

**(Convenience translation of consolidated financial statements
originally issued in Turkish)**

AYGAZ ANONİM ŐİRKETİ

**1 JANUARY - 30 SEPTEMBER 2023 INTERIM
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

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AYGAZ ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

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

	Notes	Unaudited 30 September 2023	Audited 31 December 2022
ASSETS			
Current assets			
Cash and cash equivalents	4	2.534.687	1.826.605
Financial investments		139.511	35.939
Trade receivables		3.456.679	2.458.642
- Trade receivables from related parties	20	190.908	140.257
- Trade receivables from third parties	8	3.265.771	2.318.385
Other receivables		5.807	149.432
- Other receivables from related parties	20	-	84.375
- Other receivables from third parties	16	5.807	65.057
Derivative financial instruments	7	-	85.754
Inventories	9	2.852.208	2.335.531
Prepaid expenses		239.795	67.509
Assets related to current year tax		128	9.296
Other current assets		189.392	479.199
Total current assets		9.418.207	7.447.907
Non-current assets			
Financial investments	5	2.515.175	1.610.681
Trade receivables		9.064	8.135
- Trade receivables from third parties	8	9.064	8.135
Other receivables		732	645
- Other receivables from third parties		732	645
Investments accounted under equity method	10	8.259.455	6.262.099
Property, plant and equipment	11	1.199.231	983.577
Right-of-use assets	13	179.027	119.286
Intangible assets		68.151	77.388
- Other intangible assets	12	68.151	77.388
Prepaid expenses		20.638	25.232
Deferred tax asset	19	180.005	112.664
Total non-current assets		12.431.478	9.199.707
Total assets		21.849.685	16.647.614

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

AYGAZ ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

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

	Notes	Unaudited 30 September 2023	Audited 31 December 2022
LIABILITIES AND EQUITY			
Short-term liabilities			
Short-term financial borrowings	6	839.178	1.034.642
Current portion of long-term financial borrowings	6	950.705	1.754.229
Trade payables		4.914.416	4.009.912
- Trade payables to related parties	20	752.219	477.922
- Trade payables to third parties	8	4.162.197	3.531.990
Liabilities for employee benefits		75.562	130.049
Other payables		7.233	4.426
- Other payables to related parties	20	1.485	1.394
- Other payables to third parties		5.748	3.032
Derivative financial instruments	7	12.259	-
Deferred income		4.818	7.591
Current income tax liabilities		179.648	17.052
Short-term provisions		1.005.436	458.837
- Short-term provisions for employee benefits		222.764	-
- Other provisions	15	782.672	458.837
Other current liabilities		416.290	148.957
Total short-term liabilities		8.405.545	7.565.695
Long-term liabilities			
Long-term financial borrowings	6	913.202	809.873
Other payables		186.015	126.235
- Trade payables to third parties		186.015	126.235
Long-term provisions		292.163	288.833
- Long-term provisions for employee benefits		231.222	227.892
- Other long-term provisions	15	60.941	60.941
Deferred tax liabilities	19	2.278	2.446
Total long-term liabilities		1.393.658	1.227.387
Total liabilities		9.799.203	8.793.082
Equity			
Share capital	17	219.801	219.801
Adjustment to share capital	17	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		2.199.873	1.299.161
Gains (losses) on the revaluation and/or reclassification		2.225.723	1.328.768
- Gains (losses) remeasurement from defined benefit plans		(48.691)	(48.691)
- Gains (losses) on financial assets measured at fair value through other comprehensive income		2.274.414	1.377.459
Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss		(25.850)	(29.607)
Other comprehensive income or expenses to be reclassified to profit or loss		(280.475)	32.164
Currency translation differences		(96.421)	(45.494)
Gains (losses) on hedge		-	3.811
- Gains (losses) on cash flow hedges		-	3.811
Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss		(184.054)	73.847
Restricted reserves		400.073	379.192
Retained earnings		5.492.643	999.940
Net profit (loss) for the period		3.833.669	4.733.385
Equity attributable to equity holders of the parent		11.929.646	7.727.705
Non-controlling interest		120.836	126.827
Total equity		12.050.482	7.854.532
Total equity and liabilities		21.849.685	16.647.614

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

AYGAZ ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023

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

	Notes	Unaudited 1 January - 30 September 2023	Unaudited 1 July - 30 September 2023	Unaudited 1 January - 30 September 2022	Unaudited 1 July - 30 September 2022
Revenue		36.429.265	14.279.612	26.490.998	10.521.575
Cost of sales (-)		(33.203.666)	(12.740.584)	(24.876.832)	(9.815.256)
Gross profit		3.225.599	1.539.028	1.614.166	706.319
General administrative expenses (-)		(1.102.612)	(413.534)	(517.612)	(186.597)
Marketing and sales expenses (-)		(1.276.442)	(549.990)	(756.736)	(311.577)
Research and development expenses (-)		(11.962)	(6.369)	(6.524)	(2.709)
Other operating income		810.953	301.588	1.088.290	339.912
Other operating expenses (-)		(979.165)	(251.998)	(1.151.863)	(231.829)
Operating profit		666.371	618.725	269.721	313.519
Income from investment activities		178.464	17.317	32.725	2.004
Loss from investment activities (-)		(4.456)	(2.309)	(4.096)	(1.656)
Profit (losses) from investments accounted under equity method	10	3.291.624	1.993.832	2.740.095	1.370.352
Operating profit before financial income (expense)		4.132.003	2.627.565	3.038.445	1.684.219
Financial income		781.738	349.363	408.995	145.968
Financial expense (-)		(1.126.048)	(484.518)	(668.521)	(276.847)
Profit from continuing operations before tax		3.787.693	2.492.410	2.778.919	1.553.340
Tax income (expense), continuing operations					
Current tax expense for the period (-)	19	(266.889)	(209.762)	(31.915)	(15.123)
Deferred tax income (expense)	19	113.373	66.898	(31.274)	(50.667)
Profit (loss) for the period		3.634.177	2.349.546	2.715.730	1.487.550
Distribution of profit (loss) for the period					
Non-controlling interest		(199.492)	(72.411)	(117.099)	(50.728)
Equity holders of the parent		3.833.669	2.421.957	2.832.829	1.538.278
Earnings (losses) per share (TL)	18	17,4415	11,0189	9,7318	5,6292
Diluted earnings (losses) per share (TL)	18	17,4415	11,0189	9,7318	5,6292

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

AYGAZ ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPERHENSIVE INCOME FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023

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

	Notes	Unaudited 1 January - 30 September 2023	Unaudited 1 July - 30 September 2023	Unaudited 1 January - 30 September 2022	Unaudited 1 July - 30 September 2022
Profit (loss) for the period		3.634.177	2.349.546	2.715.730	1.487.550
Other comprehensive income					
Not to be reclassified to profit or loss		900.712	712.107	476.973	354.175
Gains (losses) on financial assets measured at fair value through other comprehensive income					
- Gains (losses) on financial assets measured at fair value through other comprehensive income		944.163	745.632	502.077	372.816
- Gains (losses) from re-measurement on defined benefit plans of investments using equity method		3.757	3.757	-	-
Taxes relating to other comprehensive income not to be reclassified to profit (loss)					
- Gains (losses) on financial assets measured at fair value through other comprehensive income, tax effect	19	(47.208)	(37.282)	(25.104)	(18.641)
To be reclassified to profit or loss		(312.639)	(332.905)	351.093	422.143
Currency translation differences		(50.927)	(95.226)	(41.767)	(36.427)
Gains (losses) on cash flow hedges					
- Gains (losses) on cash flow hedges		(5.155)	(376)	(29.474)	(48.926)
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		(262.002)	(145.352)	285.696	432.705
- Gains (losses) from currency translation differences of investments using equity method		4.101	(92.327)	125.140	58.432
Taxes relating to other comprehensive income to be reclassified to profit (loss)					
- Gains (losses) on cash flow hedges, tax effect	19	1.344	376	11.498	16.359
Other comprehensive income (expense) (after taxation)		588.073	379.202	828.066	776.318
Total other comprehensive income (expense)		4.222.250	2.728.748	3.543.796	2.263.868
Distribution of total comprehensive income (expense)					
- Non-controlling interest		(199.492)	(72.411)	(117.099)	(50.728)
- Equity holders of the parent		4.421.742	2.801.159	3.660.895	2.314.596

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AYGAZ ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023

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

	Notes	Other comprehensive income or expenses not to be reclassified to profit or loss					Other comprehensive income or expenses to be reclassified to profit or loss				Accumulated profit					
		Share capital	Adjustment to share capital	Adjustment to share capital due to cross-ownership (-)	Gains (losses) on re-measurement of defined benefit plans	Gains (losses) on financial assets measured at fair value through other comprehensive income	Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss	Currency translation differences	Gains (losses) on cash flow hedges	Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss	Restricted reserves	Retained earnings	Net profit for the period	Equity attributable to the equity holders of the parent	Non-controlling interest	Total equity
Unaudited																
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		-	-	-	-	-	-	-	-	-	-	-	-	-	162.000	162.000
Payments made to shareholders except dividend	(80.199)	-	-	-	-	-	-	-	-	-	-	(813.233)	-	(893.432)	-	(893.432)
Total comprehensive income (expense)		-	-	-	-	476.973	-	(41.767)	(17.976)	410.836	-	-	2.832.829	3.660.895	(117.099)	3.543.796
Net income		-	-	-	-	-	-	-	-	-	-	-	2.832.829	2.832.829	(117.099)	2.715.730
Other comprehensive income (expense)		-	-	-	-	476.973	-	(41.767)	(17.976)	410.836	-	-	-	828.066	-	828.066
Dividend paid		-	-	-	-	-	-	-	-	-	-	(150.000)	-	(150.000)	-	(150.000)
As of 30 September 2022		219.801	71.504	(7.442)	(413)	764.762	(1.750)	(38.456)	(32.526)	10.859	379.192	1.116.826	2.832.829	5.315.186	66.377	5.381.563
Unaudited																
As of 1 January 2023		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
Transfers		-	-	-	-	-	-	-	-	-	20.881	4.712.504	(4.733.385)	-	-	-
Increase in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	193.500	193.500
Total comprehensive income (expense)		-	-	-	-	896.955	3.757	(50.927)	(3.811)	(257.901)	-	-	3.833.669	4.421.742	(199.491)	4.222.251
Net income		-	-	-	-	-	-	-	-	-	-	-	3.833.669	3.833.669	(199.491)	3.634.178
Other comprehensive income (expense)		-	-	-	-	896.955	3.757	(50.927)	(3.811)	(257.901)	-	-	-	588.073	-	588.073
Dividend paid	17	-	-	-	-	-	-	-	-	-	-	(219.801)	-	(219.801)	-	(219.801)
As of 30 September 2023		219.801	71.504	(7.442)	(48.691)	2.274.414	(25.850)	(96.421)	-	(184.054)	400.073	5.492.643	3.833.669	11.929.646	120.836	12.050.482

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

AYGAZ ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023

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

	Notes	Unaudited 1 January - 30 September 2023	Unaudited 1 January - 30 September 2022
Cash flows from operating activities		1.238.203	(67.610)
Net income (loss)		3.634.177	2.715.730
Adjustments related with the reconciliation of net profit (loss) for the period		(2.117.697)	(2.281.972)
Adjustments for depreciation and amortization expenses	3, 11, 12, 13	156.857	178.804
Adjustments for impairment reversal (loss)		5.260	(85)
Adjustments for provisions		480.164	179.553
Adjustments for dividend (income) expense		(88.322)	(16.863)
Adjustments for interest income		(258.170)	(94.475)
Adjustments for interest expense		398.363	406.537
Adjustments for unrealized foreign translation differences		267.486	(115.181)
Adjustments for fair value (gains) losses on financial derivative instruments		94.202	(119.566)
Adjustments for undistributed profits of investments accounted under equity method	10	(3.291.624)	(2.740.095)
Adjustments for tax income (expenses)	19	153.516	63.189
Adjustments for gains (losses) on disposal of non-current assets		(34.418)	(11.766)
Other adjustments for reconciliation of profit (loss)		(1.011)	(12.024)
Changes in working capital		(84.563)	(438.559)
Change in blocked deposits		75.072	15.915
Adjustments for decrease (increase) in trade receivables		(1.004.226)	(1.027.693)
Adjustments for decrease (increase) in other operating receivables		348.971	(71.213)
Adjustments for decrease (increase) in inventories		(516.677)	(453.836)
Decrease (increase) in prepaid expenses		(164.776)	(6.435)
Adjustments for increase (decrease) in trade payables		904.504	1.068.893
Increase (decrease) in liabilities for employee benefits		(54.487)	(28.890)
Adjustments for increase (decrease) in other operating payables		329.829	72.876
Increase (decrease) in deferred income		(2.773)	(8.176)
Cash flows from operating activities		1.431.917	(4.801)
Payments related to provisions for employee benefits		(98.589)	(47)
Income taxes refund (paid)		(95.125)	(62.762)
Cash flows from investing activities		1.057.673	(235.086)
Cash inflows from sales of interests of capital decrease of investments in associates or joint ventures		39.336	-
Cash outflows from the purchase of interests or capital increase of investments in associates or joint ventures	10	(113.503)	(174.638)
Cash inflows from the sale of property, plant and equipment and intangible assets		70.286	28.936
Cash outflows from the purchase of property, plant and equipment and intangible assets	11, 12	(354.698)	(206.380)
Dividends received		1.241.949	16.863
Other cash inflows (outflows)			
- Decrease (increase) in financial investments		(103.572)	(61.867)
- Contributions of non-controlling interests to capital increases		277.875	162.000
Cash flows from financing activities		(1.692.195)	394.722
Proceeds from borrowings		1.436.531	2.517.620
Repayments of borrowings		(2.634.051)	(1.702.590)
Payments of lease liabilities		(65.954)	(118.683)
Dividends paid		(219.710)	(149.938)
Interest paid		(464.265)	(243.509)
Interest received		255.254	91.822
Net increase (decrease) in cash and cash equivalents before currency translation differences		603.681	92.026
Effect of currency translation differences		179.473	239.493
Net increase (decrease) in cash and cash equivalents		783.154	331.519
Cash and cash equivalents at the beginning of the period	4	1.748.927	1.671.074
Cash and cash equivalents at the end of the period	4	2.532.081	2.002.593

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

AYGAZ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2023

(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. 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 30 September 2023, 24,27% of its shares have been quoted at Borsa Istanbul.

The address of the registered office of the Company is as follows:

Büyükdere Cad. No: 145/1 Aygaz Han, Zincirlikuyu, 34394 / İstanbul

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

	<u>End of period</u>		<u>Average</u>	
	<u>30 September 2023</u>	<u>31 December 2022</u>	<u>1 January - 30 September 2023</u>	<u>1 January - 30 September 2022</u>
Monthly paid	1.012	993	1.000	901
Hourly paid	631	680	655	687
Total number of personnel	1.643	1.673	1.655	1.588

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 Anadoluhisarı Tankercilik A.Ş. (“Anadolu Hisarı”), Kandilli Tankercilik A.Ş. (“Kandilli”), Kuleli Tankercilik A.Ş. (“Kuleli”) and Kuzguncuk Tankercilik A.Ş. (“Kuzguncuk”) with an effective ownership interest of 100%. The main activities of these companies are to purchase, build or rent vessels and to operate them in domestic and/or overseas transportation of crude oil, petroleum products, liquid petroleum gas, natural gas and solid, liquid and liquefied products. On 13 October 2017, the vessel named “Kuleli” which is used for the transportation of LPG was sold by Kuleli Tankercilik A.Ş. - the Company’s subsidiary. On 14 March 2019 Kuleli has acquired the 100% of shares of Bal Kaynak Su İthalat İhracat Sanayi ve Ticaret A.Ş. (“Bal Kaynak”).

AYGAZ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2023

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

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

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

Sendeo Dağıtım Hizmetleri A.Ş. (“Sendeo”) (Former trade name: Aygaz Aykargo Dağıtım Hizmetleri A.Ş. (“Aykargo”) which started as an in-house entrepreneurship Project, has started its cargo delivery and distribution activities in 2020. As a result of the negotiations regarding building a strategic collaboration with McKinsey Danışmanlık Hizmetleri Ltd. Şti. (“McKinsey”), in place of the Partnership Framework Agreement dated 15 January 2021, it was decided to continue cooperation by signing a long-term Consulting Agreement with the resolution of the Board of Directors dated 30 July 2021. 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 were transferred to Koç Holding A.Ş. A capital increase amounting to TL 610.000 thousand has been made to Sendeo in 2022, and this amount has been paid in cash by the shareholders. With the ordinary general assembly dated 15 March 2023, Sendeo’s capital was decided to be increased to TL 430.000 thousand, and TL 300.000 thousand of this amount was paid in cash by the shareholders on 21 March 2023. The payment of the remaining TL 130.000 thousand has been paid in cash by the shareholders on 3 July 2023 .

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

Subsidiaries	Place of incorporation and operation	Ownership interest (%)		Voting power right	Principal activity
		30 September 2023	31 December 2022		
Anadoluhisarı	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 30 September 2023, EYAŞ’s ownership in Tüpraş has been 46,40%.

AYGAZ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2023

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

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

Investments in associates (Continued)

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

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 10).

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

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

Joint ventures

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

In line with Group’s growth strategy abroad, in order to operate in LPG supply, filling and distribution in the Bangladesh market, on 5 March 2019 the Share Purchase Agreement (“Contract”) and Partnership Agreement was signed between the Company and United Enterprises & Co. Ltd. With Contract it was decided that 50% of the shares of United LPG Ltd, the subsidiary of United Enterprises & Co. Ltd, which has a pre-license for LPG filling facility but no current operations yet, will be acquired. With the occurrence of preconditions determined on the agreement, the share transfer transaction was completed in 20 January 2021, and the name of the Joint Venture Company became United Aygaz LPG Ltd (“United Aygaz”) on 14 February 2023. A capital increase amounting to a total of BDT 2.140.000 thousand has been made to United Aygaz in 2022, and BDT 1.070.000 thousand (TL 174.638 thousand), which is equivalent to the share of the Company, has been paid in cash. With the Board of Directors Decision of the Company dated on 6 February 2023, it was decided to increase capital of United Aygaz, BDT 1.240.000 thousand, and the BDT 620.000 thousand (TL 113.503 thousand), corresponding to the share of the Company has been paid in cash on 27 February 2023 and 27 March 2023.

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

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

Approval of interim condensed consolidated financial statements:

The interim condensed consolidated financial tables for the period ended on 30 September 2023 are approved on the Board of Directors meeting held on 25 October 2023 to be published.

AYGAZ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2023

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation of financial statements

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

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

The Group has prepared its condensed consolidated financial statements for the period ended on 30 September 2023 in accordance with TAS 34 “Interim Financial Reporting Standards”.

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 interim condensed 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 financial statements of each business of the Group are presented in the currency of the main economic environment in which they operate (the functional currency). The financial status and operating results of each business are expressed in TL, which is the functional currency of the Company and the reporting currency for the interim condensed consolidated financial statements.

The interim condensed 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 IFRS should not adjust financial statements for TAS 29 - Financial Reporting in Hyperinflationary Economies for the year 2021. As of the preparation date of this interim condensed consolidated financial information, POA did not make an additional announcement and no adjustment was made to this interim condensed consolidated financial information in accordance with TAS 29.

2.2 Summary of significant accounting policies

The interim condensed consolidated financial statements of the Group for the nine-month period ended 30 September 2023 have been prepared in accordance with IAS 34 “Interim Financial Reporting”. Additionally, the accounting policies used in the preparation of the interim condensed consolidated financial statements for the period ended 30 September 2023 are consistent with those used in the preparation of annual consolidated financial statements for the year ended 31 December 2022. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2022.

**NOTES TO THE CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2023**

(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

a. Standards, amendments and interpretations applicable as at 30 September 2023

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8; effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The mentioned amendments does not have a significant impact on the financial position and performance of the Group.

Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction; effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. The mentioned amendments does not have a significant impact on the financial position and performance of the Group.

IFRS 17, ‘Insurance Contracts’; effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which 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 mentioned amendments does not have a significant impact on the financial position and performance of the Group.

Amendment to IAS 12 - International tax reform - pillar two model rules; The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023. These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development’s (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

b. Standards, amendments, and interpretations that are issued but not effective as of 30 September 2023:

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

AYGAZ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2023

(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 of 30 September 2023: (Continued)

Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements; effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB’s response to investors’ concerns that some companies’ supplier finance arrangements are not sufficiently visible, hindering investors’ analysis. The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

Amendments to IAS 21 - Lack of Exchangeability; effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

IFRS S1, ‘General requirements for disclosure of sustainability-related financial information; effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity’s value chain. The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

IFRS S2, ‘Climate-related disclosures’; effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities. The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2023

(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 company, which are accounted for using the equity method, separately from LPG and Natural gas activities, which are the main business lines of the Group.

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

Operational segments which have been prepared in accordance with the reportable segments for the nine months period ended 30 September 2023 are as follows:

	30 September 2023				
	LPG and Gas	Cargo transportation and Distribution	Petroleum products and Electricity	Consolidation adjustments	Consolidated
Total assets	13.930.045	843.203	7.733.208	(656.771)	21.849.685
Total liabilities	9.229.529	575.450	-	(5.776)	9.799.203
Investments accounted under equity method	526.247	-	7.733.208	-	8.259.455
	1 January - 30 September 2023				
	LPG and Gas	Cargo transportation and Distribution	Petroleum products and Electricity	Consolidation adjustments	Consolidated
Sales revenue (net)	35.918.861	512.624	-	(2.220)	36.429.265
Gross profit	3.524.529	(298.930)	-	-	3.225.599
Operating profit (*)	1.407.980	(573.397)	-	-	834.583
Operating profit	1.227.599	(561.228)	-	-	666.371
Profit from continuing operations before tax	1.069.415	(557.122)	3.275.400	-	3.787.693
Profit (loss) for the period	802.092	(443.315)	3.275.400	-	3.634.177
Non-controlling interest	-	(199.492)	-	-	(199.492)
Equity holders of the parent	802.092	(243.823)	3.275.400	-	3.833.669
Profit (losses) from investments accounted under equity method	16.224	-	3.275.400	-	3.291.624
Amortization and Depreciation (**)	114.891	41.966	-	-	156.857
Investment expenditures	296.637	58.061	-	-	354.698

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

(**) Total amount of TL 44.444 thousand consist of amortization and depreciation expenses allocated under TFRS 16, ‘Leases’ (2022: TL 92.806 thousand).

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2023

(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 nine months period ended 30 September 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 - 30 September 2022				
	LPG and Gas	Cargo transportation and Distribution	Petroleum products and Electricity	Consolidation adjustments	Consolidated
Sales revenue (net)	26.406.975	84.395	-	(372)	26.490.998
Gross profit	1.765.243	(151.077)	-	-	1.614.166
Operating profit (*)	616.133	(282.918)	-	79	333.294
Operating profit	544.143	(274.422)	-	-	269.721
Profit from continuing operations before tax	308.968	(265.513)	2.735.464	-	2.778.919
Profit (loss) for the period	240.487	(260.221)	2.735.464	-	2.715.730
Non-controlling interest	-	(117.099)	-	-	(117.099)
Equity holders of the parent	240.487	(143.122)	2.735.464	-	2.832.829
Profit (losses) from investments accounted under equity method	4.631	-	2.735.464	-	2.740.095
Amortization and Depreciation (**)	160.725	18.079	-	-	178.804
Investment expenditures	151.151	55.229	-	-	206.380

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

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-30 September 2023, SCT on imported LPG included in revenues and the cost of goods sold is amounting to TL 3.584.155 thousand (1 January-30 September 2022: TL 1.638.565 thousand).

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2023

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

NOTE 4 – CASH AND CASH EQUIVALENTS

	30 September 2023	31 December 2022
Cash on hand	2.006	1.055
Cash at banks	2.508.001	1.814.506
- Time deposits	2.355.279	1.664.589
- Demand deposits	152.722	149.917
Receivables from credit card transactions	24.680	11.044
Total	2.534.687	1.826.605

As of 30 September 2023 the Group’s TL time deposits amounting to TL 924.934 thousand with average maturities of 3 days and interest rates of 33,31%; USD time deposits amounting to USD 52.247 thousand (TL 1.430.345 thousand) with average maturities of 1 day and interest rate of 3,86% (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 days and interest rate of 1,99%).

The amount of cash and cash equivalents shown in the statement of cash flow as of 30 September 2023 and 31 December 2022 are as follows:

	30 September 2023	31 December 2022
Cash and cash equivalents	2.534.687	1.826.605
Less: Blocked deposits (*)	(2.606)	(77.678)
	2.532.081	1.748.927

(*) 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 30 September 2023 and 31 December 2022:

	30 September 2023		31 December 2022	
	Participation amount	Participation rate (%)	Participation amount	Participation rate (%)
Financial assets measured at fair value through other comprehensive income				
- Koç Finansal Hizmetler A.Ş.	2.511.745	3,93	1.606.918	3,93
Financial assets measured at fair value through profit or loss				
- Ram Dış Ticaret A.Ş.	2.433	2,50	2.834	2,50
- Tat Gıda Sanayi A.Ş.	564	0,08	496	0,08
- Other	433	-	433	-
	2.515.175		1.610.681	

AYGAZ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2023

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

NOTE 6 - FINANCIAL BORROWINGS

As of 30 September 2023 and 31 December 2022 the Group’s short-term financial borrowings are as follows:

	30 September 2023	31 December 2022
Short-term financial bills (*)	163.766	630.673
TL-denominated short-term bank borrowings	201.362	368.511
Factoring liabilities	400.000	-
Short-term lease liabilities	74.050	35.458
Total short-term financial borrowings	839.178	1.034.642
Short-term portion and interest accruals of		
TL-denominated long-term bank borrowings	767.806	1.467.078
Short-term portion and interest accruals of		
USD-denominated long-term bank borrowings	-	2.630
Short-term portion of long-term bond issued (**)	182.899	284.521
Total short-term portion of long-term financial borrowings	950.705	1.754.229

(*) On 5 July 2023, the Group has issued, 38,5% rate bond with a nominal value TL 150.000 thousand with a maturity of 184 days and coupon payment on maturity date.

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

As of 30 September 2023 the details of short-term financial borrowings are as follows:

Currency	Annual average effective interest rate (%)	Original amount	TL amount
TL	24,39	201.362	201.362
			201.362

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

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2023

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

NOTE 6 - FINANCIAL BORROWINGS (Continued)

As of 30 September 2023 and 31 December 2022 the Group’s long-term financial borrowings are as follows:

	30 September 2023	31 December 2022
USD-denominated long-term bank borrowings	821.301	560.949
Long-term bond issued	-	180.000
Long-term lease liabilities	91.901	68.924
Total long-term financial borrowings	913.202	809.873

As of 30 September 2023 the details of long-term financial borrowings are as follows:

Currency	Annual average effective interest rate (%)	Original amount	TL amount
TL	20,95	767.806	767.806
USD	7,50	31.805	821.301
Short-term portion of long-term loans and interest accruals			(767.806)
			821.301

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

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2023

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

NOTE 7 - DERIVATIVE FINANCIAL INSTRUMENTS

As of 30 September 2023 and 31 December 2022 the Group’s derivative financial instruments are as follows:

	30 September 2023		31 December 2022	
	Contract amount	Fair value assets/ (liabilities)	Contract amount	Fair value assets/ (liabilities)
Short-term derivative instruments				
Forward transactions (1)	-	-	206.478	1.027
Future transactions (2)	-	-	3.457.150	84.727
Total short-term derivative financial assets	-	-	3.663.628	85.754
Short-term derivative financial liabilities				
Forward transactions (1)	740.871	(12.259)	-	-
Total short-term derivative financial liabilities	740.871	(12.259)	-	-

(1) As of 30 September 2023, the Group has entered into forward transaction with a maturity of 13 and 90-93 days and nominal value amounting to Euro 10.903 thousand and USD 15.500 thousand (31 December 2022: The Group has entered into forward transaction with a maturity of 11 and 28-42 days and nominal value amounting to USD 12.653 thousand and USD 1.610 thousand) (Note 21).

(2) As of 30 September 2023, the Group does not have any future transactions (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 30 September 2023 and 31 December 2022 are as follows:

	30 September 2023	31 December 2022
Trade receivables	3.192.275	2.277.120
Notes receivables	105.749	68.258
Allowance for doubtful receivables (-) (*)	(32.253)	(26.993)
Total current trade receivables	3.265.771	2.318.385

(*) TL 635 thousand of provision for doubtful receivables consists of expected credit loss provisions (31 December 2022: TL 635 thousand).

	30 September 2023	31 December 2022
Notes receivable	9.064	8.135
Total non-current trade receivables	9.064	8.135

AYGAZ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2023

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

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

The Group’s trade payables to third parties as of 30 September 2023 and 31 December 2022 are as follows:

	30 September 2023	31 December 2022
Trade payables	4.162.197	3.531.990
Total short-term trade payables	4.162.197	3.531.990

NOTE 9 – INVENTORIES

	30 September 2023	31 December 2022
Raw materials	2.663.874	2.183.440
Work in process	10.493	6.995
Finished goods	61.694	60.265
Trade goods	116.376	85.060
Allowance for impairment on inventory (-)	(229)	(229)
	2.852.208	2.335.531

As of 30 September 2023, the inventories comprise of 156.260 tons of LPG (31 December 2022: 180.476 tons).

NOTE 10 - EQUITY INVESTMENTS

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

	30 September 2023		31 December 2022	
	Participation amount	Participation rate (%)	Participation amount	Participation rate (%)
EYAŞ	7.733.208	20,00	5.777.483	20,00
OAGM	174.139	50,00	160.297	50,00
United Aygaz	352.108	50,00	324.319	50,00
	8.259.455		6.262.099	

AYGAZ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2023

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

NOTE 10 - EQUITY INVESTMENTS (Continued)

The movement of equity investments is as follows:

	2023	2022
As of January 1	6.262.099	2.160.939
Shares of profit/(loss)	3.291.624	2.740.095
Shares of other comprehensive income/(loss)	(254.144)	410.836
Dividend income	(1.153.627)	-
Disposal effect of the joint venture	-	(893.432)
Purchase of interest in joint venture and increase in capital (*)	113.503	174.638
As of 30 September 2023	8.259.455	4.593.076

(*) With the Board of Directors Decision of the Company dated on 6 February 2023, it was decided to increase capital of United Aygaz, BDT 1.240.000 thousand, and the BDT 620.000 thousand (TL 113.503 thousand), corresponding to 50% share of the Company has been paid on 27 February 2023 and 27 March 2023 (Note 1).

Shares of profit (loss) of equity investments:

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
EYAŞ	3.275.400	1.978.740	2.105.664	934.969
Entek	-	-	629.800	432.502
OAGM	13.842	5.417	11.899	4.674
United Aygaz	2.382	9.675	(7.268)	(1.793)
	3.291.624	1.993.832	2.740.095	1.370.352

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

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
EYAŞ (*)	(166.049)	(125.814)	324.235	453.412
Entek	-	-	13.583	97
United Aygaz	(88.095)	(108.108)	73.018	37.628
	(254.144)	(233.922)	410.836	491.137

(*) TÜPRAŞ, a subsidiary of EYAŞ, designated its investment loans amounting to USD 38.426 thousand (TL 1.051.985 thousand) (31 December 2022: USD 205.010 thousand, TL 3.833.336 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 30 September 2023, foreign exchange gains (losses) on investment loans amounting to TL 917.493 thousand (31 December 2022: TL 3.153.308 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.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2023

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

NOTE 11 - 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 2023	18.306	212.934	94.038	1.999.784	281.218	165.434	36.996	132.232	2.940.942
Additions	-	-	-	2.868	7.189	58.983	11.542	267.960	348.542
Transfers (*)	-	14.123	277	120.625	-	6.520	491	(142.063)	(27)
Disposals	-	(265)	(90)	(8.593)	(9.962)	(31.040)	-	(1.443)	(51.393)
As of 30 September 2023	18.306	226.792	94.225	2.114.684	278.445	199.897	49.029	256.686	3.238.064
Accumulated depreciation									
As of 1 January 2023	-	94.565	59.207	1.537.145	159.692	81.001	25.755	-	1.957.365
Charge of the period	-	5.471	1.554	53.969	14.247	18.623	3.129	-	96.993
Disposals	-	(76)	(16)	(6.281)	(3.681)	(5.471)	-	-	(15.525)
As of 30 September 2023	-	99.960	60.745	1.584.833	170.258	94.153	28.884	-	2.038.833
Net book value	18.306	126.832	33.480	529.851	108.187	105.744	20.145	256.686	1.199.231

(*) TL 27 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 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land	Land	Plant, machinery, equipment and LPG cylinders	Vehicles and vessels	Furniture and fixtures	Leasehold improvements	Construction in progress	Total	
	improvements	Buildings							
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	-	26	-	313	10.558	30.011	500	163.769	205.177
Transfers (*)	-	6.931	-	69.844	1.451	7.868	2	(87.173)	(1.077)
Disposals	20	(20)	-	(7.591)	(948)	(16.589)	(121)	(1.982)	(27.231)
As of 30 September 2022	18.326	202.813	91.115	1.952.777	249.058	140.486	35.675	127.048	2.817.298
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	-	5.053	1.563	46.303	11.515	12.457	1.836	-	78.727
Transfers (*)	-	-	-	-	(227)	-	-	-	(227)
Disposals	-	-	-	(6.128)	(880)	(2.979)	(74)	-	(10.061)
As of 30 September 2022	-	92.953	58.696	1.526.934	155.386	77.844	25.320	-	1.937.133
Net book value	18.326	109.860	32.419	425.843	93.672	62.642	10.355	127.048	880.165

(*) TL 850 thousand under “Construction in progress” under the account property, plant and equipment has been classified to intangible fixed assets.

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NOTE 12 - INTANGIBLE ASSETS

	Rights
Acquisition costs	
As of 1 January 2023	159.239
Additions	6.156
Transfers (*)	27
As of 30 September 2023	165.422
Accumulated amortisation	
As of 1 January 2023	81.851
Charge for the period	15.420
As of 30 September 2023	97.271
Net book value	68.151

(*) TL 27 thousand under “Construction in progress” under the account property, plant and equipment has been classified to intangible fixed assets.

	Rights
Acquisition costs	
As of 1 January 2022	103.793
Additions	1.203
Transfers (*)	849
As of 30 September 2022	105.845
Accumulated amortisation	
As of 1 January 2022	71.173
Charge for the period	7.271
Transfers (*)	(1)
As of 30 September 2022	78.443
Net book value	27.402

(*) TL 850 thousand under “Construction in progress” under the account property, plant and equipment has been classified to intangible fixed assets.

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NOTE 13 - 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 2023	5.946	3.712	60.078	25.447	24.082	21	119.286
Additions	226	650	48.480	-	57.234	-	106.590
Disposals	-	-	(3.151)	-	(15.184)	-	(18.335)
Charge for the period	(855)	(153)	(19.945)	(1.726)	(21.758)	(7)	(44.444)
Disposals from accumulated depreciation	-	-	1.595	-	14.335	-	15.930
As of 30 September 2023	5.317	4.209	87.057	23.721	58.709	14	179.027
As of 1 January 2022	3.072	3.880	40.381	27.750	113.307	30	188.420
Additions	-	-	23.786	-	90.028	-	113.814
Disposals	(2.201)	-	(80)	-	(18.491)	-	(20.772)
Charge for the period	(564)	(126)	(9.486)	(1.726)	(80.897)	(7)	(92.806)
Disposals from accumulated depreciation	2.200	-	79	-	16.706	-	18.985
As of 30 September 2022	2.507	3.754	54.680	26.024	120.653	23	207.641

NOTE 14 – CONTINGENT ASSETS AND LIABILITIES

Guarantees given as of 30 September 2023 and 31 December 2022 are as follows:

	30 September 2023	31 December 2022
Letter of guarantees given for gas purchase	1.401.697	1.010.741
Other letter of guarantees given	1.375.270	616.739
	2.776.967	1.627.480

The liability for environmental pollution:

According to the effective environmental laws, the Group is responsible for the environmental pollution it causes as a result of its operational activities without seeking a reason of fault. The Group may be fined with an indemnity if the Group causes an environmental pollution. There is no case opened for environmental pollution against the Group, accordingly the Group does not have a liability related with the environmental pollution cases as of the consolidated balance sheet date.

National inventory reserve liability:

Due to the liability of the storage of national petroleum stocks, petroleum products and LPG distributor license owners should hold a minimum of twenty days’ average reserves at their own or other licensed storages, either together or separately. Within the decision of National Petroleum Reserves Commission numbered 2018/3 on 28 December 2018, it was decided to keep the national petroleum stocks minimum 20 days as of 1 July 2019 by the petroleum products and LPG distributor license owners.

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NOTE 14 - 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:

	30 September 2023					31 December 2022				
	TL Equivalent of Euro	TL Equivalent of USD	TL Equivalent of other	TL	Total TL	TL Equivalent of Euro	TL Equivalent of USD	TL Equivalent of other	TL	Total TL
A. CPMBs given on behalf of the Company’s legal personality	321.586	23.885	-	2.163.834	2.509.305	220.829	7.433	-	1.129.535	1.357.797
B. CPMBs given in favor of subsidiaries included in full consolidation (*)	-	214.392	-	53.102	267.494	-	214.392	-	53.102	267.494
C. CPMBs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business (*)	-	-	-	168	168	-	-	-	2.189	2.189
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	321.586	238.277	-	2.217.104	2.776.967	220.829	221.825	-	1.184.826	1.627.480

(*) As of 30 September 2023, total amount of commission accrued for guarantees given or contingent liabilities except ‘A. CPMBs given on behalf of the Company’s legal personality’ is TL 941 thousand (31 December 2022: TL 1.603 thousand).

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2023

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NOTE 15 – OTHER SHORT-TERM PROVISIONS AND LIABILITIES

	30 September 2023	31 December 2022
Provision for price revision (*)	531.080	362.726
Provision for selling and marketing expenses	89.863	16.863
Provision for lawsuit	23.033	24.996
Provision for EMRA contribution	15.020	14.909
Provision for other operating expenses	123.676	39.343
Other short-term provisions	782.672	458.837

(*) As per the contract with Akfel Gaz Sanayi ve Ticaret A.Ş. (“Akfel”) which is the natural gas supplier of the Company's subsidiary Aygaz Doğal Gaz Toptan Satış A.Ş.(“ADG”), as the price revision arbitration process between Akfel and Gazprom Export LLC (“Gazprom”) resulted against Akfel, the amount of provision set aside as of 30 September 2023 is USD 19.399 thousand (the equivalent of TL 531.080 thousand) (31 December 2022: USD 19.399 thousand provision – the equivalent of TL 362.726 thousand).

	30 September 2023	31 December 2022
Provision for success fees (*)	60.941	60.941
Other long-term provisions	60.941	60.941

(*) The entire amount includes the long-term success fee provision that the Company's subsidiary, Sendeo, is obliged as of 30 September 2023 within the scope of the long-term Consulting Agreement with McKinsey (Note 1).

NOTE 16 - OTHER SHORT-TERM PROVISIONS AND LIABILITIES

	30 September 2023	31 December 2022
Guarantees and deposits given	667	61.606
Other receivables	5.140	3.451
Total other current receivables	5.807	65.057

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NOTE 17- SHARE CAPITAL

Shareholders	Participation		Participation	
	rate (%)	30 September 2023	rate (%)	31 December 2022
Temel Ticaret ve Yatırım A.Ş.	5,77	12.693	5,77	12.693
Koç Family	4,76	10.452	4,76	10.452
Koç Holding A.Ş.	40,68	89.425	40,68	89.425
Liquid Petroleum Gas Development Company ("LPGDC") (*)	24,52	53.885	24,52	53.885
Publicly held (*)	24,27	53.346	24,27	53.346
Nominal capital	100,00	219.801	100,00	219.801
Inflation adjustment (**)		71.504		71.504
Adjusted capital		291.305		291.305

(*) TL 1.996.553,9 under publicly held shares (0,91% participation rate on the share capital) belong to Hilal Madeni Eşya Ticaret Sanayi ve Yatırım A.Ş., a 100% owned subsidiary of LPGDC.

(**) Adjustment to share capital" represents the restatement effect of cash and cash equivalent contributions to share capital measured in accordance with the IAS/IFRS promulgated by the POA. "Adjustment to share capital" has no use other than being transferred to paid-in share capital.

Dividends paid

In the Ordinary General Meeting held on 20 March 2023, the Company decided to reserve TL 20.881 thousand as legal reserves and distribute TL 219.801 thousand gross dividends from the net distributable income of 2022 and dividends have been started to be paid as of 27 March 2023.

NOTE 18 – EARNINGS PER SHARE

	1 January - 30 September 2023	1 July - 30 September 2023	1 January - 30 September 2022	1 July - 30 September 2022
Average number of ordinary shares outstanding during the period (one thousand)	21.980.100	21.980.100	29.108.900	27.326.700
Net profit for the year attributable equity holders of the parent company	3.833.669	2.421.957	2.832.829	1.538.278
Earnings (losses) per hundred shares (TL)	17,4415	11,0189	9,7318	5,6292

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NOTE 19 – TAX ASSETS AND LIABILITIES

	30 September 2023	31 December 2022
Current corporate tax provision	266.889	53.297
Less: Prepaid taxes and funds	(87.369)	(45.541)
Current tax liability	179.520	7.756

	1 January - 30 September 2023	1 January - 30 September 2022
Current corporate tax provision	(266.889)	(31.915)
Deferred tax	113.373	(31.274)
Total tax expense	(153.516)	(63.189)

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 30 September 2023 the rate of tax is 25% (2022: 23%). Corporation tax rate is applied to net income of the companies after adjusting for certain disallowable expenses, exempt income and allowances.

In Turkey, advance tax returns are filed on a quarterly basis. Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. Tax carry back is not allowed.

In accordance with the Law No. 7440 on the "Restructuring of Certain Receivables and Amending Certain Laws" published in the Official Gazette on 12 March 2023, with the exceptions and deductions subject to deduction from corporate income in accordance with the regulations in the laws, by being shown in the corporate tax return for the year 2022. An additional tax of 10% should be calculated over the bases subject to reduced corporate tax, without being associated with the period income, and at the rate of 5% over the exempted earnings. As of 30 September 2023, the Company's accrued amount for the related tax in addition to the corporate tax is TL 29.934 thousand. The tax payment has been divided in two installments in the year 2023 and the was paid in May 2023 and August 2023.

Deferred tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between the financial statements as reported for IAS/IFRS purposes issued by POA and financial statements prepared in accordance with the tax legislation. These differences arise from the differences in accounting periods for the recognition of income and expenses in accordance with IAS/IFRS and tax legislation.

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NOTE 19 – TAX ASSETS AND LIABILITIES (Continued)

The Company revalued its tangible and intangible assets and their depreciation as of 31 December 2022, within the scope of the Tax Procedure Law General Communiqué (Sequence No: 530) published by the Ministry of Treasury and Finance. Due to IFRS, related assets are continued to be accounted under cost method. It has calculated the deferred tax asset/liability, which is currently calculated over the temporary difference between IFRS and TPL, over the current TPL values that will occur with the effect of revaluation, and the deferred tax income that will arise due to this application, to the extent that the recovery of the said tax advantage is deemed possible, is calculated as a single income tax accounted for in the table.

As of 30 September 2023 and 31 December 2022, the distribution of deferred tax liability calculated using effective tax rates as of the balance sheet date is as follows:

	30 September 2023	31 December 2022
Depreciation/amortization differences of property, plant and equipment and other intangible assets	(29.807)	(56.478)
Revaluation of financial assets measured at fair value through other comprehensive income	119.706	72.498
Allowable financial losses	(205.216)	(93.792)
Provision for employment termination benefits	(37.699)	(38.800)
Valuation of inventories	1.452	(264)
Derivative instruments	(1.391)	16.150
Other	(24.772)	(9.532)
Deferred tax assets/liabilities	(177.727)	(110.218)

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.

	30 September 2023	31 December 2022
Deferred tax assets	(180.005)	(112.664)
Deferred tax liabilities	2.278	2.446
Deferred tax (assets) / liabilities, net	(177.727)	(110.218)

Movement of deferred tax assets and liabilities are as follows:

	2023	2022
As of January 1	(110.218)	(42.247)
Change to the profit or loss	(113.373)	31.274
Change to the equity		
- Effect of gains/(losses) on financial assets measured at fair value through other comprehensive income	47.208	25.104
- Effect of gains/(losses) on cash flow hedges	(1.344)	(11.498)
As of 30 September	(177.727)	2.633

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NOTE 20 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

Transactions with related parties	1 January - 30 September 2023			
	Purchases (Goods)	Sales (Goods)	Purchases (Service)	Sales (Service)
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	1.901.167	686.073	27.388	56
Opet Petrolcülük A.Ş.(**) (***)	1.403.115	170.162	282.355	2.859
Zer Merkezi Hizmetler ve Ticaret A.Ş.	37.973	159	186.254	29
Entek Elektrik Üretimi A.Ş.	13.296	79	16.051	37
Opet Fuchs Madeni Yağ San. Tic A.Ş.	7.923	108	185	83
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	3.005	250	54.256	1.754
Koçtaş Yapı Marketleri Ticaret A.Ş.	361	8.328	1.305	11.564
Divan Turizm İşletmeleri A.Ş.	107	6.150	633	35
Arçelik A.Ş.	14	13.624	506	195
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	6	45	8.085	-
Ford Otomotiv Sanayi A.Ş.	-	29.613	-	465
Türk Traktör ve Ziraat Makinaları A.Ş.	-	22.153	6	222
Demir Export A.Ş.	-	7.005	-	-
Otokar Otomotiv ve Savunma Sanayi A.Ş.	-	15.590	-	94
Tofaş Türk Otomobil Fabrikası A.Ş.	-	9.624	-	142
Demir Export A.Ş. - Fernas İnşaat A.Ş. Adi Ortaklığı	-	7.444	-	-
Setur Servis Turistik A.Ş.	-	200	14.676	304
Other	4.554	22.965	58.165	10.457
Shareholders				
Koç Holding A.Ş. (****)	-	282	53.914	17
Investments accounted under the equity method				
United Aygaz	-	552.787	-	-
	3.371.521	1.552.641	703.779	28.313

(*) Group companies include Koç Group companies.

(**) Commission expenses regarding LPG sold at Opet stations for nine-month period ended 30 September 2023 is TL 258.752 thousand (1 January – 30 September 2022: TL 136.980 thousand). The commission expense mentioned above is evaluated as part of sales and accounted under income statement as sales discounts.

(***) Though not presented at transactions with related parties, so as to fulfil fuel and auto gas sales exclusively and on the basis of station, prepayments and/or infrastructural investments are made directed for sales under “Agreement of Auto Gas Sales at Gas Stations” between Aygaz and Opet. Prepayments are presented under prepaid expenses in consolidated statement of financial position and are periodically amortized based on duration of dealer agreements. Prepayments and investment contribution margin is made to Opet in consideration of 5 years sale agreement on average to be paid to Aygaz Dealers making auto-gas sales at Opet stations. No prepayments or investment contribution margins were made in the period of 1 January-30 September 2023. (1 January – 30 September 2022: TL 2.176 thousand).

(****) Billed remuneration for services such as finance, law, planning, tax and senior management provided by Koç Holding, the main shareholder, to Group companies, service expenses including personnel and senior management as a result of arrangement of 1st Serial Number of General Communique About Transfer Pricing Through Hidden Income Distribution’s “11- In Group Services”.

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

NOTE 20 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

	1 January - 30 September 2022			
Transactions with related parties	Purchases (Goods)	Sales (Goods)	Purchases (Service)	Sales (Service)
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	2.485.328	329.193	9.438	56
Opet Petrolcülük A.Ş.(**) (***)	973.780	71.575	141.756	826
Zer Merkezi Hizmetler ve Ticaret A.Ş.	44.759	137	96.107	251
Opet Fuchs Madeni Yağ San. Tic A.Ş.	18.330	82	-	21
Ram Dış Ticaret A.Ş.	6.207	-	342	-
Arçelik A.Ş.	194	8.909	335	1.443
Eltek Elektrik A.Ş.	121	-	17.483	-
Koçtaş Yapı Marketleri Ticaret A.Ş.	118	5.337	286	3.277
Divan Turizm İşletmeleri A.Ş.	32	4.407	354	16
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	6	259	29.268	1.184
Türk Traktör ve Ziraat Makinaları A.Ş.	-	17.599	-	19
Tofaş Türk Otomobil Fabrikası A.Ş.	-	16.304	150	77
Demir Export A.Ş.	-	15.155	-	3
Ford Otomotiv Sanayi A.Ş.	-	14.277	-	103
Otokar Otomotiv ve Savunma Sanayi A.Ş.	-	10.342	-	133
Demir Export A.Ş. - Fernas İnşaat A.Ş. Adi Ortaklığı	-	7.616	-	-
Setur Servis Turistik A.Ş.	-	118	10.942	53
Tam Pazarlama ve İletişim Hizmetleri A.Ş.	-	17	3.601	-
Entek Elektrik Üretimi A.Ş.	-	123	-	3
Other	3.312	15.269	13.933	1.584
Shareholders				
Koç Holding A.Ş. (****)	-	172	28.467	-
Investments accounted under the equity method				
United Aygaz	-	59.379	-	-
	3.532.187	576.270	352.462	9.049

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NOTE 20 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

Tangible asset and rent transactions with related parties	1 January - 30 September 2023			
	Rent income	Rent expense	Tangible and intangible asset purchases	Tangible asset sales
Group companies (*)				
Opet Petrolcülük A.Ş.	2.049	-	-	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	13.134	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	-	6.487	11
Other	-	-	1.405	333
Shareholders				
Koç Holding A.Ş.	-	659	-	-
	2.049	659	21.026	344

Tangible asset and rent transactions with related parties	1 January - 30 September 2022			
	Rent income	Rent expense	Tangible and intangible asset purchases	Tangible asset sales
Group companies (*)				
Opet Petrolcülük A.Ş.	1.132	-	-	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	12.151	-
Other	-	-	4.322	682
Shareholders				
Koç Holding A.Ş.	-	1.727	-	-
	1.132	1.727	16.473	682

Financial and other transactions with related parties	1 January - 30 September 2023			
	Financial income	Financial expense	Other income	Other expense
Group companies (*)				
Yapı ve Kredi Bankası A.Ş.	258.892	230.593	-	-
Other	-	-	-	2.558
	258.892	230.593	-	2.558

Financial and other transactions with related parties	1 January - 30 September 2022			
	Financial income	Financial expense	Other income	Other expense
Group companies (*)				
Yapı ve Kredi Bankası A.Ş.	211.134	38.223	-	-
Other	-	-	38	243
	211.134	38.223	38	243

(*) Group companies include Koç Group companies.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2023

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NOTE 20 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

Cash at banks	30 September 2023	31 December 2022
Group companies (*)		
Yapı ve Kredi Bankası A.Ş.	183.374	355.350

Credit card receivables	30 September 2023	31 December 2022
Group companies (*)		
Yapı ve Kredi Bankası A.Ş.	14.753	6.582

Bank loans	30 September 2023	31 December 2022
Group companies (*)		
Yapı ve Kredi Bankası A.Ş.	18.415	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 30 September 2023, total benefit provided to the senior management of the Company is TL 74.001 thousand (30 September 2022: TL 14.316 thousand). This amount includes payments made for leave of employment and short-term benefits.

NOTE 21 – NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS

Foreign currency risk management

Transactions in terms of foreign currency cause the Group expose to foreign exchange risk. The Group controls foreign currency risk coming from its operations and cash flows of finance contracts by using “foreign exchange forward contracts”.

The Group’s monetary and non-monetary assets and liabilities in terms of foreign currencies are as follows:

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

NOTE 21 – NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

	30 September 2023			
	Total TL equivalent	TL equivalent of USD	TL equivalent of Euro	Other
1. Trade receivables	633.085	607.527	25.558	-
2.a Monetary financial assets	1.450.646	1.435.540	14.403	703
2.b Non-monetary financial assets	-	-	-	-
3. Other	8.351	4.099	4.196	56
4. Current assets	2.092.082	2.047.166	44.157	759
5. Trade receivables	-	-	-	-
6.a Monetary financial assets	-	-	-	-
6.b Non-monetary financial assets	-	-	-	-
7. Other	-	-	-	-
8. Non-current assets	-	-	-	-
9. Total assets	2.092.082	2.047.166	44.157	759
10. Trade payables	(3.271.413)	(2.927.979)	(343.332)	(102)
11. Financial liabilities	(228.060)	(228.060)	-	-
12.a Other monetary financial liabilities	(531.088)	(531.088)	-	-
12.b Other non-monetary financial liabilities	(5.976)	(2.050)	(2.396)	(1.530)
13. Current liabilities	(4.036.537)	(3.689.177)	(345.728)	(1.632)
14. Trade payables	-	-	-	-
15. Financial liabilities	(821.301)	(821.301)	-	-
16.a Other monetary financial liabilities	-	-	-	-
16.b Other non-monetary financial liabilities	-	-	-	-
17. Non-current liabilities	(821.301)	(821.301)	-	-
18. Total liabilities	(4.857.838)	(4.510.478)	(345.728)	(1.632)
19. Net asset/liability position of off balance sheet asset and liabilities (19a-19b)	424.215	107.684	316.531	-
19.a Total derivative assets	744.386	427.855	316.531	-
19.b Total derivative liabilities	320.171	320.171	-	-
Net foreign currency asset/ (liability) position (9+18+19)	(2.341.541)	(2.355.628)	14.960	(873)
Net foreign currency asset/(liability) position of monetary items				
21. (1+2a+5+6a+10+11+12a+14+15+16a)	(2.768.131)	(2.465.361)	(303.371)	601
22. Fair value of derivative instruments held for hedging	-	-	-	-
23. Hedged foreign currency assets	-	-	-	-
24. Hedged foreign currency liabilities	-	-	-	-
25. Export (*)	8.935.636	8.579.565	351.272	4.799
26. Import (*)	19.626.794	19.602.467	21.134	3.193

(*) Transit sales and purchases are included.

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NOTE 21 – NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

		31 December 2022			
		Total TL equivalent	TL equivalent of USD	TL equivalent of Euro	Other
1.	Trade receivables	842.386	814.831	27.555	-
2.a	Monetary financial assets	543.875	537.738	5.552	585
2.b	Non-monetary financial assets	-	-	-	-
3.	Other	66.190	66.184	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	(2.630)	(2.630)	-	-
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	(3.175.887)	(2.926.917)	(248.471)	(499)
14.	Trade payables	-	-	-	-
15.	Financial liabilities	(560.949)	(560.949)	-	-
16.a	Other monetary financial liabilities	-	-	-	-
16.b	Other non-monetary financial liabilities	-	-	-	-
17.	Non-current liabilities	(560.949)	(560.949)	-	-
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)	(2.346.372)	(2.131.917)	(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.

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NOTE 21 – NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Group’s consolidated assets and liabilities denominated in foreign currency are as follows:

	30 September 2023	31 December 2022
Assets	2.092.082	1.452.451
Liabilities	(4.857.838)	(3.736.836)
Net asset/liability position	(2.765.756)	(2.284.385)
Derivative instruments net position	424.215	206.478
Net foreign currency asset/liability position	(2.341.541)	(2.077.907)
Inventories under the natural hedge (*)	2.636.290	2.155.409
Net foreign currency position after the natural hedge	294.749	77.502

(*) 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 30 September 2023, the Group has LPG amounting to TL 2.636.290 thousand (31 December 2022: TL 2.155.409 thousand).

The Group is exposed to exchange risk due to its operations based on foreign currency. The respective exchange risk, together with the monetary assets and liabilities in foreign currency in the balance sheet, is managed with a comprehensive risk monitoring system within the targeted limits with the treasury transactions, natural hedge applications and forward foreign currency purchase/sale or derivative transaction contracts made by the Group to eliminate the currency risk.

Foreign currency sensitivity:

The Group is mainly exposed to foreign currency risk in USD and EURO.

The following table details the Group’s sensitivity to a 10% increase and decrease in the USD and Euro. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management’s assessment of the possible change in foreign exchange rates. The sensitivity analysis only includes outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower.

A positive number indicates an increase in profit/loss and other equity accounts.

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NOTE 21 – NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

	30 September 2023			
	Income/(Expense)		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
10% fluctuation of USD rate				
USD net asset/(liability)	(246.536)	246.536	(246.536)	246.536
Secured portion from USD risk	10.768	(10.768)	10.768	(10.768)
USD net effect	(235.768)	235.768	(235.768)	235.768
10% fluctuation of Euro rate				
Euro net asset/(liability)	(30.337)	30.337	(30.337)	30.337
Secured portion from Euro risk	31.653	(31.653)	31.653	(31.653)
Euro net effect	1.316	(1.316)	1.316	(1.316)
Total net effect	(234.452)	234.452	(234.452)	234.452
	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)	(213.192)	213.192	(213.192)	213.192
Secured portion from USD risk	20.648	(20.648)	20.648	(20.648)
USD net effect	(192.544)	192.544	(192.544)	192.544
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	(213.998)	213.998	(213.998)	213.998

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NOTE 21 – NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Currency forward agreements

The Group’s currency forward agreements as of 30 September 2023 and 31 December 2022 are as follows:

						30 September 2023
Maturity	Parity	Type of contract	Transactions	Total amount	Currency	
90 - 93 days	29,05-29,2	Forward	Buys USD, sells TL	15.500	USD	
13 days	1,07	Forward	Buys Euro, sells USD	10.903	Euro	
						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	

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				
	30 September 2023	1st level	2nd level	3rd level	
Financial assets measured at fair value	2.515.175	2.512.309	2.433	433	
Derivative financial instruments	(12.259)	-	(12.259)	-	
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	-	

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NOTE 21 – NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

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.

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 22 - SUBSEQUENT EVENTS

None.

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