

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

**AYGAZ ANONİM ŐİRKETİ
AND ITS SUBSIDIARIES**

**1 JANUARY - 30 SEPTEMBER 2021 INTERIM
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

INDEX	PAGE
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION.....	1-2
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS	3
CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME	4
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY	5
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS	6
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.....	7-42

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

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

	Notes	Unaudited 30 September 2021	Audited 31 December 2020
ASSETS			
Current assets			
Cash and cash equivalents	4	1.308.191	960.648
Trade receivables		763.345	670.847
- Trade receivables from related parties	20	21.540	95.393
- Trade receivables from third parties	8	741.805	575.454
Other receivables		95.153	60.616
- Other receivables from third parties	16	95.153	60.616
Derivative financial instruments	7	19.230	20.623
Inventories	9	875.478	400.357
Prepaid expenses		150.746	41.110
Assets related to current year tax		116	51
Other current assets		131.520	39.244
Total current assets		3.343.779	2.193.496
Non-current assets			
Financial investments	5	329.941	421.205
Trade receivables		5.710	4.869
- Trade receivables from third parties	8	5.710	4.869
Other receivables		150	147
- Other receivables from third parties		150	147
Investments accounted under equity method	10	2.170.911	1.847.444
Property, plant and equipment	11	727.674	696.418
Right-of-use assets	13	201.356	171.486
Intangible assets		20.152	25.315
- Other intangible assets	12	20.152	25.315
Prepaid expenses		25.314	34.010
Deferred tax asset	19	56.052	850
Total non-current assets		3.537.260	3.201.744
Total assets		6.881.039	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 30 SEPTEMBER 2021

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

	Notes	Unaudited 30 September 2021	Audited 31 December 2020
LIABILITIES AND EQUITY			
Short-term liabilities			
Short-term financial borrowings	6	107.723	220.824
Current portion of long-term financial borrowings	6	948.823	346.349
Trade payables		1.559.178	824.200
- Trade payables to related parties	20	183.265	137.504
- Trade payables to third parties	8	1.375.913	686.696
Liabilities for employee benefits		13.657	67.979
Other payables		3.046	2.291
- Other payables to related parties	20	1.335	1.273
- Other payables to third parties		1.711	1.018
Derivative financial instruments	7	30.906	32.442
Deferred income		8.987	7.989
Current income tax liabilities		49.771	11.499
Short-term provisions		434.372	295.645
- Short-term provisions for employee benefits		46.342	-
- Other provisions	15	388.030	295.645
Other current liabilities	15	21.001	42.658
Total short-term liabilities		3.177.464	1.851.876
Long-term liabilities			
Long-term financial borrowings	6	841.050	997.017
Other payables		125.696	117.153
- Trade payables to third parties		125.696	117.153
Long-term provisions		69.260	67.238
- Long-term provisions for employee benefits		69.260	67.238
Deferred tax liabilities	19	1.991	44.553
Total long-term liabilities		1.037.997	1.225.961
Total long-term liabilities		4.215.461	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		161.410	248.016
- Gains (losses) remeasurement from defined benefit plans		162.643	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		162.406	249.012
Other comprehensive income or expenses to be reclassified to profit or loss		(1.233)	(1.233)
Currency translation differences		(218.624)	(233.661)
Gains (losses) on hedge		342	(4.822)
- Gains (losses) on cash flow hedges		9.185	5.405
Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss		9.185	5.405
Restricted reserves		(228.151)	(234.244)
Retained earnings		365.692	352.192
Net profit (loss) for the period		1.423.454	1.611.683
		520.714	(24.889)
Equity attributable to equity holders of the parent		2.616.708	2.317.403
Non-controlling interest		48.870	-
Total equity		2.665.578	2.317.403
Total equity and liabilities		6.881.039	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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

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

	Notes	Unaudited 1 January - 30 September 2021	Unaudited 1 July - 30 September 2021	Unaudited 1 January - 30 September 2020	Unaudited 1 July - 30 September 2020
Revenue		10.170.226	4.768.012	7.195.333	3.044.979
Cost of sales (-)		(9.241.096)	(4.335.508)	(6.542.245)	(2.708.272)
Gross profit		929.130	432.504	653.088	336.707
General administrative expenses (-)		(277.232)	(102.328)	(200.336)	(65.339)
Marketing expenses (-)		(332.891)	(135.163)	(259.101)	(101.132)
Research and development expenses (-)		(3.582)	(1.547)	(1.999)	(789)
Other operating income		522.905	119.366	215.735	134.969
Other operating expenses (-)		(460.210)	(120.265)	(208.461)	(132.660)
Operating profit (loss)		378.120	192.567	198.926	171.756
Income from investment activities		17.128	2.466	76.779	1.461
Loss from investment activities (-)		(3.203)	(1.517)	(675)	(268)
Profit (losses) from investments accounted under equity method	10	260.717	125.154	(204.765)	(11.689)
Operating profit (loss) before financial income (expense)		652.762	318.670	70.265	161.260
Financial income		151.855	64.526	71.716	5.507
Financial expense (-)		(283.013)	(85.245)	(206.203)	(50.365)
Profit (loss) from continuing operations before tax		521.604	297.951	(64.222)	116.402
Tax income (expense), continuing operations					
Current tax expense for the period (-)	19	(111.193)	(48.182)	(49.983)	(38.081)
Deferred tax income (expense)	19	94.758	71.054	11.155	4.224
Profit (loss) for the period		505.169	320.823	(103.050)	82.545
Distribution of profit (loss) for the period					
Non-controlling interest		(15.545)	(15.545)	-	-
Equity holders of the parent		520.714	336.368	(103.050)	82.545
Earnings (losses) per share (TL)	18	1,7357	1,1212	(0,3435)	0,2752
Diluted earnings (losses) per share (TL)	18	1,7357	1,1212	(0,3435)	0,2752

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 COMPERHENSIVE INCOME FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

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

	Notes	Unaudited 1 January - 30 September 2021	Unaudited 1 July - 30 September 2021	Unaudited 1 January - 30 September 2020	Unaudited 1 July - 30 September 2020
Profit (loss) for the period		505.169	320.823	(103.050)	82.545
Other comprehensive income					
Not to be reclassified to profit or loss		(86.606)	32.315	(98.971)	(40.071)
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>(91.164)</i>	<i>34.016</i>	<i>(104.180)</i>	<i>(42.180)</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>	19	4.558	(1.701)	5.209	2.109
To be reclassified to profit or loss		15.037	27.689	(66.725)	(3.769)
Currency translation differences		5.164	1.365	(12.528)	(7.423)
Gains (losses) on cash flow hedges					
- <i>Gains (losses) on cash flow hedges</i>		5.332	15.176	(1.033)	12.331
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>		(394)	14.175	(56.799)	(5.569)
- <i>Gains (losses) from currency translation differences of investments using equity method</i>		6.487	1.050	3.499	(304)
Taxes relating to other comprehensive income to be reclassified to profit (loss)					
- <i>Gains (losses) on cash flow hedges, tax effect</i>	19	(1.552)	(4.077)	136	(2.804)
Other comprehensive income (expense) (after taxation)		(71.569)	60.004	(165.696)	(43.840)
Total other comprehensive income (expense)		433.600	380.827	(268.746)	38.705
Distribution of total comprehensive income (expense)					
- Non-controlling interest		(15.545)	(15.545)	-	-
- Equity holders of the parent		449.145	396.372	(268.746)	38.705

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AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

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

	Notes	Other comprehensive income or expenses not to be reclassified to profit or loss			Other comprehensive income or expenses to be reclassified to profit or loss					Accumulated profit						
		Share capital	Adjustment to share capital	Adjustment to share capital due to cross-ownership (-)	Gains (losses) on re-measurement of defined benefit plans	Gains (losses) on financial assets measured at fair value through other comprehensive income	Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss	Currency translation differences	Gains (losses) on cash flow hedges	Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss	Restricted reserves	Retained earnings	Net profit for the period	Equity attributable to equity holders of the parent	Non-controlling interest	Total equity
Unaudited																
As of 1 January 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)		-	-	-	-	(98.971)	-	(12.528)	(897)	(53.300)	-	-	(103.050)	(268.746)	-	(268.746)
Net income		-	-	-	-	-	-	-	-	-	-	-	(103.050)	(103.050)	-	(103.050)
Other comprehensive income (expense)		-	-	-	-	(98.971)	-	(12.528)	(897)	(53.300)	-	-	-	(165.696)	-	(165.696)
Dividend paid		-	-	-	-	-	-	-	-	-	(150.000)	-	-	(150.000)	-	(150.000)
As of 30 September 2020		300.000	71.504	(7.442)	336	126.214	(1.096)	(12.528)	(9.732)	(268.744)	352.192	1.611.683	(103.050)	2.059.337	-	2.059.337
Unaudited																
As of 1 January 2021		300.000	71.504	(7.442)	237	249.012	(1.233)	(4.822)	5.405	(234.244)	352.192	1.611.683	(24.889)	2.317.403	-	2.317.403
Transfers		-	-	-	-	-	-	-	-	-	13.500	(38.389)	24.889	-	-	-
Increase in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	48.600	48.600
Decrease due to share ratio changes that do not result in loss of control in subsidiaries		-	-	-	-	-	-	-	-	-	-	160	-	160	15.815	15.975
Total comprehensive income (expense)		-	-	-	-	(86.606)	-	5.164	3.780	6.093	-	-	520.714	449.145	(15.545)	433.600
Net income		-	-	-	-	-	-	-	-	-	-	-	520.714	520.714	(15.545)	505.169
Other comprehensive income (expense)		-	-	-	-	(86.606)	-	5.164	3.780	6.093	-	-	-	(71.569)	-	(71.569)
Dividend paid	17	-	-	-	-	-	-	-	-	-	(150.000)	-	-	(150.000)	-	(150.000)
As of 30 September 2021		300.000	2.681.123	(7.442)	237	162.406	(1.233)	342	9.185	(228.151)	365.692	1.423.454	520.714	2.616.708	48.870	2.665.578

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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

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

	Notes	Unaudited 1 January - 30 September 2021	Unaudited 1 January - 30 September 2020
Cash flows from operating activities		348.295	326.276
Net income (loss)		505.169	(103.050)
Adjustments related with the reconciliation of net profit (loss) for the period		51.007	500.201
Adjustments for depreciation and amortization expenses	3, 11, 12, 13	133.671	114.194
Adjustments for impairment reversal (loss)		1.141	307
Adjustments for provisions		95.791	59.612
Adjustments for dividend income (expense)		(7.525)	(98)
Adjustments for interest income		(83.237)	(34.178)
Adjustments for interest expense		161.575	144.074
Adjustments for unrealized foreign translation differences		(5.016)	41.229
Adjustments for fair value gains (losses) on derivative financial instruments		3.637	8.093
Adjustments for undistributed profits of investments accounted under equity method	10	(260.717)	204.765
Adjustments for tax income (expenses)	19	16.435	38.828
Adjustments for gains (losses) on disposal of non-current assets		(6.400)	(53.607)
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)		1.652	(597)
Changes in working capital		(128.834)	(30.494)
Change in blocked deposits		(693)	2.599
Adjustments for decrease (increase) in trade receivables		(94.114)	(32.228)
Adjustments for decrease (increase) in other operating receivables		(126.816)	(63.997)
Adjustments for decrease (increase) in inventories		(475.487)	(249.441)
Decrease (increase) in prepaid expenses		(100.957)	(13.627)
Adjustments for increase (decrease) in trade payables		734.978	338.052
Increase (decrease) in liabilities for employee benefits		(54.322)	(41.146)
Adjustments for increase (decrease) in other operating payables		(12.421)	29.404
Increase (decrease) in deferred income		998	(110)
Cash flows from operating activities		427.342	366.657
Payments related to provisions for employee benefits		(6.061)	(4.372)
Tax returns (payments)		(72.986)	(36.009)
Cash flows from investing activities		(80.804)	24.989
Cash inflows from sales that do not result in loss of control of subsidiaries		15.975	-
Cash outflows from the purchase of interests or capital increase of investments in associates or joint ventures	10	(56.657)	-
Cash inflows from the sale of property, plant and equipment and intangible assets		19.528	57.209
Cash outflows from the purchase of property, plant and equipment and intangible assets	11, 12	(115.775)	(54.739)
Dividends received		7.525	98
Other cash inflows (outflows)			
- Cash inflows due to termination payment	5	-	22.421
- Contributions of non-controlling interests to capital increases		48.600	-
Cash flows from financing activities		37.340	51.701
Proceeds from borrowings		730.900	1.242.000
Repayments of borrowings		(451.450)	(898.106)
Payments of lease liabilities		(78.173)	(56.494)
Dividends paid		(149.938)	(149.938)
Interest paid		(97.253)	(119.627)
Interest received		83.254	33.866
Net increase (decrease) in cash and cash equivalents before currency translation differences		304.831	402.966
Effect of currency translation differences		42.019	18.471
Net increase (decrease) in cash and cash equivalents		346.850	421.437
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	1.305.062	1.082.757

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 30 SEPTEMBER 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 30 September 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>30 September 2021</u>	<u>31 December 2020</u>	<u>1 January - 30 September 2021</u>	<u>1 January - 30 September 2020</u>
Monthly paid	786	692	735	679
Hourly paid	663	634	661	621
Total number of personnel	1.449	1.326	1.396	1.300

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>30 September 2021</u>	<u>31 December 2020</u>		
Anadoluhisari	Turkey	100	100	100	Shipping
Kandilli	Turkey	100	100	100	Shipping
Kuzguncuk	Turkey	100	100	100	Shipping
Kuleli	Turkey	100	100	100	Shipping
Akpa	Turkey	100	100	100	Marketing
Aygaz Doğal Gaz Toptan Satış	Turkey	100	100	100	Natural gas
Aygaz Doğal Gaz İletim	Turkey	100	100	100	Natural gas
Bal Kaynak	Turkey	100	100	100	Bottled water
Sendeo (*)	Turkey	55	100	100	Cargo transportation/ distribution

(*) Within the Extraordinary General Assembly registered on 2 September 2021, the title of Aygaz Aykargo Dağıtım Hizmetleri A.Ş. (“Aykargo”) was changed to Sendeo Dağıtım Hizmetleri A.Ş. (“Sendeo”).

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2021

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

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

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"). Bal Kaynak continues its water trade activities with the aim of providing sustainable production.

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. With the Ordinary General Assembly Meeting of Aykargo, 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. As a result of the negotiations regarding building a strategic collaboration with McKinsey Danışmanlık Hizmetleri Ltd. Şti. ("McKinsey"), in place of the Partnership Framework Agreement dated 15 January 2021, it was decided to continue cooperation by signing a long-term Consulting Agreement with the resolution of the Board of Directors dated 30 July 2021. With the contract, the Company has declared its intentions that the Company and/or other Koç Group companies owning Aykargo shares make a cash capital injection of up to USD 60 million in Aykargo during the service period taking into account the company's activities and operational needs. On 3 August 2021 45% of the shares of Aykargo each with a nominal value of TL 15.975 thousand were transferred to Koç Holding A.Ş. with a cash price of TL 15.975 thousand and the full payment was collected by the Company in cash. With the decision of the Extraordinary General Assembly registered on 2 September 2021, the title of Aykargo was changed to Sendeo Dağıtım Hizmetleri A.Ş. ("Sendeo"), and its capital has been increased to 143.500 thousand TL and the capital payments are completed.

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2021

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

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

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
		30 September 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

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 Üretim A.Ş. (“Entek”) operates as the electricity generation company of Koç Group. On 4 August 2021, Entek acquired all of the shares of companies STEAG Rüzgar Suloğlu Enerji Üretim ve Ticaret A.Ş. and STEAG Turkey Enerji Yatırımları ve Hizmetleri A.Ş. from STEAG GmbH for 58.9 million USD in cash. With this purchase, as of 30 September 2021, it has a total installed capacity of 436 MW, 324 MW of which is in renewable energy, with eight hydroelectric power plants in Kahramanmaraş, Karaman, Samsun and Mersin with capacity of 264 MW, one natural gas cycling plant with capacity of 112 MW in Kocaeli, and one wind power plant with capacity of 60 MW in Edirne.

Joint ventures

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

Joint Ventures	Place of incorporation and operation	Ownership interest (%)		Voting power right	Principal activity
		30 September 2021	31 December 2020		
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 with the application to be made following the completion of the necessary permit by 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.

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2021

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

NOTE 2 – BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

Approval of interim condensed consolidated financial statements:

The interim condensed consolidated financial tables for the period ended on 30 September 2021 are approved on the Board of Directors meeting held on 4 November 2021 to be published.

2.1 Basis of presentation of financial statements

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

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

The Group has prepared its condensed consolidated financial statements for the period ended on 30 September 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 financial statements of each business of the Group are presented in the currency of the main economic environment in which they operate (the functional currency). The financial status and operating results of each business are expressed in TL, which is the functional currency of the Company and the reporting currency for the consolidated financial statements. The functional currency of Aygaz UK, the company's branch in London, is US Dollars “USD”.

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.

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2021

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

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

2.2 Summary of significant accounting policies

The interim condensed consolidated financial statements of the Group for the nine-month period ended 30 September 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 30 September 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 30 September 2021

Amendments to 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.

Amendment to IFRS 16, ‘Leases’ – Covid-19 related rent concessions Extension of the Practical expedient; 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.

b. Standards, amendments and interpretations that are issued but not effective as at 30 September 2021

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.

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2021

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

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

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.

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’.

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

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2021

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

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 30 September 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.

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2021

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

NOTE 3 – SEGMENT INFORMATION (Continued)

As of 30 September 2021 and 31 December 2020, assets and liabilities according to industrial segments are as follows:

	30 September 2021				
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
Assets					
Current assets	3.035.666	-	341.182	(33.069)	3.343.779
Non-current assets	2.887.204	664.885	391.065	(405.894)	3.537.260
Total assets	5.922.870	664.885	732.247	(438.963)	6.881.039
Liabilities					
Short term liabilities	3.043.107	-	167.202	(32.845)	3.177.464
Long term liabilities	984.456	-	73.527	(19.986)	1.037.997
Equity	1.895.307	664.885	492.418	(387.032)	2.665.578
<i>Equity attributable to equity holders of the parent</i>	<i>1.895.307</i>	<i>664.885</i>	<i>443.548</i>	<i>(387.032)</i>	<i>2.616.708</i>
<i>Non-controlling interest</i>	<i>-</i>	<i>-</i>	<i>48.870</i>	<i>-</i>	<i>48.870</i>
Total liabilities and equity	5.922.870	664.885	733.147	(439.863)	6.881.039
Investments accounted under equity method	1.363.336	664.887	142.688	-	2.170.911
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 method	1.101.054	606.000	140.390	-	1.847.444

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2021

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

NOTE 3 – SEGMENT INFORMATION (Continued)

For the period ended 30 September 2021 and 2020, profit or loss statements according to industrial segments are as follows:

	1 January - 30 September 2021				
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
Revenue	9.790.934	-	614.986	(235.694)	10.170.226
Cost of sales (-)	(8.967.430)	-	(509.360)	235.694	(9.241.096)
Gross profit	823.504	-	105.626	-	929.130
General administrative expenses (-)	(251.559)	-	(30.738)	5.065	(277.232)
Marketing expenses (-)	(283.795)	-	(49.096)	-	(332.891)
Research and development expenses (-)	(3.576)	-	(6)	-	(3.582)
Other operating income	505.365	-	24.280	(6.740)	522.905
Other operating expenses (-)	(444.292)	-	(16.593)	675	(460.210)
Operating profit	345.647	-	33.473	(1.000)	378.120
Income from investment activities	97.199	-	929	(81.000)	17.128
Loss from investment activities (-)	(1.228)	-	(1.975)	-	(3.203)
Profit (losses) from investments accounted under equity method	189.173	69.246	2.298	-	260.717
Operating profit before financial income (expense)	630.791	69.246	34.725	(82.000)	652.762
Financial income	142.790	-	9.065	-	151.855
Financial expense (-)	(274.756)	-	(8.257)	-	(283.013)
Profit from continuing operations before tax	498.825	69.246	35.533	(82.000)	521.604
Current tax expense for the period (-)	(103.602)	-	(7.591)	-	(111.193)
Deferred tax income (expense)	94.536	-	222	-	94.758
Profit (loss) for the period	489.759	69.246	28.164	(82.000)	505.169
Distribution of profit (loss) for the period					
Non-controlling interest	-	-	(15.545)	-	(15.545)
Equity holders of the parent	489.759	69.246	43.709	(82.000)	520.714
Net income (loss)	489.759	69.246	28.164	(82.000)	505.169

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2021

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

NOTE 3 – SEGMENT INFORMATION (Continued)

	1 January - 30 September 2020				
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
Revenue	6.836.364	-	582.495	(223.526)	7.195.333
Cost of sales (-)	(6.295.675)	-	(470.096)	223.526	(6.542.245)
Gross profit	540.689	-	112.399	-	653.088
General administrative expenses (-)	(182.775)	-	(21.469)	3.908	(200.336)
Marketing expenses (-)	(218.882)	-	(40.219)	-	(259.101)
Research and development expenses (-)	(1.951)	-	(48)	-	(1.999)
Other operating income	210.160	-	10.083	(4.508)	215.735
Other operating expenses (-)	(199.121)	-	(10.399)	1.059	(208.461)
Operating profit (loss)	148.120	-	50.347	459	198.926
Income from investment activities	142.980	-	1.071	(67.272)	76.779
Loss from investment activities (-)	(200)	-	(475)	-	(675)
Profit (losses) from investments accounted under equity method	(296.000)	90.564	671	-	(204.765)
Operating profit (loss) before financial income (expense)	(5.100)	90.564	51.614	(66.813)	70.265
Financial income	64.864	-	6.852	-	71.716
Financial expense (-)	(195.089)	-	(11.114)	-	(206.203)
Profit (loss) from continuing operations before tax	(135.325)	90.564	47.352	(66.813)	(64.222)
Current tax expense for the period (-)	(42.948)	-	(7.035)	-	(49.983)
Deferred tax income (expense)	11.021	-	134	-	11.155
Profit (loss) for the period	(167.252)	90.564	40.451	(66.813)	(103.050)
Distribution of profit (loss) for the period					
Equity holders of the parent	(167.252)	90.564	40.451	(66.813)	(103.050)
Net income (loss)	(167.252)	90.564	40.451	(66.813)	(103.050)

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 nine months period 1 January – 30 September 2021, SCT on imported LPG included in revenues and the cost of goods sold is amounting to TL 162.642 thousand (1 January - 30 September 2020: TL 1.446.965 thousand).

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2021

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

NOTE 3 – SEGMENT INFORMATION (Continued)

The amortization and depreciation expense for the industrial segmental assets for the period ended on 30 September 2021 and 2020 are as follows:

	1 January - 30 September 2021	1 January - 30 September 2020
Gas and petroleum products	114.910	101.028
Other	18.761	13.166
	133.671	114.194

TL 57.117 thousand of total amount consist of amortization and depreciation expenses allocated under TFRS 16, ‘Leases’ (2020: TL 41.479 thousand).

The investment expenditures for the industrial segmental assets for the periods ended on 30 September 2021 and 2020 are as follows:

	1 January - 30 September 2021	1 January - 30 September 2020
Gas and petroleum products	85.778	42.575
Other	29.997	12.164
	115.775	54.739

NOTE 4 – CASH AND CASH EQUIVALENTS

	30 September 2021	31 December 2020
Cash on hand	312	320
Cash at banks	1.294.949	904.731
- Time deposits	1.232.767	880.936
- Demand deposits	62.182	23.795
Receivables from credit card transactions	12.930	55.597
Total	1.308.191	960.648

As of 30 September 2021 the Group’s TL time deposits amounting to TL 718.799 thousand with maturities of 1-7 days and interest rates of 18,32%-19,20%; USD time deposits amounting to USD 58.119 thousand (TL 513.968 thousand) with maturities of 1 day and interest rate of 0,50% (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 30 SEPTEMBER 2021

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

NOTE 4 – CASH AND CASH EQUIVALENTS (Continued)

The amount of cash and cash equivalents shown in the statement of cash flow as of 30 September 2021 and 31 December 2020 are as follows:

	30 September 2021	31 December 2020
Cash and cash equivalents	1.308.191	960.648
Less: Less: Blocked deposits (*)	(3.129)	(2.436)
	1.305.062	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 30 September 2021 and 31 December 2020:

	30 September 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. (*)	327.914	3,93	419.078	3,93
Financial assets measured at fair value through profit or loss				
- Ram Dış Ticaret A.Ş.	1.196	2,50	1.258	2,50
- Tamı Pazarlama ve İletişim Hizmetleri A.Ş. (**)	270	9,80	270	10,00
- Tat Gıda Sanayi A.Ş.	125	0,08	163	0,08
- Other	436	-	436	-
	329.941		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 30 September 2021 (Note 21).

(**) The transfer of shares has been decided and it is projected to be completed by the end of the year.

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2021

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

NOTE 6 – FINANCIAL BORROWINGS

As of 30 September 2021 and 31 December 2020 the Group’s short-term financial borrowings are as follows:

	30 September 2021	31 December 2020
TL-denominated short-term bank borrowings	22.821	152.676
Short-term lease liabilities	84.902	68.148
Total short-term financial borrowings	107.723	220.824
Short-term portion and interest accruals of		
TL-denominated long-term bank borrowings	948.823	140.683
Short-term portion and interest accruals of		
USD-denominated long-term bank borrowings	-	33.049
Short-term portion of long-term bond issued (*)	-	172.617
Total short-term portion of long-term financial borrowings	948.823	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 and TL 80.000 thousand with a maturity of 728 days and quarterly coupon payments. In order to hedge cash flow risk, the interest rates of the issued bonds have been fixed by interest rate swap transaction (Note 7).

As of 30 September 2021 the details of short-term financial borrowings are as follows:

Currency	Average effective interest rate per annum (%)	Original amount	TL amount
TL	19,67	22.821	22.821
			22.821

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

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2021

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

NOTE 6 – FINANCIAL BORROWINGS (Continued)

As of 30 September 2021 and 31 December 2020 the Group’s long-term financial borrowings are as follows:

	30 September 2021	31 December 2020
TL-denominated long-term bank borrowings	628.751	894.390
Long-term bond issued (*)	100.000	-
Long-term lease liabilities	112.299	102.627
Total long-term financial borrowings	841.050	997.017

(*) On 2 July 2021, the Group has issued, a floating rate bond with a nominal value TL 100.000 thousand with a maturity of 730 days and quarterly coupon payments.

As of 30 September 2021 the details of long-term financial borrowings are as follows:

Currency	Average effective interest rate per annum (%)	Original amount	TL amount
TL	13,82	1.577.574	1.577.574
Short-term portion of long-term loans and interest accruals			(948.823)
			628.751

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
ABD Doları	3,19	4.502	33.049
Short-term portion of long-term loans and interest accruals			(173.732)
			894.390

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2021

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

NOTE 7 – DERIVATIVE FINANCIAL INSTRUMENTS

As of 30 September 2021 and 31 December 2020 the Group’s derivative financial instruments are as follows:

	30 September 2021		31 December 2020	
	Contract amount	Fair value assets/ (liabilities)	Contract amount	Fair value assets/ (liabilities)
Short-term derivative instruments				
Futures transactions (1)	87.478	19.230	-	-
Forward transactions (2)	-	-	6.751	33
Foreign currency swap contracts (3)	-	-	13.050	20.590
Total short-term derivative financial assets	87.478	19.230	19.801	20.623
Futures transactions (1)	1.308.739	(30.906)	731.456	(29.216)
Interest rate swap (4)	-	-	170.000	(3.226)
Total short-term derivative financial liabilities	1.308.739	(30.906)	901.456	(32.442)

- (1) As of 30 September 2021, the Group's future transactions consist of propane, butane, naphtha products and freight swaps.
- (2) As of 30 September 2021, the Group has no forward transaction (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).
- (3) As of 30 September 2021, the Group has no foreign currency swap transaction (31 December 2020: 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%.).
- (4) As of 30 September 2021, the Group has no interest rate swap transaction (31 December 2020: 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 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%.)

NOTE 8 - TRADE RECEIVABLES AND PAYABLES FROM THIRD PARTIES

The Group’s trade receivables from third parties as of 30 September 2021 and 31 December 2020 are as follows:

	30 September 2021	31 December 2020
Trade receivables	726.792	566.454
Notes receivables	42.828	36.040
Allowance for doubtful receivables (-) (*)	(27.815)	(27.040)
Total current trade receivables	741.805	575.454

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

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2021

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

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

	30 September 2021	31 December 2020
Notes receivable	5.710	4.869
Total non-current trade receivables	5.710	4.869

The Group’s trade payables to third parties as of 30 September 2021 and 31 December 2020 are as follows:

	30 September 2021	31 December 2020
Trade payables	1.375.913	686.696
Total short-term trade payables	1.375.913	686.696

NOTE 9 – INVENTORIES

	30 September 2021	31 December 2020
Raw materials	405.419	230.618
Work in process	4.318	2.968
Finished goods	30.438	14.318
Trade goods	16.873	9.066
Goods in transit	419.025	143.616
Allowance for impairment on inventory (-)	(595)	(229)
	875.478	400.357

As of 30 September 2021, the inventories comprise of 116.492 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:

	30 September 2021		31 December 2020	
	Participation amount	Participation rate (%)	Participation amount	Participation rate (%)
EYAŞ	1.306.679	20,00	1.101.054	20,00
Entek	664.887	49,62	606.000	49,62
OAGM	142.688	50,00	140.390	50,00
United LPG Ltd (*)	56.657	50,00	-	-
	2.170.911		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 with the application to be made following the completion of the necessary permit by the relevant Ministry.

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 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)	260.717	(204.765)
Shares of other comprehensive income/(loss)	6.093	(53.300)
Purchase of interest in joint venture and increase in capital (*)	56.657	-
As of 30 September	2.170.911	1.801.405

(*) On 20 January 2021, BDT 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. With the Board of Directors Decision of the Company dated on 1 July 2021, it was decided to increase capital of United LPG Ltd., the joint venture of the Company, from BDT 100.000 thousand to BDT 1.120.000 thousand, and the BDT 510.000 thousand (approximately TL 52.150 thousand), corresponding to our 50% share the Company has been paid on 8 July 2021. (Note 1)

Shares of profit (loss) of equity investments:

	1 January - 30 September 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
EYAŞ	189.173	99.239	(296.000)	(41.705)
Entek	69.246	25.176	90.564	29.310
OAGM	2.298	739	671	706
	260.717	125.154	(204.765)	(11.689)

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

	1 January - 30 September 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
EYAŞ (*)	16.452	27.041	(43.838)	(5.032)
Entek	(10.359)	(11.816)	(9.462)	(841)
	6.093	15.225	(53.300)	(5.873)

(*) TÜPRAŞ, a subsidiary of EYAŞ, designated its investment loans amounting to USD 435.560 thousand (TL 3.851.783 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. As of 30 September 2021, foreign exchange gains (losses) on investment loans amounting to TL 2.661.259 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 30 SEPTEMBER 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 1 January 2021	18.351	183.870	79.514	1.833.938	233.070	88.207	25.682	27.683	2.490.315
Additions	-	-	18	240	2.264	18.265	484	94.277	115.548
Transfers (*)	-	2.447	1.471	52.790	1.363	4.101	4	(64.134)	(1.958)
Disposals	(14)	(21)	(95)	(12.691)	(1.426)	(7.871)	(140)	(3.554)	(25.812)
As of 30 September 2021	18.337	186.296	80.908	1.874.277	235.271	102.702	26.030	54.272	2.578.093
Accumulated depreciation									
As of 1 January 2021	-	81.615	55.374	1.437.973	133.150	60.150	25.635	-	1.793.897
Charge of the period	-	4.689	1.314	45.671	9.678	7.179	675	-	69.206
Transfers (*)	-	-	-	2.951	-	(1)	(2.950)	-	-
Disposals	-	(14)	(17)	(10.296)	(480)	(1.828)	(49)	-	(12.684)
As of 30 September 2021	-	86.290	56.671	1.476.299	142.348	65.500	23.311	-	1.850.419
Net book value	18.337	100.006	24.237	397.978	92.923	37.202	2.719	54.272	727.674

(*) TL 1.958 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 30 SEPTEMBER 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 1 January 2020	17.893	179.561	79.783	1.798.684	231.704	81.192	25.013	23.852	2.437.682
Additions	458	-	47	172	372	6.310	23	47.311	54.693
Transfers (*)	-	1.504	932	29.151	-	1.389	469	(36.133)	(2.688)
Disposals	-	(730)	(1.607)	(6.523)	(715)	(3.468)	-	-	(13.043)
As of 30 September 2020	18.351	180.335	79.155	1.821.484	231.361	85.423	25.505	35.030	2.476.644
Accumulated depreciation									
As of 1 January 2020	-	76.047	54.979	1.392.378	122.753	54.234	24.737	-	1.725.128
Charge of the period	-	4.675	1.269	44.353	10.244	5.508	667	-	66.716
Disposals	-	(638)	(1.295)	(5.165)	(833)	(1.510)	-	-	(9.441)
As of 30 September 2020	-	80.084	54.953	1.431.566	132.164	58.232	25.404	-	1.782.403
Net book value	18.351	100.251	24.202	389.918	99.197	27.191	101	35.030	694.241

(*) TL 2.688 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 30 SEPTEMBER 2021

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

NOTE 12 – INTANGIBLE ASSETS

	Rights	Total
Acquisition costs		
As of 1 January 2021	87.612	87.612
Additions	227	227
Transfers (*)	1.958	1.958
As of 30 September 2021	89.797	89.797
Accumulated amortisation		
As of 1 January 2021	62.297	62.297
Charge for the period	7.348	7.348
As of 30 September 2021	69.645	69.645
Net book value	20.152	20.152

(*) TL 1.958 thousand under “Construction in progress” under the account property, plant and equipment has been classified to intangible fixed assets.

	Rights	Total
Acquisition costs		
As of 1 January 2020	77.805	77.805
Additions	46	46
Transfers (*)	2.688	2.688
As of 30 September 2020	80.539	80.539
Accumulated amortisation		
As of 1 January 2020	53.988	53.988
Charge for the period	5.999	5.999
As of 30 September 2020	59.987	59.987
Net book value	20.552	20.552

(*) TL 2.688 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 30 SEPTEMBER 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 1 January 2021	3.528	3.056	12.373	30.053	122.437	39	171.486
Additions	367	973	33.047	-	55.292	-	89.679
Disposals	(321)	(42)	(1.215)	-	(5.536)	-	(7.114)
Charge for the period	(617)	(107)	(3.897)	(1.726)	(50.763)	(7)	(57.117)
Disposals from accumulated depreciation	321	42	351	-	3.708	-	4.422
As of 30 September 2021	3.278	3.922	40.659	28.327	125.138	32	201.356
As of 1 January 2020	3.989	3.794	14.352	32.356	55.527	48	110.066
Additions	293	972	444	-	104.580	-	106.289
Disposals	-	(1.704)	(1.440)	-	-	-	(3.144)
Charge for the period	(551)	(94)	(1.655)	(1.726)	(37.446)	(7)	(41.479)
Disposals from accumulated depreciation	-	73	403	-	-	-	476
As of 30 September 2020	3.731	3.041	12.104	30.630	122.661	41	172.208

NOTE 14 – CONTINGENT ASSETS AND LIABILITIES

Guarantees given as of 30 September 2021 and 31 December 2020 are as follows:

	30 September 2021	31 December 2020
Letter of guarantees given for gas purchase	626.527	627.254
Other letter of guarantees given	155.879	71.110
	782.406	698.364

The liability for environmental pollution:

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

National inventory reserve liability:

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

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 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:

	30 September 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	114.247	11.896	1.458	486.093	613.694	99.785	9.263	426.597	535.645	
B. CPMBs given in favor of subsidiaries included in full consolidation (*)	-	125.639	-	37.108	162.747	-	134.422	28.297	162.719	
C. CPMBs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	-	-	-	5.965	5.965	-	-	-	-	
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	114.247	137.535	1.458	529.166	782.406	99.785	143.685	454.894	698.364	

(*) As of 30 September 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 675 thousand (31 December 2020: TL 1.471 thousand).

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2021

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

NOTE 15 – OTHER SHORT-TERM PROVISIONS AND LIABILITIES

	30 September 2021	31 December 2020
Provision for price revision (*)	300.222	249.205
Provision for warranty expenses	12.817	11.490
Provision for selling and marketing expenses	9.143	7.135
Provision for EMRA contribution	6.738	5.234
Provision for lawsuit	1.623	12.408
Provision for other operating expenses	57.487	10.173
	388.030	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. ("Akwel"), from which natural gas is supplied; the price revision arbitration process initiated by Gazprom Export LLC ("Gazprom"), which Akfel has imported natural gas, was concluded against Akfel and effective from 1 January 2017, the import price would be adjusted in favor of Gazprom and in this context, it was decided to abolish the discount applied to Akfel and to reflect the change in import price to natural gas price applied to Aygaz Doğal Gaz Toptan Satış A.Ş. in accordance with the contract signed between Akfel and Aygaz Doğal Gaz Toptan Satış A.Ş. It was also notified that, the price determination mechanism in the contract will be revised according to the arbitration decision and the related amount of the debt and related invoices will be sent separately to Aygaz Doğal Gaz Toptan Satış A.Ş. as the contract price is updated retrospectively as of 1 January 2017. The amount of total debt was conveyed to Aygaz Doğal Gaz Toptan Satış A.Ş. by Akfel, however related invoices were not delivered yet as of the date of this report. As of 30 September 2021, total provision of USD 33.949 thousand (TL 300.222 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)).

	30 September 2021	31 December 2020
Taxes and funds payable	15.819	42.107
Other liabilities	5.182	551
	21.001	42.658

NOTE 16 – OTHER SHORT-TERM PROVISIONS AND LIABILITIES

	30 September 2021	31 December 2020
Guarantees and deposits given (*)	93.625	57.781
Other receivables	1.528	2.835
Total other current receivables	95.153	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 10.394 thousand (TL 91.919 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.

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2021

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

NOTE 17 – SHARE CAPITAL

Shareholders	Participation		Participation	
	rate (%)	30 September 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 dividends have been started to be paid as of 7 April 2021.

NOTE 18 – EARNINGS PER SHARE

	1 January - 30 September 2021	1 July - 30 September 2021	1 January - 30 September 2020	1 July - 30 September 2020
Average number of ordinary shares outstanding during the period (one thousand)	30.000.000	30.000.000	30.000.000	30.000.000
Net profit for the year attributable equity holders of the parent company	520.714	336.368	(103.050)	82.545
Earnings (losses) per hundred shares (TL)	1,7357	1,1212	(0,3435)	0,2752

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2021

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

NOTE 19 – TAX ASSETS AND LIABILITIES

	30 September 2021	31 December 2020
Current corporate tax provision	111.193	58.916
Less: Prepaid taxes and funds	(61.538)	(47.468)
Current tax liability	49.655	11.448

	1 January - 30 September 2021	1 January - 30 September 2020
Current corporate tax provision	(111.193)	(49.983)
Deferred tax	94.758	11.155
Total tax expense	(16.435)	(38.828)

Corporate tax

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

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

As of 30 September 2021 the rate of tax is 25% (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 accordance with the regulation published in Official Gazette numbered 31462 on 22 April 2021, corporate tax rate in Turkey for the year 2021 has been determined as 25%, for the year 2022 as 23%, for the year 2023 and beyond as 20%. In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may examine such returns and the underlying accounting records and may revise assessments within five years.

Deferred tax

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

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2021

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

NOTE 19 – TAX ASSETS AND LIABILITIES (Continued)

The Company revalued its tangible and intangible assets and their depreciation as of 30 September 2021, within the scope of the Tax Procedure Law General Communiqué (Sequence No: 530) published by the Ministry of Treasury and Finance. Due to IFRS, related assets are continued to be accounted under cost method. It has calculated the deferred tax asset/liability, which is currently calculated over the temporary difference between IFRS and TPL, over the current TPL values that will occur with the effect of revaluation, and the deferred tax income that will arise due to this application, to the extent that the recovery of the said tax advantage is deemed possible, is calculated as a single income tax accounted for in the table. As of 30 September 2021, the effect of deferred tax assets is TL 61.288 thousand.

As of 30 September 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:

	30 September 2021	31 December 2020
Depreciation/amortization differences of property, plant and equipment and other intangible assets	(13.331)	53.111
Revaluation of financial assets measured at fair value through other comprehensive income	8.548	13.106
Provision for employment termination benefits	(12.979)	(10.918)
Valuation of inventories	299	(1.662)
Derivative instruments	(6.231)	5.788
Other	(30.367)	(15.722)
Deferred tax assets/liabilities	(54.061)	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.

	30 September 2021			31 December 2020		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Aygaz	(63.391)	8.861	(54.530)	(29.316)	71.647	42.331
Akpa	(1.722)	554	(1.168)	(1.496)	646	(850)
Aygaz Doğal Gaz	(815)	1.187	372	(760)	1.480	720
Kuleli	(1.972)	3.591	1.619	(466)	1.968	1.502
Aykargo	(480)	126	(354)	-	-	-
	(68.380)	14.319	(54.061)	(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	(94.758)	(11.155)
Change to the equity		
- Effect of gains/(losses) on financial assets measured at fair value through other comprehensive income	(4.558)	(5.209)
- Effect of gains/(losses) on cash flow hedges	1.552	(136)
As of 30 September	(54.061)	25.405

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2021

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

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 30 September 2021 TL 1.335 thousand (31 December 2020: TL 1.273 thousand) of total amount of other payables to related parties consists of dividend payables to the shareholders except for Koç Group.

Balances with related parties	30 September 2021			
	Receivables		Payables	
	Trade	Non-trade	Trade	Non-trade
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	8.521	-	110.134	-
Demir Export A.Ş.	6.160	-	-	-
Türk Traktör ve Ziraat Makinaları A.Ş.	912	-	-	-
Demir Export A.Ş. - Fernas İnşaat A.Ş. Adi Ortaklığı	853	-	-	-
Opet Petrolcülük A.Ş.	641	-	46.741	-
Koçtaş Yapı Marketleri Ticaret A.Ş.	587	-	45	-
Tofaş Türk Otomobil Fabrikası A.Ş.	487	-	340	-
Ford Otomotiv Sanayi A.Ş.	477	-	-	-
Otokar Otomotiv ve Savunma Sanayi A.Ş.	451	-	-	-
Otokoç Otomotiv Tic. ve San. A.Ş.	338	-	6.231	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	88	-	3.342	-
Zer Merkezi Hizmetler ve Ticaret A.Ş. (**)	30	-	7.496	-
Opet-Fuchs Madeni Yağlar	10	-	2.359	-
Ram Dış Ticaret A.Ş.	-	-	1.758	-
Other	1.971	-	3.647	-
Shareholders				
Koç Holding A.Ş.	12	-	1.172	-
Investments accounted under the equity method				
Entek Elektrik Üretimi A.Ş.	2	-	-	-
	21.540	-	183.265	-

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.

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2021

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

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

	1 January - 30 September 2021			
Transactions with related parties	Purchases (Goods)	Sales (Goods)	Purchases (Service)	Sales (Service)
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	897.792	300.544	6.767	-
Opet Petrolcülük A.Ş.(**) (***)	198.183	14.792	105.570	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	20.980	31	22.600	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	133	116	12.337	-
Demir Export A.Ş.	-	7.430	-	-
Türk Traktör ve Ziraat Makinaları A.Ş.	-	5.686	-	-
Ford Otomotiv Sanayi A.Ş.	-	4.398	-	-
Demir Export A.Ş. - Fernas İnşaat A.Ş. Adi Ortaklığı	-	2.650	-	-
Otokar Otomatik ve Savunma Sanayi A.Ş.	-	2.645	-	-
Other	11.291	12.868	13.726	-
Shareholders				
Koç Holding A.Ş. (****)	-	66	14.961	-
Investments accounted under the equity method				
Entek Elektrik Üretimi A.Ş.	-	29	7.236	-
	1.128.379	351.255	183.197	-

	1 January - 30 September 2020			
Transactions with related parties	Purchases (Goods)	Sales (Goods)	Purchases (Service)	Sales (Service)
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	636.214	587.946	5.963	-
Opet Petrolcülük A.Ş.(**) (***)	207.635	5.446	104.020	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	17.570	25	15.321	-
Ram Dış Ticaret A.Ş.	13.772	-	18	-
Otokoç Otomotiv Tic. ve San. A.Ş.	3.557	558	427	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	192	76	10.313	-
Demir Export A.Ş.	-	16.708	-	-
Ford Otomotiv Sanayi A.Ş.	-	5.171	-	-
Setur Servis Turistik A.Ş.	-	145	1.759	-
Other	3.151	20.355	6.048	-
Shareholders				
Koç Holding A.Ş. (****)	712	71	12.055	-
Ortaklar	-	-	-	-
Investments accounted under the equity method				
Entek Elektrik Üretimi A.Ş.	-	14.757	4.119	-
	882.803	651.258	160.043	-

(*) Group companies include Koç Group companies.

(**) Commission expenses regarding LPG sold at Opet stations for nine-month period ended 30 September 2021 is TL 104.337 thousand (1 January – 30 September 2020: TL 102.407 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 1.487 thousand has been made to Opet for nine-month period ended 30 September 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 – 30 September 2020: TL 4.777 thousand).

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

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2021

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

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

Tangible asset and rent transactions with related parties	1 January - 30 September 2021			
	Rent income	Rent expense	Tangible and intangible asset purchases	Tangible asset sales
Group companies (*)				
Opet Petrolcülük A.Ş.	717	-	-	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	5.407	-
KoçDigital Çözümler A.Ş.	-	-	629	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	-	744	815
Other	-	-	498	8
Shareholders				
Koç Holding A.Ş.	-	956	-	2
	717	956	7.278	825

Tangible asset and rent transactions with related parties	1 January - 30 September 2020			
	Rent income	Rent expense	Tangible and intangible asset purchases	Tangible asset sales
Group companies (*)				
Opet Petrolcülük A.Ş.	598	-	-	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	3.358	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	-	129	63
Other	-	-	365	-
Shareholders				
Koç Holding A.Ş.	-	727	-	-
	598	727	3.852	63

Financial and other transactions with related parties	1 January - 30 September 2021			
	Financial income	Financial expense	Other income	Other expense
Group companies (*)				
Yapı Kredi Bankası A.Ş.	96.391	46.940	-	-
Other	-	-	34	408
	96.391	46.940	34	408

Financial and other transactions with related parties	1 January - 30 September 2020			
	Financial income	Financial expense	Other income	Other expense
Group companies (*)				
Yapı Kredi Bankası A.Ş.	99.465	11.536	-	-
Other	-	-	38	165
	99.465	11.536	38	165

(*) Group companies include Koç Group companies.

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2021

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

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

	30 September 2021	31 December 2020
Cash at banks		
Group companies (*)		
Yapı Kredi Bankası A.Ş.	837.339	675.912
Credit card receivables		
Group companies (*)		
Yapı Kredi Bankası A.Ş.	10.381	53.722
Bank loans		
Group companies (*)		
Yapı Kredi Bankası A.Ş.	77.481	-

(*) Group companies include Koç Group companies.

Benefits to Top Management:

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

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

As of 30 September 2021, total benefit provided to the senior management of the Company is TL 9.058 thousand (30 September 2020: TL 8.108 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:

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2021

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

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

		30 September 2021			
		Total TL equivalent	TL equivalent of USD	TL equivalent of Euro	Other
1.	Trade receivables	161.300	150.426	10.874	-
2.a	Monetary financial assets	540.153	538.167	1.545	441
2.b	Non-monetary financial assets	-	-	-	-
3.	Other	153.071	152.241	830	-
4.	Current assets	854.524	840.834	13.249	441
5.	Trade receivables	-	-	-	-
6.a	Monetary financial assets	-	-	-	-
6.b	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	Non-current assets	-	-	-	-
9.	Total assets	854.524	840.834	13.249	441
10.	Trade payables	(1.221.317)	(1.218.904)	(2.280)	(133)
11.	Financial liabilities	(2.276)	-	(2.276)	-
12.a	Other monetary financial liabilities	(331.136)	(331.136)	-	-
12.b	Other non-monetary financial liabilities	(2.047)	(1.566)	(481)	-
13.	Current liabilities	(1.556.776)	(1.551.606)	(5.037)	(133)
14.	Trade payables	-	-	-	-
15.	Financial liabilities	(346)	-	(346)	-
16.a	Other monetary financial liabilities	-	-	-	-
16.b	Other non-monetary financial liabilities	-	-	-	-
17.	Non-current liabilities	(346)	-	(346)	-
18.	Total liabilities	(1.557.122)	(1.551.606)	(5.383)	(133)
19.	Net asset/liability position of off balance sheet asset and liabilities (19a-19b)	-	-	-	-
19.a	Total derivative assets	-	-	-	-
19.b	Total derivative liabilities	-	-	-	-
20.	Net foreign currency asset/ (liability) position (9+18+19)	(702.598)	(710.772)	7.866	308
21.	Net foreign currency asset/(liability) position of monetary items (1+2a+5+6a+10+11+12a+14+15+16a)	(853.622)	(861.447)	7.517	308
22.	Fair value of derivative instruments held for hedging	-	-	-	-
23.	Hedged foreign currency assets	-	-	-	-
24.	Hedged foreign currency liabilities	-	-	-	-
25.	Export (*)	3.184.370	3.151.483	32.185	702
26.	Import (*)	6.959.405	6.945.478	11.700	2.227

(*) Transit sales and purchases are included.

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2021

(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.

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2021

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

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

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

	30 September 2021	31 December 2020
Assets	854.524	421.168
Liabilities	(1.557.122)	(769.933)
Net asset/liability position	(702.598)	(348.765)
Derivative instruments net position	-	26.281
Net foreign currency asset/liability position	(702.598)	(322.484)
Inventories under the natural hedge (*)	676.104	311.883
Net foreign currency position after the natural hedge	(26.494)	(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 30 September 2021, the Group has LPG amounting to TL 676.104 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.

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2021

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

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

	30 September 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)	(86.145)	86.145	(86.145)	86.145
Secured portion from USD risk	-	-	-	-
USD net effect	(86.145)	86.145	(86.145)	86.145
10% fluctuation of Euro rate				
Euro net asset/(liability)	752	(752)	752	(752)
Secured portion from Euro risk	-	-	-	-
Euro net effect	752	(752)	752	(752)
Total net effect	(85.393)	85.393	(85.393)	85.393

	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

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2021

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

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

Currency forward agreements

The Group had no currency forward agreements of 30 September 2021. Currency forward agreements which are valid as of 31 December 2020 are summarized at the table below.

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

Fair value hierarchy table

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

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

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

Financial assets/(liabilities)	Level of fair value as of reporting date			
	30 September 2021	1st level	2nd level	3rd level
Financial assets measured at fair value	329.941	328.039	1.196	706
Derivative financial instruments	(11.676)	-	(11.676)	-

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)	-

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2021

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

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

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.

NOTE 22 – SUBSEQUENT EVENTS

None.

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