

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

**AYGAZ ANONİM ŐİRKETİ
AND ITS SUBSIDIARIES**

**1 JANUARY - 31 MARCH 2021 INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

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AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

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

	Notes	Unaudited 31 March 2021	Audited 31 December 2020
ASSETS			
Current assets			
Cash and cash equivalents	4	812.445	960.648
Trade receivables		1.118.895	670.847
- Trade receivables from related parties	20	108.094	95.393
- Trade receivables from third parties	8	1.010.801	575.454
Other receivables		70.690	60.616
- Other receivables from related parties	20	6.884	-
- Other receivables from third parties	16	63.806	60.616
Derivative financial instruments	7	26.593	20.623
Inventories	9	364.458	400.357
Prepaid expenses		82.102	41.110
Assets related to current year tax		106	51
Other current assets		65.367	39.244
Total current assets		2.540.656	2.193.496
Non-current assets			
Financial investments	5	293.271	421.205
Trade receivables		5.740	4.869
- Trade receivables from third parties	8	5.740	4.869
Other receivables		756	147
- Other receivables from third parties		756	147
Investments accounted under equity method	10	1.776.328	1.847.444
Property, plant and equipment	11	701.539	696.418
Right-of-use assets	13	177.965	171.486
Intangible assets		22.879	25.315
- Other intangible assets	12	22.879	25.315
Prepaid expenses		29.856	34.010
Deferred tax asset	19	912	850
Total non-current assets		3.009.246	3.201.744
Total assets		5.549.902	5.395.240

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

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

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

	Notes	Unaudited 31 March 2021	Audited 31 December 2020
LIABILITIES AND EQUITY			
Short-term liabilities			
Short-term financial borrowings	6	239.885	220.824
Current portion of long-term financial borrowings	6	431.658	346.349
Trade payables		938.909	824.200
- Trade payables to related parties	20	69.697	137.504
- Trade payables to third parties	8	869.212	686.696
Liabilities for employee benefits		19.037	67.979
Other payables		161.831	2.291
- Other payables to related parties	20	151.273	1.273
- Other payables to third parties		10.558	1.018
Derivative financial instruments	7	33.677	32.442
Deferred income		12.168	7.989
Current income tax liabilities		5.904	11.499
Short-term provisions		365.113	295.645
- Short-term provisions for employee benefits		15.020	-
- Other provisions	15	350.093	295.645
Other current liabilities	15	11.279	42.658
Total short-term liabilities		2.219.461	1.851.876
Long-term liabilities			
Long-term financial borrowings	6	1.079.005	997.017
Other payables		120.827	117.153
- Trade payables to third parties		120.827	117.153
Long-term provisions		63.267	67.238
- Long-term provisions for employee benefits		63.267	67.238
Deferred tax liabilities	19	32.961	44.553
Total long-term liabilities		1.296.060	1.225.961
Total long-term liabilities		3.515.521	3.077.837
Equity			
Share capital	17	300.000	300.000
Adjustment to share capital	17	71.504	71.504
Adjustment to share capital due to cross-ownership (-)		(7.442)	(7.442)
Other comprehensive income or expenses			
not to be reclassified to profit or loss			
Gains (losses) on the revaluation and/or reclassification		126.510	248.016
- Gains (losses) remeasurement from defined benefit plans		127.743	249.249
- Gains (losses) on financial assets measured at fair value through other comprehensive income		237	237
Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss		127.506	249.012
Other comprehensive income or expenses to be reclassified to profit or loss			
Currency translation differences		(1.233)	(1.233)
Gains (losses) on hedge		(233.818)	(233.661)
- Gains (losses) on cash flow hedges		1.833	(4.822)
Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss		12.220	5.405
Restricted reserves		12.220	5.405
Retained earnings		(247.871)	(234.244)
Net profit (loss) for the period		365.692	352.192
Equity attributable to equity holders of the parent		2.034.381	2.317.403
Total equity		2.034.381	2.317.403
Total equity and liabilities		5.549.902	5.395.240

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

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

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

	Notes	Unaudited 1 January - 31 March 2021	Unaudited 1 January - 31 March 2020
Revenue		2.881.392	2.206.112
Cost of sales (-)		(2.610.548)	(2.112.908)
Gross profit		270.844	93.204
General administrative expenses (-)		(84.864)	(71.212)
Marketing expenses (-)		(93.070)	(84.129)
Research and development expenses (-)		(520)	(705)
Other operating income		309.211	55.485
Other operating expenses (-)		(284.517)	(49.939)
Operating profit (loss)		117.084	(57.296)
Income from investment activities		9.415	74.674
Loss from investment activities (-)		(373)	(168)
Profit (losses) from investments accounted under equity method	10	(61.996)	(201.284)
Operating profit (loss) before financial income (expense)		64.130	(184.074)
Financial income		52.575	20.860
Financial expense (-)		(110.211)	(67.331)
Profit (loss) from continuing operations before tax		6.494	(230.545)
Tax income (expense), continuing operations			
Current tax expense for the period (-)	19	(24.816)	(17.195)
Deferred tax income (expense)	19	6.963	21.580
Profit (loss) for the period		(11.359)	(226.160)
Distribution of profit (loss) for the period			
Equity holders of the parent		(11.359)	(226.160)
Earnings (losses) per share (TL)	18	(0,037863)	(0,753867)
Diluted earnings (losses) per share (TL)	18	(0,037863)	(0,753867)

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

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

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

	Unaudited 1 January - 31 March 2021	Unaudited 1 January - 31 March 2020
Notes		
Profit (loss) for the period	(11.359)	(226.160)
Other comprehensive income		
Not to be reclassified to profit or loss	(121.506)	-
Gains (losses) on financial assets measured at fair value through other comprehensive income		
- <i>Gains (losses) on financial assets measured at fair value through other comprehensive income</i>	<i>(127.901)</i>	<i>-</i>
Taxes relating to other comprehensive income not to be reclassified to profit (loss)		
- <i>Gains (losses) on financial assets measured at fair value through other comprehensive income, tax effect</i>	<i>19</i>	<i>6.395</i>
To be reclassified to profit or loss	(157)	(6.738)
Currency translation differences	6.655	-
Gains (losses) on cash flow hedges		
- <i>Gains (losses) on cash flow hedges</i>	<i>8.519</i>	<i>8.696</i>
Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss		
- <i>Gains (losses) from cash flow hedges of investments using equity method</i>	<i>(16.174)</i>	<i>(15.956)</i>
- <i>Gains (losses) from currency translation differences of investments using equity method</i>	<i>2.547</i>	<i>2.435</i>
Taxes relating to other comprehensive income to be reclassified to profit (loss)		
- <i>Gains (losses) on cash flow hedges, tax effect</i>	<i>19</i>	<i>(1.704)</i>
Other comprehensive income (expense) (after taxation)	(121.663)	(6.738)
Total other comprehensive income (expense)	(133.022)	(232.898)
Distribution of total comprehensive income (expense)		
- Equity holders of the parent	(133.022)	(232.898)

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

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2021

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

	Notes	Share capital	Adjustment to share capital	Adjustment to share capital due to cross-ownership (-)	Other comprehensive income or expenses not to be reclassified to profit or loss		Other comprehensive income or expenses to be reclassified to profit or loss			Accumulated profit					
					Gains (losses) on re-measurement of defined benefit plans	Gains (losses) on financial assets measured at fair value through other comprehensive income	Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss	Currency translation differences	Gains (losses) on cash flow hedges	Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss	Restricted reserves	Retained earnings	Net profit for the period	Equity attributable to equity holders of the parent	Total equity
Unaudited															
As of January 1, 2020		300.000	71.504	(7.442)	336	225.185	(1.096)	-	(8.835)	(215.444)	338.692	1.501.706	273.477	2.478.083	2.478.083
Transfers		-	-	-	-	-	-	-	-	-	13.500	259.977	(273.477)	-	-
Total comprehensive income (expense)		-	-	-	-	-	-	-	6.783	(13.521)	-	-	(226.160)	(232.898)	(232.898)
<i>Net income</i>		-	-	-	-	-	-	-	-	-	-	-	(226.160)	(226.160)	(226.160)
<i>Other comprehensive income (expense)</i>		-	-	-	-	-	-	-	6.783	(13.521)	-	-	-	(6.738)	(6.738)
Dividend paid		-	-	-	-	-	-	-	-	-	-	(150.000)	-	(150.000)	(150.000)
As of March 31, 2020		300.000	71.504	(7.442)	336	225.185	(1.096)	-	(2.052)	(228.965)	352.192	1.611.683	(226.160)	2.095.185	2.095.185
Unaudited															
As of January 1, 2021		300.000	71.504	(7.442)	237	249.012	(1.233)	(4.822)	5.405	(234.244)	352.192	1.611.683	(24.889)	2.317.403	2.317.403
Transfers		-	-	-	-	-	-	-	-	-	13.500	(38.389)	24.889	-	-
Total comprehensive income (expense)		-	-	-	-	(121.506)	-	6.655	6.815	(13.627)	-	-	(11.359)	(133.022)	(133.022)
<i>Net income</i>		-	-	-	-	-	-	-	-	-	-	-	(11.359)	(11.359)	(11.359)
<i>Other comprehensive income (expense)</i>		-	-	-	-	(121.506)	-	6.655	6.815	(13.627)	-	-	-	(121.663)	(121.663)
Dividend paid	17	-	-	-	-	-	-	-	-	-	-	(150.000)	-	(150.000)	(150.000)
As of March 31, 2021		300.000	71.504	(7.442)	237	127.506	(1.233)	1.833	12.220	(247.871)	365.692	1.423.294	(11.359)	2.034.381	2.034.381

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

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH

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

	Notes	Unaudited 1 January - 31 March 2021	Unaudited 1 January - 31 March 2020
Cash flows from operating activities		(267.345)	(83.092)
Net income (loss)		(11.359)	(226.160)
Adjustments related with the reconciliation of net profit (loss) for the period		208.080	224.504
Adjustments for depreciation and amortization expenses	3, 11, 12, 13	41.900	31.398
Adjustments for impairment reversal (loss)		708	84
Adjustments for provisions		34.786	21.321
Adjustments for dividend income (expense)		(7.525)	(22)
Adjustments for interest income		(27.522)	(9.175)
Adjustments for interest expense		46.299	43.952
Adjustments for unrealized foreign exchange differences		37.285	30.292
Adjustments for fair value gains (losses) on derivative financial instruments		2.080	(21.679)
Adjustments for undistributed profits of investments accounted under equity method	10	61.996	201.284
Adjustments for tax income (expenses)	19	17.853	(4.385)
Adjustments for gains (losses) on disposal of non-current assets		(1.517)	(52.085)
Adjustments for other items causing cash flows from investment or financial activities			
- Termination compensation income	5	-	(22.421)
Other adjustments for reconciliation of profit (loss)		1.737	5.940
Changes in working capital		(430.854)	(55.029)
Change in blocked deposits		(2.088)	624
Adjustments for decrease (increase) in trade receivables		(449.261)	169.706
Adjustments for decrease (increase) in other operating receivables		(29.922)	(1.577)
Adjustments for decrease (increase) in inventories		35.533	97.383
Decrease (increase) in prepaid expenses		(36.897)	(23.842)
Adjustments for increase (decrease) in trade payables		114.709	(218.409)
Increase (decrease) in liabilities for employee benefits		(48.942)	(38.533)
Adjustments for increase (decrease) in other operating payables		(18.165)	(37.093)
Increase (decrease) in deferred income		4.179	(3.288)
Cash flows from operating activities		(234.133)	(56.685)
Payments related to provisions for employee benefits		(2.746)	(3.432)
Tax returns (payments)		(30.466)	(22.975)
Cash flows from investing activities		(29.916)	55.437
Cash outflows from the purchase of interests or capital increase of investments in associates or joint ventures	10	(4.507)	-
Cash inflows from the sale of property, plant and equipment and intangible assets		3.958	53.143
Cash outflows from the purchase of property, plant and equipment and intangible assets	11, 12	(30.008)	(20.149)
Dividends received		641	22
Other cash inflows (outflows)			
- Cash inflows due to termination payment	5	-	22.421
Cash flows from financing activities		139.009	28.845
Proceeds from borrowings		165.350	658.811
Repayments of borrowings		(8.050)	(427.156)
Payments of lease liabilities		(23.313)	(10.756)
Dividends paid		-	(149.938)
Interest paid		(22.559)	(51.235)
Interest received		27.581	9.119
Net increase (decrease) in cash and cash equivalents before currency translation differences		(158.252)	1.190
Effect of currency translation differences		7.961	3.687
Net increase (decrease) in cash and cash equivalents		(150.291)	4.877
Cash and cash equivalents at the beginning of the period	4	958.212	661.320
Cash and cash equivalents at the end of the period	4	807.921	666.197

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

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2021

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

NOTE 1 - ORGANIZATION AND OPERATIONS OF THE COMPANY

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

The Company is registered at the Capital Markets Board of Turkey (“CMB”) and as of 31 March 2021, 24,27% of its shares have been quoted at Borsa İstanbul.

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

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

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

	<u>End of period</u>		<u>Average</u>	
	<u>31 March 2021</u>	<u>31 December 2020</u>	<u>1 January - 31 March 2021</u>	<u>1 January - 31 March 2020</u>
Monthly paid	709	692	698	679
Hourly paid	687	634	669	616
Total number of personnel	1.396	1.326	1.367	1.295

Subsidiaries

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

Subsidiaries	Place of incorporation and operation	<u>Ownership interest (%)</u>		Voting power right	Principal activity
		<u>31 March 2021</u>	<u>31 December 2020</u>		
Anadoluhisarı	Turkey	100	100	100	Shipping
Kandilli	Turkey	100	100	100	Shipping
Kuzguncuk	Turkey	100	100	100	Shipping
Kuleli	Turkey	100	100	100	Shipping
Akpa	Turkey	100	100	100	Marketing
Aygaz Doğal Gaz Toptan Satış	Turkey	100	100	100	Natural gas
Aygaz Doğal Gaz İletim	Turkey	100	100	100	Natural gas
Aykargo	Turkey	100	100	100	Cargo transportation/ distribution
Bal Kaynak	Turkey	100	100	100	Bottled water

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2021

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

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

Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş. (“Akpa”) reached to its current structure with the merger of four subsidiaries of Koç Holding Energy Group at the end of 2001. Before the merger, four companies were operating separately from each other in Bursa, Eskişehir, Ankara and Antalya. At the time of merger the name of company was Bursa Gaz ve Ticaret A.Ş., later it was changed to “Akpa Dayanıklı Tüketim LPG ve Akaryakıt Ürünleri Pazarlama A.Ş.” with the decision of Ordinary General Meeting held on 17 March 2005. Akpa is mainly engaged in sales of cylinders through either its own organisation or dealers, retail and wholesale of LPG, fuel and lubricants through autogas stations.

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

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

ADG Enerji Yatırımları A.Ş. (“ADG Enerji”) whose main area of activity was natural gas until the Extraordinary General Meeting held on 11 August 2020 by which it is resolved to change the title and the main area of activity of the company. While the new title of ADG Enerji is changed to Aygaz Aykargo Dağıtım Hizmetleri Anonim Şirketi (“Aykargo”), its main area of activity is also updated with the purpose to take part in cargo distribution sector that grows in line with developments in e-commerce and economy. Within this framework, it was decided to develop the activities within the scope of Aykargo Cargo Distribution Project, which started as an in-house entrepreneurship project, by using Company’s existing dealer network and home delivery experience, through that will operate exclusively in this field.

Investments in associates

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

Investments in associates	Place of incorporation and operation	Ownership interest (%)		Voting power right	Principal activity
		31 March 2021	31 December 2020		
Enerji Yatırımları A.Ş. (“EYAŞ”)	Turkey	20,00	20,00	20,00	Energy
Entek Elektrik Üretimi A.Ş. (“Entek”)	Turkey	49,62	49,62	49,62	Electricity

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2021

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

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

In December 2005, Enerji Yatırımları A.Ş. (“EYAŞ”) was established to acquire 51% block shares of Türkiye Petrol Rafinerileri A.Ş. (“TÜPRAŞ”), to participate in Tüpraş’s management and its operational decisions as well as to establish and operate in oil refinery related sectors in Turkey.

Entek Elektrik Üretimi A.Ş. (“Entek”), the electricity generation company of Koç Group, operates one natural gas cycling plant with capacity of 112 MW in Kocaeli and eight hydroelectric power plants in Kahramanmaraş, Karaman, Samsun and Mersin with capacity of 265 MW in total reaching aggregate capacity of 377 MW. Entek and STEAG GmbH has signed a share purchase and sale agreement for the acquisition of 100% shares of STEAG Rüzgar Süloğlu Enerji Üretim ve Ticaret A.Ş. and STEAG Turkey Enerji Yatırımları ve Hizmetleri A.Ş. The closing of the share trading transaction will take place after the final approval and acquisition of permissions required. Within the scope of the agreement mentioned above, it is aimed that Entek will have a total installed capacity of 437 MW through the acquisition of share of STEAG Rüzgar Süloğlu Enerji Üretim ve Ticaret A.Ş. which has a wind power plant with 60 MW installed capacity.

Joint ventures

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

Joint venture	Place of incorporation and operation	Ownership interest (%)			Principal activity
		31 March 2021	December 2020	Voting power right	
Opet Aygaz Gayrimenkul A.Ş. (“OAGM”)	Turkey	50,00	50,00	50,00	Real Estate
United LPG Ltd.(*)	Bangladesh	50,00	-	50,00	LPG supply, filling and distribution

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

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

In line with Group’s growth strategy abroad, in order to operate in LPG supply, filling and distribution in the Bangladesh market, on 5 March 2019 the Share Purchase Agreement (‘Contract’) and Partnership Agreement was signed between the Company and United Enterprises & Co. Ltd. With Contract it was decided that 50% of the shares of United LPG Ltd, the subsidiary of United Enterprises & Co. Ltd, which has a pre-license for LPG filling facility but no current operations yet, will be acquired. With the fulfillment of all the conditions precedents set forth in the Contract, the transfer of shares are completed, following the payment of 50.000 thousand Taka (TL Equivalent 4.507 thousand) to the Seller in cash by the Company on 20 January 2021. The schedule for the capital increases will be realized within the scope of financing the investments of the Joint Venture Company, following the fulfillment of the necessary conditions in the Partnership Agreement.

Approval of interim condensed consolidated financial statements:

The interim condensed consolidated financial tables for the period ended on 31 March 2021 are approved on the Board of Directors meeting held on 5 May 2021 to be published.

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2021

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

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation of financial statements

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

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

The Group has prepared its condensed consolidated financial statements for the period ended on 31 March 2021 in accordance with TAS 34 “Interim Financial Reporting Standards”.

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

The consolidated financial statements are prepared based on the historical cost conversion, except for the financial assets and liabilities which are expressed with their fair values. The functional currency of Aygaz UK, the company's branch in London, is US Dollars “USD”.

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

2.2 Summary of significant accounting policies

The interim condensed consolidated financial statements of the Group for the three-month period ended 31 March 2021 have been prepared in accordance with IAS 34 “Interim Financial Reporting”. Additionally, the accounting policies used in the preparation of the interim condensed consolidated financial statements for the period ended 31 March 2021 are consistent with those used in the preparation of annual consolidated financial statements for the year ended 31 December 2020. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2020.

2.3 New and revised Turkey Financial Reporting Standards

a. Standards, amendments and interpretations applicable as at 31 March 2021

Amendments to IAS 1 and IAS 8 on the definition of material; effective from Annual periods beginning on or after 1 January 2020. These amendments to IAS 1, ‘Presentation of financial statements’, and IAS 8, ‘Accounting policies, changes in accounting estimates and errors’, and consequential amendments to other IFRSs:

- i. use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting
- ii. clarify the explanation of the definition of material and
- iii. incorporate some of the guidance in IAS 1 about immaterial information.

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

2.3 New and revised Turkey Financial Reporting Standards (Continued)

a. *Standards, amendments and interpretations applicable as at 31 March 2021 (Continued)*

Amendments to IFRS 3 - definition of a business; effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform; effective from Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

b. *Standards, amendments and interpretations effective after 1 April 2021*

Amendment to IFRS 16, ‘Leases’ – Covid-19 related rent concessions; as of March 2021, this amendment extended till June 2022 and effective from 1 April 2021. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

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

Amendments to IAS 1, Presentation of financial statements’ on classification of liabilities; effective from 1 January 2022. These narrow-scope amendments to IAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the ‘settlement’ of a liability.

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

2.3 New and revised Turkey Financial Reporting Standards (Continued)

b. Standards, amendments and interpretations effective after 1 April 2021 (Continued)

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

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

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

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8; effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2; effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.

Amendments to IFRS 17 and IFRS 4, ‘Insurance contracts’, deferral of IFRS 9; effective from annual periods beginning on or after 1 January 2021. These amendments change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial Instrument until 1 January 2023.

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

2.4 Significant changes in the current period

Necessary actions were undertaken by the management to minimize possible effects of Covid-19 on the Group’s operations and financial status. Despite the developments and slowdown in LPG sector and general economic activity due to Covid-19 pandemic, there were no disruption in LPG supply processes but there were some periodical fluctuations in the sales activities due to contracting demand. Especially during the lockdown period, autogas market contracted while cylinder gas market showed a partial growth due to increasing domestic demand. In the meantime, actions were undertaken by the Company to minimize the investment expenditures, operational cost and the increase in the inventory. Cash management strategy was reviewed to strengthen the liquidity position. As the measures taken to prevent the spread of the pandemic are reduced, production and sales operations are continuing without any interruption while the recovery in demand is affecting the Group’s operations positively.

No estimates can be made regarding the duration of the Covid-19 neither globally nor for Turkey. However, the Group evaluated the possible effects of Covid-19 pandemic on its financial tables and assessed the estimates and assumptions used during the preparation of consolidated financial tables. In this framework, no impairment was detected in the interim consolidated financial tables dated 31 March 2021.

NOTE 3 – SEGMENT INFORMATION

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

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

- Gas and petroleum products
- Electricity
- Other

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

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NOTE 3 – SEGMENT INFORMATION (Continued)

As of 31 March 2021 and 31 December 2020, assets and liabilities according to industrial segments are as follows:

	31 March 2021				
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
Assets					
Current assets	2.400.457	-	176.002	(35.803)	2.540.656
Non-current assets	2.400.119	629.456	336.239	(356.568)	3.009.246
Total assets	4.800.576	629.456	512.241	(392.371)	5.549.902
Liabilities					
Short term liabilities	2.154.840	-	100.015	(35.394)	2.219.461
Long term liabilities	1.266.958	-	42.637	(13.535)	1.296.060
Equity	1.378.778	629.456	369.589	(343.442)	2.034.381
Total liabilities and equity	4.800.576	629.456	512.241	(392.371)	5.549.902
Investments accounted under equity met	1.005.985	629.456	140.887	-	1.776.328

	31 December 2020				
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
Assets					
Current assets	1.985.947	-	234.636	(27.087)	2.193.496
Non-current assets	2.485.463	606.000	338.177	(227.896)	3.201.744
Total assets	4.471.410	606.000	572.813	(254.983)	5.395.240
Liabilities					
Short term liabilities	1.786.608	-	92.819	(27.551)	1.851.876
Long term liabilities	1.187.838	-	44.639	(6.516)	1.225.961
Equity	1.496.964	606.000	435.355	(220.916)	2.317.403
Total liabilities and equity	4.471.410	606.000	572.813	(254.983)	5.395.240
Investments accounted under equity met	1.101.054	606.000	140.390	-	1.847.444

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NOTE 3 – SEGMENT INFORMATION (Continued)

For the period ended 31 March 2021 and 2020, profit or loss statements according to industrial segments are as follows:

	1 January - 31 March 2021				
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
Revenue	2.766.253	-	187.080	(71.941)	2.881.392
Cost of sales (-)	(2.531.883)	-	(150.606)	71.941	(2.610.548)
Gross profit	234.370	-	36.474	-	270.844
General administrative expenses (-)	(77.132)	-	(9.235)	1.503	(84.864)
Marketing expenses (-)	(78.596)	-	(14.474)	-	(93.070)
Research and development expenses (-)	(520)	-	-	-	(520)
Other operating income	304.349	-	7.523	(2.661)	309.211
Other operating expenses (-)	(277.933)	-	(6.809)	225	(284.517)
Operating profit	104.538	-	13.479	(933)	117.084
Income from investment activities	89.818	-	597	(81.000)	9.415
Loss from investment activities (-)	(66)	-	(307)	-	(373)
Profit (losses) from investments accounted under equity method	(81.903)	19.410	497	-	(61.996)
Operating profit before financial income (expense)	112.387	19.410	14.266	(81.933)	64.130
Financial income	48.675	-	3.900	-	52.575
Financial expense (-)	(107.418)	-	(2.793)	-	(110.211)
Profit from continuing operations before tax	53.644	19.410	15.373	(81.933)	6.494
Current tax expense for the period (-)	(22.866)	-	(1.950)	-	(24.816)
Deferred tax income (expense)	6.453	-	510	-	6.963
Profit (loss) for the period	37.231	19.410	13.933	(81.933)	(11.359)
Distribution of profit (loss) for the period					
Equity holders of the parent	37.231	19.410	13.933	(81.933)	(11.359)
Net income (loss)	37.231	19.410	13.933	(81.933)	(11.359)

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2021

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

NOTE 3 – SEGMENT INFORMATION (Continued)

	1 January - 31 March 2020				
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
Revenue	2.091.848	-	187.135	(72.871)	2.206.112
Cost of sales (-)	(2.026.084)	-	(159.695)	72.871	(2.112.908)
Gross profit	65.764	-	27.440	-	93.204
General administrative expenses (-)	(65.157)	-	(7.081)	1.026	(71.212)
Marketing expenses (-)	(71.830)	-	(12.299)	-	(84.129)
Research and development expenses (-)	(700)	-	(5)	-	(705)
Other operating income	53.359	-	3.755	(1.629)	55.485
Other operating expenses (-)	(46.080)	-	(4.011)	152	(49.939)
Operating profit (loss)	(64.644)	-	7.799	(451)	(57.296)
Income from investment activities	141.309	-	184	(66.819)	74.674
Loss from investment activities (-)	(51)	-	(117)	-	(168)
Profit (losses) from investments accounted under equity method	(232.552)	32.145	(877)	-	(201.284)
Operating profit (loss) before financial income (expense)	(155.938)	32.145	6.989	(67.270)	(184.074)
Financial income	19.051	-	1.809	-	20.860
Financial expense (-)	(63.353)	-	(3.978)	-	(67.331)
Profit (loss) from continuing operations before tax	(200.240)	32.145	4.820	(67.270)	(230.545)
Current tax expense for the period (-)	(15.264)	-	(1.931)	-	(17.195)
Deferred tax income (expense)	21.015	-	565	-	21.580
Profit (loss) for the period	(194.489)	32.145	3.454	(67.270)	(226.160)
Distribution of profit (loss) for the period					
Equity holders of the parent	(194.489)	32.145	3.454	(67.270)	(226.160)
Net income (loss)	(194.489)	32.145	3.454	(67.270)	(226.160)

The accounting policy of Special Consumption Tax (SCT) on imported LPG which is required to be paid after the declaration made to the Republic of Turkey, Ministry of Finance is applied to be included in revenues and cost of goods sold (Gross profit and net income is not impacted by this record). For the three months period 1 January - 31 March 2021, SCT on imported LPG included in revenues and the cost of goods sold is amounting to TL 92.512 thousand (1 January - 31 March 2020: TL 362.116 thousand).

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NOTE 3 – SEGMENT INFORMATION (Continued)

The amortization and depreciation expense for the industrial segmental assets for the period ended on 31 March 2021 and 2020 are as follows:

	1 January - 31 March 2021	1 January - 31 March 2020
Gas and petroleum products	37.011	26.979
Other	4.889	4.419
	41.900	31.398

TL 17.018 thousand of total amount consist of amortization and depreciation expenses allocated under TFRS 16 ‘Leases’ (2020: TL 7.754 thousand).

The investment expenditures for the industrial segmental assets for the periods ended on 31 March 2021 and 2020 are as follows:

	1 January - 31 March 2021	1 January - 31 March 2020
Gas and petroleum products	27.512	17.964
Other	2.496	2.185
	30.008	20.149

NOTE 4 – CASH AND CASH EQUIVALENTS

	31 March 2021	31 December 2020
Cash on hand	234	320
Cash at banks	753.610	904.731
- Time deposits	708.612	880.936
- Demand deposits	44.998	23.795
Receivables from credit card transactions	58.601	55.597
Total	812.445	960.648

As of 31 March 2021 the Group’s TL time deposits amounting to TL 559.160 thousand with maturities of 1 day and interest rates of 16,75%-18,98%; USD time deposits amounting to USD 17.950 thousand (TL 149.452 thousand) with maturities of 1 days and interest rate of 0,8% (31 December 2020: The Group’s TL time deposits amounting to TL 676.716 thousand with maturities of 4 days and interest rates of 16,75%-19,15%. USD time deposits amounting to USD 27.821 thousand (TL 204.220 thousand) with maturities of 4 days and interest rate of 1,25%).

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2021

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NOTE 4 – CASH AND CASH EQUIVALENTS (Continued)

The amount of cash and cash equivalents shown in the statement of cash flow as of 31 March 2021 and 31 December 2020 are as follows:

	31 March 2021	31 December 2020
Cash and cash equivalents	812.445	960.648
Less: Less: Blocked deposits (*)	(4.524)	(2.436)
	807.921	958.212

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

NOTE 5 – FINANCIAL ASSETS

The long-term financial assets of the Group are as follows as of 31 March 2021 and 31 December 2020:

	31 March 2021		31 December 2020	
	Participation amount	Participation rate (%)	Participation amount	Participation rate (%)
Financial assets measured at fair value through other comprehensive income				
- Koç Finansal Hizmetler A.Ş. (*)	291.177	3,93	419.078	3,93
Financial assets measured at fair value through profit or loss				
- Ram Dış Ticaret A.Ş.	1.258	2,50	1.258	2,5
- Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	270	10,00	270	10
- Tat Gıda Sanayi A.Ş.	130	0,08	163	0,08
- Diğer	436	-	436	-
	293.271		421.205	

(*) After the end of the business partnership between Koç Group and UniCredit S.P.A (“UniCredit”) on 5 February 2020, 100% of the shares representing the capital of Koç Finansal Hizmetler A.Ş. (“KFS”) passed to Koç Group (Koç Holding, Koç companies, Koç Family, partnerships and related foundations controlled by Koç Family) in proportion to their shares in KFS; In addition, KFS's Yapı ve Kredi Bankası A.Ş. (“YKB”) shares of 31.93% were transferred to UniCredit and 9.02% to Koç Holding A.Ş. KFS's share in YKB decreased from 81.9% to 40.95%. Within this framework, the Company's share in KFS increased from 1.97% to 3.93%. Within the scope of termination of the business partnership between Koç Group and UniCredit in line with UniCredit's strategic goals, UniCredit made a termination payment of TL22.421 thousand to the Company on 6 February 2020. It was measured on the basis of Level 1 (actively traded market price) as of 31 March 2021 (Note 21).

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NOTE 6 – FINANCIAL BORROWINGS

As of 31 March 2021 and 31 December 2020 the Group’s short-term financial borrowings are as follows:

	31 March 2021	31 December 2020
TL-denominated short-term bank borrowings	161.234	152.676
Short-term lease liabilities	78.651	68.148
Total short-term financial borrowings	239.885	220.824
Short-term portion and interest accruals of		
TL-denominated long-term bank borrowings	221.098	140.683
Short-term portion and interest accruals of		
USD-denominated long-term bank borrowings	37.736	33.049
Short-term portion of long-term bond issued (*)	172.824	172.617
Total short-term portion of long-term financial borrowings	431.658	346.349

(*) On 21 June 2019 and 7 August 2019, the Group has issued, a floating rate bond with a nominal value TL 90.000 thousand with a maturity of 728 days and quarterly coupon payments and a floating rate bond with a nominal value TL 80.000 thousand with a maturity of 728 days and quarterly coupon payments respectively. In order to hedge cash flow risk, the interest rates of the issued bonds dated on 21 June 2019 and 7 August 2019 have been fixed by interest rate swap transaction (Note 7).

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

Currency	Average effective interest rate per annum (%)	Original amount	TL amount
TL	10,39	161.234	161.234
			161.234

As of 31 December 2020, the details of short-term financial borrowings are as follows:

Currency	Average effective interest rate per annum (%)	Original amount	TL amount
TL	9,89	152.676	152.676
			152.676

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NOTE 6 – FINANCIAL BORROWINGS (Continued)

As of 31 March 2021 and 31 December 2020 the Group’s long-term financial borrowings are as follows:

	31 March 2021	31 December 2020
TL-denominated long-term bank borrowings	980.687	894.390
Total long-term bank borrowings	980.687	894.390
Long-term lease liabilities	98.318	102.627
Total long-term lease liabilities	98.318	102.627
Total long-term financial borrowings	1.079.005	997.017

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

Currency	Average effective interest rate per annum (%)	Original amount	TL amount
TL	11,12	1.201.785	1.201.785
USD	3,19	4.532	37.736
Short-term portion of long-term loans and interest accruals			(258.834)
			980.687

As of 31 December 2020 the details of long-term financial borrowings are as follows:

Currency	Average effective interest rate per annum (%)	Original amount	TL amount
TL	10,14	1.035.073	1.035.073
USD	3,19	4.502	33.049
Short-term portion of long-term loans and interest accruals			(173.732)
			894.390

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NOTE 7 – DERIVATIVE FINANCIAL INSTRUMENTS

As of 31 March 2021 and 31 December 2020 the Group’s derivative financial instruments are as follows:

	31 March 2021		31 December 2020	
	Contract amount	Fair value assets/ (liabilities)	Contract amount	Fair value assets/ (liabilities)
Short-term derivative instruments				
Forward transactions (1)	-	-	6.751	33
Foreign currency swap contracts (2)	13.050	24.762	13.050	20.590
Interest rate swap (3)	170.000	324	-	-
Futures transactions (4)	40.556	1.507	-	-
Total short-term derivative financial assets	223.606	26.593	19.801	20.623
Forward transactions (1)	142.303	(12.142)	-	-
Interest rate swap (3)	-	-	170.000	(3.226)
Futures transactions (4)	1.780.905	(21.535)	731.456	(29.216)
Total short-term derivative financial liabilities	1.923.208	(33.677)	901.456	(32.442)

- (1) As of 31 March 2021, the Group has entered into forward transaction with a maturity of 5-48 days and nominal value amounting to USD 18.919 thousand (31 December 2020: The Group has entered into forward transaction with a maturity of 18 days and nominal value amounting to USD 900 thousand) (Note 21).
- (2) In June, 2016, the Group has realized swap transaction with a contract amounting to TL 91.350 thousand with 5 years maturity, half yearly interest payment and fixed interest rate of 13,415%, in return for USD 31.500 thousand with a floating interest rate of six-month USDLIBOR + 2,4%. As of 31 March 2021, principal payment of USD 27.000 thousand was made in total, the remaining amount is USD 4.500 thousand (Note 21).
- (3) The Group has entered interest rate swap transactions for the bond on 21 June 2019 amounting to TL 90.000 thousand in total, fixing interest rate of TL 50.000 thousand of total bond with 21,95% and the TL 40.000 thousand of total bond with 20,75% and for the bond on 7 August 2019 amounting to TL 80.000 thousand in total, fixing interest rate of TL 50.000 thousand of total bond with 16,85% and the TL 30.000 thousand of total bond with 16,47%.
- (4) As of 31 March 2021, the Group’s future transactions consist of propane, butane, naphtha products and freight swaps.

NOTE 8 - TRADE RECEIVABLES AND PAYABLES FROM THIRD PARTIES

The Group’s trade receivables from third parties as of 31 March 2021 and 31 December 2020 are as follows:

	31 March 2021	31 December 2020
Trade receivables	999.738	566.454
Notes receivables	38.445	36.040
Allowance for doubtful receivables (-) (*)	(27.382)	(27.040)
Total current trade receivables	1.010.801	575.454

- (*) TL 635 thousand of provision for doubtful receivables consists of expected credit loss provisions (31 December 2020: TL 635 thousand).

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

	31 March 2021	31 December 2020
Notes receivable	5.740	4.869
Total non-current trade receivables	5.740	4.869

The Group’s trade payables to third parties as of 31 March 2021 and 31 December 2020 are as follows:

	31 March 2021	31 December 2020
Trade payables	869.212	686.696
Total short-term trade payables	869.212	686.696

NOTE 9 – INVENTORIES

	31 March 2021	31 December 2020
Raw materials	326.942	230.618
Work in process	4.778	2.968
Finished goods	18.782	14.318
Trade goods	10.846	9.066
Goods in transit	3.705	143.616
Allowance for impairment on inventory (-)	(595)	(229)
Kısa vadeli diğer alacaklar, net	364.458	400.357

As of 31 March 2021, the inventories comprise of 61.607 tons of LPG (31 December 2020: 97.891 tons).

NOTE 10 – EQUITY INVESTMENTS

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

	31 March 2021		31 December 2020	
	Participation amount	Participation rate (%)	Participation amount	Participation rate (%)
EYAŞ	1.001.478	20,00	1.101.054	20,00
Entek	629.456	49,62	606.000	49,62
OAGM	140.887	50,00	140.390	50,00
United LPG Ltd (*)	4.507	50,00	-	-
	1.776.328		1.847.444	

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

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2021

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

NOTE 10 – EQUITY INVESTMENTS (Continued)

The movement of equity investments is as follows:

	2021	2020
As of January 1	1.847.444	2.059.470
Shares of profit/(loss)	(61.996)	(201.284)
Shares of other comprehensive income/(loss)	(13.627)	(13.521)
Purchase of interest in joint venture (*)	4.507	-
As of March 31	1.776.328	1.844.665

(*) On 20 January 2021, Taka 50,000 thousand (TL 4.507 thousand) of the share purchase price was paid in cash to Seller and united LPG Ltd. shares were transferred to the Company (Note 1).

Shares of profit (loss) of equity investments:

	1 January - 31 March 2021	1 January - 31 March 2020
EYAŞ	(81.903)	(232.552)
Entek	19.410	32.145
OAGM	497	(877)
	(61.996)	(201.284)

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

	1 January - 31 March 2021	1 January - 31 March 2020
EYAŞ (*)	(17.673)	(6.106)
Entek	4.046	(7.415)
	(13.627)	(13.521)

(*) TÜPRAŞ, a subsidiary of EYAŞ, designated its investment loans amounting to USD 540.312 thousand (TL 4.498.637 thousand) (31 December 2020: USD 593.982 thousand, TL 4.360.123 thousand) as hedging instrument against USD / TL spot exchange rate risk which is exposed due to highly probable estimated export revenue in USD and, in this context, applies accounting for cash flow hedge. Foreign exchange gains (losses) on investment loans amounting to TL 3.016.875 thousand (31 December 2020: TL 2.736.854 thousand) are accounted under “Gains (losses) on hedging” under shareholders’ equity until the cash flows of the related hedged item are realized.

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2021

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

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

	Land	Land improvements	Buildings	Plant, machinery, equipment and LPG cylinders	Vehicles and vessels	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
Acquisition cost									
As of January 1, 2021	18.351	183.870	79.514	1.833.938	233.070	88.207	25.682	27.683	2.490.315
Additions	-	-	-	1	274	1.574	6	28.153	30.008
Transfers (*)	-	726	915	16.233	1.173	(152)	-	(18.901)	(6)
Disposals	(14)	-	-	(2.296)	(583)	(1.527)	(140)	-	(4.560)
As of March 31, 2021	18.337	184.596	80.429	1.847.876	233.934	88.102	25.548	36.935	2.515.757
Accumulated depreciation									
As of January 1, 2021	-	81.615	55.374	1.437.973	133.150	60.150	25.635	-	1.793.897
Charge of the period	-	1.540	452	14.964	3.200	2.058	227	-	22.441
Transfers (*)	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	(1.771)	-	(300)	(49)	-	(2.120)
As of March 31, 2021	-	83.155	55.826	1.451.166	136.350	61.908	25.813	-	1.814.218
Net book value	18.337	101.441	24.603	396.710	97.584	26.194	(265)	36.935	701.539

(*) TL 6 thousand under “Construction in progress” under the account property, plant and equipment has been classified to intangible fixed assets.

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2021

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

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land	Land improvements	Buildings	Plant, machinery, equipment and LPG cylinders	Vehicles and vessels	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
Acquisition cost									
As of January 1, 2020	17.893	179.561	79.783	1.798.684	231.704	81.192	25.013	23.852	2.437.682
Additions	458	-	340	1.592	285	842	-	16.629	20.146
Transfers (*)	-	-	-	10.495	-	166	-	(10.690)	(29)
Disposals	-	(730)	(1.607)	(3.016)	(660)	(1.080)	-	-	(7.093)
As of March 31, 2020	18.351	178.831	78.516	1.807.755	231.329	81.120	25.013	29.791	2.450.706
Accumulated depreciation									
As of January 1, 2020	-	76.047	54.979	1.392.378	122.753	54.234	24.737	-	1.725.128
Charge of the period	-	1.553	427	14.154	3.474	1.847	215	-	21.670
Disposals	-	(638)	(1.340)	(2.691)	(659)	(707)	-	-	(6.035)
As of March 31, 2020	-	76.962	54.066	1.403.841	125.568	55.374	24.952	-	1.740.763
Net book value	18.351	101.869	24.450	403.914	105.761	25.746	61	29.791	709.943

(*) TL 29 thousand under “Construction in progress” under the account property, plant and equipment has been classified to intangible fixed assets.

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2021

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

NOTE 12 – INTANGIBLE ASSETS

	Rights	Total
Acquisition costs		
As of January 1, 2021	87.612	87.612
Disposals	(2)	(2)
Transfers (*)	6	6
As of March 31, 2021	87.616	87.616
Accumulated amortisation		
As of January 1, 2021	62.297	62.297
Charge for the period	2.441	2.441
Disposals	(1)	(1)
As of March 31, 2021	64.737	64.737
Net book value	22.879	22.879

(*) TL 6 thousand under “Construction in progress” under the account property, plant and equipment has been classified to intangible fixed assets.

	Rights	Total
Acquisition costs		
As of January 1, 2020	77.805	77.805
Additions	3	3
Transfers (*)	29	29
As of March 31, 2020	77.837	77.837
Accumulated amortisation		
As of January 1, 2020	53.988	53.988
Charge for the period	1.974	1.974
As of March 31, 2020	55.962	55.962
Net book value	21.875	21.875

(*) TL 29 thousand under “Construction in progress” under the account property, plant and equipment has been classified to intangible fixed assets.

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2021

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

NOTE 13 – RIGHT OF USE ASSETS

	Land	Land improvements	Buildings	Plant, machinery, equipment and LPG cylinders	Vehicles and vessels	Furniture and fixtures	Total
As of January 1, 2021	3.528	3.056	12.373	30.053	122.437	39	171.486
Additions	366	-	57	-	23.833	-	24.256
Disposals	-	-	-	-	(1.959)	-	(1.959)
Charge for the period	(205)	(33)	(617)	(571)	(15.590)	(2)	(17.018)
Disposals from accumulated depreciation	-	-	-	-	1.200	-	1.200
As of March 31, 2021	3.689	3.023	11.813	29.482	129.921	37	177.965
As of January 1, 2020	3.989	3.794	14.352	32.356	55.527	48	110.066
Additions	-	-	1.199	-	-	-	1.199
Disposals	-	(479)	-	-	(1.120)	-	(1.599)
Charge for the period	(167)	(44)	(760)	(575)	(6.206)	(2)	(7.754)
Disposals from accumulated depreciation	-	-	35	-	735	-	770
As of March 31, 2020	3.822	3.271	14.826	31.781	48.936	46	102.682

NOTE 14 – CONTINGENT ASSETS AND LIABILITIES

Guarantees given as of 31 March 2021 and 31 December 2020 are as follows:

	31 March 2021	31 December 2020
Letter of guarantees given for gas purchase	637.781	627.254
Other letter of guarantees given	51.569	42.813
	689.350	670.067

The liability for environmental pollution:

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

National inventory reserve liability:

Due to the liability of the storage of national petroleum stocks, petroleum products and LPG distributor license owners should hold a minimum of twenty days' average reserves at their own or other licensed storages, either together or separately. Within the decision of National Petroleum Reserves Commission numbered 2018/3 on 28 December 2018, it was decided to keep the national petroleum stocks as minimum 15 days between 1 January 2019- 30 April 2019, minimum 17 days between 1 May 2019- 30 June 2019, minimum 20 days as of 1 July 2019 by the petroleum products and LPG distributor license owners.

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2021

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

NOTE 14 – CONTINGENT ASSETS AND LIABILITIES (Continued)

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

	31 March 2021					31 December 2020			
	TL Equivalent of Euro	TL Equivalent of USD	TL Equivalent of other	TL	Total TL	TL Equivalent of Euro	TL Equivalent of USD	TL	Total TL
A. CPMBs given on behalf of the Company’s legal personality	108.273	10.506	1.370	426.914	547.063	99.785	9.263	426.597	535.645
B. CPMBs given in favor of subsidiaries included in full consolidation (*)	-	118.461	-	23.826	142.287	-	134.422	-	134.422
C. CPMBs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	-	-	-	-	-	-	-	-	-
D. Other CPMBs	-	-	-	-	-	-	-	-	-
i. CPMBs given in favor of parent company	-	-	-	-	-	-	-	-	-
ii. CPMBs given in favor of companies not in the scope of B and C above	-	-	-	-	-	-	-	-	-
iii. CPMBs given in favor of third party companies not in the scope of C above	-	-	-	-	-	-	-	-	-
Total amount of CPMBs	108.273	128.967	1.370	450.740	689.350	99.785	143.685	426.597	670.067

(*) As of 31 March 2021, total amount of commission accrued for guarantees given or contingent liabilities except ‘A. CPMBs given on behalf of the Company’s legal personality’ is TL 225 thousand (31 December 2020: TL 1.471 thousand).

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2021

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

NOTE 15 – OTHER SHORT-TERM PROVISIONS AND LIABILITIES

	31 March 2021	31 December 2020
Provision for price revision (*)	282.660	249.205
Provision for warranty expenses	12.902	11.490
Provision for lawsuit	12.409	12.408
Provision for selling and marketing expenses	8.496	7.135
Provision for EMRA contribution	6.302	5.234
Provision for other operating expenses	27.324	10.173
	350.093	295.645

(*) As communicated to Aygaz Doğal Gaz Toptan Satış A.Ş., a Subsidiary of the Company, by Akfel Gaz Sanayi ve Ticaret A.Ş. ("Aktef"), from which natural gas is supplied; the price revision arbitration process initiated by Gazprom Export LLC ("Gazprom"), which Akfel has imported natural gas, was concluded against Akfel and effective from 1 January 2017, the import price would be adjusted in favor of Gazprom and in this context, it was decided to abolish the discount applied to Akfel and to reflect the change in import price to natural gas price applied to Aygaz Doğal Gaz Toptan Satış A.Ş. in accordance with the contract signed between Akfel and Aygaz Doğal Gaz Toptan Satış A.Ş. It was also notified that, the price determination mechanism in the contract will be revised according to the arbitration decision and the related amount of the debt and related invoices will be sent separately to Aygaz Doğal Gaz Toptan Satış A.Ş. as the contract price is updated retrospectively as of 1 January 2017. The amount of total debt was conveyed to Aygaz Doğal Gaz Toptan Satış A.Ş. by Akfel, however related invoices were not delivered yet as of the date of this report. As of 31 March 2021, total provision of USD 33.949 thousand (TL 282.660 thousand), USD 15.368 thousand for 2017 and USD 18.582 thousand for 2018, has been recognized in the consolidated financial statements (31 December 2020: USD 33.949 thousand in total (TL equivalent 249.205 thousand)).

	31 March 2021	31 December 2020
Taxes and funds payable	10.169	42.107
Other liabilities	1.110	551
	11.279	42.658

NOTE 16 – OTHER SHORT-TERM PROVISIONS AND LIABILITIES

	31 March 2021	31 March 2020
Guarantees and deposits given (*)	61.369	57.781
Other receivables	2.437	2.835
Total other current receivables	63.806	60.616

(*) The Group's branch, Aygaz UK which operates in London, performs derivative transactions with third parties and receives clearing services via ADM Investor Services, Inc. ('ADM'). Within this framework, collateral of USD 7.328 thousand (TL 61.013 thousand) (31 December 2020: USD 7.841 thousand equivalent to TL 57.557 thousand) kept under the provision of "fair value" and "margin call" in ADM, classified as deposits and guarantees given under other receivables from third parties.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2021

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

NOTE 17 – SHARE CAPITAL

Shareholders	Participation		Participation	
	rate (%)	31 March 2021	rate (%)	31 December 2020
Temel Ticaret ve Yatırım A.Ş.	5,77	17.324	5,77	17.324
Koç Ailesi üyeleri	4,76	14.265	4,76	14.265
Koç Holding A.Ş.	40,68	122.054	40,68	122.054
Liquid Petroleum Gas Development Company ("LPGDC") (*)	24,52	73.546	24,52	73.546
Publicly held (*)	24,27	72.811	24,27	72.811
Nominal capital	100,00	300.000	100,00	300.000
Inflation adjustment (**)		71.504		71.504
Adjusted capital		371.504		371.504

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

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

Dividends paid

In the Ordinary General Meeting held on 31 March 2021, the Company decided to reserve TL 13.500 thousand as legal reserves and distribute TL 150.000 thousand gross dividends from the net distributable income of 2020 and make dividend payments starting from 7 April 2021.

NOTE 18 – EARNINGS PER SHARE

	1 January - 31 March 2021	1 January - 31 March 2020
Average number of ordinary shares outstanding during the period (one thousand)	30.000.000	30.000.000
Net profit for the year attributable equity holders of the parent company	(11.359)	(226.160)
Earnings (losses) per hundred shares (TL)	(0,037863)	(0,753867)

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2021

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NOTE 19 – TAX ASSETS AND LIABILITIES

	31 March 2021	31 December 2020
Current corporate tax provision	24.816	58.916
Less: Prepaid taxes and funds	(19.018)	(47.468)
Current tax liability	5.798	11.448

	1 January - 31 March 2021	1 January - 31 March 2020
Current corporate tax provision	(24.816)	(17.195)
Deferred tax	6.963	21.580
Total tax expense	(17.853)	4.385

Corporate tax

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

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

As of 31 March 2021 the effective rate of tax is 20% (2020: 22%).

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

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may examine such returns and the underlying accounting records and may revise assessments within five years.

Deferred tax

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

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2021

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

NOTE 19 – TAX ASSETS AND LIABILITIES (Continued)

As of 31 March 2021 and 31 December 2020, the distribution of deferred tax liability calculated using effective tax rates as of the balance sheet date is as follows:

	31 March 2021	31 December 2020
Depreciation/amortization differences of property, plant and equipment and other intangible assets	51.915	53.111
Revaluation of financial assets measured at fair value through other comprehensive income	6.711	13.106
Provision for employment termination benefits	(11.814)	(10.918)
Valuation of inventories	543	(1.662)
Derivative instruments	6.476	5.788
Other	(21.782)	(15.722)
Deferred tax liabilities	32.049	43.703

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

	31 March 2021			31 December 2020		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Aygaz	(33.279)	64.646	31.367	(29.316)	71.647	42.331
Akpa	(1.439)	527	(912)	(1.496)	646	(850)
Aygaz Dođal Gaz	(902)	1.399	497	(760)	1.480	720
Kuleli	(395)	1.492	1.097	(466)	1.968	1.502
	(36.015)	68.064	32.049	(32.038)	75.741	43.703

Movement of deferred tax assets and liabilities are as follows:

	2021	2020
As of January 1	43.703	41.905
Change to the profit or loss	(6.963)	(21.580)
Change to the equity		
- Effect of gains/(losses) on financial assets measured at fair value through other comprehensive income	(6.395)	-
- Effect of gains/(losses) on cash flow hedges	1.704	1.913
As of March 31	32.049	22.238

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2021

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NOTE 20 – BALANCES AND TRANSACTIONS WITH RELATED PARTIES

A company is defined as a related party of the Company, if one of the companies has a control power on the other company or has a significant impact on financial and administrative decisions of the other company. The Company is controlled by Koç Holding, Koç Family or entities owned by Koç Family. In financial statements, shareholder companies, shareholders and financial investments and other Group companies’ assets are shown as related parties. As of 31 March 2021 TL 151.273 thousand (31 December 2020: TL 1.273 thousand) of total amount of other payables to related parties consists of dividend payables to the shareholders and are not included in the tables below.

Balances with related parties	31 March 2021			
	Receivables		Payables	
	Trade	Non-trade	Trade	Non-trade
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	98.523	-	19.350	-
Demir Export A.Ş.	3.152	-	-	-
Demir Export A.Ş. - Fernas İnşaat A.Ş. Adi Ortaklığı	1.533	-	-	-
Türk Traktör ve Ziraat Makinaları A.Ş.	1.079	-	-	-
Ford Otomotiv Sanayi A.Ş.	613	-	-	-
Opet Petrolcülük A.Ş.	589	-	31.353	-
Otokoç Otomotiv Tic. ve San. A.Ş.	137	-	1.877	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	37	-	3.517	-
Opet-Fuchs Madeni Yağlar	31	-	1.351	-
Zer Merkezi Hizmetler ve Ticaret A.Ş. (**)	13	-	5.954	-
Koç Finansal Hizmetler A.Ş. (***)	-	6.884	-	-
Ram Sigorta Aracılık Hizmetleri A.Ş.	-	-	3.823	-
Ram Dış Ticaret A.Ş.	-	-	344	-
Other	2.367	-	2.101	-
Shareholders				
Koç Holding A.Ş.	19	-	27	-
Investments accounted under the equity method				
Entek Elektrik Üretimi A.Ş.	1	-	-	-
	108.094	6.884	69.697	-

Balances with related parties	31 December 2020			
	Receivables		Payables	
	Trade	Non-trade	Trade	Non-trade
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	83.982	-	64.439	-
Demir Export A.Ş.	3.063	-	-	-
Ford Otomotiv Sanayi A.Ş.	1.031	-	-	-
Demir Export A.Ş. - Fernas İnşaat A.Ş. Adi Ortaklığı	486	-	-	-
Opet Petrolcülük A.Ş.	407	-	42.873	-
Otokoç Otomotiv Tic. ve San. A.Ş.	13	-	2.835	-
Zer Merkezi Hizmetler ve Ticaret A.Ş. (**)	-	-	7.928	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	3.694	-
Other	4.058	-	6.998	-
Shareholders				
Koç Holding A.Ş.	-	-	8.737	-
Investments accounted under the equity method				
Entek Elektrik Üretimi A.Ş.	2.353	-	-	-
	95.393	-	137.504	-

(*) Group companies include Koç Group companies.

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

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

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

1 January - 31 March 2021				
Transactions with related parties	Purchases (Goods)	Sales (Goods)	Purchases (Service)	Sales (Service)
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	222.991	220.435	2.176	-
Opet Petrolcülük A.Ş. (**)(***)	61.354	3.183	27.077	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	5.850	15	5.614	-
Otokoç Otomotiv Tic. ve San. A.Ş.	437	259	357	-
Ram Dış Ticaret A.Ş.	344	-	-	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	66	38	2.870	-
Demir Export A.Ş.	-	1.526	-	-
Ford Otomotiv Sanayi A.Ş.	-	1.304	-	-
Other	1.871	7.915	3.117	-
Shareholders				
Koç Holding A.Ş. (****)	-	17	4.273	-
Investments accounted under the equity method				
Entek Elektrik Üretimi A.Ş.	-	15	2.164	-
	292.913	234.707	47.648	-

1 January - 31 March 2020				
Transactions with related parties	Purchases (Goods)	Sales (Goods)	Purchases (Service)	Sales (Service)
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	255.514	248.888	2.350	-
Opet Petrolcülük A.Ş. (**)(***)	69.706	1.587	27.701	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	4.225	6	3.126	-
Ram Dış Ticaret A.Ş.	3.581	-	18	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	26	41	3.385	-
Demir Export A.Ş.	-	5.087	-	-
Ford Otomotiv Sanayi A.Ş.	-	1.087	-	-
Other	1.165	8.200	2.849	-
Shareholders				
Koç Holding A.Ş. (****)	-	23	4.408	-
Investments accounted under the equity method				
Entek Elektrik Üretimi A.Ş.	-	5.712	1.677	-
	334.217	270.631	45.514	-

(*) Group companies include Koç Group companies.

(**) Commission expenses regarding LPG sold at Opet stations for three-month period ended 31 March 2021 is TL 26.290 thousand (1 January – 31 March 2020: TL 26.971 thousand). The commission expense mentioned above is evaluated as part of sales and accounted under income statement as sales discounts.

(***) Though not presented at transactions with related parties, so as to fulfil fuel and auto gas sales exclusively and on the basis of station, prepayments and/or infrastructural investments are made directed for sales under “Agreement of Auto Gas Sales at Gas Stations” between Aygaz and Opet. Prepayments are presented under prepaid expenses in consolidated statement of financial position and are periodically amortized based on duration of dealer agreements. Prepayments and investment contribution margin amounting to TL 147 thousand has been made to Opet for three-month period ended 31 March 2021 in consideration of 5 years sale agreement on average to be paid to Aygaz Dealers making auto-gas sales at Opet stations (1 January – 31 March 2020: TL 165 thousand).

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

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

Tangible asset and rent transactions with related parties	1 January - 31 March 2021			
	Rent income	Rent expense	Tangible and intangible asset purchases	Tangible asset sales
Group companies (*)				
Opet Petrolcülük A.Ş.	239	-	-	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	1.624	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	-	347	583
Other	-	-	53	-
Shareholders				
Koç Holding A.Ş.	-	288	-	-
	239	288	2.024	583

Tangible asset and rent transactions with related parties	1 January - 31 March 2020			
	Rent income	Rent expense	Tangible and intangible asset purchases	Tangible asset sales
Group companies (*)				
Opet Petrolcülük A.Ş.	199	-	-	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	795	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	-	129	63
Other	-	-	140	-
Shareholders				
Koç Holding A.Ş.	-	227	-	-
	199	227	1.064	63

Financial and other transactions with related parties	1 January - 31 March 2021			
	Financial income	Financial expense	Other income	Other expense
Group companies (*)				
Yapı Kredi Bankası A.Ş.	22.971	13.809	-	-
Other	-	-	33	184
	22.971	13.809	33	184

Financial and other transactions with related parties	1 January - 31 March 2020			
	Financial income	Financial expense	Other income	Other expense
Group companies (*)				
Yapı Kredi Bankası A.Ş.	31.590	3.618	-	-
Other	-	-	35	165
	31.590	3.618	35	165

(*) Group companies include Koç Group companies.

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

Cash at banks	31 March 2021	31 December 2020
Group companies (*)		
Yapı Kredi Bankası A.Ş.	392.458	675.912
Credit card receivables	31 March 2021	31 December 2020
Group companies (*)		
Yapı Kredi Bankası A.Ş.	56.966	53.722
Bank loans	31 March 2021	31 December 2020
Group companies (*)		
Yapı Kredi Bankası A.Ş.	1.001	-

(*) Group companies include Koç Group companies.

Benefits to Top Management:

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

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

As of 31 March 2021, total benefit provided to the senior management of the Company is TL 2.929 thousand (31 March 2020: TL 2.625 thousand) Total amount is consist of the short-term benefits.

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

Foreign currency risk management

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

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

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

		31 March 2021			
		Total TL equivalent	TL equivalent of USD	TL equivalent of Euro	Other
1.	Trade receivables	685.066	680.141	4.925	-
2.a	Monetary financial assets	178.602	177.484	771	347
2.b	Non-monetary financial assets	-	-	-	-
3.	Other	61.782	61.621	161	-
4.	Current assets	925.450	919.246	5.857	347
5.	Trade receivables	-	-	-	-
6.a	Monetary financial assets	-	-	-	-
6.b	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	Non-current assets	-	-	-	-
9.	Total assets	925.450	919.246	5.857	347
10.	Trade payables	(726.897)	(723.235)	(3.536)	(126)
11.	Financial liabilities	(43.719)	(37.736)	(5.983)	-
12.a	Other monetary financial liabilities	(304.203)	(304.203)	-	-
12.b	Other non-monetary financial liabilities	(2.077)	(1.531)	(546)	-
13.	Current liabilities	(1.076.896)	(1.066.705)	(10.065)	(126)
14.	Trade payables	-	-	-	-
15.	Financial liabilities	(459)	-	(459)	-
16.a	Other monetary financial liabilities	-	-	-	-
16.b	Other non-monetary financial liabilities	-	-	-	-
17.	Non-current liabilities	(459)	-	(459)	-
18.	Total liabilities	(1.077.355)	(1.066.705)	(10.524)	(126)
19.	Net asset/liability position of off balance sheet asset and liabilities (19a-19b)	(61.816)	(61.816)	-	-
19.a	Total derivative assets	60.231	60.231	-	-
19.b	Total derivative liabilities	122.047	122.047	-	-
20.	Net foreign currency asset/ (liability) position (9+18+19)	(213.721)	(209.275)	(4.667)	221
21.	Net foreign currency asset/(liability) position of monetary items (1+2a+5+6a+10+11+12a+14+15+16a)	(211.610)	(207.549)	(4.282)	221
22.	Fair value of derivative instruments held for hedging	-	-	-	-
23.	Hedged foreign currency assets	-	-	-	-
24.	Hedged foreign currency liabilities	-	-	-	-
25.	Export (*)	1.068.965	1.062.104	6.630	231
26.	Import (*)	1.785.242	1.776.000	9.051	191

(*) Transit sales and purchases are included.

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

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

	31 December 2020			
	Total TL equivalent	TL equivalent of USD	TL equivalent of Euro	Other
1. Trade receivables	152.317	141.510	10.807	-
2.a Monetary financial assets	210.675	208.942	1.458	275
2.b Non-monetary financial assets	-	-	-	-
3. Other	58.176	58.028	148	-
4. Current assets	421.168	408.480	12.413	275
5. Trade receivables	-	-	-	-
6.a Monetary financial assets	-	-	-	-
6.b Non-monetary financial assets	-	-	-	-
7. Other	-	-	-	-
8. Non-current assets	-	-	-	-
9. Total assets	421.168	408.480	12.413	275
10. Trade payables	(447.355)	(443.614)	(2.726)	(1.015)
11. Financial liabilities	(40.625)	(33.049)	(7.576)	-
12.a Other monetary financial liabilities	(278.427)	(278.427)	-	-
12.b Other non-monetary financial liabilities	(2.724)	(2.368)	(356)	-
13. Current liabilities	(769.131)	(757.458)	(10.658)	(1.015)
14. Trade payables	-	-	-	-
15. Financial liabilities	(802)	-	(802)	-
16.a Other monetary financial liabilities	-	-	-	-
16.b Other non-monetary financial liabilities	-	-	-	-
17. Non-current liabilities	(802)	-	(802)	-
18. Total liabilities	(769.933)	(757.458)	(11.460)	(1.015)
19. Net asset/liability position of off balance sheet asset and liabilities (19a-19b)	26.281	26.281	-	-
19.a Total derivative assets	33.032	33.032	-	-
19.b Total derivative liabilities	6.751	6.751	-	-
Net foreign currency asset/ (liability) position (9+18+19)	(322.484)	(322.697)	953	(740)
Net foreign currency asset/(liability) position of monetary items				
21. (1+2a+5+6a+10+11+12a+14+15+16a)	(404.217)	(404.638)	1.161	(740)
22. Fair value of derivative instruments held for hedging	-	-	-	-
23. Hedged foreign currency assets	-	-	-	-
24. Hedged foreign currency liabilities	-	-	-	-
25. Export (*)	2.206.041	2.157.867	48.174	-
26. Import (*)	5.062.460	5.042.428	17.282	2.750

(*) Transit sales and purchases are included.

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

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

	31 March 2021	31 December 2020
Assets	925.450	421.168
Liabilities	(1.077.355)	(769.933)
Net asset/liability position	(151.905)	(348.765)
Derivative instruments net position	(61.816)	26.281
Net foreign currency asset/liability position	(213.721)	(322.484)
Inventories under the natural hedge (*)	273.856	311.883
Net foreign currency position after the natural hedge	60.135	(10.601)

(*) The Group manages its foreign currency risk by regularly considering and reflecting the foreign exchange rate changes in the determination of product prices (natural hedge). As of 31 March 2021, the Group has LPG amounting to TL 273.856 thousand (31 December 2020: TL 311.883 thousand).

Foreign currency sensitivity:

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

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

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

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

	31 March 2021			
	Income/(Expense)		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
10% fluctuation of USD rate				
USD net asset/(liability)	(20.755)	20.755	(20.755)	20.755
Secured portion from USD risk	(6.182)	6.182	(6.182)	6.182
USD net effect	(26.937)	26.937	(26.937)	26.937
10% fluctuation of Euro rate				
Euro net asset/(liability)	(428)	428	(428)	428
Secured portion from Euro risk	-	-	-	-
Euro net effect	(428)	428	(428)	428
Total net effect	(27.365)	27.365	(27.365)	27.365

	31 December 2020			
	Income/(Expense)		Equity	
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
10% fluctuation of USD rate				
USD net asset/(liability)	(40.464)	40.464	(40.464)	40.464
Secured portion from USD risk	2.628	(2.628)	2.628	(2.628)
USD net effect	(37.836)	37.836	(37.836)	37.836
10% fluctuation of Euro rate				
Euro net asset/(liability)	116	(116)	116	(116)
Secured portion from Euro risk	-	-	-	-
Euro net effect	116	(116)	116	(116)
Total net effect	(37.720)	37.720	(37.720)	37.720

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

Currency forward agreements

Currency forward agreements which are valid as of 31 March 2021 and 31 December 2020 are summarized at the table below.

31 March 2021					
Maturity	Parity	Type of contract	Transactions	Total amount	Currency
5 - 48 days	7,467 - 7,667	Forward	Sells USD, buys TL	15.963	USD
19 days	7,429 - 8, 161	Forward	Buys USD, sells TL	2.956	USD

31 December 2020					
Maturity	Parity	Type of contract	Transactions	Total amount	Currency
18 days	7,50	Forward	Sells USD, buys TL	900	USD

Swap agreements

As of 31 March 2021 the Group has swap agreement amounting to TL 13.050 thousand with fixed interest rate of 13,415% in return for USD 4.500 thousand with a floating interest rate of six-month USDLIBOR +2,4% (31 December 2020: USD 4.500 thousand). No principal payment has been made in 2021 (2019: USD 9.000 thousand). The maturity date of last principal repayments is 24 June 2021.

Fair value hierarchy table

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

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

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

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

Financial assets/(liabilities)	Level of fair value as of reporting date			
	31 March 2021	1st level	2nd level	3rd level
Financial assets measured at fair value	293.271	291.307	1.258	706
Derivative financial instruments	(7.084)	-	(7.084)	-

Financial assets/(liabilities)	Level of fair value as of reporting date			
	31 December 2020	1st level	2nd level	3rd level
Financial assets measured at fair value	421.205	419.241	1.258	706
Derivative financial instruments	(11.819)	-	(11.819)	-

Information for reflecting financial assets and liabilities at fair value

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

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

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

Financial assets

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

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

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

Financial Liabilities

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

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NOTE 22 – SUBSEQUENT EVENTS

With the Ordinary General Assembly Meeting of Aykargo, the subsidiary of the Company, held on 19 February 2021, it was decided to increase the Aykargo capital from TL 500 thousand to TL 35.500 thousand, and the entire amount was paid in cash on 6 April 2021 by the Company as the sole shareholder.

In accordance with the regulation numbered 7316, published in Official Gazette numbered 31462 on 22 April 2021, corporate tax rate in Turkey for the year 2021 has been increased from 20% to 25%, for the year 2021 to 23%. The amendment is effective as of 1 January 2021. As the change has been announced after the reporting period, it is considered as a non-adjusting event according to IAS 10 and the Group continued to use 20% as of the reporting date and the related amendment will be applied in consolidated financial statements as of 30 June 2021.