

**Naturelgaz Sanayi
ve Ticaret A.Ş.**

Convenience Translation into English of
Financial Statements As At and For the Year
Ended 31 December 2022 Together With
Independent Auditor's Report
(Originally issued in Turkish)

February 24, 2023

This report consists of 52 pages of condensed financial statements and explanatory notes to the interim condensed financial statements.

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NATURELGAZ SANAYİ VE TİCARET A.Ş.**SUMMARY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022** (All amounts are in Turkish Lira ("TL").)

		Current period (Audited)	Prior Period (Audited)
	Notes References	31 December 2022	31 December 2021
ASSETS			
Current Assets		1.032.844.018	266.230.596
Cash And Cash Equivalents	4	360.624.559	88.019.560
Trade Receivables		595.958.764	151.754.436
<i>Trade Receivables From Related Parties</i>	3	1.316.634	1.750.422
<i>Trade Receivables From Third Parties</i>	7	594.642.130	150.004.014
Other Receivables	8	10.804.558	1.213.740
<i>Other Receivables From Third Parties</i>	8	10.804.558	1.213.740
Inventories	5	38.187.707	17.160.319
Pre-paid Expenses	9	27.192.696	5.967.424
Assets Related to Current Period Tax	24	-	476.019
Other Current Assets	15	75.734	1.639.098
Non-Current Assets		806.160.673	578.883.374
Financial Investments		412.408	412.408
Tangible Fixed Assets	10	678.546.723	545.153.781
Right of Use Assets	12	65.080.027	28.195.470
Intangible Fixed Assets	11	3.447.067	4.467.663
Prepaid Expenses	9	7.322.843	654.052
Deferred Tax Assets	24	51.351.605	-
TOTAL ASSETS		1.839.004.691	845.113.970

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

NATURELGAZ SANAYİ VE TİCARET A.Ş.

SUMMARY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (All amounts are in Turkish Lira ("TL").)

		Current period (Audited)	Prior Period (Audited)
	Note References	31 December 2022	31 December 2021
LIABILITIES			
Short Term Liabilities		489.639.818	189.991.455
Short Term Portion Of Long Term Financial Liabilities	6	-	49.625.875
Lease Payables	12	31.784.390	9.560.133
Trade Payables	7	387.108.786	125.072.991
<i>Trade Payables to Related Parties</i>	3	585.130	617.463
<i>Trade Payables to Unrelated Parties</i>	7	386.523.656	124.455.528
Employee Benefit Obligations	14	2.482.052	648.799
Other Payables	8	9.357.009	3.506.101
<i>Other Payables to Unrelated Parties</i>	8	9.357.009	3.506.101
Current Tax Liabilities	24	32.853.096	-
Short Term Provisions	14	26.047.668	1.572.450
<i>Short-Term Provisions for Employee Benefits</i>	14	26.047.668	1.572.450
Other Short Term Liabilities		6.817	5.106
Long Term Liabilities		42.893.372	80.181.268
Payables from Rental Transactions	12	39.912.593	16.016.479
Deferred Tax Liabilities	24	-	62.370.464
Long-term Provisions	14	2.980.779	1.794.325
<i>Long-term Provisions for Employee Benefits</i>	14	2.980.779	1.794.325
Total Liabilities		532.533.190	270.172.723
EQUITY		1.306.471.501	574.941.247
Equity Attributable to The Parent		1.306.471.501	574.941.247
Paid-in Capital	16	115.000.000	115.000.000
Share Premium	16	108.290.986	108.290.986
Not To Be Reclassified To Profit Or Loss			
Other Accumulated Comprehensive Income		303.626.979	303.626.979
- <i>Revaluation and Measurement Earnings</i>	17	303.626.979	303.626.979
Restricted Reserves	16	9.570.192	5.337.885
Previous Years Profit / (Loss)		2.675.209	16.499.343
Net Profit / (Loss) For Period		767.308.135	26.186.054
Total Equity		1.839.004.691	845.113.970

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

NATURELGAZ SANAYİ VE TİCARET A.Ş.
FOR THE YEAR ENDED 31 DECEMBER 2022
SUMMARY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME (All amounts are shown in Turkish Lira (“TL”).)

		Current period (Audited)	Prior Period (Audited)
	Note References	31 December 2022	31 December 2021
PROFIT OR (LOSS)			
Revenue	18	3.758.143.981	696.363.820
Cost Of Sales (-)	18	(2.786.287.377)	(559.349.122)
Gross Profit/ (Loss)		971.856.604	137.014.698
General and Administrative Expenses (-)	19	(51.101.905)	(25.036.874)
Marketing Expenses	19	(131.713.096)	(53.110.935)
Other Income From Operating Operations	21	1.424.719	3.454.356
Other Expenses From Operating Activities (-)	21	(9.070.775)	(4.131.040)
OPERATING PROFIT		781.395.547	58.190.205
Income From Investment Activities	22	15.537.463	1.090.394
OPERATING PROFIT BEFORE FINANCE EXPENSES		796.933.010	59.280.599
Financial Income	23	8.831.262	10.567.083
Financial Expenses (-)	23	(28.843.113)	(39.621.279)
PROFIT BEFORE TAXES FROM CONTINUING OPERATIONS		776.921.159	30.226.403
Continuing Operations Tax Income/(Expense)		(9.613.024)	(4.040.349)
Term Tax Expense	24	(123.335.093)	(1.719.969)
Deferred Tax Income/(Expense)	24	113.722.069	(2.320.380)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		767.308.135	26.186.054
PERIOD PROFIT		767.308.135	26.186.054
Earnings Per Share	25	6,672	0,234
Earnings per share from continuing operations		6,672	0,234
Diluted Earnings Per Share from Continuing Operations		6,672	0,234
Diluted Earnings Per Share from Continuing Operations	25	6,672	0,234
OTHER COMPREHENSIVE INCOME			
Not To Be Reclassified To Profit Or Loss			
Revaluation Increases Of Tangible Assets	17	-	280.057.982
Taxes On Other Comprehensive Income Not To Be Reclassified To Profit Or Loss			
Deferred Tax Expense	17	-	(56.011.596)
OTHER COMPREHENSIVE INCOME		-	224.046.386
TOTAL COMPREHENSIVE INCOME		767.308.135	250.232.440

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

NATURELGAZ SANAYİ VE TİCARET A.Ş.
CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022
(All amounts are shown in Turkish Lira (“TL”).)

	Note	Paid In Capital	Premiums/Discounts on Shares	Other Comprehensive Income/Expense Not To Be Reclassified To Profit Or Loss	Retained Profits/Losses			Total
				Gains On Revaluation And Remeasurement	Restricted Reserve	Retained Earnings	Net Income For The Period	
Balance at 1 January 2021 (Beginning of the Period)		100.018.594	-	79.580.593	-	(35.861.457)	90.198.685	233.936.415
Period Profit		-	-	-	-	-	26.186.054	26.186.054
Other Comprehensive Income		-	-	224.046.386	-	-	-	224.046.386
Total Comprehensive Income	16	-	-	224.046.386	-	-	26.186.054	250.232.440
Transfers		-	-	-	5.337.885	84.860.800	(90.198.685)	-
Capital Increase		14.981.406	-	-	-	-	-	14.981.406
Increase / (Decrease) Due To Share-Based Transactions		-	108.290.986	-	-	-	-	108.290.986
Dividends		-	-	-	-	(32.500.000)	-	(32.500.000)
Transactions With Partners In Equity		14.981.406	108.290.986	-	5.337.885	54.839.463	(90.198.685)	90.772.392
Balances at 31 December 2021 (End of Period)	16	115.000.000	108.290.986	303.626.979	5.337.885	16.499.343	26.186.054	574.941.247
Balance at 1 January 2022 (Beginning of the Period)		115.000.000	108.290.986	303.626.979	5.337.885	16.499.343	26.186.054	574.941.247
Period Profit		-	-	-	-	-	767.308.135	767.308.135
Total Comprehensive Income		-	-	-	-	-	767.308.135	767.308.135
Transfers		-	-	-	4.232.307	21.953.747	(26.186.054)	-
Dividends		-	-	-	-	(35.777.881)	-	(35.777.881)
Transactions With Partners In Equity		-	-	-	4.232.307	(13.824.134)	(26.186.054)	(35.777.881)
Balances at 31 December 2022 (End of Period)	16	115.000.000	108.290.986	303.626.979	9.570.192	2.675.209	767.308.135	1.306.471.501

(*) At the ordinary general assembly meeting dated April 28, 2022, after the legal funds amounting to TL 4.232.307 for the accounting period of 1 January 2022-31 December 2022 were allocated, it was decided to distribute 35.777.881 TL to the shareholders as cash dividends. It was made in May 2022. (31 December 2021: 32.500.000 TL)

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

NATURELGAZ SANAYİ VE TİCARET A.Ş.
FOR THE YEAR ENDED 31 DECEMBER 2022

SUMMARY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(All amounts are shown in Turkish Lira (“TL”).)

	Note References	Current period	Prior Period
		(Audited)	(Audited)
		31 December 2022	31 December 2021
A. Cash Flow From Operating Activities :		580.339.189	105.674.522
Profit / (Loss) Of The Period		767.308.135	26.186.054
Adjustments Related To Reconciliation Of Profit/(Loss)		137.700.946	68.437.933
-Adjustments Related To The Increase/Decrease In Amortization And Depreciation	10,11,12	98.230.366	36.991.127
-Adjustments Related To Provision (Reversal) For Employee Benefits	14	26.145.195	1.300.378
- Adjustment To Interest Income	23	(9.887.472)	(12.601.754)
- Adjustments to Financing Expenses	23	28.843.113	39.621.279
- Adjustment To Tax Income/ Expenses	24	9.613.024	4.040.349
- Adjustments Related To Gain from Disposal Of Fixed Assets		(15.243.280)	(913.446)
- Negotiable purchase and sale		-	-
Changes In Operating Capital		(234.760.581)	11.633.796
-Increase In Receivables From Unrelated Parties		(444.639.168)	(74.349.176)
- Decrease in Trade Payables to Related Parties		(32.333)	205.533
- Increase/(Decrease) In Other Receivables From Unrelated Parties		(9.590.818)	10.922.427
- Increase/(Decrease) In Trade Receivables From Related Parties		433.788	(1.388.723)
- Increase/(Decrease) In Payables To Non-Related Parties		267.919.036	84.733.747
-Changes in inventories		(21.027.388)	(5.097.803)
-Other Liabilities		-	-
-Changes In Other Assets		(26.330.699)	(3.254.789)
-Change in payables within the scope of employee benefits		1.833.253	199.182
-(Decrease)/Increase in blocked accounts	4	(3.326.252)	(336.602)
Cash Flows From Operations		670.248.500	106.257.783
- Severance pay paid	14	(483.524)	(421.944)
- Tax paid	24	(90.481.997)	(2.195.988)
- Interest rates received		1.056.210	2.034.671
B. Cash Flows From Investing Activities		(176.552.806)	(28.388.596)
Cash outflows from the purchase of tangible and intangible assets	10,11	(200.853.230)	(29.785.470)
Cash inflows from the sale of tangible and intangible assets	10,11	24.300.424	1.146.874
Cash inflows/outflows from financial investment trading		-	250.000
C. Cash Flows from Financing Activities		(134.507.636)	1.588.864
Net Cash Inflows from Issuance of Shares and Other Equity Instruments	16	-	123.282.315
Cash Inflows From Borrowing	6	234.250.000	10.885.239
Cash Outflows On Debt Payments	6	(288.467.415)	(81.279.495)
Cash Outflows On Debt Payments From Lease Agreements	12	(37.623.717)	(17.944.071)
Dividends Paid	16	(35.777.881)	(32.500.000)
Interest Paid		(7.334.649)	(7.948.310)
Commissions Paid		(8.385.237)	(2.936.496)
Interest received		8.831.263	10.029.682
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN CURRENCY CONVERSION DIFFERENCES (A+B+C)		269.278.747	78.874.789
D. THE EFFECT OF FOREIGN CURRENCY CONVERSION DIFFERENCES ON CASH AND CASH EQUIVALENTS			
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		269.278.747	78.874.789
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD END OF THE PERIOD END OF THE PERIOD CASH AND CASH EQUIVALENTS (A+B+C+D+E)	4	87.670.584	8.795.794
		356.949.331	87.670.584

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

NATURELGAZ SANAYİ VE TİCARET A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31

DECEMBER 2022 (All amounts are shown in Turkish Lira ("TL").)

1 ORGANIZATION AND SUBJECT OF ACTIVITY OF THE COMPANY

Naturelgaz Industry and Trade Inc. ("Company" or "Naturelgaz") was established in 2004 to operate in the compressed natural gas ("CNG") sector. The main field of activity of the Company is the purchase, compression and delivery of natural gas for CNG in the transported natural gas sector and the purchase, transportation and delivery of gas in the Liquefied Natural Gas ("LNG") sector.

The issued capital of the company has been increased to 115.000.000 TL by increasing it by 14.981.406 TL by offering it to the public, all in cash and restricting the rights of existing partners to buy new shares. Upon the positive decision of the Capital Markets Board regarding the public offering dated March 18, 2021 and numbered 14/420, all of the shares issued representing the capital of 14,981.406 TL were sold in cash and fully paid, within the framework of the conditions specified in the Prospectus for the public offering. However, shares representing 30% of its capital with a nominal value of 115,000,000 TL began to be traded on Borsa Istanbul with the code NTGAZ as of April 1, 2021. As a result of this transaction, the ownership rate of the Company is 70% Global Yatırım Holding A.Ş. ("Global Investment Holding"), on the other hand, the rate of publicly held shares was 30%. The shareholding structure of the Company is presented in Note 16 in detail.

CNG transmission with compressed natural gas (CNG) sales licenses held by Naturelgaz in Izmir, Bursa, Antalya, Konya, Konya-2, Bolu, Osmaniye, Kayseri, Rize, Elazığ, Istanbul, Kırıkkale, Kocaeli, Kırklareli, Ordu, Mersin and Denizli regions. and distribution license. CNG transmission and distribution licenses and Bursa, and Antalya CNG licenses in 2005; İzmir CNG license in 2006, Bolu Auto CNG license in 2012, Konya, Osmaniye, Kocaeli CNG licenses in 2013; Rize and Denizli CNG sales licenses, Ordu CNG license and Mersin Auto CNG license in 2015; Spot LNG license and Konya Auto CNG license were obtained in 2016, and Kırıkkale, Kayseri and Elazığ CNG licenses were obtained in 2017. The term of the said licenses is 30 years. In addition, the company has an import license (spot) and a CNG Transmission-Distribution license obtained in 2014.

The company started the installation of a Solar Power Plant ("GES") with a total installed power of 2,400.84 kWp in Karatay District of Konya in 2022, generating 3,991 MWh of electricity annually with the GES Investment and the completion and commissioning of the investment in the first quarter of 2023. foreseen. With the SPP Investment, it is aimed to support the clean energy production of our country, to protect the nature and to contribute to the carbon neutral goals of our Company, in addition to providing cost savings and increasing our efficiency with environmentally friendly energy production. In accordance with these targets, it is planned that the electricity to be produced will primarily meet the entire electricity need of our Konya Bulk CNG Facility, and the excess will be used in our other facilities or given to the grid in accordance with the relevant regulations.

There are no separate operating segments that will cause further reporting needs according to the fields of activity and geographical divisions related to the ongoing activities of the Company.

As of 31 December 2022, the number of personnel of the Company is 239 (31 December 2021: 228). The registered address of the company is Büyükdere Cad. 193 Apt Blok No: 193 Inner Door No: 2 34394 Sisli/Istanbul.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND ACCOUNTING POLICIES

2.1 Statement of Compliance to Turkish Financial Reporting Standards ("TFRS")

The accompanying consolidated financial statements are prepared based on the Turkish Financial Reporting Standards ("TFRS") that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA") in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets", which were published in the Official Gazette No:28676 on 13 June 2013. TFRS's contain Turkish Accounting Standards ("TAS"), Turkey Financial Reporting Standards, TAS interpretations, and TFRS interpretations published by POA.

The consolidated financial statements are presented in accordance with the TFRS Taxonomy developed based on the Illustrative Financial Statements and User Guide published by POA in the Official Gazette numbered 30794 on 7 June 2019.

Approval of consolidated financial statements:

The accompanying consolidated financial statements are approved by the Company's Board of Directors on 10 March 2023. The General Assembly of the Company has the right to amend, and relevant regulatory bodies have the right to request the amendment of these consolidated financial statements.

NATURELGAZ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2022 (All amounts are shown in Turkish Lira (“TL”))

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND ACCOUNTING POLICIES

2.1 Statement of Compliance to Turkish Financial Reporting Standards (“TFRS”) (continued)

(b) Preparation of Financial Statements in Hyperinflationary Economies

With the resolution taken on 17 March 2005, the CMB has announced that, effective from 1 January 2005, the application of TAS 29 “Financial Reporting in Hyperinflationary Economies” issued is no longer required for companies operating in Turkey and accordingly effective from 1 January 2005, TAS 29 has not been applied in preparing the Group’s consolidated financial statements.

POA made a declaration on the Implementation of Financial Reporting in High Inflation Economies in the scope of TFRS on 20 January 2022, the cumulative change in the general purchasing power of the last three years according to the Consumer Price Index (CPI) is 74,41% and it has been stated that there is no need to make any adjustments within the scope of TAS 29 Financial Reporting in Hyperinflationary Economies in the consolidated financial statements for 2021. In this respect, while preparing the financial statements as of 31 December 2022, no inflation adjustment was made according to TAS 29.

(c) Measurement

The financial statements have been prepared on dates other than the measurement items detailed specifications at fair value:

- Machinery, plant and enclosures and land.

The measurement of historical cost is generally based on the fair value to hedge for assets held in their purchase history.

Fair value reading principles explained in statement 2.4.

(d) Current and Reporting Currency

These financial statements are presented in Turkish Lira (“TL”), which is the functional currency of the Company. All financial information presented in TL is shown in full TL unless otherwise stated.

2.2 Changes in Accounting Policies

Accounting policies have been consistently applied by the Company in all periods presented in the financial statements. Significant changes in accounting policies are applied retrospectively and prior period financial statements are restated.

While preparing the financial statements dated 31 December 2022, there is no change in accounting policies.

2.3 Changes and Errors In Accounting Estimates

Changes in accounting estimates are applied in the current period if the change is related with only one period. They are applied in the current period and prospectively if they are related to current and to the future periods. Significant accounting errors are applied retrospectively and prior period financial statements are restated.

The accounting judgements, estimates and assumptions used in preparing the accompanying consolidated financial statements, are consistent with the accounting judgements, estimates and assumptions used in preparing the consolidated financial statements as at 31 December 2021.

2.4 Significant Accounting Estimates and Assumptions

The preparation of the financial statements requires the disclosure of the amounts of assets and liabilities reported as of the reporting date, the disclosure of contingent assets and liabilities, and the use of estimates and assumptions that may affect the amounts of income and expenses reported during the accounting period. Although these estimates and assumptions are based on the Company management's best knowledge of current events and transactions, actual results may differ from the assumptions.

Estimates and assumptions that may cause significant adjustments to the carrying value of assets and liabilities in the next financial reporting period are as follows:

Useful lives of tangible and intangible assets

In accordance with the accounting policy stated in Annotation 2.4, the Company determines the useful lives of assets as of balance sheet dates according to the management's best estimation method and reviews these lives in each reporting period.

NATURELGAZ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2022 (All amounts are shown in Turkish Lira (“TL”))

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.4 Significant Accounting Estimates and Assumptions (continued)

Revaluation of Lands and Machinery, Plant and Equipment

Lands and plant, machinery and equipment are evaluated by an independent professional real estate appraisal company licensed by the Capital Markets Board (“CMB”), for the lands as of 31 December 2020, and for machinery, plant and equipment as of 31 December 2021. reflected in the financial statements from the determined fair values. The frequency of revaluation is determined in such a way as to ensure that the book values of the revalued property, plant and equipment do not differ materially from their fair values at the end of the relevant reporting period. The frequency of revaluation studies depends on the change in the fair value of the items of property, plant and equipment. In cases where the fair value of a revalued asset is considered to differ materially from its carrying amount, the revaluation study needs to be repeated and is performed for the entire asset class in which the revalued asset is located as of the same date.

On the other hand, it is not considered necessary to repeat the revaluation studies for tangible assets whose fair value changes are insignificant.

Based on management's best estimates, valuation methods such as the following are used in the fair value calculations:

In the peer comparison method, the fair value of the lands is determined by comparing them with the newly sold lands with similar characteristics in the current market, applying appropriate comparison procedures and making various adjustments to the comparable sales prices.

- In the Market approach and Cost approach method, the fair value of machinery, plant and equipment, the valuation model for similar items, the quoted market prices, where possible, their indicative value by comparing them with the same or comparable (similar) assets for which price information is available, and amortized when appropriate. Calculated based on replacement costs. Amortized replacement cost reflects adjustments for physical, technological (functional), and external or economic attrition. The values that may occur during the realization of the buying/selling transactions may differ from these values.

Measurement of Expected Credit Losses:

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls.

For trade receivables, other receivables, other assets and contract assets the Company applies the simplified approach to providing for expected credit losses (TFRS 9 requires the use of the lifetime expected loss provision for all trade receivables). The Group performed the calculation of expected credit losses rates separately for receivables arising from different business lines. The expected credit losses were calculated based on actual credit loss experience over the past years. Exposures within each group were segmented based on common credit risk characteristics such as delinquency status.

Measurement of Fair Values

The Company's various accounting policies and disclosures require determining the fair values of both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Company uses market observable information whenever possible. Fair valuations are classified into different levels in the fair valuation hierarchy determined based on the information used in the valuation techniques specified below.

Level 1: At the quoted (unadjusted) price in active markets for identical assets or liabilities;

Level 2: Data that are directly (through prices) or indirectly (derived from prices) observable data in terms of assets or liabilities, other than recorded prices in Level 1; And

Level 3: Data on assets or liabilities that are not based on observable market data (non-observable data).

If the information used to measure the fair value of an asset or liability can be classified to a different level of the fair valuation hierarchy, that fair valuation is classified to the same level of the fair valuation hierarchy that includes the smallest information that is significant to the overall measurement.

The Company accounts for transfers between levels in the fair valuation hierarchy at the end of the reporting period in which the change occurs.

NATURELGAZ SANAYİ VE TİCARET A.Ş.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2022 (All amounts are shown in Turkish Lira (“TL”))

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.5 Amendments published but not yet effective and not early implemented as of 31 December 2022

Changes that have been published but not yet effective and not early implemented

- a) Some of the new standards, interpretations and amendments that have been published but not yet effective as of the reporting date, and which are allowed for early application but not early adopted by the Company, are as follows.
- b) Changes and comments effective from 2022

Changes to TFRS 3 – References to the Conceptual Framework

This amendment updates a reference to the Conceptual Framework for Financial Reporting in TFRS 3 without materially changing the provisions of the standard.

These changes are valid for annual accounting periods beginning on or after 1 January 2022. Early implementation is permitted by applying it in conjunction with other reference updates to the Conceptual ***Framework so far.TMS 16***

(Amendments) Tangible Assets – Intended Earnings Before Use

These amendments do not allow the revenues from the sale of the items produced to be deducted from the cost of the related asset while the related property, plant and equipment is brought to the required location and condition so that it can operate under the conditions intended by the management, and requires such sales revenues and related costs to be recognized in profit or loss.

These changes apply to annual accounting periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to TAS 37 Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The amendments published today are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Annual Improvements to TFRS Standards 2018-2020 Cycle

Amendments to TFRS 1 First time adoption of Turkish Financial Reporting Standards

The amendment permits a subsidiary that applies paragraph D16(a) of TFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to TFRSs.TFRS 9 Finansal

- a) ***a) Standards that have not yet entered into force and amendments and interpretations to existing previous standards***

The company has not yet implemented the following standards, which have not yet entered into force, and the following amendments and interpretations to existing previous standards:

Amendments to TAS 1 Classification of Liabilities as Current or Non-Current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the related amendments.

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2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.5 Amendments published but not yet effective and not early implemented as of 31 December 2022 (continued)

a) Standards that have not yet entered into force and amendments and interpretations to existing previous standards (continued)

Amendments to TAS 1 Classification of Liabilities as Current or Non-Current (continued)

This amendment clarifies the additional explanations regarding the long-term classification of liabilities that the entity can postpone for at least twelve months, and other matters related to the classification of liabilities.

Amendments to TAS 1 address the following:

- a. Explicitly mention in the classification of liabilities that the entity's right to defer the liability must exist at the end of the reporting period.
- b. Include that management's expectations and objectives of the entity's exercise of the right to defer the obligation do not affect the classification of the liability as long-term.
- c. Disclose how the entity's borrowing conditions will affect that classification.
- d. An explanation of the requirements for the classification of liabilities that the entity may settle with its own equity instruments.

The Company is required to apply these changes retrospectively from reporting periods beginning on or after 1 January 2022. However, early application is permitted. Finally, with the amendment published by the IASB on 15 July 2020, it was decided to postpone the effective date of the IAS 1 amendment until 1 January 2023, and the said amendment was published by the POA on 15 January 2021 and the relevant postponement was made.

The Company is evaluating the possible effects of the implementation of the TAS 1 amendment on its financial statements.

Amendments to TAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the related amendments..

These changes made in TAS 12 Income Taxes, certain transactions of companies, for example; It clarifies how it should account for deferred tax on provisions for leases and decommissioning (dismantling, reinstatement, restoration, etc.).

With the amendment, the scope of the initial recognition exemption is narrowed and it is foreseen that this exemption will not be applied to the transactions whose amounts are equal and temporary differences are offset. As a result, companies will be required to recognize deferred tax assets and deferred tax liabilities for temporary differences and decommissioning provisions arising from initial recognition of a lease.

The amendments clarify that the exemption does not apply to transactions such as lease and decommissioning obligations. These operations will produce equal and compensating temporary differences.

Related deferred tax assets and liabilities for leases and retirement liabilities will need to be recognized from the beginning of the earliest comparatively presented period, and any cumulative effects will be recognized as an adjustment to prior period retained earnings or other equity components. If a company has previously accounted for deferred tax on leases and decommissioning obligations under the net approach, the impact on the transition will likely be limited to the separate presentation of the deferred tax asset and deferred tax liability.

These amendments are effective for reporting periods beginning on or after 1 January 2023, with earlier application permitted.

The Company is evaluating the possible effects of these amendments regarding TAS 12 on its financial statements.

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2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.5 Amendments published but not yet effective and not early implemented as of 31 December 2022 (continued)

a) Standards that have not yet entered into force and amendments and interpretations to existing previous standards (continued)

Disclosure of Accounting Policies (Amendments to TAS 1)

IASB published an update on IAS 1 Presentation of Financial Statements and IFRS Implementation Standard 2 Creating Materiality Decisions on 12 February 2021 to help companies make disclosures about accounting policies useful. Among these changes, the ones related to IAS 1 were published by the POA on August 11, 2021 as the Amendments to TMS 1.

Key changes in TMS 1 include:

- Requiring companies to disclose their accounting policies based on materiality rather than significant accounting policies,
- Clarify that accounting policies for transactions, other events or conditions that are below materiality are immaterial and therefore do not need to be disclosed; and
- Clarify that not all accounting policies regarding transactions, other events or conditions exceeding the materiality level are material to a company's financial statements.

The changes are effective from 1 January 2023, but early application is permitted.

The Company is evaluating the possible effects of the implementation of the amendments in TAS 1 Presentation of Financial Statements on its financial statements.

Definition of Accounting Estimates (Amendments to TAS 8)

These amendments, published by the IASB on February 12, 2021, introduce a new definition for accounting estimates: it is aimed to clarify that these are monetary amounts that cause measurement uncertainty in the financial statements. The relevant amendments were also published by the KGK on August 11, 2021 as the Amendments to TMS 8.

The amendments also clarified the relationship between accounting policies and accounting estimates by stating that a company develops an accounting estimate to achieve the purpose set by an accounting policy.

Developing an accounting estimate includes both:

- Choosing a measurement method (estimate or valuation method) – for example, an estimation technique used to measure the allowance for expected credit losses when applying TFRS 9 Financial Instruments; and
- Choosing the inputs to use when applying the chosen measurement method – for example, the expected cash outflows to determine a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The effects of changes in such inputs or valuation techniques are changes in accounting estimates. No change was made in the definition of accounting policies and remained the same.

These changes are valid for reporting periods beginning on or after 1 January 2023, early application is permitted and will be applied prospectively to changes in accounting estimates and accounting policies that occur at the beginning or after the first annual reporting period in which the Company applies these changes.

The Company is evaluating the possible effects of these amendments regarding TAS 8 on its financial statements.

Deferred Tax on Assets and Liabilities Arising from a Single Transaction - Amendments to TAS 12 Income Taxes

In May 2021, the “Deferred Tax on Assets and Liabilities Arising from a Single Transaction” amendment in TAS 12 Income Taxes was published by the IASB. The relevant amendments were also published by the KGK on 27 August 2021 as the Amendments to TAS 12.

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2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND ACCOUNTING POLICIES (continued)

2.5 Amendments published but not yet effective and not early implemented as of 31 December 2022 (continued)

a) Standards that have not yet entered into force and amendments and interpretations to existing previous standards (continued)

Amendments to TAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (continued)

These changes made in TAS 12 Income Taxes, certain transactions of companies, for example; It clarifies how it should account for deferred tax on provisions for leases and decommissioning (dismantling, reinstatement, restoration, etc.).

With the amendment, the scope of the initial recognition exemption is narrowed and it is foreseen that this exemption will not be applied to the transactions whose amounts are equal and temporary differences are offset. As a result, companies will be required to recognize deferred tax assets and deferred tax liabilities for temporary differences and decommissioning provisions arising from initial recognition of a lease.

The amendments clarify that the exemption does not apply to transactions such as lease and decommissioning obligations. These operations will produce equal and compensating temporary differences.

Related deferred tax assets and liabilities for leases and retirement liabilities will need to be recognized from the beginning of the earliest comparatively presented period, and any cumulative effects will be recognized as an adjustment to prior period retained earnings or other equity components. If a company has previously accounted for deferred tax on leases and decommissioning obligations under the net approach, the impact on the transition will likely be limited to the separate presentation of the deferred tax asset and deferred tax liability.

These amendments are effective for reporting periods beginning on or after 1 January 2023, with earlier application permitted.

3. RELATED PARTY DISCLOSURES

	31 December 2022		31 December 2021	
	Short Term		Long Term	
Balances with related parties	Trade Receivables	Other Payables	Trade Receivables	Trade Payables
Straton Maden Yatırımları ve İşletmeciliği A.Ş. (*)	1.316.634	-	1.701.911	-
Global Yatırım Holding A.Ş. (**)	-	585.130	-	617.463
Global Menkul Değerler A.Ş.	-	-	48.511	-
	1.316.634	585.130	1.750.422	617.463

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3 RELATED PARTY DISCLOSURES (continued)

(*) As of 31 December 2022 and 31 December 2021, receivables from Straton Maden Yatırımları ve İşletmeciliği A.Ş. consist of unsecured trade receivables related to gas sales.

(**) Trade payable to Global Investment Holdings consists of common usage expenses (Expenses such as consultancy, data processing, electricity, security, cleaning, heating, kitchen, water expenses).

The interest rate applied to trade receivables from related parties for the period ended 31 December 2022 is 31.5% (31 December 2021: 33.5%).

The Company has no non-trade payables and receivables from related parties as of 31 December 2022 and 31 December 2021. The income and expenses incurred as a result of the Company's transactions with related parties for the period ending on 31 December 2022 and 31 December 2021 are summarized below:

Balances with related parties	1 January – 31 December 2022				
	Rental income / (expense)	Interest Expense	Interest Income	Natural Gas Sales Revenue	Other
Global Yatırım Holding A.Ş (*)	(541.070)	(1.870.988)	95.599	-	(3.876.757)
Kanat Emiroğlu	-	-	-	-	-
Straton Maden Yatırımları ve İşletmeciliği A.Ş. (**)	-	-	59.334	15.627.383	-
Consus Enerji İşletmeciliği ve Hizm. A.Ş (***)	-	-	-	-	(252.672)
Global Menkul Değerler A.Ş.	-	-	34.722	-	-
	(541.070)	(1.870.988)	189.655	15.627.383	(4.129.430)

Transactions with related parties	1 January – 31 December 2021					
	Rental income / (expense)	Interest Expense	Interest Income	Natural Gas Sales Revenue	Late Interest Income	Other
Global Yatırım Holding A.Ş (*)	(377.000)	(13.967)	698.048	-	-	(3.009.579)
Kanat Emiroğlu	-	-	-	-	-	(1.680)
Straton Maden Yatırımları ve İşletmeciliği A.Ş. (**)	-	-	-	4.226.316	50.276	-
Consus Enerji İşletmeciliği ve Hizm. A.Ş (***)	-	-	-	-	-	(379.816)
Global Menkul Değerler A.Ş.	-	-	41.112	-	-	-
	(377.000)	(13.967)	739.160	4.226.316	50.276	(3.391.075)

(*) Consists of common usage expenses, consultancy expenses and office rental expenses. The resulting interest expense is related to the funds obtained and closed during the year from Global Investment Holdings, and the interest expense rate is 25%.

(**) The Company sells CNG to one of its group companies, Straton Maden Yatırımları ve İşletmeciliği A.Ş. (“Straton Madencilik”).

(***) Shared legal services of the Company from Consus Enerji İşletmeciliği ve Hizmetleri A.Ş (service received from the lawyer team within Consus). 31 December 2022 tarihi itibarıyla Straton Maden Yatırımları ve İşletmeciliği A.Ş.’den vade farkı geliri bulunmamaktadır. (31 December 2021: 50.276)

Benefits Provided to Senior Executives

The company's senior management team consists of the Chairman and members of the Board of Directors, general manager and directors. Benefits provided to senior executives include benefits such as wages, premiums and health insurance.

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3. RELATED PARTY DISCLOSURES (continued)

Benefits Provided to Senior Executives (continued)

The benefits provided to senior executives and board members for the accounting periods ending on 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022	31 December 2021
Salaries daily allowance and other vested benefits	16.940.669	11.240.840
	16.940.669	11.240.840

4. CASH AND CASH EQUIVALENTS

As of 31 December 2022 and 31 December 2021, cash and cash equivalents are as follows:

	31 December 2022	31 December 2021
Cash	113.111	77.094
Banks	297.015.375	70.677.204
<i>Demand Deposit</i>	7.059.426	691.829
<i>Time Deposit</i>	289.955.949	69.985.375
Other Cash and Cash Equivalents (*)	63.496.073	17.265.262
	360.624.559	88.019.560
DDS Receivables (Direct Debit System)	(3.675.228)	(348.976)
Amounts based on cash flow statement	356.949.331	87.670.584

As of 31 December 2022, the Company's interest rates of 8%, 12%, 1.5%, 19%, 21.50% and 1% with a maturity of 2 January 2023, respectively, are 11,000,000 TL, 6,050,000 TL, 800,000 TL, 221,545 TL. He has time deposits of .000 TL, 50.000.000 TL and 30.000 USD, in total 289.955.949 TL (31 December 2021: 69.985.375 TL).

(*) As of 31 December 2022, the Company's other cash and cash equivalents include Direct Debit System (DBS) receivables and its average maturity is in the range of 30-60 days (31 December 2021: 30-60 days).

(**) As of 31 December 2022, the Company has blocked deposits amounting to TL 3.675.227.

(31 December 2021: 348,976 TL). The Company's blocked deposits consist of bank accounts with DBS.

Our company, Türkiye Garanti Bankası A.Ş. and general loan agreements on various dates between 30.03.2015 and the end of 2019; and (ii) Türkiye İş Bankası A.Ş. General loan agreements (collectively referred to as "Project Financing Loans") were concluded between Maslak Corporate Istanbul Branch on various dates within the period including 30.03.2015 and the end of 2019. To constitute the guarantee of the Company's Project Financing loan on March 30, 2015; As of 22.11.2022, the pledge established in favor of T.Garanti Bankası A.Ş. There are no other pledges on our company accounts..

5. INVENTORIES

As of 31 December 2022 and 31 December 2021, inventories consist of the following items:

	31 December 2022	31 December 2021
Raw Materials and Supplies	12.015.203	11.243.171
Trade Goods	26.200.104	5.944.748
Provision for Inventories (-)	(27.600)	(27.600)
	38.187.707	17.160.319

A significant portion of the initial material and material stocks is used in natural gas distribution and customer installation activities.

As of 31 December 2022 and 31 December 2021, there is no insurance on the stocks. As of 31 December 2022 and 31 December 2021, there is no collateral, pledge or mortgage on the stocks..

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6 BORROWINGS

As of 31 December 2022 and 31 December 2021, the Company's total bank loans are as follows:

Short-term secured financial borrowings:

	31 December 2022	31 December 2021
long-term bank loans short-term principal installments and interest		
	-	49.625.875
-TL Loans	-	3.245.926
-Currency Loans	-	46.379.949
Total Short-Term Borrowings	-	49.625.875
Total Borrowings	-	49.625.875

Currency	Nominal Interest Rate	31 December 2021	
		Short Term	Long Term
TL	TR Libor + % 2,50	3.245.926	-
USD	USD Libor + % 5,25	15.306.170	-
USD (*)	% 7,52	31.073.779	-
		49.625.875	-

(*) The above-mentioned interest rate is the part that is the subject of the swap agreement.

The maturities of bank loans are as follows:

	31 December 2022	31 December 2021
Payable within 1 year;	-	49.625.875
	-	49.625.875

The reconciliation of the Company's financial borrowings is as follows:

	2022	2021
1 January of net book value	49.625.875	96.124.046
Additions	234.250.000	10.885.239
Capital Payments	(288.467.415)	(81.279.495)
Non-Cash Transactions	(1.232.899)	(857.412)
Currency Differences	5.824.452	24.753.497
31 December Financial Liabilities	-	49.625.875

As a date of 31 December 2022, the Company's semiannual principal and interest loans with interest rates of TR Libor+2.5% and USA Libor+5.25%, USA Libor+7.52%, respectively, used for project financing purposes are as of April 1, 2022. The last remaining installment has been paid and has been closed as of the report date.

Commitments Arising From Loan Agreements

Financial commitments regarding these loans, as specifically defined in the relevant borrowing agreements, have expired as of 31 December 2022.

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6 BORROWINGS (continued)

Share Pledge

80,500,000 shares with a nominal value of 80,500,000-TL, which corresponds to 70% of the total capital owned by Global Yatırım Holding A.Ş. T. Garanti Bankası A.Ş. under the Share Pledge Agreement dated 25.02.2022 signed in accordance with the General Loan Agreement dated 15.02. Since all of the company's shares were dematerialized, the pledge was made before MKK. The details of other guarantees, pledges, mortgages and sureties given by the Company regarding the loans are presented in footnote 13..

7 TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables

As of 31 December 2022 and 31 December 2021, short-term trade receivables are as follows:

Short Terms Trade Receivables	31 December 2022	31 December 2021
Trade Receivables	589.446.373	155.075.170
Income Accruals	12.509.135	2.132.143
Trade Receivables from Related Parties (Annotation: 3)	1.316.634	1.750.422
Provision for Doubtful Trade Receivables (-)	(7.313.379)	(7.203.299)
	595.958.764	151.754.436

The average maturity for trade receivables is 35 days (31 December 2021: 48 days).

As of 31 December 2022, the total amount of loan impaired receivables is 7,313,379 TL.

(31 December 2021: 7.203.299 TL). Within the reporting period of 31 December 2022, TL 110,080 provision for doubtful trade receivables has been reserved. The doubtful trade receivable provision for trade receivables has been determined based on past experience of default, according to the expected credit loss model.

As of 31 December 2022, income accruals amounting to 12.509.135 consist of income accruals recorded for receivables whose CNG sales have been completed but not yet invoiced (31 December 2021: 2.132.143 TL).

As of 31 December 2022, the amount of checks received included in trade receivables is 4.253.843 TL (31 December 2021: 748.703 TL). The average maturity of checks received is 25 days (31 December 2021: 202 days).

As of 31 December 2022, the amount of trade receivables arising from maturity differences is 222.082 TL (31 December 2021: 376.521 TL).

As of 31 December 2022, the balance of trade receivables secured by collateral is 161.118.876 TL.

(31 December 2021: 50.646.469 TL). The balance of the portion of the assets that are overdue but not impaired is 10.895.431 TL (31 December 2021: 8.038.037 TL).

b) Trade Payables

As of 31 December 2022 and 31 December 2021, short-term trade payables are as follows:

Shot Term Trade Payables	31 December 2022	31 December 2021
Trade Payables (*)	386.523.656	124.455.528
Trade Payables from Related Parties (Annotation:3)	585.130	617.463
	387.108.786	125.072.991

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7 TRADE RECEIVABLES AND PAYABLES (continued)

(*) As of 31 December 2022, the amount of expense accruals in trade payables is 1.893.827 TL (31 December 2021: 570.167 TL).

As of 31 December 2022, the average maturity of trade payables is 42 days (31 December 2021: 47 days).

8 OTHER RECEIVABLES AND PAYABLES

a) Other Receivables

As of 31 December 2022 and 31 December 2021, other short-term receivables are as follows:

Short Term Other Receivables	31 December 2022	31 December 2021
Deposits and Guarantees Given	10.122.916	900.041
Other Receivables	442.121	313.699
VAT receivables from the tax office	239.521	-
	10.804.558	1.213.740

b) Other Payables

As of 31 December 2022 and 31 December 2021, other short-term payables are as follows:

Short Terms Other Payables	31 December 2022	31 December 2021
Taxes Payables (*)	9.180.916	990.208
Deposits and Guarantees Taken	176.093	1.246.180
VAT debts to the tax office	-	1.269.713
	9.357.009	3.506.101

(*) 5.383.089 TL of the taxes payable as of 31 December 2022 is based on the net value increase resulting from the revaluation made by D-PPI for other economic assets and immovables subject to depreciation in accordance with the Provisional Article 32 and repeating 298 of the Law No. 7326. is the value increase tax amount of 2% paid, and the portion of 3.797.827 TL consists of the taxes paid by the company's deductions (31 December 2021: 542.881 TL).

9 PREPAID EXPENSES

As of 31 December 2022 and 31 December 2021, prepaid expenses are as follows:

Short Term Prepaid Expenses	31 December 2022	31 December 2021
Prepaid Stamp Duty	15.304.854	2.220.869
Advances Given to Suppliers	8.510.639	1.580.977
Prepaid Insurance Expenses	2.305.403	815.569
Other Prepaid Expenses	649.085	414.888
Prepaid Rents	422.715	896.942
Other	-	38.179
	27.192.696	5.967.424
Long Term Prepaid Expenses	31 December 2022	31 December 2021
Advances given for the purchase of fixed assets	7.319.846	651.055
Fix Assets Advances Given	2.997	2.997
	7.322.843	654.052

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10. TANGIBLE ASSETS

Movements of tangible fixed assets for the periods ending on 31 December 2022 and 2021 are as follows:

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Machinery, Equipment and Installations</u>	<u>Motor Vehicles</u>	<u>Furniture and Fixtures</u>	<u>Other Tangible Fix Assets</u>	<u>Special Costs</u>	<u>Construction in Progress</u>	<u>Total</u>
Cost of Value										
Opening balance as of 1 January 2022	14.425.000	2.135.625	5.981.455	534.233.532	24.907.575	85.037.048	140.213	21.778.457	132.478	688.771.383
Additions	10.000	16.005	-	29.978.272	57.126.201	32.056.816	-	493.407	80.761.838	200.442.539
Disposals	-	-	-	(4.615.715)	(7.422.966)	(161.775)	-	-	-	(12.200.456)
Transfers	4.400.000	-	-	39.506.756	-	34.248.330	-	-	(73.755.086)	4.400.000
Closing balance as of 31 December 2022	18.835.000	2.151.630	5.981.455	599.102.845	74.610.810	151.180.419	140.213	22.271.864	7.139.230	881.413.466
Accumulated Depreciation										
Opening balance as of 1 January 2022	-	(814.728)	(2.472.339)	(81.743.532)	(19.794.928)	(27.466.341)	(71.570)	(11.254.164)	-	(143.617.602)
Period Expense	-	(91.271)	(142.607)	(42.005.389)	(8.740.836)	(8.665.555)	(14.021)	(2.732.773)	-	(62.392.452)
Disposals	-	-	-	433.756	2.605.238	104.317	-	-	-	3.143.311
Closing balance as of 31 December 2022	-	(905.999)	(2.614.946)	(123.315.165)	(25.930.526)	(36.027.579)	(85.591)	(13.986.937)	-	(202.866.743)
Net book value as of 1 January 2022	14.425.000	1.320.897	3.509.116	452.490.000	5.112.647	57.570.707	68.643	10.524.293	132.478	545.153.781
Closing balance as of 31 December 2022	18.835.000	1.245.631	3.366.509	475.787.680	48.680.284	115.152.840	54.622	8.284.927	7.139.230	678.546.724

(*) As of 31 December 2022, the land amounting to TL 4,400,000 whose financial lease payments were completed is classified as tangible assets.

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10. TANGIBLE ASSETS (continued)

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Machinery, Equipment and Installations</u>	<u>Motor Vehicles</u>	<u>Furniture and Fixtures</u>	<u>Other Tangible Fix Assets</u>	<u>Special Costs</u>	<u>Construction in Progress</u>	<u>Total</u>
<u>Cost of Value</u>										
Opening balance as of 1 January 2021	14.425.000	2.135.625	5.696.242	253.638.823	24.022.871	62.618.904	140.213	18.023.216	132.478	380.833.372
Additions	-	-	285.213	1.827.589	1.080.452	5.477.870	-	3.755.241	16.953.856	29.380.221
Revaluation Fund	-	-	-	280.057.982	-	-	-	-	-	280.057.982
Disposals	-	-	-	(1.290.862)	(195.748)	(13.582)	-	-	-	(1.500.192)
Transfers	-	-	-	-	-	16.953.856	-	-	(16.953.856)	-
Closing balance as of 31 December 2021	14.425.000	2.135.625	5.981.455	534.233.532	24.907.575	85.037.048	140.213	21.778.457	132.478	688.771.383
<u>Accumulated Depreciation</u>										
Opening balance as of 1 January 2021	-	(684.254)	(2.338.219)	(71.880.887)	(17.358.486)	(21.446.171)	(57.549)	(8.547.232)	-	(122.312.798)
Period Expense	-	(130.474)	(134.120)	(10.921.265)	(2.632.190)	(6.032.566)	(14.021)	(2.706.932)	-	(22.571.568)
Disposals	-	-	-	1.058.620	195.748	12.396	-	-	-	1.266.764
Closing balance as of 31 December 2021	-	(814.728)	(2.472.339)	(81.743.532)	(19.794.928)	(27.466.341)	(71.570)	(11.254.164)	-	(143.617.602)
Net book value as of 1 January 2021	14.425.000	1.451.371	3.358.023	181.757.936	6.664.385	41.172.733	82.664	9.475.984	132.478	258.520.574
Net book value as of 31 December 2021	14.425.000	1.320.897	3.509.116	452.490.000	5.112.647	57.570.707	68.643	10.524.293	132.478	545.153.782

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10. TANGIBLE ASSETS (continued)

The distribution of depreciation expenses according to their functions is stated in Annotation 20.

37.924.554 TL (31 December 2021: 13.977.027 TL) of depreciation expenses is to cost of goods sold, 23.968.140 TL (31 December 2021: 8.490.347 TL) to marketing expenses and 499.757 TL (31 December 2021: 104,194 TL) is included in the general administrative expenses.

As of 31 December 2022, the insurance amount on tangible fixed assets is TL 1,258,621,842. (31 December 2021: 605.754.725 TL).

Pledges and Mortgages on Tangible Assets

Within the scope of the Project Financing Loan, the Company's vehicles, machinery, facility and all commercial pledges established on it and the Company's i) Konya Province, Karatay District, Slaughterhouse (Fetih) District, 1998 block, 24 parcel with a surface area of 4.150.24 m2. on the immovable, (ii) Sakarya Province, Erenler District, Piraahmetler Mahallesi, Karaağaçlık location, block 811, 2 parcels, parcel of 4,519,43 m2, (iii) İzmir province, Karaburun District, Eğlenhoca Mahallesi, Aşağıovacık parcel 1715, 5.980 (iv) Bursa Province, Gürsu District, Canbazlar Village Mah. In Sazlık locality, the mortgages, which were established in the first degree order of the Guarantee Bank, on 636 parcels of fence, 2.857 square meters of real estate, have been released and abandoned as of 31.12.2022.31

As of 31 December 2022 and 31 December 2021, the details of mortgages and pledges on tangible assets are as follows:

<u>Tangible Asset Type</u>	<u>Reason for Issue</u>	<u>Type</u>
Motor Vehicles and machinery, plant and equipment	Credit	Pledge
Land (Adapazarı)	Credit	Mortgage
Land (Bursa)	Credit	Mortgage
Land (Konya)	Credit	Mortgage
Land (İzmir)	Credit	Mortgage
	31 December 2022	31 December 2021
Pledges of given vehicles and machinery, plant and equipment	-	70.096.000 \$
Pledges of given vehicles and machinery, plant and equipment	-	630.000.000 TL
Land mortgages given	-	41.625.000 \$
Land mortgages given	-	70.000 €

Fair Value Determination

As of 31 December 2022, the Company's lands, machinery, plant and equipment are measured at their fair values. Fair value for machinery and equipment is the amount found at the date of determination, less any accumulated depreciation and any accumulated impairment losses.

The company has submitted the market value of its machinery, facilities and equipment to Aden Gayrimenkul Değerleme ve Danışmanlık A. and their fair values have been appraised as TL 452.490.000 in total in the valuation report dated February 15, 2022 and numbered 2022-SPECIAL-119 prepared by Aden Gayrimenkul. An increase of TL 280.057.982 over the historical costs of machinery, plant and equipment, which has a net book value of TL 172.432.018 as of 31 December 2021, gains from revaluation and measurement of property, plant and equipment for the year ended 31 December 2021 and the related tax effect 56.011.596 Recognized under deferred tax expense, amounting to TL.

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10. TANGIBLE ASSETS (continued)

Fair Value Determination (continued)

Market and cost approaches from International Valuation Standards were used to determine the fair value of machinery, plant and equipment. However, since a large part of the assets subject to the valuation does not have a second hand market, the cost approach has been taken as a basis throughout the valuation study. In the cost approach, in the evaluation of the asset, all costs such as project cost, freight, labor and assembly are added to the purchase cost and their fair values are calculated by depreciating within the framework of the determined economic lives of the assets. The difference between the fair value and book value of these assets is classified under “Other Comprehensive Income” under the name of tangible fixed assets revaluation increases. In addition, deferred tax expenses calculated over these value increases are shown under “Other Comprehensive Income”.

The company initially determined the fair value of its land and lands as of 31 December 2016, with the valuation reports dated March 2017 to Nova Tasnmaz Değerleme Danışmanlığı A.Ş and Elit Gayrimenkul Değerleme A.Ş, a valuation company licensed by the CMB. As of 31 December 2019, the fair value of the Company's land and lands is 8,125,342 TL.

The Company then had its lands and lands determined by TSKB and Aden Gayrimenkul Değerleme ve Danışmanlık A.Ş. as of 31 December 2020. and Aden Gayrimenkul, in the real estate valuation reports dated 29 December 2020 and numbered 2020-Special-495, its fair value was appraised as 14.425.000 TL in total. In determining the appraised values of lands and lands, the market approach of the International Valuation Standards is based on the peer comparison method. In this method, the market value of the lands and lands is calculated over the unit values reached as a result of the harmonization process made over the realized or requested sales prices of the lands and lands that are the subject of the appraisal.

In this context, the pre-tax additional value increase of 6.299.658 TL for the land and lands has been accounted for under the item of tangible fixed asset revaluation increases in the profit or loss and other comprehensive income statement for the period ended

31 December 2022. The table of revalued lands and lands is as follows:

31 December 2022	Previous Valued Amount	Valuation Approach	Report Date	Value Date	Revalued Amount
Bursa Canbazlar Köyü,Parsel no. 636	570.000	Market	22 July 2020	30 June 2020	655.000
	1.455.00	Approach			
Konya Karatay, 1998 Ada, Parsel no 24	0	Market	22 July 2020	30 June 2020	2.385.000
Sakarya Erenler, G24C04B2C Pafta, 811	2.055.00	Approach			
Ada	0	Market	22 July 2020	30 June 2020	1.975.000
Antalya Döşemealti, 348 Ada Parsel no 4 and 6.	2.360.342	Approach	22 July 2020	30 June 2020	3.280.000
	1.685.00	Market			
İzmir Torbalı, 127 Ada and Parsel no 16	0	Approach	22 July 2020	30 June 2020	6.055.000
İzmir Karaburun Eğlenhoca, 0 Ada Parsel no 1715	-	Market	28 December 2020	31 December 2020	75.000
	-	Approach			
Total	8.125.34				14.425.000
Value increase/(decrease)	2				6.299.658

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10. TANGIBLE ASSETS (continued)

Fair Value Determination (continued)

As of 31 December 2022 and 31 December 2021, the fair value hierarchy of the Company's lands and lands shown at their revalued value is Level 2, while the fair value hierarchy of machinery, plant and equipment is Level 3.

	31 December 2022	As of Reporting Date Of Fair Value Level		
		Level 1 TL	Level 2 TL	Level 3 TL
Land	18.835.000	-	18.835.000	-
Machinery and Equipment	475.787.680	-	-	475.787.680

	31 December 2021	As of Reporting Date Of Fair Value Level		
		Level 1 TL	Level 2 TL	Level 3 TL
Land	14.425.000	-	14.425.000	-
Machinery and Equipment	452.490.000	-	-	452.490.000

11 INTANGIBLE ASSETS

Movements of intangible assets for the periods ending on 31 December 2022 and 2021 are as follows:

Cost of Value	Customer Relationship	Rights	Licenses(*)	Software	Total
Opening balance as of 1 January 2022	1.508.524	51.704	7.751.100	3.756.376	13.067.704
Additions	-	410.690	-	-	410.690
Closing balance as of 31 December 2022	1.508.524	462.394	7.751.100	3.756.376	13.478.394
Accumulated Depreciation	-	-	-	-	-
Opening balance as of 1 January 2022	(166.666)	(4.204)	(5.912.639)	(2.516.532)	(8.600.041)
Period Expense	(125.000)	-	(894.993)	(411.293)	(1.431.286)
Closing balance as of 31 December 2022	(291.666)	(4.204)	(6.807.632)	(2.927.825)	(10.031.327)
Net book value as of 1 January 2022	1.341.858	47.500	1.838.461	1.239.844	4.467.663
Net book value as of 31 December 2022	1.216.858	458.190	943.468	828.551	3.447.067

* The licenses include 7.5 years of operating rights of the Alibeyköy CNG station, which was purchased from Istanbul Energy in 2015, amounting to TL 6.929.070 in general.

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11 INTANGIBLE ASSETS (continued)

<u>Cost of Value</u>	<u>Customer Relationship</u>	<u>Rights</u>	<u>Licenses(*)</u>	<u>Software</u>	<u>Total</u>
Opening balance as of January 1, 2021	1.508.524	4.204	7.751.100	3.398.628	12.662.456
Additions	-	47.500	-	357.748	405.248
Closing balance as of 31 December 2021	1.508.524	51.704	7.751.100	3.756.376	13.067.704
Accumulated Depreciation -					
Opening balance as of January 1, 2021	(83.333)	(4.204)	(5.017.140)	(2.121.488)	(7.226.165)
Period Expense	(83.333)	-	(895.499)	(395.044)	(1.373.876)
Closing balance as of 31 December 2021	(166.666)	(4.204)	(5.912.639)	(2.516.532)	(8.600.041)
Net book value as of 1 January 2021	1.425.191	-	2.733.960	1.277.140	5.436.291
Net book value as of 31 December 2021	1.341.858	47.500	1.838.461	1.239.844	4.467.663

The distribution of amortization expenses according to their functions is stated in Annotation 20.

Accumulated Depreciation, 1,088,116 TL (31 December 2021: 1,044,471 TL) to marketing expenses, 315,121 TL (31 December 2021: 302,481 TL) to general administrative expenses and 28.049 TL (31 December 2021: 26,924) to cost of goods sold expenses. is included.

12 USE ASSETS AND LEASING OBLIGATIONS

The Company, as a lessee, has taken into its financial statements the right-of-use asset, which represents the right to use the underlying asset, and the lease liabilities, which represent the lease payments that it is obliged to pay rent.

Movement tables of right-of-use assets as of 31 December 2022 and 2021 are as follows:

<u>Cost of Value</u>	<u>Land</u>	<u>Buildings</u>	<u>Motor Vehicles</u>	<u>Machine</u>	<u>Total</u>
Net book value as of 1 January 2022	17.062.923	456.150	30.971.045	-	48.490.117
Intra-period remeasurement effect	2.197.932	395.365	45.969.031	-	48.562.328
Additions	-	-	2.517.670	25.637.859	28.155.529
Transfers (*)	(4.400.000)	-	-	-	(4.400.000)
Disposals	(2.910.054)	-	-	-	(7.310.054)
Cost	11.950.800	851.515	79.457.746	25.637.859	117.897.919

(*) As of 31 December 2022, the land amounting to TL 4,400,000, whose financial lease payments have been completed, has been classified as tangible assets..

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12 USE ASSETS AND LEASING OBLIGATIONS (continued)

Right of Use Assets (continued)

Accumulated Depreciation	Land	Buildings	Motor Vehicles	Machine	Total
Net book value as of 1 January 2022	(5.078.844)	(350.885)	(14.864.919)	-	(20.294.648)
Additions	(3.023.331)	(500.630)	(30.882.667)	-	(34.406.629)
Disposals	1.883.384	-	-	-	1.883.384
Accumulated Depreciation	(6.218.791)	(851.515)	(45.747.586)	-	(52.817.893)
Net book value as of 1 January 2021	11.984.079	105.265	16.106.126	-	28.195.470
Net book value as of 31 December 2022	10.132.009	-	29.310.159	25.637.859	65.080.026
Cost	Land	Buildings	Motor Vehicles	Machine	Total
Net book value as of 1 January 2021	13.674.567	451.080	19.491.853	-	33.617.500
Intra-period remeasurement effect	2.283.023	-	995.210	-	3.278.233
Additions	1.105.333	456.150	19.856.473	-	21.417.956
Disposals	-	(451.080)	(9.372.491)	-	(9.823.571)
Cost	17.062.923	456.150	30.971.045	-	48.490.118
Accumulated Depreciation	Land	Buildings	Motor Vehicles	Machine	Total
Net book value as of 1 January 2021	(1.860.036)	(174.794)	(12.043.550)	-	(14.078.380)
Additions	(3.218.808)	(350.885)	(9.475.990)	-	(13.045.683)
Disposals	-	174.794	6.654.621	-	6.829.415
Accumulated Depreciation	(5.078.844)	(350.885)	(14.864.919)	-	(20.294.648)
Net book value as of 1 January 2021	11.814.531	276.286	7.448.303	-	19.539.120
Net book value as of 31 December 2021	11.984.079	105.265	16.106.126	-	28.195.469

The distribution of depreciation expenses according to their functions is stated in Annotation 20. 31,036,874 TL (31 December 2021: 9,605,667 TL) of depreciation expenses is to the cost of goods sold, 2,869,124 TL (31 December 2021: 3,069.025 TL) to marketing expenses and 500,630 TL (31 December 2021: 31 December 2021: 370.991 TL) is included in the general administrative expenses.

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12 USE ASSETS AND LEASING OBLIGATIONS (continued)
Rental Obligations

The Company's lease obligations represent the present value of the future debts of the stores, vehicles and buildings that it has leased from third parties during the useful life of the asset.

	31 December 2022	31 December 2021
In a Year	37.183.354	13.214.915
Minus: Future Financial Expenses	(5.398.964)	(3.654.782)
Present Value of the Lease Obligation	31.784.390	9.560.133
Two Years and Above	44.780.518	19.350.937
Minus: Future Financial Expenses	(4.867.925)	(3.334.458)
Present Value of the Lease Obligation	39.912.593	16.016.479

The reconciliation of the Company's liabilities arising from leasing activities is as follows:

	2022	2021
1 January Rental Obligations	25.576.612	17.975.319
Increase in rental liability for the period	28.155.529	21.417.956
Intra-period remeasurement effect	48.562.328	3.278.253
In-term rental payment	(37.623.717)	(17.944.071)
Interest expense during the period	8.240.083	4.973.054
Decrease within the period	(1.213.851)	(4.123.899)
Effects of exchange rate changes during the period	-	-
31 December Lease Obligations	71.696.984	25.576.612

13 COMMITMENTS

a) Guarantees, Pledges and Mortgages to Given

As of 31 December 2022 and 31 December 2021, the tables regarding the collateral, pledge, mortgage and suretyship (“CPMS”) position given by the Company are as follows:

31 December 2022	TL Equivalent	USD	EURO	TL
A. The Total Amount of CPMS Given on Behalf of His Legal Entity	380.654.666	2.400.000	-	335.778.746
B. Total Amount of CMBs Given in Favor of Partnerships Included in the Scope of Full Consolidation	-	-	-	-
C. Other for the Purpose of Ordinary Commercial Activities	-	-	-	-
D. Total Amount of Other GMPs Given	-	-	-	-
I. Total Amount of CMBs Given in Favor of the Parent Partner	-	-	-	-
ii. Total Amount of CPM's Given in Favor of Other Group Companies that are not within the Scope of Articles B and C	-	-	-	-
iii. Total Amount of CPMS Given in Favor of 3rd Persons Not Covered by Article C	-	-	-	-
Total CPMS	380.654.666	2.400.000	-	335.778.746

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13 COMMITMENTS (continued)

a) Guarantees, Pledges and Mortgages to Given (continued)

<u>31 December 2021</u>	<u>TL Equivalent</u>	<u>USD</u>	<u>EURO</u>	<u>TL</u>
A. The Total Amount of CPMs Given on Behalf of His Legal Entity	2.180.282.413	114.871.000	70.000	688.516.250
B. Total Amount of CMBs Given in Favor of Partnerships Included in the Scope of Full Consolidation	-	-	-	-
C. Other for the Purpose of Ordinary Commercial Activities	-	-	-	-
D. Total Amount of Other GMPs Given	-	-	-	-
I. Total Amount of CMBs Given in Favor of the Parent Partner	-	-	-	-
ii. Total Amount of CPM's Given in Favor of Other Group Companies that are not within the Scope of Articles B and C	-	-	-	-
iii. Total Amount of CPMs Given in Favor of 3rd Persons Not Covered by Article C	-	-	-	-
Total CPMS	2.180.282.413	114.871.000	70.000	688.516.250

As of 31 December 2022, the Company's total amount of 380,654,666 TL GCR given on behalf of its own legal entity, mortgages, pledges and guarantees given to courts, tax authorities and regulatory institutions for tenders related to ongoing lawsuits to gas supply companies regarding natural gas and service purchases. (31 December 2021: 2.180.282.413 TL). To constitute the guarantee of the Project Financing Loan, which was closed on April 1, 2022 after the last installment was paid, the Successive Credit Agreement signed with the Collateral Representative on 30.05.2015, the Transfer of Successive Receivables Agreement, the Guarantee Letter dated 30.03.2015*, the Licenses signed on 19.12.2018 The Agreement for the Transfer of Born Receivables was terminated as of 22.11.2022, thus, as of 31.12.2022, there is no guarantee given in favor of the Banks within the scope of the Project Financing Loan.

As of 31 December 2022, the Company has made a purchase commitment for gas supply companies amounting to 224.121.248 Sm3 (31 December 2021: Sm3 213.277.235).

Explanations on Other Risks

Based on the Company's natural gas purchase agreements in 2016-2018, retrospective price revisions for this period can be reflected to the Company in line with the purchase conditions of the Company's suppliers from foreign suppliers. The overseas supplier has requested a price revision, effective as of 1 January 2017, regarding the purchase prices of importers in Turkey, and canceled the 10.25% discount in the price formula. The lawsuits filed by the importers in the international arbitration court against this demand of the foreign supplier were concluded in favor of the foreign supplier. Although these decisions have not been implemented yet, there is a risk of a price difference of approximately USD 2,400,000 for the price corresponding to a portion of the gas amount purchased by the Company between January 1, 2017 and June 30, 2018. A request that no invoice has been issued to the Company regarding the difference that will occur as a result of the retrospective application of the price revision by the importing companies in its assessments regarding the developments, and that this debt is requested and will be recourse to the Company after the first notifications. It does not consider the realization of the risk as probable due to the fact that the legal process has not yet been reached and the legal process has not been completed yet. As of 31 December 2022 and 31 December 2021, the Company management has not made any provision in the financial statements due to the uncertainties regarding this issue..

a) Guarantees received

The nature and amount of the guarantees received as of 31 December 2022 and 31 December 2021 are as follows:

	<u>31 December 2022</u>	<u>31 December 2021</u>
Letters of guarantee and bonds received	210.433.000	72.249.000

A significant portion of the guarantees received consists of letters of guarantee that the Company has received from its customers through banks in return for its receivables..

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14 EMPLOYEE BENEFITS

Payables Within The Scope of Employee Benefits

As of 31 December 2022 and 31 December 2021, payables within the scope of employee benefits are as follows:

	31 December 2022	31 December 2021
Social security premiums payable	2.464.926	610.623
Wages to be paid to Personnels	17.126	38.176
	2.482.052	648.799

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

Short Term Provisions

Movements in return for unused leave for the periods ending on 31 December are as follows:

	2022	2021
1 January Balance	1.572.450	1.210.808
Provision Made During the Period	1.975.218	361.642
31 December Balance	3.547.668	1.572.450

The amount of leave provision is calculated by multiplying the remaining leave days with the daily wage. Current period provision expense is shown in cost of goods sold, marketing expenses and general administrative expenses in the financial statements.

The movements in return for personnel premiums and bonuses for the periods ending on 31 December are as follows:

	2022	2021
1 January Balance	-	-
Provision Made During the Period	22.500.000	-
31 December Balance	22.500.000	-

Long Term Provisions

Long-term provisions for employee benefits consist of severance pay and the details are as follows:

	31 December 2022	31 December 2021
Provisions for Employee Termination Benefits	2.980.779	1.794.325
	2.980.779	1.794.325

The provision for severance pay is set under the following assumptions:

According to the Turkish Labor Law, the company is obliged to pay severance pay to each employee who completes at least one year of service and retires after 25 years of working life (aged 58 for women, 60 for men), terminated, called for military service or passed away. .

In accordance with the current labor law in Turkey, the company is obliged to pay a certain amount of severance pay to the personnel who quit their job due to retirement after serving at least one year or who are dismissed for reasons other than resignation and bad behavior.

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14 EMPLOYEE BENEFITS (continued)

Payables Within The Scope of Employee Benefits (continued)

Long Term Provisions (continued)

Severance pay liability is not legally subject to any funding. The provision for severance pay is calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. TAS 19 Employee Benefits requires the Company's obligations to be developed using actuarial valuation methods within the scope of defined benefit plans.

The main assumption is that the maximum liability amount for each year of service will increase in line with inflation. Therefore, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. Therefore, as of 31 December 2022, provisions in the financial statements are calculated by estimating the present value of the future probable obligation arising from the retirement of the employees. Provisions at the relevant reporting dates have been calculated using the real discount rate, which is approximately 3.29%, based on the assumptions of an annual inflation rate of 18.40% and an interest rate of 22.30% (31 December 2021: 4.61%). Optional dismissal rates are taken into account as 10.57% for those who work for 0-15 years, and 0% for those who work for 16 years or more.

As of 31 December 2022, the Company has taken into account the maximum amount of 19.983.00 TL effective from 1 July 2022 in the calculation of the provision for severance pay (31 December 2021: 8.284.51 TL).

The significant estimates used in the calculation of the severance pay liability are the discount rate and the probability of voluntary termination.

- In case the discount rate is 1% higher (lower), the severance pay liability will be 253.357 TL less (more).
- Leaving the other assumptions the same, if the probability of leaving the job voluntarily is 1% lower (higher), the severance pay liability will be TL 58,209 more (less).

The movement of the provision for severance pay for the periods ending on 31 December is presented below:

	2022	2021
Provision as of 1 January		
Interest and service cost	1.794.326	1.277.532
Severance payments paid	1.669.977	938.736
Provision as of 31 December	(483.524)	(421.943)
Provision as of 1 January	2.980.779	1.794.325

15 OTHER CURRENT ASSETS

As of 31 December 2022 and 31 December 2021, other current assets are as follows:

	31 December 2022	31 December 2021
Personnel Advances	75.734	1.639.098
	75.734	1.639.098

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16 CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Paid-in Capital

The company accepted the registered capital system in accordance with the provisions of the Capital Markets Law No. 6362 and switched to the registered capital system with the permission of the Capital Markets Board dated March 19, 2020 and numbered 171397. The registered capital ceiling of the Company is 250.000.000 TL (two hundred and fifty million Turkish liras) each

It is divided into 250,000,000 (two hundred and fifty million) shares with a nominal value of 1 TL (one Turkish lira). All of the shares are registered.

It has been decided to increase the issued capital of the company to 115.000.000 by increasing the total amount of 14.981.406 TL by offering to the public in cash and by restricting the rights of existing partners to buy new shares.

The Company's issued capital of 115.000.000-TL ((one hundred and fifteen million Turkish Liras) is divided into 115.000.000 (one hundred and fifteen million) shares, each with a nominal value of 1-(One) Turkish Lira.

(31 December 2021: Total 115.000.000 shares with a nominal value of 115.000.000 TL). The shareholding structure of the Company as of 31 December 2022 and 31 December 2021 is as follows:

Shares	Pay Group	%	31 December 2022	%	31 December 2021
Global Yatırım Holding A.Ş.	A Grubu	70,0%	80.500.000	70,0%	80.500.000
Halka açık kısım	A Grubu	30,0%	34.500.000	30,0%	34.500.000
Nominal sermaye		100%	115.000.000	100%	115.000.000
Adjusted Capital			115.000.000		115.000.000

All 115.000.000 of these shares consist of unprivileged shares. Shares of Aksel Goldenberg were transferred to Global Yatırım Holding on 30 June 2021 following the public offering, with the conditions included in the prospectus, while shares of Kanat Emiroğlu were sold during the public offering. Thus, the Company's shares became the last as 70% Global Investment Holdings and 30% publicly traded part.

80.500.000 TL of the Company's shares were pledged in favor of the banks to constitute the guarantee for the loans used within the scope of the “Share Pledge Agreement” signed with some banks regarding the bank loans used for project financing on 30 March 2015 (31 December 2021: 80.500.000 TL). . In addition, all of the shares to be represented by the relevant shares in the future have been pledged in favor of the banks from which the loan was obtained.

Within the framework of the prospectus approved by the Capital Markets Board on March 18, 2021, the public offering of the Company's shares with a nominal value of TL 34.500.000 has been completed, and the shares with a nominal value of TL 115.000.000 representing the capital of the Company have been listed in accordance with Article 8 of the Quotation Directive. As of April 1, 2021, the shares of the Company offered to the public started to be traded on Yıldız Pazar with a base price of TL 8.50/share, code "NTGAZ.E" and continuous trading method.

The shares of the company are transferred to Borsa İstanbul A.Ş. On the first day of trading in one of the markets, all privileges granted to Group C were abolished without the need for a general assembly resolution or any other approval of the privileged shareholders and any notification, and Group C shares were automatically transformed into Group A unprivileged shares.

Premiums/Discounts on Shares

Share premiums represent the difference between the cash inflows obtained by selling the shares at market prices and the cost value. These premiums are shown under equity and cannot be distributed, but can be used for future capital increases.

Premiums/(Discounts) Related to Shares	31 December 2022	31 December 2021
Premiums/(Discounts) on Shares	112.350.620	112.350.620
Expenses of Public Offering Transactions	(4.059.634)	(4.059.634)
	108.290.986	108.290.986

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16 CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

Restricted Reserves Allocated from Profit

According to the Turkish Commercial Code, legal reserves are divided into two as first and second legal reserves. According to the Turkish Commercial Code, primary legal reserves are set aside as 5% of the legal net profit until 20% of the paid-in capital of the company is reached. The second order legal reserves are 10% of the distributed profit exceeding 5% of the paid-in capital. According to the Turkish Commercial Code, as long as the legal reserves do not exceed 50% of the paid-in capital, they can only be used to offset losses and cannot be used in any other way. As of 31 December 2022, the Company's legal reserves are 9.570.192 TL (31 December 2021: 5.337.885) TL.

Dividend Payment

At the ordinary general assembly meeting dated April 28, 2022, after the legal funds amounting to TL 4.332.307 for the accounting period of 1 January 2022-31 December 2022 were allocated, it was decided to distribute 35.777.881-TL to the shareholders as a cash dividend, and the payment was made on 9 May 2022. was made on. (31 December 2021: 32.500.000 TL)

17 ANALYSIS OF OTHER COMPREHENSIVE INCOME ELEMENTS
Property, Plant and Equipment Revaluation Increase

It consists of tangible asset value increases reserve, which is not associated with profit or loss and recognized as other comprehensive income.

Movements related to fair value determination of property, plant and equipment for the years ended 31 December are as follows:

	2022	2021
Opening balance	303.626.979	79.580.593
Arising from fair value determination		
Deferred tax liability	-	(56.011.596)
From the fair value determination of tangible fixed assets		
Decrease due to (Annotation 10)	-	280.057.982
Period end balance	303.626.979	303.626.979

Property, plant and equipment revaluation fund has emerged as a result of the fair value determination of land and lands. In case of disposal of a fair valued land, the portion of the revaluation fund related to the sold asset is deducted directly from retained earnings.

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18 REVENUE AND COST OF SALES

The cost of revenue and sales for the years ended 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Natural Gas Sales Revenues	3.749.936.254	689.759.343
Service Revenues (*)	8.207.727	6.604.477
Cost of Sales	<u>(2.786.287.377)</u>	<u>(559.349.122)</u>
	<u>971.856.604</u>	<u>137.014.698</u>

(*) Service revenues consist of leases made to carry out operational activities and revenues related to well services.

	31 December 2022	31 December 2021
Cost of Gas Sold	2.487.907.872	465.367.161
Subcontractor Transportation Costs	108.823.880	34.524.628
Depreciation Expenses (Annotation 20)	68.338.513	23.609.618
Electricity Cost	63.666.699	15.717.400
Personnel Expenses (Annotation 20)	25.184.435	8.706.259
Maintenance and Repair Expenses	12.215.033	4.055.174
Fuel Expenses	11.416.695	3.098.504
Rental Expenses	49.749	639.284
Insurance Expenses	521.582	512.118
Other Expenses	8.163.219	3.118.976
	<u>2.786.287.377</u>	<u>559.349.122</u>

19 MARKETING EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES

Marketing expenses for the years ended 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Personnel expenses (Annotation 20)	48.201.686	19.948.113
Depreciation and amortization expenses (Annotation 20)	28.435.284	12.603.843
Taxes, duties and fees	23.461.750	6.290.207
Commission expenses	7.646.292	3.070.963
Maintenance and repair expenses	7.055.505	3.237.125
Security expenses	2.808.533	1.742.912
travel expenses	2.042.052	1.109.768
Fuel expenses	2.305.237	632.210
Building management expenses	1.361.057	632.621
Insurance expenses	1.167.711	782.581
Consulting expenses	853.134	588.836
Communication expenses	571.250	405.883
Rental expenses	472.524	367.640
Other	5.331.081	1.698.233
	<u>131.713.096</u>	<u>53.110.935</u>

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19 MARKETING EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES (Continued)

General administrative expenses for the years ended 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Personnel expenses (Annotation 20)	32.126.484	15.370.404
Advertising, Advertisement and Promotion Expenses	3.891.221	882.076
Consulting Expenses	3.868.055	3.369.060
IT Expenses	3.150.270	1.645.999
Building Management Expenses	1.393.089	900.655
Depreciation and Amortization Expenses (Annotation 20)	1.456.569	777.666
Travel Expenses	910.895	331.519
Transportation Expenses	381.055	82.687
Taxes, Duties and Fees	367.563	273.099
Rental Expenses	117.464	193.345
Other	3.439.240	1.210.364
	51.101.905	25.036.874

Fees for Services Obtained from Independent Auditor/Independent Audit Firm

The Company's explanation regarding the fees for services rendered by independent audit firms, which is prepared by the KGK pursuant to the Board Decision published in the Official Gazette on March 30, 2021, and the preparation principles of which are based on the letter of KGK dated August 19, 2021 are as follows:

	31 December 2022	31 December 2021
Independent Audit Fee For The Reporting Period	220.703	340.000
Fees For Tax Advisory Services	109.559	74.750
	330.262	414.750

20 CLASSIFIED ON THE BASIS OF VARIETY EXPENSES

The distribution of personnel expenses and depreciation expenses for the years ended 31 December 2022 and 2021 is as follows:

Personnel Expenses	31 December 2022	31 December 2021
Marketing Expenses	48.201.686	19.948.113
General and Administrative Expenses	32.126.484	15.370.404
Cost of sales	25.184.435	8.706.259
	105.512.605	44.024.776

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20 CLASSIFIED ON THE BASIS OF VARIETY EXPENSES (continued)

Depreciation and Amortization Expenses	31 December 2022	31 December 2021
Cost of sales	68.338.513	23.609.618
Marketing expenses	28.435.284	12.603.843
General and administrative expenses	1.456.569	777.666
	98.230.366	36.991.127

21 OTHER INCOME/EXPENSE FROM MAIN ACTIVITIES

Other income from main activities for the periods ending on 31 December 2022 and 2021 as follows:

	31 December 2022	31 December 2021
Interest Income on Trade Receivables	1.056.210	2.034.671
Other Revenues Under TFRS 16	187.181	1.093.107
Other Income	181.328	326.578
	1.424.719	3.454.356

Other operating expenses for the years ended 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Charge Expenses	4.459	31.448
Term Interest Expenses of Trade Payables	2.327.750	110.614
Donations	185.800	177.794
Doubtful Trade Receivables Determined in Accordance with TFRS 9	111.131	-
IPO Costs and		
Costs Incurred During the Company Acquisition Process (*)	-	3.522.030
Other Income/Expenses (**)	6.441.635	289.154
	9.070.775	4.131.040

(*) It consists of the costs incurred during the public offering and the costs incurred in the process of acquiring the Company, promotional activities related to the public offering, attorney fees, consultancy services and service fees for valuation transactions.

(**) 5,273,725 TL is the actual tax related to the valuation of tangible fixed assets.

22 INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

Income and expenses from investment activities for the years ended 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Fixed Asset Sales Revenue	15.243.280	913.446
Scrap Sales Revenue	294.184	176.948
	15.537.464	1.090.394

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23 FINANCIAL INCOME AND EXPENSES

Financial income for the years ended 31 December 2022 and 2021 as follows:

	31 December 2022	31 December 2021
Deposit Interest Income	8.407.903	9.290.522
Fair Value Gains From Swap Transactions	327.760	739.160
Adat Interest From Related Parties (Annotation 3)	95.599	537.401
	8.831.262	10.567.083

Financial expenses for the periods ending on 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Interest Expense From Rental Transactions	10.061.398	4.177.499
Credit Commission Expense	8.385.237	2.936.496
Loan Interest Expenses	6.306.428	8.318.328
Currency Difference Expense, Net	2.219.062	24.174.989
Related Party Interest Expenses (Annotation 3)	1.870.988	13.967
	28.843.113	39.621.279

24 INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

Corporation Tax

The company is subject to the tax legislation and practices in force in Turkey. Corporate tax is declared until the evening of the twenty-fifth day of the fourth month following the end of the relevant accounting period and is paid in one installment until the end of the relevant month.

In Turkey, the corporate tax rate applied to the legal tax base to be found by adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial income of the corporations in Turkey and by deducting the exemptions in the tax laws was applied as 20% after 1 January 2021. However, with the Provisional Article 13 added to the Corporate Tax Law no. The rate is set to be 25% for corporate earnings for the 2021 taxation period and 23% for corporate earnings for the 2022 taxation period. This amendment has been valid in the taxation of corporate earnings for the periods starting from 1 January 2021, starting with the declarations that must be submitted as of July 1, 2021. However, within the scope of Article 35 of the Law on the restructuring of certain receivables and amendments to some laws, dated 17 November 2020 and numbered 7256, companies are provided with a tax reduction advantage after the public offering. Within the scope of the aforementioned law article, at least 20% of the institutions (banks, financial leasing companies, factoring companies, financing companies, payment and electronic money institutions, authorized foreign exchange institutions, asset management companies), capital market institutions, insurance and reinsurance companies and pension companies) will be applied with a 2 percentage point discount to corporate earnings for five accounting periods, starting from the accounting period in which their shares are offered to the public for the first time. Since the said tax rate reduction regulation came into force as of 17 November 2020, the tax rate was used as 21.75% instead of 23% in the financial statements dated 31 December 2022 due to the reduction in period tax calculations (31 December 2021: 23%).

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24 INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES (continued))

Corporate Tax (continued)

Within the scope of the said amendment, deferred tax assets and liabilities in the financial statements dated 31 December 2022 have been calculated with the rate of 20% for the parts of temporary differences that will have tax effects in 2022 and the following periods.

According to the Corporate Tax Law, financial losses shown on the return can be deducted from the corporate tax base of the period, provided that they do not exceed 5 years. Declarations and related accounting records can be examined by the tax office within five years and tax accounts can be revised.

Dividend payments made to resident joint stock companies in Turkey, to those who are not responsible for and exempt from corporate tax and income tax, and to real persons and non-resident legal entities in Turkey are subject to 15% income tax.

Dividend payments made from joint stock companies residing in Turkey to joint stock companies residing in Turkey are not subject to income tax. In addition, if the profit is not distributed or added to the capital, income tax is not calculated.

Dividend earnings of corporations from participation in the capital of another fully liable corporation (except for participation certificates of mutual funds and dividends obtained from shares of investment partnerships) are exempt from corporate tax. In addition, 75% of the profits arising from the sale of the participation shares in the assets of the corporations for at least two full years and the founding certificates of the real estates (immovables) owned for the same period of time, usufruct shares and pre-emptive rights are exempt from corporate tax as of 31 December 2017. However, with the amendment made with the Law No. 7061, this rate has been reduced from 75% to 50% in terms of immovables and this rate is used as 50% in tax returns to be prepared as of 2018.

In order to benefit from the exemption, the said income must be kept in a passive fund account and not withdrawn from the business for 5 years. The sales price must be collected until the end of the second calendar year following the year of sale.

There is no practice in Turkey to reach an agreement with the tax administration regarding the taxes to be paid. Corporate tax returns are submitted within four months following the end of the accounting period. The tax inspection authorities may examine the tax returns and the accounting records underlying them for five years following the accounting period and make a reassessment as a result of their findings.

As we stated in our Material Disclosure dated 17.11.2022; A Call Letter was received for a Solar Power Plant ("GES") with a total installed power of 2,421.98 kWp in Karatay District of Konya Province. Following the Call Letter, an investment incentive certificate was received and a Turnkey Engineering Procurement and Construction Contract was signed with the contractor company on 28.12.2022 for the SPP, which is expected to produce 3,991 MWh of electricity annually, which is planned to be completed and commissioned in the first quarter of 2023.

Within the scope of the decree dated 15.06.2012 and numbered 2012-3305, a regional incentive certificate, dated 20.12.2022 and numbered 545779, related to the field of activity of electricity generation, transmission and distribution in Konya-Karatay-Acıdört district 1494 parcel. Within the scope of the document, 8,802,418,08 TL corporate tax deduction was provided.

Income Tax Withholding

There is a withholding tax liability on dividend distributions, and this withholding liability is accrued in the period when the dividend payment is made. Dividend payments, except those made to non-resident companies that generate income in Turkey through a workplace or their permanent representatives, and those residing in Turkey, were subject to a 15% withholding tax until 22 December 2021. However, pursuant to the President's Decision No. 4936, which was published in the Official Gazette dated 22 December 2021 and numbered 31697, arrangements were made in the Income Tax Law No. has been downloaded.

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24 INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES (continued))

Income Tax Withholding (continued)

In the application of withholding tax rates for profit distributions to non-resident companies and natural persons, the withholding tax rates in the relevant Double Taxation Agreements are also taken into account. The addition of retained earnings to the capital is not considered as profit distribution, so it is not subject to withholding tax.

Transfer pricing regulations

In Turkey, transfer pricing regulations are specified in Article 13 of the Corporate Tax Law, titled "Disguised profit distribution through transfer pricing". The communiqué dated 18 November 2007 on disguised profit distribution via transfer pricing regulates the details of the implementation.

If the taxpayer buys or sells goods or services with related parties at the price or price they have determined in violation of the arm's length principle, the profit is deemed to have been distributed implicitly through transfer pricing, in whole or in part. Disguised profit distribution through such transfer pricing is considered as a non-deductible expense for corporate tax.

Period Profit Tax Liability

As of 31 December 2022 and 31 December 2021, the details of current period tax assets are as follows:

	31 December 2022	31 December 2021
Current period tax expense	123.335.093	1.719.969
Minus: Prepaid taxes and funds	(90.481.997)	(2.195.988)
Assets/(liabilities) related to Current Period Tax	32.853.096	(476.019)

The tax income in the statement of profit or loss and other comprehensive income consists of:

	31 December 2022	31 December 2021
Period Tax Expense (-)	(123.335.093)	(1.719.969)
Deferred Tax Income/(Expense)	113.722.069	(2.320.380)
	(9.613.024)	(4.040.349)

Recognized Deferred Tax Assets and Liabilities

Items subject to deferred tax as of 31 December 2022 and 2021 are given below:

	1 January 2022	The Portion Recognized in Profit/ Loss	Portion Recognized in Other Comprehensive Income	31 December 2022
Adjustments to Tangible and Intangible Assets	(64.471.105)	101.225.108	-	36.754.003
Provisions for Adjustments Made within The Scope of TFRS 9	1.000.698	(27.224)	-	973.474
Adjustments to Provisions for Inventory Impairment	(31.758)	36.968	-	5.210
Severance Pay Provisions	358.865	289.455	-	648.320
Provisions for Employee Benefits	338.077	5.327.291	-	5.665.368
Loans and Prepaid Commissions	70.469	(70.469)	-	-
Accounting for Lease Transactions within the Scope of TFRS 16	353.963	6.768.761	-	7.122.724
Other	10.327	172.179	-	182.506
Total Deferred Tax Assets/(Liabilities)	(62.370.464)	113.722.069	-	51.351.605

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24 INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES (continued))

Recognized deferred tax assets and liabilities (continued)

	1 January 2021	The Portion Recognized in Profit/ Loss	Portion Recognized in Other Comprehensive Income	31 December 2021
Past Year Losses to be Deducted from Tax Regarding Tangible and Intangible Assets	2.221.143	(2.221.143)	-	-
Fixes	(8.314.273)	(145.236)	(56.011.596)	(64.471.105)
Regarding the Adjustments made within the Scope of TFRS 9				
Provisions	973.474	27.224	-	1.000.698
Adjustments to Provisions for Inventory Impairment	5.520	(37.278)	-	(31.758)
Severance Pay Provisions	255.506	103.359	-	358.865
Provisions for Employee Benefits	242.162	95.915	-	338.077
Loans and Prepaid Commissions	210.967	(140.498)	-	70.464
Lease Transactions within the Scope of TFRS 16				
Accounting	528.756	(174.793)	-	353.963
Other	(161.743)	172.070	-	10.327
Total deferred tax assets	(4.038.488)	(2.320.380)	(56.011.596)	(62.370.464)

As of 31 December 2020, the Company has tax assets amounting to TL 49,544,221, consisting of previous year losses amounting to TL 41,419,100 due to business combinations and interest deductions arising from cash capital increases amounting to TL 8,125,121 for the next year. As of 31 December 2020, after deducting the tax base incurred in 2020, the previous year's financial loss for which deferred tax was calculated due to business combinations is TL 2,980,595 and the amount of interest deduction arising from cash capital increases carried over to the next year, on which deferred tax is calculated, is 8,125. It was realized as 121 TL.

The Company has used all of the deferred tax assets within the scope of the tax base formed in 2021.

In 2021, a total interest reduction of 9,100,200 TL has been calculated due to the transferred cash capital increase and the cash capital increase of 14,981,406 TL during the public offering. This interest deduction, which was formed in 2021, was used in the 2021 tax calculation and was deducted from tax in the amount of TL 2,093,046.

In 2022, a total interest reduction of TL 5,251,421.54 was calculated due to the increase in the transferred cash capital. This interest deduction, which was formed in 2022, was used in the 2022 tax calculation, and the amount of TL 1,102,798,52 was deducted from the tax and dissolved.

The movements of the deferred tax asset/liability for the periods ending on 31 December 2022 and 2021 are given below:

	2022	2021
Opening Balance as of January 1	(62.370.464)	(4.038.488)
Recognized in the Profit or Loss Statement	113.722.069	(2.320.380)
Transferred from Equity to Profit or Loss Statement	-	(56.011.596)
Closing Balance as of 31 December	51.351.605	(62.370.464)

25 GAIN/(LOSS) PER SHARE

As the company concluded its operations with profit for the period ending on 31 December 2022, the amount of earnings per share (One share = 1 TL) was realized as 6,397 TL (31 December 2021: earnings per share 0,234 TL). Earnings/(loss) per share is calculated by dividing net profit/(loss) for the period by the weighted average number of shares of the Company during the period.

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25 GAIN/(LOSS) PER SHARE (continued)

Earnings per share for the years ended 31 December are as follows:

Earnings Per Share	31 December 2022	31 December 2021
Available During the Period.		
Average of Shares		
Number (exact value)	115.000.000	111.839.539
Owned By Parent Company Shareholders		
Net Profit for the Period	767.308.135	26.186.054
Derived from Activities		
Earnings Per Share	6,672	0,234
Diluted earnings per share		
Pay-per-return earnings	6,672	0,234

26 FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND DISCLOSURES WITHIN THE FRAMEWORK OF HEDGE ACCOUNTING)

Financial Risk Management

The company is exposed to the following various risks during its activities:Kredi Riski

- Liquidity Risk
- Market Risk

This Annotation is presented to provide information about the Company's objectives, policies and processes in the management of these risks, in case the Company is exposed to the above-mentioned risks.

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies have been established to determine the risks that the Company may be exposed to and to analyze the risks it may be exposed to. The purpose of risk management policies is to establish appropriate risk limit controls for the Company's risks, monitor risks and adhere to limits. The company helps all employees understand their roles and responsibilities by creating a disciplined and constructive control environment through various training and management standards and processes.

Credit Risk

Credit Risk is the risk that one of the parties investing in a financial instrument will fail to fulfill its obligation and the other party will suffer financial loss.

Credit risk concentrations arise when counterparties engage in similar business activities or operate in the same geographic region or have similar economic characteristics, where the ability to fulfill their contractual obligations is similarly affected by changes in economic, political and other conditions.

Liquidity Risk

Liquidity risk generally arises during the funding of the Company's activities and the management of positions. This risk also includes the risks of not being able to fund assets at suitable maturities and rates and to dispose of an asset at a reasonable price in an appropriate time frame.

NATURELGAZ SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31****DECEMBER 2022** (All amounts are shown in Turkish Lira (“TL”).)**26 FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND DISCLOSURES WITHIN THE FRAMEWORK OF HEDGE ACCOUNTING) (continued)****Financial Risk Management (continued)****Market Risk**

Market risk refers to the change in market prices such as interest rate, exchange rate and share prices. The Company is exposed to market risk as changes in market prices affect the Company's revenues.

Exchange Rate Risk

The Company is exposed to exchange rate risk due to the changes in the rates used in the conversion of its commercial and financial debts in foreign currency to TL.

Interest Rate Risk

The Company is exposed to interest rate risk due to its floating rate bank debts. The Company is exposed to interest rate risk arising from floating rate bank debts as its interest bearing assets are very limited.

Risk Management Disclosures

The Company is exposed to a variety of financial risks, including the effects of changes in debt and equity market prices, exchange rates and interest rates. The Company's wholesale risk management program focuses on the unpredictability of financial markets and aims to minimize potential adverse effects on the Company's financial performance. *Sermaye risk oranı*

While trying to ensure the continuity of its activities in capital management, the company also aims to use the debt and equity balance in the most efficient way.

The company monitors its capital management using the debt/equity ratio. This ratio is found by dividing net debt by Total capital. Net debt is calculated by deducting cash and cash equivalents from Total debt (Total of borrowings and lease liabilities). Total capital is calculated by adding equity and net debt.

The Company's net debt ratio calculated in this way is -28% as of 31 December 2022 (31 December 2021: -2%).

As of 31 December 2022 and 31 December 2021, the net financial debt/Total capital ratios are as follows:

Net Debt to Total Capital Ratio

	31 December 2022	31 December 2021
Financial Liabilities	71.696.983	75.202.487
Less: Cash and Cash Equivalents	(360.624.559)	(88.019.560)
Net debt	(288.927.576)	(12.817.073)
Total Equity	1.306.471.501	574.941.247
Total Capital	1.017.543.925	562.124.174
Net Debt/Total Capital Ratio	% (28)	% (2)

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**26 FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND DISCLOSURES WITHIN THE FRAMEWORK OF HEDGE ACCOUNTING)
(continued)**

Financial Risk Management (continued)

Credit Risk

Carrying values of financial assets show the maximum exposure to credit risk. The maximum exposure to credit risk as of 31 December 2022 and 2021 is as follows:

Credit Risks by Types of Financial Instruments	Receivables					
	Trade Receivables		Other Receivables		Bank Deposit	Other (***)
	Related Party	Other Party	Related Party	Other Party		
31 December 2022						
Maximum Exposure to Credit Risk as of Reporting Date (*)	1.316.634	594.642.130	-	10.804.558	297.015.375	63.496.073
- The portion of the maximum risk secured by collateral, etc. (**)	-	-	-	-	-	-
A. Net Book Value of Financial Assets that are Not Overdue or Impaired	1.316.634	497.395.915	-	10.804.558	297.015.375	63.496.073
B. Net book value of assets that are past due but not impaired	-	97.246.215	-	-	-	-
-Guaranteed Part of the job, etc.	-	10.895.431	-	-	-	-
C. Net Book Values of Impaired Assets						
- Overdue (gross book value)	-	7.313.379	-	-	-	-
- Impairment (-)	-	(7.313.379)	-	-	-	-
- The portion of the net worth secured by collateral, etc.	-	-	-	-	-	-

(*) In determining the amount, factors that increase credit reliability, such as guarantees received, are not taken into account.

(**) Guarantees consist of guarantee notes received from customers.

(***) Consists of DDS and credit card receivables

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**26 FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND DISCLOSURES WITHIN THE FRAMEWORK OF HEDGE ACCOUNTING)
(continued)**

Credit Risk

Credit Risks by Types of Financial Instruments

	Receivables					
	Trade Receivables		Other Receivables		Bank Deposit	Other (***)
	Related Party	Other Party	Related Party	Other Party		
31 December 2021						
Maximum Exposure to Credit Risk as of Reporting Date (*)	1.701.911	150.052.525	-	1.213.740	70.677.204	17.265.262
- The Portion of the Maximum Risk Secured by Collateral, etc. (**)	-	50.646.469	-	-	-	-
A. Net Book Value of Financial Assets that are not Overdue or Impaired	1.701.911	122.461.930	-	1.213.740	70.677.204	17.265.262
B. Net Book Value of Assets that are Past Due but Not Impaired	-	27.590.595	-	-	-	-
-Guaranteed Part of the Job, etc.	-	8.038.037	-	-	-	-
C. Net book values of impaired assets						
- Overdue (gross book value)	-	7.203.299	-	-	-	-
- Impairment (-)	-	(7.203.299)	-	-	-	-
- The portion of the net worth secured by collateral, etc.	-	-	-	-	-	-

(*) In determining the amount, factors that increase credit reliability, such as guarantees received, are not taken into account.

(**) Guarantees consist of guarantee notes received from customers.

(***) Consists of DDS and credit card receivables.

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26 FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND DISCLOSURES WITHIN THE FRAMEWORK OF HEDGE ACCOUNTING) (continued)

Credit Risk (continued)

Past due but not impaired as of 31 December 2022 and 2021

The maturity breakdown of trade receivables is as follows:

	31 December 2022	31 December 2021
1-30 Days Past Due	55.910.435	14.552.338
1-3 Months Past Due	35.394.328	3.725.186
3-12 Months Past Due	5.941.451	9.313.071
Total	97.246.215	27.590.595
The Part Secured by Collateral etc.	10.895.431	8.038.037

The Company has trade receivables and other receivables arising from forward sales and held in banks. deposits are exposed to credit risk.

The company analyzes and manages the credit risk of each new customer before agreeing on standard payment, delivery terms and times. As a general rule, the Company requests collateral for its credit risk to cover the average gas consumption cost of 2 months from its customers. Starting from 2013, the Company started to use a direct debit system in order to reduce the credit risk of its customers. The Company secures some of its receivables through the use of the Direct Debit System (“DBS”). Banks via DBS

The company determines a credit limit for its customers, and when they are collected, the customer collects the amount of receivables from the banks according to their maturity. The company also receives collateral from its customers as another means of securing its receivables.

Considering the past experience of the reserved provisions in the collection of the Company's trade receivables, appears to be within the prescribed limits. Therefore, management is responsible for the Company's does not foresee any additional risk related to its trade receivables.

Exchange Rate Risk

Foreign currency risk is the risk arising from the change in the value of any financial instrument depending on the change in the exchange rate. The Company carries a foreign currency risk due to its foreign currency denominated debts. The main foreign currencies that constitute the risk in question are US Dollars and Euros. Since the financial statements of the Company are prepared in TL, these financial statements are affected by the fluctuation of foreign currencies against TL.

The Company follows a policy of balancing foreign currency short position in order to reduce the exchange rate risk. As of 31 December 2022 and 31 December 2021, the Company's net short position consists of the following foreign currency denominated assets and liabilities.

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26. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND DISCLOSURES WITHIN THE FRAMEWORK OF HEDGE ACCOUNTING) (continued)

Financial Risk Management (continued)

Exchange Rate Risk (continued)

As of 31 December 2022 and 31 December 2021, the Company's provisions for foreign currency risk exposure are as follows:

	31 December 2022		
	TL Equivalent	USD	EURO
1. Trade receivables	-	-	-
2 a. Monetary financial assets (including cash, bank accounts)	-	-	-
2b. Non-monetary financial assets	-	-	-
3. Other	-	-	-
4. Current assets (1+2+3)	-	-	-
5. Trade receivables	-	-	-
6a. monetary financial assets	-	-	-
6b. Non-monetary financial assets	-	-	-
7. Other	-	-	-
8. Fixed assets (5+6+7)	-	-	-
9. Total assets (4+8)	-	-	-
10. Trade payables	-	-	-
11. Financial liabilities	-	-	-
12a. Other monetary obligations	-	-	-
12b. Other non-monetary obligations	-	-	-
13. Current liabilities (10+11+12)	-	-	-
14. Trade payables	-	-	-
15. Financial liabilities	(29.831.608)	(1.595.418)	-
16a. Other monetary obligations	-	-	-
16b. Other non-monetary obligations	-	-	-
17. Long-term liabilities (14+15+16)	-	-	-
18. Total liabilities (13+17)	(29.831.608)	(1.595.418)	-
19. Net asset/ (liability) position of off-balance sheet derivative instruments (19a-19b)	-	-	-
19a. Total amount of assets hedged	-	-	-
19b. Total liability amount hedged	-	-	-
20. Net foreign currency asset/ (liability) position (9-18+19)	(29.831.608)	(29.831.608)	-
21. Monetary items net foreign currency asset / (liability) position (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(29.831.608)	(29.831.608)	-
22. Total fair value of financial instruments used for currency hedging	-	-	-
23. Amount of hedged portion of foreign currency assets	-	-	-
24. Amount of hedged portion of foreign currency liabilities	-	-	-

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**26 FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND DISCLOSURES WITHIN THE FRAMEWORK OF HEDGE ACCOUNTING)
(continued)**

Financial Risk Management (continued)

Exchange Rate Risk (continued)

	31 December 2021		
	TL Equivalent	USD	EURO
1. Trade receivables	-	-	-
2 a. Monetary financial assets (including cash, bank accounts)	8.487.418	652.760	1.105
2b. Non-monetary financial assets	-	-	-
3. Other	-	-	-
4. Current assets (1+2+3)	8.487.418	652.760	1.105
5. Trade receivables	-	-	-
6a. monetary financial assets	-	-	-
6b. Non-monetary financial assets	-	-	-
7. Other	-	-	-
8. Fixed assets (5+6+7)	-	-	-
9. Total assets (4+8)	8.487.418	652.760	1.105
10. Trade payables	-	-	-
11. Financial liabilities	(46.379.949)	(3.573.874)	-
12a. Other monetary obligations	-	-	-
12b. Other non-monetary obligations	-	-	-
13. Current liabilities (10+11+12)	(46.379.949)	(3.573.875)	-
14. Trade payables	-	-	-
15. Financial liabilities	-	-	-
16a. Other monetary obligations	-	-	-
16b. Other non-monetary obligations	-	-	-
17. Long-term liabilities (14+15+16)	-	-	-
18. Total liabilities (13+17)	(46.379.949)	(3.573.875)	-
19. Net asset/ (liability) position of off-balance sheet derivative instruments (19a-19b)	-	-	-
19a. Total amount of assets hedged	-	-	-
19b. Total liability amount hedged	-	-	-
20. Net foreign currency asset/ (liability) position (9-18+19)	(37.892.531)	(2.921.115)	1.105
21. Monetary items net foreign currency asset / (liability) position (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(37.892.531)	(2.921.115)	1.105
22. Total fair value of financial instruments used for currency hedging	-	-	-
23. Amount of hedged portion of foreign currency assets	-	-	-
24. Amount of hedged portion of foreign currency liabilities	-	-	-

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26 FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND DISCLOSURES WITHIN THE FRAMEWORK OF HEDGE ACCOUNTING) (continued)

Financial Risk Management (continued)

Exchange Rate Sensitivity Analysis Table

As of 31 December 2022 and 2021, if TL appreciates or depreciates by 10% against the following foreign currencies, shareholders' equity and income statement will be affected as follows. During the analysis, it is assumed that all other variables, especially interest rates, remain constant.

Exchange Rate Sensitivity Analysis Table		
1 January-31 December 2022		
	Profit and Loss	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency
In case of 10% appreciation/loss of US Dollar rate		
1- US dollar net asset/liability	(2.983.161)	2.983.161
2- The portion hedged against the USD risk (-)	-	-
3- US dollar net effect (1+2)	(2.983.161)	2.983.161
In case of 10% appreciation/loss of Euro rate		
4- Euro net asset/liability	-	-
5- Part protected from Euro risk (-)	-	-
6- Euro net effect (4+5)	-	-
Total (3+6)	(2.983.161)	2.983.161

Exchange Rate Sensitivity Analysis Table		
1 January-31 December 2021		
	Profit and Loss	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency
In case of 10% Appreciation/loss of US Dollar Rate		
1- US dollar net asset/liability	(3.790.887)	3.790.887
2- The portion hedged against the USD risk (-)	-	-
3- US dollar net effect (1+2)	(3.790.887)	3.790.887
In case of 10% appreciation/loss of Euro rate		
4- Euro net asset/liability	996	(996)
5- Part protected from Euro risk (-)	-	-
6- Euro net effect (4+5)	996	(996)
Total (3+6)	(3.789.891)	3.789.891

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26 FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND DISCLOSURES WITHIN THE FRAMEWORK OF HEDGE ACCOUNTING) (continued)

Financial Risk Management (continued)

Liquidity risk

The Company has the right to use banks, vendors and shareholders as funding sources. The Company continuously evaluates the liquidity risk by detecting and monitoring the changes in the funding conditions necessary to achieve the targets set within the scope of its strategy. Financing liquidity risk is managed by providing sufficient financing opportunities from various financial institutions to fund current and future debt requirements. The liquidity management approach of the Company is to have sufficient liquidity in every period and to meet its obligations when they become due, both in ordinary and difficult conditions, without any unacceptable loss and without damaging the Company's name in the market. The table below shows the maturity distribution of the Company's non-derivative and non-derivative financial liabilities. The amounts stated in the table are the contractual undiscounted cash flows:

31 December 2022

	<u>Book Value</u>	<u>Cash in accordance with the contract Total of outputs (I+II+III)</u>	<u>from 3 months short (I)</u>	<u>3-12 between months (II)</u>	<u>1-5 years between (III)</u>
Non-Derivative Financial Liabilities					
Rental obligations	71.696.983	74.917.740	9.408.219	28.340.039	37.169.482
Payables to employees	2.482.052	2.482.052	2.482.052	-	-
Trade payables	387.108.786	387.108.786	5.847.015	381.261.771	-
Other debts	9.357.009	9.357.009	9.180.916	176.093	-
Total Liability	470.644.830	473.865.587	26.918.202	409.777.903	37.169.482

31 December 2021

	<u>Book Value</u>	<u>Cash in accordance with the contract Total of outputs (I+II+III)</u>	<u>from 3 months short (I)</u>	<u>3-12 between months (II)</u>	<u>1-5 years between (III)</u>
Non-Derivative Financial Liabilities					
Borrowings	49.625.875	50.272.842	17.618	50.255.224	-
Rental obligations	25.576.611	32.528.043	3.497.304	9.717.611	19.313.128
Payables to employees	648.799	648.799	648.799	-	-
Trade payables	125.072.991	125.072.991	2.232.564	122.840.427	-
Other debts	3.506.101	3.506.101	2.259.921	1.246.180	-
Total Liability	204.430.377	212.028.777	8.656.206	184.059.442	19.313.128

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26 FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND DISCLOSURES WITHIN THE FRAMEWORK OF HEDGE ACCOUNTING) (continued)

Financial Risk Management (continued)

Fair value disclosures

	Amortized	Fair Value	Amortized		
	Shown at the Value	Difference Reflected in Profit/Loss	Shown at the Value	Book Value	Annotation
31 December 2022	Financial Assets	Financial Assets	Financial Liabilities		
Financial Assets					
Cash and cash equivalents	360.624.559	-	-	360.624.559	4
financial investments	-	412.408	-	412.408	
Commercial debts	595.958.764	-	-	595.958.764	3,7
Other receivables	10.804.558	-	-	10.804.558	8
Financial Liabilities					
Borrowings	-	-	-	-	6
Payables from rental transactions	-	-	71.696.983	71.696.983	12
Trade payables	-	-	387.108.786	387.108.786	3,7
Other debts	-	-	9.357.009	9.357.009	8

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26 FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND DISCLOSURES WITHIN THE FRAMEWORK OF HEDGE ACCOUNTING) (continued)

Financial Risk Management (continued)

Fair value disclosures

31 December 2021	Amortized Shown at the Value Financial Assets	Fair Value Difference Reflected in Profit/Loss Financial Assets	Amortized Shown at the Value Financial Liabilities	Book Value	Annotation
Financial Assets	88.019.560	-	-	88.019.560	4
Cash and cash equivalents	-	412.408	-	412.408	
financial investments	151.754.436	-	-	151.754.436	3,7
Commercial debts	1.213.740	-	-	1.213.740	8
Other receivables					
Financial Liabilities	-	-	49.625.875	49.625.875	6
Borrowings	-	-	25.576.611	25.576.611	12
Payables from rental transactions	-	-	125.072.991	125.072.991	3,7
Trade payables	-	-	3.506.101	3.506.101	8

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26 FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND DISCLOSURES WITHIN THE FRAMEWORK OF HEDGE ACCOUNTING) (continued)

Financial Risk Management (continued)

Fair value disclosures (continued)

The Company has determined the estimated fair values of financial instruments using already available market information and appropriate valuation methods.

Due to the short-term nature of financial assets and liabilities, their fair values are considered to be close to their book values.

Classification of Fair Value Measurement

Valuation methods of financial instruments valued at fair value are given in the table below. Valuation methods according to levels are defined as follows::

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Data other than recorded prices in Level 1 that are directly (through prices) or indirectly (derived from prices) observable data in terms of assets or liabilities;

Level 3: Data on assets or liabilities that are not based on observable market data (non-observable data)

26 **FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND DISCLOSURES WITHIN THE FRAMEWORK OF HEDGE ACCOUNTING) (continued)**
Financial Risk Management (continued)

Fair value disclosures (continued)

The hierarchy table of fair value measurements is as follows as of 31 December 2022:

Financial assets recorded at fair value in the statement of financial position	Level 1	Level 2	Level 3
Borrowings (interest swaps)	-	-	-
Financial liabilities recorded at fair value in the statement of financial position			

The hierarchy table of fair value measurements as of 31 December 2021 is as follows:

Financial assets recorded at fair value in the statement of financial position	Level 1	Level 2	Level 3
Borrowings (interest swaps)	-	326.328	-

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27 EBITDA RECONCILIATION

EBITDA is not a performance measure defined in TFRS For the accounting period ending on 31 December 2022 and 2021, the EBITDA reconciliation as defined by the Company management is as follows:

	<u>31 December 2022</u>	<u>31 December 2021</u>
Net profit for the period	767.308.135	26.186.054
tax expense	9.613.024	4.040.349
Financing revenues	(8.831.262)	(10.567.083)
Financing expenses	28.843.113	39.621.279
Depreciation and amortization expenses (Annotation 20)	77.794.992	36.991.127
Other Income from Main Operations	(1.424.719)	(3.454.356)
Other Expenses from Main Operations	9.070.775	4.131.040
Income from Investment Activities	(15.537.463)	(1.090.394)
EBITDA	<u>887.271.969</u>	<u>95.858.016</u>

28 EVENTS AFTER THE REPORTING PERIOD

Due to the negativities caused by the earthquakes that took place in Kahramanmaraş on February 6, 2023 and affected many cities, in accordance with the Official Gazette dated Wednesday, February 8, 2023 and numbered 32098, for three months in Adana, Adıyaman, Diyarbakır, Gaziantep, Hatay, Kahramanmaraş, Kilis, Malatya, Osmaniye and Şanlıurfa. It was decided to declare a state of emergency.

The Company is of the opinion that the earthquakes in question have no effect on the financial statements dated 31 December 2022. Since the earthquakes experienced and the economic effects of the measures taken regarding these earthquakes are uncertain as of the reporting date, the effects on the financial statements of the Company due to its operations in the period after the reporting date cannot be reasonably estimated. The developments regarding the natural disaster in question are being closely monitored and studies are continuing to determine the situation.

29 OTHER MATTERS THAT MAY AFFECT THE FINANCIAL STATEMENTS OR MUST BE EXPLAINED FOR THE FINANCIAL STATEMENTS TO BE CLEARLY INTERPRETABLE AND UNDERSTANDABLE

NONE