

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

AYGAZ ANONİM ŐİRKETİ

**1 JANUARY - 30 JUNE 2022 INTERIM
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TOGETHER WITH AUDITOR'S REVIEW REPORT**



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

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

To the General Assembly of Aygaz Anonim Şirketi

1. Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Aygaz Anonim Şirketi (the "Company") and its subsidiaries (collectively referred as the "Group") as at 30 June 2022 and the related condensed consolidated statements of profit or loss, condensed other comprehensive income, condensed changes in equity and condensed cash flows for the six-month period then ended. The management of the Group is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with Turkish Accounting Standard 34 ("TAS 34") "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

2. Scope of review

We conducted our review in accordance with the Standard on Review Engagements ("SRE") 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and the objective of which is to express an opinion on the condensed consolidated financial statements. Consequently, a review on the interim condensed consolidated financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

3. Conclusion

Based on our review, nothing has come to our attention that causes us to conclude that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with TAS 34.



4. *Additional explanation for convenience translation into English*

Turkish Financial Reporting Standards differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of IAS 29 - Financial Reporting in Hyperinflationary Economies by 30 June 2022. Accordingly, the accompanying condensed consolidated financial statements are not intended to present fairly the consolidated financial position and results of operations of the Group Company in accordance with IFRS.

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

Cihan Harman, SMMM
Partner

Istanbul, 15 August 2022

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AYGAZ ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

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

	Notes	Reviewed 30 June 2022	Audited 31 December 2021
ASSETS			
Current assets			
Cash and cash equivalents	4	1.474.824	1.693.433
Financial investments		36.609	-
Trade receivables		1.801.765	1.065.040
- Trade receivables from related parties	20	45.537	71.565
- Trade receivables from third parties	8	1.756.228	993.475
Other receivables		9.810	105.610
- Other receivables from third parties	16	9.810	105.610
Derivative financial instruments	7	207.016	185
Inventories	9	2.321.167	1.433.089
Prepaid expenses		78.396	91.326
Assets related to current year tax		8.734	-
Other current assets		409.546	248.908
Total current assets		6.347.867	4.637.591
Non-current assets			
Financial investments	5	591.661	462.013
Trade receivables		6.019	6.545
- Trade receivables from third parties	8	6.019	6.545
Other receivables		7.509	156
- Other receivables from third parties		7.509	156
Investments accounted under equity method	10	3.625.019	2.160.939
Property, plant and equipment	11	828.009	771.735
Right-of-use assets	13	236.448	188.420
Intangible assets		29.522	32.620
- Other intangible assets	12	29.522	32.620
Prepaid expenses		26.368	28.908
Deferred tax asset	19	52.286	44.204
Total non-current assets		5.402.841	3.695.540
Total assets		11.750.708	8.333.131

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

AYGAZ ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

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

	Notes	Reviewed 30 June 2022	Audited 31 December 2021
LIABILITIES AND EQUITY			
Short-term liabilities			
Short-term financial borrowings	6	1.276.048	111.624
Current portion of long-term financial borrowings	6	668.828	954.983
Trade payables		2.972.837	2.122.269
- Trade payables to related parties	20	379.182	308.739
- Trade payables to third parties	8	2.593.655	1.813.530
Liabilities for employee benefits		30.207	61.415
Other payables		4.118	3.388
- Other payables to related parties	20	1.397	1.335
- Other payables to third parties		2.721	2.053
Derivative financial instruments	7	-	44.598
Deferred income		8.238	9.207
Current income tax liabilities		3.207	27.421
Short-term provisions		692.902	496.748
- Short-term provisions for employee benefits		57.154	-
- Other provisions	15	635.748	496.748
Other current liabilities		99.009	37.006
Total short-term liabilities		5.755.394	3.868.659
Long-term liabilities			
Long-term financial borrowings	6	1.773.477	1.485.852
Other payables		152.871	141.749
- Trade payables to third parties		152.871	141.749
Long-term provisions		154.869	115.715
- Long-term provisions for employee benefits		103.073	91.919
- Other long-term provisions	15	51.796	23.796
Deferred tax liabilities	19	1.970	1.957
Total long-term liabilities		2.083.187	1.745.273
Total liabilities		7.838.581	5.613.932
Equity			
Share capital	17	300.000	300.000
Adjustment to share capital	17	71.504	71.504
Adjustment to share capital due to cross-ownership (-)		(7.442)	(7.442)
Other comprehensive income or expenses			
not to be reclassified to profit or loss		408.424	285.626
Gains (losses) on the revaluation and/or reclassification		410.174	287.376
- Gains (losses) remeasurement from defined benefit plans		(413)	(413)
- Gains (losses) on financial assets measured at fair value through other comprehensive income		410.587	287.789
Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss		(1.750)	(1.750)
Other comprehensive income or expenses to be reclassified to profit or loss		(482.266)	(411.216)
Currency translation differences		(2.029)	3.311
Gains (losses) on hedge		41	(14.550)
- Gains (losses) on cash flow hedges		41	(14.550)
Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss		(480.278)	(399.977)
Restricted reserves		379.192	365.692
Retained earnings		1.930.059	1.423.454
Net profit (loss) for the period		1.294.551	670.105
Equity attributable to equity holders of the parent		3.894.022	2.697.723
Non-controlling interest		18.105	21.476
Total equity		3.912.127	2.719.199
Total equity and liabilities		11.750.708	8.333.131

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

AYGAZ ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

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

	Reviewed 1 January - 30 June 2022	Reviewed 1 April - 30 June 2022	Reviewed 1 January - 30 June 2021	Reviewed 1 April - 30 June 2021
Revenue	15.969.423	9.556.791	5.402.214	2.520.822
Cost of sales (-)	(15.061.576)	(9.114.406)	(4.905.588)	(2.295.040)
Gross profit	907.847	442.385	496.626	225.782
General administrative expenses (-)	(331.015)	(180.979)	(174.904)	(90.040)
Marketing expenses (-)	(445.159)	(260.290)	(197.728)	(104.658)
Research and development expenses (-)	(3.815)	(2.630)	(2.035)	(1.515)
Other operating income	748.378	563.970	403.539	94.328
Other operating expenses (-)	(920.034)	(625.505)	(386.275)	(68.301)
Operating profit	(43.798)	(63.049)	139.223	55.596
Income from investment activities	30.721	7.912	14.662	5.247
Loss from investment activities (-)	(2.440)	(981)	(1.686)	(1.313)
Profit (losses) from investments accounted under equity method	10 1.369.743	1.173.968	135.563	197.559
Operating profit before financial income (expense)	1.354.226	1.117.850	287.762	257.089
Financial income	263.027	119.827	87.329	34.754
Financial expense (-)	(391.674)	(227.118)	(151.438)	(74.684)
Profit from continuing operations before tax	1.225.579	1.010.559	223.653	217.159
Tax income (expense), continuing operations				
Current tax expense for the period (-)	19 (16.792)	(5.930)	(63.011)	(38.195)
Deferred tax income (expense)	19 19.393	43.907	23.704	16.741
Profit (loss) for the period	1.228.180	1.048.536	184.346	195.705
Distribution of profit (loss) for the period				
Non-controlling interest	(66.371)	(45.121)	-	-
Equity holders of the parent	1.294.551	1.093.657	184.346	195.705
Earnings (losses) per share (TL)	18 4,3152	3,6455	0,6145	0,6524
Diluted earnings (losses) per share (TL)	18 4,3152	3,6455	0,6145	0,6524

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

AYGAZ ANONİM ŞİRKETİ

CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPERHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

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

	Notes	Reviewed 1 January - 30 June 2022	Reviewed 1 April - 30 June 2022	Reviewed 1 January - 30 June 2021	Reviewed 1 April - 30 June 2021
Profit (loss) for the period		1.228.180	1.048.536	184.346	195.705
Other comprehensive income					
Not to be reclassified to profit or loss		122.798	43.949	(118.921)	2.585
Gains (losses) on financial assets measured at fair value through other comprehensive income					
- <i>Gains (losses) on financial assets measured at fair value through other comprehensive income</i>		129.261	46.262	(125.180)	2.721
Taxes relating to other comprehensive income not to be reclassified to profit (loss)					
- <i>Gains (losses) on financial assets measured at fair value through other comprehensive income, tax effect</i>	19	(6.463)	(2.313)	6.259	(136)
To be reclassified to profit or loss		(71.050)	195.268	(12.652)	(12.495)
Currency translation differences		(5.340)	(19.561)	3.799	(2.856)
Gains (losses) on cash flow hedges					
- <i>Gains (losses) on cash flow hedges</i>		19.452	53.786	(9.844)	(18.363)
Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss					
- <i>Gains (losses) from cash flow hedges of investments using equity method</i>		(147.009)	138.471	(14.569)	1.605
- <i>Gains (losses) from currency translation differences of investments using equity method</i>		66.708	35.329	5.437	2.890
Taxes relating to other comprehensive income to be reclassified to profit (loss)					
- <i>Gains (losses) on cash flow hedges, tax effect</i>	19	(4.861)	(12.757)	2.525	4.229
Other comprehensive income (expense) (after taxation)		51.748	239.217	(131.573)	(9.910)
Total other comprehensive income (expense)		1.279.928	1.287.753	52.773	185.795
Distribution of total comprehensive income (expense)					
- Non-controlling interest		(66.371)	(45.121)	-	-
- Equity holders of the parent		1.346.299	1.332.874	52.773	185.795

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

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

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

	Notes	Other comprehensive income or expenses not to be reclassified to profit or loss			Other comprehensive income or expenses to be reclassified to profit or loss			Accumulated profit								
		Share capital	Adjustment to share capital	Adjustment to share capital due to cross-ownership (-)	Gains (losses) on re-measurement of defined benefit plans	Gains (losses) on financial assets measured at fair value through other comprehensive income	Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss	Currency translation differences	Gains (losses) on cash flow hedges	Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss	Restricted reserves	Retained earnings	Net profit attributable to the equity holders for the period	Equity attributable to the equity holders of the parent	Non-controlling interest	Total equity
Reviewed																
As of 1 January 2021		300.000	71.504	(7.442)	237	249.012	(1.233)	(4.822)	5.405	(234.244)	352.192	1.611.683	(24.889)	2.317.403	-	2.317.403
Transfers		-	-	-	-	-	-	-	-	-	13.500	(38.389)	24.889	-	-	-
Total comprehensive income (expense)		-	-	-	-	(118.921)	-	3.799	(7.319)	(9.132)	-	-	184.346	52.773	-	52.773
Net income		-	-	-	-	-	-	-	-	-	-	-	184.346	184.346	-	184.346
Other comprehensive income (expense)		-	-	-	-	(118.921)	-	3.799	(7.319)	(9.132)	-	-	-	(131.573)	-	(131.573)
Dividend paid		-	-	-	-	-	-	-	-	-	-	(150.000)	-	(150.000)	-	(150.000)
As of 30 June 2021		300.000	71.504	(7.442)	237	130.091	(1.233)	(1.023)	(1.914)	(243.376)	365.692	1.423.294	184.346	2.220.176	-	2.220.176
Reviewed																
As of 1 January 2022		300.000	71.504	(7.442)	(413)	287.789	(1.750)	3.311	(14.550)	(399.977)	365.692	1.423.454	670.105	2.697.723	21.476	2.719.199
Transfers		-	-	-	-	-	-	-	-	-	13.500	656.605	(670.105)	-	-	-
Increase in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	63.000	63.000
Total comprehensive income (expense)		-	-	-	-	122.798	-	(5.340)	14.591	(80.301)	-	-	1.294.551	1.346.299	(66.371)	1.279.928
Net income		-	-	-	-	-	-	-	-	-	-	-	1.294.551	1.294.551	(66.371)	1.228.180
Other comprehensive income (expense)		-	-	-	-	122.798	-	(5.340)	14.591	(80.301)	-	-	-	51.748	-	51.748
Dividend paid	17	-	-	-	-	-	-	-	-	-	-	(150.000)	-	(150.000)	-	(150.000)
As of 30 June 2022		300.000	71.504	(7.442)	(413)	410.587	(1.750)	(2.029)	41	(480.278)	379.192	1.930.059	1.294.551	3.894.022	18.105	3.912.127

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

AYGAZ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2022

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

	Notes	Reviewed 1 January - 30 June 2022	Reviewed 1 January - 30 June 2021
Cash flows from operating activities		(768.200)	(205.617)
Net income (loss)		1.228.180	184.346
Adjustments related with the reconciliation of net profit (loss) for the period		(1.176.865)	90.526
Adjustments for depreciation and amortization expenses	3, 11, 12, 13	115.297	85.997
Adjustments for impairment reversal (loss)		(103)	1.044
Adjustments for provisions		110.032	62.343
Adjustments for dividend income (expense)		(16.863)	(7.525)
Adjustments for interest income		(51.457)	(53.157)
Adjustments for interest expense		220.907	101.222
Adjustments for unrealized foreign translation differences		61.448	6.941
Adjustments for fair value gains (losses) on derivative financial instruments		(236.838)	(2.220)
Adjustments for undistributed profits of investments accounted under equity method	10	(1.369.743)	(135.563)
Adjustments for tax income (expenses)	19	(2.601)	39.307
Adjustments for gains (losses) on disposal of non-current assets		(11.418)	(5.451)
Other adjustments for reconciliation of profit (loss)		4.474	(2.412)
Changes in working capital		(769.728)	(439.001)
Change in blocked deposits		18.983	(16.242)
Adjustments for decrease (increase) in trade receivables		(736.096)	(9.999)
Adjustments for decrease (increase) in other operating receivables		(72.191)	(84.004)
Adjustments for decrease (increase) in inventories		(888.078)	(216.842)
Decrease (increase) in prepaid expenses		15.470	(30.335)
Adjustments for increase (decrease) in trade payables		850.568	(12.805)
Increase (decrease) in liabilities for employee benefits		(31.208)	(56.024)
Adjustments for increase (decrease) in other operating payables		73.793	(13.728)
Increase (decrease) in deferred income		(969)	978
Cash flows from operating activities		(718.413)	(164.129)
Payments related to provisions for employee benefits		(47)	(3.817)
Tax returns (payments)		(49.740)	(37.671)
Cash flows from investing activities		(229.777)	(60.069)
Cash outflows from the purchase of interests or capital increase of investments in associates or joint ventures	10	(174.638)	(4.507)
Cash inflows from the sale of property, plant and equipment and intangible assets		22.232	14.864
Cash outflows from the purchase of property, plant and equipment and intangible assets	11, 12	(120.625)	(77.951)
Dividends received		16.863	7.525
Other cash inflows (outflows)			
- Decrease (increase) in financial investments		(36.609)	-
- Contributions of non-controlling interests to capital increases		63.000	-
Cash flows from financing activities		627.890	(1.050)
Proceeds from borrowings		1.725.303	503.400
Repayments of borrowings		(785.250)	(281.950)
Payments of lease liabilities		(75.381)	(48.880)
Dividends paid		(149.938)	(149.938)
Interest paid		(138.301)	(76.891)
Interest received		51.457	53.209
Net increase (decrease) in cash and cash equivalents before currency translation differences		(370.087)	(266.736)
Effect of currency translation differences		170.461	24.122
Net increase (decrease) in cash and cash equivalents		(199.626)	(242.614)
Cash and cash equivalents at the beginning of the period	4	1.671.074	958.212
Cash and cash equivalents at the end of the period	4	1.471.448	715.598

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

AYGAZ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2022

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

NOTE 1 - ORGANIZATION AND OPERATIONS OF THE COMPANY

The main activity of Aygaz Anonim Şirketi (the “Company” or “Aygaz”) is the purchase of liquid petroleum gas (LPG) in bulk from domestic refineries and the overseas market and delivery to retailers for distribution to customers. The Company manufactures LPG cylinders, LPG tanks, regulators and other supplementary materials which support the Company’s main business and which are necessary equipment for the end-user. In 2019 the Company opened a branch office in London with the aim of increasing trade volume with third parties in international markets and creating additional value for its domestic operations by monitoring the opportunities in global markets. The Company is controlled by Koç Holding A.Ş. the parent company, Koç Family and the companies owned by Koç Family.

The Company is registered at the Capital Markets Board of Turkey (“CMB”) and as of 30 June 2022, 24,27% of its shares have been quoted at Borsa Istanbul.

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

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

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

	<u>End of period</u>		<u>Average</u>	
	<u>30 June 2022</u>	<u>31 December 2021</u>	<u>1 January - 30 June 2022</u>	<u>1 January - 30 June 2021</u>
Monthly paid	915	840	882	715
Hourly paid	708	632	689	665
Total number of personnel	1.623	1.472	1.571	1.380

Subsidiaries

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

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

Within July 2010, the Company has restructured its shipping operations under new legal entities, and established Anadoluhisarı Tankercilik A.Ş. (“Anadolu Hisarı”), Kandilli Tankercilik A.Ş. (“Kandilli”), Kuleli Tankercilik A.Ş. (“Kuleli”) and Kuzguncuk Tankercilik A.Ş. (“Kuzguncuk”) with an effective ownership interest of 100%. The main activities of these companies are to purchase, build or rent vessels and to operate them in domestic and/or overseas transportation of crude oil, petroleum products, liquid petroleum gas, natural gas and solid, liquid and liquefied products. On 13 October 2017, the vessel named “Kuleli” which is used for the transportation of LPG was sold by Kuleli Tankercilik A.Ş. - the Company’s subsidiary. On 14 March 2019 Kuleli has acquired the 100% of shares of Bal Kaynak Su İthalat İhracat Sanayi ve Ticaret A.Ş. (“Bal Kaynak”). With the Ordinary General Assembly Meeting of Bal Kaynak, held on 3 March 2022, it was decided to increase its capital to TL 133.000 thousand. Bal Kaynak continues its water trade activities with the aim of providing sustainable production.

Sendeo Dağıtım Hizmetleri A.Ş. (“Sendeo”) (Former trade name: Aygaz Aykargo Dağıtım Hizmetleri A.Ş.(“Aykargo”) which started as an in-house entrepreneurship Project, has started its cargo delivery

AYGAZ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2022

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

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

and distribution activities in 2020. With the Ordinary General Assembly Meetings of Sendeo, held on 19 February 2021 and 2 September 2021, it was decided to increase the Sendeo's capital from TL 500 thousand to TL 35.500 thousand, and from TL 35.500 thousand to TL 143.500 thousand, respectively. As a result of the negotiations regarding building a strategic collaboration with McKinsey Danışmanlık Hizmetleri Ltd. Şti. ("McKinsey"), in place of the Partnership Framework Agreement dated 15 January 2021, it was decided to continue cooperation by signing a long-term Consulting Agreement with the resolution of the Board of Directors dated 30 July 2021. With the contract, the Company has declared its intentions that the Company and/or other Koç Group companies owning Sendeo's shares make a cash capital injection of up to USD 60 million in Sendeo during the service period taking into account the company's activities and operational needs. On 3 August 2021 45% of the shares of Sendeo each with a nominal value of TL 15.975 thousand were transferred to Koç Holding A.Ş. with a cash price of TL 15.975 thousand and the full payment was collected by the Company in cash. With the decision of the Extraordinary General Assembly registered on 14 February 2022, the capital of Sendeo has been decided to be increased from TL 143.500 thousand to TL 423.500 thousand and to be paid the increased amount of TL 280.000 thousand prior to 31 December 2022. TL 140.000 of the total amount has been paid in cash by the shareholders of Sendeo until 9 February 2022.

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

Subsidiaries	Place of incorporation and operation	Ownership interest (%)		Voting power right	Principal activity
		30 June 2022	31 December 2021		
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	100	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.

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

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

Entek Elektrik Üretim A.Ş. (“Entek”) operates as the electricity generation company of Koç Group. On 4 August 2021, Entek acquired all of the shares of companies Süloğlu Elektrik Üretimi A.Ş.(Former trade name: STEAG Rüzgar Süloğlu Enerji Üretim ve Ticaret A.Ş.) and Enspire Enerji Yatırımları ve Hizmetleri A.Ş.(Former trade name: STEAG Turkey Enerji Yatırımları ve Hizmetleri A.Ş.) from STEAG GmbH for 58.9 million USD in cash. With this purchase, as of 30 June 2022, it has a total installed capacity of 436 MW, 324 MW of which is in renewable energy, with eight hydroelectric power plants in Kahramanmaraş, Karaman, Samsun and Mersin with capacity of 264 MW, one natural gas cycling plant with capacity of 112 MW in Kocaeli, and one wind power plant with capacity of 60 MW in Edirne. An application was made to increase the license installed power of Süloğlu wind farm from 60 MW to 66 MW, and the license update was approved with the resolution of the Energy Market Regulatory Authority dated 12 May 2022.

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

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

Joint ventures

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

In line with Group’s growth strategy abroad, in order to operate in LPG supply, filling and distribution in the Bangladesh market, on 5 March 2019 the Share Purchase Agreement (‘Contract’) and Partnership Agreement was signed between the Company and United Enterprises & Co. Ltd. With Contract it was decided that 50% of the shares of United LPG Ltd, the subsidiary of United Enterprises & Co. Ltd, which has a pre-license for LPG filling facility but no current operations yet, will be acquired. With the fulfillment of all the conditions precedents set forth in the Contract, the transfer of shares are completed, following the payment of 50.000 thousand Bangladesh Taka (“BDT”) (TL 4.507 thousand) to the Seller in cash by the Company on 20 January 2021. With the Board of Directors Decision of the Company dated on 1 July 2021, it was decided to increase capital of United LPG Ltd., the joint venture of the Company, from BDT 100.000 thousand to BDT 1.120.000 thousand, and the BDT 510.000 thousand (approximately TL 52.150 thousand), corresponding to the 50% share of the Company has been paid on 8 July 2021. With the Board of Directors Decision of the Company dated on 10 February 2022 and 25 May 2022, the capital of United LPG Ltd. was decided to raise to BDT 1.020.000 thousand and to BDT 1.120.000 thousand respectively, and the aforementioned amounts were paid in cash by the shareholders of United LPG Ltd. on 14 February 2022 and 29 June 2022, respectively.

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

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

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

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

Approval of interim condensed consolidated financial statements:

The interim condensed consolidated financial tables for the period ended on 30 June 2022 are approved on the Board of Directors meeting held on 15 August 2022 to be published.

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation of financial statements

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

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

The Group has prepared its condensed consolidated financial statements for the period ended on 30 June 2022 in accordance with TAS 34 “Interim Financial Reporting Standards”.

The Group’s consolidated financial statements are presented in terms of Turkish Lira “TL” which is the functional and presentation currency of the Company and its subsidiaries.

The consolidated financial statements are prepared based on the historical cost conversion, except for the financial assets and liabilities which are expressed with their fair values. The financial statements of each business of the Group are presented in the currency of the main economic environment in which they operate (the functional currency). The financial status and operating results of each business are expressed in TL, which is the functional currency of the Company and the reporting currency for the consolidated financial statements. The functional currency of Aygaz UK, the company's branch in London, is US Dollars “USD”.

**NOTES TO THE CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2022**

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

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

2.1 Basis of presentation of financial statements (Continued)

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

Public Oversight Accounting and Auditing Standards Authority ("POA") made an announcement on 20 January 2022 about Application of Financial Reporting in Hyperinflationary Economies for Turkish Financial Reporting Standards and Reporting Standards for Large and Medium Sized Entities. In accordance with the announcement, companies that apply TFRS should not adjust financial statements for TAS 29 - Financial Reporting in Hyperinflationary Economies for the year 2021. As of the preparation date of this interim condensed consolidated financial information, POA did not make an additional announcement and no adjustment was made to this interim condensed consolidated financial information in accordance with TAS 29

2.2 Summary of significant accounting policies

The interim condensed consolidated financial statements of the Group for the six-month period ended 30 June 2022 have been prepared in accordance with IAS 34 "Interim Financial Reporting". Additionally, the accounting policies used in the preparation of the interim condensed consolidated financial statements for the period ended 30 June 2022 are consistent with those used in the preparation of annual consolidated financial statements for the year ended 31 December 2021. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2021.

2.3 New and revised Turkey Financial Reporting Standards

a. Standards, amendments and interpretations applicable as at 30 June 2022

Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2 (effective 1 January 2021); The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.

Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021); As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2022

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

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

2.3 New and revised Turkey Financial Reporting Standards (Continued)

a. Standards, amendments and interpretations applicable as at 30 June 2022 (Continued)

Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 (effective 1 January 2021); These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial instrument until 1 January 2023.

b. Standards, amendments and interpretations that are issued but not effective as at 30 June 2022

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

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

Annual improvements make minor amendments to IFRS 1, ‘First-time Adoption of IFRS’, IFRS 9, ‘Financial Instruments’, IAS 41, ‘Agriculture’ and the Illustrative Examples accompanying IFRS 16, ‘Leases’.

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

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.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2022

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

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

2.3 New and revised Turkey Financial Reporting Standards (Continued)

b. Standards, amendments and interpretations that are issued but not effective as at 30 June 2022 (Continued)

Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction; from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

IFRS 17, ‘Insurance Contracts’, as amended in December 2021; effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

NOTE 3 – SEGMENT INFORMATION

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

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

- Gas and petroleum products
- Electricity
- Other

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

AYGAZ ANONİM ŞİRKETİ

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2022

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

NOTE 3 – SEGMENT INFORMATION (Continued)

As of 30 June 2022 and 31 December 2021, assets and liabilities according to industrial segments are as follows:

	30 June 2022				
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
Assets					
Current assets	5.825.935	-	630.600	(108.668)	6.347.867
Non-current assets	4.338.641	806.102	488.645	(230.547)	5.402.841
Total assets	10.164.576	806.102	1.119.245	(339.215)	11.750.708
Liabilities					
Short term liabilities	5.401.870	-	458.621	(105.097)	5.755.394
Long term liabilities	1.956.969	-	145.576	(19.358)	2.083.187
Equity	2.805.737	806.102	515.048	(214.760)	3.912.127
<i>Equity attributable to equity holders of the parent</i>	<i>2.805.737</i>	<i>806.102</i>	<i>496.943</i>	<i>(214.760)</i>	<i>3.894.022</i>
<i>Non-controlling interest</i>	<i>-</i>	<i>-</i>	<i>18.105</i>	<i>-</i>	<i>18.105</i>
Total liabilities and equity	10.164.576	806.102	1.119.245	(339.215)	11.750.708
Investments accounted under equity method	2.667.100	806.102	151.817	-	3.625.019
	31 December 2021				
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
Assets					
Current assets	4.320.918	-	368.106	(51.433)	4.637.591
Non-current assets	2.989.010	595.318	424.604	(313.392)	3.695.540
Total assets	7.309.928	595.318	792.710	(364.825)	8.333.131
Liabilities					
Short term liabilities	3.693.929	-	225.605	(50.875)	3.868.659
Long term liabilities	1.666.201	-	101.189	(22.117)	1.745.273
Equity	1.949.798	595.318	465.916	(291.833)	2.719.199
<i>Equity attributable to equity holders of the parent</i>	<i>1.949.798</i>	<i>595.318</i>	<i>444.440</i>	<i>(291.833)</i>	<i>2.697.723</i>
<i>Non-controlling interest</i>	<i>-</i>	<i>-</i>	<i>21.476</i>	<i>-</i>	<i>21.476</i>
Total liabilities and equity	7.309.928	595.318	792.710	(364.825)	8.333.131
Investments accounted under equity method	1.421.029	595.318	144.592	-	2.160.939

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2022

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NOTE 3 – SEGMENT INFORMATION (Continued)

For the period ended 30 June 2022 and 2021, profit or loss statements according to industrial segments are as follows:

	1 January - 30 June 2022				
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
Revenue	15.113.787	-	1.216.825	(361.189)	15.969.423
Cost of sales (-)	(14.300.948)	-	(1.121.817)	361.189	(15.061.576)
Gross profit	812.839	-	95.008	-	907.847
General administrative expenses (-)	(227.169)	-	(107.746)	3.900	(331.015)
Marketing expenses (-)	(369.631)	-	(75.528)	-	(445.159)
Research and development expenses (-)	(3.814)	-	(1)	-	(3.815)
Other operating income	723.348	-	29.380	(4.350)	748.378
Other operating expenses (-)	(898.268)	-	(22.607)	841	(920.034)
Operating profit (loss)	37.305	-	(81.494)	391	(43.798)
Income from investment activities	108.130	-	1.770	(79.179)	30.721
Loss from investment activities (-)	(792)	-	(1.648)	-	(2.440)
Profit (losses) from investments accounted under equity method	1.165.220	197.298	7.225	-	1.369.743
Operating profit before financial income (expense)	1.309.863	197.298	(74.147)	(78.788)	1.354.226
Financial income	239.992	-	23.035	-	263.027
Financial expense (-)	(377.417)	-	(14.257)	-	(391.674)
Profit (loss) from continuing operations before tax	1.172.438	197.298	(65.369)	(78.788)	1.225.579
Current tax expense for the period (-)	(10.630)	-	(6.162)	-	(16.792)
Deferred tax income (expense)	14.071	-	5.322	-	19.393
Profit (loss) for the period	1.175.879	197.298	(66.209)	(78.788)	1.228.180
Distribution of profit (loss) for the period					
Non-controlling interest	-	-	(66.371)	-	(66.371)
Equity holders of the parent	1.175.879	197.298	162	(78.788)	1.294.551

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NOTE 3 – SEGMENT INFORMATION (Continued)

	1 January - 30 June 2021				
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
Revenue	5.163.232	-	384.235	(145.253)	5.402.214
Cost of sales (-)	(4.733.331)	-	(317.510)	145.253	(4.905.588)
Gross profit	429.901	-	66.725	-	496.626
General administrative expenses (-)	(159.035)	-	(19.485)	3.616	(174.904)
Marketing expenses (-)	(166.980)	-	(30.748)	-	(197.728)
Research and development expenses (-)	(2.029)	-	(6)	-	(2.035)
Other operating income	394.561	-	14.057	(5.079)	403.539
Other operating expenses (-)	(374.049)	-	(12.676)	450	(386.275)
Operating profit (loss)	122.369	-	17.867	(1.013)	139.223
Income from investment activities	94.887	-	775	(81.000)	14.662
Loss from investment activities (-)	(1.108)	-	(578)	-	(1.686)
Profit (losses) from investments accounted under equity method	89.934	44.070	1.559	-	135.563
Operating profit (loss) before financial income (expense)	306.082	44.070	19.623	(82.013)	287.762
Financial income	81.141	-	6.188	-	87.329
Financial expense (-)	(146.455)	-	(4.983)	-	(151.438)
Profit (loss) from continuing operations before tax	240.768	44.070	20.828	(82.013)	223.653
Current tax expense for the period (-)	(58.409)	-	(4.602)	-	(63.011)
Deferred tax income (expense)	23.356	-	348	-	23.704
Profit (loss) for the period	205.715	44.070	16.574	(82.013)	184.346
Distribution of profit (loss) for the period					
Equity holders of the parent	205.715	44.070	16.574	(82.013)	184.346

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 six months period 1 January – 30 June 2022, SCT on imported LPG included in revenues and the cost of goods sold is amounting to TL 927.549 thousand (1 January- 30 June 2021: TL 161.021 thousand).

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NOTE 3 – SEGMENT INFORMATION (Continued)

The amortization and depreciation expense for the industrial segmental assets for the period ended on 30 June 2022 and 2021 are as follows:

	1 January - 30 June 2022	1 January - 30 June 2021
Gas and petroleum products	91.466	75.006
Other	23.831	10.991
	115.297	85.997

TL 58.662 thousand of total amount consist of amortization and depreciation expenses allocated under TFRS 16, ‘Leases’ (2021: TL 35.591 thousand).

The investment expenditures for the industrial segmental assets for the periods ended on 30 June 2022 and 2021 are as follows:

	1 January - 30 June 2022	1 January - 30 June 2021
Gas and petroleum products	74.010	62.168
Other	46.615	15.783
	120.625	77.951

NOTE 4 – CASH AND CASH EQUIVALENTS

	30 June 2022	31 December 2021
Cash on hand	573	520
Cash at banks	1.459.281	1.679.773
- Time deposits	1.284.629	1.632.379
- Demand deposits	174.652	47.394
Receivables from credit card transactions	14.970	13.140
Total	1.474.824	1.693.433

As of 30 June 2022 the Group’s TL time deposits amounting to TL 436.881 thousand with average maturities of 1 day and interest rate of 16,89%; USD time deposits amounting to USD 50.858 thousand (TL 847.748 thousand) with average maturities of 7 days and interest rate of 2,64% (31 December 2021: The Group’s TL time deposits amounting to TL 671.928 thousand with average maturities of 3 days and interest rate of 22,78%. USD time deposits amounting to USD 74.009 thousand (TL 960.451 thousand) with average maturities of 3 days and interest rate of 0,50%).

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2022

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NOTE 4 – CASH AND CASH EQUIVALENTS (Continued)

The amount of cash and cash equivalents shown in the statement of cash flow as of 30 June 2022 and 31 December 2021 are as follows:

	30 June 2022	31 December 2021
Cash and cash equivalents	1.474.824	1.693.433
Less: Blocked deposits (*)	(3.376)	(22.359)
	1.471.448	1.671.074

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

NOTE 5 – FINANCIAL ASSETS

The long-term financial assets of the Group are as follows as of 30 June 2022 and 31 December 2021:

	30 June 2022		31 December 2021	
	Participation amount	Participation rate (%)	Participation amount	Participation rate (%)
Financial assets measured at fair value through other comprehensive income				
- Koç Finansal Hizmetler A.Ş.	589.157	3,93	459.896	3,93
Financial assets measured at fair value through profit or loss				
- Ram Dış Ticaret A.Ş.	1.869	2,50	1.516	2,50
- Tat Gıda Sanayi A.Ş.	202	0,08	165	0,08
- Other	433	-	436	-
	591.661		462.013	

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2022

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NOTE 6 – FINANCIAL BORROWINGS

As of 30 June 2022 and 31 December 2021 the Group’s short-term financial borrowings are as follows:

	30 June 2022	31 December 2021
TL-denominated short-term bank borrowings	1.142.677	30.375
Short-term lease liabilities	133.371	81.249
Total short-term financial borrowings	1.276.048	111.624
Short-term portion and interest accruals of		
TL-denominated long-term bank borrowings	501.194	952.819
Short-term portion and interest accruals of		
USD-denominated long-term bank borrowings	1.382	694
Short-term portion of long-term bond issued (*)	166.252	1.470
Total short-term portion of long-term financial borrowings	668.828	954.983

(*) On 31 January 2022, the Group has issued, 24% rate bond with a nominal value TL 150.000 with a maturity of 368 days and coupon payment on maturity date.

As of 30 June 2022 the details of short-term financial borrowings are as follows:

Currency	Average effective interest rate per annum (%)	Original amount	TL amount
TL	25,46	1.142.677	1.142.677
			1.142.677

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

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

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2022

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

NOTE 6 – FINANCIAL BORROWINGS (Continued)

As of 30 June 2022 and 31 December 2021 the Group’s long-term financial borrowings are as follows:

	30 June 2022	31 December 2021
TL-denominated long-term bank borrowings	896.556	714.803
USD-denominated long-term bank borrowings	500.070	389.294
Long-term bond issued (*)	280.000	280.000
Long-term lease liabilities	96.851	101.755
Total long-term financial borrowings	1.773.477	1.485.852

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

As of 30 June 2022 the details of long-term financial borrowings are as follows:

Currency	Average effective interest rate per annum (%)	Original amount	TL amount
TL	17,01	1.397.750	1.397.750
US Dollars	4,74	30.097	501.452
Short-term portion of long-term loans and interest accruals			(502.576)
			1.396.626

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

Currency	Average effective interest rate per annum (%)	Original amount	TL amount
TL	14,21	1.667.622	1.667.622
US Dollars	2,78	30.051	389.988
Short-term portion of long-term loans and interest accruals			(953.513)
			1.104.097

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 30 June 2022.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2022

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NOTE 7 – DERIVATIVE FINANCIAL INSTRUMENTS

As of 30 June 2022 and 31 December 2021 the Group’s derivative financial instruments are as follows:

	30 June 2022		31 December 2021	
	Contract amount	Fair value assets/ (liabilities)	Contract amount	Fair value assets/ (liabilities)
Short-term derivative instruments				
Futures transactions (1)	3.956.137	207.016	-	-
Forward transactions (2)	-	-	12.971	185
Total short-term derivative financial assets	3.956.137	207.016	12.971	185
Futures transactions (1)	-	-	1.792.944	(44.598)
Total short-term derivative financial liabilities	-	-	1.792.944	(44.598)

(1) As of 30 June 2022, the Group’s future transactions consist of propane, butane, naphtha products and freight swaps.

(2) As of 30 June 2022, the Group has no forward transaction (31 December 2021: The Group has entered into forward transaction with a maturity of 19 days and nominal value amounting to USD 985 thousand) (Note 21).

NOTE 8 - TRADE RECEIVABLES AND PAYABLES FROM THIRD PARTIES

The Group’s trade receivables from third parties as of 30 June 2022 and 31 December 2021 are as follows:

	30 June 2022	31 December 2021
Trade receivables	1.698.745	974.902
Notes receivables	84.616	45.809
Allowance for doubtful receivables (-) (*)	(27.133)	(27.236)
Total current trade receivables	1.756.228	993.475

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

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

	30 June 2022	31 December 2021
Notes receivable	6.019	6.545
Total non-current trade receivables	6.019	6.545

The Group’s trade payables to third parties as of 30 June 2022 and 31 December 2021 are as follows:

	30 June 2022	31 December 2021
Trade payables	2.593.655	1.813.530
Total short-term trade payables	2.593.655	1.813.530

NOTE 9 – INVENTORIES

	30 June 2022	31 December 2021
Raw materials	2.218.740	1.371.937
Work in process	7.995	5.054
Finished goods	47.698	30.600
Trade goods	46.963	25.727
Allowance for impairment on inventory (-)	(229)	(229)
	2.321.167	1.433.089

As of 30 June 2022, the inventories comprise of 177.322 tons of LPG (31 December 2021: 117.568 tons).

NOTE 10 – EQUITY INVESTMENTS

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

	30 June 2022		31 December 2021	
	Participation amount	Participation rate (%)	Participation amount	Participation rate (%)
EYAŞ	2.380.721	20,00	1.339.203	20,00
Entek	806.102	49,62	595.318	49,62
OAGM	151.817	50,00	144.592	50,00
United LPG Ltd (*)	286.379	50,00	81.826	50,00
	3.625.019		2.160.939	

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

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NOTE 10 – EQUITY INVESTMENTS (Continued)

The movement of equity investments is as follows:

	2022	2021
As of January 1	2.160.939	1.847.444
Shares of profit/(loss)	1.369.743	135.563
Shares of other comprehensive income/(loss)	(80.301)	(9.132)
Purchase of interest in joint venture and increase in capital (*)	174.638	4.507
As of 30 June	3.625.019	1.978.382

(*) With the Board of Directors Decision of the Company dated on 10 February 2022 and 25 May 2022, it was decided to increase capital of United LPG Ltd., BDT 1.020.000 thousand and BDT 1.120.000 thousand respectively, and the BDT 510.000 thousand (TL 79.235 thousand) and BDT 560.000 thousand (TL 95.404 thousand), corresponding to 50% share of the Company has been paid on 14 February 2022 and 29 June 2022, respectively (Note 1).

Shares of profit (loss) of equity investments:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
EYAŞ	1.170.695	1.080.987	89.934	171.837
Entek	197.298	93.838	44.070	24.660
OAGM	7.225	2.164	1.559	1.062
United LPG Ltd	(5.475)	(3.021)	-	-
	1.369.743	1.173.968	135.563	197.559

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

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
EYAŞ (*)	(129.177)	141.767	(10.589)	(10.589)
Entek	13.486	13.687	1.457	19.130
United LPG Ltd	35.390	18.346	-	(4.046)
	(80.301)	173.800	(9.132)	4.495

(*) TÜPRAŞ, a subsidiary of EYAŞ, designated its investment loans amounting to USD 288.805 thousand (TL 4.814.089 thousand) (31 December 2021: USD 387.878 thousand, TL 5.170.028 thousand) as hedging instrument against USD/TL spot exchange rate risk which is exposed due to highly probable estimated export revenue in USD and, in this context, applies accounting for cash flow hedge. As of 30 June 2022, foreign exchange gains (losses) on investment loans amounting to TL 4.015.581 thousand (31 December 2021: TL 4.108.543 thousand) are accounted under “Gains (losses) on hedging” under shareholders’ equity until the cash flows of the related hedged item are realized and it does not any effect on current income statement.

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NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

	Land	Land improvements	Buildings	Plant, machinery, equipment and LPG cylinders	Vehicles and vessels	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
Acquisition cost									
As of 1 January 2022	18.306	195.876	91.115	1.890.211	237.997	119.196	35.294	52.434	2.640.429
Additions	-	26	-	99	10.065	20.033	108	89.402	119.733
Transfers (*)	-	4.480	-	42.258	1.756	4.358	2	(53.923)	(1.069)
Disposals	20	(20)	-	(5.993)	(2.126)	(9.211)	(121)	(1.678)	(19.129)
As of 30 June 2022	18.326	200.362	91.115	1.926.575	247.692	134.376	35.283	86.235	2.739.964
Accumulated depreciation									
As of 1 January 2022	-	87.900	57.133	1.486.759	144.978	68.366	23.558	-	1.868.694
Charge of the period	-	3.351	1.042	30.492	7.729	7.977	1.212	-	51.803
Transfers (*)	-	-	-	-	(227)	-	-	-	(227)
Disposals	-	-	-	(5.208)	(881)	(2.152)	(74)	-	(8.315)
As of 30 June 2022	-	91.251	58.175	1.512.043	151.599	74.191	24.696	-	1.911.955
Net book value	18.326	109.111	32.940	414.532	96.093	60.185	10.587	86.235	828.009

(*) TL 842 thousand under “Construction in progress” under the account property, plant and equipment has been classified to intangible fixed assets.

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

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land	Land	Plant, machinery, equipment and LPG cylinders	Vehicles and vessels	Furniture and fixtures	Leasehold improvements	Construction in progress	Total	
	improvements	Buildings							
Acquisition cost									
As of 1 January 2021	18.351	183.870	79.514	1.833.938	233.070	88.207	25.682	27.683	2.490.315
Additions	-	-	18	211	1.389	7.489	13	68.235	77.355
Transfers (*)	-	2.446	1.471	37.864	1.364	1.812	3.159	(48.167)	(51)
Disposals	(14)	(20)	(95)	(9.927)	(830)	(4.013)	(140)	(3.540)	(18.579)
As of 30 June 2021	18.337	186.296	80.908	1.862.086	234.993	93.495	28.714	44.211	2.549.040
Accumulated depreciation									
As of 1 January 2021	-	81.615	55.374	1.437.973	133.150	60.150	25.635	-	1.793.897
Charge of the period	-	3.113	882	30.209	6.432	4.415	451	-	45.502
Disposals	-	(14)	(16)	(7.980)	(214)	(1.122)	(49)	-	(9.395)
As of 30 June 2021	-	84.714	56.240	1.460.202	139.368	63.443	26.037	-	1.830.004
Net book value	18.337	101.582	24.668	401.884	95.625	30.052	2.677	44.211	719.036

(*) TL 51 thousand under “Construction in progress” under the account property, plant and equipment has been classified to intangible fixed assets.

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NOTE 12 – INTANGIBLE ASSETS

	Rights	Total
Acquisition costs		
As of 1 January 2022	103.793	103.793
Additions	892	892
Transfers (*)	841	841
As of 30 June 2022	105.526	105.526
Accumulated amortisation		
As of 1 January 2022	71.173	71.173
Charge for the period	4.832	4.832
Transferler (*)	(1)	(1)
As of 30 June 2022	76.004	76.004
Net book value	29.522	29.522

(*) TL 841 thousand under “Construction in progress” under the account property, plant and equipment has been classified to intangible fixed assets.

	Rights	Total
Acquisition costs		
As of 1 January 2021	87.612	87.612
Additions	596	596
Transfers (*)	51	51
Disposals	(466)	(466)
As of 30 June 2021	87.793	87.793
Accumulated amortisation		
As of 1 January 2021	62.297	62.297
Charge for the period	4.904	4.904
Disposals	(237)	(237)
As of 30 June 2021	66.964	66.964
Net book value	20.829	20.829

(*) TL 51 thousand under “Construction in progress” under the account property, plant and equipment has been classified to intangible fixed assets.

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NOTE 13 – RIGHT OF USE ASSETS

	Land	Land improvements	Buildings	Plant, machinery, equipment and LPG cylinders	Vehicles and vessels	Furniture and fixtures	Total
As of 1 January 2022	3.072	3.880	40.381	27.750	113.307	30	188.420
Additions	-	-	18.223	-	90.252	-	108.475
Disposals	-	-	-	-	(18.362)	-	(18.362)
Charge for the period	(413)	(84)	(5.781)	(1.151)	(51.228)	(5)	(58.662)
Disposals from accumulated depreciation	-	-	-	-	16.577	-	16.577
As of 30 June 2022	2.659	3.796	52.823	26.599	150.546	25	236.448
As of 1 January 2021	3.528	3.056	12.373	30.053	122.437	39	171.486
Additions	367	-	25.909	-	32.947	-	59.223
Disposals	(321)	-	(963)	-	(2.607)	-	(3.891)
Charge for the period	(411)	(65)	(1.730)	(1.151)	(32.229)	(5)	(35.591)
Disposals from accumulated depreciation	321	-	395	-	2.520	-	3.236
As of 30 June 2021	3.484	2.991	35.984	28.902	123.068	34	194.463

NOTE 14 – CONTINGENT ASSETS AND LIABILITIES

Guarantees given as of 30 June 2022 and 31 December 2021 are as follows:

	30 June 2022	31 December 2021
Letter of guarantees given for gas purchase	821.613	518.737
Other letter of guarantees given	543.149	306.025
	1.364.762	824.762

The liability for environmental pollution:

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

National inventory reserve liability:

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

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NOTE 14 – CONTINGENT ASSETS AND LIABILITIES (Continued)

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

	30 June 2022					31 December 2021				
	TL Equivalent of Euro	TL Equivalent of USD	TL Equivalent of other	TL	Total TL	TL Equivalent of Euro	TL Equivalent of USD	TL Equivalent of other	TL	Total TL
A. CPMBs given on behalf of the Company’s legal personality	194.101	3.334	810	909.974	1.108.219	162.643	2.595	640	471.546	637.424
B. CPMBs given in favor of subsidiaries included in full consolidation (*)	-	214.392	-	38.470	252.862	-	129.914	-	51.989	181.903
C. CPMBs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business (*)	-	-	-	3.681	3.681	-	-	-	5.435	5.435
D. Other CPMBs	-	-	-	-	-	-	-	-	-	-
i. CPMBs given in favor of parent company	-	-	-	-	-	-	-	-	-	-
ii. CPMBs given in favor of companies not in the scope of B and C above	-	-	-	-	-	-	-	-	-	-
iii. CPMBs given in favor of third party companies not in the scope of C above	-	-	-	-	-	-	-	-	-	-
Total amount of CPMBs	194.101	217.726	810	952.125	1.364.762	162.643	132.509	640	528.970	824.762

(*) As of 30 June 2022, total amount of commission accrued for guarantees given or contingent liabilities except ‘A. CPMBs given on behalf of the Company’s legal personality’ is TL 450 thousand (31 December 2021: TL 1.350 thousand).

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NOTE 15 – OTHER SHORT-TERM PROVISIONS AND LIABILITIES

	30 June 2022	31 December 2021
Provision for price revision (*)	565.897	440.575
Provision for selling and marketing expenses	23.621	12.281
Provision for lawsuit	12.451	12.461
Provision for EMRA contribution	10.811	10.590
Provision for warranty expenses	2.489	2.489
Provision for other operating expenses	20.479	18.352
Other short-term provisions	635.748	496.748

(*) As communicated to Aygaz Doğal Gaz Toptan Satış A.Ş., a Subsidiary of the Company, by Akfel Gaz Sanayi ve Ticaret A.Ş. ("Akwel"), from which natural gas is supplied; the price revision arbitration process initiated by Gazprom Export LLC ("Gazprom"), which Akfel has imported natural gas, was concluded against Akfel and effective from 1 January 2017, the import price would be adjusted in favor of Gazprom and in this context, it was decided to abolish the discount applied to Akfel and to reflect the change in import price to natural gas price applied to Aygaz Doğal Gaz Toptan Satış A.Ş. in accordance with the contract signed between Akfel and Aygaz Doğal Gaz Toptan Satış A.Ş. It was also notified that, the price determination mechanism in the contract will be revised according to the arbitration decision and the related amount of the debt and related invoices will be sent separately to Aygaz Doğal Gaz Toptan Satış A.Ş. as the contract price is updated retrospectively as of 1 January 2017. The amount of total debt was conveyed to Aygaz Doğal Gaz Toptan Satış A.Ş. by Akfel, however related invoices were not delivered yet as of the date of this report. As of 30 June 2022, total provision of USD 33.949 thousand (TL 565.897 thousand), USD 15.368 thousand for 2017 and USD 18.582 thousand for 2018, has been recognized in the consolidated financial statements (31 December 2021: USD 33.949 thousand in total (TL equivalent 440.575 thousand)).

	30 June 2022	31 December 2021
Provision for success fees (*)	51.796	23.796
Other long-term provisions	51.796	23.796

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

NOTE 16 – OTHER SHORT-TERM PROVISIONS AND LIABILITIES

	30 June 2022	31 December 2021
Guarantees and deposits given (*)	5.721	103.655
Other receivables	4.089	1.955
Total other current receivables	9.810	105.610

(*) The Group's branch, Aygaz UK which operates in London, performs derivative transactions with third parties and receives clearing services via ADM Investor Services, Inc. ('ADM'). Within this framework, collateral of USD 301 thousand (TL 5.018 thousand) (31 December 2021: USD 7.844 thousand equivalent to TL 101.796 thousand) kept under the provision of "fair value" and "margin call" in ADM, classified as deposits and guarantees given under other receivables from third parties.

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NOTE 17 – SHARE CAPITAL

Shareholders	Participation rate (%)	30 June 2022	Participation rate (%)	31 December 2021
Temel Ticaret ve Yatırım A.Ş.	5,77	17.324	5,77	17.324
Koç Ailesi üyeleri	4,76	14.265	4,76	14.265
Koç Holding A.Ş.	40,68	122.054	40,68	122.054
Liquid Petroleum Gas Development Company ("LPGDC") (*)	24,52	73.546	24,52	73.546
Publicly held (*)	24,27	72.811	24,27	72.811
Nominal capital	100,00	300.000	100,00	300.000
Inflation adjustment (**)		71.504		71.504
Adjusted capital		371.504		371.504

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

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

Dividends paid

In the Ordinary General Meeting held on 30 March 2022, the Company decided to reserve TL 13.500 thousand as legal reserves and distribute TL 150.000 thousand gross dividends from the net distributable income of 2021 and dividends have been started to be paid as of 6 April 2022.

NOTE 18 – EARNINGS PER SHARE

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Average number of ordinary shares outstanding during the period (one thousand)	30.000.000	30.000.000	30.000.000	30.000.000
Net profit for the year attributable equity holders of the parent company	1.294.551	1.093.657	184.346	195.705
Earnings (losses) per hundred shares (TL)	4,3152	3,6455	0,6145	0,6524

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NOTE 19 – TAX ASSETS AND LIABILITIES

	30 June 2022	31 December 2021
Current corporate tax provision	16.792	153.190
Less: Prepaid taxes and funds	(22.319)	(125.769)
Current tax liability	(5.527)	27.421

	1 January - 30 June 2022	1 January - 30 June 2021
Current corporate tax provision	(16.792)	(63.011)
Deferred tax	19.393	23.704
Total tax expense	2.601	(39.307)

Corporate tax

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

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

As of 30 June 2022 the rate of tax is 23% (2021: 25%).

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

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

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.

The Company revalued its tangible and intangible assets and their depreciation as of 30 June 2022, within the scope of the Tax Procedure Law General Communiqué (Sequence No: 530) published by the Ministry of Treasury and Finance. Due to IFRS, related assets are continued to be accounted under cost method. It has calculated the deferred tax asset/liability, which is currently calculated over the temporary difference between IFRS and TPL, over the current TPL values that will occur with the effect of revaluation, and the deferred tax income that will arise due to this application, to the extent that the recovery of the said tax advantage is deemed possible, is calculated as a single income tax accounted for in the table. The effect of deferred tax assets is TL 61.288 thousand.

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NOTE 19 – TAX ASSETS AND LIABILITIES (Continued)

As of 30 June 2022 and 31 December 2021, the distribution of deferred tax liability calculated using effective tax rates as of the balance sheet date is as follows:

	30 June 2022	31 December 2021
Depreciation/amortization differences of property, plant and equipment and other intangible assets	2.042	(2.550)
Revaluation of financial assets measured at fair value through other comprehensive income	21.610	15.147
Provision for employment termination benefits	(17.528)	(15.829)
Valuation of inventories	(43.612)	(10.664)
Derivative instruments	34.216	(4.804)
Other	(47.044)	(23.547)
Deferred tax assets/liabilities	(50.316)	(42.247)

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

	30 June 2022			31 December 2021		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Aygaz	(99.136)	55.826	(43.310)	(52.640)	15.147	(37.493)
Akpa	(2.008)	32	(1.976)	(1.814)	109	(1.705)
Aygaz Dođal Gaz	(2.244)	921	(1.323)	(5.572)	1.243	(4.329)
Kuleli	(566)	2.536	1.970	(442)	2.399	1.957
Sendeo	(8.530)	2.853	(5.677)	(2.248)	1.571	(677)
	(112.484)	62.168	(50.316)	(62.716)	20.469	(42.247)

Movement of deferred tax assets and liabilities are as follows:

	2022	2021
As of January 1	(42.247)	43.703
Change to the profit or loss	(19.393)	(23.704)
Change to the equity		
- Effect of gains/(losses) on financial assets measured at fair value through other comprehensive income	6.463	(6.259)
- Effect of gains/(losses) on cash flow hedges	4.861	(2.525)
As of 30 June	(50.316)	11.215

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

Transactions with related parties	1 January - 30 June 2022			
	Purchases (Goods)	Sales (Goods)	Purchases (Service)	Sales (Service)
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	1.814.158	199.767	4.334	-
Opet Petrolcülük A.Ş.(**) (***)	576.330	38.002	59.009	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	24.307	60	52.075	-
Opet Fuchs Madeni Yağ San. Tic A.Ş.	12.799	59	-	-
Arçelik A.Ş.	42	6.155	231	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	3	195	15.140	-
Eltek Elektrik A.Ş.	7	-	11.532	-
Türk Traktör ve Ziraat Makinaları A.Ş.	-	13.479	-	-
Tofaş Türk Otomobil Fabrikası A.Ş.	-	11.709	150	-
Demir Export A.Ş.	-	11.307	-	-
Ford Otomotiv Sanayi A.Ş.	-	9.744	-	-
Otokar Otomotiv ve Savunma Sanayi A.Ş.	-	6.128	-	-
Demir Export A.Ş. - Fernas İnşaat A.Ş. Adi Ortaklığı	-	5.925	-	-
Setur Servis Turistik A.Ş.	-	61	5.326	-
Other	7.277	15.375	10.443	-
Share holders				
Koç Holding A.Ş. (****)	-	98	18.150	-
Investments accounted under the equity method				
United Lpg Ltd.	-	1.076	-	-
Entek Elektrik Üretimi A.Ş.	55	93	-	-
	2.434.978	319.233	176.390	-
Transactions with related parties	1 January - 30 June 2021			
	Purchases (Goods)	Sales (Goods)	Purchases (Service)	Sales (Service)
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	556.293	253.362	4.856	-
Opet Petrolcülük A.Ş.(**) (***)	128.213	6.627	57.159	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	13.850	20	11.949	-
Ram Dış Ticaret A.Ş.	344	-	-	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	271	70	7.430	-
Türk Traktör ve Ziraat Makinaları A.Ş.	-	3.972	-	-
Demir Export A.Ş.	-	3.065	-	-
Ford Otomotiv Sanayi A.Ş.	-	2.862	-	-
Arçelik A.Ş.	-	2.560	-	-
Demir Export A.Ş. - Fernas İnşaat A.Ş. Adi Ortaklığı	-	2.170	-	-
Otokar Otomotiv ve Savunma Sanayi A.Ş.	-	1.819	-	-
Tofaş Türk Otomobil Fabrikası A.Ş.	-	1.150	250	-
Other	4.620	4.153	7.034	-
Shareholders				
Koç Holding A.Ş. (****)	-	40	10.675	-
Investments accounted under the equity method				
Entek Elektrik Üretimi A.Ş.	-	20	3.866	-
	703.591	281.890	103.219	-

(*) Group companies include Koç Group companies.

(**) Commission expenses regarding LPG sold at Opet stations for six-month period ended 30 June 2022 is TL 54.652 thousand (1 January – 30 June 2021: TL 56.260 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 TL 2.100 thousand has been made to Opet for six-month period ended 30 June 2022 in consideration of 5 years sale agreement on average to be paid to Aygaz Dealers making auto-gas sales at Opet stations (1 January – 30 June 2021: TL 2.163 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 Communiqué About Transfer Pricing Through Hidden Income Distribution’s “11- In Group Services”.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2022

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

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

Tangible asset and rent transactions with related parties	1 January - 30 June 2022			
	Rent income	Rent expense	Tangible and intangible asset purchases	Tangible asset sales
Group companies (*)				
Opet Petrolcülük A.Ş.	755	-	-	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	3.372	-
Opet Aygaz Gayrimenkul A.Ş.	-	-	-	240
Other	-	-	155	57
Shareholders				
Koç Holding A.Ş.	-	1.097	-	-
	755	1.097	3.527	297

Tangible asset and rent transactions with related parties	1 January - 30 June 2021			
	Rent income	Rent expense	Tangible and intangible asset purchases	Tangible asset sales
Group companies (*)				
Opet Petrolcülük A.Ş.	478	-	-	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	3.711	-
KoçDigital Çözümler AŞ.	-	-	593	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	-	351	781
Other	-	-	306	7
Shareholders				
Koç Holding A.Ş.	-	620	-	-
	478	620	4.961	788

Financial and other transactions with related parties	1 January - 30 June 2022			
	Financial income	Financial expense	Other income	Other expense
Group companies (*)				
Yapı ve Kredi Bankası A.Ş.	168.091	27.005	-	-
Other	-	-	-	240
	168.091	27.005	-	240

Financial and other transactions with related parties	1 January - 30 June 2021			
	Financial income	Financial expense	Other income	Other expense
Group companies (*)				
Yapı ve Kredi Bankası A.Ş.	52.717	32.767	-	-
Other	-	-	34	185
	52.717	32.767	34	185

(*) Group companies include Koç Group companies.

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

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

Cash at banks	30 June 2022	31 December 2021
Group companies (*)		
Yapı ve Kredi Bankası A.Ş.	445.504	1.266.207
Credit card receivables	30 June 2022	31 December 2021
Group companies (*)		
Yapı ve Kredi Bankası A.Ş.	10.027	10.447
Bank loans	30 June 2022	31 December 2021
Group companies (*)		
Yapı ve Kredi Bankası A.Ş.	89.365	81.486

(*) Group companies include Koç Group companies.

Benefits to Top Management:

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

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

As of 30 June 2022, total benefit provided to the senior management of the Company is TL 8.915 thousand (30 June 2021: TL 5.994 thousand). There are no payments made to senior management of the Company in this amount due to their leaving the job (30 June 2021: None), total amount is consist of the short-term benefits.

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

Foreign currency risk management

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

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

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

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

	30 June 2022			
	Total TL equivalent	TL equivalent of USD	TL equivalent of Euro	Other
1. Trade receivables	278.001	269.728	9.205	(932)
2.a Monetary financial assets	960.889	917.916	42.462	511
2.b Non-monetary financial assets	-	-	-	-
3. Other	5.331	5.331	-	-
4. Current assets	1.244.221	1.192.975	51.667	(421)
5. Trade receivables	-	-	-	-
6.a Monetary financial assets	-	-	-	-
6.b Non-monetary financial assets	-	-	-	-
7. Other	-	-	-	-
8. Non-current assets	-	-	-	-
9. Total assets	1.244.221	1.192.975	51.667	(421)
10. Trade payables	(2.123.548)	(2.114.599)	(8.823)	(126)
11. Financial liabilities	(98.115)	(92.729)	(5.386)	-
12.a Other monetary financial liabilities	(565.907)	(565.907)	-	-
12.b Other non-monetary financial liabilities	(1.713)	(600)	(1.113)	-
13. Current liabilities	(2.789.283)	(2.773.835)	(15.322)	(126)
14. Trade payables	-	-	-	-
15. Financial liabilities	(408.723)	(408.723)	-	-
16.a Other monetary financial liabilities	-	-	-	-
16.b Other non-monetary financial liabilities	-	-	-	-
17. Non-current liabilities	(408.723)	(408.723)	-	-
18. Total liabilities	(3.198.006)	(3.182.558)	(15.322)	(126)
19. Net asset/liability position of off balance sheet asset and liabilities (19a-19b)	-	-	-	-
19.a Total derivative assets	-	-	-	-
19.b Total derivative liabilities	-	-	-	-
Net foreign currency asset/ (liability) position (9+18+19)	(1.953.785)	(1.989.583)	36.345	(547)
Net foreign currency asset/(liability) position of monetary items				
21. (1+2a+5+6a+10+11+12a+14+15+16a)	(1.957.403)	(1.994.314)	37.458	(547)
22. Fair value of derivative instruments held for hedging	-	-	-	-
23. Hedged foreign currency assets	-	-	-	-
24. Hedged foreign currency liabilities	-	-	-	-
25. Export (*)	4.078.021	3.940.431	124.654	12.936
26. Import (*)	8.880.318	8.867.450	12.868	-

(*) Transit sales and purchases are included.

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

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

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

(*) Transit sales and purchases are included.

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

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

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

	30 June 2022	31 December 2021
Assets	1.244.221	1.282.819
Liabilities	(3.198.006)	(2.451.831)
Net asset/liability position	(1.953.785)	(1.169.012)
Derivative instruments net position	-	12.971
Net foreign currency asset/liability position	(1.953.785)	(1.156.041)
Inventories under the natural hedge (*)	2.084.078	1.145.064
Net foreign currency position after the natural hedge	130.293	(10.977)

(*) The Group manages its foreign currency risk by regularly considering and reflecting the foreign exchange rate changes in the determination of product prices (natural hedge). As of 30 June 2022, the Group has LPG amounting to TL 2.084.078 thousand (31 December 2021: TL 1.145.064 thousand).

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

Foreign currency sensitivity:

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

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

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

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

	30 June 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)	(199.431)	199.431	(199.431)	199.431
Secured portion from USD risk	-	-	-	-
USD net effect	(199.431)	199.431	(199.431)	199.431
10% fluctuation of Euro rate				
Euro net asset/(liability)	3.746	(3.746)	3.746	(3.746)
Secured portion from Euro risk	-	-	-	-
Euro net effect	3.746	(3.746)	3.746	(3.746)
Total net effect	(195.685)	195.685	(195.685)	195.685

	31 December 2021			
	Income/(Expense)		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
10% fluctuation of USD rate				
USD net asset/(liability)	(127.953)	127.953	(127.953)	127.953
Secured portion from USD risk	1.297	(1.297)	1.297	(1.297)
USD net effect	(126.656)	126.656	(126.656)	126.656
10% fluctuation of Euro rate				
Euro net asset/(liability)	520	(520)	520	(520)
Secured portion from Euro risk	-	-	-	-
Euro net effect	520	(520)	520	(520)
Total net effect	(126.136)	126.136	(126.136)	126.136

Currency forward agreements

The Group had no currency forward agreements of 30 June 2022. Currency forward agreements which are valid as of 31 December 2021 are summarized at the table below.

Maturity	Parity	Type of contract	Transactions	31 December 2021	
				Total amount	Currency
19 days	13,17	Forward	Buys USD, sells TL	985	USD

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NOTE 21 – 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			
	30 June 2022	1st level	2nd level	3rd level
Financial assets measured at fair value	591.661	589.359	1.869	433
Derivative financial instruments	207.016	-	207.016	-

Financial assets/(liabilities)	Level of fair value as of reporting date			
	31 December 2021	1st level	2nd level	3rd level
Financial assets measured at fair value	462.013	460.061	1.516	436
Derivative financial instruments	(44.413)	-	(44.413)	-

Information for reflecting financial assets and liabilities at fair value

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

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

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

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

Financial assets

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

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

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

Financial Liabilities

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

NOTE 22 – SUBSEQUENT EVENTS

As announced to the public on 25 April 2022, within the framework of the Company’s strategic plans, with the target to create value by using the Company’s existing equity and borrowing capacity by focusing particularly on international LPG investments and other business areas such as cargo distribution, it has been resolved to transfer Entek shares in the Company’s assets which corresponds 49,62% of the registered Entek’s capital, to Tüpraş through a partial demerger transaction through the model of share transfer to the Company’s shareholders. Simultaneously, 49,62% of the Entek shares registered in the assets of our controlling shareholder Koç Holding A.Ş will be transferred to Tüpraş through a partial demerger transaction through the associates model.

According to the Expert Report, while Tüpraş's issued capital will be increased by TL 24.837.314 due to the takeover through demerger, issued shares with a nominal value of TL 12.418.655 will be given to Koç Holding who will be executing partial demerger transaction through the associates model and the remaining nominal value of TL 12.418.659 will be given to the Company’s shareholders who will be executing partial demerger transaction through the model of share transfer to its shareholders. The Company’s issued capital will be TL 219.800.767 by decreasing TL 80.199.233.

The application made to the CMB to authorize the spin-off transaction was approved on 6 July 2022, and the transaction will be presented to the approval of the shareholders of the Company, Koç Holding and Tüpraş at the extraordinary general assembly meetings to be held on 25 August 2022.

The second payment amounting to TL 140.000 thousand concerning the capital increase of Sendeo from TL 143.500 thousand to TL 423.500 thousand to be fulfilled by the subsidiaries of the Company with the Extraordinary General Assembly dated 14 January 2022 has been paid in cash by the shareholders on 7 July 2022.

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