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

AYGAZ ANONİM ŞİRKETİ

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

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

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Aygaz A.Ş.

A. Audit of the consolidated financial statements

1. Our opinion

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

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

2. Basis for opinion

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

3. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

3. Key audit matters (Continued)

Key Audit Matters	How the key audit matter was addressed in the audit
Application of TAS 29, "Financial Reporting in Hyperinflationary Economies"	
The Group applied TAS 29 "Financial reporting in hyperinflationary economies" ("TAS 29") in its consolidated financial statements as of and for the year ending 31 December 2023. According to TAS 29, the consolidated financial statements as of 31 December 2023 should be restated in accordance with 31 December 2023 purchasing power. Applying TAS 29 results in significant changes to financial statement items included in the Group's consolidated financial statements as of and for the year ending 31 December 2023. The application of TAS 29 has a pervasive and material impact on the consolidated financial statements. In addition, considering the additional effort required to perform the audit of the application of TAS 29, we identified the application of TAS 29 as a key audit matter. The Group's accounting policies and related explanations regarding the application of TAS 29 are disclosed in Note 2.1.	We performed the following audit procedures in relation to the application of TAS 29: • Understanding and evaluating the process and controls related to application of TAS 29 designed and implemented by management, • Verifying whether management's determination of monetary and non-monetary items is in compliance with TAS 29, • Obtaining detailed lists of non-monetary items and testing original entry dates and amounts on a sample basis, • Verifying the general price index rates used in calculations correspond with the coefficients in the "Consumer Price Index in Turkey" published by the Turkish Statistical Institute, • Testing the mathematical accuracy of non-monetary items, income statement, and cash flow statement adjusted for inflation effects, • Evaluating the adequacy of disclosures related to the application of TAS 29 in the notes to the consolidated financial statements in accordance with TFRS.

3. Key audit matters (Continued)

Key Audit Matters	How the key audit matter was addressed in the audit
Revenue recognition	
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. 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. The revenue amounting to TRY64,834,645 thousand which is the largest financial statement item in the consolidated statement of profit or loss for the period 1 January - 31 December 2023, has been identified as a key audit matter due to its significance level and significant impact on more than one account. Explanations regarding the Group's accounting policies and amounts regarding revenue are included in Notes 2.5 and 23.	During our audit, the following audit procedures were performed for the recognition of revenue: • 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.

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.

5. Auditor’s responsibilities for the audit of the consolidated financial statements (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B. Other responsibilities arising from regulatory requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2023 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.

2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 4 March 2024.

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

Cihan Harman, SMMM
Independent Auditor

Istanbul, 4 March 2024

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AYGAZ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

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

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

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

AYGAZ ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

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

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

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2023

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

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

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

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

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

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

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

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

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

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

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

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

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

NOTE 1 - ORGANIZATION AND OPERATIONS OF THE COMPANY

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

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

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

Subsidiaries

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

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

Within July 2010, the Company has restructured its shipping operations under new legal entities, and established 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").

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

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

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

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

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

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

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

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

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

Joint ventures

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

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

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

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Approval of consolidated financial statements:

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

2.1 Financial reporting standards

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

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

Financial reporting in hyperinflationary economy

With the announcements made by the Public Oversight Accounting and Auditing Standards Authority (POA) on 23 November 2023, entities applying TFRSs have started to apply inflation accounting in accordance with TAS 29 Financial Reporting in Hyperinflation Economies as of financial statements for the annual reporting period ending on or after 31 December 2023. TAS 29 is applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy.

According to the relevant standard, the financial statements prepared based on a currency of a high inflationary economy are stated in terms of the purchasing power of that currency at the balance sheet date. Comparative information for the prior period financial statements is also expressed in the current measurement unit at the end of the reporting period for comparison purposes. Therefore, the Group has presented its consolidated financial statements as of 31 December 2022, on the basis of purchasing power as at 31 December 2023.

In accordance with the CMB's decision dated 28 December 2023 and numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards are required to apply inflation accounting by applying the provisions of TAS 29 to their annual financial statements for the accounting periods ending on 31 December 2023.

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

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

2.1 Financial reporting standards (Continued)

On the application of TAS 29, the entity used the conversion factor derived from the Customer Price Indexes (CPI) published by Turkey Statistical Institute according to directions given by POA. The CPI for current and previous year periods and corresponding conversion factors are as follows:

Year End	Index	Conversion Factor	Three-year Compound Inflation Rate
31 December 2023	1.859,38	1,000	268%
31 December 2022	1.128,45	1,647	156%
31 December 2021	686,95	2,706	74%

The main elements of the Group's adjustment for financial reporting purposes in high-inflation economies are as folllows:

- Current period consolidated financial statements prepared in TRY are expressed with the purchasing power at the balance sheet date and the amounts from previous reporting periods are also expressed by adjusting according to the purchasing power at the end of the reporting period.

- Monetary assets and liabilities are not adjusted as they are currently expressed in current purchasing power at the balance sheet date.

- Non-monetary assets and liabilities and equity items that are not expressed in current purchasing power at the balance sheet date have been corrected using the relevant correction coefficients.

- All items in the statement of comprehensive income, except those that affect the statement of comprehensive income of non-monetary items in the balance sheet date, are indexed with coefficients calculated over the periods when the income and expense accounsts are first reflected in the financial statements.

- Effect of inflation on the Group's net monetary asset position in the current period is recorded in the monetary position loss account in the consolidated income statement.

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.

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

2.2 Consolidation principles (Continued)

(f) The non-controlling share in the net assets and operating results of subsidiaries for the year are separately classified as non-controlling interest in the consolidated statements of financial position and consolidated statements of profit or loss.

(g) A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The investments in its associates and joint ventures are accounted for using the equity method.

(h) Under the equity method, the Group's investments in its associates and joint venture are initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associates or joint ventures is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the results of the operations of the Group's associates or joint ventures. Any change in other comprehensive income of those investees is presented as a part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as 'Share of profit/loss of an associate or a joint venture' in the statement of profit or loss.

2.3 New and revised Turkey Financial Reporting Standards

a) Standards, amendments and interpretations applicable as at 31 December 2023

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

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

2.3 New and revised Turkey Financial Reporting Standards (Continued)

a) Standards, amendments and interpretations applicable as at 31 December 2023 (Continued)

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

IFRS 17, 'Insurance Contracts'; effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which permited a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts. The mentioned amendments do not have a significant impact on the financial position and performance of the Group.

Amendment to IAS 12 - International tax reform ; The temporary exception is effective for December 2023 year ends and the disclosure requirements are effective for accounting periods beginning on or after 1 January 2023, with early application permitted. These amendments give companies temporary relief from accounting for deferred taxes arising from the Minimum Tax Implementation Handbook international tax reform. The amendments also introduce targeted disclosure requirements for affected companies. The mentioned amendments do not have a significant impact on the financial position and performance of the Group.

b) Standards, amendments and interpretations that are issued but not effective as at 31 December 2023

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

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

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

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

2.3 New and revised Turkey Financial Reporting Standards (Continued)

b) Standards, amendments and interpretations that are issued but not effective as at 31 December 2023 (Continued)

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

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

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

2.4 Offsetting

Financial assets and liabilities are offset and reported in the net amount when there is a legally enforceable right or when there is an intention to settle the assets and liabilities on a net basis or realize the assets and settle the liabilities simultaneously.

2.5 Revenue recognition

When a performance obligation is satisfied by transferring promised goods or services to a customer, the Group recognises the revenue as the amount of the transaction price that is allocated to that performance obligation. The goods or services are transferred when the control of the goods or services is delivered to the customers. Returns, discounts and provisions are reduced from the related amount.

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 collectabilitiy of a consideration is probable, the entity shall consider only the customer's abilitity and intention to pay the consideration when it is due.

Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the entity and when the revenue amount, the completion level of the transaction as of the reporting date and the cost required for the completion of the transaction can be measured reliably.

The assumptions for the reliability of revenue recognition after the agreement of third parties are as follows:

- Contractual rights of each parties under sanction according to the agreement,
- Service fee,
- Payment terms and conditions.

The accounting policy of Special Consumption Tax (SCT) on imported LPG which is required to be paid after the declaration made to the Republic of Turkey, Ministry of Finance is applied to be included in revenues and cost of goods sold (Gross profit and net income is not impacted by this record). For the period 1 January - 31 December 2023, SCT on imported LPG included in revenues and the cost of goods sold is amounting to TRY 6.705.624 thousand (1 January-31 December 2022: TRY 4.427.107 thousand).

Dividend and interest revenue:

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Dividend revenue from investments is recognised when the shareholders' rights to receive payment have been established.

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.

<u>Right of use asset</u>

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).

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.

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

2.7 Leases (Continued)

Variable lease payments

Group's lease contracts also include variable lease payments which are not in the scope of IFRS 16. Variable lease payments are recognised in profit or loss in the related period. Variable lease payments as of 31 December 2023 is amount of TRY 6.990 thousand (31 December 2022: TRY 7.506 thousand).

Exemptions and simplifications

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

The Group - as a lessor

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

2.8 Property, plant and equipment

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

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

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

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

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

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

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

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 assets

Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Trade rights and licenses

Acquired trade rights and licenses are shown at historical cost. Trade rights and licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives in 4 - 15 years.

Computer software

Acquired computer software licences are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives in 3 - 5 years.

2.10 Impairment of assets

An impairment test is applied when the recovery for the book value of the redeemable assets is impossible. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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.

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

2.12 Financial instruments (Continued)

Financial assets measured at fair value

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

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

Financial assets carried at fair value through profit or loss comprise of "derivative instruments" in the statement of financial position. Derivative instruments are recognized as asset when the fair value of the instrument is positive, as liability when the fair value of the instrument is negative. Group's financial instruments at fair value through profit or loss consist of commodity future transactions.

ii) Financial assets measured at fair value through other comprehensive income

Financial assets carried at fair value through other comprehensive income comprise of "financial assets" in the statement of financial position. When the financial assets carried at fair value through other comprehensive income are sold, fair value gain or loss classified in other comprehensive income is classified to retained earnings.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, credit card receivables from banks and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are not subject to a significant risk of changes in value. In case where cash and cash equivalents do not go trough 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).

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.

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”.

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

2.14 Effects of changes in foreign exchange rates

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TRY, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements. The functional currency of participations and subsidiaries that are included in the scope of consolidation is TRY.

In preparing the financial statements of the individual entities, transactions in currencies other than TRY (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions.

At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the Central Bank of the Republic of Turkey (CBRT) rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on transactions entered in order to hedge certain foreign currency risk,
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TRY using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's "foreign currency translation difference". Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

2.15 Earnings per share

Earnings per share disclosed in the accompanying consolidated statement of income is determined by dividing net income by the weighted average number of shares in existence during the year concerned.

In Turkey, companies can raise their share capital by distributing "Free Shares" to shareholders from retained earnings. In computing earnings per share, such "free share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

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.

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.

<u>Corporate tax</u>

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.

<u>Deferred tax</u>

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.

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.

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.

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

2.25 Research and development expenses

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

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

Other development expenditures are recognised as expense as incurred.

Development costs previously recognised as expense cannot be capitalized in a subsequent period. Development costs that have been capitalized are amortized from the commencement of the commercial production of the product on a straight-line basis. As of 31 December 2023, the Group has no capitalized research and development expenses (31 December 2022: None).

2.26 Critical accounting estimates and assumptions

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

a) Property, plant and equipment and intangible fixed assets are subject to depreciation according to their useful lives (Note 13, 14). Estimations of such useful lives are based on the expectations of Group management.

b) The Group Management uses market values for quoted equity items traded in active markets, while determining fair values of financial asset measured at fair value through other comprehensive income. For other available for sale financial assets, fair values are determined in line with generally accepted valuation principles using current economic data, trends in the market and expectations.

c) There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business and significant judgment is required in determining the provision for income taxes. The Group recognizes tax liabilities for anticipated tax issues based on estimates of whether additional taxes will be due and recognizes tax assets for the carry forward tax losses and unused investment tax credits to the extent that the realization of the related tax benefit through the future taxable profits is probable (Note 30). Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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

NOTE 3 – SEGMENT INFORMATION

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

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

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

Operational segments which have been prepared in accordance with the reportable segments for the year ended 31 December 2023 are as follows:

					31 December 2023
	LPG and Gas	**Cargo transportation and Distribution**	**Petroleum products and Electricity**	**Consolidation adjustments**	**Consolidated**
Total assets	16.871.679	1.465.844	26.289.249	1.561.812	**46.188.584**
Total liabilities	8.996.006	679.544	-	(10.277)	**9.665.273**
Investments accounted under equity method	1.639.606	-	26.289.249	-	**27.928.855**

					1 January - 31 December 2023
	LPG and Gas	**Cargo transportation and Distribution**	**Petroleum products and Electricity**	**Consolidation adjustments**	**Consolidated**
Sales revenue (net)	63.881.104	956.984	-	(3.443)	**64.834.645**
Gross profit	5.525.398	(562.605)	-	-	**4.962.793**
Operating profit (*)	1.492.822	(1.143.235)	-	23	**349.610**
Operating profit	1.267.301	(1.053.815)	-	(2.047)	**211.439**
Monetary gain / (loss)	338.256	(14.756)	-	-	**323.500**
Profit from continuing operations before tax	1.466.069	(1.072.006)	5.077.322	(5.513)	**5.465.872**
Profit (loss) for the period	1.387.186	(918.350)	5.077.322	(5.513)	**5.540.645**
Non-controlling interest	-	(413.258)	-	-	**(413.258)**
Equity holders of the parent	1.387.186	(505.092)	5.077.322	(5.513)	**5.953.903**
Profit (losses) from investments accounted under equity method	11.732	-	5.077.322	-	**5.089.054**
Amortization and Depreciation (**)	729.964	85.546	-	-	**815.510**
Investment expenditures	656.166	115.300	-	-	**771.466**

(*) Excluded other operating income/expense, net.
(**) TRY 142.691 thousand of total amount consist of amortization and depreciation expenses allocated under TFRS 16, 'Leases' (2022: TRY 390.263 thousand).

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

NOTE 3 – SEGMENT INFORMATION (Continued)

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

					31 December 2022
	LPG and Gas	**Cargo transportation and Distribution**	**Petroleum products and Electricity**	**Consolidation adjustments**	**Consolidated**
Total assets	21.536.313	1.161.872	23.762.440	(689.661)	**45.770.964**
Total liabilities	14.336.122	580.686	-	(6.649)	**14.910.159**
Investments accounted under equity method	1.714.873	-	23.762.440	-	**25.477.313**

					1 January - 31 December 2022
	LPG and Gas	**Cargo transportation and Distribution**	**Petroleum products and Electricity**	**Consolidation adjustments**	**Consolidated**
Sales revenue (net)	70.995.112	294.498	-	(1.959)	**71.287.651**
Gross profit	4.366.197	(508.200)	-	-	**3.857.997**
Operating profit (*)	875.347	(903.495)	-	1.081	**(27.067)**
Operating profit	854.842	(880.520)	-	(1.885)	**(27.563)**
Monetary gain / (loss)	1.018.966	(30.219)	-	-	**988.747**
Profit from continuing operations before tax	1.187.186	(891.756)	6.200.740	(1.959)	**6.494.211**
Profit (loss) for the period	1.043.450	(716.560)	6.200.740	(1.959)	**6.525.671**
Non-controlling interest	-	(322.450)	-	-	**(322.450)**
Equity holders of the parent	1.043.450	(394.110)	6.200.740	(1.959)	**6.848.121**
Profit (losses) from investments accounted under equity method	(37.700)	-	6.200.740	-	**6.163.040**
Amortization and Depreciation	1.005.113	51.191	-	-	**1.056.304**
Investment expenditures	502.062	180.380	-	-	**682.442**

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

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

NOTE 4 – CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash on hand	1.807	1.738
Cash at banks	3.360.656	2.989.976
- Time deposits	3.205.054	2.742.940
- Demand deposits	155.602	247.036
Receivables from credit card transactions	11.723	18.199
Total	**3.374.186**	**3.009.913**

As of 31 December 2023 the Group’s TRY time deposits amounting to TRY 1.620.110 thousand with average maturities of 8 days and interest rates of 42,06%; USD time deposits amounting to USD 53.840 thousand (TRY 1.584.944 thousand) with average maturities of 2 days and interest rate of 3,71% (31 December 2022: The Group’s TRY time deposits amounting to TRY 2.029.965 thousand with average maturities of 4 days and interest rates of 20,74%. USD time deposits amounting to USD 23.140 thousand (TRY 712.975 thousand) with average maturities of 3 days and interest rate of 1,99%).

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

	31 December 2023	31 December 2022
Cash and cash equivalents	3.374.186	3.009.913
Less: Blocked deposits (*)	(2.779)	(127.999)
	3.371.407	**2.881.914**

(*) The amount consists of the cash collaterals given to Istanbul Clearing, Settlement and Custody Bank Inc.-Takasbank in accordance with the procedure with respect to central transportation services provided by Takasbank in the Organized Natural Gas Market operated by Energy Exchange Istanbul.

NOTE 5 – FINANCIAL ASSETS

The long-term financial assets of the Group are as follows as of 31 December 2023 and 2022:

	31 December 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.	2.658.694	3,93	2.647.909	3,93
Financial assets measured at fair value through profit or loss				
- Ram Dış Ticaret A.Ş.	5.789	2,50	5.161	2,50
- Tat Gıda Sanayi A.Ş. (*)	464	0,08	817	0,08
- Other	3.391	-	3.391	-
	2.668.338		**2.657.278**	

(*) The sale of Tat Gıda Sanayi A.Ş. ("Tat Gıda") shares was completed as of 19 February 2024.

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

NOTE 6 – FINANCIAL BORROWINGS

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

	31 December 2023	31 December 2022
Short-term bond issued (*)	178.324	1.039.234
TL-denominated short-term bank borrowings	325.826	607.239
Factoring liabilities	400.000	-
Short-term lease liabilities	87.856	58.429
Total short-term financial borrowings	**992.006**	**1.704.902**
Short-term portion and interest accruals of TL-denominated long-term bank borrowings	-	2.417.478
Short-term portion and interest accruals of USD-denominated long-term bank borrowings	1.135.076	4.334
Short-term portion of long-term bond issued	-	468.838
Total short-term portion of long-term financial borrowings	**1.135.076**	**2.890.650**

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

As of 31 December 2023 the details of short-term financial borrowings are as follows:

Currency	Annual average effective interest rate (%)	Original amount	TL amount
TL	29,27	325.826	325.826
			325.826

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

Currency	Annual average effective interest rate (%)	Original amount	TL amount
TL	19,41	607.239	607.239
			607.239

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

	31 December 2023	31 December 2022
USD-denominated long-term bank borrowings	-	924.342
Long-term bond issued	-	296.607
Long-term lease liabilities	93.192	113.574
Total long-term bank borrowings	**93.192**	**1.334.523**

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

NOTE 6 – FINANCIAL BORROWINGS (Continued)

As of 31 December 2023 the details of long-term financial borrowings are as follows:

Currency	Annual average effective interest rate (%)	Original amount	TL amount
USD	7,95	38.558	1.135.076
Short-term portion of long-term loans and interest accruals			(1.135.076)
			-

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

Currency	Annual average effective interest rate (%)	Original amount	TL amount
TL	17,80	2.417.478	2.417.478
USD	7,67	30.141	928.676
Short-term portion of long-term loans and interest accruals			(2.421.812)
			924.342

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

	2023	**2022**
As of January 1	**5.930.075**	**6.908.787**
Proceeds from new financial borrowings	1.958.060	6.376.527
Increase in lease liabilities	183.590	141.957
Repayments of principals	(4.395.048)	(4.829.188)
Changes in interest accruals	(101.654)	286.045
Monetary gain / (loss)	(1.888.070)	(3.304.416)
Currency translation differences	533.321	350.363
As of December 31	**2.220.274**	**5.930.075**

Covenants

The Group signed a foreign currency loan agreement on 6 December 2021. The loan includes financial covenants on Net Financial Debt/EBITDA ratio and EBITDA/Net interest expense ratio, which will be calculated every 6 months. The Group has fulfilled the terms of the contract as of 31 December 2023.

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

NOTE 7 – DERIVATIVE FINANCIAL INSTRUMENTS

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

	31 December 2023		31 December 2022	
	Contract amount	**Fair value assets/ (liabilities)**	**Contract amount**	**Fair value assets/ (liabilities)**
Short-term derivative instruments				
Forward transactions (1)	-	-	340.238	1.692
Futures transactions (2)	-	-	5.696.754	139.615
Total short-term derivative financial assets	**-**	**-**	**6.036.992**	**141.307**
Forward transactions (1)	152.563	(1.027)	-	-
Total short-term derivative financial liabilities	**152.563**	**(1.027)**	**-**	**-**

(1) As of 31 December 2023, the Group has entered into asymmetric forward transaction with a maturity of 91-93 days and nominal value amounting to USD 5.000 thousand (31 December 2022: EUR 13.421 thousand with a maturity of 11-42 days). (Note 32).

(2) As of 31 December 2023, the Group's future transactions consist of propane, butane, naphtha products and freight swaps.

NOTE 8 - TRADE RECEIVABLES AND PAYABLES FROM THIRD PARTIES

The Group's trade receivables from third parties as of 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Trade receivables	3.655.886	3.752.280
Notes receivables	94.219	112.477
Allowance for doubtful receivables (-)	(36.797)	(44.480)
Total current trade receivables	**3.713.308**	**3.820.277**

	31 December 2023	31 December 2022
Notes receivable	16.070	13.405
Total non-current trade receivables	**16.070**	**13.405**

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

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

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

	2023	2022
As of January 1	**44.480**	**73.720**
Increases during the period	11.872	578
Collections	(470)	(987)
Monetary gain / (loss)	(18.560)	(28.831)
Write offs	(525)	-
As of 31 December 2023	**36.797**	**44.480**

Allowance for doubtful receivables has been raised per customer, based on the past experiences of the Company management. Level and composition of risks of trade receivables are explained in Note 32.

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

	31 December 2023	31 December 2022
Trade payables	4.187.641	5.820.077
Total short-term trade payables	**4.187.641**	**5.820.077**

NOTE 9 – OTHER RECEIVABLES AND PAYABLES FROM THIRD PARTIES

The Group's other receivables from third parties as of 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Guarantees and deposits given	1.149	101.515
Other receivables	5.740	5.685
Total other current receivables	**6.889**	**107.200**

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

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

	31 December 2023	31 December 2022
Guarantees and deposits given	4.021	1.063
Total other non-current receivables	**4.021**	**1.063**

As of 31 December 2023 and 2022, other payables to third parties of the Group are as follows:

	31 December 2023	31 December 2022
Deposits and guarantees taken	5.981	4.996
Total other short-term payables	**5.981**	**4.996**

	31 December 2023	31 December 2022
Cylinder deposits received	213.261	208.011
Total other long-term payables	**213.261**	**208.011**

NOTE 10 – LIABILITIES FOR EMPLOYEE BENEFITS

As of 31 December 2023 and 2022, liabilities for employee benefits of the Group are as follows:

	31 December 2023	31 December 2022
Employee's income tax payable	143.022	124.448
Payables to personnel	62.138	43.682
Social security liabilities	61.009	46.167
Total liabilities for employee benefits	**266.169**	**214.297**

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

NOTE 11 – INVENTORIES

	31 December 2023	31 December 2022
Raw materials	1.805.379	3.597.535
Work in process	9.477	11.526
Finished goods	51.402	99.306
Trade goods	118.627	140.163
	1.984.885	**3.848.530**

As of 31 December 2023, the inventories comprise of 107.471 tons of LPG (31 December 2022: 180.476 tons).

NOTE 12 – EQUITY INVESTMENTS

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

	31 December 2023		31 December 2022	
	Participation amount	Participation rate (%)	Participation amount	Participation rate (%)
EYAŞ (*)	26.289.249	20,00	23.762.440	20,00
OAGM	1.188.405	50,00	1.180.456	50,00
United Aygaz	451.201	50,00	534.417	50,00
	27.928.855		**25.477.313**	

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

The movement of equity investments is as follows:

	2023	2022
As of January 1	**25.477.313**	**20.916.554**
Shares of profit/(loss)	5.089.054	6.163.040
Shares of other comprehensive income/(loss)	(147.318)	1.155.147
Dividend income	(2.837.578)	-
Disposal effect of the joint venture	-	(3.123.010)
Purchase of interest in joint venture and increase in capital (*)	347.384	365.582
As of 31 December 2023	**27.928.855**	**25.477.313**

(*) With the Board of Directors Decision of the Company dated on 6 February 2023, it was decided to increase capital of United Aygaz, USD 12.000 thousand, and the USD 6.000 thousand, corresponding to 50% share of the Company has been paid on 27 February 2023 and 27 March 2023. With the Board of Directors Decision of the Company dated on 30 November 2023, it was decided to increase capital of United Aygaz, USD 12.000 thousand, and the USD 6.000 thousand, corresponding to 50% share of the Company has been paid on 5 and 27 December 2023 (Note 1).

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

NOTE 12 – EQUITY INVESTMENTS (Continued)

Shares of profit (loss) of equity investments:

	1 January - 31 December 2023	1 January - 31 December 2022
EYAŞ	5.077.322	4.714.375
Entek	-	1.486.365
OAGM	7.949	(21.586)
United Aygaz	3.783	(16.114)
	5.089.054	**6.163.040**

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

	1 January - 31 December 2023	1 January - 31 December 2022
EYAŞ (*)	287.065	1.125.097
Entek	-	66.580
United Aygaz	(434.383)	(36.530)
	(147.318)	**1.155.147**

(*) EYAŞ uses investment loans amounting to USD 23.586 thousand equivalent to TRY 694.329 thousand (31 December 2022- USD 205.010 thousand equivalent to TRY 6.316.300 thousand adjusted to 2023 purchasing power) as a hedging instrument against USD/TRY spot foreign exchange risk due to highly probable estimated USD denominated issuance income. As a result of the effectiveness test performed in this context, the Group has determined that the entire transaction is effective and applied cash flow hedge accounting. As of 31 December 2023, the foreign exchange loss on investment loans amounting to TRY 604.270 (31 December 2022- TRY 5.195.798 thousand) is recognised in the "Hedging gains (losses)" account under equity until the cash flows of the hedged item are realised and recognised in the current period income statement does not have an impact.

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

	31 December 2023	31 December 2022
Total assets	411.863.586	392.054.446
Total liabilities	(163.914.255)	(168.315.695)
Non-controlling interest	(116.503.088)	(104.926.549)
Net assets	**131.446.243**	**118.812.202**
Group's ownership	20%	20%
Group's share in associates' net assets	26.289.249	23.762.440

	1 January - 31 December 2023	1 January - 31 December 2022
Revenue	686.528.507	887.712.620
Profit for the period	25.386.608	23.571.876
Group's share in associates' profit for the period	**5.077.322**	**4.714.375**

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

NOTE 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
Total assets	18.164.027
Total liabilities	(6.886.595)
Net assets	**11.277.432**
Group's ownership (*)	-
Group's share in associates' net assets	-

	1 January - 26 August 2022
Revenue	8.588.577
Profit for the period	2.995.495
Group's share in associates' profit for the period	**1.486.365**

(*) The registration transactions regarding the transfer of the total capital of Entek, in which the Company held 49,62% share, to Tüpraş via partial demerger with the share transfer model to the shareholders was completed on 26 August 2022, and the disposal process of the joint venture was completed.

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

	31 December 2023	**31 December 2022**
Total assets	2.474.077	2.691.999
Total liabilities	(97.266)	(331.088)
Net assets	**2.376.811**	**2.360.911**
Group's ownership	50%	50%
Group's share in associates' net assets	1.188.405	1.180.456

	1 January - 31 December 2023	**1 January - 31 December 2022**
Revenue	67.311	61.488
Profit for the period	15.899	(43.171)
Group's share in associates' profit for the period	**7.949**	**(21.586)**

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

NOTE 12 – EQUITY INVESTMENTS (Continued)

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

	31 December 2023	31 December 2022
Total assets	1.633.348	1.677.778
Total liabilities	(730.946)	(608.944)
Net assets	**902.402**	**1.068.834**
Group's ownership	50%	50%
Group's share in associates' net assets	451.201	534.417

	1 January - 31 December 2023	1 January - 31 December 2022
Revenue	1.137.071	207.599
Profit for the period	7.566	(32.228)
Group's share in associates' profit for the period	**3.783**	**(16.114)**

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

NOTE 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 2023	**268.207**	**1.944.523**	**1.042.344**	**22.862.384**	**2.032.742**	**945.406**	**413.745**	**267.501**	**29.776.852**
Additions	-	13	-	4.911	66.155	104.335	16.103	510.315	701.832
Transfers (*)	-	44.119	4.322	242.029	82.986	37.266	-	(457.287)	(46.565)
Disposals	-	(4.757)	(3.074)	(164.729)	(54.103)	(80.125)	-	(27.634)	(334.422)
As of 31 December 2023	**268.207**	**1.983.898**	**1.043.592**	**22.944.595**	**2.127.780**	**1.006.882**	**429.848**	**292.895**	**30.097.697**
Accumulated depreciation									
As of 1 January 2023	-	**1.214.676**	**851.966**	**20.821.747**	**1.314.313**	**712.663**	**374.786**	-	**25.290.151**
Charge of the period	-	57.918	15.764	373.112	99.640	63.673	10.948	-	621.055
Disposals	-	(2.822)	(962)	(149.755)	(14.477)	(27.932)	-	-	(195.948)
As of 31 December 2023	-	**1.269.772**	**866.768**	**21.045.104**	**1.399.476**	**748.404**	**385.734**	-	**25.715.258**
Net book value	**268.207**	**714.126**	**176.824**	**1.899.491**	**728.304**	**258.478**	**44.114**	**292.895**	**4.382.439**

(*) TRY 46.565 thousand under "Construction in progress" under the account property, plant and equipment has been classified to intangible fixed assets.

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

NOTE 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 2022	**268.207**	**1.916.457**	**1.037.713**	**22.828.493**	**1.961.920**	**864.899**	**404.330**	**187.752**	**29.469.771**
Additions	-	412	-	1.928	74.089	110.316	12.540	413.021	612.306
Transfers (*)	-	30.724	4.929	229.139	6.758	32.279	226	(333.272)	(29.217)
Disposals	-	(3.070)	(298)	(197.176)	(10.025)	(62.088)	(3.351)	-	(276.008)
As of 31 December 2022	**268.207**	**1.944.523**	**1.042.344**	**22.862.384**	**2.032.742**	**945.406**	**413.745**	**267.501**	**29.776.852**
Accumulated depreciation									
As of 1 January 2022	**-**	**1.156.991**	**834.384**	**20.612.644**	**1.229.498**	**674.666**	**368.581**	**-**	**24.876.764**
Charge of the period	-	58.728	17.630	390.470	94.440	58.639	8.585	-	628.492
Disposals	-	(1.043)	(48)	(181.367)	(9.625)	(20.642)	(2.380)	-	(215.105)
As of 31 December 2022	**-**	**1.214.676**	**851.966**	**20.821.747**	**1.314.313**	**712.663**	**374.786**	**-**	**25.290.151**
Net book value	**268.207**	**729.847**	**190.378**	**2.040.637**	**718.429**	**232.743**	**38.959**	**267.501**	**4.486.701**

(*) TRY 29.217 thousand under "Construction in progress" under the account property, plant and equipment has been classified to intangible fixed assets.

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

NOTE 13 – PROPERTY, PLANT AND EQUIPMENT (Continued)

As of 31 December 2023 and 2022, the details of depreciation expenses are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Cost of sales	469.838	500.385
General administrative expenses	116.082	93.299
Capitalized on cylinders	8.385	7.903
Marketing expenses	26.750	26.905
	621.055	**628.492**

NOTE 14 – INTANGIBLE ASSETS

	Rights
Acquisition costs	
As of 1 January 2023	**939.259**
Additions	69.798
Transfers (*)	46.565
As of 31 December 2023	**1.055.622**
Accumulated amortisation	
As of 1 January 2023	**762.526**
Charge for the period	51.928
As of 31 December 2023	**814.454**
Net book value	**241.168**

(*) TRY 46.565 thousand under "Construction in progress" under the account property, plant and equipment has been classified to intangible fixed assets.

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

NOTE 14 – INTANGIBLE ASSETS (Continued)

	Rights
Acquisition costs	
As of 1 January 2022	**839.906**
Additions	70.136
Transfers (*)	29.217
As of 31 December 2022	**939.259**
Accumulated amortisation	
As of 1 January 2022	**724.977**
Charge for the period	37.549
As of 31 December 2022	**762.526**
Net book value	**176.733**

(*) TRY 29.217 thousand under "Construction in progress" under the account property, plant and equipment has been classified to intangible fixed assets.

As of 31 December 2023 and 2022, the details of amortization expenses of intangible assets are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
General administrative expenses	51.928	37.549
	51.928	**37.549**

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 2023	**17.159**	**14.746**	**166.400**	**117.465**	**68.020**	**99**	**383.889**
Additions	333	1.005	99.492	-	94.675	-	195.505
Disposals	(1.634)	-	(27.632)	-	(15.898)	-	(45.164)
Charge for the period	(1.924)	(805)	(63.109)	(10.628)	(66.182)	(43)	(142.691)
Disposals from accumulated depreciation	1.634	-	19.883	-	15.485	-	37.002
As of 31 December 2023	**15.568**	**14.946**	**195.034**	**106.837**	**96.100**	**56**	**428.541**
As of 1 January 2022	**14.006**	**15.494**	**147.683**	**128.093**	**429.537**	**140**	**734.953**
Additions	5.858	-	61.584	-	189.837	-	257.279
Disposals	-	-	(8.181)	-	(995.895)	-	(1.004.076)
Charge for the period	(2.707)	(748)	(40.780)	(10.628)	(335.359)	(41)	(390.263)
Disposals from accumulated depreciation	2	-	6.094	-	779.900	-	785.996
As of 31 December 2022	**17.159**	**14.746**	**166.400**	**117.465**	**68.020**	**99**	**383.889**

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

NOTE 15 – RIGHT OF USE ASSETS (Continued)

As of 31 December 2023 and 2022, the details of depreciation expenses related to the right of use assets are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Cost of sales	73.812	36.858
General administrative expenses	45.994	91.866
Marketing expenses	22.885	261.539
	142.691	**390.263**

NOTE 16 – CONTINGENT ASSETS AND LIABILITIES

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

	31 December 2023	31 December 2022
Letter of guarantees given for gas purchase	2.537.176	1.665.517
Other letter of guarantees given	493.146	1.016.274
	3.030.322	**2.681.791**

The liability for environmental pollution:

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

National inventory reserve liability:

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

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

NOTE 16 – CONTINGENT ASSETS AND LIABILITIES (Continued)

The details of the Company's and its subsidiaries' guarantees given or contingent liabilities on the behalf of each other, related parties, parent company or third parties within the context of business operations or other purposes are as follows:

	31 December 2023					31 December 2022				
	TL Equivalent of Euro	TL Equivalent of USD	TL Equivalent of other	TL	Total TL	TL Equivalent of Euro	TL Equivalent of USD	TL Equivalent of other	TL	Total TL
A. CPMBs given on behalf of the Company's legal personality	360.837	25.684	-	2.386.069	2.772.590	363.886	12.248	-	1.861.268	2.237.402
B. CPMBs given in favor of subsidiaries included in full consolidation (*)	-	214.392	-	43.227	257.619	-	353.279	-	87.503	440.782
C. CPMBs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business (*)	-	-	-	113	113	-	-	-	3.607	3.607
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	**360.837**	**240.076**	**-**	**2.429.409**	**3.030.322**	**363.886**	**365.527**	**-**	**1.952.378**	**2.681.791**

(*) As of 31 December 2023, total amount of commission accrued for guarantees given or contingent liabilities except 'A. CPMBs given on behalf of the Company's legal personality' is TRY 2.826 thousand (31 December 2022: TRY 2.852 thousand).

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

NOTE 17 – LONG-TERM PROVISION FOR EMPLOYEE BENEFITS

Details of long-term provisions for employee benefits as of 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Provision for employment termination benefits	208.971	346.256
Vacation pay liabilities	37.929	32.301
Total long-term provision for employee benefits	**246.900**	**378.557**

Retirement pay provision:

Under the Turkish Legislations, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service and reaches the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of full TRY 35.058,58 (31 December 2022: TRY 19.982,83) for each year of service at 31 December 2023.

The liability is not funded, as there is no funding requirement.

In accordance with Turkish Labour Code, employment termination benefit is the present value of the total estimated provision for the liabilities of the personnel who may retire in the future. The provision made for present value of determined social relief is calculated by the prescribed liability method. All actuarial profits and losses are accounted in the other comprehensive income statement.

TFRS require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. The Group makes a calculation for the employment termination benefit by applying the prescribed liability method, by the experiences and by considering the personnel who become eligible for pension. This provision is calculated by expecting the present value of the future liability which will be paid for the retired personnel.

Accordingly, the following actuarial assumptions were used in the calculation of the total provision:

	2023	2022
Net discount rate (%)	2,90	0,55
Average turnover rate related to the probability of retirement (%)	95,34	96,13

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation.

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

NOTE 17 – LONG-TERM PROVISION FOR EMPLOYEE BENEFITS (Continued)

The movements of retirement pay provision for the period ended 31 December 2023 and 2022 are as follows:

	2023	2022
As of January 1	**346.256**	**219.601**
Service cost	70.422	144.688
Interest cost	54.634	11.973
Actuarial loss (gain)	8.971	103.415
Monetary gain / (loss)	(125.917)	(97.479)
Payments during the period	(145.395)	(35.942)
As of December 31	**208.971**	**346.256**

NOTE 18 –PROVISIONS

	31 December 2023	31 December 2022
Provision for price revision (*)	571.071	597.706
Provision for EMRA contribution	33.323	41.189
Provision for selling and marketing expenses	28.621	27.787
Provision for lawsuit	23.209	24.567
Provision for warranty expenses	4.146	6.832
Provision for other operating expenses	114.403	57.999
Other short-term provisions	**774.773**	**756.080**

(*) As per the contract with Akfel Gaz Sanayi ve Ticaret A.Ş. ("Akfel") which is the natural gas supplier of the Company's subsidiary Aygaz Doğal Gaz Toptan Satış A.Ş.("ADG"), as the price revision arbitration process between Akfel and Gazprom Export LLC ("Gazprom") resulted against Akfel, the amount of provision set aside as of 31 December 2023 is USD 19.399 thousand (the equivalent of TRY 571.071 thousand) (31 December 2022: USD 19.399 thousand provision – the equivalent of TRY 597.706 thousand).

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

NOTE 18 –PROVISIONS (Continued)

The movements of the provision for the other operating expenses for the period ended 31 December 2023 and 2022 are as follows:

	2023	2022
As of January 1	**57.999**	**47.980**
Increases during the period	121.575	61.544
Payments during the period	(31.413)	(36.972)
Monetary gain / (loss)	(33.758)	(14.553)
As of December 31	**114.403**	**57.999**

	31 December 2023	31 December 2022
Provision for success fees (*)	-	100.420
Other long-term provisions	**-**	**100.420**

(*) The entire amount includes the long-term success fee provision that the Company's subsidiary, Sendeo, is obliged as of 31 December 2022 within the scope of the long-term Consulting Agreement with McKinsey (Note 1).

NOTE 19 – OTHER SHORT-TERM PROVISIONS AND LIABILITIES

	31 December 2023	31 December 2022
Deferred VAT	424.073	658.915
Fuel used in shipping operations	57.271	41.645
Income accrual	14.900	45.208
Other current assets	3.495	43.857
Other current assets	**499.739**	**789.625**

	31 December 2023	31 December 2022
Taxes and funds payable	473.616	226.793
Other liabilities	21.087	17.716
Other short-term liabilities	**494.703**	**244.509**

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

NOTE 20 – PREPAID EXPENSES

As of 31 December 2023 and 2022, the details of Group's prepaid expenses in current assets are as follows:

	31 December 2023	31 December 2022
Prepaid expenses	102.149	92.808
Advances given	11.983	49.608
Short-term prepaid expenses	**114.132**	**142.416**

	31 December 2023	31 December 2022
Prepaid expenses	41.982	65.048
Long-term prepaid expenses	**41.982**	**65.048**

NOTE 21 – DEFERRED INCOME

	31 December 2023	31 December 2022
Advances taken	33.522	5.214
Prepaid income	16.006	7.295
Short-term deferred income	**49.528**	**12.509**

NOTE 22 – SHARE CAPITAL

Shareholders	Participation rate (%)	31 December 2023	Participation rate (%)	31 December 2022
Koç Holding A.Ş.	40,68	89.425	40,68	89.425
Liquid Petroleum Gas Development Company ("LPGDC") (*)	24,52	53.885	24,52	53.885
Temel Ticaret ve Yatırım A.Ş.	5,77	12.693	5,77	12.693
Koç Ailesi üyeleri	4,76	10.452	4,76	10.452
Halka açık (*)	24,27	53.346	24,27	53.346
Nominal capital (**)	**100,00**	**219.801**	**100,00**	**219.801**
Inflation adjustment (***)		4.013.723		4.013.723
Adjusted capital		**4.233.524**		**4.233.524**

(*) TRY 2.725.041,31 under publicly held shares (0,91% participation rate on the share capital) belong to Hilal Madeni Eşya Ticaret Sanayi ve Yatırım A.Ş., a 100% owned subsidiary of LPGDC.

(**) Since the transfer transactions of Entek's shares to Tüpraş through a partial demerger with the share transfer model to the shareholders, the capital of the Company decreased from TRY 300.000.000 to TRY 219.800.767.

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

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

NOTE 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 2023	31 December 2022
Legal reserves	2.817.290	2.785.525
Gain on sale of subsidiary share that will be added to capital	132.473	188.933
	2.949.763	**2.974.458**

31.12.2023 (according to IFRS)	Nominal Value	Effect of Inflation Adjustment	Indexed Value
Capital	219.801	4.013.723	4.233.524
Legal reserves	381.034	2.436.256	2.817.290

31.12.2023 (according to TPL)	Nominal Value	Effect of Inflation Adjustment	Indexed Value
Capital	219.801	6.699.041	6.918.842
Legal reserves	381.034	4.167.530	4.548.564

Dividend distribution

Listed companies distribute dividend in accordance with the Communiqué No. II-19.1 issued by the CMB which is effective from 1 February 2014.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and also in conformity with relevant legislations. The communiqué does not constitute a minimum dividend rate. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of incorporation. In addition, dividend can be distributed by fixed or variable installments and advance dividend can be paid in accordance with profit on financial statements of the Company.

In accordance with the Turkish Commercial Code (TCC), unless the required reserves and the dividend for shareholders as determined in the article of association or in the dividend distribution policy of the company are set aside, no decision may be made to set aside other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of usufruct right certificates, to the members of the board of directors or to the employees; and no dividend can be distributed to these persons unless the determined dividend for shareholders is paid in cash.

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

NOTE 22 – SHARE CAPITAL (Continued)

Dividend distribution (Continued)

The Company's statutory profit for the period and other sources that are subject the profit distribution as of 31 December 2023, amounts to TRY 3.499.326 thousand (31 December 2022: TRY 1.545.854 thousand).

Dividends paid

In the Ordinary General Meeting held on 20 March 2023, the Company decided to reserve TRY 21.693 thousand as legal reserves and distribute TRY 219.801 thousand (indexed TRY 314.370 thousand) gross dividends from the net distributable income of 2022 and dividends have been started to be paid as of 27 March 2023.

Gains and losses on financial assets measured at fair value through other comprehensive income:

Gains and losses from the revaluation and reclassification are related to financial assets and their details are as follows:

	31 December 2023	31 December 2022
Koç Finansal Hizmetler A.Ş.	875.288	865.042
	875.288	**865.042**

Currency translation adjustment

Currency translation adjustment as of 31 December 2022 represents the Company's share of currency translation adjustment of equity investment and currency translation adjustments of the Group's branch in London, Aygaz UK, whose functional currency is USD.

Financial risk hedging reserve:

The hedging gains/(losses) of EYAŞ, which is an investment accounted by the equity method of the Group, are disclosed in Note 12.

NOTE 23 - REVENUE AND COST OF SALES

	1 January - 31 December 2023	1 January - 31 December 2022
Domestic sales	51.095.087	54.578.647
Export sales	15.399.443	18.073.943
Sales returns (-)	(202.859)	(126.959)
Sales discounts (-)	(1.457.026)	(1.237.980)
Total revenue, net	**64.834.645**	**71.287.651**
Sales of goods and services	60.320.136	65.459.935
Sales of merchandises	4.514.509	5.827.716
Revenue	**64.834.645**	**71.287.651**

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

NOTE 23 - REVENUE AND COST OF SALES (Continued)

The accounting policy of Special Consumption Tax (SCT) on imported LPG which is required to be paid after the declaration made to the Republic of Turkey, Ministry of Finance is applied to be included in revenues and cost of goods sold (Gross profit and net income is not impacted by this record). For the period 1 January-31 December 2023, SCT on imported LPG included in revenues and the cost of goods sold is amounting to TRY 6.705.624 thousand (1 January-31 December 2022: TRY 4.427.107 thousand).

	1 January - 31 December 2023	1 January - 31 December 2022
Raw materials used	52.090.584	59.470.598
Production overheads	806.067	717.002
Personnel expenses	545.869	442.894
Depreciation expenses	396.149	433.279
Change in finished goods inventories	(55.791)	(112.529)
Total cost of goods sold	**53.782.878**	**60.951.244**
Cost of services rendered	1.920.949	1.228.915
Personnel expenses	192.276	169.969
Depreciation expenses	147.501	103.964
Total cost of services rendered	**2.260.726**	**1.502.848**
Cost of merchandises cost	3.828.248	4.975.562
Total cost of sales	**59.871.852**	**67.429.654**

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

	1 January - 31 December 2023	1 January - 31 December 2022
General administrative expenses	2.141.142	1.715.331
Marketing expenses	2.444.554	2.151.556
Research and development expenses	27.487	18.177
	4.613.183	**3.885.064**

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

NOTE 24 – GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES AND RESEARCHED AND DEVELOPMENT EXPENSES (Continued)

General administrative expenses	1 January - 31 December 2023	1 January - 31 December 2022
Personnel expenses	1.212.198	858.035
Depreciation and amortization expenses	213.840	221.885
Information technology expenses	143.555	103.620
Insurance expenses	56.896	44.662
Maintenance expenses	47.958	35.749
Tax expenses	47.179	47.063
Transportation expenses	44.633	53.098
Communication expenses	27.910	18.871
Lawsuit, consultancy and auditing expenses	26.505	107.237
Post office expenses	6.377	6.700
Rent expenses	2.472	6.672
Other administrative expenses	311.619	211.739
Total	**2.141.142**	**1.715.331**

Marketing expenses	1 January - 31 December 2023	1 January - 31 December 2022
Transportation, distribution and warehousing expenses	1.337.066	1.103.649
Personnel expenses	321.393	261.810
Advertising and promotion expenses	176.688	112.648
Sales expenses	147.997	124.259
After sales services and maintenances expenses	53.872	44.817
Depreciation and amortization expenses	49.653	290.173
License expenses	41.625	47.536
Transportation expenses	35.504	22.687
Other marketing expenses	280.756	143.977
Total	**2.444.554**	**2.151.556**

Research and development expenses	1 January - 31 December 2023	1 January - 31 December 2022
Research and development expenses	27.487	18.177
Total	**27.487**	**18.177**

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

NOTE 25 – EXPENSES RELATED TO NATURE

Expenses related to their nature	**1 January - 31 December 2023**	**1 January - 31 December 2022**
Personnel expenses	1.533.591	1.119.846
Transportation, distribution and warehousing expenses	1.337.066	1.103.649
Depreciation and amortization expenses	263.493	512.058
Advertising and promotion expenses	176.688	112.648
Sales expenses	147.997	124.259
Information technology expenses	143.555	103.620
Transportation expenses	80.137	75.785
Insurance expenses	56.896	44.662
After sales services and maintenances expenses	53.872	44.817
Maintenance expenses	47.958	35.749
Tax expenses	47.179	47.063
License expenses	41.625	47.536
Communication expenses	27.910	18.871
Outsourced research and development expenses	27.487	18.177
Lawsuit, consultancy and auditing expenses	26.505	107.237
Other	601.224	369.087
Total	**4.613.183**	**3.885.064**

Fees for Services Received from Independent Auditor/Independent Audit Firms

The Group's explanation regarding the fees for the services received from independent audit firms, which is based on the latter of POA dated 19 August 2021, the preparation principles of which are based on the Board Decision published in the Official Gazette on 30 March 2021 are as follows:

	2023	**2022**
Audit and assurance fee	2.252	2.030
Other assurance services fee	781	484
Total	**3.033**	**2.514**

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

NOTE 26 – OTHER OPERATING INCOME/EXPENSES

Other operating income for the years ended as of 31 December 2023 and 2022 are as follows:

Other operating income	1 January - 31 December 2023	1 January - 31 December 2022
Foreign exchange gains arising from trading acrtivities	713.590	1.383.805
Income generated from maturity differences of sales	577.211	452.283
Provisions no longer required (*)	63.457	473.650
Income from port services	52.837	48.733
Rent income	18.175	19.139
LPG pipeline usage income	15.116	14.143
Goodwill expenses from prior years	413	1.475
Gain on sale of scrap	310	4.184
Other income and profits	149.106	120.948
Total	**1.590.215**	**2.518.360**

(*) This amount includes the provisions no longer required amounting to TRY 472.482 thousand in 2022 as a result of the re-evaluation within the Price Revision Cost Provision of Aygaz Doğal Gaz Toptan Satış, the subsidiary of the Company, within the framework of the Company's best estimates.

Other operating expenses for the years ended as of 31 December 2023 and 2022 are as follows:

Other operating expense	1 January - 31 December 2023	1 January - 31 December 2022
Foreign exchange losses arising from trading acrtivities	1.192.626	1.899.542
Expenses from maturity differences of purchases	217.523	184.325
Foreign exchange losses related to price revision provision (*)	208.344	393.515
Provision expenses	23.602	7.527
Other expenses and losses	86.291	33.947
Total	**1.728.386**	**2.518.856**

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

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

NOTE 27 – INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

Income from investment activities	**1 January - 31 December 2023**	**1 January - 31 December 2022**
Dividend income from financial activities	184.590	34.804
Change in fair value of financial investments	70.599	-
Income from sales of property, plant and equipment	66.911	69.743
Total	**322.100**	**104.547**

Expense from investment activities	**1 January - 31 December 2023**	**1 January - 31 December 2022**
Loss on sale of property, plant and equipment	18.158	25.680
Total	**18.158**	**25.680**

NOTE 28 – FINANCIAL INCOME AND EXPENSES

Financial income	**1 January - 31 December 2023**	**1 January - 31 December 2022**
Foreign exchange gains	726.852	664.118
Interest income	540.463	250.508
Fair value differences on derivative transactions	22.372	1.693
Total	**1.289.687**	**916.319**

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

NOTE 28 – FINANCIAL INCOME AND EXPENSES (Continued)

Financial expense	**1 January - 31 December 2023**	**1 January - 31 December 2022**
Foreign exchange losses	981.831	473.906
Interest expenses	642.248	986.891
Interest expenses on lease liabilities	36.262	49.510
Commission expense of letter of credit	14.668	28.784
Other financial expenses	76.741	86.108
Total	**1.751.750**	**1.625.199**

NOTE 29 – EARNINGS PER SHARE

	1 January - 31 December 2023	**1 January - 31 December 2022**
Average number of ordinary shares outstanding during the period (one thousand)	21.980.100	27.326.700
Net profit for the year attributable equity holders of the parent company	5.953.903	6.848.121
Earnings (losses) per hundred shares (TL)	**27,0877**	**25,0602**

NOTE 30 – TAX ASSETS AND LIABILITIES

	31 December 2023	**31 December 2022**
Current corporate tax provision	394.972	99.266
Less: Prepaid taxes and funds	(288.936)	48.642
Net monetary gain / (loss)	(26.460)	(135.127)
Current tax liability	**79.576**	**12.781**

	1 January - 31 December 2023	**1 January - 31 December 2022**
Current corporate tax provision	(394.972)	(99.266)
Deferred tax income	469.745	130.726
Total tax expense	**74.773**	**31.460**

NOTE 30 – TAX ASSETS AND LIABILITIES (Continued)

Corporate tax

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated tax charge based on the Group's results for the years and periods.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

As of 31 December 2023 the rate of tax is 25% (2022: 23%).Corporation tax rate is applied to net income of the companies after adjusting for certain disallowable expenses, exempt income and allowances.

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

In accordance with the Law No. 7440 on the "Restructuring of Certain Receivables and Amending Certain Laws" published in the Official Gazette on 12 March 2023, with the exceptions and deductions subject to deduction from corporate income in accordance with the regulations in the laws, by being shown in the corporate tax return for the year 2022. An additional tax of 10% should be calculated over the bases subject to reduced corporate tax, without being associated with the period income, and at the rate of 5% over the exempted earnings. As of 31 December 2023, the Company's accrued amount for the related tax in addition to the corporate tax is TRY 29.934 thousand. The tax payment has been divided in two installments in the year 2023 and the was paid in May 2023 and August 2023.

Deferred tax

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

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

NOTE 30 – TAX ASSETS AND LIABILITIES (Continued)

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

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

	31 December 2023	31 December 2022
Depreciation/amortization differences of property, plant and equipment and other intangible assets	114.792	388.841
Revaluation of financial assets measured at fair value through other comprehensive income	46.068	45.529
Allowable financial losses	(305.095)	(177.571)
Provision for employment termination benefits	(50.581)	(65.549)
Valuation of inventories	(39.935)	(435)
Derivative instruments	(18)	26.612
Other	(22.784)	(298)
Deferred tax assets/liabilities, net	**(257.553)**	**217.129**

In Turkey, since the companies cannot declare consolidated tax refund, subsidiaries with deferred tax assets and subsidiaries with deferred tax liabilities cannot be netted off and are shown separately.

	31 December 2023	31 December 2022
Deferred tax assets	(333.968)	(205.574)
Deferred tax liabilities	76.415	422.703
Deferred tax (assets) / liabilities, net	**(257.553)**	**217.129**

The usage periods of fiscal year losses on which tax assets are created are as follows;

	31 December 2023	31 December 2022
Year 2026	18.284	24.090
Year 2027	116.485	153.481
Year 2028	170.326	-

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

NOTE 30 – TAX ASSETS AND LIABILITIES (Continued)

Movement of deferred tax assets and liabilities are as follows:

	2023	2022
As of January 1	**217.129**	**287.108**
Change to the profit or loss	(469.745)	(130.726)
Change to the equity	(4.937)	60.747
- Effect of gains/(losses) re-measurement on defined benefit plans	(4.718)	(18.868)
- Effect of gains/(losses) on financial assets measured at fair value through other comprehensive income	539	70.154
- Effect of gains/(losses) on cash flow hedges	(758)	9.461
As of 31 December	**(257.553)**	**217.129**

Tax reconciliation:

	31 December 2023	31 December 2022
Profit before tax	5.465.872	6.494.209
Tax expense calculated using current tax rate (25%, 23%)	(1.366.468)	(1.493.668)
Tax effects of:		
Revenue that is exempt from taxation - (investments accounted under equity method)	917.299	1.417.499
Income not subject to tax	758.042	58.652
Monetary gain / (loss)	(175.909)	(19.823)
Tax rate differences	35.369	(32.620)
Expenses that are not deductible in determining taxable profit	(7.186)	(31.051)
Tax losses	(54.147)	24.852
Valuation related tax asset adjustment	11.465	132.842
Other	(43.692)	(25.223)
Tax expense in the statement of profit or loss	**74.773**	**31.460**

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

NOTE 31 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES

A company is defined as a related party of the Company, if one of the companies has a control power on the other company or has a significant impact on financial and administrative decisions of the other company. The Company is controlled by Koç Holding, Koç Family or entities owned by Koç Family. In financial statements, shareholder companies, shareholders and financial investments and other Group companies' assets are shown as related parties. As of 31 December 2023 TRY 1.485 thousand (31 December 2022: TRY 2.297 thousand) of total amount of other payables to related parties consists of dividend payables to the shareholders except for Koç Group.

				31 December 2023
	Receivables		Payables	
Balances with related parties	**Trade**	**Non-trade**	**Trade**	**Non-trade**
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	35.592	-	392.858	-
Opet Petrolcülük A.Ş.	9.719	-	304.318	-
Koçtaş Yapı Marketleri Ticaret A.Ş.	8.436	-	2.557	-
Arçelik A.Ş.	7.822	-	6.135	-
Demir Export A.Ş. - Fernas İnşaat A.Ş. Adi Ortaklığı	5.750	-	-	-
Tofaş Türk Otomobil Fabrikası A.Ş.	2.446	-	184	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	2.073	-	27.969	-
Divan Turizm İşletmeleri A.Ş.	1.330	-	905	-
Opet-Fuchs Madeni Yağlar	31	-	4.944	-
Zer Merkezi Hizmetler ve Ticaret A.Ş. (**)	2	-	64.715	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	-	152.626	-
Other	35.782	-	33.195	-
Shareholders				
Koç Holding A.Ş.	5.552	-	55.244	-
Investments accounted under the equity method				
United Aygaz	186.372	-	-	-
	300.907	**-**	**1.045.650**	**-**

				31 December 2022
	Receivables		Payables	
Balances with related parties	**Trade**	**Non-trade**	**Trade**	**Non-trade**
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	26.105	-	178.622	-
Demir Export A.Ş. - Fernas İnşaat A.Ş. Adi Ortaklığı	9.315	-	-	-
Koçtaş Yapı Marketleri Ticaret A.Ş.	6.281	-	519	-
Tofaş Türk Otomobil Fabrikası A.Ş.	5.558	-	2.000	-
Opet Petrolcülük A.Ş.	5.027	-	310.208	-
Arçelik A.Ş.	3.904	-	1.205	-
Divan Turizm İşletmeleri A.Ş.	1.953	-	356	-
Otokoç Otomotiv Tic. ve San. A.Ş.	531	-	77.680	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	524	-	39.541	-
Opet-Fuchs Madeni Yağlar	26	-	3.093	-
Zer Merkezi Hizmetler ve Ticaret A.Ş. (**)	2	-	111.259	-
Other	20.927	-	19.474	-
Shareholders				
Koç Holding A.Ş.	35	139.035	43.572	-
Investments accounted under the equity method				
United Aygaz	150.930	-	-	-
	231.118	**139.035**	**787.529**	**-**

(*) Group companies include Koç Group companies.

(**) Zer Merkezi Hizmetler ve Ticaret A.Ş. ("Zer") provides purchasing services for various item to the Group. As of balance sheet date, trade payables consist of Group's payables to third party intermediary service companies and payables to Zer for commissions for intermediary activities

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

NOTE 31 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

	1 January - 31 December 2023			
Transactions with related parties	**Purchases (Goods)**	**Sales (Goods)**	**Purchases (Service)**	**Sales (Service)**
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	4.051.228	1.108.214	51.618	6.797
Opet Petrolcülük A.Ş.(**) (***)	2.638.477	309.360	493.746	4.198
Zer Merkezi Hizmetler ve Ticaret A.Ş.	102.960	292	331.655	81
Opet Fuchs Madeni Yağ San. Tic A.Ş.	17.685	184	249	138
Entek Elektrik Üretimi A.Ş.	5.588	129	48.007	89
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	4.555	433	99.401	3.227
Divan Turizm İşletmeleri A.Ş.	985	11.668	1.197	67
Koçtaş Yapı Marketleri Ticaret A.Ş.	580	15.074	3.695	18.875
Arçelik A.Ş.	16	23.470	1.273	1.514
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	8	70	15.388	-
Tüpraş Trading Ltd.	-	428.547	-	-
Tofaş Türk Otomobil Fabrikası A.Ş.	-	17.447	-	283
Demir Export A.Ş.	-	12.065	-	17
Ford Otomotiv Sanayi A.Ş.	-	51.785	-	863
Otokar Otomativ ve Savunma Sanayi A.Ş.	-	28.789	14	151
Demir Export A.Ş. - Fernas İnşaat A.Ş. Adi Ortaklığı	-	17.378	-	-
Setur Servis Turistik A.Ş.	-	372	30.803	434
Türk Traktör ve Ziraat Makinaları A.Ş.	-	41.159	48	362
Other	3.001	45.321	177.389	19.201
Shareholders				
Koç Holding A.Ş. (****)	**-**	**464**	**103.007**	**64**
Other	-	646	41	-
Investments accounted under the equity method				
United Aygaz	-	1.024.743	-	-
	6.825.083	**3.137.610**	**1.357.531**	**56.361**

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

NOTE 31 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

	1 January - 31 December 2022			
Transactions with related parties	**Purchases (Goods)**	**Sales (Goods)**	**Purchases (Service)**	**Sales (Service)**
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	6.101.030	800.886	30.626	132
Opet Petrolcülük A.Ş.(**) (***)	2.603.002	211.255	322.760	2.975
Zer Merkezi Hizmetler ve Ticaret A.Ş.	143.968	331	320.870	292
Opet Fuchs Madeni Yağ San. Tic A.Ş.	44.224	211	16	54
Ram Dış Ticaret A.Ş.	12.311	-	679	-
Entek Elektrik Üretimi A.Ş.	473	366	50.113	23
Arçelik A.Ş.	458	25.203	1.303	3.678
Koçtaş Yapı Marketleri Ticaret A.Ş.	407	15.770	1.440	9.192
Divan Turizm İşletmeleri A.Ş.	323	11.993	1.066	41
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	44	638	81.733	1.536
Türk Traktör ve Ziraat Makinaları A.Ş.	-	48.026	-	87
Tofaş Türk Otomobil Fabrikası A.Ş.	-	44.427	2.073	204
Demir Export A.Ş.	-	39.029	-	5
Ford Otomotiv Sanayi A.Ş.	-	39.314	-	336
Otokar Otomativ ve Savunma Sanayi A.Ş.	-	28.873	-	354
Demir Export A.Ş. - Fernas İnşaat A.Ş. Adi Ortaklığı	-	20.385	-	-
Setur Servis Turistik A.Ş.	-	247	28.481	206
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	-	51	11.500	-
Other	6.752	40.812	42.658	3.465
Shareholders				
Koç Holding A.Ş. (****)	142	428	91.077	-
Investments accounted under the equity method				
United Aygaz	-	245.085	-	-
	8.913.134	**1.573.330**	**986.395**	**22.580**

(*) Group companies include Koç Group companies.

(**) Commission expenses regarding LPG sold at Opet stations for year ended 31 December 2023 is TRY 448.707 thousand (31 December 2022: TRY 303.032 thousand). The commission expense mentioned above is evaluated as part of sales and accounted under income statement as sales discounts.

(***) Though not presented at transactions with related parties, so as to fulfil fuel and auto gas sales exclusively and on the basis of station, prepayments and/or infrastructural investments are made directed for sales under “Agreement of Auto Gas Sales at Gas Stations” between Aygaz and Opet. Prepayments are presented under prepaid expenses in consolidated statement of financial position and are periodically amortized based on duration of dealer agreements. Prepayments and investment contribution margin amounting to TRY 4.523 thousand has been made to Opet for year ended 31 December 2023 in consideration of 5 years sale agreement on average to be paid to Aygaz Dealers making auto-gas sales at Opet stations (1 January – 31 December 2022: TRY 4.656 thousand).

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

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

NOTE 31 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

			1 January - 31 December 2023	
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.	3.520	-	-	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	22.938	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	-	99.447	17
KoçDigital Çözümler AŞ.	-	-	3.275	-
Other	-	-	27.205	26.307
Shareholders				
Koç Holding A.Ş.	-	990	-	-
	3.520	**990**	**152.865**	**26.324**

			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.	2.487	-	-	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	36.644	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	-	20.754	1.503
KoçDigital Çözümler AŞ.	-	-	1.028	-
Other	-	-	6.740	694
Shareholders				
Koç Holding A.Ş.	-	3.854	-	-
	2.487	**3.854**	**65.166**	**2.197**

			1 January - 31 December 2023	
Financial and other transactions with related parties	**Financial income**	**Financial expense**	**Other income**	**Other expense**
Group companies (*)				
Yapı ve Kredi Bankası A.Ş.	314.841	237.088	-	-
Other	-	-	-	21.668
	314.841	**237.088**	**-**	**21.668**

			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.	475.508	94.280	-	-
Other	-	-	97	481
	475.508	**94.280**	**97**	**481**

(*) Group companies include Koç Group companies.

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

NOTE 31 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

Cash at banks	**31 December 2023**	**31 December 2022**
Group companies (*)		
Yapı ve Kredi Bankası A.Ş.	148.506	585.552

Credit card receivables	**31 December 2023**	**31 December 2022**
Group companies (*)		
Yapı ve Kredi Bankası A.Ş.	7.845	10.846

Bank loans	**31 December 2023**	**31 December 2022**
Group companies (*)		
Yapı ve Kredi Bankası A.Ş.	-	134.274

(*) Group companies include Koç Group companies.

Benefits to Top Management:

The Company has determined senior managers as Board of Directors' members, General Manager, Vice General Managers and Directors directly reporting to General Manager.

Benefits to top management personnel includes salaries, premiums, SSI employer's contribution, employer's contribution of unemployment insurance and the attendance fees of board of directors.

As of 31 December 2023, total benefit provided to the senior management of the Company is TRY 359.339 thousand in purchasing power (31 December 2022: TRY 233.296 thousand). As of 31 December 2023, the total payments made to senior management of the Company amount to TRY 67.754 thousand due to their leaving the job (31 December 2022: None), total amount is consist of the short-term benefits.

NOTE 32 – NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS

a) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or rearrange capital structure, the Company can return back capital to shareholders, issue new shares and sale assets in order to decrease debt requirement.

The Group controls its capital using the net financial debt/total equity ratio parallel to other companies in the sector. This ratio is the calculated as net debt divided by the equity amount. Net debt is calculated as total financial borrowings amount less cash and cash equivalents.

Risk management is applied based on the policies approved by the Board of Directors by treasury department. Group's treasury department defines and reviews the financial risk and uses tools to minimize the risk by collaborating with Group's operational units based on such risk policies. Board of Directors prepares written procedures or general policies related with the risk management including currency risk, interest risk, using of derivative and non-derivative instruments and to evaluate cash surplus.

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

NOTE 32 – NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

	31 December 2023	31 December 2022
Total short-term and long-term borrowings	2.220.274	5.930.075
Less: Cash and cash equivalents	(3.374.186)	(3.009.913)
Net financial debt	**(1.153.912)**	**2.920.162**
Total shareholder's equity	36.523.311	30.860.805
Net financial debt/equity ratio (*)	**-3,2%**	**9,5%**

(*) As of 31 December 2023, it is a net cash position.

b) Financial risk factors

The risks of the Group resulted from the operations, include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's risk management program generally seeks to minimize the effects of uncertainty in financial market on financial performance of the Group. The Group uses derivative financial instruments in order to safeguard itself from different financial risks.

b.1. Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group manages this risk by the credit limits up to the guarantees received from customers. The usage of credit limits is monitored by the Group according to the customer's credibility is evaluated continuously.

Trade receivables consist of many customers that operate in various industries and locations. Credit risk of the receivables from counterparties is evaluated perpetually.

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

NOTE 32 – NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

	Receivables					
	Trade receivables		**Other receivables**			
Credit risk of financial instruments	**Related party**	**Third party**	**Related party**	**Third party**	**Deposits in banks**	**Credit card receivables**
Maximum exposure to credit risk as of 31 December 2023 (A+B+C+D) (*)	**300.907**	**3.729.378**	**-**	**10.910**	**3.360.656**	**11.723**
- The part of maximum risk under guarantee with collateral etc.	-	1.534.802	-	-	-	-
book value of financial assets that are neither past due or impaired	300.907	3.406.922	-	10.910	3.360.656	11.723
B. The net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
rying value of financial assets that are past due but not impaired	-	322.456	-	-	-	-
- The part under guarantee with collateral etc.	-	1.788	-	-	-	-
book value of impaired assets	-	-	-	-	-	-
t due (gross carrying amount)	-	36.797	-	-	-	-
pairment (-)	-	(36.797)	-	-	-	-
e part of net value under guarantee with collateral etc.	-	-	-	-	-	-
ected credit loss (-)	-	-	-	-	-	-

(*) 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 of Turkish Lira (“TRY”) in the terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

NOTE 32 – NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

	Receivables						
	Trade receivables			**Other receivables**			
Credit risk of financial instruments	**Related party**	**Third party**		**Related party**	**Third party**	**Deposits in banks**	**Credit card receivables**
Maximum exposure to credit risk as of 31 December 2022 (A+B+C+D) (*)	**231.118**	**3.833.682**	**-**	**-**	**108.263**	**2.989.976**	**18.199**
- The part of maximum risk under guarantee with collateral etc.	-	2.209.610	-	-	-	-	-
: book value of financial assets that are neither past due or impaired	231.118	3.658.720	-	-	108.263	2.989.976	18.199
B. The net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-	-
:rying value of financial assets that are past due but not impaired	-	174.962	-	-	-	-	-
- The part under guarantee with collateral etc.	-	67.836	-	-	-	-	-
: book value of impaired assets	-	-	-	-	-	-	-
ıst due (gross carrying amount)	-	43.433	-	-	-	-	-
pairment (-)	-	(43.433)	-	-	-	-	-
e part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-
›ected credit loss (-)	-	-	-	-	-	-	-

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

NOTE 32 – NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2023	Trade receivables	Other receivables	Deposits in banks	Derivative instruments	Other	Total
Past due 1-30 days	202.100	-	-	-	-	**202.100**
Past due 1-3 months	18.259	-	-	-	-	**18.259**
Past due 3-12 months	72.364	-	-	-	-	**72.364**
Past due 1-5 years	29.733	-	-	-	-	**29.733**
Total past due receivable	**322.456**	-	-	-	-	**322.456**
Amount of risk covered by guarantees	**1.788**	-	-	-	-	**1.788**

31 December 2022	Trade receivables	Other receivables	Deposits in banks	Derivative instruments	Other	Total
Past due 1-30 days	133.771	-	-	-	-	**133.771**
Past due 1-3 months	18.948	-	-	-	-	**18.948**
Past due 3-12 months	22.016	-	-	-	-	**22.016**
Past due 1-5 years	227	-	-	-	-	**227**
Total past due receivable	**174.962**	-	-	-	-	**174.962**
Amount of risk covered by guarantees	**67.836**	-	-	-	-	**67.836**

b.2. Liquidity risk management

Liquidity risk management responsibility mainly belongs to the Board of Directors. The Board of Directors has built an appropriate liquidity risk management framework for the management of the Group's short, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk forecasts and actual cash flows, by monitoring continuously and by maintaining adequate funds and reserve borrowings as matching the maturity profile of financial assets and liabilities.

The following table presents the maturity of Group's financial liabilities. The tables have been drawn up based on the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the Group can be required to pay. Derivative financial liabilities are presented according to undiscounted net cash inflow and cash outflow. The table has been drawn up based on the undiscounted net cash inflows/(outflows) on the derivative instrument that settle on a net basis and the undiscounted gross inflows/(outflows) on those derivatives that require gross settlement. When the amounts of the payables or receivables are not fixed, the disclosed amount has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

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

NOTE 32 – NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

	31 December 2023					
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 (*)	2.039.226	2.125.478	1.082.375	1.043.103	-	-
Trade payables	5.233.291	5.233.291	5.233.291	-	-	-
Lease liabilities	181.048	223.802	35.412	76.752	110.180	1.458
Liabilities for employee benefits	266.169	266.169	266.169	-	-	-
Other payables	220.727	220.727	7.466	-	213.261	-
Other liabilities	494.702	494.702	494.702	-	-	-
Total non derivative financial liabilities	**8.435.163**	**8.564.169**	**7.119.415**	**1.119.855**	**323.441**	**1.458**

	31 December 2023					
Derivative financial instruments (*)	**Book value**	**Total cash flow according to the contract (I +II+III+IV)**	**Less than 3 months (I)**	**3-12 months (II)**	**1-5 years (III)**	**More than 5 years (IV)**
Derivative cash inflows		147.191	147.191	-	-	-
Derivative cash outlows		(152.563)	(152.563)	-	-	-
Total derivative financial instruments, net	**(1.027)**	**(5.372)**	**(5.372)**	**-**	**-**	**-**

(*) The amounts are cash flows based on contract, which have not been discounted.

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

NOTE 32 – NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

	31 December 2022					
Contractual maturity analysis	**Book value**	**Total cash flow according to the contract (I +II+III+IV)**	**Less than 3 months (I)**	**3-12 months (II)**	**1-5 years (III)**	**More than 5 years (IV)**
Short-term and long-term borrowings (*)	5.758.073	6.151.402	1.696.218	3.530.842	924.342	-
Trade payables	6.607.606	6.607.606	6.607.606	-	-	-
Lease liabilities	172.003	426.811	29.667	151.169	235.602	10.373
Liabilities for employee benefits	214.297	214.297	214.297	-	-	-
Other payables	215.304	215.304	7.293	-	-	208.011
Other liabilities	245.454	245.454	245.454	-	-	-
Total non derivative financial liabilities	**13.212.737**	**13.860.874**	**8.800.535**	**3.682.011**	**1.159.944**	**218.384**

	31 December 2022					
Derivative financial instruments (*)	**Book value**	**Total cash flow according to the contract (I +II+III+IV)**	**Less than 3 months (I)**	**3-12 months (II)**	**1-5 years (III)**	**More than 5 years (IV)**
Derivative cash inflows		872.546	872.546	-	-	-
Derivative cash outlows		(735.485)	(735.485)	-	-	-
Total derivative financial instruments, net	**141.307**	**137.061**	**137.061**	**-**	**-**	**-**

(*) 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.

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

NOTE 32 – NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

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 2023			
		Total TL equivalent	**TL equivalent of USD**	**TL equivalent of Euro**	**Other**
1.	Trade receivables	787.368	685.275	102.093	-
2.a	Monetary financial assets	1.588.064	1.575.980	11.097	987
2.b	Non-monetary financial assets	-	-	-	-
3.	Other	797	204	593	-
4.	**Current assets**	**2.376.229**	**2.261.459**	**113.783**	**987**
5.	Trade receivables	-	-	-	-
6.a	Monetary financial assets	-	-	-	-
6.b	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	**Non-current assets**	**-**	**-**	**-**	**-**
9.	**Total assets**	**2.376.229**	**2.261.459**	**113.783**	**987**
10.	Trade payables	(2.314.806)	(2.250.085)	(64.664)	(57)
11.	Financial liabilities	(1.135.076)	(1.135.076)	-	-
12.a	Other monetary financial liabilities	(571.079)	(571.079)	-	-
12.b	Other non-monetary financial liabilities	(13.240)	(11.594)	-	(1.646)
13.	**Current liabilities**	**(4.034.201)**	**(3.967.834)**	**(64.664)**	**(1.703)**
14.	Trade payables	-	-	-	-
15.	Financial liabilities	-	-	-	-
16.a	Other monetary financial liabilities	-	-	-	-
16.b	Other non-monetary financial liabilities	-	-	-	-
17.	**Non-current liabilities**	**-**	**-**	**-**	**-**
18.	**Total liabilities**	**(4.034.201)**	**(3.967.834)**	**(64.664)**	**(1.703)**
19.	Net asset/liability position of off balance sheet asset and liabilities (19a-19b)	**147.191**	**147.191**	-	-
19.a	Total derivative assets	147.191	147.191	-	-
19.b	Total derivative liabilities	-	-	-	-
20.	**Net foreign currency asset/ (liability) position (9+18+19)**	**(1.510.781)**	**(1.559.184)**	**49.119**	**(716)**
21.	**Net foreign currency asset/(liability) position of monetary items (1+2a+5+6a+10+11+12a+14+15+16a)**	**(1.645.529)**	**(1.694.985)**	**48.526**	**930**
22.	Fair value of derivative instruments held for hedging	-	-	-	-
23.	Hedged foreign currency assets	-	-	-	-
24.	Hedged foreign currency liabilities	-	-	-	-
25.	Export (*)	15.449.904	14.784.973	656.485	8.446
26.	Import (*)	34.572.638	34.532.108	31.526	9.004

(*) Transit sales and purchases are included.

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

NOTE 32 – NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

		31 December 2022			
		Total TL equivalent	TL equivalent of USD	TL equivalent of Euro	Other
1.	Trade receivables	1.388.099	1.342.693	45.406	-
2.a	Monetary financial assets	896.207	886.094	9.149	964
2.b	Non-monetary financial assets	-	-	-	-
3.	Other	109.069	109.059	10	-
4.	**Current assets**	**2.393.375**	**2.337.846**	**54.565**	**964**
5.	Trade receivables	-	-	-	-
6.a	Monetary financial assets	-	-	-	-
6.b	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	**Non-current assets**	**-**	**-**	**-**	**-**
9.	**Total assets**	**2.393.375**	**2.337.846**	**54.565**	**964**
10.	Trade payables	(4.624.303)	(4.215.402)	(408.079)	(822)
11.	Financial liabilities	(255.175)	(255.175)	-	-
12.a	Other monetary financial liabilities	(597.721)	(597.721)	-	-
12.b	Other non-monetary financial liabilities	(6.926)	(5.570)	(1.356)	-
13.	**Current liabilities**	**(5.484.125)**	**(5.073.868)**	**(409.435)**	**(822)**
14.	Trade payables	-	-	-	-
15.	Financial liabilities	(673.501)	(673.501)	-	-
16.a	Other monetary financial liabilities	-	-	-	-
16.b	Other non-monetary financial liabilities	-	-	-	-
17.	**Non-current liabilities**	**(673.501)**	**(673.501)**	**-**	**-**
18.	**Total liabilities**	**(6.157.626)**	**(5.747.369)**	**(409.435)**	**(822)**
19.	Net asset/liability position of off balance sheet asset and liabilities (19a-19b)	**340.238**	**340.238**	**-**	**-**
19.a	Total derivative assets	340.238	340.238	-	-
19.b	Total derivative liabilities	-	-	-	-
20.	**Net foreign currency asset/ (liability) position (9+18+19)**	**(3.424.013)**	**(3.069.285)**	**(354.870)**	**142**
21.	**Net foreign currency asset/(liability) position of monetary items (1+2a+5+6a+10+11+12a+14+15+16a)**	**(3.866.394)**	**(3.513.012)**	**(353.524)**	**142**
22.	Fair value of derivative instruments held for hedging	-	-	-	-
23.	Hedged foreign currency assets	-	-	-	-
24.	Hedged foreign currency liabilities	-	-	-	-
25.	Export (*)	18.094.440	17.453.452	567.120	73.868
26.	Import (*)	45.813.590	45.741.681	71.909	-

(*) Transit sales and purchases are included.

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

NOTE 32 – NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

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

	31 December 2023	**31 December 2022**
Assets	2.376.229	2.393.375
Liabilities	(4.034.201)	(6.157.626)
Net asset/liability position	**(1.657.972)**	**(3.764.251)**
Derivative instruments net position	147.191	340.238
Net foreign currency asset/liability position	**(1.510.781)**	**(3.424.013)**
Inventories under the natural hedge (*)	1.589.499	3.551.722
Net foreign currency position after the natural hedge	**78.718**	**127.709**

(*) The Group manages its foreign currency risk by regularly considering and reflecting the foreign exchange rate changes in the determination of product prices (natural hedge). As of 31 December 2023, the Group has LPG amounting to TRY 1.589.499 thousand (31 December 2022: TRY 3.551.722 thousand).

The Group is exposed to currency risk due to its operations in foreign currency. The currency risk managed with a comprehensive risk monitoring system by analysis of the monetary assets and liabilities in foreign currency in the consolidated financial statements, by treasury transactions, natural hedging, derivative transaction contracts within the targeted limits.

Foreign currency sensitivity:

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

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

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

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

NOTE 32 – NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

	31 December 2023			
	Income/(Expense)		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
10% fluctuation of USD rate				
USD net asset/(liability)	(169.499)	169.499	(169.499)	169.499
Secured portion from USD risk	14.719	(14.719)	14.719	(14.719)
USD net effect	**(154.780)**	**154.780**	**(154.780)**	**154.780**
10% fluctuation of Euro rate				
Euro net asset/(liability)	4.853	(4.853)	4.853	(4.853)
Secured portion from Euro risk	-	-	-	-
Euro net effect	**4.853**	**(4.853)**	**4.853**	**(4.853)**
Total net effect	**(149.927)**	**149.927**	**(149.927)**	**149.927**

	31 December 2022			
	Income/(Expense)		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
10% fluctuation of USD rate				
USD net asset/(liability)	(351.301)	351.301	(351.301)	351.301
Secured portion from USD risk	34.024	(34.024)	34.024	(34.024)
USD net effect	**(317.277)**	**317.277**	**(317.277)**	**317.277**
10% fluctuation of Euro rate				
Euro net asset/(liability)	(35.352)	35.352	(35.352)	35.352
Secured portion from Euro risk	-	-	-	-
Euro net effect	**(35.352)**	**35.352**	**(35.352)**	**35.352**
Total net effect	**(352.630)**	**352.630**	**(352.630)**	**352.630**

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

NOTE 32 – NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Currency forward agreements

Currency forward agreements which are valid as of 31 December 2023 and 2022 are summarized at the table below.

					31 December 2023
Maturity	**Parity**	**Type of contract**	**Transactions**	**Total amount**	**Currency**
91-93 days	91-92	Forward	Buys USD, sells TL	5.000	USD

					31 December 2022
Maturity	**Parity**	**Type of contract**	**Transactions**	**Total amount**	**Currency**
11 days	1,06	Forward	Buys Euro, sells USD	11.898	EUR
28-42 days	1,0566 - 1,058	Forward	Buys USD, sells Euro	1.523	EUR

b.3.2. Interest rate risk management

The Group is exposed to interest rate risk due to the effect of changes in interest rates on the Group's assets and liabilities having interest returns. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swap contracts and interest rate forward contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through different interest rate cycles.

Details of the Group's financial instruments that are sensitive to interest rates are as follows:

Interest rate position

	31 December 2023	31 December 2022
Instruments with fixed interest rate		
Time deposits	3.205.054	2.742.940
Borrowings and bonds issued	1.334.184	3.823.071
Instruments with floating interest rate		
Borrowings and bond issued	886.090	2.107.004

If the interest rates in terms of all the currency units higher/lower by 100 basis points and all other variables held constant, profit before taxation would have been higher/(lower) by TRY 436 thousand as of 31 December 2023 (As of 31 December 2022: TRY 1.956 thousand).

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

NOTE 32 – NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2023	Financial assets at amortized cost	Loans and receivables	Financial assets measured at fair value through other comprehensive income	Financial assets measured at fair value through profit (loss)	Financial liabilities at amortized cost	Book value	Note
Financial assets							
Cash and cash equivalents	3.374.186	-	-	-	-	3.374.186	4
Trade receivables	-	4.030.285	-	-	-	4.030.285	8, 31
Other financial assets	-	-	2.658.694	9.644	-	2.668.338	5
Other receivables	-	10.910	-	-	-	10.910	9
Financial liabilities							
Short-term and long-term borrowings	-	-	-	-	2.220.274	2.220.274	6
Trade payables	-	-	-	-	5.233.291	5.233.291	8, 31
Liabilities for employee benefits	-	-	-	-	62.138	62.138	10
Other payables	-	-	-	-	220.727	220.727	9, 31
Other liabilities	-	-	-	-	21.087	21.087	19

31 December 2022	Financial assets at amortized cost	Loans and receivables	Financial assets measured at fair value through other comprehensive income	Financial assets measured at fair value through profit (loss)	Financial liabilities at amortized cost	Book value	Note
Financial assets							
Cash and cash equivalents	3.009.913	-	-	-	-	3.009.913	4
Trade receivables	-	4.064.800	-	-	-	4.064.800	8, 31
Other financial assets	-	-	2.647.909	9.369	-	2.657.278	5
Other receivables	-	108.263	-	-	-	108.263	9
Financial liabilities							
Short-term and long-term borrowings	-	-	-	-	5.930.075	5.930.075	6
Trade payables	-	-	-	-	6.607.606	6.607.606	8, 31
Liabilities for employee benefits	-	-	-	-	43.682	43.682	10
Other payables	-	-	-	-	215.304	215.304	9, 31
Other liabilities	-	-	-	-	17.716	17.716	19

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

NOTE 32 – NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy table

The fair values of financial assets and financial liabilities are determined as follows:

- First level: The fair value of financial assets and financial liabilities are determined with reference to actively traded market prices;
- Second level: Other than market prices specified at first level, the fair value of financial assets and financial liabilities are evaluated with reference to inputs that used to determine directly or indirectly observable price in market;
- Third level: The fair value of financial assets and financial liabilities are evaluated with reference to inputs that used to determine fair value but not relying on observable data in the market.

Level classifications of financial assets and liabilities at fair value are as follows:

Financial assets/(liabilities)		**Level of fair value as of reporting date**		
	31 December 2023	**1st level**	**2nd level**	**3rd level**
Financial assets measured at fair value	2.668.338	2.659.158	5.789	3.391
Derivative financial instruments	(1.027)	-	(1.027)	-

Financial assets/(liabilities)		**Level of fair value as of reporting date**		
	31 December 2022	**1st level**	**2nd level**	**3rd level**
Financial assets measured at fair value	2.657.278	2.648.726	5.161	3.391
Derivative financial instruments	141.307	-	141.307	-

Information for reflecting financial assets and liabilities at fair value:

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Group, using available market information and appropriate valuation methodologies. However, judgements are necessarily required to interpret the market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Group could realize in a current market exchange.

Following methods and assumptions were used to estimate the fair value of the financial instruments for which is practicable to estimate fair value:

Financial assets

The carrying amounts of foreign currency denominated monetary assets which are translated at year end exchange rates are considered to approximate their fair values.

NOTE 32 – NATURE AND LEVEL OF RISK DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

The carrying values of cash and cash equivalents are estimated to be their fair values since they are short-term.

The carrying values of trade receivables along with the related allowances for uncollectability are estimated to be their fair values.

Financial Liabilities

The carrying values of short-term financial liabilities and other financial liabilities are estimated to be their fair values since they are short-term.

NOTE 33 – SUBSEQUENT EVENTS

As publicly disclosed on January 11, 2024, a non-binding Memorandum of Understanding has been signed to express the understanding of the parties with the purpose of conducting the activities of Sendeo, the subsidiary of the Company, in which Koç Holding and Aygaz collectively own all shares, and Ekol Ekspres Kargo A.Ş. ("Kolay Gelsin"), which is wholly owned by Ahmet Musul, under the "Kolay Gelsin" brand with the principle of equal partnership of Sendeo shareholders and Ahmet Musul. Following the legal, financial, and tax due diligences to be conducted by the parties, if binding agreements are signed, the transaction is aimed to be closed within the first half of 2024. The closing is subject to the conditions precedent including but not limited to obtain necessary approvals from and make notifications to the Competition Authority, Information Technologies and Communications Authority and the Ministry of Transport and Infrastructure of the Republic of Türkiye.

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