(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

AYGAZ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020 TOGETHER WITH INDEPENDENT AUDITORS' REPORT

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

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Aygaz Anonim Şirketi

A. Audit of the consolidated financial statements

1. Our opinion

We have audited the accompanying consolidated financial statements of Aygaz Anonim Şirketi (the "Company") and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2. Basis for opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the key audit matter was addressed in the audit
Revenue recognition Revenue is one of the most important indicators in the performance evaluation of the Group. Revenue has significant importance in terms of evaluating the results of the strategies implemented during the year and monitoring the performance. Revenue is measured with the amount remaining after discounts and returns are deducted from the amount received or to be received in return for the goods or services offered. The revenue amounting to TRY10,144,743 thousand which is the largest financial statement item in the consolidated statement of profit or loss for the period 1 January - 31 December 2020, has been identified as a key audit matter due to its significance level and significant impact on more than one account. Explanations regarding the Group's accounting policies and amounts regarding revenue are included in Notes 2.6 and 23.	During our audit, the following audit procedures were performed for the recognition of revenue: - Evaluating the conformity of the Group's accounting policies for the recognition of the revenue, - Understanding the invoicing, discount calculations, approval of price changes and sales-related tax entries for significant revenue streams, - By discussing with the Group Management, understanding; the performance of the Group in the sector in which it operates and its future plans, through evaluating the explanations received in the context of macroeconomic data and the effects of the Covid-19 outbreak, - Performing tests on the accuracy of customer invoices with the sampling method and checking the accounting of the related contracts within the scope of TFRS 15, "Revenue from Customer Contracts", - Evaluating the performance obligations determined by the Group and checking whether the revenue is accounted in accordance with the relevant accounting policies, - Testing the revenue items belong to period ending and the beginning of the following period with the sampling method regarding the cut-off of the revenue, - Performing tests with sampling method and analytical procedures regarding the completeness and accuracy of sales discount, - Evaluating the adequacy of the notes and explanations for revenue recognition which are explained in Note 2.6 and 23 within the scope of TFRS 15, "Revenue from Customer Contracts" standard, As a result of these procedures on the recognition of revenue, we did not have any significant findings.

4. Responsibilities of management and those charged with governance for the consolidated financial statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

5. Auditor's responsibilities for the audit of the consolidated financial statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B. Other responsibilities arising from regulatory requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code (“TCC”) No. 6102 and that causes us to believe that the Company’s bookkeeping activities concerning the period from 1 January to 31 December 2020 period are not in compliance with the TCC and provisions of the Company’s articles of association related to financial reporting.

2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor’s report on the early risk identification system and committee was submitted to the Company’s Board of Directors on 11 February 2021.

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

Ediz Günsel, SMMM
Partner

Istanbul, 11 February 2021

(Convenience translation of the independent auditors' report and consolidated financial statements originally issued in Turkish)

Aygaz Anonim Şirketi and its Subsidiaries

Table of contents

Aygaz Anonim Şirketi and its Subsidiaries

Consolidated statement of financial position as at December 31, 2020

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

Assets	Notes	Current period (Audited) December 31, 2020	Prior period (Audited) December 31, 2019
Current assets		**2.193.496**	1.589.116
Cash and cash equivalents	4	**960.648**	665.391
Trade receivables		**670.847**	566.282
-Trade receivables from related parties	*32*	***95.393***	*131.194*
-Trade receivables from third parties	*8*	***575.454***	*435.088*
Other receivables		**60.616**	3.242
-Other receivables from third parties	*9*	***60.616***	*3.242*
Derivative financial instruments	7	**20.623**	28.269
Inventories	11	**400.357**	263.309
Prepaid expenses	20	**41.110**	43.761
Assets related to current year tax		**51**	2.029
Other current assets	19	**39.244**	16.833
Non-current assets		**3.201.744**	3.365.743
Financial investments	5	**421.205**	395.444
Trade receivables		**4.869**	8.092
-Trade receivables from third parties	*8*	***4.869***	*8.092*
Other receivables		**147**	154
-Other receivables from third parties	*9*	***147***	*154*
Derivative financial instruments	7	**-**	14.097
Investments accounted under equity method	12	**1.847.444**	2.059.470
Property, plant and equipment	13	**696.418**	712.554
Right-of-use assets	15	**171.486**	110.066
Intangible assets		**25.315**	23.817
-Other intangible assets	*14*	***25.315***	*23.817*
Prepaid expenses	20	**34.010**	41.656
Deferred tax asset	30	**850**	393
Total assets		**5.395.240**	4.954.859

The accompanying accounting policies and notes between the pages 9 and 77 form an integral part of these consolidated financial statements.

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

Aygaz Anonim Şirketi and its Subsidiaries

Consolidated statement of financial position as at December 31, 2020

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

Liabilities	Notes	Current period (Audited) December 31, 2020	Prior period (Audited) December 31, 2019
Short-term liabilities		**1.851.876**	1.495.037
Short-term financial borrowings	6	**220.824**	64.883
Current portion of long-term financial borrowings	6	**346.349**	418.454
Trade payables		**824.200**	578.783
- Trade payables to related parties	*32*	***137.504***	*156.902*
- Trade payables to third parties	*8*	***686.696***	*421.881*
Liabilities for employee benefits	10	**67.979**	54.042
Other payables		**2.291**	1.555
- Other payables to related parties	*32*	***1.273***	*1.211*
- Other payables to third parties	*9*	***1.018***	*344*
Derivative financial instruments	7	**32.442**	12.709
Deferred income	21	**7.989**	7.235
Current income tax liabilities		**11.499**	12.274
Short-term provisions		**295.645**	246.935
-Other provisions	*18*	***295.645***	*246.935*
Other current liabilities	19	**42.658**	98.167
Long-term liabilities		**1.225.961**	981.739
Long-term financial borrowings	6	**997.017**	764.426
Other payables		**117.153**	107.213
- Other payables to third parties	*9*	***117.153***	*107.213*
Derivative financial instruments	*7*	**-**	14.100
Long-term provisions		**67.238**	53.702
-Provisions for employee benefits	*17*	***67.238***	*53.702*
Deferred tax liabilities	30	**44.553**	42.298
Total liabilities		**3.077.837**	2.476.776
Equity		**2.317.403**	2.478.083
Share capital	22	**300.000**	300.000
Adjustment to share capital	22	**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		**248.016**	224.425
Gains (losses) on the revaluation and/or reclassification		**249.249**	225.521
-Gains (losses) remeasurement from defined benefit plans		***237***	*336*
-Gains (losses) on financial assets measured at fair value through other comprehensive income	*22*	***249.012***	*225.185*
Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss		**(1.233)**	(1.096)
Other comprehensive income or expenses to be reclassified to profit or loss		**(233.661)**	(224.279)
Currency translation differences		**(4.822)**	-
Gains (losses) on hedge		**5.405**	(8.835)
-Gains (losses) on cash flow hedges		***5.405***	*(8.835)*
Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss		**(234.244)**	(215.444)
Restricted reserves	22	**352.192**	338.692
Retained earnings		**1.611.683**	1.501.706
Net profit (loss) for the period		**(24.889)**	273.477
Equity attributable to equity holders of the parent		**2.317.403**	2.478.083
Total equity and liabilities		**5.395.240**	4.954.859

The accompanying accounting policies and notes between the pages 9 and 77 form an integral part of these consolidated financial statements.

Aygaz Anonim Şirketi and its Subsidiaries

Consolidated profit or loss statement
for the year ended December 31, 2020
(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

	Notes	(Audited) January 1 - December 31, 2020	(Audited) January 1 - December 31, 2019
Revenue	23	**10.144.743**	10.211.013
Cost of sales (-)	23	**(9.233.035)**	(9.254.125)
Gross profit		**911.708**	956.888
General administrative expenses (-)	24	**(285.963)**	(252.929)
Marketing expenses (-)	24	**(361.705)**	(352.304)
Research and development expenses (-)	24	**(3.342)**	(2.894)
Other operating income	26	**251.786**	198.994
Other operating expenses (-)	26	**(224.164)**	(182.908)
Operating profit		**288.320**	364.847
Income from investment activities	27	**84.165**	7.417
Loss from investment activities (-)	27	**(1.305)**	(2.509)
Profit/(Losses) from investments accounted under equity method	12	**(193.089)**	137.200
Operating profit before financial income (expense)		**178.091**	506.955
Financial income	28	**195.771**	150.811
Financial expense (-)	29	**(342.826)**	(352.210)
Profit from continuing operations before tax		**31.036**	305.556
Tax income (expense), continuing operations			
-Current tax expense for the period (-)	30	**(58.916)**	(37.437)
-Deferred tax income/(expense)	30	**2.991**	5.358
Profit (loss) for the period		**(24.889)**	273.477
Distribution of profit (loss) for the period			
Equity holders of the parent		**(24.889)**	273.477
Earnings (losses) per share (TL)	31	**(0,082963)**	0,911590
Diluted earnings (losses) per share (TL)	31	**(0,082963)**	0,911590

The accompanying accounting policies and notes between the pages 9 and 77 form an integral part of these consolidated financial statements.

Aygaz Anonim Şirketi and its Subsidiaries

Consolidated other comprehensive income statement
for the year ended December 31, 2020
(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

	Notes	**(Audited) January 1 - December 31, 2020**	(Audited) January 1 - December 31, 2019
Profit (loss) for the period		**(24.889)**	273.477
Other comprehensive income			
Not to be reclassified to profit or loss		**23.591**	99.157
Gains/(losses) re-measurement on defined benefit plans		**(124)**	(3.035)
Gains/(losses) on financial assets measured at fair value through other comprehensive income			
- Gains/(losses) on financial assets measured at fair value through other comprehensive income		***25.081***	*108.350*
Share of other comprehensive income of investments accounted for using equity method that will not be reclassified to profit or loss			
- Gains/(losses) from re-measurement on defined benefit plans of investments using equity method		***(137)***	*(1.322)*
Taxes relating to other comprehensive income not to be reclassified to profit (loss)			
- Gains/(losses) re-measurement on defined benefit plan, tax effect	30	***25***	*582*
- Gains/(losses) on financial assets measured at fair value through other comprehensive income, tax effect	*30*	***(1.254)***	*(5.418)*
To be reclassified to profit or loss		***(9.382)***	(10.961)
Foreign currency translation differences		**(4.822)**	-
Gains/(losses) on cash flow hedges			
- Gains/(losses) on cash flow hedges		***17.800***	*(21.111)*
Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss			
- Gains/(losses) from cash flow hedging of investments using equity method		***(21.578)***	*4.167*
- Gains/(losses) from translation of foreign currency of investments using equity method		***2.778***	*1.338*
Taxes relating to other comprehensive income to be reclassified to profit (loss)			
- Gains/(losses) on cash flow hedges, tax effect	*30*	***(3.560)***	*4.645*
Other comprehensive income (expense) (after taxation)		**14.209**	88.196
Total other comprehensive income (expense)		**(10.680)**	361.673
Distribution of total comprehensive income (expense)			
Equity holders of the parent		**(10.680)**	361.673

The accompanying accounting policies and notes between the pages 9 and 77 form an integral part of these consolidated financial statements.

Aygaz Anonim Şirketi and its Subsidiaries

Consolidated statement of changes in equity
for the year ended December 31, 2020
(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

				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	Profit or loss relating to avoidance of risk of cash flow	Share of other comprehensive income of investments accounted for using equity method that will be reclassified to profit or loss	Restricted reserves	Retained earnings	Net profit for the period	Equity attributable to equity holders of the parent	Total equity
Audited														
Balance as of January 1, 2019	300.000	71.504	(7.442)	2.789	122.253	226	-	7.631	(220.949)	294.210	1.703.805	228.383	2.502.410	2.502.410
Transfers	-	-	-	-	-	-	-	-	-	44.482	183.901	(228.383)	-	-
Total comprehensive income (expense)	-	-	-	(2.453)	102.932	(1.322)	-	(16.466)	5.505	-	-	273.477	361.673	361.673
Net income	-	-	-	-	-	-	-	-	-	-	-	*273.477*	*273.477*	*273.477*
Other comprehensive income (expense)	-	-	-	*(2.453)*	*102.932*	*(1.322)*	-	*(16.466)*	*5.505*	-	-	-	*88.196*	*88.196*
Dividend paid	-	-	-	-	-	-	-	-	-	-	(386.000)	-	(386.000)	(386.000)
Balance as of December 31, 2019	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
Audited														
Balance as of January 1, 2020	**300.000**	**71.504**	**(7.442)**	**336**	**225.185**	**(1.096)**	**-**	**(8.835)**	**(215.444)**	**338.692**	**1.501.706**	**273.477**	**2.478.083**	**2.478.083**
Transfers	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**13.500**	**259.977**	**(273.477)**	**-**	**-**
Total comprehensive income (expense)	**-**	**-**	**-**	**(99)**	***23.827***	**(137)**	**(4.822)**	**14.240**	**(18.800)**	**-**	**-**	**(24.889)**	**(10.680)**	**(10.680)**
Net income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	***(24.889)***	***(24.889)***	***(24.889)***
Other comprehensive income (expense)	**-**	**-**	**-**	***(99)***	***23.827***	***(137)***	***(4.822)***	***14.240***	***(18.800)***	**-**	**-**	**-**	***14.209***	***14.209***
Dividend paid (Note 22)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(150.000)**	**-**	**(150.000)**	**(150.000)**
Balance as of December 31, 2020	**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**

The accompanying accounting policies and notes between the pages 9 and 77 form an integral part of these consolidated financial statements.

(Convenience translation of financial statements originally issued in Turkish)

Aygaz Anonim Şirketi and its Subsidiaries

Consolidated cash flow statement
for the year ended December 31, 2020
(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

	Notes	**Audited** **January 1 - December 31, 2020**	Audited January 1 - December 31, 2019
Cash flows from operating activities		**277.596**	577.709
Net income (loss) from continuing operations		**(24.889)**	273.477
Adjustments related with the reconciliation of net profit/(loss) for the period		**455.073**	254.587
-Adjustments for depreciation and amortization expenses	13, 14,15	**155.763**	127.068
-Adjustments for impairment reversal/(loss)		**(1.251)**	2.257
-Adjustments for provisions		**20.098**	36.635
-Adjustments for dividend income/(expense)	27	**(100)**	(70)
-Adjustments for interest income	28	**(57.869)**	(71.841)
-Adjustments for interest expense	29	**198.461**	251.985
-Adjustments for unrealized foreign exchange differences		**(70.655)**	(3.408)
-Adjustments for fair value gains/(losses) on derivative financial instruments		**41.616**	31.161
-Adjustments for undistributed profits of investments accounted under equity method	12	**193.089**	(137.200)
-Adjustments for tax income/(expenses)	30	**55.925**	32.079
-Adjustments for gains/(losses) on disposal of non-current assets	27	**(60.339)**	(4.838)
-Adjustments for other items causing cash flows from investment or financial activities		**(22.421)**	-
-Termination compensation income	*27*	***(22.421)***	-
-Other adjustments for reconciliation of profit/(loss)		**2.756**	(9.241)
Changes in working capital:		**(89.484)**	77.166
-Change in blocked deposits		**1.635**	(2.978)
-Adjustments for decrease/(increase) in trade receivables		**(100.091)**	(127.613)
-Adjustments for decrease/(increase) in other operating receivables		**(79.778)**	102
-Adjustments for decrease/(increase) in inventories		**(137.048)**	85.651
-Decrease/(increase) in prepaid expenses		**10.585**	91.083
-Adjustments for increase/(decrease) in trade payables		**245.417**	18.663
-Increase/(decrease) in liabilities for employee benefits		**13.937**	5.685
-Adjustments for increase/(decrease) in other operating payables		**(44.895)**	8.014
-Increase/(decrease) in deferred income		**754**	(1.441)
Cash flows from operating activities		**340.700**	605.230
-Payments related to provisions for employee benefits	17	**(5.391)**	(7.740)
-Tax returns/(payments)		**(57.713)**	(19.781)
Cash flows from investing activities		**(132)**	268.123
Cash inflows from the sale of interests or capital decrease of investments in associates or joint ventures	12	**-**	200.000
Cash inflows from the sale of property, plant and equipment and intangible assets		**67.024**	57.217
Cash outflows from the purchase of property, plant and equipment and intangible assets	13,14	**(89.677)**	(128.074)
Dividends received		**100**	186.782
Other cash inflows/(outflows)		**22.421**	(47.802)
-Cash inflows due to termination payment	27	***22.421***	-
-Cash outflows due to business combinations, net	34	**-**	*(47.802)*
Cash flows from financing activities		**(78.514)**	(854.844)
Proceeds from borrowings	6	**1.297.600**	990.550
Repayments of borrowings	6	**(1.022.356)**	(1.217.421)
Payments of lease liabilities	6	**(79.198)**	(51.087)
Dividends paid		**(149.938)**	(384.789)
Interest paid		**(182.203)**	(264.124)
Interest received		**57.581**	72.027
Net increase/(decrease) in cash and cash equivalents before currency translation differences		**198.950**	(9.012)
Effect of currency translation differences		**97.942**	24.265
Net increase/(decrease) in cash and cash equivalents		**296.892**	15.253
Cash and cash equivalents at the beginning of the period	4	**661.320**	646.067
Cash and cash equivalents at the end of the period	4	**958.212**	661.320

The accompanying accounting policies and notes between the pages 9 and 77 form an integral part of these consolidated financial statements.

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

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. The Company operates in LPG trade by opening a branch office in London in 2019 with the aim of increasing trade volume with third parties in international markets, supporting its domestic operations and creating additional value for its supply chainby 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 December 31, 2020, 24,27% of its shares have been quoted at Borsa Istanbul.

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

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

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

	End of period		Average	
	December 31 2020	December 31 2019	**January 1 - December 31, 2020**	January 1 - December 31, 2019
Monthly paid	**692**	685	**680**	679
Hourly paid	**634**	624	**624**	637
Total number of personnel	**1.326**	1.309	**1.304**	1.316

Subsidiaries

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

		Ownership interest (%)			
Subsidiaries	Place of incorporation and Operation	**December 31, 2020**	December 31, 2019	**Voting power right**	Principal activity
Anadoluhisarı	Turkey	**100**	100	**100**	Shipping
Kandilli	Turkey	**100**	100	**100**	Shipping
Kuleli	Turkey	**100**	100	**100**	Shipping
Kuzguncuk	Turkey	**100**	100	**100**	Shipping
Akpa	Turkey	**100**	100	**100**	Marketing
Aygaz Doğal Gaz Toptan Satış A.Ş.	Turkey	**100**	100	**100**	Natural gas
Aygaz Doğal Gaz İletim A.Ş.	Turkey	**100**	100	**100**	Natural gas
Aykargo [2]	Turkey	**100**	100	**100**	Cargo Transport /Distribution
Bal Kaynak [1]	Turkey	**100**	100	**100**	Bottled water

[1] Acquired in 2019 (Note 34).
[2] The title of ADG Enerji Yatırımları A.Ş. has been updated as Aygaz Aykargo Dağıtım Hizmetleri A.Ş. and its principal activity as Cargo Transport/Distribution by the Extraordinary General Assembly which was registered on August 11,2020.

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

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

1. Organization and operations of the company (Continued)

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 October 13, 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 March 14, 2019 Kuleli has acquired the 100% of shares of Bal Kaynak Su İthalat İhracat Sanayi ve Ticaret A.Ş. ("Bal Kaynak") (Note 34).

ADG Enerji Yatırımları A.Ş. ("ADG Enerji") whose main area of activity was natural gas until the Extraordinary General Meeting held on August 11, 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, 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 Aygaz Aykargo Dağıtım Hizmetleri Anonim Şirketi that will operate exclusively in this field.

Investments in associates

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

Investments in associates	Place of incorporation and operation	Ownership interest (%) December 31, 2020	Ownership interest (%) December 31, 2019	Voting power right	Principal activity
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 Üretimi A.Ş. ("Entek"), the electricity generation company of Koç Group, operates one natural gas cycling plant with capacity of 112 MW in Kocaeli and eight hydroelectric power plants in Kahramanmaraş, Karaman, Samsun and Mersin with capacity of 265 MW in total reaching aggregate capacity of 377 MW. Entek and STEAG GmbH has signed a share purchase and sale agreement for the acquisition of 100% shares of STEAG Rüzgar Süloğlu Enerji Üretim ve Ticaret A.Ş. and STEAG Turkey Enerji Yatırımları ve Hizmetleri A.Ş. The closing of the share trading transaction will take place after the final approval and acquisition of permissions required.. Within the scope of the agreement mentioned above, it is aimed that Entek will have a total installed capacity of 437 MW through the acquisition of share of STEAG Rüzgar Süloğlu Enerji Üretim ve Ticaret A.Ş. which has a wind power plant with 60 MW installed capacity.

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

1. Organization and operations of the company (Continued)

Joint ventures

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

		Ownership interest (%)			
Joint venture	Place of incorporation and operation	**December 31, 2020**	December 31, 2019	**Voting power right**	Principal activity
Opet Aygaz Gayrimenkul A.Ş.	Turkey	**50,00**	50,00	**50,00**	Real Estate

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

Approval of consolidated financial statements

The consolidated financial statements as of and for the year ended December 31, 2020 are approved in the Board of Directors meeting held on February 11, 2021. These consolidated financial statements will be finalized following their approval in the General Assembly.

2. Basis of presentation of consolidated financial statements

2.1 Financial reporting standards

The consolidated financial statements of the Group have been prepared in accordance with the Turkish Accounting Standards/Turkish Financial Reporting Standards, ("TAS/TFRS") 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 June 13, 2013 which is published on Official Gazette numbered 28676. TMS is consist of Turkish Accounting Standards, Turkish Financial Reporting Standards, annexes and comments on them. TAS/TFRS 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 March 17, 2005, the CMB announced that, effective from January 1, 2005, the application of inflation accounting is no longer required for listed companies operating in Turkey. The Group has prepared its consolidated financial statements in accordance with this decision.

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

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

While preparing the consolidated financial statements, in the conversion of the balance sheet items of the branch operating abroad and whose functional currency is USD, into TL, which is the functional and reporting currency of the Company, the exchange rate valid at the balance sheet date (1 TL = 7.3405 USD), In the conversion to TL, the average exchange rate of the period (1 TL = 7.0034 USD) was taken as basis. Translation differences arising from the use of closing and average exchange rates are followed under the foreign currency conversion differences item within the equity.

2. Basis of presentation of consolidated financial statements (Continued)

2.2 Consolidation principles

(a) Consolidated financial statements incorporate the financial statements of the Company, its subsidiaries and affiliates and joint ventures, which have been prepared in accordance with guidelines defined in the items (b) to (h). The financial statements of the companies included in the consolidation have been prepared as of the date of the consolidated financial statements and are based on the statutory records with adjustments and reclassifications for the purpose of presentation in conformity TAS/TFRS promulgated by the POA as set out in the communiqué numbered II-14.1, and Group accounting and disclosure policies

(b) Subsidiaries are the companies controlled by Aygaz when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

(c) Subsidiaries are fully consolidated from the date of acquisition, being the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. In case it is necessary, accounting policies are changed for subsidiaries in order to align with Group accounting policies.

Balance sheets and income statements of subsidiaries have been fully included into consolidation and the book values and equities of such subsidiaries which are owned by the Company, have been netted off. All inter-group transactions, balances, income and expenses are eliminated on consolidation. Book values of the shares owned by the Company and related dividends have been netted off from related equity and income statement accounts.

(d) Investments in associates have been accounted using the equity method. These are institutions in which the Company has a voting power between 20% and 50% or in which the Company has a significant influence even though it does not have a controlling power.

Unrealized gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. The Group ceases to account the associate using the equity method if it loses the significant influence or the net investment in the associate becomes nil, unless it has entered to a liability or a commitment. Subsequent to the date of the caesura of the significant influence, the investment is carried either at fair value when the fair value can be measured reliably, otherwise at cost.

(e) Financial assets, in which the Group has a total voting power of 20% or even though it has a voting power above 20% but does not have a significant influence, or which are immaterial for the consolidated financial statements, or such assets which are not traded in an organized market or whose fair values cannot be measured reliably, are presented with cost values, after deducting the impairment, if any.

Available for sale financial assets, in which the Group does not have a total voting power of 20% or does not have a significant influence and which have quoted market values in active markets and whose fair values can be reliably measured, are presented at fair values in the consolidated financial statements.

(f) The non-controlling share in the net assets and operating results of subsidiaries for the year are separately classified as non-controlling interest in the consolidated statements of financial position and consolidated statements of profit or loss.

2. Basis of presentation of consolidated financial statements (Continued)

2.2 Consolidation principles (Continued)

(g) A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The investments in its associates and joint ventures are accounted for using the equity method.

(h) Under the equity method, the Group's investments in its associates and joint venture are initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associates or joint ventures is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the results of the operations of the Group's associates or joint ventures. Any change in other comprehensive income of those investees is presented as a part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as 'Share of profit/loss of an associate or a joint venture' in the statement of profit or loss.

2.3 New and revised Turkey Financial Reporting Standards

a) Standards, amendments and interpretations applicable as at 31 December 2020

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

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

These amendments do not have any significant impact on Group's financial condition and performance.

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

2. Basis of presentation of consolidated financial statements (Continued)

2.3 New and revised Turkey Financial Reporting Standards (Continued)

a) Standards, amendments and interpretations applicable as at 31 December 2020 (Continued)

Amendments to IFRS 3 - definition of a business; effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations. These amendments do not have any significant impact on Group's financial condition and performance.

Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions; effective from Annual periods beginning on or after 1 June 2020. 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. These amendments do not have any significant impact on Group's financial condition and performance.

b) Standards, amendments and interpretations that are issued but not effective as at 31 December 2020

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.

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'.

2. Basis of presentation of consolidated financial statements (Continued)

2.3 New and revised Turkey Financial Reporting Standards (Continued)

b) Standards, amendments and interpretations that are issued but not effective as at 31 December 2020 (Continued)

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

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

The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

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 LGP 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 Company's operations positively.

No estimates can be made regarding the duration and the range of spread of the Covid-19 neither globally nor for Turkey. It will be possible to make a more specific and healthy evaluation for the medium and long term as the strength and the duration of the impacts get clearer. 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 consolidated financial statements dated December 31, 2020.

2.5 Offsetting

Financial assets and liabilities are offset and reported in the net amount when there is a legally enforceable right or when there is an intention to settle the assets and liabilities on a net basis or realize the assets and settle the liabilities simultaneously.

2.6 Revenue recognition

When a performance obligation is satisfied by transferring promised goods or services to a customer, the Group recognises the revenue as the amount of the transaction price that is allocated to that performance obligation. The goods or services are transferred when the control of the goods or services is delivered to the customers. Returns, discounts and provisions are reduced from the related amount.

2. Basis of presentation of consolidated financial statements (Continued)

2.6 Revenue recognition (Continued)

Group recognises revenue based on the following five principles:

(a) Identification of customer contracts,
(b) Identification of performance obligations,
(c) Determination of the transaction price in the contracts,
(d) Allocation of transaction price to the performance obligations,
(e) Recognition of revenue when the performance obligations are satisfied.

Group recognises revenue from its customer when all of the the following criteria are met:

(a) The parties have approved the contract (written or orally or in accordance with other customer business practices) and are committed to perform their respective obligations,
(b) Group can identify the right of parties related to goods and services,
(c) Group can identify the payment terms of goods and services to be transferred,
(d) The contract has commercial substance,
(e) It is probable that Group will collect the consideration to which it will be entitled in exchange for the goods and services that will be transferred to the customer. In evaluating whether collectabilitiy of a consideration is probable, the entity shall consider only the customer's abilitity and intention to pay the consideration when it is due.

Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the entity and when the revenue amount, the completion level of the transaction as of the reporting date and the cost required for the completion of the transaction can be measured reliably.

The assumptions for the reliability of revenue recognition after the agreement of third parties are as follows:

- Contractual rights of each parties under sanction according to the agreement,
- Service fee,
- Payment terms and conditions.

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 year ended December 31, 2020, SCT on imported LPG included in revenues and the cost of goods sold is amounting to TL1.769.554 thousand (January 1 - December 31, 2019: TL1.955.259 thousand).

Dividend and interest revenue:

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Dividend revenue from investments is recognised when the shareholders' rights to receive payment have been established.

2. Basis of presentation of consolidated financial statements (Continued)

2.7 Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is calculated with first in first out method for LPG and with weighted average method for other inventories. Cost of inventories include all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Conversion costs of inventories defines as costs directly related to production, such as direct labour costs. These expenses also include systematically distributed amounts from fixed and variable costs in factory overheads. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and estimated costs to make the sale.

2.8 Leases

The Group – as a lessee

Initially the Group assesses whether the contract is or contains lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, The Group considers whether:

a) The contract involved the use of an identified asset – this may be specified explicitly or implicitly.
b) The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.
c) The Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
d) The Group has the right to direct use of the asset. The Group concludes to have the right of use, when;

- It is predetermined how and for what purpose the Group will use the asset.
- The Group has the right to direct use of asset if either:
  i. The Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
  ii. The Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used

The Group reflects the right of use asset and leasing liabilities to their financials at the date leasing contract is commenced.

Right of use asset

Initially the right of use asset is recognized at cost and comprise of:

a) Amount of the initial measurement of the lease liability,
b) Any lease payments made at or before the commencement date, less any lease incentives received,
c) Any initial direct costs incurred by the Group and
d) An estimate of costs to be incurred by the lessee for restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories)

2. Basis of presentation of consolidated financial statements (Continued)

2.8 Leases (Continued)

The Group re-measures the right of use asset:

a) After netting-off depreciation and reducing impairment losses from right of use asset,

b) Adjusted for certain re-measurements of the lease liability recognized at the present value.

The Group applies IAS 16, "Property, Plant and Equipment" to amortize the right of use asset and to assess for any impairment.

IAS 36, "Impairment of Assets" is applied to determine whether the right of use assets has been impaired and recognize any impairment losses identified.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease liabilities are discounted to present value by using the interest rate implicit in the lease if readily determined or with the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

a) Fixed payments, including in-substance fixed payments,
b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date,
c) The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewable period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain to terminate early.

After initial recognition, the lease liability is measured by:

a) Increasing the carrying amount to reflect interest on lease liability,
b) Reducing the carrying amount to reflect the lease payments made and
c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Extension and termination options

In determining the lease liability, the Group considers the extension and termination options. The majority of extension and termination options held are exercisable both by the group and by the respective lessor. Extension options are included in the lease term if the lease is reasonably certain to be extended. The group re-measures the lease term, if a significant event or a significant change in circumstances occurs which affects the initial assessment.

Variable lease payments

Group's lease contracts also include variable lease payments which are not in the scope of IFRS 16. Variable lease payments are recognised in profit or loss in the related period. Variable lease payments as of December 31, 2019 is amount of TL 1.089 thousand.

Exemptions and simplifications

Short-term lease payments and payments for leases of low-value assets like IT equipments (mainly printers, laptops and mobile phones etc.) are not included in the measurement of the lease liabilities in the scope of IFRS 16. Lease payments of these contracts are continued to be recognised in profit or loss in the related period.

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

2. Basis of presentation of consolidated financial statements (Continued)

2.8 Leases (Continued)

The Group - as a lessor

The Group's leases as a lessor is operating leases. In operating leases, leased assets are reclassified to investment property, fixed assets or other current assets in consolidated financial statements and rental income recognised straight line basis over the lease period.

2.9 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Legal fees are included into costs. Depreciation of these assets begins when the assets are ready for their intended use.

With the exception of land and construction in progress, the costs of property, plant and equipment are subject to depreciation using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Economic useful lives of property, plant and equipment are as follows:

	Useful lives
Buildings	25-50 years
Land improvements	10-25 years
LPG Cylinders	10 years
Plant, machinery and equipment	3-25 years
Vessels	10-20 years
Vehicles	3-15 years
Furnitures and fixtures	3-50 years
Leasehold improvements	4-10 years

2. Basis of presentation of consolidated financial statements (Continued)

2.10 Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Trade rights and licenses

Acquired trade rights and licenses are shown at historical cost. Trade rights and licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives in 4 - 15 years.

Computer software

Acquired computer software licences are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives in 3 - 5 years.

2.11 Impairment of assets

An impairment test is applied when the recovery for the book value of the redeemable assets is impossible. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs are recorded directly to profit and loss statement when incurred.

2. Basis of presentation of consolidated financial statements (Continued)

2.13 Financial instruments

2.13.1 Financial assets

Reclassification and re-measurement

Financial assets are classified into the following specified categories: financial assets as "at fair value at amortised cost", "at fair value through profit or loss (FVTPL)", "at fair value through other comprehensive income". The classification is made considering the purpose of acquisition of financial asset and its expected cash flows, at the time of acquisition.

Financial assets carried at amortised cost

Financial assets measured at amortised cost", are the financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount standing, not have an active market and non-derivatives financial assets. "Cash and cash equivalents", "Trade receivables" are classified as financial assets measured at amortised cost using the effective interest method.

Impairment of financial assets

Group has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables carried at amortized cost, since they do not comprise of any significant finance component. In accordance with this method, if any provision provided to the trade receivables as a result of a specific events, Group measures expected credit loss from these receivables by the life-time expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Group and its expectations for the future indications.

Trade receivables

The Group has chosen "practical expedient" explained in IFRS 9 for the calculation of the impairment of trade receivables (with maturities less than one year) that do not contain a significant financing component and accounted at amortized cost. Accordingly, the Group measured the loss allowance for trade receivables at an amount equal to lifetime expected credit losses when trade receivables are not impaired for any reasons. The Group uses a provision matrix in the calculation of expected credit losses. Provision rate is calculated based on the overdue days of trade receivables and the rates are revised each reporting period if necessary. The change in expected credit losses is recognised in operational expense/income in consolidated income statement.

Financial assets measured at fair value

Assets that are held by the management for collection of contractual cash flows and for selling the financial assets are measured at their fair value. If the management do not plan to dispose these assets in 12 months after the balance sheet date, they are classified as non-current assets. Group makes a unchangeable choice for the equity instruments during the initial recognition and elect profit or loss or other comprehensive income for the presentation of fair value gain and loss.

i) Financial assets measured at fair value through profit or loss

Financial assets carried at fair value through profit or loss comprise of "derivative instruments" in the statement of financial position. Derivative instruments are recognized as asset when the fair value of the instrument is positive, as liability when the fair value of the instrument is negative. Group's financial instruments at fair value through profit or loss consist of forward contracts, currency swaps and cross currency fixed interest rate swap.

2. Basis of presentation of consolidated financial statements (Continued)

2.13 Financial instruments (Continued)

2.13.1 Financial assets (Continued)

ii) Financial assets measured at fair value through other comprehensive income

Financial assets carried at fair value through other comprehensive income comprise of "financial assets" in the statement of financial position. When the financial assets carried at fair value through other comprehensive income are sold, fair value gain or loss classified in other comprehensive income is classified to retained earnings.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, credit card receivables from banks and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are not subject to a significant risk of changes in value.

2.13.2 Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. The Group uses derivative financial instruments to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions.

These derivative instruments are recorded at fair value at the beginning of the contract and subsequently measured with its fair value. If the fair value is positive, derivatives are classified as financial asset or otherwise financial liability.

Such derivative instruments are generally accounted as trading derivative instruments in consolidated financial statements, because they do not have related specifications in terms of hedge accounting. The gains and losses related to the changes in fair values of such financial instruments are shown in the profit or loss statement.

Fair value differences of forward transactions, sourcing from trading contracts in scope of main activities of the Group, are recognised under other real operating income (expense) since they are in scope of main activities of the Group while exchange rate differences, sourcing from forward exchange and exchange of interest rate, are recognised under financing income/(expense).

Cash flow hedges

Hedges of exposures to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit and loss are designated as cash flow hedges by the Group.

Changes in the fair value of derivatives, designated as cash flow hedges and qualified as effective, are recognised in equity as "*Gains/(losses) on cash flow hedges*". Where the forecasted transaction or firm commitment results in the recognition of an asset or of a liability, the gains and losses previously recognised under equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts recognised under equity are transferred to the consolidated income statement in the period in which the hedged firm commitment or forecasted transaction affects the consolidated income statement

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or losses previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains until the forecast transaction or firm commitment affects profit or loss.

2. Basis of presentation of consolidated financial statements (Continued)

2.13.3 Recognition and de-recognition of financial instruments

All purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase or to sell the asset. These purchases or sales are purchases or sales generally require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is de-recognised where:

- The rights to receive cash flows from the asset have expired,
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement or
- The Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the assets.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the consolidated financial statements.

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

2.14 Business combinations

Before January 1, 2010 business combinations carried out by the Group has accounted for using the acquisition method according to before revised IFRS 3, "Business Combinations".

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquirer. The consideration transferred is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, the liabilities incurred by the Group to former owners of the entity and the equity interests issued by the Group. When the agreement with the seller includes a clause that the consideration transferred could be adjusted for future events, the acquisition-date fair value of this contingent consideration is included in the cost of the acquisition. All transaction costs incurred by the Group have been recognised in general administrative expenses.

For each business combination, the Group elects whether it measures the non-controlling interest in the acquirer either at fair value or at the proportionate share of the acquirer's identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquirer.

Acquisition method requires allocation of the acquisition cost to the assets acquired and liabilities assumed at their fair values on the date of acquisition. Accordingly, acquired assets and liabilities and contingent liabilities assumed are recognised at IFRS 3 fair values on the date of acquisition. Acquired company is consolidated in profit or loss statement starting from the date of acquisition.

2. Basis of presentation of consolidated financial statements (Continued)

Partial share sale and purchase transactions settled with minority shareholders

The Group evaluates the share transactions realized with non-controlling interests as transactions within the shareholders. Consequently, the difference between the purchase cost and the net asset purchased from other shareholders are accounted under shareholders equity in "subsidiary share purchase transactions" whereas share sale transactions to parties other than parent company are accounted as "transactions with non-controlling interest".

2.15 Foreign currency transactions

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TL, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements. The functional currency of participations and subsidiaries that are included in the scope of consolidation is TL.

In preparing the financial statements of the individual entities, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions.

At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the Central Bank of the Republic of Turkey (CBRT) rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on transactions entered in order to hedge certain foreign currency risk,
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TL using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's "foreign currency translation difference". Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

2.16 Earnings per share

Earnings per share disclosed in the accompanying consolidated statement of income is determined by dividing net income by the weighted average number of shares in existence during the year concerned.

In Turkey, companies can raise their share capital by distributing "Free Shares" to shareholders from retained earnings. In computing earnings per share, such "free share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

2. Basis of presentation of consolidated financial statements (Continued)

2.17 Subsequent events

An explanation for any event between the balance sheet date and the publication date of the balance sheet, which has positive or negative effects on the Group (should any evidence come about events that were prior to the balance sheet date or should new events come about) they will be explained in the relevant footnote.

The Group restates its financial statements if subsequent events which require restatement arise.

2.18 Provisions, contingent liabilities, contingent assets

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in the consolidated financial statements and are disclosed as contingent assets or liabilities.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

2.19 Related parties

(a) A person or a close member of that person's family is related to a reporting entity if that person:

- (i) Has control or joint control over the reporting entity,
- (ii) Has significant influence over the reporting entity,
- (iii) Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

- (i) Entity and Company are members of the same Group,
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member),
- (iii) Both entities are joint ventures of the same third party,
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity,
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity,
- (vi) The entity is controlled or jointly controlled by a person identified in (a),
- (vii) A person identified in (a) (ii) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

In accordance with the purposes of consolidated financial statements, shareholders, important management personnel and members of Board of Directors, their families and companies controlled by them or depend upon them, the affiliates and partnerships and Koç Holding Group companies are accepted and presented as related parties.

2. Basis of presentation of consolidated financial statements (Continued)

2.20 Segmental information

The Group management assumes three operating segments to evaluate performance and source utilization decisions. These segments are gas and petroleum products, electricity and other operations. These operating segments are managed separately as the risk and return of these segments are affected by different economic conditions and geographical locations. The Group Management believes that financial results prepared according to IFRS are the best approach to evaluate performance of these operating segments.

2.21 Taxation and deferred tax

Turkish Tax Legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Income tax expense represents the sum of the corporate tax and deferred tax.

Corporate tax

The corporate tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the fore-seeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the fore-seeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2. Basis of presentation of consolidated financial statements (Continued)

Deferred tax (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

The Company recognizes deferred tax asset for all deductible temporary differences arising from investments in subsidiaries, to the extent that, and only to the extent that, it is probable that:

- The temporary difference will reverse in the foreseeable future and
- Taxable profit will be available against which the temporary difference can be utilized.

The Company recognizes deferred tax liability for all taxable temporary differences associated with investments in subsidiaries except to the extent that both of the following conditions are satisfied:

- The parent is able to control the timing of the reversal of the temporary difference and
- It is probable that the temporary difference will not reverse in the foreseeable future.

2.22 Employment benefits

Defined benefit plan:

Employment termination benefits, as required by the Turkish Labour Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Group arising in case of the retirement of the employees, termination of employment without due cause, be retired or death upon the completion of a minimum one year service. Provision which is allocated by using defined benefit pension's current value is calculated by using prescribed liability method. All actuarial profits and losses are recognised in consolidated statements of income. The provision made for present value of determined social relief is calculated by the prescribed liability method. All actuarial profits and losses are accounted in the shareholder's equity as other comprehensive income.

2. Basis of presentation of consolidated financial statements (Continued)

Defined contribution plan:

Group, has to compensate the Social Security Contribution of the employees. As long as this is compensated, there is no any other obligation for the Company. Social Security Contributions are classified as personnel expenses as of the accrual date.

2.23 Statement of cash flows

In statement of cash flow, cash flows are classified according to operating, investment and finance activities.

2.24 Share capital and dividends

Common shares are classified as equity. Dividends on common shares are recognised in retained earnings in the period in which they are approved and declared.

2.25 Research and development expenses

Research expenditure is recognised as an expense as incurred. Costs, except for listed below are classified as development expenditures and recognised as expense as incurred.

- If the cost related to the products can be defined and only if the cost can be measured reliably,
- If the technological feasibility can be measured,
- If the good will be sold or will be used within the company,
- If there's a potential market or can be proved that it is used within the company,
- If necessary technological, financial and other resources can be provided to complete the Project.

Other development expenditures are recognised as expense as incurred.

Development costs previously recognised as expense cannot be capitalized in a subsequent period. Development costs that have been capitalized are amortized from the commencement of the commercial production of the product on a straight-line basis. As of December 31, 2020, the Group has capitalized amounting to TL 1.752 thousand research and development expenses (December 31, 2019: TL 1.702 thousand).

2.26 Critical accounting estimates and assumptions

The critical accounting estimates and assumptions which have material impact on the consolidated financial statements are as follows:

a) Property, plant and equipment and intangible fixed assets are subject to depreciation according to their useful lives (Note 13, 14). Estimations of such useful lives are based on the expectations of Group management.

2. Basis of presentation of consolidated financial statements (Continued)

b) The Group Management uses market values for quoted equity items traded in active markets, while determining fair values of financial asset measured at fair value through other comprehensive income. For other available for sale financial assets, fair values are determined in line with generally accepted valuation principles using current economic data, trends in the market and expectations.

Financial asset measured at fair value through other comprehensive income of the Group includes shares of Koç Finansal Hizmetler A.Ş. (KFS), an unlisted company and the shareholder of Yapı ve Kredi Bankası A.Ş. ("YKB") with 40,95%. Since the shares of Yapı ve Kredi Bankası are traded in Istanbul Stock Exchange, the fair value of shares of KFS are determined by using the existing market value of YKB shares corresponding to KFS (Note 5).

c) In order to record allowances for litigations, the consequences of lost cases are evaluated with the Company lawyers and Company Management makes most accurate evaluations with the available data (Note 18).

d) There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business and significant judgment is required in determining the provision for income taxes. The Group recognizes tax liabilities for anticipated tax issues based on estimates of whether additional taxes will be due and recognizes tax assets for the carry forward tax losses and unused investment tax credits to the extent that the realization of the related tax benefit through the future taxable profits is probable (Note 30). Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

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

As of December 31, 2020 and 2019, assets and liabilities according to industrial segments are as follows:

					December 31, 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**

					December 31, 2019
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
Assets					
Current assets	1.428.921	-	194.691	(34.496)	1.589.116
Non-current assets	2.657.872	541.649	342.612	(176.390)	3.365.743
Total assets	4.086.793	541.649	537.303	(210.886)	4.954.859
Liabilities					
Short term liabilities	1.414.871	-	114.671	(34.505)	1.495.037
Long term liabilities	938.218	-	50.245	(6.724)	981.739
Equity	1.733.704	541.649	372.387	(169.657)	2.478.083
Total liabilities and equity	4.086.793	541.649	537.303	(210.886)	4.954.859
Investments accounted under equity method	1.379.117	541.649	138.704	-	2.059.470

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

3. Segment information (Continued)

As of December 31, 2020 and 2019, profit and loss statement according to industrial segments are as follows:

				January 1 - December 31, 2020	
	Gas and petroleum products	**Electricity**	**Other**	**Consolidation adjustments**	**Total**
Revenue	9.665.909	-	780.023	(301.189)	10.144.743
Cost of sales (-)	(8.908.302)	-	(625.922)	301.189	(9.233.035)
Gross profit	**757.607**		**154.101**	**-**	**911.708**
General administrative expenses (-)	(260.066)	-	(31.900)	6.003	(285.963)
Marketing expenses (-)	(306.411)	-	(55.294)	-	(361.705)
Research and development expenses (-)	(3.292)	-	(50)	-	(3.342)
Other operating income	246.935	-	11.110	(6.259)	251.786
Other operating expenses (-)	(213.243)	-	(11.857)	936	(224.164)
Operating profit	**221.530**		**66.110**	**680**	**288.320**
Income from investment activities	149.743	-	2.743	(68.321)	84.165
Loss from investment activities (-)	(417)	-	(888)	-	(1.305)
Profit/losses from investments accounted under equity method	(266.939)	72.164	1.686	-	(193.089)
Operating profit before financial income/(expense)	**103.917**	**72.164**	**69.651**	**(67.641)**	**178.091**
Financial income	184.192	-	11.579	-	195.771
Financial expense (-)	(325.651)	-	(17.175)	-	(342.826)
Profit from continuing operations before tax	**(37.542)**	**72.164**	**64.055**	**(67.641)**	**31.036**
Tax income/(expense), continuing operations					
Current tax expense for the period (-)	(49.782)	-	(9.134)	-	(58.916)
Deferred tax income/(expense)	3.043	-	(52)	-	2.991
Profit for the period	**(84.281)**	**72.164**	**54.869**	**(67.641)**	**(24.889)**

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

3. Segment information (Continued)

	January 1 - December 31, 2019				
	Gas and petroleum products	Electricity	Other	Consolidation adjustments	Total
Revenue	9.746.940	-	763.572	(299.499)	10.211.013
Cost of sales (-)	(8.905.079)	-	(648.545)	299.499	(9.254.125)
Gross profit	841.861	-	115.027	-	956.888
General administrative expenses (-)	(232.493)	-	(25.307)	4.871	(252.929)
Marketing expenses (-)	(318.694)	-	(33.610)	-	(352.304)
Research and development expenses (-)	(2.863)	-	(31)	-	(2.894)
Other operating income	184.805	-	21.485	(7.296)	198.994
Other operating expenses (-)	(168.128)	-	(17.472)	2.692	(182.908)
Operating profit	304.448	-	60.092	267	364.847
Income from investment activities	457.833	-	596	(451.012)	7.417
Loss from investment activities (-)	(2.484)	-	(25)	-	(2.509)
Profit/losses from investments accounted under equity method	47.678	88.380	1.142	-	137.200
Operating profit before financial income/(expense)	807.515	88.380	61.805	(450.745)	506.955
Financial income	140.134	-	10.677	-	150.811
Financial expense (-)	(341.533)	-	(10.677)	-	(352.210)
Profit from continuing operations before tax	606.116	88.380	61.805	(450.745)	305.556
Tax income/(expense), continuing operations					
Current tax expense for the period (-)	(29.587)	-	(7.850)	-	(37.437)
Deferred tax income/(expense)	6.501	-	(1.143)	-	5.358
Profit for the period	583.030	88.380	52.812	(450.745)	273.477

The depreciation and amortization expense for the industrial segmental assets as of December 31, 2020 and 2019 are as follows:

	January 1 - December 31, 2020	January 1 - December 31, 2019
Gas and petroleum products	**137.075**	112.288
Other	**18.688**	14.780
	155.763	127.068

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

3. Segment information (Continued)

The investment expenditures for the industrial segmental assets as of December 31, 2020 and 2019 are as follows:

	January 1 - December 31, 2020	January 1 - December 31, 2019
Gas and petroleum products	**72.419**	107.835
Other	**17.258**	20.239
	89.677	128.074

4. Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand	**320**	374
Cash at banks	**904.731**	617.106
- Demand deposits	***23.795***	*30.038*
- Time deposits	***880.936***	*587.068*
Receivables from credit card transactions	**55.597**	47.911
Total cash and cash equivalents	**960.648**	665.391

As of December 31, 2020 the Group's TL time deposits amounting to TL676.716 thousand with maturities of 4 days and interest rates of 16,75-19,15%. USD time deposits amounting to USD27.821 thousand (TL204.220 thousand) with maturities of 4 days and interest rate of 1,25% (As of December 31, 2019 the Group's TL time deposits amounting to TL 269.255 thousand have maturities of 2 days and interest rates of 11,15-11,65%. USD time deposits amounting to USD53.502 thousand (TL317.813 thousand) have a maturity of 2 days and an interest rate of 1,75%).

The amount of cash and cash equivalents shown in the statement of cash flow as of December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Cash and cash equivalents	**960.648**	665.391
Less: Blocked deposits (*)	**(2.436)**	(4.071)
	958.212	661.320

(*) 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).

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

5. Financial investments

The Group's long-term financial assets identified as available-for-sale financial assets are as follows as of December 31, 2020 and 2019:

	December 31, 2020		December 31, 2019	
	Participation amount	**Participation rate %**	Participation amount	Participation rate %
Financial assets measured at fair value through other comprehensive income:				
Koç Finansal Hizmetler A.Ş. (*)	***419,078***	***3,93***	*393.997*	*1,97*
Financial assets measured at fair value through profit or loss:				
Ram Dış Ticaret A.Ş.	***1.258***	***2,5***	*87*	*2,50*
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	***270***	***10***	*270*	*10,00*
Tat Gıda Sanayi A.Ş.	***163***	***0,08***	*654*	*0,08*
Other	***436***	***-***	*436*	*-*
	421.205		395.444	

(*) After the end of the business partnership between Koç Group and UniCredit S.P.A ("UniCredit") on February 5, 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 February 6, 2020. It was measured on the basis of Level 1 (actively traded market price) as of December 31, 2020 (Note 33).

6. Financial borrowings

As of December 31, 2020 and 2019 the Group's short-term financial borrowings are as follows:

	December 31, 2020	December 31, 2019
TL-denominated short-term bank borrowings	**152.676**	**34.162**
Short-term lease liabilities	**68.148**	**30.721**
Total short-term bank borrowings	**220.824**	**64.883**
Short-term portion and interest accruals of TL-denominated long-term bank borrowings	**140.683**	**185.917**
Short-term portion and interest accruals of USD-denominated long-term bank borrowings	**33.049**	**132.156**
Short-term portion of long-term bond issued (*)	**172.617**	**100.381**
Total short-term portion of long-term financial borrowings	**346.349**	**418.454**

(*) On June 21, 2019 and August 7, 2019, the Group has issued floating rate bonds with nominal value TL90.000 and TL80.000 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 December 31, 2020, the details of short-term bank borrowings are as follows:

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

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

6. Financial borrowings (Continued)

As of December 31, 2019, the details of short-term bank borrowings are as follows:

Currency	Average effective interest rate per annum (%)	Original amount	TL amount
TL	-	2.750	2.750
TL	12,54	31.412	31.412
			34.162

As of December 31, 2020 and 2019 the Group's long-term financial borrowings are as follows:

	December 31, 2020	December 31, 2019
TL-denominated long-term bank borrowings	**894.390**	512.368
USD-denominated long-term bank borrowings	**-**	26.731
Total long-term bank borrowings	**894.390**	539.099
Long-term bonds issued	**-**	151.590
Total long-term bonds	**-**	151.590
Long-term lease liabilities	**102.627**	73.737
Total long-term lease liabilities	**102.627**	73.737
Total long-term financial borrowings	**997.017**	764.426

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

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

As of December 31, 2019, the details of long-term bank borrowings are as follows:

Currency	Effective interest rate per annum (%)	Original amount	TL amount
TL	16,26	698.285	698.285
USD	4,90	26.748	158.887
Short-term portion of long-term loans and interest accruals			(318.073)
			539.099

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

6. Financial borrowings (Continued)

The Group's movements of financial borrowings are as follows:

	2020	2019
As of January 1st,	**1.247.763**	1.401.015
Effect of IFRS 16	**-**	86.999
As of January 1st - recalculated in accordance with IFRS 16	**1.247.763**	1.488.014
Proceeds from new financial borrowings (*)	**1.297.600**	990.550
Increase in lease liabilities	**119.553**	52.051
Repayments of principals (*)	**(1.101.554)**	(1.268.508)
Changes in interest accruals	**16.258**	(12.139)
Currency translation differences	**(15.430)**	(2.205)
As of December 31st	**1.564.190**	1.247.763

(*) In 2020, various loans amounting to TL1.175.000 thousand (2019: TL800.000 thousand) were closed before their maturity dates in order to gain interest advantage. Various loans amounting to TL50.000 thousand were restructured. The early closure fee amounting to TL16.243 thousand (2019: TL25.051 thousand), which occurred as a result of early closure, is shown in the financing expenses (Note: 29).

7. Derivative financial instruments

As of December 31, 2020 and 2019, the Group's derivative financial instruments are as follows:

	December 31, 2020		December 31, 2019	
	Contract amount	**Fair value assets (liabilities)**	Contract amount	Fair value assets (liabilities)
Forward transactions (1)	**6.751**	**33**	29.850	75
Foreign currency swap contracts (2)	**13.050**	**20.590**	26.100	28.194
Total short-term derivative financial assets	**19.801**	**20.623**	55.950	28.269
Interest rate swap (3)	**170.000**	**(3.226)**	-	-
Commodity hedge (4)	**731.456**	**(29.216)**	42.772	(12.709)
Total short-term derivative financial liabilities	**901.456**	**(32.442)**	42.772	(12.709)

	December 31, 2020		December 31, 2019	
	Contract amount	**Fair value assets (liabilities)**	Contract amount	Fair value assets (liabilities)
Foreign currency swap contracts (2)	**-**	**-**	13.050	14.097
Total long-term derivative financial assets			13.050	14.097
Interest rate swap (3)	**-**	**-**	170.000	(14.100)
Total long-term derivative financial liabilities	**-**	**-**	170.000	(14.100)

(1) As of December 31, 2020 the Group has entered into forward transaction with a maturity of 18 days and nominal value amounting to USD900 thousand (As of December 31, 2019: USD5.000 thousand with a maturity of 17 days).

(2) In June, 2016, the Group has realized swap transaction with a contract amounting to TL91.350 thousand with 5 years maturity, half yearly interest payment and fixed interest rate of 13,415%, in return for USD 31.500 thousand with a floating interest rate of six-month USDLIBOR + 2,4%. As of December 31, 2020, principal payment of USD27.000 thousand was made in total, the remaining amount is USD4.500 thousand.

(3) The Group has entered interest rate swap transactions for the bond on June 21, 2019 amounting to TL90.000 thousand in total, fixing interest rate of TL50.000 thousand of total bond with 21,95% and the TL40.000 thousand of total bond with 20,75% and for the bond on August 7, 2019 amounting to TL80.000 thousand in total, fixing interest rate of TL50.000 thousand of total bond with 16,85% and the TL30.000 thousand of total bond with 16,47%.

(4) As of December 31, 2020, the Group's commodity hedge transactions consist of propane and butane products swaps (As of December 31, 2019, the Group's commodity hedge transactions consist of propane products swap).

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

8. Trade receivables and payables from third parties

The Group's trade receivables from third parties as of December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Trade receivables	**566.454**	424.912
Notes receivables	**36.040**	38.467
Allowance for doubtful receivables (-) (*)	**(27.040)**	(28.291)
Total current trade receivables	**575.454**	435.088

(*) TL635 thousand of provision for doubtful receivables consists of expected credit loss provisions (As of December 31, 2019: TL635 thousand).

	December 31, 2020	December 31, 2019
Notes receivable	**4.869**	8.092
Total non-current trade receivables	**4.869**	8.092

The Group's movements of doubtful receivables are as follows:

	2020	2019
As of January 1st,	**28.291**	27.938
Increases during the period	**906**	2.595
Collections	**(2.157)**	(338)
Write offs	**-**	(1.904)
As of December 31st,	**27.040**	28.291

Allowance for doubtful receivables has been raised per customer, based on the past experiences of the Company management.

Level and composition of risks of trade receivables are explained in Note 33.

The Group's trade payables as of December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Trade payables	**686.696**	421.881
Total short-term trade payables	**686.696**	421.881

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

9. Other receivables and payables from third parties

The Group's other receivables from third parties as of December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Guarantees and deposits given (*)	**57.781**	89
Other receivables	**2.835**	3.153
Total other current receivables	**60.616**	3.242

(*) The Group's branch office in London, Aygaz UK performs derivative transactions and receives clearing services with third parties through ADM Investor Services, Inc. ('ADM'). Within this framework, the amount of guarantee amounting to USD7.841 thousand equivalent of TL57.557 thousand kept within the scope of "fair value" and "margin call" in ADM is classified as deposits and guarantees given under other receivables from unrelated parties.

	December 31, 2020	December 31, 2019
Guarantees and deposits given	**147**	154
Total other non-current receivables	**147**	154

As of December 31, 2020 and 2019, other payables to third parties of the Group are as follows:

	December 31, 2020	December 31, 2019
Deposits and guarantees taken	**1.018**	344
Total other short-term payables	**1.018**	344

	December 31, 2020	December 31, 2019
Cylinder deposits received	**117.153**	107.213
Total other long-term payables	**117.153**	107.213

10. Liabilities for employee benefits

As of December 31, 2020 and 2019, liabilities for employee benefits of the Group are as follows:

	December 31, 2020	December 31, 2019
Payables to personnel	**32.695**	29.310
Employee's income tax payable	**29.326**	19.586
Social security liabilities	**5.958**	5.146
Total liabilities for employee benefits	**67.979**	54.042

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

11. Inventories

	December 31, 2020	December 31, 2019
Raw materials	**230.618**	133.577
Goods in transit	**143.616**	109.939
Finished goods	**14.318**	10.627
Trade goods	**9.066**	6.572
Work in process	**2.968**	2.823
Allowance for impairment on inventory	**(229)**	(229)
Total inventories	**400.357**	263.309

As of December 31, 2020, the inventories compromise of 97.891 tons of LPG (December 31, 2019: 74.593 tons).

Movement of allowance for impairment on inventory of the Group is as follows:

	2020	2019
As of January 1st,	**229**	229
Provision no longer required	**-**	-
As of December 31st	**229**	229

12. Equity investments

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

	December 31, 2020		December 31, 2019	
	Participation amount	**Participation Rate**	Participation amount	Participation Rate
EYAŞ	**1.101.054**	**%20,00**	1.379.117	%20,00
Entek	**606.000**	**%49,62**	541.649	%49,62
OAGM	**140.390**	**%50,00**	138.704	%50,00
	1.847.444		2.059.470	

The movement of equity investments is as follows:

	2020	2019
As of January 1st,	**2.059.470**	**2.304.799**
Shares of profit/(loss)	**(193.089)**	**137.200**
Shares of other comprehensive income/(loss)	**(18.937)**	**4.183**
Dividend income (*)	**-**	**(186.712)**
Participation in share capital decrease (increase) of equity investment (**)	**-**	**(200.000)**
As of December 31st	**1.847.444**	**2.059.470**

(*) EYAŞ dividend income.
(**) Capital decrease of EYAŞ. Related amount has been paid in cash to the Company on March 28, 2019.

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

12. Equity investments (Continued)

Shares of profit (loss) of equity investments:

	January 1 - December 31, 2020	January 1 - December 31, 2019
EYAŞ	**(266.939)**	47.678
Entek	**72.164**	88.380
OAGM	**1.686**	1.142
	(193.089)	137.200

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

	January 1 - December 31, 2020	January 1 - December 31, 2019
EYAŞ (*)	**(11.124)**	(585)
Entek	**(7.813)**	4.768
	(18.937)	4.183

(*) The Group uses investment loans amounting to USD593.982 thousand, which is equivalent to TL4.360.123 thousand (December 31, 2019: USD812.776 thousand (TL4.828.054 thousand)) as prevention against USD/TL spot foreign exchange risk of USD denominated export revenue, which is highly probable to be realized. Based on the outcome of effectiveness test performed on related process, the Group has considered that the process is fully effective and therefore applied cash flow hedge accounting. As of 31 December 2020, TL2.736. 854 thousand (31 December 2019: TL2.567.257) of foreign exchange loss that arose from investment loans is classified under equity "Cash flow hedge gains (losses)" which has no effect on current year income statement.

Financial information on Enerji Yatırımları A.Ş., which is accounted in the Group's financial statements according to equity pick-up method is set out below:

Consolidated balance sheet	**December 31, 2020**	December 31, 2019
Total assets	**57.967.264**	53.461.696
Total liabilities	**(49.499.218)**	(42.375.036)
Non-controlling interest	**(2.962.780)**	(4.191.079)
Net assets	**5.505.266**	6.895.581
Group's ownership	**20%**	20%
Group's share in associates' net assets	**1.101.054**	1.379.117
Consolidated profit or loss statement	**January 1 - December 31, 2020**	January 1 - December 31, 2019
Revenue	**63.243.815**	89.600.776
Profit for the period	**(1.334.693)**	238.392
Group's share in associates' profit for the period	**(266.939)**	47.678

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

12. Equity investments (Continued)

Financial information on Entek which is accounted in the Group's financial statements according to equity pick-up method is set out below:

Consolidated balance sheet	**December 31, 2020**	December 31, 2019
Total assets	**2.410.567**	2.529.872
Total liabilities	**(1.189.286)**	(1.438.257)
Net assets	**1.221.281**	1.091.615
Group's ownership	**49,62%**	49,62%
Group's share in associates' net assets	**606.000**	541.659

Consolidated profit or loss statement	**January 1 - December 31, 2020**	January 1 - December 31, 2019
Revenue	**1.256.845**	1.195.838
Profit/(Loss) for the period	**145.433**	178.113
Group's share in associates' profit for the period	**72.164**	88.380

Financial information on Opet Aygaz Gayrimenkul A.Ş., which is accounted in the Group's financial statements according to equity pick-up method is set out below:

Consolidated balance sheet	**December 31, 2020**	December 31, 2019
Total assets	**495.205**	496.509
Total liabilities	**(214.426)**	(219.102)
Net assets	**280.779**	277.407
Group's ownership	**50%**	50%
Group's share in associates' net assets	**140.390**	138.704

Consolidated profit or loss statement	**January 1 - December 31, 2020**	January 1 - December 31, 2019
Revenue	**23.251**	24.798
Profit for the period	**3.372**	2.284
Group's share in associates' profit for the period	**1.686**	1.142

.

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

13. 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									
Opening balance as of January 1, 2020	17.893	179.561	79.783	1.798.684	231.704	81.192	25.013	23.852	2.437.682
Additions	458	375	47	2.000	2.076	8.440	200	75.198	88.794
Transfers (*)	-	4.712	1.246	49.410	2.669	3.937	469	(71.367)	(8.924)
Disposals	-	(778)	(1.562)	(16.156)	(3.379)	(5.362)	-	-	(27.237)
Ending balance as of December 31, 2020	18.351	183.870	79.514	1.833.938	233.070	88.207	25.682	27.683	2.490.315
Accumulated depreciation									
Opening balance as of January 1, 2020	-	76.047	54.979	1.392.378	122.753	54.234	24.737	-	1.725.128
Charge of the period	-	6.236	1.690	59.112	13.421	7.965	897	-	89.321
Transfers	-	-	-	-	-	(1)	1	-	-
Disposals	-	(668)	(1.295)	(13.517)	(3.024)	(2.048)	-	-	(20.552)
Ending balance as of December 31, 2020	-	81.615	55.374	1.437.973	133.150	60.150	25.635	-	1.793.897
Net book value as of December 31, 2020	18.351	102.255	24.140	395.965	99.920	28.057	47	27.683	696.418

(*) TL8.924 thousand under "Construction in progress" under the account property, plant and equipment has been classified to intangible fixed assets.

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

13. 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									
Opening balance as of January 1, 2019	16.506	166.925	74.294	1.740.441	230.349	79.891	24.938	11.837	2.345.181
Additions	439	2.228	-	6.422	3.145	5.715	260	108.320	126.529
Transfers (*)	(1.940)	7.842	(2.410)	34.468	88	4.930	8	(96.305)	(53.319)
Acquisitions	2.888	2.600	8.062	34.268	-	55	-	-	47.873
Disposals	-	(34)	(163)	(16.915)	(1.878)	(9.399)	(193)	-	(28.582)
Ending balance as of December 31, 2019	17.893	179.561	79.783	1.798.684	231.704	81.192	25.013	23.852	2.437.682
Accumulated depreciation									
Opening balance as of January 1, 2019	-	69.976	50.050	1.350.572	110.390	53.713	23.950	-	1.658.651
Charge of the period	-	6.084	5.080	56.788	14.168	7.114	868	-	90.102
Disposals	-	(13)	(151)	(14.982)	(1.805)	(6.593)	(81)	-	(23.625)
Ending balance as of December 31, 2019	-	76.047	54.979	1.392.378	122.753	54.234	24.737	-	1.725.128
Net book value as of December 31, 2019	17.893	103.514	24.804	406.306	108.951	26.958	276	23.852	712.554

(*) TL 5.897 thousand under "Construction in progress" under the account property, plant and equipment has been classified to intangible fixed assets. Additionally, TL47.422 thousand of tangible assets have been sold and leased back from Yapı Kredi Finansal Kiralama A.O. on May 31,2019. Within the scope of IFRS 16 "Leases", the balance has been transferred to Right-of-Use Assets.

(Amounts expressed in thousands of Turkish Lira (“TL”) and in thousands for other currencies unless otherwise indicated.)

13. Property, plant and equipment (Continued)

As of December 31, 2020 and 2019, the details of depreciation expenses are as follows:

	January 1 - December 31, 2020	January 1 - December 31, 2019
Cost of sales	**75.588**	71.897
General administrative expenses	**8.939**	11.992
Marketing expenses	**2.781**	2.636
Capitalized on cylinders	**2.013**	3.577
	89.321	90.102

14. Intangible assets

	Rights	**Total**
Acquisition costs		
Opening balance as of January 1, 2020	**77.805**	**77.805**
Additions	**883**	**883**
Transfers (*)	**8.924**	**8.924**
Ending balance as of December 31, 2020	**87.612**	**87.612**
Accumulated amortization		
Opening balance as of January 1, 2020	**53.988**	**53.988**
Charge for the period	**8.309**	**8.309**
Ending balance as of December 31, 2020	**62.297**	**62.297**
Carrying value as of December 31, 2020	**25.315**	**25.315**

(*) TL8.924 thousand under “Construction in progress” under the account property, plant and equipment has been classified to intangible fixed assets.

	Rights	Total
Acquisition costs		
Opening balance as of January 1, 2019	68.424	68.424
Additions	1.545	1.545
Acquisitions	1.939	1.939
Transfers (*)	5.897	5.897
Ending balance as of December 31, 2019	77.805	77.805
Accumulated amortization		
Opening balance as of January 1, 2019	47.070	47.070
Charge for the period	6.918	6.918
Ending balance as of December 31, 2019	53.988	53.988
Carrying value as of December 31, 2019	23.817	23.817

(*) TL5.897 thousand under “Construction in progress” under the account property, plant and equipment has been classified to intangible fixed assets.

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

14. Intangible assets (Continued)

As of December 31, 2020 and 2019, the details of amortization expenses of intangible assets are as follows:

	January 1 - December 31, 2020	January 1 - December 31, 2019
General and administrative expenses	**8.309**	6.918
	8.309	6.918

15. Right of use assets

	Land	**Land improvements**	**Buildings**	**Plant, machinery, equipment and LPG cylinders**	**Vehicles and vessels**	**Furniture and fixtures**	**Total**
Opening balance as of January 1, 2020	**3.989**	**3.794**	**14.352**	**32.356**	**55.527**	**48**	**110.066**
Additions	**294**	**1.045**	**1.907**	**-**	**118.975**	**-**	**122.221**
Disposals	**-**	**(1.704)**	**(1.440)**	**-**	**-**	**-**	**(3.144)**
Charge for the period	**(755)**	**(152)**	**(2.849)**	**(2.303)**	**(52.065)**	**(9)**	**(58.133)**
Disposals from accumulated amortization	**-**	**73**	**403**	**-**	**-**	**-**	**476**
Ending balance as of December 31, 2020	**3.528**	**3.056**	**12.373**	**30.053**	**122.437**	**39**	**171.486**

	Land	Land improvements	Buildings	Plant, machinery, equipment and LPG cylinders	Vehicles and vessels	Furniture and fixtures	Total
Opening balance as of January 1, 2019	2.836	1.382	7.488	-	75.293	-	86.999
Additions	122	1	635	-	5.025	-	5.783
Disposals	-	-	-	-	(90)	-	(90)
Transfers (*)	1.726	2.600	8.775	34.266	-	55	47.422
Charge for the period	(695)	(189)	(2.546)	(1.910)	(24.701)	(7)	(30.048)
Ending balance as of December 31, 2019	3.989	3.794	14.352	32.356	55.527	48	110.066

(*) Additionally, TL36.238 thousand of tangible assets and TL10.000 thousand of intangible assets have been sold and leased back from Yapı Kredi Finansal Kiralama A.O. on May 31,2019. Within the scope of IFRS 16 "Leases", the balance has been transferred to Right-of-Use Assets.

As of December 31, 2020 and 2019, the details of depreciation expenses related to the right of use assets are as follows:

	January 1 - December 31, 2020	January 1 - December 31, 2019
Cost of sales	**2.922**	2.259
General administrative expenses	**4.585**	3.951
Marketing expenses	**50.626**	23.838
	58.133	30.048

(Amounts expressed in thousands of Turkish Lira (“TL”) and in thousands for other currencies unless otherwise indicated.)

16. Contingent assets and contingent liabilities

Guarantees given as of December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Letter of guarantees given for gas purchase	**627.254**	879.723
Other letter of guarantees given	**42.813**	24.430
Total guarantees given	**670.067**	904.153

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 inventory reserve 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 December 28, 2018, it was decided to keep the national petroleum stocks as minimum 20 days as of June 1, 2019 by the petroleum products and LPG distributor license owners. The Group fulfills its obligations regarding national inventory reserve liability.

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

16. Contingent assets and contingent 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:

	December 31, 2020				December 31, 2019			
	TL Equivalent of Euro	**TL Equivalent of USD**	**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	**99.785**	**9.263**	**426.597**	**535.645**	73.672	-	476.437	550.109
B. CPMBs given in favor of subsidiaries included in full consolidation (*)	**-**	**-**	**134.422**	**134.422**	-	304.830	49.214	354.044
C. CPMBs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	**-**	**-**	**-**	**-**	-	-	-	-
D. Other CPMBs	**-**	**-**	**-**	**-**				
i. CPMBs given in favor of parent company	-	-	-	-	-	-	-	-
ii. CPMBs given in favor of companies not in the scope of B and C above	-	-	-	-	-	-	-	-
iii. CPMBs given in favor of third party companies not in the scope of C above	-	-	-	-	-	-	-	-
Total amount of CPMBs	**99.785**	**9.263**	**561.019**	**670.067**	73.672	304.830	525.651	904.153

(*) As of December 31, 2020, total amount of commission accrued for guarantees given or contingent liabilities except 'A. CPMBs given on behalf of the Company's legal personality' is TL1.471 thousand (December 31, 2019: TL2.425 thousand).

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

17. Long-term provision for employee benefits

Details of long-term provisions for employee benefits as of December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Retirement pay provision	**58.111**	43.999
Vacation pay liabilities	**9.127**	9.703
Total long-term provision for employee benefits	**67.238**	53.702

Retirement pay provision:

Under the Turkish Legislations, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service and reaches the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of full TL7.117,17 (December 31, 2019: TL6.379,86) for each year of service at December 31, 2020.

The liability is not funded, as there is no funding requirement.

In accordance with Turkish Labour Code, employment termination benefit is the present value of the total estimated provision for the liabilities of the personnel who may retire in the future. The provision made for present value of determined social relief is calculated by the prescribed liability method. All actuarial profits and losses are accounted in the other comprehensive income statement.

TFRS require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. The Group makes a calculation for the employment termination benefit by applying the prescribed liability method, by the experiences and by considering the personnel who become eligible for pension. This provision is calculated by expecting the present value of the future liability which will be paid for the retired personnel.

Accordingly, the following actuarial assumptions were used in the calculation of the total provision.

	2020	2019
Net discount rate (%)	**4,63**	4,67
Turnover rate related to the probability of retirement (%)	**95,94-98,57**	95,23-98,71

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation.

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

17. Long-term provision for employee benefits (Continued)

The movements of retirement pay provision for the period ended December 31, 2020 and 2019 are as follows:

	2020	2019
As of January 1st,	**43.999**	34.554
Increases during the period	**19.379**	14.150
Actuarial (gain) loss	**124**	3.035
Payments during the period	**(5.391)**	(7.740)
As of December 31st,	**58.111**	43.999

18. Other short-term provisions

	December 31, 2020	December 31, 2019
Provision for price revision (*)	**249.205**	201.666
Provision for lawsuit	**12.408**	10.327
Provision for warranty expenses	**11.490**	11.390
Provision for selling and marketing expenses	**7.135**	5.825
Provision for EMRA contribution	**5.234**	5.873
Provision for other operating expenses	**10.173**	11.854
Total other short-term provisions	**295.645**	246.935

(*) As communicated to Aygaz Doğal Gaz Toptan Satış A.Ş., a Subsidiary of the Company, by Akfel Gaz Sanayi ve Ticaret A.Ş. ("Akfel"), 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 January 1, 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 January 1, 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 December 31, 2020, total provision of USD33.949 thousand (TL249.205 thousand), USD15.368 thousand for 2017 and USD18.582 thousand for 2018, has been recognized in the consolidated financial statements (December 31, 2019: USD33.949 thousand in total (TL equivalent 201.666 thousand)).

Movement of the other operating expenses of the Group is as follows:

	2020	2019
As of January 1st,	**11.854**	3.219
Payments during the period	**(7.364)**	(253)
Provision no longer required	**(3.167)**	(655)
Increases during the period	**8.850**	9.543
As of December 31,	**10.173**	11.854

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

19. Other current assets and liabilities

	December 31, 2020	December 31, 2019
Deferred VAT	**30.326**	11.046
Fuel used in shipping operations	**6.000**	3.992
Income accrual	**593**	70
Other current assets	**2.325**	1.725
Total other current assets	**39.244**	16.833

	December 31, 2020	December 31, 2019
Taxes and funds payable	**42.107**	97.384
Other liabilities	**551**	783
Total other current liabilities	**42.658**	98.167

20. Prepaid expenses

As of December 31, 2020 and 2019, the details of Group's prepaid expenses in current assets are as follows:

	December 31, 2020	December 31, 2019
Prepaid expenses	**34.265**	37.601
Advances given	**6.845**	6.160
Total prepaid expenses	**41.110**	43.761

As of December 31, 2020 and 2019, the details of Group's prepaid expenses in non-current assets are as follows:

	December 31, 2020	December 31, 2019
Prepaid expenses	**34.010**	41.656
Total prepaid expenses	**34.010**	41.656

As of December 31, 2020 total amount of TL21.790 thousand (2019: TL28.572 thousand) presented as prepaid expenses under current assets and total amount of TL30.894 thousand (2019: TL36.038 thousand) presented as prepaid expenses under non-current assets are prepayments and investment contribution margin for dealer agreements.

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

21. Deferred income

	December 31, 2020	December 31, 2019
Advances taken	**5.261**	4.912
Prepaid income	**2.728**	2.323
Total deferred income	**7.989**	7.235

22. Share capital

As of December 31, 2020 and 2019 the share capital held is as follows:

Shareholders	Participation rate	December 31, 2020	Participation rate	December 31, 2019
Temel Ticaret ve Yatırım A.Ş.	**5,77%**	**17.324**	5,77%	17.324
Koç Family Members	**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

(*) TL2.725.041,31 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 TAS/TFRS promulgated by the POA. "Adjustment to share capital" has no use other than being transferred to paid-in share capital.

Restricted reserves assorted from the profit

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is 10% of dividend distributed exceeding 5% of paid-in share capital. According to Turkish Commercial Code, legal reserves may only be used as long as it does not exceed 50% of the paid capital. It may not be used under any circumstances.

The details of the restricted reserves are stated below:

	December 31, 2020	December 31, 2019
Legal reserves	**308.032**	318.841
Gain on sale of subsidiary share that will be added to capital	**44.160**	19.851
Total restricted reserves assorted from the profit	**352.192**	338.692

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

22. Share capital (Continued)

Dividend distribution:

Listed companies distribute dividend in accordance with the Communiqué No. II-19.1 issued by the CMB which is effective from February 1, 2014.

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and also in conformity with relevant legislations. The communiqué does not constitute a minimum dividend rate. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of incorporation. In addition, dividend can be distributed by fixed or variable installments and advance dividend can be paid in accordance with profit on interim financial statements of the Company.

In accordance with the Turkish Commercial Code (TCC), unless the required reserves and the dividend for shareholders as determined in the article of association or in the dividend distribution policy of the company are set aside, no decision may be made to set aside other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of usufruct right certificates, to the members of the board of directors or to the employees; and no dividend can be distributed to these persons unless the determined dividend for shareholders is paid in cash.

The Company's statutory profit for the period and other sources that are subject the profit distribution as of December 31, 2020, amounts to TL1.010.207 thousand. (December 31, 2019: TL844.464 thousand). TL209.043 thousand of such sources from inflation adjustment differences and TL33.697 thousand from other capital reserves are subject to tax when they are distributed.

Dividends paid

In the Ordinary General Meeting held on March 10, 2020, the Company decided to reserve TL13.500 thousand as legal reserves and distribute TL150.000 thousand gross dividends from the net distributable income of 2019. According to this decision, the Company has begun dividend payments on March 17, 2020.

Gains and losses on financial assets measured at fair value through other comprehensive income:

Gains and losses from the revaluation and reclassification are related to financial assets and their details are as follows:

	December 31, 2020	December 31, 2019
Koç Finansal Hizmetler A.Ş.	**249.012**	225.185
	249.012	225.185

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

22. Share capital (Continued)

Currency translation adjustment

Currency translation adjustment as of December 31, 2020 represents the Company's share of currency translation adjustment of equity investment and currency translation adjustments of the Group's branch in London, Aygaz UK, whose functional currency is USD.

Financial risk hedging reserve:

The Group implements a cash flow hedge strategy against the cash flow risk arising from changes in market interest rates and foreign exchange rate for the transactions of its bank loans in USD with the floating interest rates. As a result of the effectiveness test performed in this context, the Group has determined that the entire transaction is effective. Until the cash flows of the related loan are realised, the gains or losses are accounted under cash flow hedge gains/(losses) in equity and there is no effect on income statement. Exchange differences arising during principal payments are transferred from the cash flow hedge gains/(losses) account in equity to the foreign exchange gains/(losses) in the income statement.

The hedging gains/(losses) of EYAŞ, which is an investment accounted by the equity method of the Group, are disclosed in Note 12.

23. Revenue and cost of sales

Revenue	**January 1 - December 31, 2020**	January 1 - December 31, 2019
Domestic sales	**8.376.879**	9.030.753
Export sales	**2.206.041**	1.591.330
Sales returns (-)	**(11.493)**	(9.627)
Sales discounts (-)	**(426.684)**	(401.443)
Total revenue, net	**10.144.743**	10.211.013
Sales of goods and services	**8.857.561**	8.369.298
Sales of merchandises	**1.287.182**	1.841.715
Revenue	**10.144.743**	10.211.013

	January 1 - December 31, 2020	January 1 - December 31, 2019
Raw materials used	**7.668.045**	7.207.427
Production overheads	**200.984**	178.313
Personnel expenses	**117.643**	95.559
Depreciation expenses	**78.510**	74.156
Change in work in process inventories	**(131)**	254
Change in finished goods inventories	**(3.235)**	2.234
Cost of goods sold and services rendered	**8.061.816**	7.557.943
Cost of merchandises sold	**1.171.219**	1.696.182
Total cost of sales	**9.233.035**	9.254.125

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

24. General administrative expenses, marketing expenses and research and development expenses

	January 1 - December 31, 2020	January 1 - December 31, 2019
General administrative expenses	**285.963**	252.929
Marketing expenses	**361.705**	352.304
Research and development expenses	**3.342**	2.894
Total	**651.010**	608.127

a) Detail of general administrative expenses

	January 1 - December 31, 2020	January 1 - December 31, 2019
Personnel expenses	**150.039**	124.846
Depreciation and amortization expenses	**21.833**	22.861
Information technology expenses	**18.728**	16.728
Consultancy expenses	**16.253**	19.030
Tax expenses	**11.594**	6.568
Insurance expenses	**10.832**	8.720
Lawsuit, consultancy and auditing expenses	**8.593**	6.436
Maintenance expenses	**6.145**	5.779
Transportation expenses	**5.112**	6.410
Attendance fees	**4.675**	4.168
Donation and aids	**3.045**	3.441
Communication expenses	**2.415**	4.132
Post office expenses	**1.684**	1.529
Rent expenses	**1.415**	792
Other administrative expenses	**23.600**	21.489
Total general administrative expenses	**285.963**	252.929

b) Detail of marketing expenses

	January 1 - December 31, 2020	January 1 - December 31, 2019
Transportation, distribution and warehousing expenses	**137.776**	164.674
Personnel expenses	**57.998**	52.452
Depreciation and amortization expenses	**53.407**	26.474
Sales expenses	**35.631**	30.348
Advertising and promotion expenses	**29.235**	30.443
After sales services and maintenances expenses	**12.613**	11.169
License expenses	**5.234**	5.873
Transportation expenses	**3.444**	5.976
Other marketing expenses	**26.367**	24.895
Total marketing expenses	**361.705**	352.304

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

24. General administrative expenses, marketing expenses and research and development expenses (Continued)

c) Detail of research and development expenses

	January 1 - December 31, 2020	January 1 - December 31, 2019
Outsourced research and development expenses	**3.342**	2.894
Total research and development expenses	**3.342**	2.894

25. Expenses related to their nature

	January 1 - December 31, 2020	January 1 - December 31, 2019
Personnel expenses	**208.037**	177.298
Transportation, distribution and warehousing expenses	**137.776**	164.674
Depreciation and amortization expenses	**75.240**	49.335
Sales development expenses	**35.631**	30.348
Advertising and promotion expenses	**29.235**	30.443
Information technology expenses	**18.728**	16.728
Consultancy expenses	**16.253**	19.030
After sales services and maintenances expenses	**12.613**	11.169
Tax expenses	**11.594**	6.568
Insurance expenses	**10.832**	8.720
Lawsuit, consultancy and auditing expenses	**8.593**	6.436
Transportation expenses	**8.556**	12.386
Maintenance expenses	**6.145**	5.779
License expenses	**5.234**	5.873
Attendance fees	**4.675**	4.168
Outsourced research and development expenses	**3.342**	2.894
Donation and aids	**3.045**	3.441
Communication expenses	**2.415**	4.132
Rent expenses	**1.415**	792
Other	**51.651**	47.913
Total	**651.010**	608.127

(Amounts expressed in thousands of Turkish Lira (“TL”) and in thousands for other currencies unless otherwise indicated.)

26. Other operating income/expenses

Other operating income for the years ended as of December 31, 2020 and 2019 are as follows:

	January 1 - December 31, 2020	January 1 - December 31, 2019
Foreign exchange gains arising from trading activities	**147.282**	72.463
Income generated from maturity differences of sales	**48.676**	85.562
Provisions no longer required	**11.386**	1.549
Income from port services	**4.992**	6.431
Gain on sale of scrap	**4.219**	3.583
Rent income	**3.209**	3.856
LPG pipeline usage income	**3.144**	2.455
Goodwill expenses from prior years	**2.194**	6.676
Other income and profits	**26.684**	16.419
Total other operating income	**251.786**	198.994

Other operating expenses for the years ended as of December 31, 2020 and 2019 are as follows:

	January 1 - December 31, 2020	January 1 - December 31, 2019
Foreign exchange losses arising from trading activities	**173.261**	96.703
Expenses from maturity differences of purchases	**26.675**	58.116
Provision expenses	**11.103**	10.330
Demurrage expenses	**4.398**	5.052
Other expenses and losses	**8.727**	12.707
Total other operating expenses	**224.164**	182.908

27. Income and expenses from investment activities

	January 1 - December 31, 2020	January 1 - December 31, 2019
Income from sales of property, plant and equipment (*)	**61.644**	7.347
Income from termination compensation (**)	**22.421**	-
Dividend income from financial investments	**100**	70
Total income from investment activities	**84.165**	7.417

(*) Income from sales of the idle land and the immovables on it in Bursa Organized Industrial Site belonging to the Company on March 24, 2020 is TL49.639 thousand.

(**) After the end of the business partnership between Koç Group and UniCredit on February 5, 2020, 100% of the shares representing the capital of 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 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 February 6, 2020. (Note 5).

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

27. Income and expenses from investment activities (Continued)

	January 1 - December 31, 2020	January 1 - December 31, 2019
Expenses from sales of property, plant and equipment	**1.305**	2.509
Total expenses from investment activities	**1.305**	2.509

28. Financial income

Financial income for the years ended as of December 31, 2020 and 2019 are as follows:

Financial income	**January 1 - December 31, 2020**	January 1 - December 31, 2019
Foreign exchange gains	**137.869**	78.895
Interest income	**57.869**	71.841
Fair value differences on swap transactions	**33**	75
Total	**195.771**	150.811

29. Financial expense

Financial expense for the years ended as of December 31, 2020 and 2019 are as follows:

Financial expense	**January 1 - December 31, 2020**	January 1 - December 31, 2019
Interest expenses	**169.399**	230.733
Foreign exchange losses	**128.122**	75.174
Interest expenses on lease liabilities	**29.062**	21.252
Early closure fee (*)	**16.243**	25.051
Total	**342.826**	352.210

(*) In 2020, various loans amounting to TL1.175.000 thousand (2019: TL800.000 thousand) were closed before their maturity dates in order to gain interest advantage. Various loans amounting to TL50.000 thousand were restructured. The early closure fee occurred amounting to TL16.243 thousand (2019: TL25.051 thousand) (Note: 6).

30. Tax assets and liabilities

	December 31, 2020	December 31, 2019
Current tax liability		
Current corporate tax provision	**58.916**	37.437
Less: Prepaid taxes and funds	**(47.468)**	(27.192)
Current tax liability	**11.448**	10.245

Tax expenses	**January 1 - December 31, 2020**	January 1 - December 31, 2019
- Current corporate tax provision	**(58.916)**	(37.437)
- Deferred tax	**2.991**	5.358
Total	**(55.925)**	(32.079)

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

30. Tax assets and liabilities (Continued)

Corporate tax

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated 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.

The effective rate of tax in 2020 is 22% (2019: 22%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate in 2020 is 22% (2019: 22%). Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. Tax carry back is not allowed.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1 - 25 April following the close of the accounting year to which they relate. Tax authorities may, however, 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 TAS/TFRS 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 TAS/TFRS and tax legislation.

In accordance with the regulation numbered 7061, published in Official Gazette on December 5, 2017, "Law Amending Certain Tax Laws and Certain Other Laws", corporate tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of December 31, 2020 are calculated with 22% tax rate for the temporary differences which will be realized in 2019 and 2020, and with 20% tax for those which will be realized after 2021 and onwards (December 31, 2019: 22%).

Deferred tax liabilities/(assets):	**December 31, 2020**	December 31, 2019
Depreciation/amortization differences of property, plant and equipment and other intangible assets	**53.111**	48.955
Revaluation of financial assets measured at fair value through other comprehensive income	**13.106**	11.852
Provision for employment termination benefits	**(10.918)**	(8.421)
Valuation of inventories	**(1.662)**	(1.324)
Derivative instruments	**5.788**	4.321
Other	**(15.722)**	(13.478)
	43.703	41.905

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

30. Tax assets and liabilities (Continued)

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.

	December 31, 2020			December 31, 2019		
	Deferred tax			Deferred tax		
	Assets	**Liabilities**	**Net**	Assets	Liabilities	Net
Aygaz	**(29.316)**	**71.647**	**42.331**	(23.158)	63.459	40.301
Akpa	**(1.496)**	**646**	**(850)**	(1.147)	754	(393)
Aygaz Doğal Gaz	**(760)**	**1.480**	**720**	(530)	1.618	1.088
Kuleli	**(466)**	**1.968**	**1.502**	(500)	1.409	909
	(32.038)	**75.741**	**43.703**	(25.335)	67.240	41.905

Movement of deferred tax assets and liabilities are as follows:

Movement of deferred tax liabilities/(assets):	**2020**	2019
As of January 1st,	**41.905**	47.072
Change to the profit or loss:	**(2.991)**	(5.358)
Change to the equity:	**4.789**	191
- Effect of gains/(losses) re-measurement on defined benefit plans	***(25)***	*(582)*
- Effect of gains/(losses) on financial assets measured at fair value through other comprehensive income	***1.254***	*5.418*
- Effect of gains/(losses) on cash flow hedges	***3.560***	*(4.645)*
As of December 31st,	**43.703**	41.905

Tax reconciliation:

	January 1 - December 31, 2020	January 1 - December 31, 2019
Profit before tax	**31.036**	305.556
Income tax rate	**22%**	22%
Expected tax expense	**(6.828)**	(67.222)
Tax effects of:		
- Revenue that is exempt from taxation (investments accounted under equity method)	**(38.618)**	30.184
- Income not subject to tax	**24.099**	8.701
- Tax rate differences	**(3.862)**	4.203
- Expenses that are not deductible in determining taxable profit	**(4.047)**	(9.409)
- Tax losses	**(31.024)**	(5.074)
- Prior year losses used	**450**	5.678
- Other	**3.905**	860
Tax expense in the statement of profit or loss	**(55.925)**	(32.079)

31. Earnings per share

	January 1 - December 31, 2020	January 1 - December 31, 2019
Average number of ordinary shares outstanding during the period (one thousand)	**30.000.000**	30.000.000
Net profit for the year attributable equity holders of the parent company	**(24.889)**	273.477
Earnings (losses) per hundred shares (TL)	**(0,082963)**	0,911590

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

32. Balances and transactions with related parties

A company is defined as a related party of the Company, if one of the companies has 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 December 31, 2020; dividends payable amounting to TL1.273 thousand (December 31, 2019: TL1.211 thousand) is reflected within other payables to related parties which are excluded from Koç Group under short-term liabilities at the consolidated balance sheet.

				December 31, 2020
		Receivables		**Payables**
Balances with related parties	**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**	-

				December 31, 2019
		Receivables		Payables
Balances with related parties	Trade	Non-trade	Trade	Non-trade
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	118.267	-	84.940	-
Demir Export A.Ş.	5.385	-	-	-
Demir Export A.Ş. - Fernas İnşaat A.Ş. Adi Ortaklığı	1.005	-	-	-
Opet Petrolcülük A.Ş.	333	-	43.331	-
Otokoç Otomotiv Tic. ve San. A.Ş.	21	-	2.304	-
Zer Merkezi Hizmetler ve Ticaret A.Ş. (**)	-	-	8.199	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	4.926	-
Other	2.768	-	4.152	-
Shareholders				
Koç Holding A.Ş.	-	-	9.050	-
Investments accounted under the equity method				
Entek Elektrik Üretimi A.Ş.	3.415	-	-	-
	131.194	-	156.902	-

(*) 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.

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

32. Balances and transactions with related parties (Continued)

				January 1 – December 31, 2020
Transactions with related parties	**Purchases (Goods)**	**Sales (Goods)**	**Purchases (Service)**	**Sales (Service)**
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	**859.990**	**809.097**	**8.138**	**-**
Opet Petrolcülük A.Ş.(**) (***)	**271.045**	**8.433**	**137.080**	**-**
Zer Merkezi Hizmetler ve Ticaret A.Ş.	**25.745**	**31**	**23.318**	**-**
Ram Dış Ticaret A.Ş.	**14.068**	**-**	**35**	**-**
Otokoç Otomotiv Tic. ve San. A.Ş.	**3.700**	**802**	**3.042**	**-**
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	**305**	**109**	**14.889**	**-**
Demir Export A.Ş.	**-**	**21.174**	**-**	**-**
Ford Otomotiv Sanayi A.Ş.	**-**	**6.936**	**-**	**-**
Setur Servis Turistik A.Ş.	**-**	**174**	**2.944**	**-**
Other	**5.403**	**29.271**	**11.327**	**-**
Shareholders				
Koç Holding A.Ş. (****)	**712**	**86**	**16.253**	-
Investments accounted under the equity method				
Entek Elektrik Üretimi A.Ş.	**-**	**21.166**	**5.959**	-
	1.180.968	**897.279**	**222.985**	-

				January 1 – December 31, 2019
Transactions with related parties	Purchases (Goods)	Sales (Goods)	Purchases (Service)	Sales (Service)
Group companies (*)				
Türkiye Petrol Rafinerileri A.Ş.	1.145.544	1.315.158	6.404	
Opet Petrolcülük A.Ş. (**) (***)	352.415	4.665	133.271	-
Zer Merkezi Hizmetler ve Ticaret A.Ş.	17.699	88	16.209	-
Ram Dış Ticaret A.Ş.	1.488	-	30	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	481	125	13.198	-
Otokoç Otomotiv Tic. ve San. A.Ş.	192	429	1.194	-
Arçelik A.Ş.	2	4.116	19	-
Demir Export A.Ş.	-	90.885	-	-
Ford Otomotiv Sanayi A.Ş.	-	18.310	-	-
Setur Servis Turistik A.Ş.	-	152	6.420	-
Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	-	15	2.457	-
Other	8.767	30.515	5.534	-
Shareholders				
Koç Family Members	-	132	-	-
Koç Holding A.Ş. (****)	-	69	19.264	-
Temel Ticaret ve Yatırım A.Ş.	-	4	4	-
Investments accounted under the equity method				
Entek Elektrik Üretimi A.Ş.	-	35.259	-	-
	1.526.588	1.499.922	204.004	-

(*) Group companies include Koç Group companies.

(**) Commission expense regarding LPG sold at Opet stations as of December 31, 2020 is TL134.708 thousand (December 31, 2019: TL131.203 thousand). The commission expense mentioned above is evaluated as part of sales and accounted under profit or loss 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 TL11.016 thousand has been made to Opet in 2020 in consideration of 5 years sales agreement on average to be paid to Aygaz Dealers making auto gas sales at Opet stations (2019: TL10.297 thousand).

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

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

32. Balances and transactions with related parties (continued)

			January 1 - December 31, 2020	
Tangible asset and rent transactions with related parties	**Rent income**	**Rent expense**	**Tangible and intangible asset purchases**	**Tangible asset sales**
Group companies (*)				
Opet Petrolcülük A.Ş.	**797**	**-**	**-**	**-**
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	**-**	**-**	**5.921**	**-**
Zer Merkezi Hizmetler ve Ticaret A.Ş.	**-**	**-**	**1.041**	**-**
Otokoç Otomotiv Tic. ve San. A.Ş.	**-**	**-**	**654**	**383**
Other	**-**	**-**	**882**	**-**
Shareholders				
Koç Holding A.Ş.	**-**	**1.020**	**-**	**-**
	797	**1.020**	**8.498**	**383**

			January 1 - December 31, 2019	
Tangible asset and rent transactions with related parties	Rent income	Rent expense	Tangible and intangible asset purchases	Tangible asset sales
Group companies (*)				
Opet Petrolcülük A.Ş.	727	-	10	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	-	-	6.916	-
Otokoç Otomotiv Tic. ve San. A.Ş.	-	-	1.693	57
Other	-	-	324	16
Shareholders				
Koç Holding A.Ş.	-	547	-	-
	727	547	8.943	73

(*) Group companies include Koç Group companies.

			January 1 – December 31, 2020	
Financial and other transactions with related parties	**Financial income**	**Financial expense**	**Other income**	**Other expense**
Group companies (*)				
Yapı Kredi Bankası A.Ş.	**132.158**	**42.048**	**-**	**-**
Koç Üniversitesi	**-**	**-**	**-**	**348**
Other	**-**	**-**	**38**	**39**
	132.158	**42.048**	**38**	**387**

			January 1 – December 31, 2019	
Financial and other transactions with related parties	Financial income	Financial expense	Other income	Other expense
Group companies (*)				
Yapı Kredi Bankası A.Ş.	132.484	47.620	-	-
Rahmi Koç Müzesi	-	-	-	1.800
Vehbi Koç Vakfı	-	-	-	1.206
Other	-	-	53	434
	132.484	47.620	53	3.440

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

32. Balances and transactions with related parties (Continued)

Cash at banks	December 31, 2020	December 31, 2019
Group companies (*)		
Yapı Kredi Bankası A.Ş.	**675.912**	489.741

Credit card receivables	December 31, 2020	December 31, 2019
Group companies (*)		
Yapı Kredi Bankası A.Ş.	**53.722**	46.284

Bank loans	December 31, 2020	December 31, 2019
Group companies (*)		
Yapı Kredi Bankası A.Ş.	**-**	46.058

(*) Group companies include Koç Group companies.

Benefits to Top Management:

The Company has determined senior manager squad 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 December 31, 2020, total benefit provided to senior management of the Company is TL63.947 thousand (December 31, 2019: TL43.847 thousand). The total amount is consisting of short-term benefits. TL10.375 thousand of this amount is made to senior management due to their leave in 2020 (December 31, 2019: None).

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

33. Nature and level of risk derived from financial instruments

a) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or rearrange capital structure, the Company can return back capital to shareholders, issue new shares and sale assets in order to decrease debt requirement.

The Group controls its capital using the net financial debt/total equity ratio parallel to other companies in the sector. This ratio is the calculated as net debt divided by the equity amount. Net debt is calculated as total financial borrowings amount less cash and cash equivalents.

Risk management is applied based on the policies approved by the Board of Directors by treasury department. Group's treasury department defines and reviews the financial risk and uses tools to minimize the risk by collaborating with Group's operational units based on such risk policies. Board of Directors prepares written procedures or general policies related with the risk management including currency risk, interest risk, using of derivative and non-derivative instruments and to evaluate cash surplus.

	December 31, 2020	December 31, 2019
Total short-term and long-term borrowings	**1.564.190**	1.247.763
Less: Cash and cash equivalents	**(960.648)**	(665.391)
Net financial debt	**603.542**	582.372
Total shareholder's equity	**2.317.403**	2.478.083
Net financial debt/equity ratio	**26,0%**	23,5%

b) Financial risk factors

The risks of the Group resulted from the operations, include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's risk management program generally seeks to minimize the effects of uncertainty in financial market on financial performance of the Group. The Group uses derivative financial instruments in order to safeguard itself from different financial risks.

b.1) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group manages this risk by the credit limits up to the guarantees received from customers. The usage of credit limits is monitored by the Group according to the customer's credibility is evaluated continuously.

Trade receivables consist of many customers that operate in various industries and locations. Credit risk of the receivables from counterparties is evaluated perpetually.

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

33. Nature and level of risk derived from financial instruments (Continued)

Credit risk of financial instruments

	Receivables					
	Trade receivables		Other receivables			
December 31, 2020	Related party	Third party	Related party	Third Party	Deposits in banks	Credit card receivables
Maximum exposed credit risk as of reporting date (*)	**95.393**	**580.323**	**-**	**60.763**	**904.731**	**55.597**
- The part of maximum risk under guarantee with collateral etc.	-	397.169	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	95.393	538.412	-	60.763	904.731	55.597
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	42.546	-	-	-	-
- The part under guarantee with collateral etc.	-	25.377	-	-	-	-
D. Net book value of impaired assets						
- Past due (gross carrying amount)	-	26.405	-	-	-	-
- Impairment (-)	-	(26.405)	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-
E. Expected credit loss (-)	-	(635)	-	-	-	-

(*) Amounts show the maximum credit risk as of balance sheet date, without considering the guarantees or other items increasing credit security.

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

33. Nature and level of risk derived from financial instruments (Continued)

Credit risk of financial instruments

	Receivables					
	Trade receivables		Other receivables			
December 31, 2019	Related party	Third party	Related party	Third Party	Deposits in banks	Credit card receivables
Maximum exposed credit risk as of reporting date (*)	131.194	443.180	-	3.396	617.106	47.911
- The part of maximum risk under guarantee with collateral etc.	-	277.614	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	131.194	357.790	-	3.396	617.106	47.911
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	86.025	-	-	-	-
- The part under guarantee with collateral etc.	-	34.896	-	-	-	-
D. Net book value of impaired assets						
- Past due (gross carrying amount)	-	27.656	-	-	-	-
- Impairment (-)	-	(27.656)	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-
E. Expected credit loss (-)	-	(635)	-	-	-	-

(*) Amounts show the maximum credit risk as of balance sheet date, without considering the guarantees or other items increasing credit security.

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

33. Nature and level of risk derived from financial instruments (Continued)

December 31, 2020	**Trade receivables**	**Other receivables**	**Deposits in banks**	**Derivative instruments**	**Other**	**Total**
Past due 1-30 days	**33.299**	-	-	-	-	**33.299**
Past due 1-3 months	**6.048**	-	-	-	-	**6.048**
Past due 3-12 months	**2.451**	-	-	-	-	**2.451**
Past due 1-5 years	**748**	-	-	-	-	**748**
Total past due	**42.546**	-	-	-	-	**42.546**
The part under guarantee with collateral	**25.377**	-	-	-	-	**25.377**

December 31, 2019	Trade receivables	Other receivables	Deposits in banks	Derivative instruments	Other	Total
Past due 1-30 days	73.497	-	-	-	-	73.497
Past due 1-3 months	9.111	-	-	-	-	9.111
Past due 3-12 months	3.127	-	-	-	-	3.127
Past due 1-5 years	290	-	-	-	-	290
Total past due	86.025	-	-	-	-	86.025
The part under guarantee with collateral	34.896	-	-	-	-	34.896

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

33. Nature and level of risk derived from financial instruments (Continued)

b.2) Liquidity risk management

Liquidity risk management responsibility mainly belongs to the Board of Directors. The Board of Directors has built an appropriate liquidity risk management framework for the management of the Group's short, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk forecasts and actual cash flows, by monitoring continuously and by maintaining adequate funds and reserve borrowings as matching the maturity profile of financial assets and liabilities.

The following table presents the maturity of Group's financial liabilities. The tables have been drawn up based on the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the Group can be required to pay. Derivative financial liabilities are presented according to undiscounted net cash inflow and cash outflow. The table has been drawn up based on the undiscounted net cash inflows/(outflows) on the derivative instrument that settle on a net basis and the undiscounted gross inflows/(outflows) on those derivatives that require gross settlement. When the amounts of the payables or receivables are not fixed, the disclosed amount has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

December 31, 2020

Contractual maturity analysis	Book value	Total cash flow according to the contract (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Short term and long term borrowings (*)	1.393.415	1.565.011	20.608	506.654	1.037.749	-
Trade payables	824.200	824.200	824.200	-	-	-
Liabilities for employee benefits	67.979	67.979	67.979	-	-	-
Lease liabilities	170.775	235.220	24.714	73.853	136.653	-
Other payables	119.444	119.444	2.291	-	-	117.153
Other liabilities	42.658	42.658	42.658	-	-	-
	2.618.471	2.854.512	982.450	580.507	1.174.402	117.153

Derivative instruments (*)	Carrying value	Total cash flow according to contract (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Derivative cash inflows		363.808	330.049	33.759	-	-
Derivative cash outflows		(376.458)	(359.297)	(17.161)	-	-
Derivative instruments, net	(11.819)	(12.650)	(29.248)	16.598	-	-

(*) The amounts are cash flows based on contract, which have not been discounted.

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

33. Nature and level of risk derived from financial instruments (Continued)

December 31, 2019 Contractual maturity analysis	Book value	Total cash flow according to the contract (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Short term and long term borrowings (*)	1.247.763	1.547.277	342.705	181.706	1.019.221	3.645
Trade payables	578.783	578.783	578.783	-	-	-
Liabilities for employee benefits	54.042	54.042	54.042	-	-	-
Other payables	108.768	108.768	1.555	-	-	107.213
Other liabilities	98.167	98.167	98.167	-	-	-
	2.087.523	2.387.037	1.075.252	181.706	1.019.221	110.858

Derivative instruments (*)	Carrying value	Total cash flow according to contract (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Derivative cash inflows		97.926	37.051	56.281	4.594	-
Derivative cash outflows		(83.526)	(39.041)	(30.550)	(13.935)	-
Derivative instruments, net	15.557	14.400	(1.990)	25.731	(9.341)	-

(*) The amounts are cash flows based on contract, which have not been discounted.

b.3) Market risk management

The Group's activities are exposed to a variety of financial risks including foreign currency risk and interest rate risk as explained below. The Group uses derivative financial instruments to hedge certain risk exposures in order to manage foreign currency and interest rate risks. These instruments are:

1. Foreign exchange forward purchase agreements to manage exposure to liabilities denominated in foreign currencies.
2. Foreign exchange purchase options to manage exposure to liabilities denominated in foreign currencies.
3. Principal and interest swap agreements to manage exposure to liabilities denominated in foreign currencies.

At the Group level market risk exposures are measured by sensitivity analysis and stress scenarios.

There has been no change in the Group's exposure to market risks or the manner which it manages and measures the risk compared to the previous year.

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

33. Nature and level of risk derived from financial instruments (Continued)

b.3) Market risk management (Continued)

b.3.1) 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:

December 31, 2020		Total TL equivalent	TL equivalent of USD	TL equivalent of Euro	TL equivalent of 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	-	-
20.	**Net foreign currency asset/liability position (9+18+19)**	**(322.484)**	**(322.697)**	**953**	**(740)**
21.	**Net foreign currency asset/liability position of monetary items (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.

(Amounts expressed in thousands of Turkish Lira (“TL”) and in thousands for other currencies unless otherwise indicated.)

33. Nature and level of risk derived from financial instruments (Continued)

December 31, 2019		Total TL equivalent	TL equivalent of USD	TL equivalent of Euro	TL equivalent of other
1.	Trade receivables	158.992	158.921	71	-
2.a	Monetary financial assets	321.786	320.995	448	343
2.b	Non-monetary financial assets	-	-	-	-
3.	Other	10.822	7.120	122	3.580
4.	Current assets	491.600	487.036	641	3.923
5.	Trade receivables	-	-	-	-
6.a	Monetary financial assets	-	-	-	-
6.b	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	Non-current assets	-	-	-	-
9.	Total assets	491.600	487.036	641	3.923
10.	Trade payables	(320.189)	(318.872)	(1.317)	-
11.	Financial liabilities	(138.378)	(132.155)	(6.223)	-
12.a	Other monetary financial liabilities	(201.672)	(201.672)	-	-
12.b	Other non-monetary financial liabilities	(1.075)	(1.074)	(1)	-
13.	Current liabilities	(661.314)	(653.773)	(7.541)	-
14.	Trade payables	-	-	-	-
15.	Financial liabilities	(32.319)	(26.731)	(5.588)	-
16.a	Other monetary financial liabilities	-	-	-	-
16.b	Other non-monetary financial liabilities	-	-	-	-
17.	Non-current liabilities	(32.319)	(26.731)	(5.588)	-
18.	Total liabilities	(693.633)	(680.504)	(13.129)	-
19.	Net asset/liability position of off balance sheet asset and liabilities (19a-19b)	50.492	50.492	-	-
19.a	Total derivative assets	80.193	80.193	-	-
19.b	Total derivative liabilities	29.701	29.701	-	-
20.	Net foreign currency asset/liability position (9+18+19)	(151.541)	(142.976)	(12.488)	3.923
21.	Net foreign currency asset/liability position of monetary items (1+2a+5+6a+10+11+12a+14+15+16a)	(211.780)	(199.514)	(12.609)	343
22.	Fair value of derivative instruments held for hedging	-	-	-	-
23.	Hedged foreign currency assets	-	-	-	-
24.	Hedged foreign currency liabilities	-	-	-	-
25.	Export (*)	1.591.274	1.573.796	17.478	-
26.	Import (*)	4.079.191	4.071.910	6.064	1.217

(*) Transit sales and purchases are included.

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

	December 31, 2020	December 31, 2019
Assets	421.168	491.600
Liabilities	(769.933)	(693.633)
Net asset/liability position	**(348.765)**	(202.033)
Derivative instruments net position	26.281	50.492
Net foreign currency asset/liability position	**(322.484)**	(151.541)
Inventories under the natural hedge (*)	311.883	196.810
Net foreign currency position after the natural hedge	**(10.601)**	45.269

(*) 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 December 31, 2020, the Group has LPG amounting to TL311.883 thousand (December 31, 2019: TL196.810 thousand).

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

33. Nature and level of risk derived from financial instruments (Continued)

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.

				December 31, 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	**(37.720)**	**37.720**	**(37.720)**	**37.720**

				December 31, 2019
		Income/(Expense)		Equity
	Foreign exchange appreciation	Foreign exchange depreciation	Foreign exchange appreciation	Foreign exchange depreciation
10% fluctuation of USD rate				
USD net asset/(liability)	(19.951)	19.951	(19.951)	19.951
Secured portion from USD risk	5.049	(5.049)	5.049	(5.049)
USD net effect	(14.902)	14.902	(14.902)	14.902
10% fluctuation of Euro rate				
Euro net asset/(liability)	(1.261)	1.261	(1.261)	1.261
Secured portion from Euro risk	-	-	-	-
Euro net effect	(1.261)	1.261	(1.261)	1.261
Total	(16.163)	16.163	(16.163)	16.163

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

33. Nature and level of risk derived from financial instruments (Continued)

Currency forward agreements

Currency forward agreements as of December 31, 2020 are summarized at the table below:
The Group had no currency forward agreement as of December 31, 2019.

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

					December 31, 2020
Maturity	Parity	Type of contract	Transactions	Total amount	Currency
17 days	5,97	Forward	Sells USD, buys TL	5.000	USD

Swap agreements

As of December 31, 2020, the Group has swap agreement amounting to TL13.050 thousand (2019: TL39.150 thousand) with fixed interest rate of 13,415% in return for USD4.500 thousand (2019: USD13.500 thousand) with a floating interest rate of six-month USDLIBOR+2,4%. Swap transaction has half-yearly interest payments and principal payments amounting to USD9.000 thousand have been made in 2020 (2019: USD9.000). The maturity date of last principal repayments is June 24, 2021.

b.3.2) Interest rate risk management

The Group is exposed to interest rate risk due to the effect of changes in interest rates on the Group's assets and liabilities having interest returns. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swap contracts and interest rate forward contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through different interest rate cycles.

Details of the Group's financial instruments that are sensitive to interest rates are as follows:

Interest rate position table

	December 31, 2020	December 31, 2019
Instruments with fixed interest rate		
Time deposits	**880.936**	587.068
Borrowings and bonds issued	**1.564.190**	1.166.282
Instruments with floating interest rate		
Borrowings and bond issued	**-**	78.627

As of December 31, 2020, there is no floating rate financial instrument. (If the interest rates in terms of all the currency units higher/lower by 100 basis points and all other variables held constant, profit before taxation would have been higher/(lower) by TL886 thousand as of December 31, 2019.)

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

33. Nature and level of risk derived from financial instruments (Continued)

Financial instrument categories and fair values

December 31, 2020	**Financial assets at amortized cost**	**Loans and receivables**	**Financial assets measured at fair value through other comprehensive income**	**Financial assets measured at fair value through profit loss**	**Financial liabilities at amortized cost**	**Book value**	**Note**
Financial assets							
Cash and cash equivalents	960.648	-	-	-	-	960.648	**4**
Trade receivables	-	675.716	-	-	-	675.716	**8,32**
Other financial assets	-	-	419.078	2.127	-	421.205	**5**
Other receivables	-	60.763	-	-	-	60.763	**9**
Financial liabilities							
Short-term and long-term borrowings	-	-	-	-	1.564.190	1.564.190	**6**
Trade payables	-	-	-	-	824.200	824.200	**8,32**
Liabilities for employee benefits	-	-	-	-	32.695	32.695	**10**
Other payables	-	-	-	-	119.444	119.444	**9,32**
Other liabilities	-	-	-	-	551	551	**19**

December 31, 2019	Financial assets at amortized cost	Loans and receivables	Financial assets measured at fair value through other comprehensive income	Financial assets measured at fair value through profit loss	Financial liabilities at amortized cost	Book value	Note
Financial assets							
Cash and cash equivalents	665.391	-	-	-	-	665.391	4
Trade receivables	-	574.374	-	-	-	574.374	8,32
Other financial assets	-	-	393.997	1.447	-	395.444	5
Other receivables	-	3.396	-	-	-	3.396	9
Financial liabilities							
Short-term and long-term borrowings	-	-	-	-	1.247.763	1.247.763	6
Trade payables	-	-	-	-	578.783	578.783	8,32
Liabilities for employee benefits	-	-	-	-	29.310	29.310	10
Other payables	-	-	-	-	108.768	108.768	9,32
Other liabilities	-	-	-	-	783	783	19

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

33. Nature and level of risk derived from financial instruments (Continued)

Fair value hierarchy table

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

- First level: The fair value of financial assets and financial liabilities are determined with reference to actively traded market prices;

- Second level: Other than market prices specified at first level, the fair value of financial assets and financial liabilities are evaluated with reference to inputs that used to determine directly or indirectly observable price in market;

- Third level: The fair value of financial assets and financial liabilities are evaluated with reference to inputs that used to determine fair value but not relying on observable data in the market.

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

Financial assets/(liabilities)		**Level of fair value as of reporting date**		
	December 31, 2020	**1st Level**	**2nd Level**	**3rd Level**
Financial assets measured at fair value	**421.205**	**419.241**	**1.258**	**706**
Derivative financial instruments	**(3.915)**	**-**	**(3.915)**	**-**

Financial assets/(liabilities)		Level of fair value as of reporting date		
	December 31, 2019	1st Level	2nd Level	3rd Level
Financial assets measured at fair value	395.444	87	394.651	706
Derivative financial instruments	15.557	-	15.557	-

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, judgement is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realise 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.

(Amounts expressed in thousands of Turkish Lira ("TL") and in thousands for other currencies unless otherwise indicated.)

33. Nature and level of risk derived from financial instruments (Continued)

The carrying values of trade receivables along with the related allowances for uncollectibility 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.

34. Business combinations

On March 14, 2019, Kuleli, a subsidiary of the Group, has acquired total shares of Bal Kaynak Su İthalat İhracat Sanayi ve Ticaret A.Ş.,which has all business permits and licenses of the operations, the water filling plant that this company currently maintains its natural spring water operation and properties which this facility located on, amounting to TL47.806 thousand. With this acquisition the Group has aimed to expand its water operations and ensure sustainable production in water business. In line with this objective, the Group conducts the necessary works for the coordination of the water activities with Bal Kaynak. The provisional fair value of the identifiable assets and liabilities arising from the acquisition in accordance with IFRS 3 is as follows:

	March 14, 2019
Cash and cash equivalents	4
Trade receivables	135
Inventories	651
Other current assets	809
Tangible assets	47.873
Intangible assets (*)	1.939
Total assets	**51.411**
Trade payables	467
Other current liabilities	1.789
Deferred tax liabilities	722
Total liabilities	**2.978**
Net assets acquired	**48.433**
Consideration amount - cash	47.806
Cash and cash equivalents – acquired	(4)
Net cash outflow due to acquisition	**47.802**
Negative goodwill	**(627)**

(*) Consists of the license value derived from the valuation model made within the scope of the distribution of the purchase price.

35. Subsequent events

The Company, its fully-owned subsidiary Aykargo and McKinsey Group (" McKinsey") entered into a Partnership Framework Agreement (Agreement) on January 15, 2021 for the purposes of building a strategic collaboration in order to enhance and carry out more effectively the operations of Aykargo in the e-commerce and the fast-growing cargo distribution sector, by utilizing the Company's existing dealer network and home delivery experience. The Agreement sets forth the key elements of the collaboration. In the first 5 years, the Company and McKinsey envisage to invest in Aykargo by injecting a total of USD75.000 thousand as capital contribution, and to have a partnership ratio of 80:20, respectively. During this period, it is also envisaged that McKinsey will provide Aykargo with technical support and consultancy services in the amounts corresponding to McKinsey's part of the total investment. In addition, starting from the end of year 5, McKinsey will be granted exit rights for certain periods and conditions through initial public offering and/or put option of its shares to the Company, and the Company will be granted a right of first offer and a call option. It is envisaged that the complementary agreements governing the details of the collaboration will be signed by April 15, 2021.

In line with Group's growth strategy abroad, the Board of Directors resolved on March 5, 2019 to sign a Share Purchase Agreement ('Contract'), between the Company and United Enterprises & Co. Ltd. ,where the Company shall buy 50% of the shares of United LPG Ltd with a pre-license for LPG filling facility but no current operations yet - of United Enterprises & Co. Ltd., in order to establish a partnership ('Joint Venture Company') and to make the necessary investments with United Group in Bangladesh based on the principles of equal management and to operate in LPG supply, filling and distribution in the Bangladesh market. With the fulfillment of all the conditions precedents set forth in the Share Purchase Agreement, the transfer of shares and payment are completed, following the payment of 50.000 thousand Taka (approximately USD605 thousand) to the Seller in cash and in advance by the Company on January 20, 2021. In addition the Shareholders Agreement which regulate the rights of the Buyer and the Seller, Land Lease Agreement for one of the regions where Joint Venture Company will operate and Throughput Agreement included in the Share Purchase Agreement are signed and came in to force. It was decided that the Joint Venture Company shall be named United Aygaz LPG Ltd. and the board of directors to be composed of 6 members in total, 3 members to represent the Company and 3 members to represent United Enterprises & Co. Ltd. The schedule for the capital increases will be realized within the scope of financing the investments of the Joint Venture Company, following the fulfillment of the necessary conditions in the Shareholders Agreement.