

AYGAZ A.Ş.
1 January – 31 March 2024
INTERIM REPORT



BUSINESS AREA

The main activity of the Company is purchasing liquefied petroleum gas ('LPG') from domestic refineries and overseas market, stocking, filling and delivery to retailers for distribution to customers as cylinder, autogas and bulk gas. Aygaz A.S ('Company' or 'Aygaz') manufactures LPG cylinders, LPG tanks, regulators and other supplementary materials which are necessary for the end-user in its Gebze Facility. The Company has five marine terminals, five filling plants* and eight distribution centers operated by the most modern technology which comply with international standards. As of the end of March 2024, Aygaz serve to customers with 2,046 cylinder dealers and 1,832 autogas stations.

Production and distribution of LPG appliances are also included in the activities as well as manufacture, purchase, sale and after-sale services of LPG cylinders, LPG tanks, LPG stoves and other supplementary materials which are complementary equipment for the end-user.

The Company is registered to Istanbul Trade Registry with number 80651-0 (Mersis No: 0-1190-0510-2700141) and contact information of its headquarters and branches appear on its website, www.aygaz.com.tr.

(*) Excluding the filling plants in the Terminals.

CAPITAL AND SHAREHOLDING STRUCTURE

The issued capital of the Company is TL 219,800,767 and the recent decrease transaction following the approval of the transaction by the Capital Markets Board ("CMB") on July 7, 2022 and was published in the Turkish Trade Registry Gazette ("TTRG") on September 1, 2022.

Company's	
Issued capital	: TL 219,800,767.00
Upper limit of registered capital	: TL 500,000,000.00

The shareholding structure as of March 31, 2024		
	TL	%
Koç Holding A.Ş.	89,424,844.65	40.68
Temel Ticaret ve Yatırım A.Ş.	12,692,827.96	5.77
Koç Family	10,451,500.67	4.76
Liquid Petroleum Gas Dev. Co.	53,884,641.77	24.52
Free float**	53,346,951.96	24.27
Total	219,800,767.00	100.00

(**) The free-floating shares in the amount of TL 1,996,553.90 (ratio to capital 0.91%) belong to Hilal Madeni Eşya Ticaret Sanayi ve Yatırım A.Ş., of which Liquid Petroleum Gas Dev. Co. is a 100% shareholder.

BOARD OF DIRECTORS

Board of Directors - as of March 31, 2024

Board of Directors

Rahmi M. Koç	Chairman of the Board of Directors
Ömer M. Koç	Deputy Chairman of the Board of Directors
Alexandre F.J. Picciotto	Member
Dr. Bülent Bulgurlu	Member
Levent Çakıroğlu	Member
Yağız Eyüboğlu	Member
Kutsan Çelebican	Independent Member
Kemal Ege Cansen	Independent Member
Dr. Şadan Kaptanoğlu Dikici	Independent Member

Executive Committee

Rahmi M. Koç	Chairman
Ömer M. Koç	Member
Ali Y. Koç	Member
Alexandre F.J. Picciotto	Member
Caroline N. Koç	Member

Audit Committee

Kutsan Çelebican	Chairman
Dr. Şadan Kaptanoğlu Dikici	Member

Corporate Governance Committee

Kutsan Çelebican	Chairman
Yağız Eyüboğlu	Member
Gökhan Dizemen	Member

Risk Management Committee

Dr. Şadan Kaptanoğlu Dikici	Chairwoman
Dr. Bülent Bulgurlu	Member

Division of duties among the Board of Directors which are elected in the Ordinary General Assembly dated April 1, 2024 are determined by the Board Resolution dated May 07, 2024 as below;

Board of Directors

Rahmi M. Koç	Chairman of the Board of Directors
Ömer M. Koç	Deputy Chairman of the Board of Directors
Alexandre F.J. Picciotto	Member
Levent Çakıroğlu	Member
Yağız Eyüboğlu	Member
M.M. Gülşay Barbarosoğlu	Independent Member
Neslihan Tonbul	Independent Member
Muharrem Hilmi Kayhan	Independent Member

Executive Committee

Rahmi M. Koç	Chairman
Ömer M. Koç	Member
Ali Y. Koç	Member
Alexandre F.J. Picciotto	Member
Caroline N. Koç	Member

Audit Committee

Muharrem Hilmi Kayhan	Chairman
M.M. Gülay Barbarosoğlu	Member

Corporate Governance Committee

Neslihan Tonbul	Chairwoman
Yağız Eyüboğlu	Member
Gökhan Dizemen	Member

Risk Management Committee

M.M. Gülay Barbarosoğlu	Chairwoman
Levent Çakıroğlu	Member

EXECUTIVE MANAGEMENT

Melih Poyraz	General Manager
Gökhan Dizemen	Assistant General Manager (Finance)
Ayşe Abamor Bilgin	Assistant General Manager (Technical Affairs and Investments)
Fikret Coşar	Assistant General Manager (Sales)
Şenol Zafer Polat	Director (Cylinder Gas Sales)
Hakan Öntürk	Director (Autogas Sales)
Elifcan Yazgan	Director (Supply Chain)
Esra Topkoç	Director (Human Resources)
Gökhan Burak Gürbüz	Director (Production)

Detailed profiles of the Board of Directors and Executive Managers and the principles of the Committees which are established by the Board of Directors are available at the website of Aygaz. (www.aygaz.com.tr)

SUBSIDIARIES and AFFILIATES

The details of the subsidiaries and affiliates included in the consolidation are as below:

Subsidiaries	Place of incorporation and Operation	Principal Activity
Anadoluhisarı Tankercilik A.Ş.	Turkey	Shipping
Kandilli Tankercilik A.Ş.	Turkey	Shipping
Kuleli Tankercilik A.Ş.	Turkey	Shipping
Kuzguncuk Tankercilik A.Ş.	Turkey	Shipping
Akpa Day. Tük. Lpg ve Akar. Ürün. Paz. A.Ş.	Turkey	Marketing
Aygaz Doğal Gaz Toptan Satış A.Ş.	Turkey	Natural gas
Aygaz Doğal Gaz İletim A.Ş.	Turkey	Natural gas
Sendeo Dağıtım Hizmetleri A.Ş.	Turkey	Cargo Transport/Distribution
Bal Kaynak Su İthalat İhracat Sanayi ve Ticaret A.Ş.	Turkey	Water distribution

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Investments in associates and Joint ventures	Place of incorporation and Operation	Principal Activity
Enerji Yatırımları A.Ş.	Turkey	Energy
Opet Aygaz Gayrimenkul A.Ş.	Turkey	Real Estate
United Aygaz LPG Ltd.	Bangladesh	LPG supply, filling and distribution
Financial Assets	Place of incorporation and Operation	Principal Activity
Koç Finansal Hizmetler A.Ş.	Turkey	Finance
Ram Dış Ticaret A.Ş.	Turkey	Trade

In July 2010, the Company has restructured its shipping operations under new legal entities, and established Anadoluhisarı Tankercilik A.Ş., Kandilli Tankercilik A.Ş., Kuleli Tankercilik A.Ş. and Kuzguncuk Tankercilik A.Ş. 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. The vessel named “Kuleli”, included in Company assets and used in liquid petroleum gas transportation, is sold in cash on October 13, 2017. Kuleli Tankercilik A.Ş. has purchased 100% shares of Bal Kaynak Su İthalat İhracat Sanayi ve Ticaret A.Ş. (‘Bal Kaynak’) on March 14, 2019. The capital of the Bal Kaynak was increased by TL 50.000 thousand up to TL 133.000 thousand with the decision of the Ordinary General Assembly held on March 3, 2022. Bal Kaynak continues its water trade activities with the aim of providing sustainable production.

Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş. (‘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.

Sendeo Dağıtım Hizmetleri A.Ş. (‘Sendeo’) (Former trade name: Aygaz Aykargo Dağıtım Hizmetleri A.Ş. (‘Aykargo’)) which started as an in-house entrepreneurship project, has started its cargo delivery and distribution activities in 2020. On 3 August 2021, 45% of the shares were transferred to Koç Holding A.Ş. and subsequently the name of the company was changed to Sendeo. To create additional value from existing assets by utilizing Aygaz’s know-how such as brand power, extensive dealer network and home delivery experience, Sendeo has started its Istanbul operations in May 2021 and has become active in 81 cities in less than a year as of February 2022.

As a result of capital increases of TL 1,688,000 thousand and capital decreases of TL 763,500 thousand in 2021, 2022, and 2023, the company's capital as of December 31, 2023, became TL 925,000 thousand. With the Ordinary General Assembly decision dated March 15, 2024, a capital increase of TL 300,000 thousand and a capital decrease of TL 525,000 thousand, the company's capital as of March 31, 2024, became TL 700,000 thousand. Finally, with the Extraordinary General Assembly decision dated May 17, 2024,

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a capital increase of TL 250,000 thousand and a capital decrease of TL 350,000 thousand, the company's capital became TL 600,000 thousand.

The company has 415 distribution points, 11 transfer centers, 23 distribution centers and 1,344 active delivery points as of end of March.

In December 2005, Enerji Yatırımları A.Ş. ("EYAŞ") was established to acquire 51% block shares of Türkiye Petrol Rafinerileri A.Ş. ("Tüpraş"), to participate in Tüpraş's management and its operational decisions as well as to establish and operate in oil refinery related sectors in Turkey. As of 31 March 2024, EYAŞ's ownership in Tüpraş has been 46,40%.

Opet Aygaz Gayrimenkul A.Ş. was established on September 20, 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.

Within the scope of the termination of the business partnership between Koç Group and UniCredit S.P.A on February 5, 2020, 100% of the shares representing Koç Finansal Hizmetler A.Ş. ("KFS") capital were transferred to Koç Group in proportion to their shares in KFS; In addition, KFS's Yapı ve Kredi Bankası A.Ş. ("YKB") shares of 31.93% were transferred to UniCredit SPA and 9.02% to Koç Holding A.Ş. KFS's share in YKB decreased from 81.9% to 40.95%. Within this framework, the Company's share in KFS increased from 1.97% to 3.93%.

Bangladesh Investment: 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 fulfilment of all the conditions precedents set forth in the Contract, the transfer of shares was completed on 20 January 2021 and the title of the Joint Venture Company was changed to United Aygaz LPG Ltd ("United Aygaz") on 14 February 2023. With the capital increases in 2021 and 2022, United Aygaz's capital reached a total of BDT 3,260,000 thousand (USD 37 million) at the end of 2022. In the decision of the Board of Directors dated February 6, 2023; it was decided to increase the capital of United Aygaz by BDT 1.240.000 thousand (USD 12 million) to BDT 4,500,000 thousand (USD 49,000 million), and the payment of BDT 620,000 thousand (~USD 6 million) corresponding to Aygaz's share was made in cash on February 27 and March 27, 2023. Most recently, on November 30, 2023, United Aygaz LPG's capital was increased by BDT 1,344 million (~USD 12 million) from BDT 4,500 million to BDT 5,844 million, and Aygaz participated in this increase in proportion to its share. United Aygaz received its LPG operations license issued by Bangladesh Energy Regulatory Commission ("BERC") as of August 2022 and the company has started LPG sales in the Bangladesh market. As of the end of March, operations are carried out through 140 dealers and approximately 9.000 sales points.

LEGAL AND ECONOMIC DEVELOPMENTS IN LPG MARKET

Energy Market Regulatory Authority ("EMRA") published the cumulative sector report as of February 2024. According to January-February period data of 2024, total LPG sales in Turkey decreased by 9,61% compared to the same period of the previous year and amounted to 629,676 tons (2023 January-February: 696,598 tons).

MARKET-SALES-PRODUCTION

As of the end of March 2024, Aygaz continued its leading position in the market and total LPG sales reached 526 thousand tons, TL 15,8 billion consolidated revenue was obtained in January-March 2024 period.

Aygaz's cylinder LPG sales are 56 thousand tons and autogas sales are 170 thousand tons that sums up to domestic retail sales of 238 thousand tons together with bulk gas sales.

International LPG sales constitute a significant portion of our Company's overseas sales revenue and have reached to 158 thousand tons and USD 97 million revenue was obtained during the first three months of 2024 (2023 3 months: 312 thousand tons – USD 118 million).

Cylinder, small bulk gas tanks, valves, pressure regulators and similar items used in LPG sales, distribution and consumption are produced by our Company. A foreign currency denominated revenue of USD 1 million was achieved with LPG cylinder and tank exports in the first nine three of the 2024 (2023 3 months: USD 11 million).

INVESTMENTS

Under the investment plan for 2024, total amount of investments regarding renovation of cylinders used in the LPG delivery, modernization of the facilities and autogas stations and investments related to our cargo distribution business has reached TL 231 million in three months period (2023 3 months: TL 134 million).

RESEARCH AND DEVELOPMENT ACTIVITIES

In the first three months of 2024, total TL 15.6 million was spent for research and development activities (2023 3 months: TL 11.8 million).

EMPLOYEES

For the first three months of 2024, average number of employees working under Aygaz Group was 1,653 (2023 3 months: 1,653).

A Collective Group Labor Agreement has been signed between the Turkish Employers Association of Metal Industries (MESS), the employers' union in the metal industries in which the Company is a member, and the Turkish Metal Workers Union on January 17, 2024 to be valid for the period from September 1, 2023 to August 31, 2025, covering the workers at the Gebze plant.

The Collective Labor Agreement for the period January 1, 2023 to December 31, 2024 covering our seamen working on vessels with the Seafarers' Union of Turkey was signed on May 12, 2023, and the new term collective bargaining agreement negotiations, which will start on January 01, 2025, are expected to start in December 2024, following the determination of the authority of the party union.

Provisions for seniority pay and leave obligations as of 31 March 2024, totalled TL 268,788 thousand.

LEGAL DISCLOSURES**Lawsuits and Sanctions**

There are no lawsuits filed against the Company that may materially affect its financial position and activities and there are no administrative or legal sanctions imposed on the Company or the members of its managing body for violation of any legal provision.

Public Audits and Special Audits

In addition to the Company's internal audits, Ministry of Finance, Ministry of Customs and Trade and other regulatory and oversight organizations have also requested various documents and information, and ordinary and limited audits have been conducted.

KEY FINANCIAL INDICATORS

As of March 31, 2024, some basic indicators as compared to prior periods are as follows.

	<u>1 Jan – 31 Mar 2024</u>	<u>1 Jan – 31 Mar 2023</u>
Gross Profit Margin	8.4%	5.1%
Operating Profit Margin	-0.4%	-0.7%
Net Profit Margin*	-0.03%	2,1%

	<u>31 Mar 2024</u>	<u>31 December 2023</u>
Current Ratio	1.1	1.1
Net Fin. Liability/Equity**	-2.68%	-3.56%

(*) Parent company share

(**) The Company has net cash position

GENERAL ASSEMBLY

Agenda for the Ordinary General Assembly Meeting, which is held on April 1, 2024 and the list of attendants were published at the website, www.aygaz.com.tr. Details of the main items on the agenda were:

Board of Directors

Board of Directors has been elected as Mustafa Rahmi Koç, Mehmet Ömer Koç, Alexandre François Julien Picciotto, Levent Çakıroğlu, Yağız Eyüboğlu and independent members has been elected as M.M. Gülay Barbarosoğlu, Neslihan Tonbul, Muharrem Hilmi Kayhan.

Dividend Payment and Profit Distribution

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

- the financial statements prepared in accordance with TFRS indicate TL 5,953,903,000.00 in net profit for the reporting year and TL 2,904,526,814.73 in net profit from its fiscal year activities according to TPL records;

-net profit according to the financial statements prepared in compliance with TFRS in the amount of TL 5,953,903,000.00 increases to TL 5,988,905,383.36 of first assessment base for dividend when donations which calculated according to the purchasing power on December 31,2023 of TL 35,002,383.36 are added.

- the financial statements prepared according to the TPL records indicate a net current year profit (As a result of subjecting the balance sheet dated 31.12.2023 to inflation adjustment in accordance with the Tax Procedure Law (TPL), recorded in the sub-breakdown of the Prior Year Profits account) of TL 2,904,526,814.73.

a. Accordingly, it has been resolved that setting aside a 5% as general legal reserve for 2023 as required under article 519 of the Turkish Commercial Code would not be required since the amount of general legal reserve in TPL records has already reached 20% of the capital as of 31.12.2023,

b. In compliance with the Capital Markets legislation, Article 17 of the Company's Articles of Association, and the Company's Profit Distribution Policy approved by the shareholders at the General Assembly meeting on March 31, 2014, and taking into consideration the market expectations, the Company's long-term strategies, investment and financing policies, profitability and cash position, profit distribution is proposed as follows:

- TL 1,505,635,253.95 to be paid out to shareholders as dividend, and
- TL 149,464,521.56 to be set aside as general legal reserve

c. It is also proposed to pay out the total amount of TL 1,505,635,253.95 as the sum of dividends to the shareholders fully in cash.

d. Upon the General Assembly's acceptance of the profit distribution proposal detailed above, it has been resolved that TL 1,505,635,253.95 for dividends payable to the shareholders and TL 149,464,521.56 for general legal reserves be paid out from current earnings

e. The balance of TL 4,298,803,224.49 according to TFRS after the dividend payout and general legal reserve deductions to be transferred to retained profits; the amount remaining after the payment of dividends to shareholders from the current year profit as per the Tax Procedure Law (VUK) records, and after setting aside the general legal reserve, being left in the sub-breakdown of the Prior Year Profits/Losses account as a result of subjecting the balance sheet dated 31.12.2023 to inflation adjustment in accordance with the Tax Procedure Law (VUK)

f. A gross=net cash dividend at the rate of 685.00000% and in the amount of TL 6.85000 per share with a nominal value of TL 1.00 to be paid out to fully obligated corporations and our limited taxpayer shareholders who earn dividends through an office or a permanent representative in Turkey; and a gross cash dividend at the rate of 685.00000% and the amount of TL 6.850000 per share with a nominal value of TL 1.00, and net 616.500000% and net amount of TL 6.165000 to be paid out to other shareholders;

and dividend payout to start on April 04, 2024.

Dividend Policy:

Our Company's dividend policy is disclosed as below in Corporate Governance Principles Compliance Report and Company website.

"Our Company distributes profits within the framework of the provisions of the Turkish Commercial Code, Capital Market Regulations, Tax Regulations and other relevant regulations, as well as the article on profit distribution of our Articles of Association. In line with Corporate Governance Principles, a balanced and consistent policy is followed between the interests of the Shareholders and the Company.

In principle, as long as related regulations and financial resources allow, taking into consideration market expectations, our long-term company strategy, investment and financing policies, profitability and cash position, a minimum 50% of the distributable profit calculated in accordance with Capital Markets Regulations is distributed as cash and/or bonus shares.

Distribution of profit is aimed to be paid out at the latest within one month subsequent to the General Assembly Meeting; the date of profit distribution is resolved by the General Assembly. The General Assembly or, if authorized, the Board of Directors may decide to distribute the dividend in installments in accordance with Capital Markets Regulations.

According to the Company's Articles of Association, The Board of Directors may distribute advance dividends, provided that it is authorized by the General Assembly and complies with the Capital Markets Regulations."

Donations and Supports:

Company's donation of TL 25.877.399,83 (Total amount calculated according to purchasing power on December 31, 2023 is TL 35.002.383,36) to foundations and associations with the purpose of the social relief in 2023, is submitted to the information of the shareholders. It was decided by the General Assembly that the maximum amount for donations in 2023 to be as 0.4% of the revenues of the previous year.

Other:

It was accepted by the General Assembly to authorize Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. as the independent auditor for the review of 2024 financial reports and to fulfill all other obligations within the scope of related regulations in the Law.

NATURE AND AMOUNT OF ISSUED CAPITAL MARKET INSTRUMENTS

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

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

- (i) Short-term bonds (TRFAYGZ52316 ISIN) with 281-day maturity, fixed interest of 33.30% per annum, payable on May 9, 2023, TL 100,000,000 for qualified investors;
- (ii) Short-term bonds (TRFAYGZ32318 ISIN) with 179-day maturity, fixed interest of 25.00% per annum, payable on March 31, 2023, TL 200,000,000 for qualified investors;
- (iii) Short-term bonds (TRFAYGZ62315 ISIN) with 175-day maturity, fixed interest of 25.50% per annum, payable on June 2, 2023, TL 300,000,000 for qualified investors;

(iv) Short-term bonds (TRFAYGZ92312 ISIN) with 99-day maturity, fixed interest of 39.50% per annum, payable on September 28, 2023, TL 250,000,000 for qualified investors;

(v) Short-term bonds (TRFAYGZ12419 ISIN) with 184-day maturity, fixed interest of 38.50% per annum, payable on January 5, 2024, TL 150,000,000 for qualified investors.

*All of the bonds shown in the section above have been amortized as of March 31, 2024.

It was resolved to issue debt instruments (bonds and/or bills) with a total nominal value up to TL 3.000.000.000 (Three billion Turkish Lira) after the Capital Markets Board's approval of the issuance, within the period that issuance limit is valid and to do the sale one or several times domestically by way of selling to qualified investors and/or private placement excluding public offering with the resolution of BoD on January 10, 2023. The necessary application to obtain approval was filed with the Capital Markets Board on January 12, 2023. The necessary application to obtain approval was filed with the Capital Markets Board on January 12, 2023 and this application was approved by the Capital Markets Board's decision on August 31, 2023 with decision numbered 51/1055.

CREDIT RATING

In June 14, 2023, our Company's credit rating process carried out by JCR Eurasia Rating has been completed and following ratings has been assigned; Long Term National Rating "AA (Tr) / (Stable Outlook)", Short Term National Rating "J1+(Tr) / (Stable Outlook)" and Long Term International Rating (in local and foreign currency) "BB / (Negative Outlook)".

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE

Aygaz demonstrates its emphasis on the importance of complying with corporate governance principles and its commitment to implementing them as a continuous and dynamic process by receiving Corporate Governance Rating scores and remaining in the Corporate Governance Index. Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş., operating under license from the Capital Markets Board ("CMB") to conduct corporate governance rating activities in Turkey, upgraded the Company's score from 9.56 to 9.66 on June 21, 2023. Corporate Governance Rating Score is determined under four main categories weighted by different degrees within the framework of the CMB resolution regarding the issue. The increase in the rating was realized in the "Shareholders", "Public Disclosure and Transparency" and "Board of Directors" sections. With the aim to further improve the Company's compliance risk management and to comply with corporate governance and sustainability; Code of Ethics, Community Investment Policy Compliance Policy, Sanctions and Exports Control Policy and Whistleblowing Policy were also accepted by the Company's Board of Directors on May 18, 2022 and were disclosed both on PDP and the Company website. With its current corporate governance rating, Aygaz has become one of the companies with the highest corporate governance rating in Turkey as of the date of the rating.

The sub-section ratings are confirmed as follows:

<u>Sub-sections</u>	<u>Weight</u>	<u>Rating</u>
Shareholders	0.25	95.90
Public Disclosure and Transparency	0.25	97.25
Stakeholders	0.15	99.51
Board of Directors	0.35	95.31
Total	1.00	96.57

Corporate Governance Rating Report can be accessed at our Company website. The 2023 Corporate Governance Compliance Report (“URF”) and Corporate Governance Information Form (“KYBF”), approved by Aygaz A.Ş. Board of Directors, can be found in the corporate governance page of Aygaz A.Ş. on the Public Disclosure Platform (“PDP”) (www.kap.org.tr).

In order to renew the existing corporate governance rating agreement between our Company and SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş., a new agreement valid for two years was signed on February 21, 2024, and it is valid until February 21, 2026.

SUSTAINABILITY PRINCIPLES COMPLIANCE

Aygaz follows the best sustainability practices closely, including the ones laid out in the CMB’s Sustainability Principles Compliance Framework and conducts activities to adopt the generally accepted best practices in this field to the extent possible. Many of the topics that Aygaz manages as part of its sustainability efforts correspond to the principles stated in the “Sustainability Principles Compliance Framework” introduced by the Capital Markets Board (CMB) in 2020. Accordingly, Aygaz A.Ş. has achieved compliance with the majority of the principles stated in the non-mandatory “Sustainability Principles Compliance Framework” introduced by the CMB on a “comply or explain” basis. However, full compliance with all the principles has not been achieved yet due to the challenges in the implementation of some of these principles, uncertainties in the national and international arena, certain principles not fully aligning with the current structure of the Company, and the fact that some compliance principles will be determined according to the findings of ongoing studies. Once the ongoing studies on the global practices that may contribute to the Company’s goal of creating sustainable value, the technical infrastructure development and data collection activities are finalized, the Company aims to work toward implementing the principles that have yet to be fully complied with.

Aygaz has been listed in the BIST Sustainability Index since 2018.

Aygaz 2022 Sustainability Report that includes information regarding Aygaz’s sustainability implementations and performance has been made public via our Company’s website. (www.aygaz.com.tr)

RISK MANAGEMENT

Risk management is applied in accordance with international standards and practices as well as policies approved and strategic targets set by the Board of Directors, taking into consideration feedback from departments and Executive Committee in particular. Given the financial, operational and legal risks encountered due to the nature of the industry, risks are managed -within the framework of corporate risk management- with an integrated, holistic, systematic and proactive approach along with risk assessments spread across the Company and updated with the processes. To maintain and increase market value, the Company aims to identify and manage risks, and to take advantage of opportunities at the same time. With effective corporate risk management in place, developing shared perspectives and strategies across the Company remains the focus point.

Financial risks arising from uncertainties and fluctuations in foreign exchange, interest rates, liquidity and commodity prices are identified and evaluated and when necessary, relevant instruments are used to mitigate risks. Foreign exchange risks originate from purchases in foreign currencies regarding business activities or loans utilized in foreign

currency for liquidity purposes. This risk is mitigated by the "natural hedge" that is created by reflecting exchange rate fluctuations on product sales prices and the foreign exchange position exposed to currency risk after the inventory within the said natural hedge is closely monitored and effectively managed. The risks are restricted and kept within targeted limits by forward or derivative transaction agreements when necessary.

The interest rate risk shows its effects on rate-sensitive assets and liabilities. The negative effects of interest rate risk are eliminated balancing financial debts in terms of fixed/variable interest rates and short term/long term maturities.

Liquidity risk is managed by closely monitoring current and projected cash flows and ensuring maturity match between assets and liabilities. Net working capital is closely monitored to preserve short-term liquidity, and sufficient level of cash and cashlike assets are maintained against potential capital market fluctuations. Consequently, working capital needs and liquidity risks are minimized. The Company's policy is to manage longterm liabilities with fixed-interest rates with flexible structures and to hedge the potential interest rate risks through derivative instruments. Available cash and non-cash credit lines are determined with the banks.

In terms of commodity risks, derivative transactions are performed on operational inventory in order to limit the impact of price fluctuations in international markets.

Given its broad range of activities, Aygaz's receivables are spread across different industries and geographical regions through numerous dealers and customers. Concentrating on a specific field or a customer is avoided. Commercial receivables are monitored closely with regular reporting and assessments, taking care to keep customer credit risk exposure arising from commercial receivables within approved limits.

Collaterals (letters of credit and guarantee performance bonds, pledges, etc.) are held to mitigate collection risks and risks are checked on transaction basis and the said collaterals are followed systemically. Payments are received via banking systems. The use of various payment systems also helps facilitating the collections and reducing the risks.

In terms of capital risk, the Company's objective is to carry out business with the most efficient capital structure that minimizes the cost of capital while creating value for its shareholders. The most significant indicators considered for this purpose are the ratios of Net Financial Debt/EBITDA, Total Financial Debts/ Equity, Current Ratio and Liquidity Ratio, as well as maturity structure of Financial Debt and Net Working Capital. With all these indicators within the required limits, Aygaz A.Ş. has the capital structure and debt capacity to conduct its business in a healthy manner. The Board of Directors is informed through the reports prepared by the management and presented to the Risk Management Committee periodically.

The Company's issued capital is TL 219,800,767 is protected by main partnership capital that is TL 42 billion as of March 31, 2024.

Operational, legal and strategic risks are evaluated by related units and the decisions made by the executive management are monitored by the Board of Directors through this committee. The Board of Directors also receives information about corporate risk management activities carried out within the scope of strategic planning and management processes through the executive management and the Risk Management Committee.

For protection against any losses that may arise due to operational or other risks, various insurances are in place including the coverages for subsidiaries. All transferable risks are delegated to third parties with insurance policies. Likewise, various other instruments have been introduced including a cyber risk insurance policy to mitigate the effect and

probability of cyberattacks. Operational risks are monitored by the relevant departments of the Company and reported to senior management at regular intervals.

Regulatory changes are monitored by all related units primarily and in particular by the Legal Department. Necessary information is provided and training and compliance activities are carried out to avoid legal risks.

OTHER ISSUES

Announced to the public on January 11, 2024, the transactions for the purpose of conducting the activities of Sendeo Dağıtım Hizmetleri A.Ş. ("Sendeo"), in which Koç Holding and Aygaz collectively own all shares, and Ekol Ekspres Kargo A.Ş. ("Kolay Gelsin"), which is wholly owned by Ahmet Musul, under the "Kolay Gelsin" brand with the principle of equal partnership of Sendeo shareholders and Ahmet Musul have been permitted by the Competition Authority.

The detailed due diligence and legal documentation, as well as other approval processes, mentioned in our announcement dated January 11, 2024 regarding the transaction, are ongoing.

FORWARD LOOKING STATEMENTS

Regarding 2024;

240-250 thousand tons for cylinder gas,
770-800 thousand tons for autogas.

Our market share expectations are;
Cylinder gas: 41.0% - 43.0%
Autogas: 21.5% - 22.5%

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