on the policies approved by the Board of Directors by treasury department. Group's treasury department defines and reviews the financial risk and uses tools to minimize the risk by collaborating with Group's operational units based on such risk policies. Board of Directors prepares written procedures or general policies related with the risk management including currency risk, interest risk, using of derivative and non-derivative instruments and to evaluate cash surplus.

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

	31 December 2022	31 December 2021
Total short-term and long-term borrowings	3.598.744	2.552.459
Less: Cash and cash equivalents	(1.826.605)	(1.693.433)
Net financial debt	1.772.139	859.026
Total shareholder's equity	7.854.532	2.719.199
Net financial debt/equity ratio	22,6%	31,6%

b) Financial risk factors

The risks of the Group resulted from the operations, include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's risk management program generally seeks to minimize the effects of uncertainty in financial market on financial performance of the Group. The Group uses derivative financial instruments in order to safeguard itself from different financial risks.

b.1. Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group manages this risk by the credit limits up to the guarantees received from customers. The usage of credit limits is monitored by the Group according to the customer's credibility is evaluated continuously.

Trade receivables consist of many customers that operate in various industries and locations. Credit risk of the receivables from counterparties is evaluated perpetually.

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

Credit risk of financial instruments	Receivables					
	Trade receivables		Other receivables		Deposits in banks	Credit card receivables
	Related party	Third party	Related party	Third party		
Maximum exposure to credit risk as of 31 December 2022 (A+B+C+D) (*)	140.257	2.326.520	-	65.702	1.814.506	11.044
- The part of maximum risk under guarantee with collateral etc.	-	1.340.931	-	-	-	-
A. Net book value of financial assets that are neither past due or impaired	140.257	2.220.977	-	65.702	1.814.506	11.044
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	-	106.178	-	-	-	-
- The part under guarantee with collateral etc.	-	41.167	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross carrying amount)	-	26.358	-	-	-	-
- Impairment (-)	-	(26.358)	-	-	-	-
- 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) (*)	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.

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

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

31 December 2022	Trade receivables	Other receivables	Deposits in banks	Derivative instruments	Other	Total
Past due 1-30 days	81.180	-	-	-	-	81.180
Past due 1-3 months	11.499	-	-	-	-	11.499
Past due 3-12 months	13.361	-	-	-	-	13.361
Past due 1-5 years	138	-	-	-	-	138
Total past due	106.178	-	-	-	-	106.178
The part under guarantee with collateral	41.167	-	-	-	-	41.167
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

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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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

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

31 December 2022						
Contractual maturity analysis	Book value	Total cash flow according to the contract (I +II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Short-term and long-term borrowings (*)	3.494.362	3.733.059	1.029.372	2.142.738	560.949	-
Trade payables	4.009.912	4.009.912	4.009.912	-	-	-
Lease liabilities	104.382	259.016	18.004	91.739	142.978	6.295
Liabilities for employee benefits	130.049	130.049	130.049	-	-	-
Other payables	130.661	130.661	4.426	-	-	126.235
Other liabilities	148.957	148.957	148.957	-	-	-
Non derivative financial liabilities	8.018.323	8.411.654	5.340.720	2.234.477	703.927	132.530

31 December 2022						
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		529.516	529.516	-	-	-
Derivative cash outflows		(446.339)	(446.339)	-	-	-
Derivative instruments, net	85.754	83.177	83.177	-	-	-

(*) The amounts are cash flows based on contract, which have not been discounted.

(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				
		Total cash	Less than	3-12	1-5	More than
Contractual maturity analysis	Book value	flow according	3 months	months	years	5 years
		to the contract	(I)	(II)	(III)	(IV)
		(I +II+III+IV)				
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				
		Total cash	Less than	3-12	1-5	More than
Derivative instruments (*)	Book value	flow according	3 months	months	years	5 years
		to the contract	(I)	(II)	(III)	(IV)
		(I +II+III+IV)				
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.

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 2022			
		Total TL equivalent	TL equivalent of USD	TL equivalent of Euro	Other
1.	Trade receivables	842.386	814.831	27.555	-
2.a	Monetary financial assets	459.148	453.011	5.552	585
2.b	Non-monetary financial assets	-	-	-	-
3.	Other	150.917	150.911	6	-
4.	Current assets	1.452.451	1.418.753	33.113	585
5.	Trade receivables	-	-	-	-
6.a	Monetary financial assets	-	-	-	-
6.b	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	Non-current assets	-	-	-	-
9.	Total assets	1.452.451	1.418.753	33.113	585
10.	Trade payables	(2.806.319)	(2.558.172)	(247.648)	(499)
11.	Financial liabilities	(154.856)	(154.856)	-	-
12.a	Other monetary financial liabilities	(362.735)	(362.735)	-	-
12.b	Other non-monetary financial liabilities	(4.203)	(3.380)	(823)	-
13.	Current liabilities	(3.328.113)	(3.079.143)	(248.471)	(499)
14.	Trade payables	-	-	-	-
15.	Financial liabilities	(408.723)	(408.723)	-	-
16.a	Other monetary financial liabilities	-	-	-	-
16.b	Other non-monetary financial liabilities	-	-	-	-
17.	Non-current liabilities	(408.723)	(408.723)	-	-
18.	Total liabilities	(3.736.836)	(3.487.866)	(248.471)	(499)
19.	Net asset/liability position of off balance sheet asset and liabilities (19a-19b)	206.478	206.478	-	-
19.a	Total derivative assets	206.478	206.478	-	-
19.b	Total derivative liabilities	-	-	-	-
20.	Net foreign currency asset/(liability) position (9+18+19)	(2.077.907)	(1.862.635)	(215.358)	86
21.	Net foreign currency asset/(liability) position of monetary items (1+2a+5+6a+10+11+12a+14+15+16a)	(2.431.099)	(2.216.644)	(214.541)	86
22.	Fair value of derivative instruments held for hedging	-	-	-	-
23.	Hedged foreign currency assets	-	-	-	-
24.	Hedged foreign currency liabilities	-	-	-	-
25.	Export (*)	9.567.065	9.226.978	299.738	40.349
26.	Import (*)	24.952.117	24.908.258	39.082	4.777

(*) Transit sales and purchases are included.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

(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			
		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.

AYGAZ ANONİM ŞİRKETİ**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022**

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

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 2022	31 December 2021
Assets	1.452.451	1.282.819
Liabilities	(3.736.836)	(2.451.831)
Net asset/liability position	(2.284.385)	(1.169.012)
Derivative instruments net position	206.478	12.971
Net foreign currency asset/liability position	(2.077.907)	(1.156.041)
Inventories under the natural hedge (*)	2.155.409	1.145.064
Net foreign currency position after the natural hedge	77.502	(10.977)

(*) 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 2022, the Group has LPG amounting to TL 2.155.409 thousand (31 December 2021: TL 1.145.064 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.

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

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

	31 December 2022			
	Income/(Expense)		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
10% fluctuation of USD rate				
USD net asset/(liability)	(221.664)	221.664	(221.664)	221.664
Secured portion from USD risk	20.648	(20.648)	20.648	(20.648)
USD net effect	(201.016)	201.016	(201.016)	201.016
10% fluctuation of Euro rate				
Euro net asset/(liability)	(21.454)	21.454	(21.454)	21.454
Secured portion from Euro risk	-	-	-	-
Euro net effect	(21.454)	21.454	(21.454)	21.454
Total net effect	(222.470)	222.470	(222.470)	222.470
	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

AYGAZ ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

(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 2022 and 2021 are summarized at the table below.

						31 December 2022
Maturity	Parity	Type of contract	Transactions	Total amount	Currency	
11 days	1,06	Forward	Buys Euro, sells USD	12.653	USD	
28-42 days	1,0566 - 1,058	Forward	Buys USD, sells Euro	1.610	USD	
						31 December 2021
Maturity	Parity	Type of contract	Transactions	Total amount	Currency	
19 days	13,17	Forward	Buys USD, sells TL	985	USD	

b.3.2. Interest rate risk management

The Group is exposed to interest rate risk due to the effect of changes in interest rates on the Group's assets and liabilities having interest returns. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swap contracts and interest rate forward contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through different interest rate cycles.

Details of the Group's financial instruments that are sensitive to interest rates are as follows:

Interest rate position

	31 December 2022	31 December 2021
Instruments with fixed interest rate		
Time deposits	1.664.589	1.632.379
Borrowings and bonds issued	2.320.081	1.881.001
Instruments with floating interest rate		
Borrowings and bond issued	1.278.663	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 1.187 thousand as of 31 December 2022 (As of 31 December 2021: TL 807 thousand).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

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

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

31 December 2022	Financial assets at amortized cost	Loans and receivables	Financial assets measured at fair value through other comprehensive income	Financial assets measured at fair value through profit (loss)	Financial liabilities at amortized cost	Book value	Note
Financial assets							
Cash and cash equivalents	1.826.605	-	-	-	-	1.826.605	4
Trade receivables	-	2.466.777	-	-	-	2.466.777	8, 31
Other financial assets	-	-	1.606.918	3.763	-	1.610.681	5
Other receivables	-	150.077	-	-	-	150.077	9
Financial liabilities							
Short-term and long-term borrowings	-	-	-	-	3.598.744	3.598.744	6
Trade payables	-	-	-	-	4.009.912	4.009.912	8, 31
Liabilities for employee benefits	-	-	-	-	26.509	26.509	10
Other payables	-	-	-	-	130.661	130.661	9, 31
Other liabilities	-	-	-	-	11.325	11.325	19
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022**

(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 2022	1st level	2nd level	3rd level
Financial assets measured at fair value	1.610.681	1.607.414	2.834	433
Derivative financial instruments	85.754	-	85.754	-

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)	-

Information for reflecting financial assets and liabilities at fair value:

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

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

Following methods and assumptions were used to estimate the fair value of the financial instruments for which is practicable to estimate fair value:

Financial assets

The carrying amounts of foreign currency denominated monetary assets which are translated at year end exchange rates are considered to approximate their fair values.

(Amounts expressed in thousands 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.

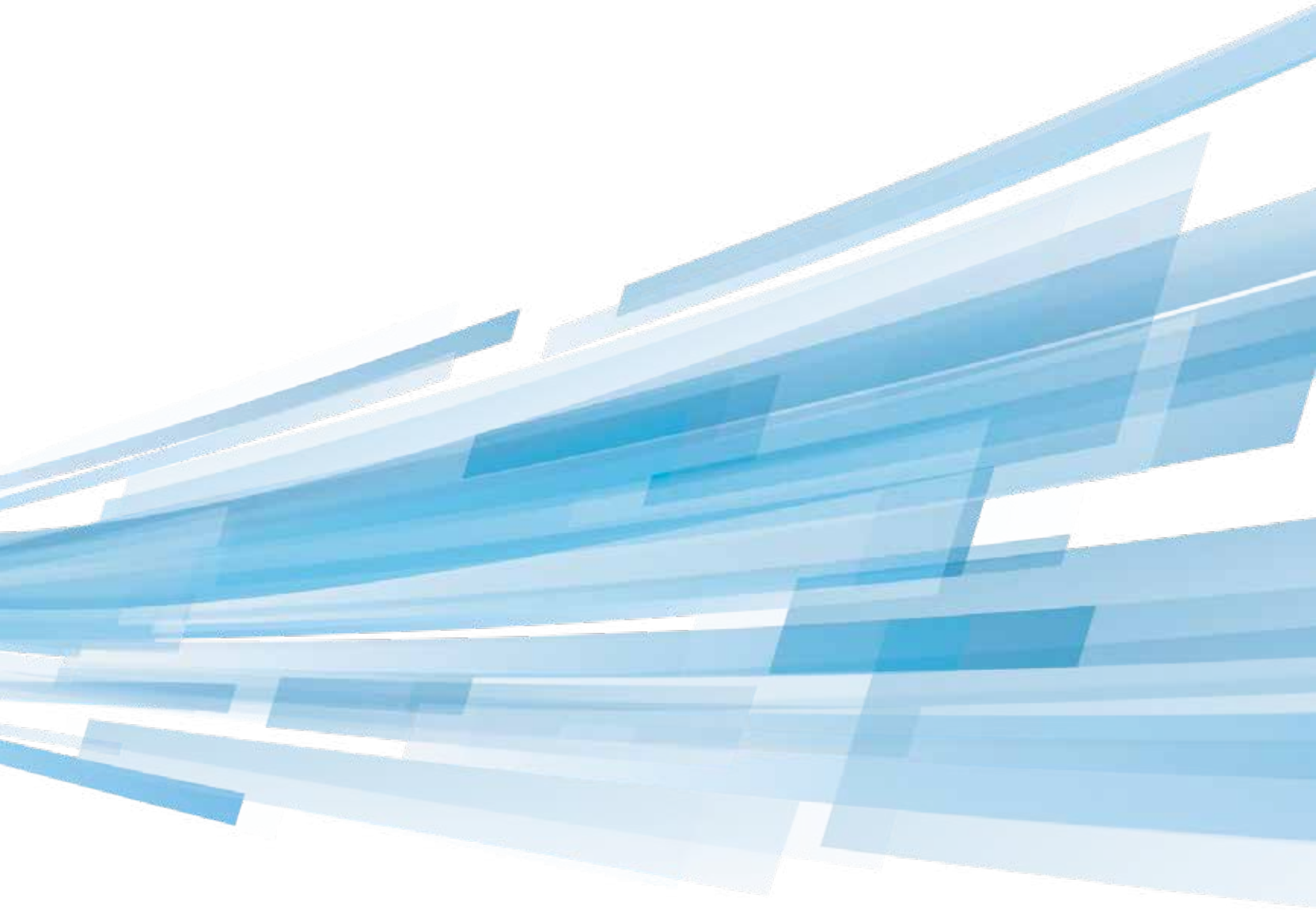
The carrying values of trade receivables along with the related allowances for uncollectability are estimated to be their fair values.

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 decision of the Extraordinary General Assembly registered on 7 December 2022, the capital of Sendeo has been decided to be increased from TL 503.500 thousand to TL 753.500 thousand and TL 165.625 thousand of the total amount has been paid in cash by the shareholders of Sendeo as of 31 December 2022. TL 84.375 thousand of TL 112.500 thousand as the share of Koç Holding has been paid in cash by Koç Holding A.Ş. on 4 January 2023 (Note 31).





Other Disclosures

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					
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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					
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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 made and major donations were explained in the general assembly information document. The balance not detailed in the information document consists of various donations to various institutions and organizations, each one in an amount below TL 100.000 and not constituting material information for investors. Donations below this amount are not followed up by our investors, and it is planned to continue to make disclosures with a materiality limit to be determined according to current conditions in the following years.
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.		X				General Shareholders' Meetings are made open to public under normal conditions. However, considering the pandemic conditions in 2022 and the restrictions on gatherings laid out in the relevant regulations by public authorities, our shareholders were primarily allowed in the general assembly meeting hall in order to protect the health of the community in 2022.

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.S does not have a cross-ownership relation that brings along domination.

	COMPANY COMPLIANCE STATUS					EXPLANATION
	Yes	Partial	No	Exempted	Not Applicable	
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	x					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			x			Minority rights are not vested by the Articles of Association in shareholders holding less than one twentieth of the capital and rights are vested within the general framework of the regulations. Furthermore, there was no demand from the investors regarding this issue and any changes to the current structure is not foreseen.
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					
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					

	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					
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					

4.4. BOARD MEETING PROCEDURES

4.4.1-Each board member attended the majority of the board meetings in person.	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.			X			There are no specifications about the deadline of the process. However, the timing for the presentation of information is determined considering the subject and the course of the agenda and the board members are being informed in a timely manner. Considering the effective work of the board of directors, even though there is no urgent need to make a definition in this regard, 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	Although there was an opportunity to give feedback, no such notification was made from our members of the board of directors who could not attend the meeting.
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			There have been consistent processes in our Company for many years but there are no written internal regulations regarding the meeting procedures of the board. Considering the effective work of the board of directors, even though there is no urgent need to make a definition in this regard, it is aimed to make an evaluation regarding the issue in the upcoming periods.
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7 - Yönetim kurulu üyelerinin şirket dışında başka görevler alması sınırlandırılmıştır. Yönetim kurulu üyelerinin şirket dışında aldığı görevler genel kurul toplantısında pay sahiplerinin bilgisine sunulmuştur.		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.

	COMPANY COMPLIANCE STATUS					EXPLANATION
	Yes	Partial	No	Exempted	Not Applicable	
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			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. Considering 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	There was no consultancy service received for this purpose.
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			Remuneration of the Members of the Board of Directors and managers who have administrative responsibilities is disclosed collectively in parallel to the common practice in the footnotes of our financial statements and at the General Assembly meetings. Market practices are closely monitored with respect to this topic that is deemed important in terms of privacy of personal data, and it is planned to act in parallel with the common practice.

Corporate Governance Information Form

1. SHAREHOLDERS	
<p>1.1. Facilitating the Exercise of Shareholders Rights The number of investor meetings (conference, seminar/etc.) organised by the company during the year</p>	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.
<p>1.2. Right to Obtain and Examine Information The number of special audit request(s)</p>	-
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/1007041
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 Communiqué on Corporate Governance (II-17.1)	There is no such transaction.
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communiqué on Corporate Governance (II-17.1)	https://www.kap.org.tr/tr/Bildirim/1007075
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 2022, 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	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	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	-	
General Assembly Meetings		
General Meeting Date	30/03/2022	25/08/2022
The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	0	0
Shareholder participation rate to the General Shareholders' Meeting	%79	%78
Percentage of shares directly present at the GSM	%0,005	%0,003
Percentage of shares represented by proxy	%79	%78
Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Investor Relations- Corporate Overview and Governance- General Assembly	Investor Relations- Corporate Overview and Governance- General Assembly
Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	https://www.aygaz.com.tr/uploads/yatirimci-iliskileri/genel-kurul-bilgileri/baa09fe2_7b97_4fe4_80e9_b2e02ada237a__aygaz-tutanak_kap.pdf	https://www.aygaz.com.tr/uploads/yatirimci-iliskileri/genel-kurul-bilgileri/8d558705_6185_4710_906e_aa2328b79661__tutanak.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	0
The link to the related PDP general shareholder meeting notification	https://www.kap.org.tr/tr/Bildirim/1007041	https://www.kap.org.tr/tr/Bildirim/1047062

2. DISCLOSURE AND TRANSPARENCY

2.1. Corporate Website		
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	Investor Relations- Stock ID and Investor Tools, Financial Tables, Annual Reports, Presentations, 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 CV's- Executive Management CV's - Statements of Independence of the Independent Board Members	

<p>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</p> <p>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</p> <p>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</p> <p>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</p> <p>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</p> <p>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%</p> <p>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</p>	<p>b) Corporate Governance-BoD's Evaluation of Operating Principles and Effectiveness of Board Committees</p> <p>c) Corporate Governance-BoD's Evaluation of Operating Principles and Effectiveness of Board Committees</p> <p>ç) Corporate Governance-Legal Disclosures (There are no amendments in the legislation that affect the activities of the company significantly.)</p> <p>d) Corporate Governance-Legal Disclosures-Lawsuits and Sanctions</p> <p>e) There is no such case.</p> <p>f) There is no such case.</p> <p>g) Sustainable Growth - They are included under the main titles of Human Resources, Sustainable Growth and Social Responsibility.</p>
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3. STAKEHOLDERS

3.1. Corporation's Policy on Stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Corporate- Career at Aygaz- Human Resources Practices
The number of definitive convictions the company was subject to in relation to breach of employee rights	13
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	denetim@aygaz.com.tr , 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 Additionally; Investor Relations / Corporate Overview and Governance / Policies and Principles / Ethical Principles
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.	Investor Relations-Corporate Overview and Governance- Policies and Principles- Human Rights Policy
The number of definitive convictions the company is subject to in relation to health and safety measures	0
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	Investor Relations-Corporate Overview and Governance- Policies and Principles- Anti Bribery and Corruption Policy
4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	29.12.2022
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	No 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	Corporate Governance / 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%)

Composition of Board of Directors

Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link To PDP Notification That Includes The Interdependency 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	Not independent director	27.03.1996		Not considered	No	Yes
Mehmet Ömer Koç	Non-executive	Not independent director	27.03.1996		Not considered	No	Yes
Alexandre F.J. Picciotto	Non-executive	Not independent director	13.07.2012		Not considered	No	Yes
Dr.Bülent Bulgurlu	Non-executive	Not independent director	24.04.2008		Not considered	No	Yes
Levent Çakıroğlu	Non-executive	Not independent director	30.03.2015		Not considered	No	Yes
Yağız Eyüboğlu	Non-executive	Not independent director	04.04.2016		Not considered	No	Yes
Kutsan Çelebican	Non-executive	Independent director	21.03.2018	https://www.kap.org.tr/tr/Bildirim/1007041	Considered	No	Yes
Kemal Ege Cansen	Non-executive	Independent director	21.03.2018	https://www.kap.org.tr/tr/Bildirim/1007041	Considered	No	Yes
Dr.Şadan Kaptanoğlu Dikici	Non-executive	Independent director	21.03.2018	https://www.kap.org.tr/tr/Bildirim/1007041	Considered	No	Yes

4. BOARD OF DIRECTORS-II

4.4. Meeting Procedures of the Board of Directors

Number of physical or electronic board meetings in the reporting period	10 physical board meetings were realized
Director average attendance rate at board meetings	%96
Whether the board uses an electronic portal to support its work or not	No
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	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-BoD's Evaluation of Operating Principles and Effectiveness of Board Committees
Link(s) to the PDP announcement(s) with the board committee charters	https://www.kap.org.tr/tr/Bildirim/1026819 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

4. 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)	Annual Report: Corporate Governance- BoD's Evaluation of Operating Principles and Effectiveness of Board Committees / Website: Investor Relations - Corporate Overview and Governance - Board Committees Additionally; Corporate Overview and Governance - Policies and Principles - The Working Principles of Committees
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate Governance- Corporate Governance Principles Compliance Report- Composition and Election of the Board of Directors, Number, Composition and Independence of Committees witCorporate Overview and Governancetin 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 Overview and Governance
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 Overview and Governancete 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 Overview and Governance
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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
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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
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Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	General Assembly / Remuneration Policy for the Board of Directors and Senior Management- Notes to the consolidated financial statements - Note 31
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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	8	8
Corporate Governance Committee	-	%67	%33	5	5
Committee of Early Detection of Risk	-	%100	%50	8	8
Other	Executive Committee	%100	%0	12	12

Sustainability Principles Compliance Outline

		COMPLIANCE STATUS				EXPLANATION	REPORT/LINK WHERE RELATED INFORMATION IS DISCLOSED PUBLICLY
		YES	NO	PARTIAL	N/A		
A. General Principles							
A1. Strategy, Policy and Goals							
A1.1	The Board of Directors should determine ESG-priority issues, risks and opportunities, and form ESG policies in accordance with them.			Partial		Material sustainability issues are disclosed. The goal is to include activities regarding ESG risks and opportunities in the 2022 Sustainability Report.	Aygaz 2021 Sustainability Report, pp: 16-19 https://www.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/7860d08d_a378_4cf7_91e4_cac4b91630c9_aygazskr_en_web.pdf
	For the sake of effective implementation of the aforesaid policies, internal directives, work procedures, etc. may be prepared for the corporation. For these policies, a decision of the Board of Directors should be taken and made public.	Yes					
A1.2	Should determine and publicly disclose its short and long-term goals in line with its ESG policies.			Partial		Gender Equality goals are disclosed. Regarding other ESG policies, plans are in place to set short- and long-term targets.	Aygaz 2022 Annual Report, pp: 30, 86-87 Aygaz 2021 Sustainability Report, pp: 49 https://www.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/7860d08d_a378_4cf7_91e4_cac4b91630c9_aygazskr_en_web.pdf
A2. Implementation / Monitoring							
A2.1	Should appoint and publicly disclose its committees/units in charge of implementation of ESG policies.	Yes					Aygaz 2021 Sustainability Report, pp: 26-27 https://www.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/7860d08d_a378_4cf7_91e4_cac4b91630c9_aygazskr_en_web.pdf
	Committees/units in charge should report the activities carried out under the policies to the Board of Directors at least once a year and in any case, within the maximum periods of time stipulated for disclosure of annual reports in the regulations of the Board pertaining thereto.	Yes					
A2.2	Should formulate and publicly disclose the implementation and action plans in line with the short- and long-term goals determined as above.			Partial		Disclosed in line with the CMB's Sustainability Principles Compliance Outline.	Aygaz 2022 Annual Report, pp: 94-95
A2.3	Should determine ESG Key Performance Indicators (KPIs) and declare them comparatively on an annual basis.	Yes				Performance in 2022 will be disclosed in the 2022 Sustainability Report.	Aygaz 2021 Sustainability Report, pp: 72-74 https://www.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/7860d08d_a378_4cf7_91e4_cac4b91630c9_aygazskr_en_web.pdf
A2.4	Should declare innovation activities aimed to improve the sustainability performance in relation with business processes or products and services.	Yes					Aygaz 2022 Annual Report, pp: 80-83 Aygaz 2021 Sustainability Report, pp: 30-37 https://www.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/7860d08d_a378_4cf7_91e4_cac4b91630c9_aygazskr_en_web.pdf
A3. Reporting							
A3.1	Should report and publicly disclose its sustainability performance, goals and actions at least once a year. Should provide information about its sustainability activities within its annual report.	Yes					Aygaz 2022 Annual Report, pp: 64-87
A3.2	It should provide information as to with which of the United Nations (UN) 2030 Sustainability Development Goals its activities are related.	Yes					Aygaz 2021 Sustainability Report, pp: 16-19 https://www.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/7860d08d_a378_4cf7_91e4_cac4b91630c9_aygazskr_en_web.pdf

		COMPLIANCE STATUS				EXPLANATION	REPORT/LINK WHERE RELATED INFORMATION IS DISCLOSED PUBLICLY
		YES	NO	PARTIAL	N/A		
A3.3	It should disclose information about lawsuits filed and/or completed against it in environmental, social and corporate governance issues.	Yes				There are no lawsuits filed against the company regarding ESG matters.	Aygaz 2022 Annual Report, pp: 90-91, 166
A4. Verification							
A4.1	If verified by independent third parties (independent sustainability assurance providers), it should disclose its sustainability performance measures, and should endeavor to increase said verification actions.			Partial		Greenhouse gas emissions are calculated for Scope-1 and Scope-2 and assured by an independent third party in accordance with ISO 14064-1.	Aygaz 2022 Annual Report, pp: 78, 94-95
B. Environmental Principles							
B1	Should declare its policies and practices, action plans, and environmental management systems (known as ISO 14001 standard) and programs.	Yes					Aygaz 2022 Annual Report, pp: 77-78 Aygaz 2021 Sustainability Report, p: 58 https://www.aygaz.com.tr/uploads/kurumsal/surdurulebilirlilik/7860d08d_a378_4cf7_91e4_cac4b91630c9_aygazskr_en_web.pdf
B2	Should disclose limitations to the environmental report that will be prepared under the Sustainability Principles, reporting period, reporting date, data collection process and restrictions in reporting conditions.	Yes					Aygaz 2022 Annual Report, pp: 65 Aygaz 2021 Sustainability Report, p: 1 https://www.aygaz.com.tr/uploads/kurumsal/surdurulebilirlilik/7860d08d_a378_4cf7_91e4_cac4b91630c9_aygazskr_en_web.pdf
B3	Provided in A2.1.						
B4	Should disclose the incentives it offers for management of environmental issues, including the achievement of goals.			Partial		There is an agile recognition and rewarding system in place. Employees who are sensitive and adhere to the Occupational Health and Safety principles and procedures and take action to improve corporate sensitivity and effectiveness in these matters are rewarded. Work is in progress regarding incentives that may be offered for the management of environmental issues within the scope of sustainability.	Aygaz 2022 Annual Report, pp: 71-72, 94-95
B5	Should disclose how environmental issues are integrated into business objectives and strategies.	Yes					Aygaz 2022 Annual Report, pp: 77-79 Aygaz 2021 Sustainability Report, pp: 58-63 https://www.aygaz.com.tr/uploads/kurumsal/surdurulebilirlilik/7860d08d_a378_4cf7_91e4_cac4b91630c9_aygazskr_en_web.pdf
B6	Provided in A2.4.						
B7	Should disclose how it manages environmental issues and integrates suppliers and customers into its strategies, not only in terms of direct operations, but also along the corporation value chain.	Yes					Aygaz 2022 Annual Report, pp: 74-79 Aygaz 2021 Sustainability Report, pp: 42-45 https://www.aygaz.com.tr/uploads/kurumsal/surdurulebilirlilik/7860d08d_a378_4cf7_91e4_cac4b91630c9_aygazskr_en_web.pdf
B8	Should disclose whether it is included in the (sectoral, regional, national and international) policy formulating processes on environmental issues or not, as well as associations it is a member of, its environmental cooperation initiatives entered into with related institutions and non-governmental organizations, and its duties and functions, if any, assumed thereon, and the activities supported by it.	Yes					Aygaz 2021 Sustainability Report, p: 71 https://www.aygaz.com.tr/uploads/kurumsal/surdurulebilirlilik/7860d08d_a378_4cf7_91e4_cac4b91630c9_aygazskr_en_web.pdf

		COMPLIANCE STATUS				EXPLANATION	REPORT/LINK WHERE RELATED INFORMATION IS DISCLOSED PUBLICLY
		YES	NO	PARTIAL	N/A		
B9	Should periodically report in a comparable manner, information about environmental effects in the light of environmental indicators [Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect)), air quality, energy management, water and waste water management, waste management, biodiversity effects].			Partial		Data analytics, verification and methodology development activities for Scope-3 greenhouse gas emissions continue. 2022 performance, except Scope-3 (other indirect) greenhouse gas emissions, will be disclosed in the 2022 Sustainability Report.	Aygaz 2022 Annual Report, pp: 74-79 Aygaz 2021 Sustainability Report, pp: 58-63, 72 https://www.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/7860d08d_a378_4cf7_91e4_cac4b91630c9_aygazskr_en_web.pdf
B10	Should disclose details in relation to standards, protocols, methodologies and base year employed for collection and calculation of its data.			Partial		The company aims to work on disclosing the details of the standards, protocol, methodology and base year used to collect and calculate the data.	Aygaz 2022 Annual Report, p: 65 Aygaz 2021 Sustainability Report, pp: 1, 72-74 https://www.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/7860d08d_a378_4cf7_91e4_cac4b91630c9_aygazskr_en_web.pdf
B11	Should declare the status of environmental indicators for the reporting year in comparison with past years (increase or decrease).	Yes					Aygaz 2022 Annual Report, pp: 74-79 Aygaz 2021 Sustainability Report, pp: 58-63, 72 https://www.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/7860d08d_a378_4cf7_91e4_cac4b91630c9_aygazskr_en_web.pdf
B12	Should determine and disclose short and long-term goals for reduction of its environmental impact. If an improvement is detected in the reporting year over the previously determined goals, it should provide information thereabout.			Partial		In line with Koç Holding's carbon neutrality goal by 2050, the company contributes to the Group's goals by working in these areas.	Aygaz 2022 Annual Report, pp: 74-79 Aygaz 2021 Sustainability Report, pp: 58-63 https://www.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/7860d08d_a378_4cf7_91e4_cac4b91630c9_aygazskr_en_web.pdf
B13	Should disclose its strategy and actions for fight against climate crisis.	Yes					Aygaz Climate Change Strategy: https://www.aygaz.com.tr/en/corporate/climate-change-strategy Aygaz 2022 Annual Report, pp: 78-79 Aygaz 2021 Sustainability Report, pp: 58-61 https://www.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/7860d08d_a378_4cf7_91e4_cac4b91630c9_aygazskr_en_web.pdf
B14	Should disclose its programs or procedures aiming to prevent or minimize the potential negative effects of its products and/or services.	Yes					Aygaz 2022 Annual Report, pp: 77-79 Aygaz 2021 Sustainability Report, pp: 58-61 https://www.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/7860d08d_a378_4cf7_91e4_cac4b91630c9_aygazskr_en_web.pdf
	Should also declare the actions of third parties aiming to reduce greenhouse gas emissions.		No			Data analytics, verification and methodology development activities for Scope-3 greenhouse gas emissions continue.	Aygaz 2022 Annual Report, pp: 94-95
B15	Should declare the total number of actions taken, projects implemented and initiatives entered into for reduction of its environmental impact, as well as their environmental benefits and cost savings.	Yes					Aygaz 2022 Annual Report, pp: 74-79 Aygaz 2021 Sustainability Report, pp: 10, 58-63, 72 https://www.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/7860d08d_a378_4cf7_91e4_cac4b91630c9_aygazskr_en_web.pdf

		COMPLIANCE STATUS				EXPLANATION	REPORT/LINK WHERE RELATED INFORMATION IS DISCLOSED PUBLICLY
		YES	NO	PARTIAL	N/A		
B16	Should report total energy consumption data (with the exception of raw materials), and disclose its energy consumptions as Scope-1 and Scope-2.	Yes				Performance in 2022 will be disclosed in the 2022 Sustainability Report.	Aygaz 2022 Annual Report, pp: 74-79 Aygaz 2021 Sustainability Report, pp: 58-63, 72 https://www.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/7860d08d_a378_4cf7_91e4_cac4b91630c9_aygazskr_en_web.pdf
B17	Should provide information about electricity, heat, steam and cooling generated and consumed in the reporting year.			Partial		Electricity consumption data is disclosed but heat, steam and cooling data is not disclosed separately. The date is disclosed as total energy consumption.	Aygaz 2021 Annual Report1, pp: 77-79 Aygaz 2021 Sustainability Report, pp: 60-61, 72 https://www.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/7860d08d_a378_4cf7_91e4_cac4b91630c9_aygazskr_en_web.pdf
B18	Should carry out and disclose works on increasing the use of renewable energy sources, and transition to zero or low carbon electricity.	Yes					Aygaz 2022 Annual Report, pp: 78-79 Aygaz 2021 Sustainability Report, pp: 60-61 https://www.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/7860d08d_a378_4cf7_91e4_cac4b91630c9_aygazskr_en_web.pdf
B19	Should disclose its renewable energy generation and consumption data.	Yes					Aygaz 2022 Annual Report, pp: 78-79 Aygaz 2021 Sustainability Report, pp: 60-61 https://www.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/7860d08d_a378_4cf7_91e4_cac4b91630c9_aygazskr_en_web.pdf
B20	Should conduct energy efficiency projects, and disclose the resulting reduction in energy consumption and emission due to its projects.	Yes					Aygaz 2022 Annual Report, pp: 78-79 Aygaz 2021 Sustainability Report, pp: 60-61, 72 https://www.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/7860d08d_a378_4cf7_91e4_cac4b91630c9_aygazskr_en_web.pdf
B21	Should report quantities, sources and procedures of water extracted from underground or ground waters, used, recycled and discharged.	Yes				Performance in 2022 will be disclosed in the 2022 Sustainability Report.	Aygaz 2022 Annual Report, p: 79 Aygaz 2021 Sustainability Report, pp: 62, 72 https://www.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/7860d08d_a378_4cf7_91e4_cac4b91630c9_aygazskr_en_web.pdf
B22	Should disclose whether its operations or activities are included in any carbon pricing system or not (Emission Trade System, Cap & Trade or Carbon Tax).	Yes				Since the regulatory processes regarding a carbon pricing system have not been completed in Türkiye yet, the company is not part of any carbon pricing system.	Aygaz 2022 Annual Report, p: 95
B23	Should disclose its carbon credit data accumulated or bought in the reporting period.				N/A	The company is currently exploring carbon pricing within the organization and carbon credits and holding discussions with NGOs to investigate the matter further.	Aygaz 2022 Annual Report, p: 95
B24	If carbon pricing is applied in the corporation, it should disclose details relating thereto.				N/A	The company is currently exploring carbon pricing within the organization and carbon credits and holding discussions with NGOs to investigate the matter further.	Aygaz 2022 Annual Report, p: 95

		COMPLIANCE STATUS				EXPLANATION	REPORT/LINK WHERE RELATED INFORMATION IS DISCLOSED PUBLICLY
		YES	NO	PARTIAL	N/A		
B25	Should disclose all mandatory and voluntary platforms where its environmental data are disclosed.	Yes					Aygaz 2022 Annual Report, p: 65
C. Social Principles							
C1. Human Rights and Employee Rights							
C1.1	Should establish a Corporate Human Rights and Employee Rights Policy covering its commitment of full compliance with the Universal Declaration of Human Rights, ILO Conventions ratified by Turkey, and legal framework and legislation regulating human rights and labor issues in Turkey. Should disclose the aforesaid policy and the roles played and responsibilities assumed in the implementation of the policy.	Yes					Aygaz Human Rights Policy: https://www.aygaz.com.tr/en/investor-relations/human-rights-policy Aygaz 2022 Annual Report, pp: 68, 212-213
C1.2	Should provide equal opportunities in recruitment processes. Includes fair labor, improvement of working standards, employment of women and social inclusion issues (such as non-discrimination towards women, men, religious beliefs, language, race, ethnical origin, age, disablement, refugees, etc.) in its policies by also considering the supply and value chain effects.	Yes					Aygaz Human Rights Policy: https://www.aygaz.com.tr/en/investor-relations/human-rights-policy Aygaz Supply Chain Compliance Policy: https://www.aygaz.com.tr/en/investor-relations/supply-chain-compliance-policy
C1.3	Should disclose measures taken along the value chain for the sake of supervision and protection of rights/ equal opportunities for minorities or certain population segments vulnerable to particular economic, environmental and social factors (low-income segments, women, etc.).	Yes					Aygaz Human Rights Policy: https://www.aygaz.com.tr/en/investor-relations/human-rights-policy Aygaz Supply Chain Compliance Policy: https://www.aygaz.com.tr/en/investor-relations/supply-chain-compliance-policy Aygaz 2022 Annual Report, p: 68 Aygaz 2021 Sustainability Report, pp: 42-43 https://www.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/7860d08d_a378_4cf7_91e4_cac4b91630c9_aygazskr_en_web.pdf
C1.4	Should report developments relating to applications aiming to prevent and correct discrimination, inequality, breaches of human rights and forced labor, and disclose its regulations and measures aiming to prevent employment of child labor.	Yes					Aygaz Human Rights Policy: https://www.aygaz.com.tr/en/investor-relations/human-rights-policy Aygaz Supply Chain Compliance Policy: https://www.aygaz.com.tr/en/investor-relations/supply-chain-compliance-policy Aygaz 2022 Annual Report, pp: 68, 212-213 Aygaz 2021 Sustainability Report, pp: 42-43, 48 https://www.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/7860d08d_a378_4cf7_91e4_cac4b91630c9_aygazskr_en_web.pdf
C1.5	Should disclose its policies regarding investments in employees (training and development policies), compensations, fringe benefits, unionization rights, work/life balance solutions and talent management.	Yes					Aygaz Human Rights Policy: https://www.aygaz.com.tr/en/investor-relations/human-rights-policy Aygaz 2022 Annual Report, pp: 68-73 Aygaz 2021 Sustainability Report, pp: 48-54 https://www.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/7860d08d_a378_4cf7_91e4_cac4b91630c9_aygazskr_en_web.pdf
	Should determine dispute resolution processes through the establishment of mechanisms for resolution of employee complaints and disputes, and determine its dispute resolution processes.	Yes					Aygaz Code of Ethics: https://www.aygaz.com.tr/en/investor-relations/ethical-principles Aygaz 2022 Annual Report, p: 73 Aygaz 2021 Sustainability Report, pp: 22-23 https://www.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/7860d08d_a378_4cf7_91e4_cac4b91630c9_aygazskr_en_web.pdf

		COMPLIANCE STATUS				EXPLANATION	REPORT/LINK WHERE RELATED INFORMATION IS DISCLOSED PUBLICLY
		YES	NO	PARTIAL	N/A		
C1.5	Regularly declares its activities aimed at employee satisfaction.	Yes					Aygaz 2022 Annual Report, pp: 70-73 Aygaz 2021 Sustainability Report, p: 53 https://www.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/7860d08d_a378_4cf7_91e4_cac4b91630c9__aygazskr_en_web.pdf
C1.6	Should formulate and disclose its occupational health and safety policies.	Yes					Aygaz Integrated Management Systems Policy: https://www.aygaz.com.tr/en/corporate/integrated-management-systems-policy Aygaz Occupational Health and Safety Management: https://www.aygaz.com.tr/en/corporate/occupational-health-and-safety-management
	Should disclose actions and measures taken for protection of health and against occupational accidents, and occupational accident statistics.	Yes					Quality, Environment, and Occupational Safety Practices: https://www.aygaz.com.tr/en/corporate/quality-environment-and-occupational-safety Aygaz 2022 Annual Report, pp: 75-77 Aygaz 2021 Sustainability Report, pp: 54-55, 73-74 https://www.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/7860d08d_a378_4cf7_91e4_cac4b91630c9__aygazskr_en_web.pdf
C1.7	Should disclose actions and measures taken for protection of health and against occupational accidents, and occupational accident statistics.	Yes					Aygaz Protection of Personal Data: https://www.aygaz.com.tr/en/corporate/protection-of-personal-data Aygaz 2021 Sustainability Report, p: 39 https://www.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/7860d08d_a378_4cf7_91e4_cac4b91630c9__aygazskr_en_web.pdf
C1.8	Should formulate and disclose its ethics policy.	Yes					Aygaz Code of Ethics: https://www.aygaz.com.tr/en/investor-relations/ethical-principles
C1.9	Should disclose initiatives focused on social investment, social responsibility, financial inclusion and access to finance.	Yes					Aygaz Community Investment Policy: https://www.aygaz.com.tr/en/investor-relations/community-investment-policy Aygaz 2022 Annual Report, pp: 84-87 Aygaz 2021 Sustainability Report, pp: 66-67 https://www.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/7860d08d_a378_4cf7_91e4_cac4b91630c9__aygazskr_en_web.pdf
C1.10	Should organize information meetings and training programs for employees with respect to ESG policies and applications.	Yes					Aygaz 2022 Annual Report, p: 75 Aygaz 2021 Sustainability Report, pp: 48-55 https://www.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/7860d08d_a378_4cf7_91e4_cac4b91630c9__aygazskr_en_web.pdf
C2. Stakeholders, International Standards and Initiatives							
C2.1	Should formulate and disclose its customer satisfaction policy dealing with management and resolution of customer complaints	Yes					Aygaz Customer Complaints Management Commitment: https://www.aygaz.com.tr/en/corporate/general-manager-customer-complaints-management-commitment Aygaz 2021 Sustainability Report, pp: 37-39 https://www.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/7860d08d_a378_4cf7_91e4_cac4b91630c9__aygazskr_en_web.pdf
C2.2	Should handle stakeholder communications continuously and transparently, and disclose with which stakeholders, for which purposes, on which issues and in which frequency it communicates.	Yes					Aygaz 2022 Annual Report, pp: 66-67 Aygaz 2021 Sustainability Report, p: 70 https://www.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/7860d08d_a378_4cf7_91e4_cac4b91630c9__aygazskr_en_web.pdf
C2.3	Should disclose international reporting standards it has adopted.	Yes					Aygaz 2021 Sustainability Report, p: 1 https://www.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/7860d08d_a378_4cf7_91e4_cac4b91630c9__aygazskr_en_web.pdf

		COMPLIANCE STATUS				EXPLANATION	REPORT/LINK WHERE RELATED INFORMATION IS DISCLOSED PUBLICLY
		YES	NO	PARTIAL	N/A		
C2.4	Should disclose the international organizations or principles it has signed or enrolled in and the international principles it has adopted.	Yes					Aygaz 2022 Annual Report, p: 65 Aygaz 2021 Sustainability Report, pp: 48-49, 71 https://www.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/7860d08d_a378_4cf7_91e4_cac4b91630c9_aygazskr_en_web.pdf
C2.5	Should concretely endeavor to be included in the Borsa İstanbul Sustainability Index and international sustainability indices.	Yes					Aygaz 2022 Annual Report, p: 65 Aygaz 2021 Sustainability Report, p: 27 https://www.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/7860d08d_a378_4cf7_91e4_cac4b91630c9_aygazskr_en_web.pdf
D. Corporate Governance Principles							
D1	Should consult with stakeholders in determination of measures and strategies in sustainability field.	Yes					Aygaz 2021 Sustainability Report, pp: 16-17 https://www.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/7860d08d_a378_4cf7_91e4_cac4b91630c9_aygazskr_en_web.pdf
D2	Should endeavor to raise awareness on sustainability and the importance thereof through social responsibility projects, awareness activities and trainings.	Yes					Aygaz 2022 Annual Report, pp: 84-87 Aygaz 2021 Sustainability Report, pp: 66-67 https://www.aygaz.com.tr/uploads/kurumsal/surdurulebilirlik/7860d08d_a378_4cf7_91e4_cac4b91630c9_aygazskr_en_web.pdf

Information Document for the March 20, 2023 Ordinary General Assembly Meeting to Review Financial Year 2022

1. INVITATION TO THE ORDINARY GENERAL ASSEMBLY MEETING, TO BE HELD ON MARCH 20, 2023

Aygaz A.Ş.'s Ordinary General Assembly Meeting shall be convened on 20 March 2023 Monday at 10:00 (07:00 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 2022 will be reviewed, the following agenda will be discussed, and a resolution regarding the agenda will be reached.

In accordance with the legal requirements, 2022 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 A.Ş., 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 an open voting system by raising hands, without prejudice to the provisions of electronic voting regarding the voting of each item on the agenda.

All the holders of relevant rights, stakeholders and the 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 219,800,767, all of which has been pledged and paid in full. Issued capital is divided into 21,980,076,700 registered shares at 1 Kr nominal value per share. There are no privileged shares in the Company's capital.

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

* The majority of Temel Ticaret ve Yatırım A.Ş. shares are owned by the members of Koç Family. Members of Koç Family: Rahmi M. Koç, Semahat S. Arsel, Suna Kırac, M. Ömer Koç, Ali Y. Koç, İpek Kırac, Caroline N. Koç, Esra Koç ve Aylin Koç.

** The share at the amount of 1,996,553.90 TL (capital ratio 0.91%) included in the publicly traded section is owned by Hilal Madeni Eşya Ticaret Sanayi ve Yatırım A.Ş., 100% owned by LPGDC.

2.2. Managerial and Operational Changes in Our Company or our Subsidiaries' which may Significantly Affect the Activities of our Company.

Information on the changes in the management and activities of our Company and its subsidiaries that have taken place in the previous accounting period or planned in the future accounting periods, which may significantly affect the activities, and the reasons for these changes are presented below:

Within the framework of our Company's strategic plans, with the target to create value by using Aygaz's existing equity and borrowing capacity by focusing especially on international LPG investments and other business areas such as cargo distribution, it has been resolved to transfer Entek Elektrik Üretim A.Ş. ("Entek") shares in our Company's assets which corresponds to 49.62% of the registered Entek capital, to Türkiye Petrol Rafinerileri A.Ş. ("Tüpraş") through a partial demerger transaction through the model of share transfer to Aygaz shareholders. Simultaneously, the Entek shares registered in the assets of our controlling shareholder Koç Holding A.Ş. are transferred to Tüpraş through a partial demerger transaction through the associates model. Tüpraş, on the other hand, acquired Entek shares, corresponding to 99.24% of Entek's capital in total, through a partial demerger. The partial demerger transaction was approved by the shareholders at the extraordinary general assembly meeting of the related companies dated 25.08.2022 and registered on 26.08.2022.

Except for the transaction, there are no changes in the management and operations of our Company and its subsidiaries, which were realized in the previous accounting period or planned for future accounting periods, which would significantly affect the activities of our Company.

Material event disclosures made by our Company in line with the related legislation and financial tables containing the financial results of our Company and our subsidiaries can be reached from <http://www.kap.gov.tr/> and <https://aygaz.com.tr/en/investor-relations/material-disclosures> addresses.

2.3. Information regarding demands of shareholders for placing an article on the agenda.

No request has been submitted in writing to the Aygaz Investment Relations Department concerning the demand of shareholders to have an article placed on the agenda of the general assembly where 2022 operations will be discussed.

3. STATEMENTS ABOUT THE ARTICLES OF THE AGENDA OF THE ORDINARY GENERAL ASSEMBLY MEETING ON MARCH 20, 2023

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 2022 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 2022 Annual Report, which has been announced at the Headquarters and branches of our Company, on the Electronic General Assembly portal of the Central Registry Agency (CRA), on the Public Disclosure Platform (PDP) and on the corporate website of the Company at www.aygaz.com.tr 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 2022

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 2022

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 2022

Pursuant to the TCC and Bylaws, the release of our Board of Directors members for the activities, transactions and accounts for the year 2022 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 2022 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 01.01.2022 – 31.12.2022; consolidated profit attributable to equity holders of the parent in the amount of TL 4.733.385.000 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 January 23, 2023 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 2022 are specified in footnote No. 31 of 2022 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 2023 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 7 February 2023 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 2023 and to let it conduct the other activities that fall within its purview within the context of the regulations. This decision shall be submitted to the General Assembly for ratification.

11. Informing the shareholders of the donations made by the Company in 2022 and resolution of an upper limit for donations to be made for 2023 as per the "Donation and Sponsorship Policy"

"Aygaz A.Ş. Donation and Sponsorship Policy", which was accepted by our Company's Board of Directors on March 8, 2021 and announced to the public, is stated in the Corporate Governance Principle numbered 1.3.10, "A policy regarding donations and aids is created and submitted to the approval of the general assembly. It was approved by our shareholders at the general assembly dated March 31, 2021.

Pursuant to Article 6 of the CMB's Declaration on Dividends No. II-19.1, the limit of donations to be made must be determined by the General Assembly, in cases not specified in the Articles of Association, and information concerning the donations and payments made must be provided to shareholders at the General Assembly.

In this framework, in line with our Company's Donation and Sponsorship Policy, donations totaling TL 1.033.701,50 were made to foundations and associations in 2022. Out of this donation amount TL 754,715.50 was made to Koç University. The remaining balance was made to other several institutions and incorporations, each of which is under TL 100,000 and consisting of donations that are not viewed as material for investors. The upper limit of donations to be made in 2023 shall be decided by the General Assembly.

12. Informing the shareholders about guarantees, pledges, mortgages and surety granted in favor of third parties by the Company and its subsidiaries in 2022 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 2022.

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 2022 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 2022 in this respect. Some of the shareholders having managerial control, shareholder board members, senior management and relatives up to the second degree of blood or affinity are also board members at several Koç Group companies including those with similar operations to our Company. In 2022, there has not been any material transaction which requires notification in accordance with Corporate Governance Principle No. 1.3.6 of the Corporate Governance Communiqué.

14. Wishes and Opinions.

APPENDICES:

APPENDIX 1 2022 Dividend Distribution Proposal

01.01.2022 - 31.12.2022 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	219,800,767.00	219,800,767.00
2.	Total Legal Reserves (According to Statutory Records)	359,341,078.56	359,341,078.56
Information on privilege in profit distribution, if there is any in the Articles of Association*:			
3.	Current period profit	4,497,907,000.00	17,579,737.43
4.	Taxes payable (-)	-66,329,000.00	4,917,356.63
5.	Net profit (=)	4,733,385,000.00	12,662,380.80
6.	Previous years losses (-)	0.00	0.00
7.	General legal reserves (-)	0.00	0.00
8.	DISTRIBUTABLE NET PROFIT FOR THE PERIOD (=)	4,733,385,000.00	12,662,380.80
9.	Donations made during the year (+)	1,033,701.50	0.00
10.	Net Distributable Profit added donations	4,734,418,701.50	0.00
First dividend to Shareholders			
11.	-Cash	219,800,767.00	10,990,038.35
	-Bonus	0.00	0.00
	- Total	219,800,767.00	10,990,038.35
12.	Dividend to privileged shareholders	0.00	0.00
Other distributed dividend			
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	1,520,311.32
16.	General Legal Reserves	20,881,072.87	152,031.13
17.	Statutory reserves	0.00	0.00
18.	Special reserves	0.00	0.00
19.	EXTRAORDINARY RESERVES	4,492,703,160.14	0.00
Other Resources to be distributed			
20.	- Previous years profit	0.00	0.00
	- Extraordinary reserves	0.00	207,290,417.33
	- 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	20,729,041.73

AYGAZ A.Ş. DIVIDEND RATIO TABLE FOR 2022

	GROUP	TOTAL AMOUNT OF DIVIDEND		TOTAL DISTRIBUTED DIVIDEND/ NET DISTRIBUTED PROFIT	DIVIDEND PER SHARE WITH NOMINAL VALUE OF TL 1	
		CASH (TL)	BONUS (TL)	RATIO (%)	AMOUNT (TL)	RATIO (%)
NET **	-	215,332,577.13	0.00	4.55	0.90000	90.00000

* 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 2022 were 79.67% for corporate taxpayers and the remaining 20.33% were for real person taxpayers.

APPENDIX 2 CVs of Board of Directors Candidates and Independence Declarations (go to pages 102-103 and 113)

APPENDIX 3 Remuneration Policy for Board of Directors and Executive Management (go to page 23)

Glossary

Bcm	Billion cubic meters
BIST	İstanbul Stock Exchange (Borsa İstanbul)
CDP	Carbon Disclosure Project
CIF	Cost, Insurance & Freight
ESG	Environmental, Social, and Corporate Governance
EMRA	Energy Market Regulatory Authority
FOB	Free On Board
GRI	Global Reporting Initiative
HR	Human Resources
ILO	International Labour Organization
IOT	Internet of Things
IR	Incidence Rate
KR	Key Result
LDR	Lost day Rate
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
LTIF	Lost Time Injury Frequency
Mcm	Million cubic meters
MESS	Turkish Employers Association of Metal Industries
NPS	Net Promoter Score
OHS	Occupational Health and Safety
OKR	Objectives and Key Result
OPEC+	The Organization of the Petroleum Exporting Countries Plus
PETDER	Turkish Oil Industry Association
POC	Proof of Concept
R&D	Research and Development
SASB	Sustainability Accounting Standards Board
SP	Sonatrach Price
SPK	Capital Markets Board of Türkiye
TCFD	Task Force on Climate-related Financial Disclosures
TEYDEB	Technology and Innovation Funding Programs Directorate
TİSK	Turkish Confederation of Employer Associations
TÜBİTAK	The Scientific and Technological Research Council of Türkiye
TÜSİAD	Turkish Industry and Business Association
UN	United Nations
UNGC	United Nations Global Compact
UN WEPs	United Nations Women's Empowerment Principles
VLGC	Very Large Gas Carriers
WLPGA	World LPG Association

Identity

Trade Name	Aygaz Anonim Şirketi
Address	Büyükdere Cad. No: 145-1 Zincirlikuyu 34394 İstanbul
Trade Registry and Number	Istanbul Trade Registry / 80651 - 23170
Central Registration System Number	0-1190-0510-2700141
Website Address	www.aygaz.com.tr
Registered Capital Ceiling	TL 500,000,000
Paid-in Capital	TL 219,800,767
BIST Code	AYGAZ
Bloomberg Code	AYGAZ.IS
Reuters Code	AYGAZ.TI
IPO Date	13.01.1988

Disclaimer

The Board of Directors' Report, Auditors' Report, Consolidated Financial Statements and Independent Audit Report regarding the operations and financials of the year 2022, included in this Annual Report ("Report"), are prepared in accordance with the legal requirements for the Ordinary General Assembly, which will be held on Monday, 20 March 2023 at 10.00, at this address: Aygaz Büyükdere Caddesi, No: 145/1 Zincirlikuyu, Şişli, İstanbul. This Report is prepared only to provide information to the shareholders, and it is not intended to form the basis of any investment decision. The opinions and statements regarding estimated figures contained within this Report solely reflect the Company management's views with respect to certain future events; thus, the actual results and developments may differ from these estimates depending on the variables and assumptions. Accordingly, neither the Aygaz nor its respective advisors, directors or employees shall be liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement in, or omission from, this Report, or on any other information or communications in connection with the Report. All information contained in this Report was believed to be accurate at the time of publication. Aygaz accepts no responsibility for any spelling or printing errors that may occur during the Report's preparation.

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